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Consolidated Statement of Changes in Equity

Notes to Consolidated Financial Statements

Non-Consolidated Statement of Changes in Equity

Notes to Non-Consolidated Financial Statements

The 204th Fiscal Year (From April 1, 2021 to March 31, 2022)

OSAKA GAS CO., LTD.

The above matters are provided to shareholders by posting them on the Company's website in accordance with laws and regulations and the Articles of Incorporation.

Consolidated Statement of Changes in Equity (April 1, 2021 to March 31, 2022)

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income							
	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	**Non-controlling interests**	**Total net assets**
Balance at beginning of period	**132,166**	**19,469**	**861,746**	**(1,852)**	**1,011,530**	**69,811**	**(30,365)**	**(737)**	**(2,383)**	**34,025**	**70,350**	**32,716**	**1,114,597**
Cumulative effects of changes in accounting policies			**(1,184)**		**(1,184)**								**(1,184)**
Restated balance	**132,166**	**19,469**	**860,562**	**(1,852)**	**1,010,346**	**69,811**	**(30,365)**	**(737)**	**(2,383)**	**34,025**	**70,350**	**32,716**	**1,113,412**
Changes during period													
Dividends of surplus			(22,867)		(22,867)								(22,867)
Profit attributable to owners of parent			128,256		128,256								128,256
Purchase of treasury shares				(357)	(357)								(357)
Disposal of treasury shares		3		94	97								97
Change in ownership interest of parent due to transactions with non-controlling interests		(401)			(401)								(401)
Net changes in items other than shareholders' equity						(1,906)	15,051		41,492	19,598	74,236	(8,243)	65,992
Total changes during period	−	**(398)**	**105,388**	**(263)**	**104,727**	**(1,906)**	**15,051**	−	41,492	19,598	74,236	(8,243)	**170,719**
Balance at end of period	**132,166**	**19,071**	**965,951**	**(2,115)**	**1,115,073**	**67,905**	**(15,313)**	**(737)**	**39,108**	**53,624**	**144,586**	**24,472**	**1,284,132**

Notes to Consolidated Financial Statements (April 1, 2021 to March 31, 2022)

1. Notes to Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements

(1) Scope of consolidation

Number of consolidated subsidiaries: 150

(Names of principal consolidated subsidiaries)
Osaka Gas Chemicals Co., Ltd., Osaka Gas Urban Development Co., Ltd., OGIS-RI Co., Ltd., Osaka Gas Marketing Co., Ltd., Daigas Energy Co., Ltd. and Daigas Gas and Power Solution Co., Ltd., Osaka Gas USA Corporation

(2) Application of the equity method

Number of equity method associates: 30

(Names of principal equity method associates)
ENEARC Co., Ltd. and FLIQ1 Holdings, LLC

(Significant changes in the scope of application of the equity method)
Idemitsu Snorre Oil Development Co., Ltd. was excluded from the scope of application of the equity method from this consolidated fiscal year because all of the shares were sold.

(Names of principal associates not subject to the equity method)
The principal associate not subject to the equity method is ENNET Corporation.
The equity method is not applied to those associates which do not have a material impact on profit or loss, retained earnings, etc., and are not material as a whole.

(3) Accounting policies

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

a. Investment securities:

Bonds held to maturity:	Stated at amortized cost
Available-for-sale 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

b. 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.

c. Derivatives: Stated at fair value

(ii) Depreciation and amortization method of significant depreciable assets

a. Property, plant and equipment (excluding leased assets) are depreciated primarily using the declining-balance method. However, the straight-line method 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.

b. Intangible assets (excluding leased assets) are amortized primarily using the straight-line method. For internal-use software, the straight-line method based on the term available for use within Osaka Gas Co., Ltd. ("the Company") and each subsidiary has been applied.

c. Leased assets resulting from non-ownership-transfer finance leases are depreciated or amortized using the straight-line method over the useful life equal to the lease terms assuming no residual value.

(iii) Basis for recording significant allowances

a. Allowance for doubtful accounts

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

b. Provision for gas holder repairs

To provide for the necessary expenditure for periodical repairs of spherical gas holders, an estimated amount for the next scheduled repair is provided based on the actual expenditure for the previous repair, which is proportionally allotted for the period up to such next scheduled repair.

c. Provision for safety measures

To provide for the necessary expenditure to ensure the safety of gas business, an estimated amount of the expenditure necessary for promoting the widespread use of safety-enhanced models, for strengthening inspections and ensuring wide awareness as well as for countermeasure works on aged gas pipelines is provided.

d. Provision for gas appliance warranties

To provide for the payment of any service costs under warranty after the sale of appliances, an estimated amount of such costs is provided as provision for gas appliance warranties.

