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(Securities Identification Code: 9532)

Report for the 204th Fiscal Year From
April 1, 2021 to March 31, 2022

To Our Shareholders:



I would like to express my deepest gratitude to our shareholders for your consistent support to the Daigas Group's business operations.

The Daigas Group ("the Group") aims to be an innovative and preferred energy & service company throughout the ages in line with our 2030 Long-term Management Vision. In addition, in accordance with our Carbon Neutral Vision and Medium-term Management Plan 2023, we will strive to co-create "value for a sustainable future" with our stakeholders by pursuing the creation of value that contributes to solving social issues, with the aim of achieving a sustainable society, including realizing a low carbon/carbon neutral society and enhancing resilience of society.

From April 2022, Osaka Gas Network Co., Ltd. ("Osaka Gas Network") started operation following the legal separation of our gas pipeline division. The Group, including Osaka Gas Network, continues to ensure a stable supply of energy as one group. Furthermore, amid a drastically changing business environment, the Group will continue to work to actively and steadily proceed with our business operations.

Your continued support would be greatly appreciated.

June 2022

Masataka Fujiwara
President

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Consolidated statement of changes in equity and notes to consolidated financial statements, as well as non-consolidated statement of changes in equity and notes to non-consolidated financial statements are provided at the Company's website (<https://www.osakagas.co.jp/company/ir/stock/inform/index.html>) in accordance with the laws and regulations and the Company's Articles of Incorporation.

The consolidated financial statements and non-consolidated financial statements audited by the accounting auditor and the Audit & Supervisory Board Members are the documents provided in this Report for 204th Fiscal Year as well as the documents provided at the abovementioned website.

Business Report (April 1, 2021 to March 31, 2022)

I. Current Situation of the Business Group

1. Business Operations and Results

During the fiscal year under review, the outlook for the Japanese economy remained uncertain due to the repeated spread of COVID-19, although there were signs of a partial recovery. In addition, unexpected changes in the international situation, such as Russia's invasion of Ukraine in February 2022, have increased the sense of uncertainty.

In such a business environment, the Group has proactively conducted its businesses with the aim of becoming a corporate group that “powers continuous advancement in consumer life and business.”

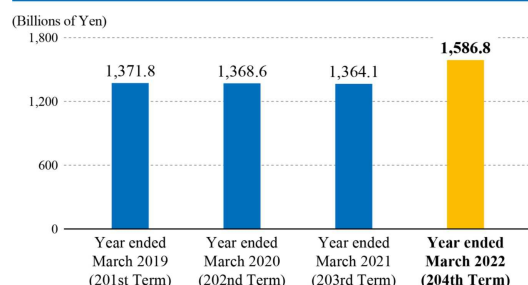
Consolidated net sales for the fiscal year under review increased by 16.3% from the previous year to ¥1,586.8 billion, primarily due to an increase in sales from a rise in LNG prices and higher unit selling price of city gas under the fuel cost adjustment system in the Domestic Energy Business, and an increase in sales from the upstream project in the USA and the Freeport LNG project in the International Energy Business (see Graph 1).

Consolidated ordinary profit decreased by 13.5% from the previous year to ¥110.4 billion, primarily due to the impact of a time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas* in the Domestic Energy Business, despite an increase in profit from the International Energy Business (see Graph 2).

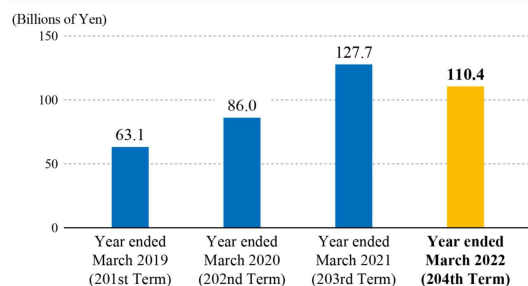
Profit attributable to owners of parent increased by 58.6% from the previous year to ¥128.2 billion primarily due to recording of income taxes - deferred (gain) at a consolidated subsidiary in the USA, etc. (see Graph 3).

* There is a time lag between fluctuations in raw material costs and their reflection in the unit selling price under the fuel cost adjustment system, which causes a temporary increase/decrease in profit. This resulted in a temporary decrease in profit for this fiscal year and the previous year.

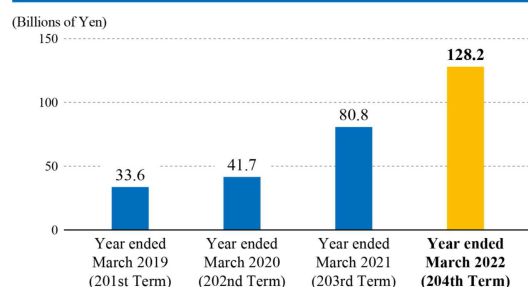
Graph 1 Transition of Consolidated Net Sales



Graph 2 Transition of Consolidated Ordinary Profit



Graph 3 Transition of Profit Attributable to Owners of Parent



An overview of the Group's operations by business segment was as follows.

(1) Domestic Energy

Net sales increased by 15.3% from the previous year to ¥1,336.1 billion.

Gas

The city gas sales volume for residential use decreased by 2.6% from the previous year to 1,854 million cubic meters, primarily due to competition.

The city gas sales volume for business use decreased by 0.2% from the previous year to 5,242 million cubic meters primarily due to a decrease in operation of certain customers' facilities.

As a result, total city gas sales volume decreased by 0.9% from the previous year to 7,096 million cubic meters.

City gas was supplied to 5,026 thousand accounts as of March 31, 2022.

Regarding gas appliances and services for residential customers, we endeavored to develop and expand sales of products, such as the residential fuel cell cogeneration system "ENE-FARM*1," as well as devices and equipment for hot water supply, air heating and cooking. In addition, we have provided a range of services, including the "Sumikata Service" which involves repairing gas appliances and plumbing as well as disaster/crime prevention.

In September 2021, we achieved cumulative total sales of 150 thousand units for "ENE-FARM." A model equipped with an autonomous operation function that supplies electricity and heat during a power outage, is also available.

In March 2022, we started "Sasuga Net," Internet services that meet the needs of individual customers. Three service plans that differ in transmission speed, monthly charge, and service contents are offered. At the same time, the "Gas Toku Plan" was renewed and started accepting applications for a rate menu that offers savings by combining gas, electricity, and Internet.

In March 2022, in collaboration with business operators, we launched "Sumai LINK," a new service which offers products and services that are useful for customers' daily lives via personal computers and smartphones.



Gas stove "Class S"



"ENE-FARM type S"



Publicizing "Sasuga Net" "Sumai LINK"

Regarding gas appliances and services for business use, we engaged in efforts to develop products and promote sales for such products as cogeneration systems*1, air-conditioning systems, kitchen instruments, boilers, industrial furnaces and burners. We also provided high-value-added solutions to meet customer needs, for example “D-Lineup,” which helps to solve various management issues of customers from the viewpoint of decarbonization, decentralization, and digitalization, by utilizing our engineering capabilities.



Advertisement for “D-Lineup”

Toward the realization of a decarbonized society, we started accepting applications for carbon neutral city gas*2 from corporate customers in April 2021 and started supplying in August 2021.



LNG vessel delivering carbon-neutral LNG (First arrival at Senboku LNG Terminal)

We are engaged in research and development of catalysts and combustion technologies, among others, that contribute to low-carbonization and decarbonization, such as basic research on high-efficiency methanation technology*3, which is expected to be a promising technology for decarbonization of city gas. In October 2021, we opened the “Carbon Neutral Research Hub,” a research and development center for carbon neutral technology in Konohana-ku, Osaka. In addition, the Company and INPEX CORPORATION jointly commenced a demonstration project to develop CO₂-methanation technology*3 for practical use at the Koshijihara Plant at INPEX’S Nagaoka Field Office in Nagaoka, Niigata Prefecture.



Conceptual image of methanation technology with high efficiency

To ensure stable supply and security, continuous efforts were made throughout the year to diversify natural gas procurement sources, ensure good maintenance and well-planned renovations of gas production and supply facilities including utilization of AI technology, promote the spread of gas appliances equipped with safety functions, and implement measures for earthquakes, tsunamis and COVID-19.

To reduce the risk of gas pipe damage due to excavation work by other companies, we began in June 2021 test operations of an initiative to automatically recognize construction sites using AI cameras mounted on Osaka City Bus Corporation route buses.



Bridge pipe safety inspection

*1 As a decentralized power source, it also contributes to improving the resilience of the energy supply.

*2 Carbon neutral city gas uses LNG that offsets CO₂ emissions in the process of drilling, transport, production, and combustion of natural gas by CO₂ credits.

*3 Methanation is a technology used to synthesize methane, the main component of city gas, by reacting hydrogen with CO or CO₂ via catalyst.

Electricity

The electricity sales volume increased by 3.9% from the previous year to 16,760 million kWh.

The number of electricity subscribers under low-voltage electricity contracts reached 1.613 million as of March 31, 2022.

We strived to offer a variety of electricity rate menus, such as those that can be used in combination with gas for a discount, and those tailored to customers' lifestyles and hobbies. In April 2021, the Company started accepting applications for the "D-Green" series, a new pricing menu for corporate customers that contributes to decarbonization.

To achieve carbon neutrality by 2050, we have been actively promoting the expansion of renewable energy sources. As a result, the total contribution to the spread of renewable energy sources, including contributions from overseas included in the International Energy segment, reached about 1.40 million kW as of March 31, 2022.

The Company has participated in a biomass power generation project in Hyuga, Miyazaki Prefecture (with generating capacity of 50,000 kW, commercial operation scheduled to start in November 2024; 35% ownership), solar power generation projects in four locations in Japan, including Shizukuishi, Iwate Prefecture (with generating capacity of about 60,000 kW, started commercial operation; 20% ownership in each silent partnership), onshore wind power generation project in Yokohama, Kamikita-gun, Aomori Prefecture (with generating capacity of about 40,000 kW, commercial operation scheduled to start in April 2023; 39% ownership in silent partnership) and other projects.

