

【Consolidated Financial Statements and Notes】

【Consolidated Financial Statements】

This English integrated report is not subject to an audit by an independent auditor. The following Consolidated Financial Statements and Notes and Annexed Consolidated Detailed Schedules are translated by Osaka Gas Co., Ltd. based on the originals attached to the original Annual Securities Report.

Osaka Gas Co., Ltd. and Consolidated Subsidiaries, the Fiscal Years Ended March 31, 2025 and 2026

Consolidated Balance Sheet

Assets

(million yen)

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Current assets		
Cash and deposits	82,810	58,981
Notes and accounts receivable – trade, and contract assets	※ 5 317,852	※ 5 296,723
Lease receivables and investment in leases	63,931	66,619
Inventories	※ 6 204,987	※ 6 222,683
Other	144,836	185,150
Allowance for doubtful accounts	(1,639)	(1,275)
Total current assets	※ 1 812,779	※ 1 828,882
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	207,431	252,252
Machinery and vehicles, net	708,617	807,394
Land	269,815	270,434
Construction in progress	212,405	124,971
Other, net	29,408	39,697
Total property, plant and equipment	※ 1, ※ 2, ※ 3 1,427,677	※ 1, ※ 2, ※ 3 1,494,750
Intangible assets	※ 1, ※ 2 92,377	※ 1, ※ 2 79,093
Investments and other assets		
Investment securities	※ 4 569,252	※ 4 548,433
Long-term loans receivable	34,897	37,107
Retirement benefit asset	144,544	176,471
Other	119,729	157,221
Allowance for doubtful accounts	(730)	(554)
Total investments and other assets	※ 1 867,691	※ 1 918,678
Total non-current assets	2,387,746	2,492,522
Total assets	3,200,525	3,321,405

Liabilities

(million yen)

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Current liabilities		
Notes and accounts payable - trade	103,690	94,528
Other	※ 8 306,094	※ 8 355,683
Total current liabilities	※ 1 409,785	※ 1 450,212
Non-current liabilities		
Bonds payable	500,999	491,016
Long-term borrowings	363,939	303,203
Deferred tax liabilities	75,371	109,337
Retirement benefit liability	17,394	16,805
Other	93,743	96,801
Total non-current liabilities	※ 1 1,051,448	※ 1 1,017,164
Total liabilities	1,461,234	1,467,377

Net assets

(million yen)

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Shareholders' equity		
Share capital	132,166	132,166
Capital surplus	19,902	20,167
Retained earnings	1,173,020	1,262,276
Treasury shares	(23,034)	(63,801)
Total shareholders' equity	1,302,054	1,350,808
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56,187	72,755
Deferred gains or losses on hedges	70,747	104,160
Revaluation reserve for land	※ 9 (2,395)	※ 9 (2,423)
Foreign currency translation adjustment	216,648	218,115
Remeasurements of defined benefit plans	45,552	62,626
Total accumulated other comprehensive income	386,739	455,234
Non-controlling interests	50,497	47,985
Total net assets	1,739,291	1,854,028
Total liabilities and net assets	3,200,525	3,321,405

Note: Details of ※ 1, 2, 3, 4, 5, 6, 8, and 9 are provided in "Notes to the Consolidated Balance Sheet" on pages 10 and 11.

Consolidated Statement of Income

(million yen)

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Net sales	※ 1 2,069,019	※ 1 2,030,302
Cost of sales	※ 2, ※ 3 1,663,441	※ 2, ※ 3 1,592,785
Gross profit	405,577	437,516
Selling, general and administrative expenses	※ 2, ※ 4 244,846	※ 2, ※ 4 262,706
Operating profit	160,731	174,809
Non-operating income		
Interest income	12,020	12,839
Dividend income	6,716	4,943
Share of profit of entities accounted for using equity method	20,653	23,938
Other	14,886	12,914
Total non-operating income	54,277	54,635
Non-operating expenses		
Interest expenses	15,332	13,781
Other	10,028	11,141
Total non-operating expenses	25,361	24,922
Ordinary profit	189,647	204,522
Extraordinary income		
Gain on sale of non-current assets	—	※ 5 2,171
Gain on sale of investment securities	25,406	—
Gain on sale of shares of subsidiaries and associates	—	12,328
Insurance claim income	—	7,266
Total extraordinary income	25,406	21,766
Extraordinary losses		
Impairment losses	※ 6 14,397	※ 6 23,396
Loss on valuation of investment securities	11,406	—
Total extraordinary losses	25,803	23,396
Profit before income taxes	189,250	202,892
Income taxes - current	26,458	42,705
Income taxes - deferred	27,737	7,457
Total income taxes	54,196	50,162
Profit	135,054	152,729
Profit (loss) attributable to non-controlling interests	640	(21)
Profit attributable to owners of parent	134,414	152,751

Note: Details of ※ 1, 2, 3, 4, 5 and 6 are provided in "Notes to the Consolidated Statement of Income" on pages 11 and 12.

Consolidated Statement of Comprehensive Income

(million yen)

Previous Year
(April 1, 2024 - March 31, 2025)

Current Year
(April 1, 2025 - March 31, 2026)

Profit	135,054	152,729
Other comprehensive income		
Valuation difference on available-for-sale securities	(31,767)	16,311
Deferred gains or losses on hedges	2,103	29,998
Revaluation reserve for land	—	(28)
Foreign currency translation adjustment	75,969	2,061
Remeasurements of defined benefit plans	2,218	17,152
Share of other comprehensive income of entities accounted for using equity method	7,521	3,048
Total other comprehensive income	※ 1 56,045	※ 1 68,544
Comprehensive income	191,099	221,274
(Breakdown)		
Comprehensive income attributable to owners of parent	190,001	221,245
Comprehensive income attributable to non-controlling interests	1,098	29

Note: Details of ※1 are provided in “Notes to the Consolidated Statement of Comprehensive Income” on page 13.

Consolidated Statement of Changes in Equity

(million yen)

	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Fiscal year ended March 31, 2025 (April 1, 2024 - March 31, 2025)													
Balance at beginning of period	132,166	19,056	1,097,883	(2,746)	1,246,360	87,899	61,656	(2,395)	140,583	43,407	331,152	27,479	1,604,992
Changes during period													
Dividends of surplus			(39,599)		(39,599)								(39,599)
Profit attributable to owners of parent			134,414		134,414								134,414
Purchase of treasury shares				(40,060)	(40,060)								(40,060)
Disposal of treasury shares		13		269	283								283
Cancellation of treasury shares		(13)	(19,489)	19,503	—								—
Change in scope of consolidation			41		41								41
Change in scope of equity method			(230)		(230)								(230)
Sale of shares of foreign consolidated subsidiaries		289			289								289
Change in ownership interest of parent due to transactions with non-controlling interests		556			556								556
Net changes in items other than shareholders' equity						(31,712)	9,090	—	76,064	2,145	55,587	23,017	78,605
Total changes during period	—	846	75,136	(20,287)	55,694	(31,712)	9,090	—	76,064	2,145	55,587	23,017	134,299
Balance at end of period	132,166	19,902	1,173,020	(23,034)	1,302,054	56,187	70,747	(2,395)	216,648	45,552	386,739	50,497	1,739,291

(million yen)

Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		

Fiscal year ended March 31, 2026 (April 1, 2025 - March 31, 2026)

Balance at beginning of period	132,166	19,902	1,173,020	(23,034)	1,302,054	56,187	70,747	(2,395)	216,648	45,552	386,739	50,497	1,739,291
Changes during period													
Dividends of surplus			(42,278)		(42,278)								(42,278)
Profit attributable to owners of parent			152,751		152,751								152,751
Purchase of treasury shares				(63,531)	(63,531)								(63,531)
Disposal of treasury shares			(165)	2,188	2,022								2,022
Cancellation of treasury shares			(20,576)	20,576	—								—
Change in scope of consolidation			235		235								235
Change in scope of equity method			(709)		(709)								(709)
Change in ownership interest of parent due to transactions with non-controlling interests		264			264								264
Net changes in items other than shareholders' equity						16,568	33,413	(28)	1,467	17,073	68,494	(2,511)	65,982
Total changes during period	—	264	89,256	(40,767)	48,754	16,568	33,413	(28)	1,467	17,073	68,494	(2,511)	114,736
Balance at end of period	132,166	20,167	1,262,276	(63,801)	1,350,808	72,755	104,160	(2,423)	218,115	62,626	455,234	47,985	1,854,028

Consolidated Statement of Cash Flows

(million yen)

Previous Year
(April 1, 2024 - March 31, 2025)

Current Year
(April 1, 2025 - March 31, 2026)

Cash flows from operating activities			
Profit before income taxes	189,250		202,892
Depreciation	127,549		135,138
Amortization of long-term prepaid expenses	6,329		6,211
Impairment losses	14,397		23,396
Loss (gain) on sale of shares of subsidiaries and associates	—		(12,328)
Loss (gain) on sales of investment securities	(25,406)		—
Decrease (increase) in retirement benefit asset	(14,240)		(8,373)
Interest and dividend income	(18,737)		(17,782)
Interest expenses	15,332		13,781
Share of loss (profit) of entities accounted for using equity method	(20,653)		(23,938)
Loss (gain) on sale of non-current assets	—		(2,171)
Decrease (increase) in trade receivables	(42,741)		21,069
Decrease (increase) in inventories	10,033		4,816
Increase (decrease) in trade payables	17,263		(6,709)
Increase (decrease) in accrued expenses	766		4,209
Increase (decrease) in accrued consumption taxes	6,335		(17,036)
Other, net	(1,775)		(9,077)
Subtotal	263,703		314,097
Interest and dividends received	58,398		76,038
Interest paid	(15,392)		(13,751)
Income taxes paid	(23,027)		(35,643)
Net cash provided by (used in) operating activities	283,681		340,740
Cash flows from investing activities			
Purchase of property, plant and equipment	(210,850)		(238,540)
Proceeds from sale of property, plant and equipment	6,041		4,251
Purchase of intangible assets	(11,561)		(12,577)
Purchase of long-term prepaid expenses	(7,830)		(8,438)
Purchase of investment securities	(10,166)		(3,893)
Proceeds from sale of investment securities	28,318		6,530
Purchase of shares of subsidiaries and associates	(68,824)		(14,569)
Proceeds from sale of shares of subsidiaries and associates	3,789		5,111
Proceeds from paid-in capital reduction of shares of subsidiaries and associates	15,360		8,094
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—		(4,811)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	884	※ 2	21,481
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—		(399)
Other, net	(785)		(4,091)
Net cash provided by (used in) investing activities	(255,626)		(241,852)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	2,065		13,961
Net increase (decrease) in commercial papers	(23,994)		39,893
Repayments of long-term borrowings	(51,910)		(72,003)
Proceeds from issuance of bonds	41,000		—
Repayments of finance lease liabilities	(3,925)		(3,877)
Proceeds from share issuance to non-controlling shareholders	21,876		226
Purchase of treasury shares	(40,060)		(63,531)
Dividends paid	(39,546)		(42,223)
Dividends paid to non-controlling interests	(598)		(1,270)
Other, net	61,008		(353)
Net cash provided by (used in) financing activities	(34,085)		(129,177)
Effect of exchange rate change on cash and cash equivalents	11,110		6,472
Net increase (decrease) in cash and cash equivalents	5,080		(23,816)
Cash and cash equivalents at beginning of period	77,229		82,309
Cash and cash equivalents at end of period	※ 1	82,309	※ 1 58,492

Note: Details of ※ 1 and 2 are provided in “Notes to the Consolidated Statement of Cash Flows” on page 15.

【Notes】

Significant Accounting Policies for Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries:

163 (Previous fiscal year), 154 (Current fiscal year)

The names of consolidated subsidiaries are omitted as they are stated on the Group's official website and in "I. Overview of the Company" "4. Status of Subsidiaries and Affiliates" of the Annual Securities Report (available in Japanese only).

The Company has acquired shares in Hanwa Sougou Bousai Co., Ltd., Osaka City Elementary School Gym Air Conditioner PFI Co., Ltd., and ENAX, Inc., making them new subsidiaries of the Company. As a result, those subsidiaries are included as consolidated

subsidiaries of the Company from the current fiscal year.