(iv) Basis for recognition of significant revenues and expenses

a. Revenue from sales of products or goods

For the sale of products or goods in each of the Group's businesses, the Group recognizes revenue at the point of delivery for products or goods that do not require installation under the contract with the customer, and at the point of completion of installation for products or goods that require installation under the contract with the customer, based on the judgment that the customer has acquired control over the product or goods 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 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.

Revenue from gas sales is recognized based on the meter reading date, in which gas usage is measured in a monthly meter reading and the calculated fees are recognized as revenue for that month.

b. 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 products or goods 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 performance obligation or in the form of advance payments based on contracts with customers, and it does not include significant financial components.

c. 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 performance obligation or in the form of advance payments based on contracts with customers, and it does not include significant financial components.

(v) Other significant matters for the preparation of the consolidated financial statements

Accounting for retirement benefits

For the purposes of employee retirement benefits, based on the estimate of the retirement benefit obligations at the end of this consolidated fiscal year, an amount obtained by deducting plan assets from retirement benefit obligations is provided.

i Method of 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.

ii Amortization of actuarial gains and losses and past service costs

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

2. Notes to Changes in Accounting Policies

(1) Accounting Standard for Revenue Recognition and other standards

We have adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter "Accounting Standard for Revenue Recognition") and other standards from the beginning of this consolidated fiscal year. The new standard recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is transferred to the customer.
The main changes caused by adopting the new standard are described below.

(i) Revenue recognition for the feed-in tariff system for renewable energy

We were previously recognizing revenue for the charges collected from customers under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities based on the feed-in tariff system for renewable energy. However, we are no longer recognizing the charges as revenue because it is collected on behalf of a third party.

Subsidies received in connection with the purchase of renewable energy under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities was previously recognized as revenue, but the method of revenue recognition has been changed to deduct such subsidies from expenses.

(ii) Revenue recognition for agent transactions

For certain sales transactions in which the role of the Company and its group is to act as an agent in providing goods or services to a customer, the entire amount received as compensation from the customer was previously recognized as revenue, but the method of revenue recognition has been changed to recognize revenue at the net amount, which is gross amount received from the customer less the amount paid to the supplier.

(iii) Revenue recognition for maintenance service provision

For certain equipment maintenance service contracts, revenue was previously recognized at the beginning of contracts, but the method of revenue recognition for those which performance obligation are fulfilled over a certain period has been changed to recognize the revenue at a flat rate or depending on progress over a service provision period throughout which the customer receives the benefit.

(iv) Revenue recognition for electricity sales

Revenue for electricity sales was previously recognized based on monthly meter readings, but the method of revenue recognition for the period between the last meter reading day in the account closing month and the closing date has been changed to recognize the revenue based on the estimate in accordance with Paragraph 103-2 of Implementation Guidance on Accounting Standard for Revenue Recognition.

We have adopted the Accounting Standard for Revenue Recognition transitionally in accordance with the proviso in Paragraph 84 of the standard. We have calculated the cumulative effect of retrospectively applying the new policy to the period before the beginning of this consolidated fiscal year, adjusted the retained earnings at the beginning of this consolidated fiscal year by such amount, and applied the new policy to the remaining balance from the beginning of this consolidated fiscal year. However, the new accounting policy has not been applied retrospectively to the contracts in which almost all of revenues have been recognized before the beginning of this consolidated fiscal year in accordance with the previous treatment by applying the method stipulated in Paragraph 86 of the standard. Furthermore, using the method specified in explanatory note (1) of Paragraph 86 in the standard, retained earnings at the beginning of this consolidated fiscal year are adjusted by the cumulative effect of changes to contract terms made before the beginning of this consolidated fiscal year after performing accounting based on contract terms reflecting all the changes.

As a result, net sales for this consolidated fiscal year decreased by ¥44,435 million, the cost of sales decreased by ¥45,080 million, selling, general and administrative expenses increased by ¥4 million, operating profit increased by ¥640 million, ordinary profit and profit before income taxes increased by ¥1,068 million respectively.