In September 2021, an onshore wind farm of Shiribetsu Wind Development Co., Ltd. (with a power generation capacity of about 30,000 kW) located in Suttsu-cho, Suttsu-gun, Hokkaido and Rankoshi-cho, Isoya-gun, Hokkaido, started commercial operation.

In September 2021, the Company established a new company in partnership with MUFG Bank, Ltd., NTT Anode Energy Corporation, and six other companies, towards the launch of a renewable energy fund.



Advertisement for electricity retail business



Shizukuishi Solar Power Plant (Iwate Prefecture)



Shiribetsu Wind Power Plant (Hokkaido Prefecture)

(2) International Energy

Net sales increased by 82.4% from the previous year to ¥80.7 billion.

Sabine Oil & Gas Corporation (100% ownership), operating a shale gas production and development business in Texas, USA, showed favorable performance due to productive development, with gas production surpassing planned results.



Shale gas mining area of Sabine Oil & Gas Corporation (Texas, US)

In the renewable energy business in North America, the Company acquired 50% of equity of the Brighter Future Solar project (with a power generation capacity of about 20,000 kW) located in North Carolina, USA in September 2021 and it has started commercial operation in January 2022. In addition, the Company has signed agreements with two US solar power developers for the joint development of solar power plants in the USA.



Urbanex Osaka Tenmabashi (Osaka Prefecture)

In the energy supply business in Asia, in December 2021, the Company acquired a part of the equity of an operating company engaged in the city gas business, etc., mainly in southern India and other surrounding areas.

(3) Life & Business Solutions

Net sales increased by 9.5% from the previous year to ¥237.0 billion.

Osaka Gas Urban Development Co., Ltd., a group company engaged in the urban development business, expanded its assets by acquiring seventeen rental apartment buildings, including “Urbanex Osaka Tenmabashi” (Osaka Prefecture). The company also completed the construction of two condominium buildings, including “SCENES Uehonmachi” (Osaka Prefecture) during the fiscal year under review.



“Xyladecor” wood preservative and coating agent

OGIS-RI Co., Ltd., a group company engaged in the information solutions business, strove to provide comprehensive IT services, including consultation, design, development and operation of corporate information systems, as well as data centers and cloud services.

Osaka Gas Chemicals Co., Ltd., a group company engaged in the material solutions business, strove to develop and expand sales of high-value-added materials, including fine materials, carbon products and preservatives. Xyladecor, a wood preservative and coating agent, celebrated the 50th anniversary in 2021 since its launch in Japan.

[Net Sales and Segment Profit for Each Business Segment]

| | Domestic Energy | International Energy | Life & Business Solutions |
|--|-----------------|----------------------|---------------------------|
| Net sales (Billions of Yen) | 1,336.1 | 80.7 | 237.0 |
| Percentage change from previous year (%) | +15.3 | +82.4 | +9.5 |
| Percentage of net sales (%) | 80.8 | 4.9 | 14.3 |
| Segment profit (Billions of Yen) | 38.6 | 44.3 | 23.5 |
| Percentage change from previous year (%) | (54.8) | +162.5 | +21.9 |
| Percentage of segment profit (%) | 36.3 | 41.6 | 22.1 |

Note: The net sales and segment profit for each business segment include amounts relating to inter-segment transactions. Segment profit includes the share of profit (loss) of entities accounted for using equity method.

The Group's business segments were renewed in the Medium-term Management Plan 2023 "Creating Value for a Sustainable Future," announced in March 2021. Thus, effective from the fiscal year under review, "Domestic Energy / Gas" and "Domestic Energy / Electricity" segments have been combined into "Domestic Energy" segment, a consolidated subsidiary engaged in LNG transport and other companies, which were previously included in the "International Energy" segment, have been transferred to "Domestic Energy" segment, and certain reclassifications have been made to the classification of intersegment expenses. Percentage change from the previous year in this Business Report are calculated upon reflecting this change.

In addition, the Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), and other standards from the beginning of the fiscal year under review.

2. Principal Activities of the Group (as of March 31, 2022)

| Business Segment | Major Businesses |
|---------------------------|---|
| Domestic Energy | Production, supply and sale of city gas, sale of gas appliances, gas piping work, sale of LNG, transportation of LNG, sale of LPG, industrial gases, and power generation and sale of electricity |
| International Energy | Development and investment relating to natural gas, etc. and supply of energy |
| Life & Business Solutions | Development and leasing of real estate, information processing service and sale of fine materials and carbon products |

3. Capital Investment Activities

The amount of capital investments by the Group was ¥189.3 billion.

We lengthened the Company's gas trunk and branch lines by 160 kilometers, bringing the total length to 51,543 kilometers as of the end of the fiscal year under review.

We also conducted activities such as works for ensuring stable supply and security at gas production and supply facilities, equipment works related to natural gas development and production businesses in our subsidiaries and construction of power plants.

4. Financing Activities

During the fiscal year under review, the Group borrowed ¥42.8 billion and repaid ¥60.3 billion of long-term loans. With respect to corporate bonds*¹, the Group issued ¥40.0 billion of standard bonds and redeemed ¥10.0 billion during the fiscal year under review. In March 2022, the Company decided to issue transition bonds*² with an issue amount of ¥10.0 billion.

*1. Short-term bonds are not included.

*2. The bonds are issued to fund initiatives in accordance with the Group's long-term transition strategy to reduce corporate greenhouse gas emissions.

5. Major Lenders (as of March 31, 2022)

| Lenders | Loans Outstanding (Millions of Yen) |
|--|--|
| Resona Bank, Limited | 70,994 |
| MUFG Bank, Ltd. | 43,465 |
| Development Bank of Japan Inc. | 31,551 |
| Japan Bank for International Cooperation | 21,938 |
| The Bank of Kyoto, Ltd. | 20,069 |

6. Outstanding Issues

(1) Management Policies

As “a corporate group that powers continuous advancement in consumer life and business,” the Group aims to create “Value for Customers,” “Value for Society,” “Value for Shareholders” and “Value for Employees” by providing various products and services relating to the energy business, including natural gas, electricity and LPG, and its peripheral services, and non-energy businesses, such as urban development, materials and information businesses. With the recognition that achieving sustainable growth is the Group’s biggest managerial issue in pursuing the above aim, the Group formulated the 2030 Long-term Management Vision “Going Forward Beyond Borders” in 2017 and the new Medium-term Management Plan 2023 “Creating Value for a Sustainable Future” and the “Carbon Neutral Vision” in 2021.

In line with said vision and plan, the Group will contribute to the realization of a sustainable society and proactively promote its business operations with the aim of becoming an innovative and preferred energy & service company through the ages, while responding to changes in the business environment. Furthermore, we will promote initiatives to achieve carbon neutrality in the Group’s business activities and contribute to the realization of a low-carbon/decarbonized society.

Additionally, in April 2022, we spun off the general gas pipeline service business and other businesses as part of the legal separation of the pipeline division. Under the newly launched group structure, we will continue our efforts in ensuring stable energy supply and security, as well as neutrality and transparency in our transportation service.

(2) Priority Issues

Through our initiatives to “co-create value for a sustainable future” and “evolve our corporate group,” which are key strategies in the Medium-term Management Plan 2023, we aim to create value that contributes to solving social issues and practice portfolio management that accommodates changes in the future business environment based on three pillars— Domestic Energy Business, International Energy Business, and Life & Business Solutions Business. To achieve this, the Group will address the following issues.

(a) Domestic Energy Business

(i) Ensuring stable and economical procurement of fuels and raw materials

We endeavor to ensure the stable procurement of fuels and raw materials such as natural gas by diversifying sources, by way of procuring from many producers. Through the diversification of price indices and other efforts, we aim for procurement of fuels and raw materials which increases our market competitiveness.

In addition, in the event of unforeseen circumstances in fuels and raw materials procurement, we will utilize the know-how we have accumulated through trading and other activities to secure fuels and raw materials in a prompt and flexible manner.

(ii) Ensuring competitive power sources and expansion of renewable energies

Through such efforts as the development of new power sources and procurement of electricity through the wholesale power market, we will seek to construct a competitive portfolio of power sources. Particularly in renewable energy, we will promote development and business participation, as well as expansion of procurement sources and acquisition of projects through collaboration and other means.

(iii) Stable and safe energy supply

We will continue to address such issues as the maintenance, reinforcement and renovation of facilities for gas production and supply and for power generation and the implementation of countermeasures against natural disasters including earthquakes and tsunamis and other events including the outbreak of infectious diseases such as COVID-19 for stable supply and improvement of resilience. We also continue to provide responses to emergencies such as gas leakages to secure safety at customer locations.

(iv) Expanding the marketer businesses

By encouraging wider use of gas cogeneration systems such as fuel cell systems, as well as gas air-conditioning systems, expanding the sales of electricity and LPG, expanding the menu of proposals that contribute to low-carbon/decarbonization such as D-Lineup, and building an energy network that combines decentralized power sources with renewable energy, we will contribute to the solution of social issues, including the shift to a low-carbon/decarbonized society and improvement of resilience. We will also enhance and broaden the range of life support services, such as the “Sumai LINK,” a digitally enabled life services platform, and the “Sumikata Service,” and services peripheral to the energy business, including the management and maintenance of buildings and facilities, air conditioning and ventilation, water treatment, and energy saving and the visualization of operational status of facilities. In addition, we will offer fixed communication service as well as a range of energy rate menus according to customers’ lifestyles and business requirements so that we can contribute to the enhancement of customers’ living environment as well as their business growth. Furthermore, we will promote alliances with various business partners, including energy business operators in various locations, thereby expanding the marketer business in a wider geographic area.