Osaka Gas Shore, LLC (liquidated), Osaka Gas (Thailand) Co., Ltd. (sold), OGP Energy Solutions Co., Ltd. (sold), Osaka Gas Kleen Energy, LLC (sold), Michigan Power MB, LLC (sold), Osaka Gas Michigan Power, LLC (sold), Michigan Power LP, LLC (sold), Michigan Power GP, LLC (sold), Michigan Power Limited Partnership (sold), OGPA Lakewood, LLC (liquidated), Living Mainte Service Osaka Co., Ltd. (sold), and Sabine Oil & Gas Corporation (absorbed into Sabine Energy Inc.) are excluded from the scope of consolidation from the current fiscal year.

2. Application of the equity method

Number of equity method affiliates:

47 (Previous fiscal year), 50 (Current fiscal year)

The names of equity method affiliates are omitted as they are stated in "I. Overview of the Company" "4. Status of Subsidiaries and Affiliates" of the Annual Securities Report.

SREOG VA Credit Seller 3, LLC, SREOG VA Credit Seller 4, LLC, Soma Solar (LLC), and CLEAN MAX OSAKA GAS RENEWABLE ENERGY PRIVATE LIMITED are included as equity method affiliates from the current fiscal year, as the Company has acquired equity in them, or for other reasons. Wakayama Gobo Biomass Power Plant G.K. is included as an equity method affiliate from the current fiscal year due to increased materiality.

CPV Shore Holdings, LLC (sold) and AEIF Kleen Investor, LLC (sold) are excluded as equity method affiliates from the current fiscal year.

A major affiliate for which the equity method is not applied is ENNET Corporation.

With regard to affiliates for which the equity method is not applied, their impact on profit or loss and retained earnings, etc. for the current fiscal year is not significant and immaterial on the whole. Therefore, investments in those affiliates are measured at cost.

When the fiscal year-end of equity method affiliates is different from the consolidated fiscal year-end, the financial statements for the fiscal year of such affiliates are used.

3. Fiscal year, etc. of consolidated subsidiaries

Consolidated subsidiaries whose fiscal year-ends are different from the consolidated fiscal year-end are Osaka Gas USA Corporation, Osaka Gas Australia Pty Ltd, Osaka Gas Gorgon Pty Ltd, Osaka Gas Ichthys Pty Ltd, Osaka Gas Ichthys Development Pty Ltd, Osaka Gas Singapore Pte. Ltd., Osaka Gas UK, Ltd. and other companies, totaling 77 companies.

The consolidated subsidiaries mentioned above have a fiscal year-end of December 31. However, since the difference between those dates and the consolidated fiscal year-end (March 31) does not exceed

3 months, the consolidated financial statements are prepared using their financial statements as of their fiscal year-end.

From the current fiscal year, the fiscal year-end for consolidated subsidiaries GlobalBase Corporation and GlobalbaseMyRENO Co., Ltd. has been changed from February 28 to March 31 due to joining the group tax sharing system following their conversion to wholly owned subsidiaries. In line with this change in the fiscal year-end, the current fiscal year covers the 13-month period from March 1, 2025 to March 31, 2026.

4. Accounting policies

(1) Basis and methodology for the valuation of significant assets

① Investment securities

Bonds held to maturity
Stated at amortized cost

Other securities
Other than stocks and other securities with no market price
Stated at fair value
(Unrealized valuation gains and losses are accounted for as a component of net assets; cost of sales is determined primarily using the moving-average method.)
Stocks and other securities with no market price
Primarily stated at cost based on the moving-average method

② Inventories

Primarily stated at cost based on the moving-average method
Inventories held for trading recorded on the balance sheet are depreciated to write down the carrying amount based on depreciation of profitability.

③ Derivatives

Stated at fair value

(2) Depreciation and amortization method of significant depreciable assets

① Property, plant and equipment (excluding leased assets)

Primarily the declining-balance method
However, the straight-line method has been primarily used for overseas subsidiaries, and has been used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and for facilities attached to buildings and structures acquired on or after April 1, 2016.
The unit of production method has been primarily used for assets related to prospecting and development.

② Intangible assets (excluding leased assets)

Primarily the straight-line method

③ Leased assets

Leased assets resulting from non-ownership-transfer finance leases
The straight-line method over the useful life equal to the lease terms assuming no residual value

(3) Basis for recording significant allowances

Allowance for doubtful accounts

To provide for the bad debts loss of accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided by considering the default ratio in the past for general receivables and the individual collectability for certain receivables including receivables with default possibility.

(4) Accounting for retirement benefits

① Method for attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is mainly applied to attribute projected retirement benefits to periods of service until the end of this consolidated fiscal year.

② Method for recognizing actuarial gains and losses and past service costs

Actuarial gains and losses are amortized on a straight-line basis mainly over a period of 10 years beginning from the next fiscal year after each occurrence.
Past service costs are expensed mainly in the fiscal year when such costs are incurred.

(5) Basis for recognition of significant revenues and expenses

① Revenue from sales of goods or products

For the sale of goods or products in each of the Group's businesses, the Group recognizes revenue at the point of delivery for goods or products that do not require installation under the contract with the customer, and at the point of completion of installation for goods or products that require installation under the contract with the customer, based on the judgment that the customer has acquired control over the goods or products and the performance obligation has been satisfied at such point. For contracts in which the Group is entitled to receive consideration that directly corresponds to the value to the customer of the portion of performance completed, the Group recognizes revenue in the amount it is entitled to claim in accordance with Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition.

Revenue is measured at the amount of consideration promised under the contract with the customer, less discounts, rebates, and other items. Consideration is usually received within approximately one year from the satisfaction of the performance obligation, and it does not include significant financial elements.

② Revenue from provision of services, etc.

For the gas business, revenues from the provision of services, etc., including maintenance and servicing related to gas appliances are recognized on a straight-line or percentage-of-completion basis over the service period in which the customer receives the benefit if the performance obligation is satisfied over a certain period.

For transactions that combine the sale of goods or products with the provision of services, etc., each promise to transfer goods or services is identified as a separate performance obligation. The stand-alone selling price is determined at the inception of the contract, and the transaction price is allocated in proportion to such selling price. Consideration is usually received based on the progress towards complete satisfaction of the performance obligation or in the form of advance payments based on contracts with customers, and it does not include significant financial components.

③ Revenue from construction contracts, etc.

For revenues from construction contracts, including engineering in the gas and electricity businesses and software development in the information solutions business, the Company estimates the progress towards complete satisfaction of the performance obligation and recognizes revenues over a certain period based on the progress. The progress is measured based on the percentage of costs incurred by the end of the period to the estimated total costs. However, for construction contracts with short construction periods, etc., revenue is recognized when the performance obligation is fully satisfied.

Consideration is generally received in the form of contractual milestone payments based on the progress towards complete satisfaction of the performance obligation or in the form of advance payments based on contracts with customers, and it does not include significant financial components.

(6) Criteria for translating significant assets or liabilities denominated in foreign currencies into Japanese currency

Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate as of the fiscal year-end. Revenues and expenses of overseas subsidiaries are translated into Japanese yen at the average exchange rate during the fiscal year. The resulting translation differences are included in foreign currency translation adjustment and non-controlling interests in net assets.

(7) Significant hedge accounting method

① Hedge accounting method

Deferred hedge accounting is adopted. When applicable requirements are met, exceptional accounting for interest rate swaps and allocation accounting for forward exchange contracts, etc. are adopted.

② Hedging instruments and hedged items

Hedging instruments

- Interest rate swaps
- Forward exchange contracts or currency options
- Loans payable denominated in foreign currencies
- Swaps and options on energy prices, etc.

Hedged items

- Bonds, loans payable
- Forecast transactions denominated in foreign currencies (purchase prices of raw materials, etc.)
- Interests in overseas subsidiaries and associates
- Purchase prices of raw materials, etc.

③ Hedging policy

The Group hedges foreign exchange rate and interest rate risk based on its internal rules, and does not engage in speculative transactions.

④ Method for assessing the hedge effectiveness

Hedge effectiveness is assessed by identifying the corresponding relationship between hedging instruments and hedged items.

(8) Method and period for amortization of goodwill

Goodwill is amortized on a straight-line basis over its estimated useful life within 20 years after initial recognition; provided, however, that immaterial goodwill is recognized as income or expense in full upon acquisition.

(9) Scope of funds in the consolidated statement of cash flows

Funds stated in the consolidated statement of cash flows (cash and cash equivalents) comprise cash on hand, demand deposits and short-term investments that are readily convertible and subject to an insignificant risk of changes in value with original maturities of three months or less.

Significant Accounting Estimates

1 Impairment of property, plant and equipment, intangible assets, and investment in entities accounted for using equity method

(1) Amounts recorded on the consolidated financial statements for this consolidated fiscal year

	(million yen)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Property, plant and equipment	1,427,677	1,494,750
Intangible assets	92,377	79,093
Investment in entities accounted for using equity method	405,590	360,988

(2) Information on details of significant accounting estimates for identified items

The Company and its consolidated subsidiaries assess whether there is any indication of impairment of property, plant and equipment and intangible assets. If there is any indication,

they conduct an impairment test. For investments in equity method affiliates, the Company and its consolidated subsidiaries assess whether there is any indication of impairment, and if there is any indication, they conduct an impairment test. The Company and its consolidated subsidiaries estimate future cash flows and discount rates for calculating their present value as the basis for calculating the recoverable amount, etc.

In the event that the recoverable amount, etc. deteriorates due to a decline in profit/loss or cash flows from future operating activities or an increase in the discount rate caused by factors such as a decline in energy prices such as crude oil prices, it may be necessary to record impairment losses.

The Company recorded impairment losses of ¥14,397 million in the previous fiscal year, and impairment losses of ¥23,396 million in the current fiscal year. Major items of impairment losses are stated in "Notes (Notes to the Consolidated Statement of Income), ※6 Impairment losses."

2 Collectability of deferred tax assets

(1) Amounts recorded on the consolidated financial statements for this consolidated fiscal year

The amount of deferred tax assets is the same as the amount stated in "Notes (Tax Effect Accounting), 1 Breakdown of major causes for deferred tax assets and deferred tax liabilities."

(2) Information on details of significant accounting estimates for identified items

For tax loss carryforwards, tax deductions, and deductible temporary differences, the Company and its consolidated subsidiaries recognize deferred tax assets only for those highly likely to reduce future taxable income. The Company and its consolidated subsidiaries estimate the amount of taxable income expected to be generated in the future and the timing of such generation based on business plans, etc.

In the event that the expected future taxable income has not been generated, the deferred tax assets recorded may not be collected and tax expenses may increase.

3 Calculation of retirement benefit obligations

(1) Amounts recorded on the consolidated financial statements for this consolidated fiscal year

	(million yen)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Retirement benefit asset	144,544	176,471
Retirement benefit liability	17,394	16,805
Remeasurements of defined benefit plans	45,552	62,626

(2) Information on details of significant accounting estimates for identified items

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans for the purpose of providing retirement benefits to employees. The defined benefit plan obligations and defined benefit expenses as of the end of the current fiscal year are recorded based on actuarial assumptions for pensions such as discount rate, retirement rate, mortality rate, and long-term expected rate of return. If the actual results differ from these assumptions, or if there is a change in the assumptions, the retirement benefit obligations and expenses of the Company and its consolidated subsidiaries may be affected.

Accounting Standards, etc. not yet Effective

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

and other related revisions of ASBJ Statement, ASBJ Guidance, ASBJ Revised Practical Solution, and Transferred Guidance

(1) Overview

This accounting standard, etc. provides for the treatment of all leases by lessees, including the recognition of assets and liabilities, similarly to international accounting standards.

(2) Scheduled date of application

The Company plans to apply this accounting standard, etc. from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of application of this accounting standard, etc.

The impact is under evaluation as of the preparation of these consolidated financial statements.

Changes in Presentation

Notes to the Consolidated Statement of Cash Flows

"Loss (gain) on valuation of investment securities," stated as a separate item under cash flows from operating activities for the previous fiscal year, is included in "other, net" under cash flows from operating activities from the current fiscal year due to decreased materiality. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥11,406 million presented in "loss (gain) on valuation of investment securities" under cash flows from operating activities in the previous fiscal year's consolidated statement of cash flows is reclassified into "other, net."