Due to the adoption of the Accounting Standard for Revenue Recognition and other standards, “Notes and accounts receivable - trade” which were included in “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year, are included in

"Notes and accounts receivable - trade, and contract assets" from this consolidated fiscal year. Furthermore, receivables for credit agreement which were included in "Notes and accounts receivable - trade" recorded as ¥55,659 million in the consolidated balance sheet as of March 31, 2021 are included in "Other" in "Current assets" to distinguish them from receivables for revenue from contracts with customers within the scope of application of the standards from this consolidated fiscal year.

As the cumulative effect was reflected in net assets at the beginning of this consolidated fiscal year, retained earnings at the beginning of this consolidated fiscal year in the consolidated statement of changes in equity decreased by ¥1,184 million.

(2) Accounting Standard for Fair Value Measurement and other standards

We have adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Accounting Standards") and other standards from the beginning of this consolidated fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of Fair Value Accounting Standards and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Fair Value Accounting Standards and others have been adopted prospectively. There is no effect on the consolidated financial statements.

3. Notes to Revenue Recognition

(1) Segmentation of revenue

The Group operates its businesses through three reportable segments: the Domestic Energy Business, the International Energy Business, and the Life & Business Solutions Business. The goods and services of each reportable segment are gas business, electricity business, international energy business, urban development business, information solutions business, material solutions business, and other life and business solutions business.

Revenues from contracts with customers were ¥1,313,848 million for the Domestic Energy Business, ¥56,326 million for the International Energy Business, and ¥162,361 million for the Life & Business Solutions Business.

(2) Basic information to understand revenue

The information is disclosed in "(iv) Basis for recognition of significant revenues and expenses, (3) Accounting policies, 1. Notes to Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements" in Notes to Consolidated Financial Statements.

4. Notes to Accounting Estimates

Items for which the amount was recorded in the consolidated financial statements for this consolidated fiscal year based on accounting estimates and which may have a significant impact on the consolidated financial statements for the next consolidated fiscal year are as follows.

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

Amounts recorded on the consolidated balance sheet for this consolidated fiscal year

Property, plant and equipment	¥1,156,281 million
Intangible assets	¥95,251 million

Investment in entities accounted for using equity method	¥191,659 million

(2) Collectability of deferred tax assets

Amounts recorded on the consolidated balance sheet for this consolidated fiscal year

Deferred tax assets	¥64,481 million

(3) Calculation of retirement benefit obligations

Amounts recorded on the consolidated balance sheet for this consolidated fiscal year

Retirement benefit asset	¥118,693 million
Retirement benefit liability	¥18,853 million
Remeasurements of defined benefit plans	¥53,624 million

5. Notes to the Consolidated Balance Sheet

(1) Assets pledged as collateral and secured liabilities

(i) Assets pledged as collateral

Property, plant and equipment	¥111,149 million
Investments and other assets	¥144,940 million
Others	¥50,774 million
Total	¥306,864 million

(ii) Secured liabilities ¥115,101 million

In addition to above, shares of subsidiaries and associates, etc. of ¥25,396 million offset as a result of consolidation are pledged as collateral.

(2) Accumulated depreciation of property, plant and equipment: ¥2,833,358 million

(3) Guarantee liabilities, etc.

Guarantee liabilities: ¥5,951 million

6. Notes to Revaluation Reserve for Land

Commercial land of certain consolidated subsidiaries has been revaluated 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. 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).

7. Notes to Financial Instruments

(1) Matters concerning the status of financial instruments

It is the Group's policy to raise its operating funds through borrowings from financial institutions and the issuance of bonds and to conduct fund management through a conservative financial portfolio. Also, we comply with our accounting manual, etc., to diminish risks on counterpart credit risk against the note and trade accounts receivable. In derivative transactions, we use interest swap for adjusting the ratio between fixed and floating interest rates and fixing the interest level for bonds and borrowings, exchange forward contracts and currency option contracts for reducing fluctuation of cash flow due to exchange fluctuation, swap and option of energy prices, etc., for reducing fluctuation of cash flow due to change in energy prices, etc., and weather derivatives for reducing fluctuation of cash flow due to temperature variability. We do not invest in speculative transactions.

(2) Matters concerning fair value, etc., of financial instruments

Amounts recorded in the consolidated balance sheet, fair values and the difference between such amounts at the end of this consolidated fiscal year are as follows.

Shares of subsidiaries and associates, unlisted shares, and other stocks with no market price (amount recorded on the consolidated balance sheet: ¥227,650 million) are not included in "(1) Securities and investment securities."