(v) Developing energy infrastructure and expanding the engineering business

We will expand efforts to develop new energy infrastructure, such as LNG terminals. Toward the customers who are considering the use of LNG, we will propose solutions that meet the customers’ needs based on the expertise accumulated through our business experience, thereby broadening the scope of our engineering business.

(vi) Promoting a fair and efficient gas pipeline service business

We are committed to making continuous efforts to maintain and expand the demand for city gas, while ensuring neutrality and transparency and enhancing the convenience of the transportation service, and meeting the needs of communities and consumers.

(b) International Energy Business

We will steadily promote the projects we are currently undertaking, including the production in Gorgon LNG project and Ichthys LNG project in Australia, the shale gas development business operated by Sabine Oil & Gas Corporation in the USA and the liquefaction business of the Freeport LNG project, to ensure stable procurement of natural gas and other resources and to earn profits. In the IPP business, we will steadily proceed with the gas-fired power generation business, as well as the development and acquisition of renewable energy and other energy sources. In the marketer business, we will steadily operate gas, electric power, and energy service businesses and develop new projects, while also acquiring expertise in new areas through business participation, etc., by utilizing the knowledge we have cultivated in Japan. Furthermore, we will expand our energy infrastructure development and engineering business by proposing solutions that meet customers’ needs.

(c) Life & Business Solutions Business

Based on the expertise and knowledge accumulated through our energy businesses, we will offer products and services that capitalize our unique strengths in our non-energy businesses relating to urban development, materials and information, thereby helping our customers at home and abroad to achieve comfort, convenience and good health and contributing to the advancement of the life and business of our customers.

(d) Operating Foundations

(i) Practice of management with attention to ESG (Environment, Society and Governance)

In accordance with the “Daigas Group Charter of Business Conduct,” we will ensure corporate management paying attention to ESG. In tandem with the parties involved with the supply chain of the Group at home and abroad, we will make continued efforts to gain greater trust from our customers and society.

On the environmental side, as the society goes through a period of transition to a decarbonized society, we will promote fuel conversion to natural gas and the introduction of highly efficient facilities, while further expanding efforts to reduce CO₂ emissions at customers’ sites and in our own business activities by introducing renewable energy and promoting carbon-neutral LNG and city gas. Furthermore, we will continue to develop technologies such as methanation and establish supply chains for hydrogen and other resources in order to realize a decarbonized society. In addition, based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), we will work to enhance the disclosure of information on our decarbonization efforts. On the social front, we will promote human rights and occupational health and safety initiatives in accordance with international norms, and foster a culture of diversity and inclusion through the appointment of female officers and other means. In the area of governance, we will continue our efforts to raise awareness of compliance, strengthen our governance structure, and promote information security measures.

(ii) Promoting innovation, technological development and digital transformation

We will seek to increase value by creating new services utilizing the latest digital technologies and internal and external ideas, such as IoT and AI, and improve productivity through operation reforms and system renovations inside the Company.

We will also promote efforts to achieve higher efficiency and lower costs for gas appliances and facilities, including fuel cell systems, and to develop new technologies relating to materials, information processing, and the prevention of global warming, etc.

(iii) Reinforcing human resources and organization

To achieve sustainable growth, we will advance efforts to increase the diversity of human resources, hire and develop human talent who can create new value, and foster a corporate culture that encourages employees to take on challenges. We will also step up efforts to create a work environment that encourages rewarding, productive, and creative work styles so that the Group will stay healthy and resilient.

(3) Conclusion

The Group will continue to implement highly effective internal controls by monitoring and assessing its internal control system and providing necessary measures. With such system effectively in place, the Group tackles the issues described above and exerts ceaseless efforts to achieve sustainable growth by implementing the “Daigas Group Corporate Principles.”

The Group looks forward to the continued support and encouragement from all shareholders.

7. Financial Position and Profits and Losses

| Division | Year ended March 2019 (201st Term) | Year ended March 2020 (202nd Term) | Year ended March 2021 (203rd Term) | Year ended March 2022 (204th Term) |
|---|--|--|--|--|
| Net sales (Millions of Yen) | 1,371,863 | 1,368,689 | 1,364,106 | 1,586,879 |
| Ordinary profit (Millions of Yen) | 63,103 | 86,018 | 127,752 | 110,464 |
| Profit attributable to owners of parent (Millions of Yen) | 33,601 | 41,788 | 80,857 | 128,256 |
| Basic earnings per share (Yen) | 80.80 | 100.50 | 194.48 | 308.48 |
| Total assets (Millions of Yen) | 2,029,722 | 2,140,482 | 2,313,357 | 2,569,819 |
| Net assets (Millions of Yen) | 1,035,044 | 1,027,667 | 1,114,597 | 1,284,132 |

8. Major Offices, Plants and Employees (as of March 31, 2022)

(1) Major Offices, etc.

| | | |
|---------------------------|-----------------|--|
| The Company | Head Office | Head Office (Osaka Prefecture) |
| | Offices | Osaka Office (Osaka Prefecture) Nambu Office (Osaka Prefecture) Hokubu Office (Osaka Prefecture) Tobu Office (Osaka Prefecture) Hyogo Office (Hyogo Prefecture) Keiji Office (Kyoto Prefecture) |
| | LNG Terminals | Semboku LNG Terminals (Osaka Prefecture) Himeji LNG Terminal (Hyogo Prefecture) |
| | Research Center | Energy Technology Laboratories (Osaka Prefecture) |
| Subsidiaries ¹ | | Osaka Gas Urban Development Co., Ltd. (Osaka Prefecture) OGIS-RI Co., Ltd. (Osaka Prefecture) Osaka Gas Chemicals Co., Ltd. (Osaka Prefecture) Osaka Gas Marketing Co., Ltd. (Osaka Prefecture) Daigas Energy Co., Ltd. (Osaka Prefecture) Daigas Gas and Power Solution Co., Ltd. (Osaka Prefecture) Osaka Gas USA Corporation (Texas, USA) |

(2) Employees

| Business Segment | Number of Employees ² |
|---------------------------|----------------------------------|
| Domestic Energy | 11,382 |
| International Energy | 239 |
| Life & Business Solutions | 9,340 |
| Total | 20,961 |

Notes:

1. The head office locations of the principal subsidiaries are shown as major offices.
2. The above number of employees indicates the number of employees currently on duty.

9. Outline of Principal Subsidiaries (as of March 31, 2022)

The Group treats the following affiliated companies that play a central role in energy business and other businesses and that are positioned as elementary units for the management of the Group as Core Non-Energy Business Companies, Core Energy Business Companies, and Overseas Regional Headquarters, which the Group recognizes as principal subsidiaries.

| Category | Company | Capital | Holding | Main Activities |
|------------------------------------|---|--------------|---------|---|
| Core Non-Energy Business Companies | Osaka Gas Urban Development Co., Ltd. | ¥1,570 mil. | 100% | Development, leasing, management, and sale of real estate |
| | OGIS-RI Co., Ltd. | ¥440 mil. | 100% | Development of software and information processing services via computers |
| | Osaka Gas Chemicals Co., Ltd. | ¥14,231 mil. | 100% | Manufacture and sale of fine materials, carbon products, etc. |
| Core Energy Business Companies | Osaka Gas Marketing Co., Ltd. | ¥100 mil. | 100% | Sales of gas and electricity for residential use; sales and maintenance of gas appliances; and home renovation |
| | Daigas Energy Co., Ltd. | ¥310 mil. | 100% | Sales of gas and electricity for business use; sales and maintenance of gas appliances; energy service business; sales of LNG and LPG; and heat supply business |
| | Daigas Gas and Power Solution Co., Ltd. | ¥100 mil. | 100% | Operation and maintenance of LNG terminals and power plants; power generation and sales of electricity; and engineering service business |
| Overseas Regional Headquarters | Osaka Gas USA Corporation | US\$1 | 100% | Investment, etc. relating to natural gas and energy supply businesses in North America |

Note: The Group has 150 consolidated subsidiaries, including the above seven principal subsidiaries.

On April 1, 2022, the Company transferred its general gas pipeline service business, etc., to Osaka Gas Network (head office located in Osaka Prefecture) by means of an absorption-type company split. Accordingly, effective April 1, 2022, Osaka Gas Network has been designated as an affiliated company that plays a central role in the general gas pipeline service business field and is positioned as an elementary unit for the management of the Group (Network Company), and the company has been recognized as a principal subsidiary in addition to the Core Non-Energy Business Companies, Core Energy Business Companies, and Overseas Regional Headquarters.

| Company | Capital | Holding | Main Activities |
|-----------------------------|-------------|---------|--|
| Osaka Gas Network Co., Ltd. | ¥6,000 mil. | 100% | General gas pipeline service business, etc. (city gas transportation service, gas piping work, etc.) |