"Net increase (decrease) in short-term borrowings" included in "other, net" under cash flows from financing activities for the previous fiscal year is stated as a separate item from the current fiscal year due to increased materiality. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥2,065 million presented in "other, net" under cash flows from financing activities in the previous fiscal year's consolidated statement of cash flows is reclassified into "net increase (decrease) in short-term borrowings."

"Proceeds from long-term borrowings," stated as a separate item under cash flows from financing activities for the previous fiscal year, is included in "other, net" under cash flows from financing activities from the current fiscal year due to decreased materiality. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥59,551 million presented in "proceeds from long-term borrowings" under cash flows from financing activities in the previous fiscal year's consolidated statement of cash flows is reclassified into "other, net" under cash flows from financing activities.

Additional Information

Beginning on February 5, 2026, the Company introduced an employee stock incentive plan for managerial-level employees who meet specified requirements.

(1) Overview of the transactions

The names of consolidated subsidiaries are omitted as they are stated on the Group's official website and in "I. Overview of the Company" "4. Status of Subsidiaries and Affiliates" of the Annual Securities Report (available in Japanese only).

(2) Shares of the Company remaining in the trust

Any shares of the Company that remain in the trust are presented as treasury shares under net assets, at book value in the trust (excluding incidental expenses). The book value and number of these treasury shares at the end of the current fiscal year are ¥299 million and 45,700 shares, respectively.

Notes to the Consolidated Balance Sheet

※1 Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral are as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Property, plant and equipment	159,573 million yen	147,389 million yen
Investments and other assets	223,888	217,563
Other	63,057	50,035
Total	446,519	414,988

The breakdown of "other" is cash and deposits, intangible assets, and other assets. In addition to the above, shares of subsidiaries and affiliates, etc. of ¥34,527 million for the previous fiscal year and ¥37,629 million for the current fiscal year, which were offset as a result of consolidation, were pledged as collateral.

Liabilities with collateral are as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Long-term borrowings	129,794 million yen	128,912 million yen
(current portion thereof)	(10,988)	(12,631)
Short-term borrowings	—	787
Other	100	100
Total	129,894	129,799

※2 Accumulated advanced depreciation deducted from the acquisition cost of assets related to contribution for construction, etc. is as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Accumulated advanced depreciation of contribution for construction, etc.	278,706 million yen	280,544 million yen

※3 Accumulated depreciation of property, plant and equipment is as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Accumulated depreciation of property, plant and equipment	3,145,805 million yen	3,238,446 million yen

※4 Items for affiliates are as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Investment securities (stock)	419,927 million yen	373,225 million yen
(including investments in joint ventures)	(236,896)	(194,713)

※5 Receivables and contract assets arising from contracts with customers

Of notes and accounts receivable - trade, and contract assets, the amount of receivables and contract assets arising from contracts with customers are shown in "Notes (Revenue Recognition), 3 Information on the relationship between satisfaction of performance obligations for contracts with customers and cash flows arising from the contracts, and on the amount and timing of revenue expected to be recognized in the following consolidated fiscal years from contracts with customers existing at the end of the current consolidated fiscal year."

※6 The breakdown of inventories is as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Merchandise and finished goods	82,228 million yen	81,061 million yen
Work in process	23,964	28,697
Raw materials and supplies	98,794	112,924

7 Contingent liabilities

Guarantees and quasi-guarantees for bank loans, etc. to companies other than consolidated companies are as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Murakami Tainai Offshore Wind Investment Co., Ltd.	2,462 million yen	3,097 million yen
Ruwais Power Company PJSC	1,569	1,700
Ichthys LNG Pty.Ltd.	1,712	1,646
Wakayama Gobo Biomass Power Plant G.K.	2,902	—
Other	2,316	33
Total	10,962	6,478

※8 Contract liabilities

Contract liabilities are included in other under current liabilities. The amounts of contract liabilities are shown in “Notes (Revenue Recognition), 3 Information on the relationship between satisfaction of performance obligations for contracts with customers and cash flows arising from the contracts, and on the amount and timing of revenue expected to be recognized in the following consolidated fiscal years from contracts with customers existing at the end of the current consolidated fiscal year.”

※9 Revaluation reserve for land

Commercial land of certain consolidated subsidiaries has been revalued in accordance with the Act on Revaluation of Land (Law No. 34 of March 31, 1998) and the Amendment to Act on Revaluation of Land (Law No. 19 of March 31, 2001). Any difference (excluding any amount associated with tax effect accounting) resulting from the revaluation is included in net assets as revaluation reserve for land.

(1) Method for revaluation

The revaluation is made by making reasonable adjustments to the valuation by road rating which is provided for in Article 2, Item 4 of the Enforcement Order of the Law Concerning the Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).

(2) Date of revaluation

March 31, 2002

10 Loan commitment agreement

The Company has concluded loan commitment agreements with certain affiliates, and the balance of unexecuted loans, etc. is as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Total amount of loan commitment	5,500 million yen	5,500 million yen
Balance of executed loans	—	—
Difference	5,500	5,500

The above loan commitment agreement does not necessarily guarantee that the full amount of the loan will be disbursed.

Notes to the Consolidated Statement of Income

※1 Revenue from contracts with customers

With regard to sales, revenue is not separately presented for revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers are shown in “Notes (Revenue Recognition), 1 Disaggregation of revenue from contracts with customers.”

※2

Previous Year (April 1, 2024 - March 31, 2025)

The R&D expenses included in “selling, general and administrative expenses” and in the manufacturing expenses for the fiscal year are ¥12,690 million.

Current Year (April 1, 2025 - March 31, 2026)

The R&D expenses included in “selling, general and administrative expenses” and in the manufacturing expenses for the fiscal year are ¥14,390 million.

※3 The balance of inventories at the end of the fiscal year is an amount after write-down of the carrying amount due to decreased profitability, and the following loss on valuation of inventories is included in cost of sales.

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
	530 million yen	400 million yen

※4 The major expense items and amounts thereof are as follows:

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Salaries	57,444 million yen	60,459 million yen
Retirement benefit expenses	(13,209)	(7,240)
Provision of allowance for doubtful accounts	695	451
Consigned work expenses	65,834	66,899

※5 The breakdown of gain on sale of non-current assets is as follows:

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Buildings and structures	— million yen	(158) million yen
Machinery, equipment and vehicles	—	1,491
Land	—	837
Other	—	1
Total	—	2,171

Note: Gain and loss on sale of non-current assets arising from the same sales and purchase agreement are offset and presented as gain on sale of non-current assets in the consolidated statement of income.

※6 Impairment losses

Previous Year (April 1, 2024 - March 31, 2025)

(1) Concept of grouping

- ① All non-current assets used in operating the gas business from production to sales of gas are categorized into one asset group as these assets generate cash flows from the gas business in an integrated manner.
- ② Non-current assets used for businesses other than those described above are generally categorized into groups based on business divisions controlling such non-current assets.
- ③ Generally, other non-current assets are treated individually.

(2) Details of impairment losses

In accordance with the grouping described in (1) above, impairment losses of ¥14,397 million were recognized. Significant losses included in this are as follows:

Asset	Location	Type	Impairment losses (million yen)
Property for business use	Osaka-shi, Osaka	Intangible assets (Software in progress)	13,724

The property for business use in Osaka-shi, Osaka are intangible assets (Software in progress) related to the core system under development as software for internal use.

While the Company is focused on restructuring its core system with the aim of enhancing business quality, reducing business operation costs, and enhancing system serviceability, upon a review of the development plan, it was determined that a portion of intangible assets (Software in progress) is no longer expected to be used in the future. Therefore, the value in use of the portion that is not expected to be used was set to zero and an impairment loss of ¥13,724 million was recorded.

Current Year (April 1, 2025 - March 31, 2026)

(1) Concept of grouping

- ① All non-current assets used in operating the gas business from production to sales of gas are categorized into one asset group as these assets generate cash flows from the gas business in an integrated manner.
- ② Non-current assets used for businesses other than those described above are generally categorized into groups based on business divisions controlling such non-current assets.
- ③ Generally, other non-current assets are treated individually.

(2) Details of impairment losses

In accordance with the grouping described in (1) above, impairment losses of ¥23,396 million were recognized. Significant losses included in this are as follows:

Asset	Location	Type	Impairment losses (million yen)
Property for business use	Western Australia, Australia	Property, plant and equipment	9,213
Property for business use	Northern Territory, Australia/East Timor	Property, plant and equipment	3,248
Property for business use	Taketoyo-cho, Chita-gun, Aichi	Property, plant and equipment	7,080

The property for business use in Western Australia, Australia was acquired for projects such as the refining, liquefying and sales of natural gas produced in that region. The Company reassessed the business value, taking into account factors such as the decline in crude oil prices, and the carrying amount of the asset was reduced to its recoverable amount. The amount of the reduction was recorded as an impairment loss under extraordinary losses.

The recoverable amount of this asset was measured by its value in use, which is calculated by discounting future cash flows at 10.4%.

The property for business use in Northern Territory, Australia/East Timor was acquired for the purpose of participating in a natural gas and condensate development business. The Company reassessed the business value, taking into account factors such as the uncertainty of the undeveloped project, and the carrying amount of the asset was reduced to its recoverable amount. The amount of the reduction was recorded as an impairment loss under extraordinary losses. The recoverable amount was measured at net sale value determined based on market value.

The asset in Chita-gun, Aichi is property for business use for thermal power generation. The Company decided to decommission one unit of the power plant as determined from the perspectives of aging and deteriorating facilities and environmental impact, and accordingly the carrying amount of the asset was reduced to its recoverable amount. The amount of the reduction was recorded as an impairment loss under extraordinary losses. The recoverable amount was measured by its value in use, and has been determined to be zero as no future cash flows are expected.

Notes to the Consolidated Statement of Comprehensive Income

※1 Reclassification adjustments, income taxes, and tax effects related to other comprehensive income

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Valuation difference on available-for-sale securities		
Incurred in the fiscal year	(26,299) million yen	26,037 million yen
Reclassification adjustments	(16,895)	(2,649)
Before income taxes and tax effect adjustments	(43,194)	23,388
Income taxes and tax effect	11,427	(7,076)
Valuation difference on available-for-sale securities	(31,767)	16,311
Deferred gains or losses on hedges		
Incurred in the fiscal year	29,821 million yen	57,289 million yen
Reclassification adjustments	(21,676)	(10,852)
Adjustments for acquisition cost of assets	(2,057)	(3,870)
Before income taxes and tax effect adjustments	6,088	42,566
Income taxes and tax effect	(3,985)	(12,567)
Deferred gains or losses on hedges	2,103	29,998
Revaluation reserve for land		
Income taxes and tax effect	— million yen	(28) million yen
Foreign currency translation adjustment		
Incurred in the fiscal year	75,969 million yen	1,976 million yen
Reclassification adjustments	—	85
Before income taxes and tax effect adjustments	75,969	2,061
Income taxes and tax effect	—	—
Foreign currency translation adjustment	75,969	2,061
Remeasurements of defined benefit plans		
Incurred in the fiscal year	12,222 million yen	31,948 million yen
Reclassification adjustments	(8,225)	(7,708)
Before income taxes and tax effect adjustments	3,996	24,239
Income taxes and tax effect	(1,777)	(7,087)
Remeasurements of defined benefit plans	2,218	17,152
Share of other comprehensive income of entities accounted for using equity method		
Incurred in the fiscal year	12,268 million yen	7,041 million yen
Reclassification adjustments	(4,747)	(3,992)
Share of other comprehensive income of entities accounted for using equity method	7,521	3,048
Total other comprehensive income	56,045	68,544

Notes to the Consolidated Statement of Changes in Equity

Previous Year (April 1, 2024 - March 31, 2025)

1 Matters on shares issued and outstanding

Type of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common shares (thousand shares)	409,912	—	5,806	404,105

(Overview of reasons for change)

The major reason for decrease is as follows: Decrease due to cancellation of treasury shares 5,806 thousand shares

2 Matters on treasury shares

Type of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common shares (thousand shares)	966	12,048	5,887	7,127

(Overview of reasons for change)

The major reasons for increase are as follows:

Increase due to acquisition of treasury shares based on the Board of Directors' resolution	12,030 thousand shares
Increase due to repurchase of fractional shares	18 thousand shares

The major reasons for decrease are as follows:

Decrease due to cancellation of treasury shares	5,806 thousand shares
Decrease due to disposal of treasury shares as restricted stock remuneration	80 thousand shares
Decrease due to disposal of fractional shares	0 thousand shares

3 Matters on subscription rights to shares, etc.

Not applicable.