In addition, "Cash and deposits," "Notes and accounts receivable - trade, and contract assets," "Notes and accounts payable - trade" and "Short-term borrowings" are omitted because their fair values approximate their book values due to cash and short term settlements.

(Millions of Yen)

	Amount recorded on the consolidated balance sheet	Fair value	Difference
(1) Securities and investment securities	131,575	131,392	(182)
Total Assets	131,575	131,392	(182)
(2) Bonds payable[1]	394,997	386,930	(8,066)
(3) Long-term borrowings[1]	388,842	397,101	8,258
Total Liabilities	783,840	784,031	191
Derivative transactions[2]	7,697	7,697	—

[1] Includes those due within one year.

[2] Receivables and payables incurred by derivative transactions are shown in net amount.

(Note) 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.

Assets

(1) Securities and investment securities

Listed stocks 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.

Liabilities

(2) 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.

(3) 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.

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 special exception 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.

8. Notes to Properties, etc. for Lease

(1) Matters concerning the status of properties for lease

The Company and some of its consolidated subsidiaries own office buildings for lease (including land) in Osaka Prefecture and other areas.

(2) Matters concerning fair value of properties for lease

(Millions of Yen)

Amount recorded on the consolidated balance sheet	Fair value
184,652	259,125

Notes: 1. The amount recorded on the consolidated balance sheet is the amount which deducts the accumulated depreciation amount and accumulated impairment losses amount from the acquisition cost.

2. The fair value at the end of this consolidated fiscal year is the amount (including the amount adjusted by using the index, etc.) based mainly on the method prescribed by the “Real Estate Appraisal Standard” and other similar methods.

3. Properties in development (amount recorded on the consolidated balance sheet: ¥4,999 million) are not included in the table above as development is currently underway and therefore it is difficult to determine fair value.

9. Notes to the Consolidated Statement of Changes in Equity

(1) Number of shares issued and outstanding as of the end of this consolidated fiscal year

416,680,000 common shares

(2) Dividends

(i) Amount of payment of dividends

a. At the Annual Meeting of Shareholders held on June 25, 2021, the following were resolved with March 31, 2021, as a record date.

Dividends of common shares

(a)	Total amount of dividends	¥11,433 million
(b)	Dividend per share	¥27.50
(c)	Effective date for dividends	June 28, 2021

b. At the meeting of the Board of Directors held on October 27, 2021, the following were resolved with September 30, 2021, as a record date.

Dividends of common shares

(a)	Total amount of dividends	¥11,434 million
(b)	Dividend per share	¥27.50
(c)	Effective date for dividends	November 30, 2021

(ii) Dividends of which the record date falls within this consolidated fiscal year and of which the effective date falls within the next consolidated fiscal year

At the Annual Meeting of Shareholders to be held on June 28, 2022, the following will be proposed with March 31, 2022, as a record date. Dividends are to be appropriated from retained earnings.

Dividends of common shares

(a)	Total amount of dividends	¥12,469 million
(b)	Dividend per share	¥30.00
(c)	Effective date for dividends	June 29, 2022

10. Notes to Per Share Information

(1)	Net assets per share:	¥3,030.63
(2)	Earnings per share:	¥308.48

11. Other Notes

Transactions under common control

On April 1, 2022, the Company transferred the general gas pipeline service business and other businesses through a company split to Osaka Gas Network Co., Ltd.

(1) Outline of the transaction

a. Name of the subject business and description of the business

General gas pipeline service business and incidental businesses

b. Effective date of the business combination

April 1, 2022

c. Legal form of business combination

An absorption-type split in which the Company is the splitting company, and Osaka Gas Network Co., Ltd., a wholly-owned subsidiary, is the succeeding company.

d. Name of company after combination

Osaka Gas Network Co., Ltd.

e. Purpose of business combination

Pursuant to the June 2015 amendment of the Gas Business Act, the Company, a general gas pipeline service provider, is prohibited from engaging also in the retail gas business or the gas production business from April 2022 from the perspective of ensuring further neutrality in the gas pipeline service business.

In order to comply with the regulatory requirement and to establish an organizational structure to increase the value of our Group, the Company established Osaka Gas Network Co., Ltd., a wholly-owned subsidiary of the Company, on April 1, 2021, and, on April 23, 2021, executed an absorption-type split agreement with the subsidiary to transfer our general gas pipeline service business to the subsidiary which became effective on April 1, 2022.