II. Officers

1. Details of Directors and Audit & Supervisory Board Members (as of March 31, 2022)

| Position | Name | Business in Charge | Significant Concurrent Positions |
|--|---------------------|---|--|
| Chairman and Director | Takehiro Honjo | | Chairperson of The Japan Gas Association Member of the Osaka Prefectural Public Safety Commission Director of Asahi Broadcasting Group Holdings Corporation Director of Osaka Gas Urban Development Co., Ltd. |
| Representative Director and President Executive President | Masataka Fujiwara | | Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd. |
| Representative Director Executive Vice-President | Tadashi Miyagawa | Head of Technology President of Innovation Headquarters In charge of: Tokyo Branch, Auditing Dept. and Overall Representative Responsible for: LNG, Power & Engineering Business Unit OGIS-RI Co., Ltd. Osaka Gas Chemicals Co., Ltd. | Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd. |
| Representative Director Executive Vice-President | Takeshi Matsui | Head of Safety Head of ESG Promotion President of Corporate Planning Headquarters Responsible for: Energy Resources & International Business Unit Network Company Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept. | |
| Representative Director Executive Vice-President | Takayuki Tasaka | Head of Customer Services Head of Energy Solution Business Unit Responsible for: Osaka Gas Urban Development Co., Ltd. | Director of Osaka Gas Urban Development Co., Ltd. |
| Director Senior Executive Officer | Fumitoshi Takeguchi | In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept. | |
| Director | Hideo Miyahara | | Guest Professor, Graduate School of Information Science and Technology of Osaka University Representative Director of KNOWLEDGE CAPITAL Director of West Japan Railway Company |

| Position | Name | Business in Charge | Significant Concurrent Positions |
|--|--------------------|--------------------|---|
| Director | Kazutoshi Murao | | Counselor to the president of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION Vice Chairman of Kansai Economic Federation Director of Keihan Holdings Co., Ltd. |
| Director | Tatsuo Kijima | | Advisor of West Japan Railway Company Audit & Supervisory Board Member of Sumitomo Electric Industries, Ltd. |
| Director | Yumiko Sato | | Professor of Faculty of Regional Development Studies, Otemon Gakuin University Trustee of Otemon Gakuin Educational Foundation |
| Audit & Supervisory Board Member (full-time) | Toshimasa Fujiwara | | |
| Audit & Supervisory Board Member (full-time) | Hisaichi Yoneyama | | |
| Audit & Supervisory Board Member | Yoko Kimura | | Director of Nara Prefectural University |
| Audit & Supervisory Board Member | Eiji Hatta | | Chancellor and Chairperson of the Board of Trustees of The Doshisha Chairman of Japan Student Baseball Association Vice Chairman of Japan University Auditors Association |
| Audit & Supervisory Board Member | Shigemi Sasaki | | Governor of Japan Bar Association and Head of Kinki Branch of Japan Bar Association |

Notes:

- 1) “Responsible for” in the “Business in Charge” column means monitoring and providing advice and suggestions concerning the operations of specific headquarters, organization, position, Core Non-Energy Business Company or person in a designated position according to its managerial importance, effect on business management and other factors.
- 2) Directors Hideo Miyahara, Kazutoshi Murao, Tatsuo Kijima and Yumiko Sato are outside directors as specified in Article 2, Item 15 of the Companies Act.
- 3) Audit & Supervisory Board Members Yoko Kimura, Eiji Hatta and Shigemi Sasaki are outside audit & supervisory board members as specified in Article 2, Item 16 of the Companies Act.
- 4) All of the outside Directors and outside Audit & Supervisory Board Members have been notified as independent officers pursuant to the provisions prescribed by each stock exchange where the shares of the Company are listed.
- 5) There are no special relationships between the entities set out in the column “Significant Concurrent Positions” for each outside Director/outside Audit & Supervisory Board Member and the Company.
- 6) Directors Fumitoshi Takeguchi and Yumiko Sato were newly appointed at the 203rd Annual Meeting of

Shareholders held on June 25, 2021, and assumed their respective offices on the same day.

- 7) In the column of “Significant Concurrent Positions,” “Director of Asahi Broadcasting Group Holdings Corporation” for Director Takehiro Honjo, “Director of West Japan Railway Company” for Director Hideo Miyahara, and “Director of Keihan Holdings Co., Ltd.” for Director Kazutoshi Murao, are all outside director positions. “Audit & Supervisory Board Member of Sumitomo Electric Industries, Ltd.” for Director Tatsuo Kijima is an outside auditor position.
- 8) Changes in the “Significant Concurrent Positions” during the fiscal year under review:
- Director Takehiro Honjo assumed the office of Chairperson of The Japan Gas Association as of April 1, 2021.
- Director Takehiro Honjo assumed the position of Director of Asahi Broadcasting Group Holdings Corporation as of June 23, 2021.
- Director Tatsuo Kijima retired as Director of West Japan Railway Company and assumed the position of Advisor of the company as of June 23, 2021.
- Director Tatsuo Kijima assumed the position of Audit & Supervisory Board Member of Sumitomo Electric Industries, Ltd. as of June 25, 2021.
- Director Yumiko Sato retired as Professor of Faculty of Regional Development Studies, Otomon Gakuin University as of March 31, 2022.
- Audit & Supervisory Board Member Eiji Hatta retired as President of Japan High School Baseball Federation as of December 1, 2021.
- Audit & Supervisory Board Member Shigemi Sasaki assumed the office of Head of Kinki Branch of Japan Bar Association as of May 1, 2021 and also assumed the office of Governor of the association as of June 5, 2021.

- 9) Changes in the “Business in Charge” of Directors after the end of the fiscal year under review:
As of April 1, 2022, Directors’ businesses they are in charge of were as follows.

| Position | Name | Business in Charge |
|--|---------------------|---|
| Chairman and Director | Takehiro Honjo | |
| Representative Director and President Executive President | Masataka Fujiwara | |
| Representative Director Executive Vice-President | Tadashi Miyagawa | Head of Technology Head of Carbon Neutral Promotion In charge of: Tokyo Branch Responsible for: LNG, Power & Engineering Business Unit and Innovation Headquarters Osaka Gas Chemicals Co., Ltd. |
| Representative Director Executive Vice-President | Takeshi Matsui | Head of ESG Promotion President of Corporate Planning Headquarters Responsible for: Energy Resources & International Business Unit OGIS-RI Co., Ltd. |
| Representative Director Executive Vice-President | Takayuki Tasaka | In charge of: Overall Representative Responsible for: Energy Solution Business Unit Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept. Osaka Gas Urban Development Co., Ltd. |
| Director Senior Executive Officer | Fumitoshi Takeguchi | In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept., Purchasing Dept. and Auditing Dept. |
| Director | Hideo Miyahara | |
| Director | Kazutoshi Murao | |
| Director | Tatsuo Kijima | |
| Director | Yumiko Sato | |

- 10) Changes in the “Significant Concurrent Positions” after the end of the fiscal year under review:
Director Tadashi Miyagawa retired as Director of OGIS-RI Co., Ltd. as of April 1, 2022.
Director Takeshi Matsui assumed the position of Director of OGIS-RI Co., Ltd. as of April 1, 2022.

2. Indemnity Agreement

The Company has concluded indemnity agreements with the Directors and Audit & Supervisory Board Members listed in “II. 1. Details of Directors and Audit & Supervisory Board Members” above for the purpose of indemnifying them for the costs set forth in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses set forth in Item 2 of the same Paragraph to the extent permitted by laws and regulations.

In order to ensure that the said indemnity agreement does not impair the appropriateness of the execution of duties by officers, the Company mainly stipulates the following matters in the said indemnity agreement.

- The maximum amount of indemnification per event
- Indemnification will not apply to costs or losses incurred as a result of duties executed while being aware that they violate laws and regulations
- A portion of the losses shall be borne by the officer himself/herself

3. Directors and Officers Liability Insurance Contract

In January 2022, the Company concluded an insurance contract with an insurance company to cover damages, etc. (compensation for statutory damages, litigation costs, etc.) incurred by the insured as a result of claims for damages against them, with the Company and its Directors, Audit & Supervisory Board Members, executive officers, employees in middle management*¹ and officers dispatched to external entities*² as the insured*³.

*1 Important employees such as heads of basic organizations who are appointed by the resolution of the Board of Directors.

*2 Persons who hold the position of director, executive officer, audit & supervisory board member, or accounting advisor under the Companies Act (including positions that are considered equivalent to these positions) at an external corporation as per the Company’s instructions, etc.

*3 Includes persons who resigned or retired from the insured position on or after January 25, 1992, and persons who were newly appointed to the insured position during the insurance period.

In order to ensure that the said insurance contract does not impair the appropriateness of the execution of duties by the insured, the Company mainly stipulates the following matters in the said insurance contract.

- The total limit of insurance claims during the insurance period
- Insurance claims will not cover damages caused by illegal acceptance of personal benefits or provision of convenience, criminal conducts, etc.
- A portion of the damage shall be borne by the insured himself/herself

Insurance premiums under the insurance contract are fully borne by the Company.

4. Outside Officers

(1) Principal Activities

The principal activities of outside officers are shown in the table below.

The Company expects outside Directors to participate in decision-making as members of the Board of Directors, and to monitor and supervise the execution of duties by executive Directors from an independent position based on their experience, knowledge and other assets. They appropriately fulfill their roles by attending and making comments at meetings of the Board of Directors and the voluntarily appointed advisory committee.

| Position | Name | Attendance and Comments |
|----------------------------------|-----------------|--|
| Director | Hideo Miyahara | Hideo Miyahara attended 11 out of 13 meetings of the Board of Directors. He made comments as appropriate based on his considerable experience and extensive knowledge in organizational management and from his independent position as an outside Director. |
| Director | Kazutoshi Murao | Kazutoshi Murao attended 12 out of the 13 meetings of the Board of Directors. He made comments as appropriate based on his considerable experience and extensive knowledge in corporate and organizational management and from his independent position as an outside Director. |
| Director | Tatsuo Kijima | Tatsuo Kijima attended 13 out of the 13 meetings of the Board of Directors. He made comments as appropriate based on his considerable experience and extensive knowledge in corporate and organizational management and from his independent position as an outside Director. |
| Director | Yumiko Sato | Yumiko Sato attended 11 out of the 11 meetings of the Board of Directors held after she assumed the office of Director of the Company on June 25, 2021. She made comments as appropriate based on her deep insight in life and culture and from her independent position as an outside Director. |
| Audit & Supervisory Board Member | Yoko Kimura | Yoko Kimura attended 12 out of 13 meetings of the Board of Directors and attended 13 out of 14 meetings of the Audit & Supervisory Board. She made comments as appropriate based on her considerable experience and extensive knowledge in organizational management and from her independent position as an outside Audit & Supervisory Board Member. |
| Audit & Supervisory Board Member | Eiji Hatta | Eiji Hatta attended 13 out of 13 meetings of the Board of Directors and attended 14 out of 14 meetings of the Audit & Supervisory Board. He made comments as appropriate based on his considerable experience and extensive knowledge in organizational management and from his independent position as an outside Audit & Supervisory Board Member. |
| Audit & Supervisory Board Member | Shigemi Sasaki | Shigemi Sasaki attended 13 out of 13 meetings of the Board of Directors and 14 out of 14 meetings of the Audit & Supervisory Board. He made comments as appropriate based on his considerable experience and specialized knowledge as a legal professional and from his independent position as an outside Audit & Supervisory Board Member. |

(2) Summary of Agreement Limiting Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company has an agreement with each of the outside Directors and outside Audit & Supervisory Board Members to limit the liability for damages under Article 423, Paragraph 1 of the Companies Act to the minimum liability amount provided for in laws and regulations.