4 Matters on dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 27, 2024	Common shares	20,447	50.00	March 31, 2024	June 28, 2024
Board of Directors' Meeting held on October 31, 2024	Common shares	19,152	47.50	September 30, 2024	November 29, 2024

(2) Of the dividends whose record date belongs to the fiscal year, the dividends whose effective date falls in the following fiscal year

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors' Meeting held on May 8, 2025	Common shares	18,856	47.50	March 31, 2025	June 2, 2025	Retained earnings

Current Year (April 1, 2025 - March 31, 2026)

1 Matters on shares issued and outstanding

Type of shares	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common shares (thousand shares)	404,105	—	6,223	397,881

(Overview of reasons for change)

The major reason for decrease is as follows: Decrease due to cancellation of treasury shares 6,223 thousand shares

2 Matters on treasury shares

Type of shares	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common shares (thousand shares)	7,127	13,667	6,769	14,025

Note: The number of treasury shares as of March 31, 2026 includes 45 thousand shares of the Company's shares held by the employee stock incentive plan.

(Overview of reasons for change)

The major reasons for increase are as follows: Increase due to acquisition of treasury shares based on the Board of Directors' resolution 13,609 thousand shares

Increase due to acquisition of the Company's shares by the employee stock incentive plan 45 thousand shares

Increase due to repurchase of fractional shares 12 thousand shares

The major reasons for decrease are as follows: Decrease due to cancellation of treasury shares 6,223 thousand shares

Decrease due to the disposal of treasury shares through a third-party allotment to the employee shareholding association 458 thousand shares

Decrease due to disposal of treasury shares as restricted stock remuneration 87 thousand shares

Decrease due to disposal of fractional shares 0 thousand shares

3 Matters on subscription rights to shares, etc.

Not applicable.

4 Matters on dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors' Meeting held on May 8, 2025	Common shares	18,856	47.50	March 31, 2025	June 2, 2025
Board of Directors' Meeting held on October 30, 2025	Common shares	23,421	60.00	September 30, 2025	November 28, 2025

(2) Of the dividends whose record date belongs to the fiscal year, the dividends whose effective date falls in the following fiscal year

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors' Meeting held on May 8, 2026	Common shares	23,034	60.00	March 31, 2026	June 1, 2026	Retained earnings

Note: Total dividends paid includes ¥2 million in dividends on the Company's stock held by the employee stock incentive plan as of the record date.

Notes to the Consolidated Statement of Cash Flows

※1 The relationship between the balance of cash and cash equivalents at end of period and the amount of cash and deposits in the consolidated balance sheet is as follows:

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Cash and deposits	82,810 million yen	58,981 million yen
Time deposits with more than 3 months to maturity	(501)	(488)
Cash and cash equivalents	82,309	58,492

※2 Major components of assets and liabilities of the companies which are no longer consolidated subsidiaries due to sales of shares

Previous Year (April 1, 2024 - March 31, 2025)

The information is omitted as it is immaterial.

Current Year (April 1, 2025 - March 31, 2026)

As a result of the sale of shares, Michigan Power MB, LLC and its subsidiaries are no longer consolidated subsidiaries of the Company. Assets and liabilities at the time of the sale as well as the sale value of shares and the net proceeds from the sale are as follows.

Current assets	5,742 million yen
Non-current assets	24,367
Current liabilities	(4,781)
Non-current liabilities	(19,829)
Accumulated other comprehensive income	(5,699)
Gain on sale of shares	11,163
Other	8
Sale value of shares	10,971 million yen
Cash and cash equivalents	(1,886)
Accounts payable - other	339
Difference: proceeds from sale	9,424 million yen

Notes to Leases

1 Finance lease transactions (As lessor)

(1) Breakdown of lease investment assets
(Current assets)

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Lease payments receivable component	60,715 million yen	62,067 million yen
Estimated residual value component	367	403
Amount equivalent to interest income	(12,026)	(11,099)
Lease investment assets	49,056	51,371

(2) Amount of lease receivables and lease payments receivable components of lease investment assets expected to be collected after the fiscal year end
(Current assets)

	Previous Year (As of March 31, 2025)					
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Lease receivables	2,355	2,193	2,065	1,885	1,689	7,166
Lease investment assets	10,406	9,376	8,025	6,851	5,768	20,287

	Current Year (As of March 31, 2026)					
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Lease receivables	2,510	2,400	2,214	2,003	1,867	6,922
Lease investment assets	10,628	9,243	8,052	6,930	5,771	21,440

2 Operating lease transactions (As lessee)

Future lease payments payable for non-cancellable operating leases

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Due within one year	2,617 million yen	2,614 million yen
Due over one year	11,030	11,586
Total	13,647	14,200

(Lessor)

Future lease payments receivable for non-cancellable operating leases

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Due within one year	2,836 million yen	2,768 million yen
Due over one year	7,112	6,415
Total	9,949	9,183

3 Amounts recorded on the consolidated balance sheet before deducting amounts equivalent to interest for sublease transactions

(1) Lease receivables and lease investment assets

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Current assets	28,500 million yen	25,956 million yen

(2) Lease obligations

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Current liabilities	2,207 million yen	2,577 million yen
Non-current liabilities	19,439	20,425

Notes to Financial Instruments

1 Matters on the status of financial instruments

(1) Policies for dealing with financial instruments

It is the Group's policy to raise its operating funds through loans from financial institutions and the issuance of bonds and to conduct fund management through a conservative financial portfolio. The Group uses derivative transactions to hedge the risks described later and does not invest in speculative transactions.

(2) Details of financial instruments, risks thereof and risk management structure

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risks. To deal with this risk, the Company and the Group companies manage due dates and balances for each counterparty in accordance with their accounting rules and manuals regarding receivable management, etc. and seek to mitigate collectability concern.

Securities and investment securities, which comprise mainly shares of companies with which the Group has business relationships, are exposed to risks including market price fluctuation risk. The Group continuously reviews its shareholding position by periodically monitoring their market price and the financial condition of the issuers (customer companies), as well as considering the relationship with such customer companies.

Notes and accounts payable - trade, which are operating payables, are mostly settled within one year. Of bonds and loans payable, short-term borrowings are mainly to procure funds for operational transactions, while bonds and long-term borrowings are mainly to procure funds for capital expenditures. Bonds and long-term borrowings procure funds with fixed interest rates. In derivative transactions, the Group uses interest rate swaps for adjusting the ratio between fixed and floating interest rates and fixing the interest level for bonds and loans payable, forward

exchange contracts and currency option contracts for reducing the fluctuation of cash flows due to change in foreign exchange rates, and swap contracts and option contracts on energy prices, etc. for reducing the fluctuation of cash flows due to change in energy prices, etc. Matters on hedge accounting including hedging instruments, hedged items, hedging policy and methods for assessing hedge effectiveness are as described in "Notes (Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements), 4 (7) Significant hedge accounting method."

In conducting derivative transactions, the Group primarily enters into contracts only with financial institutions, etc. with high ratings in order to minimize credit risks. Execution and management of derivative transactions are performed by the finance department and the business segment of each of the Company and Group companies, and the finance department of the Company controls their activities. Transactions by the Company and Group companies are conducted in accordance with the internal rules.

Although operating payables, loans and bonds payable are exposed to liquidity risk, the Company maintains high credit ratings and secures stable fund procurement measures. In addition, the Group has implemented a cash management system (CMS) and a global cash management system (GCMS) to facilitate funding for Group companies.

(3) Supplementary explanation to fair value of financial instruments

Please note that contract amounts of derivative transactions in "2 Matters on fair value, etc. of financial instruments" do not, in themselves, indicate the market risk pertaining to the derivative transactions.

2 Matters on fair value, etc. of financial instruments

The carrying amount in the consolidated balance sheet, fair value and difference between them are as follows. Stocks and other securities with no market price are not included in the table below (see Note 1).

Previous Year (As of March 31, 2025)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Securities and investment securities	119,505	119,233	(271)
Total assets	119,505	119,233	(271)
(1) Bonds payable	500,999	431,000	(69,999)
(2) Long-term borrowings (※1)	436,472	424,528	(11,943)
Total liabilities	937,472	855,529	(81,942)
Derivative transactions (※2)	70,078	70,078	—

(※1) Includes those due within one year.

(※2) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses () when the amount offset was a liability.

(※3) "Cash and deposits," "notes and accounts receivable - trade," "notes and accounts payable - trade," and "short-term borrowings" are omitted because the fair value approximates their book values due to cash and short-term settlements.

Current Year (As of March 31, 2026)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Securities and investment securities	143,508	142,783	(724)
Total assets	143,508	142,783	(724)
(1) Bonds payable (※1)	501,029	403,091	(97,938)
(2) Long-term borrowings (※1)	347,209	325,504	(21,705)
Total liabilities	848,239	728,596	(119,643)
Derivative transactions (※2)	117,807	117,807	—

(※1) Includes those due within one year.

(※2) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses () when the amount offset was a liability.

(※3) "Cash and deposits," "notes and accounts receivable - trade," "notes and accounts payable - trade," and "short-term borrowings" are omitted because the fair value approximates their book values due to cash and short-term settlements.

Note 1: Carrying amount of stocks and other securities with no market price in the consolidated balance sheet

Previous Year (As of March 31, 2025)	
	(million yen)
Shares of affiliates	419,927
Unlisted stocks, etc.	29,819

These include investments in partnerships and other similar entities (¥29,575 million on the consolidated balance sheets), in which the Company's equity interest is recorded net on the consolidated balance sheets.

Current Year (As of March 31, 2026)	
	(million yen)
Shares of affiliates	373,225
Unlisted stocks, etc.	31,699

These include investments in partnerships and other similar entities (¥29,750 million on the consolidated balance sheets), in which the Company's equity interest is recorded net on the consolidated balance sheets.

Note 2: Expected redemption amounts of monetary receivables and securities with maturities after the consolidated fiscal year-end

Previous Year (As of March 31, 2025)

	One year or less (million yen)	More than one year, up to five years (million yen)	More than five years, up to ten years (million yen)	More than ten years (million yen)
Cash and deposits	82,810	—	—	—
Notes and accounts receivable - trade	311,295	—	—	—
Securities and investment securities				
Held-to-maturity bonds (Government bonds and corporate bonds)	—	—	99	12,158
Available-for-sale securities with maturities	67	5,213	3,017	1,099
Total	394,173	5,213	3,116	13,257

Current Year (As of March 31, 2026)

	One year or less (million yen)	More than one year, up to five years (million yen)	More than five years, up to ten years (million yen)	More than ten years (million yen)
Cash and deposits	58,981	—	—	—
Notes and accounts receivable - trade	293,467	—	—	—
Securities and investment securities				
Held-to-maturity bonds (Government bonds and corporate bonds)	—	—	2,201	12,618
Available-for-sale securities with maturities	51	5,460	4,291	1,177
Total	352,500	5,460	6,492	13,796

Note 3: Expected repayment amounts of bonds payable, long-term borrowings and other interest-bearing debts

Previous Year (As of March 31, 2025)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Short-term borrowings	8,971	—	—	—	—	—
Bonds payable	—	10,000	—	10,000	—	481,000
Long-term borrowings	72,533	45,638	59,317	59,660	40,964	158,358
Total	81,505	55,638	59,317	69,660	40,964	639,358

Current Year (As of March 31, 2026)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Short-term borrowings	22,163	—	—	—	—	—
Bonds payable	10,014	16	10,000	—	—	481,000
Long-term borrowings	44,006	55,914	56,330	37,577	11,046	142,334
Total	76,183	55,930	66,330	37,577	11,046	623,334

3 Fair value information by level within the fair value hierarchy

(1) Financial instruments measured at fair value

Previous Year (As of March 31, 2025)

Classification	Fair Value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Stocks	92,132	—	15,114	107,247
Total assets	92,132	—	15,114	107,247
Derivatives (※)				
Interest rates	—	3,206	—	3,206
Currencies	—	71,871	—	71,871
Commodities	—	(4,999)	—	(4,999)
Total derivatives	—	70,078	—	70,078

(※) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses () when the amount offset was a liability.