Based on the above, the Company transferred the business to Osaka Gas Network Co., Ltd.

(2) Summary of accounting procedures performed

The transaction was accounted for as a transaction under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

Items and book values of assets and liabilities that were split off are as follows.

(As of April 1, 2022)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	51,872 million yen	Current liabilities	30,977 million yen
Non-current assets	315,294 million yen	Non-current liabilities	7,957 million yen
Total	367,167 million yen	Total	38,934 million yen

Non-Consolidated Statement of Changes in Equity (April 1, 2021 to March 31, 2022)

(Millions of Yen)

	Shareholders' equity														Valuation and translation adjustments			Total net assets
		Capital surplus			Retained earnings													
						Other retained earnings												
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for reduction entry of specified replaced properties	Reserve for overseas investment loss	Reserve for investment promotion taxation	Reserve for adjustment of cost fluctuations	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	**Total net assets**
Balance at beginning of period	**132,166**	**19,482**	**11**	**19,494**	**33,041**	**241**	**12,607**	**299**	**89,000**	**62,000**	**441,048**	**638,238**	**(1,852)**	**788,047**	**47,263**	**(2,868)**	**44,394**	**832,442**
Cumulative effects of changes in accounting policies											(1,403)	(1,403)		(1,403)				(1,403)
Restated balance	**132,166**	**19,482**	**11**	**19,494**	**33,041**	**241**	**12,607**	**299**	**89,000**	**62,000**	**439,644**	**636,834**	**(1,852)**	**786,643**	**47,263**	**(2,868)**	**44,394**	**831,038**
Changes during period																		
Reversal of reserve for overseas investment loss							(2,868)				2,868	–		–				–
Reversal of reserve for investment promotion taxation								(82)			82	–		–				–
Dividends of surplus											(22,867)	(22,867)		(22,867)				(22,867)
Profit											56,775	56,775		56,775				56,775
Purchase of treasury shares													(357)	(357)				(357)
Disposal of treasury shares			3	3									94	97				97
Net changes in items other than shareholders' equity															(1,660)	(3,523)	(5,183)	(5,183)
Total changes during period	–	–	**3**	**3**	–	–	**(2,868)**	**(82)**	–	–	**36,859**	**33,907**	**(263)**	**33,647**	**(1,660)**	**(3,523)**	**(5,183)**	**28,463**
Balance at end of period	**132,166**	**19,482**	**14**	**19,497**	**33,041**	**241**	**9,738**	**217**	**89,000**	**62,000**	**476,503**	**670,742**	**(2,115)**	**820,291**	**45,602**	**(6,391)**	**39,211**	**859,502**

Notes to Non-Consolidated Financial Statements (April 1, 2021 to March 31, 2022)

1. Notes to Matters in respect of Significant Accounting Policies

(1) Basis and methodology for the valuation of assets

(i) Valuation of securities:

Bonds held to maturity:	Stated at amortized cost
Shares of subsidiaries and associates:	Stated at cost based on the moving-average method
Available-for-sale 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 using the moving-average method.)
Stocks and other securities with no market price:	Stated at cost based on the moving-average method

(ii) Inventories are valued as follows; provided, however that inventories held for trading recorded on the balance sheet are depreciated to write down the carrying amount based on depreciation of profitability:

Finished goods:	Stated at cost based on the total-average method
Raw materials:	Stated at cost based on the moving-average method
Supplies:	Stated at cost based on the moving-average method

(iii) Derivatives are stated at fair value.

(2) Depreciation and amortization method of non-current assets

(i) Property, plant and equipment (excluding leased assets) are depreciated using the declining-balance method. However, the straight-line method 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.

(ii) Intangible assets (excluding leased assets) are amortized using the straight-line method. For internal-use software, the straight-line method based on the term available for use within OSAKA GAS CO., LTD. ("the Company") has been applied.

(iii) Leased assets resulting from non-ownership-transfer finance leases are depreciated or amortized using the straight-line method over the useful life equal to the lease terms assuming no residual value.

(3) Basis for recording allowances

(i) As for the allowance for doubtful accounts, to provide for the bad debts loss of accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided which is based on an amount calculated based on the default ratio in the past for general receivables and the individual collectability for certain receivables including receivables with default possibility.