5. Remuneration for Directors and Audit & Supervisory Board Members

(1) Decision Policies on Content of Remuneration, etc. for Each Individual Director

The Company has established a policy on determining the content of remuneration, etc. for each individual Director (hereinafter the “Policy on Determining Remuneration”) as prescribed by the resolution of the Board of Directors after deliberation at a voluntarily appointed advisory committee made up of a majority of the outside Directors. This policy is summarized in the table* below.

* By resolution of the Board of Directors meeting held on December 23, 2021, changes have been made to add the underlined portion of the table below. The amended policy will be applied from July 2023 onward for the compensation to be paid based on the results of the fiscal year ending March 31, 2023.

| Policy on Determining Remuneration |
|---|
| <p>Basic Approach</p> <p>Remuneration for Directors shall be provided in a remuneration system designed to raise motivation for Directors to achieve sustainable growth and mid- to long-term increase in corporate value. Remuneration for Directors other than outside Directors shall consist of basic remuneration as fixed remuneration, performance-linked remuneration and stock-based remuneration, and remuneration for outside Directors shall only consist of basic remuneration as fixed remuneration, as they have a standpoint independent of business execution.</p> <p>Remuneration for Directors shall be determined within the total amount of remuneration approved at the Annual Meeting of Shareholders, after deliberation at a voluntarily appointed advisory committee made up of a majority of the outside Directors, from the perspective of ensuring objectivity and seeking transparency in the decision-making process.</p> |
| <p>Basic Remuneration</p> <p>Basic remuneration shall be monetary remuneration paid on a monthly basis. The amount shall be determined in accordance with the rules prescribed by the resolution of the Board of Directors, while considering such factors as each Director’s position and responsibilities, public standards, and other factors.</p> |
| <p>Performance-linked Remuneration</p> <p>Performance-linked remuneration shall be monetary remuneration paid on a monthly basis. The amount shall be determined using the profit attributable to owners of parent for the past three years and <u>the coefficient of ESG indicators achievement in the previous year</u> as the main indicator to encourage contribution to short-term and mid- to long-term increases in corporate value.</p> |
| <p>Stock-based Remuneration</p> <p>Restricted stock shall be granted at a certain time every year for the purpose of strengthening the linkage between remuneration and mid- to long-term increase in corporate value and further promoting sharing of value with the shareholders. The number of shares to be granted shall be determined with consideration for the positions and responsibilities of each Director and stock prices, etc.</p> |
| <p>Ratio by Type of Remuneration</p> <p>For Directors other than outside Directors, the standard ratio of basic remuneration, performance-linked remuneration, and stock-based remuneration should be 5:4:1. Remuneration for outside Directors shall fully consist of basic remuneration.</p> |
| <p>Procedures for Determining Remuneration</p> |

The content of remuneration for each individual Director shall be made in accordance with the rules prescribed by the resolution of the Board of Directors, and, after deliberation at the voluntarily appointed advisory committee, shall be determined by the resolution of the Board of Directors. However, the content of monetary remuneration may be determined by the Representative Director and President based on delegation of authority by the resolution of the Board of Directors.

(2) Resolution of the Annual Meeting of Shareholders on Remuneration, etc. of Directors

The amount of monthly monetary remuneration for Directors (including outside Directors) was resolved at the 203rd Annual Meeting of Shareholders held on June 25, 2021 to be up to ¥57 million.

In addition, at the same Annual Meeting of Shareholders, it was also resolved that the total amount of monetary remuneration to be paid to Directors (excluding outside Directors) for granting restricted stock shall not exceed ¥72 million per year (¥6 million per month) and that the total number of common shares of the Company to be issued or disposed of by the Company in exchange for the contribution of monetary remuneration claims shall not exceed 48 thousand shares per year.

As of the end of the said Annual Meeting of Shareholders, the number of Directors who are eligible for the monthly monetary remuneration was ten (including four outside Directors) and the number of Directors who are eligible for stock-based remuneration was six.

(3) Delegation, etc. of Decision of Content of Remuneration, etc. for Each Individual Director

Of the remuneration paid to each Director during the fiscal year under review, the amount of monthly monetary remuneration and the timing and method of payment, among other factors, were determined by Representative Director and President Masataka Fujiwara based on delegation of authority by a resolution of the Board of Directors. The Company has delegated the above authority to the Representative Director and President, as the position is considered to be the best suited to determine the contents of remuneration, taking into account the status of the execution of duties by each executive Director while maintaining a comprehensive view of the Company's performance.

In addition, to ensure that the authority of the Representative Director and President is exercised appropriately, the delegation of authority is conducted so that the remuneration amount, etc. for each individual Director is determined in accordance with the Policy on Determining Remuneration and the rules prescribed by the resolution of the Board of Directors, while considering such factors as each Director's position and responsibilities, public standards, and the Company's business performance, after deliberation at a voluntarily appointed advisory committee made up of a majority of the outside Directors. As the amount of remuneration, etc. for each individual Director is determined through such a procedure, the Board of Directors has judged that the content of remuneration, etc. for each individual Director for the fiscal year under review is in line with the Policy on Determining Remuneration.

(4) Resolution of the Annual Meeting of Shareholders and Decision on Remuneration, etc. for Audit & Supervisory Board Members

The amount of remuneration for Audit & Supervisory Board Members was approved at the 176th Annual Meeting of Shareholders held on June 29, 1994 to be up to ¥14 million per month. The number of Audit & Supervisory Board Members at the end of said Annual Meeting of Shareholders was five.

The amount of remuneration for each Audit & Supervisory Board Member shall be determined through discussions among Audit & Supervisory Board Members within this amount, and consisting only of fixed remuneration because they are assigned the role of auditing the execution of duties by Directors from a standpoint independent of the performance of the Company's businesses, and taking into consideration the

position, etc. of each Audit & Supervisory Board Member.

(5) Remuneration Paid to Directors and Audit & Supervisory Board Members

| | Total amount of remuneration (Millions of Yen) | | | Number of eligible officers | |
|---|--|--------------------|--------------|-----------------------------|---|
| | Fixed | Performance-linked | Non-monetary | | |
| Directors (excluding outside Directors) | 397 | 185 | 174 | 38 | 7 |
| Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members) | 69 | 69 | — | — | 2 |
| Outside Directors | 44 | 44 | — | — | 4 |
| Outside Audit & Supervisory Board Members | 35 | 35 | — | — | 3 |

Notes:

1. The total amounts of remuneration paid to Directors, Audit & Supervisory Board Members and outside officers were ¥442 million, ¥104 million and ¥79 million, respectively.
2. The amount of remuneration and the number of Directors (excluding outside Directors) include the amount for one Director who retired at the end of the 203rd Annual Meeting of Shareholders held on June 25, 2021.
3. The amount of performance-linked remuneration is calculated mainly by multiplying the fixed remuneration by a coefficient calculated using the profit attributable to owners of parent for the past three years as the primary indicator. Results for profit attributable to owners of parent are as detailed in “I. 7. Financial Position and Profits and Losses” above. This performance indicator has been selected because the Company has judged that it will contribute to raising motivation for Directors to achieve short-term and mid- to long-term increases in corporate value.
4. The Company grants restricted stock to Directors (excluding outside Directors, hereinafter referred to as “Eligible Directors”) as non-monetary remuneration (stock-based remuneration). Based on the resolution of the Board of Directors, the Company pays monetary remuneration for the grant of restricted stock to the Eligible Directors, and the Eligible Directors receive the Company’s treasury shares in exchange for contributing all of the rights to receive monetary remuneration in kind. The restricted transfer period is the period from the date of receipt of allotment of shares to the date of retirement. The restriction on transfer will be lifted upon expiration of the restricted transfer period, provided that the retirement of the Eligible Director is due to reasons, etc., that the Company deems justifiable. The specific timing and allocation of payments to Eligible Directors are determined by the Board of Directors, and the number of shares allocated to Eligible Directors during the fiscal year under review is as described in “III. 3. Status of shares delivered to officers of the Company as compensation for the performance of the duties during the fiscal year under review” below.

III. Shares (as of March 31, 2022)

1. Number of Shares Issued and Number of Shareholders

| | |
|--|--------------------|
| Number of Authorized Shares | 700,000,000 shares |
| Number of Shares Issued and Outstanding* | 416,680,000 shares |
| Number of Shareholders | 96,004 |

*1,036,697 treasury shares are included.