Current Year (As of March 31, 2026)

Classification	Fair Value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Stocks	116,645	—	11,646	128,292
Other	396	—	—	396
Total assets	117,042	—	11,646	128,688
Derivatives (※)				
Interest rates	—	4,458	—	4,458
Currencies	—	114,409	—	114,409
Commodities	—	(1,060)	—	(1,060)
Total derivatives	—	117,807	—	117,807

(※) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses () when the amount offset was a liability.

(2) Financial instruments other than those measured at fair value

Previous Year (As of March 31, 2025)

Classification	Fair Value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds	104	—	11,881	11,985
Total assets	104	—	11,881	11,985
Bonds payable	—	431,000	—	431,000
Long-term borrowings (※)	—	424,528	—	424,528
Total liabilities	—	855,529	—	855,529

(※) Includes those due within one year.

Current Year (As of March 31, 2026)

Classification	Fair Value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds	98	—	13,996	14,094
Total assets	98	—	13,996	14,094
Bonds payable(※)	—	403,091	—	403,091
Long-term borrowings(※)	—	325,504	—	325,504
Total liabilities	—	728,596	—	728,596

(※) Includes those due within one year.

Note 1: Description of valuation techniques and inputs used in the calculation of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

- Level 1 fair value: Fair value calculated using (unadjusted) quoted prices in active markets for identical assets or liabilities
- Level 2 fair value: Fair value calculated using inputs other than Level 1 inputs that are directly or indirectly observable
- Level 3 fair value: Fair value calculated using significant unobservable inputs

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

Securities and investment securities

Listed stocks, investment equity of investment corporations, and Japanese government bonds are valued using quoted market prices, and their fair values are classified as Level 1 fair value because they are all traded in active markets. Other investments are valued using the discounted present value method, etc., and their fair values are classified as Level 3 fair value.

Bonds payable

The fair value of bonds payable issued by the Company is based on their quoted market prices and is classified as Level 2 fair value.

Long-term borrowings

Long-term borrowings with fixed interest rates are classified as Level 2 fair value, which is calculated using the discounted present value method based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the debt and credit risk. The fair value of long-term borrowings with floating interest rate is its book value because the fair value is considered to be approximately equal to the book value and is classified as Level 2 fair value. Interest rate swap transactions related to fixing the interest rate level of long-term borrowings with floating interest rates are subject to exceptional accounting treatment and are calculated by discounting the total amount of principal and interest accounted for together with the swap transactions by the reasonably estimated interest rate that would be applicable to similar borrowings.

Derivative transactions

The fair value of derivative transactions is primarily based on the price quoted by the counterpart financial institutions and is classified as Level 2 fair value. The fair value of derivative transactions for which exceptional accounting treatment for interest swap is applied is included in the fair value of long-term borrowings as it is treated as part of such long-term borrowings which are hedged. The fair value of forward foreign exchange contracts that are accounted for under the allocation method is included in the fair value of the relevant accounts payable, etc., because they are accounted for as an integral part of the accounts payable, etc., which are hedged items.

Note 2: Quantitative information on significant unobservable inputs used in the calculation of fair value

Information about valuation techniques and significant unobservable inputs for financial instruments that are carried on the consolidated balance sheet at fair value on a recurring basis and classified as Level 3 is as follows.

Previous Year (As of March 31, 2025)			
Classification	Valuation techniques	Unobservable inputs	Scope of inputs
Unlisted stocks	Income approach	Discount rate	9.9% to 14.5%

Current Year (As of March 31, 2026)			
Classification	Valuation techniques	Unobservable inputs	Scope of inputs
Unlisted stocks	Income approach	Discount rate	10.3% to 14.9%

Note 3: Reconciliation of beginning and ending balances of financial instruments classified as Level 3

Changes in the fair value of financial instruments carried on the consolidated balance sheet at fair value on a recurring basis and classified as Level 3 are as follows.

Previous Year (As of March 31, 2025)			(million yen)
	Securities and investment securities	Total	
Beginning balance	35,714	35,714	
Profit or loss (※1)	(7,695)	(7,695)	
Other comprehensive income (※2)	(14,350)	(14,350)	
Purchases	—	—	
Sales or settlements	—	—	
Transfer to Level 3 fair value (※3)	1,445	1,445	
Ending balance	15,114	15,114	
Gain (loss) on valuation of financial assets and financial liabilities held as of the consolidated balance sheet date, included in profit or loss for the period (※1)	(7,695)	(7,695)	

(※1) Included in "loss on valuation of investment securities" in "extraordinary losses" in the consolidated statement of income.

(※2) Included in "valuation difference on available-for-sale securities" in "other comprehensive income" in the consolidated statement of comprehensive income.

(※3) The securities were transferred from Level 2 fair value to Level 3 fair value due to the lack of observable data on such investment securities. These transfers were made at the end of the accounting period.

Current Year (As of March 31, 2026)

(million yen)

	Securities and investment securities	Total
Beginning balance	15,114	15,114
Profit or loss	—	—
Other comprehensive income (※1)	(704)	(704)
Purchases	—	—
Sales or settlements	(2,763)	(2,763)
Transfer to Level 3 fair value	—	—
Ending balance	11,646	11,646
Gain (loss) on valuation of financial assets and financial liabilities held as of the consolidated balance sheet date, included in profit or loss for the period	—	—

(※1) Included in "valuation difference on available-for-sale securities" in "other comprehensive income" in the consolidated statement of comprehensive income.

Note 4: Our valuation process for Level 3 fair value

The finance and accounting departments, which are independent of the departments conducting the transactions, decide the valuation method and procedure determining fair value. The appropriateness of the valuation techniques and inputs used to determine fair value and the appropriateness of the classification of fair value levels are periodically verified.

In calculating fair value, the valuation model that most appropriately reflects the nature, characteristics, and risks of individual asset is used. When using market values obtained from third parties, appropriate methods are used to verify the reasonableness of price, including confirmation of the valuation techniques and inputs used, and comparison with the market values of similar financial instruments.

Note 5: Description of sensitivity of the fair value measurement to changes in significant unobservable inputs

The significant unobservable input used to determine the fair value of unlisted stocks is the discount rate. A significant increase (decrease) in these inputs would result in a significant decrease (increase) in fair value.

Notes to Securities

1 Held-to-maturity bonds

Previous Year (As of March 31, 2025)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
1 Held-to-maturity bonds whose fair value exceeds the carrying amount in the consolidated balance sheet	99	104	4
2 Held-to-maturity bonds whose fair value does not exceed the carrying amount in the consolidated balance sheet	12,158	11,881	(276)
Total	12,257	11,985	(271)

Current Year (As of March 31, 2026)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
1 Held-to-maturity bonds whose fair value exceeds the carrying amount in the consolidated balance sheet	—	—	—
2 Held-to-maturity bonds whose fair value does not exceed the carrying amount in the consolidated balance sheet	14,819	14,094	(724)
Total	14,819	14,094	(724)

2 Available-for-sale securities

Previous Year (As of March 31, 2025)

	Carrying amount in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
1 Available-for-sale securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost			
Stocks	105,917	29,197	76,719
2 Available-for-sale securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost			
Stocks	1,329	1,435	(106)
Total	107,247	30,633	76,613

Note: Unlisted stocks, etc., with no market prices (carrying amount in the consolidated balance sheet: ¥20,312 million) are not included.

Current Year (As of March 31, 2026)

	Carrying amount in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
1 Available-for-sale securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost			
Stocks	118,019	17,217	100,801
Other	—	—	—
2 Available-for-sale securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost			
Stocks	10,273	11,305	(1,031)
Other	396	400	(3)
Total	128,688	28,922	99,766

Note: Unlisted stocks, etc., with no market prices (carrying amount in the consolidated balance sheet: ¥20,718 million) are not included.

3 Available-for-sale securities sold during the fiscal year

Previous Year (April 1, 2024 - March 31, 2025)			Current Year (April 1, 2025 - March 31, 2026)		
Stocks	Total sales	28,318 million yen	Stocks	Total sales	6,530 million yen
	Total gain on sales	25,406		Total gain on sales	3,812
	Total loss on sales	12		Total loss on sales	—

4 Securities for which impairment losses are recognized

For the previous fiscal year, impairment losses of ¥295 million for shares of subsidiaries and associates and impairment losses of ¥11,406 million for available-for-sale securities were recognized.

For the current fiscal year, impairment losses of ¥431 million for available-for-sale securities were recognized.

Derivatives

1 Derivative transactions to which hedge accounting is not applied

Previous Year (As of March 31, 2025)

Underlying asset	Derivative instrument	Type of transaction	Contract amount (million yen)		Fair value (million yen)	Valuation gain (loss) (million yen)
				More than one year		
(a) Commodities	Swap contracts and option contracts on energy prices, etc.	Other than market transactions	21,644	7,401	(1,069)	(1,069)
(b) Currencies	Forward exchange contracts	Other than market transactions	407	—	67	67
Total			22,052	7,401	(1,001)	(1,001)

Note: As certain derivative transactions no longer satisfy the requirements for hedge accounting, hedge accounting is discontinued for such transactions.

Current Year (As of March 31, 2026)

Underlying asset	Derivative instrument	Type of transaction	Contract amount (million yen)		Fair value (million yen)	Valuation gain (loss) (million yen)
				More than one year		
(a) Commodities	Swap contracts and option contracts on energy prices, etc.	Market transactions	44,016	—	171	171
		Other than market transactions	93,714	69,644	(1,647)	(1,647)
(b) Currencies	Forward exchange contracts	Other than market transactions	1,204	—	519	519
Total			138,936	69,644	(956)	(956)

2 Derivative transactions to which hedge accounting is applied

Previous Year (As of March 31, 2025)

Underlying asset	Derivative instrument	Hedge accounting	Major hedged item	Contract amount (million yen)		Fair value (million yen)
					More than one year	
(a) Interest rates	Interest rate swap contracts	Exceptional accounting of interest rate swaps	Long-term borrowings	45,185	45,185	See (Note 1)
		Principal method of accounting	Long-term borrowings and bonds payable	112,055	105,262	3,206
(b) Currencies	Forward exchange contracts and currency option contracts	Allocation accounting of forward exchange contracts, etc.	Forecast transactions denominated in foreign currencies	24,746	—	See (Note 2)
		Principal method of accounting	Forecast transactions denominated in foreign currencies	321,783	307,370	71,804
(c) Commodities	Swap contracts and option contracts on energy prices, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	224,988	140,206	(3,930)
Total				728,759	598,024	71,080

Note 1: As interest rate swaps subject to exceptional accounting are accounted for together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

Note 2: As forward exchange contracts, etc. subject to allocation accounting are accounted for together with the hedged accounts payable - trade, etc., their fair value is included in that of the accounts payable - trade, etc.

Current Year (As of March 31, 2026)

Underlying asset	Derivative instrument	Hedge accounting	Major hedged item	Contract amount (million yen)		Fair value (million yen)
					More than one year	
(a) Interest rates	Interest rate swap contracts	Exceptional accounting of interest rate swaps	Long-term borrowings	46,583	40,988	See (Note 1)
		Principal method of accounting	Long-term borrowings and bonds payable	103,524	81,611	4,458
(b) Currencies	Forward exchange contracts and currency option contracts	Allocation accounting of forward exchange contracts, etc.	Forecast transactions denominated in foreign currencies	16,052	—	See (Note 2)
		Principal method of accounting	Forecast transactions denominated in foreign currencies	307,353	283,742	113,889
(c) Commodities	Swap contracts and option contracts on energy prices, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	233,209	83,055	416
Total				706,723	489,397	118,764

Note 1: As interest rate swaps subject to exceptional accounting are accounted for together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

Note 2: As forward exchange contracts, etc. subject to allocation accounting are accounted for together with the hedged accounts payable - trade, etc., their fair value is included in that of the accounts payable - trade, etc.

Notes to Retirement Benefits

1 Summary of the adopted retirement benefit plans

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans. As for defined benefit plans, the Company and most consolidated subsidiaries provide lump sum retirement payment plans, and the Company and certain consolidated subsidiaries provide defined benefit corporate pension plans or corporate pension fund plans.

The Company has adopted a defined benefit corporate pension plan

since August 1, 2006 and a defined contribution pension plan to which part of the defined benefit plan transitioned since January 1, 2005.