(ii) As for the provision for retirement benefits, for the purposes of employee retirement benefits, an amount is provided based on the estimate of the retirement benefits obligation and pension assets at the end of the fiscal year.

a. Method of attributing projected retirement benefits to periods of service

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

b. Amortization of actuarial gains and losses and past service costs

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

(iii) As for the provision for gas holder repairs, to provide for the necessary expenditure for periodical repairs of spherical gas holders, an estimated amount for the next scheduled repair is provided based on the actual expenditure for the previous repair, which is proportionally allotted for the period up to such next scheduled repair.

(iv) As for the provision for safety measures, to provide for the necessary expenditure to ensure the safety of gas business, an estimated amount of the expenditure necessary for promoting the widespread use of safety-enhanced models, for strengthening inspections and ensuring wide awareness as well as for countermeasure works on aged gas pipelines is provided.

(v) As for the provision for gas appliance warranties, to provide for the payment of any service costs under warranty after the sale of appliances, an estimated amount of such costs is provided.

(4) Basis for recording revenue and expenses

(i) Revenue from sales of products or goods

For the sale of products or goods in each of the Company's businesses, the Company recognizes revenue at the point of delivery for products or goods that do not require installation under the contract with the customer, and at the point of completion of installation for products or goods that require installation under the contract with the customer, based on the judgment that the customer has acquired control over the product or goods and the performance obligation has been satisfied at such point. Revenue from gas sales is recognized based on the meter reading date, in which gas or electricity usage is measured in a monthly meter reading and the calculated fees are recognized as revenue for that month.

(ii) 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.

(5) Other significant matters for the preparation of these non-consolidated financial statements

The method of accounting for unrecognized actuarial differences and unrecognized past service costs concerning retirement benefits on a non-consolidated basis is different from that on a consolidated basis.

2. Notes to Changes in Accounting Policies

We have adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter "Accounting Standard for Revenue Recognition") and other standards from the beginning of this non-consolidated fiscal year. The new standard recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is transferred to the customer.
The main changes caused by adopting the new standard are described below.

(1) Revenue Recognition for the Feed-in Tariff System for Renewable Energy

We were previously recognizing revenue for the charges collected from customers under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities based on the feed-in tariff system for renewable energy. However, we are no longer recognizing the charges as revenue because it is collected on behalf of a third party.
Subsidies received in connection with the purchase of renewable energy under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities was previously recognized as revenue, but the method of revenue recognition has been changed to deduct such subsidies from expenses.

(2) Revenue Recognition for Maintenance Service Provision

For certain equipment maintenance service contracts, revenue was previously recognized at the beginning of contracts, but the method of revenue recognition has been changed to recognize the revenue over a certain period as the customer receives the benefit as performance obligation under the maintenance service contracts are fulfilled.

(3) Revenue Recognition for Electricity Sales

Revenue for electricity sales was previously recognized based on monthly meter readings, but the method of revenue recognition for the period between the last meter reading day in the account closing month and the closing date has been changed to recognize the revenue based on the estimate in accordance with Paragraph 103-2 of the Accounting Standard for Revenue Recognition.

The method of application of such changes in accounting policies and the reasons for not applying them retrospectively are omitted since the same description is disclosed in "2. Notes to Changes in Accounting Policies" in Notes to Consolidated Financial Statements.

As a result of applying the Accounting Standard for Revenue Recognition, miscellaneous operating revenue and revenue from incidental businesses decreased by ¥7,250 million and ¥22,128 million, respectively, and miscellaneous operating expenses and expenses for incidental businesses decreased by ¥5,978 million and ¥23,734 million, respectively, and operating profit, ordinary profit and profit before income taxes increased by ¥333 million, respectively, in the statement of income for this non-consolidated fiscal year.

As the cumulative effect was reflected in net assets at the beginning of this non-consolidated fiscal year, retained earnings at the beginning of this non-consolidated fiscal year in the statement of changes in equity decreased by ¥1,403 million.

3. Notes to Revenue Recognition

Basic information to understand revenue

The information is omitted since the same description is disclosed in "a. Revenue from sales of products or goods, b. Revenue from services provided, etc., (iv) Basis for recognition of significant revenues and expenses, (3) Accounting policies, 1. Notes to Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements" in Notes to Consolidated Financial Statements.

4. Notes to Accounting Estimates

Items for which the amount was recorded in the non-consolidated financial statements for this non-consolidated fiscal year based on accounting estimates and which may have a significant impact on the non-consolidated financial statements for the next non-consolidated fiscal year are as follows.