2. Principal Shareholders

| Shareholders | Number of shares held (1,000 shares) | Shareholding ratio (%) |
|--|---|------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account) | 66,210 | 15.93 |
| Custody Bank of Japan, Ltd. (trust account) | 21,659 | 5.21 |
| Nippon Life Insurance Company | 15,394 | 3.70 |
| MUFG Bank, Ltd. | 11,188 | 2.69 |
| Resona Bank, Limited | 10,555 | 2.54 |
| STATE STREET BANK WEST CLIENT-TREATY 505234 | 7,996 | 1.92 |
| Aioi Nissay Dowa Insurance Co., Ltd. | 5,973 | 1.44 |
| Meiji Yasuda Life Insurance Company | 5,838 | 1.40 |
| JP MORGAN CHASE BANK 385781 | 5,078 | 1.22 |
| Osaka Gas Employees Shareholding Association | 5,013 | 1.21 |

Note: The number of treasury shares is excluded from the “Number of Shares Issued and Outstanding” in calculating the shareholding ratios.

3. Status of shares delivered to officers of the Company as compensation for the performance of the duties during the fiscal year under review

| Officers | Number of shares | Number of officers |
|---|------------------|--------------------|
| Directors (excluding outside Directors) | 18,300 shares | 6 |

Note: The Company disposed of 45,900 shares of its treasury stock on July 20, 2021 as stock-based compensation to the above six Directors and sixteen Executive Officers who do not concurrently serve as Directors.

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Remuneration, etc., for Accounting Auditor

(1) Amount of Fees and Other Charges Payable to the Accounting Auditor for the Fiscal Year under Review

| | Fees for audit and attestation services (Millions of Yen) | Fees for non-audit services (Millions of Yen) |
|----------------------------|---|---|
| The Company | 101* | 67 |
| The Company's subsidiaries | 138 | 18 |
| Total | 239 | 85 |

*As the audit fees under the Companies Act and those under the Financial Instruments and Exchange Act are not separated for the purpose of the audit contract executed between the Company and the accounting auditor and are impractical to separate, the amount specified above is the total amount of audit fees payable under both Acts.

(2) Reason for the Audit & Supervisory Board's Consent for Remuneration, etc., for the Accounting Auditor

The Audit & Supervisory Board considered such items as the accounting auditor's audit plans, the status of the accounting auditor pursuing its duties and the basis of estimates for remuneration. As a result, the Audit & Supervisory Board judged that the remuneration, etc., for the accounting auditor was appropriate and provided consent as stipulated in Article 399, Paragraph 1 of the Companies Act.

3. Non-Audit Services

The Company entrusted duties such as the provision of professional advice on accounting and tax affairs relating to reorganization (absorption-type company split) to the accounting auditor and paid consideration therefor.

4. Policy on Decision of Dismissal or Non-Reappointment of Accounting Auditor

In the event that the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the Company's Audit & Supervisory Board will dismiss the accounting auditor upon the unanimous agreement of all Audit & Supervisory Board Members. In addition, in the event that the accounting auditor's proper performance of its duties is found to be difficult based on the Audit & Supervisory Board's comprehensive evaluation of the accounting auditor in terms of qualifications, expertise and independence, the Audit & Supervisory Board will determine the content of a proposal regarding the dismissal or non-reappointment of the accounting auditor to be submitted to the shareholders' meeting.

V. Systems to Ensure the Properness of Operations

I. Description of Internal Control Systems

The Company establishes systems (internal control systems) to ensure that Directors of the Company execute the duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of the Group's operations at meeting of the Board of Directors, and such systems are briefly described below.

1. Systems to ensure that the execution of the duties complies with the laws and regulations and the Articles of Incorporation

- (1) Directors and employees of the Group shall sufficiently acquire and investigate information as the basis to execute the duties and through accurate understanding of the facts, make reasonable decisions in accordance with regulations on responsibilities and authorities.
- (2) For the Board of Directors to make appropriate decisions and enhance its supervisory role, executive Directors shall retain independent outside officers. In addition, the executive officer system shall be adopted to enhance the Board of Directors' supervisory role and ensure efficiency in the execution of duties.
- (3) Executive Directors shall hold management meetings to provide information to the President and the Board of Directors to assist in the decision-making process and discuss strategies and important matters concerning its management of the business.
- (4) Executive Directors shall establish the "Daigas Group Code of Business Conduct" based on "Daigas Group Charter of Business Conduct." By familiarizing the Directors and employees with the Code, executive Directors shall not only ensure the performance of duties in compliance with applicable laws and regulations and the Articles of Incorporation within the Group but also promote business activities in a fair and appropriate manner, which includes contributing to the preservation of the environment, promoting social contribution activities and dissociating from antisocial forces.
- (5) Executive Directors shall make efforts to understand the status concerning compliance within the Group and promote compliance practices by establishing a consulting and reporting system as an internal reporting system and an ESG committee.
- (6) If any problems are discovered regarding compliance, Directors and employees of the Group are required to consult with or report to an executive Director or other superior, or report the matter via the consulting and reporting system depending on the level of seriousness or urgency. Executive Directors, General Manager of the General Affairs Dept. or other superiors shall investigate details of such matter and take necessary remedial measures.

2. System concerning the maintenance and the management of information on execution of duties

- (1) Executive Directors and employees of the Group shall prepare minutes of the meetings of the Board of Directors, approval documents or other similar documents specifying matters including matters affecting decisions and the process by which a decision was reached, in accordance with regulations on

responsibilities and authorities.

- (2) Executive Directors and employees of the Group shall properly store and manage the minutes of the meetings of the Board of Directors, approval documents or other information on execution of duties according to its nature.

3. Regulations and other systems to manage the risk of losses

- (1) Executive Directors of the Group shall take all possible steps to ensure the safety and stability of gas supplies in gas businesses by establishing safety regulations on matters concerning the construction, maintenance and operation of production and supply facilities, and by promoting the improvement of the production and supply systems.
- (2) Executive Directors of the Group and organizational heads of the Company (managers of basic organizations of the Company) shall take measures to prevent the occurrence of risks and minimize losses in the case of occurrence, and manage the risk of losses for each category of risk (risks due to external factors, internal factors, transactions with outside parties or other factors).
- (3) The risk of losses shall be managed at the level of each basic organization and each affiliated company, and the managers of the basic organizations shall promote the management of the risk of losses and regularly confirm its effectiveness.
- (4) The emergencies that might have a material impact on the management of the Group shall be addressed according to the regulations on disaster and accident countermeasures and business contingency plans.

4. Systems to ensure the efficient execution of duties

- (1) Executive Directors of the Group and organizational heads of the Company shall determine matters concerning the division of duties and decision-making within the Company and the Group in accordance with regulations on responsibilities and authorities. They shall also provide regulations regarding details of organizations and general matters to be observed during the execution of duties. By familiarizing employees with such regulations, they shall ensure the smooth management of organizations and the improvement of quality and efficiency of operations.
- (2) With the aim of maximizing corporate value, executive Directors of the Group and organizational heads of the Company shall establish medium-term business plans and annual plans for the Company and the Group, monitor its attainment by means of performance indicators and focus on achieving these plans.

5. Other systems to ensure the properness of business operations

In addition to the above, executive Directors shall take the following measures and make efforts to ensure proper operations.

- (1) Companies to play a central role in each business area of the Group (Core Non-Energy Business Companies and Overseas Regional Headquarters) or basic organizations to supervise affiliated companies (management support organizations) shall be designated to be responsible for day-to-day management of affiliated companies.
- (2) Compliance with applicable laws and regulations and the Articles of Incorporation, the efficiency and other similar matters of the Group as a whole shall be audited internally by the head of the Auditing Department. If necessary, in light of the results of such audit, remedial measures shall be taken promptly.
- (3) Internal control procedures shall be maintained, operated and evaluated in relation to financial reporting to ensure its credibility.

6. Matters concerning employees assisting Audit & Supervisory Board Members in the performance of their duties

- (1) Executive Directors, if requested by the Audit & Supervisory Board Members, shall appoint employees to assist the Audit & Supervisory Board Members in the performance of their duties and establish an Audit & Supervisory Board Members' office staffed by these Audit & Supervisory Board Members' assistants.
- (2) Audit & Supervisory Board Members' assistants shall be engaged solely in assisting the Audit & Supervisory Board Members in the performance of their duties.

7. Matters concerning independence of Audit & Supervisory Board Members' assistants from Directors

- (1) Executive Directors cannot direct or give orders to Audit & Supervisory Board Members' assistants except where such directions or orders apply equally to all employees.
- (2) The opinions of the Audit & Supervisory Board Members regarding the evaluation, transfer, etc., of Audit & Supervisory Board Members' assistants shall be sought in advance and respected.

8. Systems for reporting to the Audit & Supervisory Board Members

- (1) Directors shall report immediately to the Audit & Supervisory Board Members if a matter that is significantly detrimental to the Company is discovered.
- (2) Directors and employees of the Group or auditors of the affiliated companies shall report without delay matters that have a material impact on the business of the Group, the results of internal audits, the situation regarding the main reports under the consulting and reporting system and other important matters to the Audit & Supervisory Board Members.
- (3) Directors of the Group and employees of the Company shall report without delay when requested by the Audit & Supervisory Board Members to report on matters concerning the execution of duties.
- (4) Executive Directors and other supervisors of the Group shall not disadvantageously treat any person who reports to the Audit & Supervisory Board Members according to the preceding items for the reason that

such report was made.

9. Other systems to ensure effective auditing by the Audit & Supervisory Board Members

- (1) The Audit & Supervisory Board Members may exchange opinions periodically with the Representative Directors and the accounting auditor.
- (2) The Audit & Supervisory Board Members may attend management meetings and all company committee meetings. They may investigate as appropriate material information concerning the execution of duties, such as approval documents.
- (3) Executive Directors shall ensure the Company provides the expenses or liabilities necessary for the execution of the duties of the Audit & Supervisory Board Members.