As certain consolidated subsidiaries participate in the corporate pension fund of the multi-employer pension plans, they cannot determine the amount of pension assets corresponding to their contribution. Therefore, such plans are accounted for in the same manner as defined contribution plans.

2 Defined benefit plans

(1) Reconciliations of the opening and closing balances of retirement benefit obligations

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Balance at beginning of year	235,489 million yen	204,313 million yen
Service cost	7,379	6,166
Interest cost	2,942	4,120
Actuarial loss (gain)	(18,051)	(21,718)
Benefits paid	(15,695)	(12,788)
Past service costs	(6,058)	—
Other	(1,693)	(61)
Balance at end of year	204,313	180,033

Note: Consolidated subsidiaries which have adopted the simplified method are included.

(2) Reconciliations of the opening and closing balances of plan assets

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Balance at beginning of year	342,733 million yen	331,463 million yen
Expected return on plan assets	8,015	8,258
Actuarial loss (gain)	(6,155)	10,230
Contributions paid by the employer	374	327
Benefits paid	(13,384)	(10,521)
Other	(120)	(58)
Balance at end of year	331,463	339,698

Note: Consolidated subsidiaries which have adopted the simplified method are included.

(3) Reconciliations of the closing balances of retirement benefit obligations and plan assets, and retirement benefit liability and asset recorded in the consolidated balance sheet

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Funded retirement benefit obligations	187,000 million yen	163,053 million yen
Plan assets	(331,463)	(339,698)
	(144,462)	(176,645)
Unfunded retirement benefit obligations	17,312	16,980
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(127,149)	(159,665)
Retirement benefit liability	17,394	16,805
Retirement benefit asset	(144,544)	(176,471)
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(127,149)	(159,665)

Note: Consolidated subsidiaries which have adopted the simplified method are included.

(4) Retirement benefit costs and components thereof

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Service cost	7,379 million yen	6,166 million yen
Interest cost	2,942	4,120
Expected return on plan assets	(8,015)	(8,258)
Net actuarial loss amortization	(8,225)	(7,700)
Past service costs amortization	(5,973)	(8)
Total retirement benefit costs	(11,892)	(5,679)

Note: The retirement benefit cost for consolidated subsidiaries which have adopted the simplified method is included in "service cost."

(5) Remeasurements of defined benefit plans

Items (before income taxes and tax effect) recorded in remeasurements of defined benefit plans are as follows:

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Past service costs	(84) million yen	8 million yen
Actuarial gain (loss)	(3,912)	(24,247)
Total	(3,996)	(24,239)

(6) Remeasurements of defined benefit plans

Items (before income taxes and tax effect) recorded in remeasurements of defined benefit plans are as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Unrecognized past service costs	(84) million yen	(75) million yen
Unrecognized actuarial gain (loss)	(64,366)	(88,614)
Total	(64,450)	(88,690)

(7) Plan assets

① Major components of plan assets

The proportion of major categories to total plan assets is as follows:

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Bonds	38.6 %	38.2 %
Stocks	30.6	29.1
Cash and deposits	17.3	20.3
Other	13.5	12.4
Total	100.0	100.0

Note: The main assets of “Other” are beneficiary securities in the real estate investment trust fund.

② Method for setting long-term expected rate of return

In determining the long-term expected rate of return, the current and projected allocations of plan assets and the current and expected long-term investment returns on various assets constituting plan assets are taken into account.

(8) Actuarial assumptions

Major assumptions for actuarial calculations are as follows:

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Discount rate	Mainly 2.2%	Mainly 3.2%
Long-term expected rate of return	Mainly 2.4%	Mainly 2.5%

3 Defined contribution plans

The contribution required to the defined contribution plan of the Company and its consolidated subsidiaries was ¥1,542 million for the previous fiscal year and ¥1,586 million for the current fiscal year.

4 Multi-employer pension plans

The multi-employer pension plans were accounted for in the same manner as the defined contribution plan. The contribution required to the corporate pension fund of the multi-employer pension plans was ¥88 million for the previous fiscal year and ¥91 million for the current fiscal year.

(1) Recent funded status of multi-employer pension plans

	Previous Year (As of March 31, 2024)	Current Year (As of March 31, 2025)
Amount of plan assets	277,016 million yen	276,260 million yen
Actuarial obligation in pension financing	218,140	218,622
Balance	58,875	57,637

(2) Share of the Group's contribution to overall multi-employer pension plans

Previous fiscal year 1.26% (weighted average) (March 1, 2024 - March 31, 2024)

Current fiscal year 1.26% (weighted average) (March 1, 2025 - March 31, 2025)

(3) Supplementary explanation

The major factor contributing to the balance in (1) above was retained earnings (¥52,079 million for the previous fiscal year and ¥52,054 million for the current fiscal year).

Tax Effect Accounting

1 Breakdown of major causes for deferred tax assets and deferred tax liabilities

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Deferred tax assets		
Tax loss carryforwards (Note)	96,463 million yen	85,656 million yen
Petroleum resource use tax for international business	36,309	41,808
Impairment loss	10,326	6,798
Excess depreciation of depreciable assets	7,119	7,504
Retirement benefit liability	5,464	5,111
Other	64,051	79,092
Subtotal deferred tax assets	219,736	225,973
Valuation allowance on tax loss carryforwards (Note)	(8,117)	(8,489)
Valuation allowance on the total of deductible temporary differences	(51,142)	(55,190)
Subtotal valuation allowance	(59,260)	(63,679)
Total deferred tax assets	160,475	162,293
Deferred tax liabilities		
Temporary differences related to investments in affiliates	(79,454)	(72,570)
Retirement benefit asset	(41,604)	(50,790)
Accelerated depreciation of assets of overseas consolidated subsidiaries	(38,620)	(49,769)
Valuation difference on available-for-sale securities	(22,581)	(29,989)
Deferred gains or losses on hedges	(24,612)	(37,664)
Other	(15,058)	(21,115)
Total deferred tax liabilities	(221,932)	(261,900)
Net deferred tax assets (liabilities)	(61,456)	(99,607)

Note: Tax loss carryforwards and associated deferred tax assets by carryforward period

Previous Year (As of March 31, 2025)							
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)	Total (million yen)
Tax loss carryforwards (a)	95	107	56	136	222	95,844	96,463
Valuation allowance	93	106	56	136	222	7,501	8,117
Deferred tax assets	2	1	—	—	0	88,342	88,345(b)

(a) A tax loss carryforward is the amount obtained by multiplying by the effective statutory tax rate.

(b) Deferred tax assets of ¥88,345 million are recorded for tax loss carryforwards of ¥96,463 million (amount obtained by multiplying by the effective statutory tax rate). The Company does not recognize valuation allowances for the portion of the tax loss carryforwards deemed to be recoverable due to the prospect of future taxable income from the North American upstream business, IPP business, and the Freeport LNG Project.

Current Year (As of March 31, 2026)							
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)	Total (million yen)
Tax loss carryforwards (a)	128	21	133	209	232	84,931	85,656
Valuation allowance	81	20	133	209	196	7,848	8,489
Deferred tax assets	47	0	—	—	36	77,083	77,167(b)

(a) A tax loss carryforward is the amount obtained by multiplying by the effective statutory tax rate.

(b) Deferred tax assets of ¥77,167 million are recorded for tax loss carryforwards of ¥85,656 million (amount obtained by multiplying by the effective statutory tax rate). The Company does not recognize valuation allowances for the portion of the tax loss carryforwards deemed to be recoverable due to the prospect of future taxable income from the North American upstream business, IPP business, and the USA Freeport LNG terminal.

2 Breakdown of major items causing the difference between the statutory effective tax rate and the burden rate of income taxes after applying tax effect accounting

	Previous Year (As of March 31, 2025)	Current Year (As of March 31, 2026)
Statutory effective tax rate	—	28.0 %
(Reconciliation)		
Valuation allowance	—	(0.6)
Adjustments for non-temporary differences, etc.	—	(0.2)
Difference between the parent's and subsidiaries' statutory effective tax rate	—	(0.7)
Tax deductions	—	(1.3)
Other	—	(0.6)
Burden rate of income taxes	—	24.7 %

Note: Disclosure is omitted because the difference between the statutory effective tax rate and the burden rate of income taxes after applying tax effect accounting was 5% or less of the statutory effective tax rate in the previous fiscal year.

3 Adoption of the group tax sharing system

The Company and some of its consolidated subsidiaries in Japan have adopted the group tax sharing system and apply Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Solution No. 42, August 12, 2021) regarding the accounting treatment of income taxes and the accounting treatment and disclosure of tax effect accounting related to income taxes.

Real Estate for Lease, etc.

The Company and certain consolidated subsidiaries own office buildings and other properties for lease (including land) in Osaka Prefecture and other areas. Gains from the lease of such leased properties are ¥7,701 million for the fiscal year ended March 31, 2025. Gains from the lease and gains on sale of such leased properties are ¥8,890 million and ¥13,776 million, respectively, for the fiscal year ended March 31, 2026.

Gains (losses) mentioned above are recorded mainly as operating profit.

The carrying amount in the consolidated balance sheet, changes during the fiscal year, and the fair value of the leased properties are as follows:

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Carrying amount in the consolidated balance sheet		
Balance at beginning of year	219,012 million yen	261,438 million yen
Increase (decrease)	42,426	4,452
Balance at end of year	261,438	265,891
Fair value at end of year	352,517	387,765

Note 1: The carrying amount in the consolidated balance sheet is stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Note 2: The main factor contributing to an increase for the previous fiscal year was the acquisition of properties (¥47,188 million), and the main factor contributing to an increase for the current fiscal year was the acquisition of properties and the sales of properties (¥20,876 million and ¥16,781 million, respectively).

Note 3: The fair value at the end of the fiscal year is the amount (including the amount adjusted using the index, etc.) determined based mainly on the method prescribed by the "Real Estate Appraisal Standard" and other similar methods.

Notes to Revenue Recognition

1 Disaggregation of revenue from contracts with customers

Previous Year (April 1, 2024 - March 31, 2025)

Breakdown of goods or services by type

(million yen)

	Reportable segments			Total
	Domestic Energy	International Energy	Life & Business Solutions	
Gas business	1,335,842	—	—	1,335,842
Electricity business	376,133	—	—	376,133
International energy business	—	101,277	—	101,277
Urban development business	—	—	35,877	35,877
Information solutions business	—	—	53,746	53,746
Material solutions business	—	—	101,953	101,953
Other life and business solutions business	—	—	11,131	11,131
Revenue from contracts with customers	1,711,976	101,277	202,710	2,015,964
Other revenue	21,780	7,328	23,945	53,054
Sales to external customers	1,733,757	108,606	226,655	2,069,019

Note: Subsidies, etc. received through the Electricity and Gas Price Volatility Mitigation Project in accordance with the "Comprehensive Economic Measures to Overcome Rising Prices and Realize Economic Revival" and "Comprehensive Economic Measures to Break Completely Away from Deflation" are included in the gas and electricity businesses under the Domestic Energy segment.

Current Year (April 1, 2025 - March 31, 2026)

Breakdown of goods or services by type

(million yen)

	Reportable segments			Total
	Domestic Energy	International Energy	Life & Business Solutions	
Gas business	1,257,826	—	—	1,257,826
Electricity business	359,368	—	—	359,368
International energy business	—	112,310	—	112,310
Urban development business	—	—	55,031	55,031
Information solutions business	—	—	60,783	60,783
Material solutions business	—	—	109,380	109,380
Other life and business solutions business	—	—	13,253	13,253
Revenue from contracts with customers	1,617,194	112,310	238,448	1,967,953
Other revenue	22,299	14,650	25,398	62,348
Sales to external customers	1,639,494	126,960	263,847	2,030,302

Note: Subsidies, etc. received through the Electricity and Gas Fee Burden Reduction Support Program in accordance with the “Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth” and “Comprehensive Economic Measures to Build a ‘Strong Japanese Economy’” are included in the gas and electricity businesses under the Domestic Energy segment.

2 Basic information to understand revenue from contracts with customers

Basic information to understand revenue is stated in “Notes (Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements) 4. Accounting policies (5) Basis for recognition of significant revenues and expenses.”

3 Information on the relationship between satisfaction of performance obligations for contracts with customers and cash flows arising from the contracts, and on the amount and timing of revenue expected to be recognized in the following consolidated fiscal years from contracts with customers existing at the end of the current consolidated fiscal year

(1) Balances of contract assets and liabilities, etc.