Calculation of retirement benefit obligations

Provision for retirement benefits	¥2,053 million
Prepaid pension costs	¥43,542 million

5. Notes to the Non-Consolidated Balance Sheet

(1) Assets pledged as collateral

Investments and other assets:	¥9,816 million

(2) Accumulated depreciation of property, plant and equipment and accumulated amortization of intangible assets

Accumulated depreciation of property, plant and equipment:	¥2,361,082 million
Accumulated amortization of intangible assets:	¥14,670 million

(3) Guarantee liabilities, etc.

Guarantee liabilities:	¥167,586 million

6. Notes to the Non-Consolidated Statement of Income

Amount of business from operational transactions with subsidiaries and associates:

Sales to subsidiaries and associates: ¥123,038 million

Amounts of purchases from subsidiaries and associates: ¥321,409 million

Amount of business from non-operational transactions with subsidiaries and associates:

¥75,342 million

7. Notes to the Non-Consolidated Statement of Changes in Equity

Number of treasury stock at the end of the fiscal year: 1,036,697 common shares

8. Notes to Tax Effect Accounting

(1) The main factors for the deferred tax assets are loss on valuation of securities, over-depreciation of depreciable assets and over-depreciation of deferred assets.

(2) The main factors for the deferred tax liabilities are valuation difference on available-for-sale securities, prepaid severance and retirement benefit expenses and reserves required under the Special Taxation Measures Law.

9. Notes to Transactions with Related Parties

Company name	Holding ratio of voting rights	Relationship	Substance of transaction	Transaction amount (Millions of Yen)	Item	Outstanding amount as at the year-end (Millions of Yen)
Osaka Gas Energy Supply and Trading Pte. Ltd.	100% direct holding	Subsidiary	Debt guarantee (Note 1)	85,263	—	—
Osaka Gas USA Corporation	100% direct holding	Subsidiary	Debt guarantee (Note 2)	35,695	—	—
Osaka Gas Gorgon Pty. Ltd.	100% indirect holding	Subsidiary	Debt guarantee (Note 3)	27,351	—	—

Conditions of transaction and decision policy for conditions of transaction, etc.

Notes:
1. The Company provided a guarantee for the derivative transactions implemented by Osaka Gas Energy Supply and Trading Pte. Ltd. to hedge business risks.
2. The Company provided a guarantee for the derivative transactions implemented by Osaka Gas USA Corporation to hedge business risks.
3. The Company provided a guarantee for the long-term borrowings of Osaka Gas Gorgon Pty. Ltd. to Japan Bank for International Cooperation, etc.

10. Notes to Per Share Information

(1)	Net assets per share:	¥2,067.88
(2)	Earnings per share:	¥136.56

11. Other Notes

Transactions under common control

On April 1, 2022, the Company transferred the general gas pipeline service business and other businesses through a company split to Osaka Gas Network Co., Ltd.

(1) Outline of the transaction

a. Name of the subject business and description of the business

General gas pipeline service business and incidental businesses

b. Effective date of the business combination

April 1, 2022

c. Legal form of business combination

An absorption-type split in which the Company is the splitting company, and Osaka Gas Network Co., Ltd., a wholly-owned subsidiary, is the succeeding company.

d. Name of company after combination

Osaka Gas Network Co., Ltd.

e. Purpose of business combination

Pursuant to the June 2015 amendment of the Gas Business Act, the Company, a general gas pipeline service business provider, is prohibited from engaging also in the retail gas business or the gas production business from April 2022 from the perspective of ensuring further neutrality in the gas pipeline service business.

In order to comply with the regulatory requirement and to establish an organizational structure to increase the value of our Group, the Company established Osaka Gas Network Co., Ltd., a wholly-owned subsidiary of the Company, on April 1, 2021, and, on April 23, 2021, executed an absorption-type split agreement with the subsidiary to transfer our general gas pipeline service business to the subsidiary which became effective on April 1, 2022.

Based on the above, the Company transferred the business to Osaka Gas Network Co., Ltd.

(2) Summary of accounting procedures performed

The transaction was accounted for as a transaction under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

Items and book values of assets and liabilities that were split off are as follows.

(As of April 1, 2022)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	51,872 million yen	Current liabilities	30,977 million yen
Non-current assets	315,294 million yen	Non-current liabilities	7,957 million yen
Total	367,167 million yen	Total	38,934 million yen