10. Confirmation of operation status, etc.

- (1) Executive Directors shall periodically confirm and assess the status of the operation of the internal control system and report the results to the Board of Directors.
- (2) Executive Directors shall take necessary measures by taking into consideration the assessment results of internal control system and other situations.

II. Operating Status of the Internal Control Systems

The Company confirms the operating status of the internal control systems on a periodic basis by identifying items to confirm for various matters and receiving reports from the organizational heads and other persons concerned. At the meeting of the Board of Directors held on April 26, 2022, it was reported that the internal control systems were operating in a proper manner.

The operating status of the internal control systems during the fiscal year under review is described in the following.

(1) Matters concerning compliance, etc.

The ESG Committee promotes initiatives in each sector through the “Compliance and Risk Management Subcommittee,” “Environment Subcommittee,” and “Social Contribution Subcommittee.”

Educational materials, including a guide to the “Daigas Group Code of Business Conduct,” are posted on the intranet at all times to familiarize Directors and employees of the Group with said Code to promote and ensure its understanding.

The consultation and reporting system has been revised in light of the Partial Amendment of the Whistleblower Protection Act (Act No. 51, 2020) that will go into effect on June 1, 2022. Effective April 1, 2022, the number of affiliated companies with whistleblower hotlines have been expanded, and measures have been taken to ensure the independence of whistleblowing processes involving management.

(2) Matters concerning risk management, etc.

Organizational heads of the Company and presidents of the affiliated companies promote the management of the risk of losses and periodically conduct risk management assessments. Each basic organization or

affiliated company identifies risk items, checks the status of management concerning the risk items and conducts follow-ups or other measures by using such means as the “G-RIMS (Gas Group Risk Management System),” which systematizes the self-assessment of risk management practices.

In light of the spread of COVID-19 at home and abroad, we set up a task force and confirm the status of the Group’s responses, while taking measures to prevent infections, as necessary.

Regarding the management of risks concerning security and disaster prevention which are common to the Group, the organization in charge is clearly specified, and the organization supports each basic organization and affiliated company to ensure risk management on a Group-wide basis.

In addition, effective April 1, 2022, we established a Security and Disaster Prevention Committee to coordinate and promote cross-organizational measures related to safety and disaster prevention within the Group, and are taking all possible measures to ensure safety and disaster prevention after the transfer of the general gas pipeline service business to our wholly owned subsidiary, Osaka Gas Network.

To prepare for emergencies, regulations for disaster countermeasure and business continuity plans are prepared. We also carry out company-wide disaster-prevention drills, which consist of earthquake drills and BCP exercises. During the fiscal year under review, in addition to drills assuming disasters occurred amid the COVID-19 pandemic, we confirmed measures, etc., to ensure the smooth operation of the task force meeting after the succession of the general gas pipeline service business, etc.

The Cyber Security Committee has been established to further strengthen measures against attacks from outside the Group’s network such as by carrying out periodic inspections and following up on the Group’s security.

(3) Matters concerning the management of businesses in the Group

The affiliated companies to be managed by the Core Non-Energy Business Companies, the Overseas Regional Headquarters, or the management support organizations are designated, and their managerial tasks are monitored by receiving regular reports and reports on important issues from the affiliated companies. In addition, day-to-day management of those affiliated companies is performed by using the G-RIMS and/or conducting audits.

The Company’s Auditing Department, which conducts internal audits, implements planned internal audits of the Company’s organizations and the affiliated companies and provides follow-up after a certain period of time.

(4) Matters concerning the effectiveness of audits by Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Members have periodic exchanges of opinion with the Director and Chairman, the Representative Director and President and the accounting auditor, in which Outside Audit & Supervisory Board Members also participate as necessary. Partly through the opportunity to exchange opinions with the accounting auditor, Audit & Supervisory Board Members evaluate the qualifications, expertise and independence of the accounting auditor.

Full-time Audit & Supervisory Board Members attend important meetings such as the Management Meeting, the ESG Promotion Meeting, the Investment Evaluation Committee, etc., and read approval documents and other important documents. Through a Board of Directors’ resolution on the internal control systems, they also clarify important matters to be reported to Audit & Supervisory Board Members and disseminate information.

Four assistants to Audit & Supervisory Board Members are in place to engage solely in assisting Audit & Supervisory Board Members in the performance of their duties.

Consolidated Balance Sheet (As of March 31, 2022)

(Millions of Yen)

| Assets | | Liabilities | |
|--|------------------|---|------------------|
| Non-current assets | 1,880,434 | Non-current liabilities | 887,156 |
| Property, plant and equipment | 1,156,281 | Bonds payable | 364,998 |
| Production facilities | 91,154 | Long-term borrowings | 350,502 |
| Distribution facilities | 275,032 | Deferred tax liabilities | 47,298 |
| Service and maintenance facilities | 46,121 | Provision for gas holder repairs | 1,171 |
| Other facilities | 605,057 | Provision for safety measures | 6,651 |
| Construction in progress | 138,915 | Provision for gas appliance warranties | 4,983 |
| Intangible assets | 95,251 | Retirement benefit liability | 18,853 |
| Investments and other assets | 628,901 | Other | 92,698 |
| Investment securities | 359,225 | Current liabilities | 398,529 |
| Long-term loans receivable | 27,698 | Current portion of non-current liabilities | 73,648 |
| Retirement benefit asset | 118,693 | Notes and accounts payable – trade | 104,935 |
| Deferred tax assets | 64,481 | Other | 219,944 |
| Other | 59,534 | Total liabilities | 1,285,686 |
| Allowance for doubtful accounts | (731) | Net assets | |
| Current assets | 689,384 | Shareholders' equity | 1,115,073 |
| Cash and deposits | 131,089 | Share capital | 132,166 |
| Notes and accounts receivable – trade, and contract assets | 208,851 | Capital surplus | 19,071 |
| Lease receivables and investment in leases | 59,047 | Retained earnings | 965,951 |
| Inventories | 145,445 | Treasury shares | (2,115) |
| Other | 145,589 | Accumulated other comprehensive income | 144,586 |
| Allowance for doubtful accounts | (639) | Valuation difference on available-for-sale securities | 67,905 |
| | | Deferred gains or losses on hedges | (15,313) |
| | | Revaluation reserve for land | (737) |
| | | Foreign currency translation adjustment | 39,108 |
| | | Remeasurements of defined benefit plans | 53,624 |
| | | Non-controlling interests | 24,472 |
| | | Total net assets | 1,284,132 |
| Total assets | 2,569,819 | Total liabilities and net assets | 2,569,819 |

Consolidated Statement of Income (April 1, 2021 to March 31, 2022)

(Millions of Yen)

| Account | Amount |
|--|------------------|
| Net sales | 1,586,879 |
| Cost of sales | 1,161,850 |
| [Gross profit] | [425,028] |
| Selling, general and administrative expenses | 330,123 |
| [Operating profit] | [94,905] |
| Non-operating income | 34,002 |
| Interest income | 2,017 |
| Dividend income | 3,179 |
| Share of profit of entities accounted for using equity method | 12,841 |
| Miscellaneous income | 15,963 |
| Non-operating expenses | 18,443 |
| Loss on valuation of investment securities | 2,484 |
| Interest expenses | 10,400 |
| Miscellaneous expenses | 5,558 |
| [Ordinary profit] | [110,464] |
| Extraordinary income | 23,825 |
| Gain on sale of investment securities in subsidiaries and associates | 17,773 |
| Insurance claim income | 6,052 |
| Extraordinary losses | 18,349 |
| Impairment losses | 16,013 |
| Loss on tax purpose reduction entry of non-current assets | 2,335 |
| [Profit before income taxes] | [115,941] |
| Income taxes – current | 24,220 |
| Income taxes – deferred | (41,948) |
| [Profit] | [133,670] |
| Profit attributable to non-controlling interests | 5,413 |
| Profit attributable to owners of parent | 128,256 |

Non-Consolidated Balance Sheet (As of March 31, 2022)

(Millions of Yen)

| Assets | | Liabilities | |
|--|------------------|--|------------------|
| Non-current assets | 1,361,812 | Non-current liabilities | 592,118 |
| Property, plant and equipment | 426,076 | Bonds payable | 364,998 |
| Production facilities | 90,338 | Long-term borrowings | 195,059 |
| Distribution facilities | 275,313 | Long-term debt to subsidiaries and associates | 6,338 |
| Service and maintenance facilities | 45,299 | Deferred tax liabilities | 5,098 |
| Facilities for incidental businesses | 4,653 | Provision for retirement benefits | 2,053 |
| Construction in progress | 10,470 | Provision for gas holder repairs | 1,127 |
| Intangible assets | 44,792 | Provision for safety measures | 6,651 |
| Patent right | 1 | Provision for gas appliance warranties | 4,983 |
| Leasehold interests in land | 3,075 | Other non-current liabilities | 5,807 |
| Other intangible assets | 41,715 | Current liabilities | 312,173 |
| Investments and other assets | 890,943 | Current portion of non-current liabilities | 57,938 |
| Investment securities | 88,058 | Accounts payable – trade | 46,132 |
| Investments in subsidiaries and associates | 535,924 | Accounts payable – other | 21,283 |
| Long-term loans receivable from subsidiaries and associates | 207,278 | Accrued expenses | 46,688 |
| Investments in capital | 21 | Income taxes payable | 6,472 |
| Long-term prepaid expenses | 6,646 | Advances received | 9,007 |
| Prepaid pension costs | 43,542 | Deposits received | 5,725 |
| Other investments and other assets | 9,731 | Short-term debt to subsidiaries and associates | 109,666 |
| Allowance for doubtful accounts | (260) | Other current liabilities | 9,257 |
| | | Total liabilities | 904,292 |
| Current assets | 401,982 | Net assets | |
| Cash and deposits | 63,311 | Shareholders' equity | 820,291 |
| Notes receivable – trade | 234 | Share capital | 132,166 |
| Accounts receivable – trade | 126,581 | Capital surplus | 19,497 |
| Accounts receivable from subsidiaries and associates – trade | 19,696 | Legal capital surplus | 19,482 |
| Accounts receivable – other | 11,681 | Other capital surplus | 14 |
| Finished goods | 61 | Retained earnings | 670,742 |
| Raw materials | 52,432 | Legal retained earnings | 33,041 |
| Supplies | 14,060 | Other retained earnings | |
| Advance payments | 2,097 | Reserve for reduction entry of specified replaced properties | 241 |
| Short-term receivables from subsidiaries and associates | 89,309 | Reserve for overseas investment loss | 9,738 |
| Other current assets | 22,822 | Reserve for investment promotion taxation | 217 |
| Allowance for doubtful accounts | (306) | Reserve for adjustment of cost fluctuations | 89,000 |
| | | General reserve | 62,000 |
| | | Retained earnings brought forward | 476,503 |
| | | Treasury shares | (2,115) |
| | | Treasury shares | (2,115) |
| | | Valuation and translation adjustments | 39,211 |
| | | Valuation difference on available-for-sale securities | 45,602 |
| | | Deferred gains or losses on hedges | (6,391) |
| | | Total net assets | 859,502 |
| Total assets | 1,763,794 | Total liabilities and net assets | 1,763,794 |