(million yen)

	Previous Year		Current Year	
	Beginning balance	Ending balance	Beginning balance	Ending balance
Receivables from contracts with customers				
Notes receivable - trade	4,378	3,360	3,360	2,244
Accounts receivable - trade	261,543	307,083	307,083	290,573
Contract assets	3,532	6,556	6,556	3,256
Contract liabilities	16,016	17,395	17,395	20,601

Contract assets relate to the rights of the Company and its consolidated subsidiaries to the consideration recognized in revenue but unclaimed at the end of the period under construction contracts, including mainly engineering and software development contracts, where the performance obligation is satisfied over a period of time. Contract assets are reclassified to receivables arising from contracts with customers when the Company and its consolidated subsidiaries' rights to the consideration become unconditional. Consideration related to such construction contracts and other contracts is invoiced to the customer based on the progress of satisfaction of performance obligations in accordance with contractual milestones, etc., and is generally received within one year.

Contract liabilities primarily relate to advances received from customers for products or goods and unearned consideration received from customers for unperformed services in the case of ongoing services. Contract liabilities are reversed upon recognition of revenue.

The amount of revenue recognized that was included in the contract liability balance at the beginning of the fiscal year was ¥5,690 million for the previous fiscal year and ¥9,831 million for the current fiscal year. There were no significant changes in the balances of contract assets and liabilities. The amount of revenue recognized from performance obligations that were satisfied (or partially satisfied) in prior years was not material.

(2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations. Accordingly, contracts with an original expected duration of one year or less, and contracts, in which the Company and its consolidated subsidiaries are entitled to receive consideration that directly corresponds to the value to the customer of the portion of performance completed, with revenue recognized in the amount they are entitled to claim in accordance with Paragraph 19 of Implementation Guidance on Accounting Standard for Revenue Recognition, are not disclosed.

The total transaction price allocated to the remaining performance obligations and the time frame the Company expects to recognize the amount as revenue are as follows.

(million yen)

	Previous Year	Current Year
One year or less	185,793	158,568
More than one year, up to five years	615,522	597,596
More than five years	907,620	850,907
Total	1,708,936	1,607,073

Segment Information, etc.

【Segment Information】

1 Summary of reportable segments

The Daigas Group's reportable segments are organizational units for which separate financial information is available, and they are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results.

The Group's businesses segment comprises three reportable segments, the Domestic Energy Business, the International Energy Business, and the Life & Business Solutions Business, which are pillars of business strategy.

The Domestic Energy Business manufactures, supplies, and sells city gas, sells gas appliances, conducts gas pipeline installation, sells and transports LNG, sells LPG and industrial gas, and generates and sells electricity. The International Energy Business conducts development and investment mainly related to natural gas, and supplies energy. The Life & Business Solutions Business conducts development and leasing of real estate, information processing services, and sales of fine materials and carbon material products.

2 The method of measurements of sales, profit (loss), assets, liabilities, and other items by reportable segment

The method of accounting for reportable segments is generally the same as that stated in "Notes (Significant Matters Forming the Basis of Preparation of the Consolidated

Financial Statements)." Transactions with other segments are determined according to prevailing market prices.

3 Information of sales, profit (loss), assets, liabilities, and other items by reportable segment

Previous Year (April 1, 2024 - March 31, 2025)

(million yen)

	Reportable Segment			Total	Adjustments (Note 1)	Consolidated (Note 2)
	Domestic Energy	International Energy	Life & Business Solutions			
Net sales						
Revenues from external customers	1,733,757	108,606	226,655	2,069,019	—	2,069,019
Transactions with other segments	4,148	19,544	55,810	79,503	(79,503)	—
Total	1,737,905	128,151	282,466	2,148,523	(79,503)	2,069,019
Segment profit						
Operating profit	74,882	53,951	28,767	157,601	3,129	160,731
Share of profit of entities accounted for using equity method	2,671	17,981	—	20,653	—	20,653
Total	77,554	71,933	28,767	178,254	3,129	181,384
Segment assets	1,640,829	1,105,498	528,326	3,274,654	(74,128)	3,200,525
Other items						
Depreciation	74,956	40,841	14,554	130,351	(3,627)	126,724
Amortization of goodwill	500	—	325	825	—	825
Investment in entities accounted for using equity method	59,917	345,673	—	405,590	—	405,590
Increase in property, plant and equipment and intangible assets	103,947	59,675	60,809	224,432	(2,697)	221,735

Note 1: Adjustments are as follows:

(1) A major adjustment in segment profit (loss) is the elimination of intersegment transactions.

(2) A major adjustment in segment assets is the elimination of intersegment transactions.

Note 2: Segment profit (loss) is adjusted by adding share of profit (loss) of entities accounted for using equity method to operating profit (loss).

Current Year (April 1, 2025 - March 31, 2026)

(million yen)

	Reportable Segment			Total	Adjustments (Note 1)	Consolidated (Note 2)
	Domestic Energy	International Energy	Life & Business Solutions			
Net sales						
Revenues from external customers	1,639,494	126,960	263,847	2,030,302	—	2,030,302
Transactions with other segments	3,911	16,830	55,992	76,734	(76,734)	—
Total	1,643,406	143,790	319,839	2,107,036	(76,734)	2,030,302
Segment profit						
Operating profit	68,749	67,650	37,447	173,846	963	174,809
Share of profit of entities accounted for using equity method	3,191	20,746	—	23,938	—	23,938
Total	71,941	88,397	37,447	197,785	963	198,748
Segment assets	1,712,354	1,083,903	571,501	3,367,760	(46,354)	3,321,405
Other items						
Depreciation	78,701	42,756	15,187	136,645	(2,498)	134,146
Amortization of goodwill	450	—	542	992	—	992
Investment in entities accounted for using equity method	72,688	288,300	—	360,988	—	360,988
Increase in property, plant and equipment and intangible assets	124,553	90,731	41,673	256,957	(1,457)	255,499

Note 1: Adjustments are as follows:

(1) A major adjustment in segment profit (loss) is the elimination of intersegment transactions.

(2) A major adjustment in segment assets is the elimination of intersegment transactions.

Note 2: Segment profit (loss) is adjusted by adding share of profit (loss) of entities accounted for using equity method to operating profit (loss).

【Information associated with reportable segments】

Previous Year (April 1, 2024 - March 31, 2025)

1 Information by product and service

The information is omitted as similar information is disclosed in “Segment Information.”

2 Information by geographical area

(1) Net sales

(million yen)

Japan	Other areas	Total
1,819,949	249,070	2,069,019

(2) Property, plant and equipment

(million yen)

Japan	USA	Other areas	Total
1,004,042	286,475	137,159	1,427,677

3 Information by major customer

The information is omitted as there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

Current Year (April 1, 2025 - March 31, 2026)

1 Information by product and service

The information is omitted as similar information is disclosed in “Segment Information.”

2 Information by geographical area

(1) Net sales

(million yen)

Japan	Other areas	Total
1,760,995	269,306	2,030,302

(2) Property, plant and equipment

(million yen)

Japan	USA	Other areas	Total
1,038,775	327,243	128,731	1,494,750

3 Information by major customer

The information is omitted as there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

【Information about impairment losses for non-current assets by reportable segment】

Previous Year (April 1, 2024 - March 31, 2025)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Impairment losses	13,977	—	419	14,397	—	14,397

Current Year (April 1, 2025 - March 31, 2026)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Impairment losses	7,567	12,462	3,366	23,396	—	23,396

【Information about the amortized amount and unamortized balance of goodwill by reportable segment】

Previous Year (April 1, 2024 - March 31, 2025)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Amortized amount during year	500	—	325	825	—	825
Unamortized balance at end of year	2,262	—	1,879	4,142	—	4,142

Current Year (April 1, 2025 - March 31, 2026)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Amortized amount during year	450	—	542	992	—	992
Unamortized balance at end of year	1,812	—	4,651	6,463	—	6,463

【Information about gain on bargain purchase by reportable segment】

Previous Year (April 1, 2024 - March 31, 2025)

Not applicable.

Current Year (April 1, 2025 - March 31, 2026)

Not applicable.

【Related Party Information】

Not applicable.

Per Share Information

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Net assets per share	4,254.13 yen	4,705.00 yen
Earnings per share	333.31 yen	391.15 yen

Note 1: Since there were no potential shares with a dilutive effect, data on diluted earnings per share is not presented in this document.

Note 2: The Company's shares held by the employee stock incentive plan is included in the treasury shares deducted from the number of issued shares at the end of the fiscal year for the purpose of determining net assets per share (previous fiscal year: – shares; current fiscal year: 45,700 shares). Furthermore, for the purpose of determining earnings per share, such stock is included in the treasury shares deducted from the calculation of the average number of shares during the fiscal year (previous fiscal year: – shares; current fiscal year: 7,030 shares).

Note 3: The following data was used for calculating earnings per share:

	Previous Year (April 1, 2024 - March 31, 2025)	Current Year (April 1, 2025 - March 31, 2026)
Profit attributable to owners of parent (million yen)	134,414	152,751
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent attributable to common share (million yen)	134,414	152,751
Average number of common shares during the fiscal year (thousand shares)	403,271	390,517

Significant Subsequent Events

1 Purchase of treasury shares

At the meeting of the Board of Directors held on May 8, 2026, the Company resolved to purchase treasury shares in accordance with the provisions of Article 156 of the Companies Act, as modified and applied in accordance with Article 165, Paragraph 3 of the same Act.

Reason for the purchase of treasury shares

To enhance shareholder returns based on the Company's shareholder returns policy and improve capital efficiency.

Details of the purchase

(1) Class of shares to be purchased	Common shares of the Company
(2) Number of shares to be purchased	28 million shares (maximum)
(3) Total value of the purchased shares	¥80,000 million (maximum)
(4) Purchase period	From May 11, 2026 to March 31, 2027

2 Cancellation of treasury shares

On May 21, 2026, the Company decided to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act, and implemented the cancellation on June 12, 2026.

(1) Class of shares cancelled	Common shares of the Company
(2) Number of shares cancelled	14,705,300 shares
(3) Date of cancellation	June 12, 2026

Annexed Consolidated Detailed Schedules

[Annexed consolidated detailed schedule of corporate bonds]