Non-Consolidated Statement of Income (April 1, 2021 to March 31, 2022)

(Millions of Yen)

| Costs and Expenses | | Revenue | |
|---|-------------------|--|------------------|
| Cost of sales | 377,887 | Sales from gas business | 619,977 |
| Beginning inventories | 56 | Gas sales | 578,838 |
| Cost of products manufactured | 384,771 | Gas transportation service revenue | 39,342 |
| Costs of gas for own use | 6,879 | Revenue from interoperator settlement | 1,023 |
| Ending inventories | 61 | Revenue from contract manufacturing | 772 |
| [Gross profit] | [242,090] | | |
| Supply and sales expenses | 204,950 | | |
| General and administrative expenses | 51,013 | | |
| [Loss on core business] | [(13,873)] | | |
| Miscellaneous operating expenses | 89,793 | Miscellaneous operating revenue | 105,305 |
| Installation work expenses | 20,362 | Revenue from installation work | 20,981 |
| Other miscellaneous operating expenses | 69,431 | Other miscellaneous operating revenue | 84,323 |
| Expenses for incidental businesses | 468,457 | Revenue from incidental businesses | 476,992 |
| [Operating profit] | [10,172] | | |
| Non-operating expenses | 10,484 | Non-operating income | 60,453 |
| Interest expenses | 3,586 | Interest income | 1,677 |
| Interest on bonds | 3,190 | Interest on securities | 54 |
| Amortization of bond issuance costs | 177 | Dividend income | 1,895 |
| Loss on valuation of investment securities of subsidiaries and associates | 1,499 | Dividends from subsidiaries and associates | 40,735 |
| Miscellaneous expenses | 2,030 | Miscellaneous income | 16,091 |
| [Ordinary profit] | [60,141] | | |
| [Profit before income taxes] | [60,141] | | |
| Income taxes – current | 4,600 | | |
| Income taxes – deferred | (1,233) | | |
| [Profit] | [56,775] | | |
| Total | 1,262,728 | Total | 1,262,728 |

Independent Auditor's Report

May 13, 2022

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

KPMG AZSA LLC
Osaka Office, Japan

Daisuke Harada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masatsugu Ohashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shoichiro Shigeta
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the related notes of Osaka Gas Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, 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, 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.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are 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 Corporate Auditors and the Board of Corporate Auditors 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.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors 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 corporate auditors and the board of corporate auditors 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 where applicable, related safeguards.

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 Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Independent Auditor's Report

May 13, 2022

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

KPMG AZSA LLC
Osaka Office, Japan

Daisuke Harada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masatsugu Ohashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shoichiro Shigeta
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity and the related notes, and the supplementary schedules (“the financial statements and the supplementary schedules”) of Osaka Gas Co., Ltd. (“the Company”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, 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 Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, 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.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are 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 financial statements and the supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the supplementary schedules 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 Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Supplementary Schedules

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

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company'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.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules 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 financial statements and the supplementary schedules.

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 financial statements and the supplementary schedules, 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 Company'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 Company'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 financial statements and the supplementary schedules 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 Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors 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 corporate auditors and the board of corporate auditors 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 where applicable, related safeguards.

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 which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report

The Audit & Supervisory Board prepared this Audit & Supervisory Board's Report upon deliberation based on reports by each Audit & Supervisory Board Member regarding the execution by the Directors of their duties for the 204th fiscal year from April 1, 2021 to March 31, 2022. We report as follows:

1. Method and details of the audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established an audit policy, an audit plan and other matters and has received reports from each Audit & Supervisory Board Member on the status of implementation and the results of the audit.

In addition, the Audit & Supervisory Board has received reports from Directors and the accounting auditor on the execution of their duties and requested explanations as necessary.

- (2) Each Audit & Supervisory Board Member has communicated with Directors, the internal auditing division and other employees in conformity with the auditing standards established by the Audit & Supervisory Board and pursuant to the audit policy, the audit plan and other matters. The audit has been implemented based on the following method.

(i) We have attended meetings of the Board of Directors and other important meetings and have interviewed Directors, employees and others as needed in respect of the status of execution of their duties. Furthermore, we have inspected important documents in respect of the authorization of corporate actions and inspected the operations and the assets of the Company at its head office and principal business offices. With regard to subsidiaries, we have communicated with Directors, Audit & Supervisory Board Members and others of the subsidiaries, and visited them as necessary in order to inspect their operations and assets.

(ii) Regarding the content as outlined in the business report of a resolution of the Board of Directors concerning the establishment of systems to ensure that Directors execute their duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of operations of the group of enterprises consisting of stock company and its subsidiaries as provided for in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act and the system (internal control system) established based on such resolution, we have received regular reports from Directors, employees and others on the status of the development and operation of such system, requested explanations as necessary and expressed our opinion thereon.

(iii) We have investigated whether the accounting auditor maintains its independency and conducts appropriate audits and received reports from the accounting auditor on the performance of its duties and requested explanations as necessary. Furthermore, we have received a notice from the accounting auditor that the "system to ensure that duties are properly performed" (stipulated in each item of Article 131 of the Corporate Accounting Ordinance) is established in accordance with the "Quality Management Standards concerning the Audit" (Financial Services Agency, Business Accounting Council) and other standards and requested explanations as necessary.

Based on the above method, we have examined the business report, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in equity and notes to non-consolidated financial statements) and their supporting schedules and the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and notes to consolidated financial statements) for the fiscal year under review.

2. Results of the audit

(1) Results of the audit of the business report, etc.

- (i) The business report and its supporting schedules give a fair and proper account of the Company's business in accordance with applicable laws and regulations and the Articles of Incorporation.
- (ii) No misconduct or material facts that are in breach of applicable laws and regulations or the Articles of Incorporation have been detected in respect of the execution by Directors of their duties.
- (iii) The content of the resolution of the Board of Directors concerning the internal control system is fair and proper. In addition, there is no matter of concern regarding the contents of the business report and the execution by Directors of their duties in respect of the internal control system.

(2) Results of the audit of the non-consolidated financial statements and their supporting schedules

Methods used by KPMG AZSA LLC as the accounting auditor for this audit, and the results thereof, are fair and proper.

(3) Results of the audit of the consolidated financial statements

Methods used by KPMG AZSA LLC as the accounting auditor for this audit, and the results thereof, are fair and proper.

May 24, 2022

OSAKA GAS CO., LTD., Audit & Supervisory Board

| | |
|--------------------|--|
| Toshimasa Fujiwara | Full-Time Audit & Supervisory Board Member |
| Hisaichi Yoneyama | Full-Time Audit & Supervisory Board Member |
| Yoko Kimura | Outside Audit & Supervisory Board Member |
| Eiji Hatta | Outside Audit & Supervisory Board Member |
| Shigemi Sasaki | Outside Audit & Supervisory Board Member |

(References)

Sustainability Initiatives

Through its business activities, the Group aims to achieve sustainable economic growth and resolve social issues by addressing recent climate change issues, human rights issues, and the Sustainable Development Goals (SDGs).

To realize this goal, we are accelerating ESG-conscious management by identifying material issues (Materiality) that should be prioritized by the Group, setting key performance indicators (KPIs), and conducting management based on them, taking into consideration the significant impact of sustainability on corporate performance, etc., and the significant impact of the company on the environment and society.

For more information on the Group's sustainability initiatives, please refer to our Sustainability website or our Integrated Report*.

(*) In October 2021, we published the Integrated Report 2021 by integrating the Annual Report and the CSR Report, which were previously issued separately, and provided information including an overview of our Group, management vision, financial condition, and initiatives related to ESG management. The report is enhanced with financial and non-financial information on the Group's low-carbon/decarbonization efforts and DX initiatives, based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

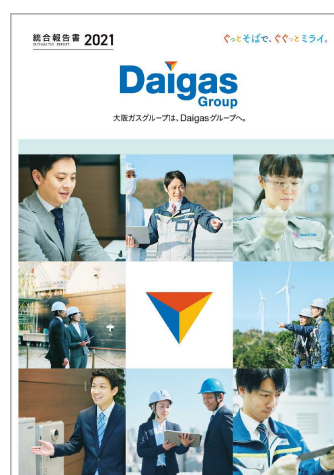
[Sustainability website]

<https://www.daigasgroup.com/en/sustainability/>



[Integrated Report]

<https://www.osakagas.co.jp/en/ir/library/ar/>



INTEGRATED REPORT 2021