Company	Name of issue	Date of issuance	Balance at the beginning of current fiscal year (million yen)	Balance at the end of current fiscal year (included portion due within 1 year) (million yen)	Interest rate (%)	Collateral	Maturity
Osaka Gas	The 21st domestic unsecured bond	June 23, 2006	9,999	9,999 (9,999)	2.33 per year	None	June 23, 2026
Osaka Gas	The 32nd domestic unsecured bond	March 24, 2014	15,000	15,000	1.606 per year	None	March 24, 2034
Osaka Gas	The 33rd domestic unsecured bond	October 24, 2014	20,000	20,000	1.402 per year	None	October 24, 2034
Osaka Gas	The 34th domestic unsecured bond	March 5, 2015	10,000	10,000	1.685 per year	None	March 3, 2045
Osaka Gas	The 35th domestic unsecured bond	December 9, 2016	10,000	10,000	0.986 per year	None	December 8, 2056
Osaka Gas	The 36th domestic unsecured bond	June 6, 2019	20,000	20,000	0.642 per year	None	June 4, 2049
Osaka Gas	The 37th domestic unsecured bond	June 6, 2019	20,000	20,000	0.818 per year	None	June 6, 2059
Osaka Gas	The 38th domestic unsecured bond	September 5, 2019	20,000	20,000	0.4 per year	None	September 3, 2049
Osaka Gas	The 39th domestic unsecured bond	September 5, 2019	5,000	5,000	0.545 per year	None	September 5, 2058
Osaka Gas	The 40th domestic unsecured bond	September 5, 2019	10,000	10,000	0.7 per year	None	September 5, 2069
Osaka Gas	The 41st domestic unsecured bond	June 3, 2021	20,000	20,000	0.22 per year	None	June 3, 2031
Osaka Gas	The 42nd domestic unsecured bond	June 3, 2021	10,000	10,000	0.576 per year	None	June 3, 2041
Osaka Gas	The 43rd domestic unsecured bond	June 3, 2021	10,000	10,000	0.851 per year	None	June 2, 2051
Osaka Gas	The 44th domestic unsecured bond	June 2, 2022	10,000	10,000	0.369 per year	None	June 2, 2032
Osaka Gas	The 45th domestic unsecured bond	June 2, 2022	11,000	11,000	0.942 per year	None	June 2, 2042
Osaka Gas	The 46th domestic unsecured bond	June 2, 2022	10,000	10,000	1.203 per year	None	May 31, 2052
Osaka Gas	The 47th domestic unsecured bond	September 1, 2022	27,000	27,000	0.529 per year	None	September 1, 2032
Osaka Gas	The 48th domestic unsecured bond	September 1, 2022	4,000	4,000	1.058 per year	None	September 1, 2042
Osaka Gas	The 49th domestic unsecured bond	September 1, 2022	8,000	8,000	1.399 per year	None	August 30, 2052
Osaka Gas	The 50th domestic unsecured bond	June 2, 2023	10,000	10,000	0.39 per year	None	June 2, 2028
Osaka Gas	The 51st domestic unsecured bond	June 2, 2023	15,000	15,000	0.785 per year	None	June 2, 2033
Osaka Gas	The 52nd domestic unsecured bond	June 2, 2023	10,000	10,000	1.417 per year	None	June 2, 2043
Osaka Gas	The 53rd domestic unsecured bond	May 30, 2024	25,000	25,000	1.251 per year	None	May 30, 2034
Osaka Gas	The 54th domestic unsecured bond	May 30, 2024	10,000	10,000	2.028 per year	None	May 30, 2044
Osaka Gas	The 55th domestic unsecured bond	May 30, 2024	6,000	6,000	2.371 per year	None	May 29, 2054
Osaka Gas	#1 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	December 12, 2019	50,000	50,000	0.44 per year	None	December 12, 2079
Osaka Gas	#2 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	December 12, 2019	50,000	50,000	0.6 per year	None	December 12, 2079
Osaka Gas	#3 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	September 10, 2020	27,000	27,000	0.49 per year	None	September 10, 2080
Osaka Gas	#4 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	September 10, 2020	48,000	48,000	0.63 per year	None	September 10, 2080
Hanwa Sougou Bousai Co., Ltd.	The 2nd domestic unsecured bond	September 25, 2020	—	30 (14)	0.1 per year	None	September 24, 2027
Total	—	—	500,999	501,029 (10,013)	—	—	—

Note: The redemption schedule within 5 years after the consolidated fiscal year-end is as follows:

One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)
10,014	16	10,000	—	—

【Annexed consolidated detailed schedule of borrowings】

Category	Balance at beginning of year (million yen)	Balance at end of year (million yen)	Average interest rate (%)	Payment due
Short-term borrowings	8,971	22,163	1.7	—
Current portion of long-term borrowings	72,533	44,006	3.3	—
Current portion of lease obligations	3,332	3,374	—	—
Long-term borrowings (excluding current portion)	363,939	303,203	1.7	From April 2027 to December 2047
Lease obligations (excluding current portion)	22,646	25,758	—	From April 2027 to March 2043
Total	471,424	398,506	—	—

Note 1: “Average interest rate” shows weighted average interest rates with respect to the year-end balances of borrowings. “Average interest rate” for lease obligations is not stated because lease obligations are recorded in the consolidated balance sheet at the amount before deducting the interest-equivalent component included in the total lease payment.

Note 2: The repayment schedule within 5 years after the consolidated fiscal year-end for long-term borrowings and lease obligations (excluding current portion) is as follows:

	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)
Long-term borrowings	55,914	56,330	37,577	11,046
Lease obligations	3,111	2,829	2,669	2,428

【Annexed consolidated detailed schedule of asset retirement obligations】

The amount of asset retirement obligations was 1% or less of total liabilities and net assets at the beginning of the current fiscal year as well as at the end of the current fiscal year. Therefore, the schedule of asset retirement obligations is not disclosed.

【Cover】

【Document Title】	Internal Control Report
【Article of the Applicable Law Requiring Document Submission】	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
【Place of Filing】	Director-General of the Kanto Local Finance Bureau
【Filing Date】	June 22, 2026
【Company Name】	OSAKA GASU KABUSHIKI KAISHA
【Company Name in English】	OSAKA GAS CO., LTD.
【Name and Title of Representative】	Masataka Fujiwara, Representative Director and President, Executive President
【Name and Title of Chief Financial Officer】	Ko Sakanashi, Representative Director and Executive Vice President
【Address of Registered Headquarter】	4-1-2 Hiranomachi, Chuo-ku, Osaka, Japan
【Place for Public Inspection】	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Basic framework of internal control over financial reporting

Masataka Fujiwara, Representative Director and President, Executive President and Ko Sakanashi, Representative Director and Executive Vice President are responsible for the maintenance and operation of a system for internal control over financial reporting of OSAKA GAS CO., LTD. (the "Company"), and maintain and operate the system for internal control over financial reporting in accordance with the basic framework for internal control set forth in the "Revisions to the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control is intended to achieve its objectives to a reasonable extent by organically linking basic elements of internal control and having them function in a unified manner. For this reason, there are possibilities that internal control over financial reporting will fail to completely prevent or detect misstatements in financial reporting.

2. Assessment scope, base date, and assessment procedures

The assessment of internal control over financial reporting was conducted as of March 31, 2026, the base date or the last day of the fiscal year under review. In making the assessment, we complied with the assessment standards for internal control over financial reporting that are generally accepted as fair and appropriate.

In this assessment, we assessed internal control with a significant impact on overall financial reporting on a consolidated basis (company-wide internal control). Based on the results of such assessment, we selected business processes that we should assess. In assessing such business processes, we analyzed the selected business processes, identified key points in control with a significant impact on the reliability of financial reporting, and assessed the effectiveness of the internal control by assessing the maintenance and operation status of the said key points in control.

As for the scope of the assessment of internal control over financial reporting, we determined the necessary scope for the Company, its consolidated subsidiaries, and equity method associates, based on the materiality of the effect on the reliability of financial reporting. We determined the materiality of the effect on the reliability of financial reporting, while considering the monetary and qualitative effects and its likelihood of occurrence, and reasonably determined the scope of the assessment of internal control over business processes based on the result of the assessment of the company-wide internal control over the Company, 34 consolidated subsidiaries, and 15 equity method associates. 120 consolidated subsidiaries and 35 equity method associates were not included in the scope of the assessment of company-wide internal control, as they were judged to be insignificant in terms of monetary and qualitative effects and the likelihood of occurrence.

The gas and electricity businesses under the Domestic Energy Business account for a significant percentage of the Group's operations, and taking into account the impact of the net sales of these businesses on the consolidated financial statements, with regard to the scope of assessment of internal control over business processes, the Company and one consolidated subsidiary that generated approximately two-thirds of the consolidated net sales in the previous consolidated fiscal year (after transactions between the consolidated companies have been eliminated) was designated as a "significant business location." For the selected significant business location, we included the business processes leading to net sales, accounts receivable - trade, and inventories in the scope of assessment, as they are accounts that are significantly related to the company's business objectives, highly relevant to the nature of our businesses, and involve significant amounts recorded through business activities. Moreover, at business locations other than the selected significant business location, we included business processes related to significant accounts that have a possibility of misstatement and involve estimates and forecasts and business processes related to businesses or operations that involve transactions with high risk in the scope of assessment as we regarded them as business processes with high materiality, considering their impact on financial reporting. In particular, considering that the Domestic Energy Business is a significant business of the Group and that, within these operations, the facilities used by the gas business account for a relatively significant percentage of plant, property and equipment, we conducted an additional assessment of the business processes related to such facilities.

3. Results of assessment

As a result of the above assessment, we concluded that the Company's internal control over financial reporting was effective as of the end of the fiscal year under review.

4. Supplementary information

Not applicable.

5. Other

Basis of Presenting Internal Control Report

The report on internal control over financial reporting of Osaka Gas Co., Ltd. ("Internal Control Report") is prepared on the basis of generally accepted assessment standards of internal control over financial reporting in Japan and is translated from the Internal Control Report prepared by Osaka Gas Co., Ltd. as required by the Financial Instruments and Exchange Act of Japan.

- This English integrated report is not subject to an audit by an independent auditor. The following Independent Auditor's Report and Internal Control Audit Report is translated by Osaka Gas Co., Ltd. based on the original one attached in the original Annual Securities Report.
- The contents described in the integrated report other than the attached audit report and the Consolidated Financial Statements, Annexed Consolidated Detailed Schedules, and Internal Control Report that are the subject of the audit do not fall under "Other Information"

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

June 22, 2026

To the Board of Directors of Osaka Gas Co., Ltd.

KPMG AZSA LLC
Osaka Office, Japan

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Koji Narumoto

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Masatsugu Ohashi

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Takuya Hasegawa

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Osaka Gas Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the Company's Annual Report, which comprise the consolidated balance sheet as at March 31, 2026 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including requirements applicable to the audit of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of gas sales and electricity sales (excluding wholesale)	
The key audit matter	How the matter was addressed in our audit
Net sales were ¥1,639,494 million in the Domestic Energy segment. They represented 80.8% of consolidated net sales. Of these, gas sales and electricity sales (excluding wholesale) (hereinafter collectively referred to as "Gas and Electricity Sales") are particularly important in terms of the number of transactions and the amount recorded. Gas and Electricity Sales are calculated using contract details data based on contracts with customers, sales volume data based on meter reading data, etc. There is a risk of material misstatement regarding the accuracy of the recorded amounts in recording Gas and Electricity Sales, mainly due to the following reasons: • The amount of each transaction is small, but the number of customers and contracts is very large, and the number of transactions processed is extremely large. • The recorded amount is automatically calculated and aggregated by the business processing system and linked to the accounting system. Therefore, the recording process is highly dependent on automated internal controls of the business processing system. • In the event that the contract details data, sales volume data, etc. are incorrect or the automatic calculation logic is incorrect, the impact could be far-reaching and have a significant impact on financial reporting due to the high degree of dependence on automated internal controls. We, therefore, determined that our assessment of the accuracy of Gas and Electricity Sales was significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, constituted a "key audit matter."	In order to assess the accuracy of Gas and Electricity Sales, we primarily performed the following audit procedures: (1) Internal control testing We tested the design and operating effectiveness of certain internal controls relevant to the revenue recognition process for Gas and Electricity Sales. In the assessment, we focused on the following internal controls, based on our understanding of the revenue recognition process. In addition, our IT specialists were involved in the assessment. • Approval procedures for entering into contracts • For gas sales, automated internal control over the output of error reports that indicate abnormal meter reading data that deviate from a certain range in comparison with the previous meter readings • For electricity sales (excluding wholesale), verification procedures for meter readings • Automated internal control over fee calculations based on contract details data, sales volume data, etc. • Approval for manually correcting the results of automated calculations • Automated internal control over the accuracy and completeness of data linkage from the business processing system to the accounting system In understanding the revenue recognition process, we prepare a process flow chart in order to clarify which areas have a risk of material misstatement and whether the corresponding internal controls are designed.

Accuracy of gas sales and electricity sales (excluding wholesale)	
The key audit matter	How the matter was addressed in our audit
	(2) Substantive testing ● For gas sales, the auditor estimated revenue using unit prices that reflected the monthly fuel cost adjustment amounts and compared the estimate with the recorded revenue. ● For electricity sales (excluding wholesale sales), the auditor estimated revenue using unit prices that reflected the monthly fuel cost adjustment amounts and compared the estimate with the recorded revenue.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and implement the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries, in order to provide a basis for our opinion on the consolidated financial statements. We are responsible for the direction, supervision and inspection of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and any measures in place to eliminate obstacles or safeguards applied to reduce obstacles to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Osaka Gas Co., Ltd. as at March 31, 2026, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2026, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan (including requirements applicable to the audit of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and implement the audit of the internal control to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and inspection of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and any measures in place to eliminate obstacles or safeguards applied to reduce obstacles to an acceptable level.

Information Related to Remuneration

The amounts of remuneration based on audit attestation services and non-audit services for the Company and its subsidiaries to be paid to our firm and persons who belong to the same network as our firm are described in "Corporate Governance, (3) Audits" under "Information about reporting company" section in the Company's Annual Report.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan

Notes to the Reader of Audit Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

* 1 The original copy of the above audit report is kept separately by the Company.

2 XBRL data is not within the scope of the audit.