



Fiscal Year Ended March 31, 2023

Brief Report of Consolidated Financial Statements (Japanese GAAP)

* This document is an English translation of materials originally disclosed in Japanese and is provided for reference purpose only.

May 8, 2023

Name of Listed Company	: Osaka Gas Co., Ltd.	Listed Exchange:	Prime Market of Tokyo
Code No.	: 9532	URL:	https://www.osakagas.co.jp/en/
Representative Officer	: Title: President	Name:	Masataka Fujiwara
Contact	: Title: Manager, Finance Dept.	Name:	Shinji Konno
Scheduled Date of Annual General Meeting of Shareholders	: June 23, 2023		
Scheduled Date of Financial Report Filing with the Financial Services Agency	: June 23, 2023		
Scheduled Date of Dividend Payment	: June 26, 2023		
Preparation of Supplementary Explanation Documents for Operating Results	: Yes		
Holding of an Informational Meeting for Operating Results	: Yes (for institutional investors and analysts)		

(Amounts less than one million yen are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Consolidated Operating Results

(% of change from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2023	2,275,113	43.0	60,001	-39.5	75,649	-33.4	57,110	-56.2
Year ended March 31, 2022	1,591,120	16.6	99,201	-11.8	113,525	-11.1	130,421	61.3

(Note) Comprehensive income: Year ended March 31, 2023 146,373 million yen (-30.6% YoY)
Year ended March 31, 2022 210,905 million yen (94.0% YoY)

	Earnings per share	Diluted earnings per share	Profit /Shareholders' equity	Ordinary profit /Total assets	Operating profit /Net sales
	yen	yen	%	%	%
Year ended March 31, 2023	137.39	-	4.3	2.8	2.6
Year ended March 31, 2022	313.69	-	11.0	4.6	6.2

<Reference> Share of profit of entities accounted for using equity method: Year ended March 31, 2023 12,929 million yen
Year ended March 31, 2022 12,841 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity /Total assets	Shareholders' equity per share
	million yen	million yen	%	yen
As of March 31, 2023	2,819,589	1,417,178	49.3	3,347.34
As of March 31, 2022	2,588,086	1,296,089	49.1	3,059.40

<Reference> Shareholders' equity: As of March 31, 2023 1,391,421 million yen
As of March 31, 2022 1,271,617 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
	million yen	million yen	million yen	million yen
Year ended March 31, 2023	33,572	(203,938)	119,617	84,793
Year ended March 31, 2022	145,350	(152,163)	(30,479)	130,769

2. Dividends

	Dividends per share					Total dividends (full year)	Payout ratio (consolidated)	Dividends /Shareholders' equity (consolidated)
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2022	-	27.50	-	30.00	57.50	23,903	18.3	2.0
Year ended March 31, 2023	-	30.00	-	30.00	60.00	24,940	43.7	1.9
Year ending March 31, 2024 (Forecast)	-	32.50	-	32.50	65.00		23.3	

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

		(% of change from the previous fiscal year.)							
Full year	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
	2,017,000	-11.3	139,500	132.5	159,000	110.2	116,000	103.1	279.06

* Notes

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2023
(changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards, etc.: Adopted
(ii) Changes in accounting policies other than (i) above: Adopted
(iii) Changes in accounting estimates: None
(iv) Restatements: None

(3) Issued shares (common shares)

(i) Number of issued shares at the end of each fiscal year (including treasury shares):	As of March 31, 2023	416,680,000 shares
	As of March 31, 2022	416,680,000 shares
(ii) Number of treasury shares at the end of each fiscal year:	As of March 31, 2023	1,000,693 shares
	As of March 31, 2022	1,036,697 shares
(iii) Average number of shares during each fiscal year:	Year ended March 31, 2023	415,671,496 shares
	Year ended March 31, 2022	415,770,531 shares

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Non-Consolidated Operating Results (% of change from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2023	1,716,757	—	-90,251	—	-77,471	—	-45,244	—
Year ended March 31, 2022	1,207,683	14.6	15,635	-74.2	63,202	-13.5	58,940	7.9

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2023	-108.85	-
Year ended March 31, 2022	141.76	-

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Net assets/Total assets	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2023	1,913,653	791,073	41.3	1,903.09
As of March 31, 2022	1,782,061	871,459	48.9	2,096.65

<Reference> Net assets As of March 31, 2023 791,073 million yen As of March 31, 2022 871,459 million yen

(*Reasons for differences in non-consolidated financial results from the previous fiscal year.

On April 1, 2022, the Company's general gas pipeline service business was succeeded by Osaka Gas Network Co., Ltd., by means of an absorption-type split. Due to this and other changes, there is a difference between the actual results for the previous fiscal year and those for the current fiscal year. The percentage change from the previous fiscal year has been omitted due to the inability to make appropriate comparisons with the previous fiscal year.

* This Brief Report of Consolidated Financial Statements is outside the scope of audit procedures by a certified public accountant or an audit firm.

* Notes on proper use of forecasts and other matters

1. Forward-looking statements contained in this document, including financial results forecasts, are based on information currently available to Osaka Gas Co., Ltd. ("the Company") and certain assumptions that the Company regards as reasonable. Actual results may differ significantly from these forecasts due to various factors. As for notes regarding assumptions used for and the use of the financial results forecasts, please refer to "1. Overview of Operating Results, (4) Forecasts for the Next Fiscal Year" on Page 6 of the Attachment to this Brief Report of Consolidated Financial Statements.

2. The Company plans to hold a results briefing for institutional investors and analysts on May 9, 2023.

Immediately after the meeting, the presentation materials and contents will be made available on the Company's website.

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1. Overview of Operating Results

(1) Overview of Operating Results

(i) Overview of operating results

Consolidated net sales for the fiscal year ended March 31, 2023 increased by ¥683.9 billion (+43.0%) year-on-year to ¥2,275.1 billion. This was primarily due to the higher unit selling price of city gas under the fuel cost adjustment system and an increase in sales from a rise in LNG prices and in the Domestic Energy Business and an increase in sales from the upstream project in the USA and Australia in the International Energy Business. Consolidated ordinary profit decreased by ¥37.8 billion (-33.4%) year-on-year to ¥75.6 billion. This was because, while profit increased in the International Energy Business and the Life & Business Solutions Business, profit decrease in the Domestic Energy Business. In the Domestic Energy Business, although the negative impact of the time lag between fluctuations in raw material costs, etc. and their reflection in the unit selling prices(*1) diminished compared with the previous fiscal year, costs for LNG procurement(*2) increased. Profit attributable to owners of parent decreased by ¥73.3 billion (-56.2%) year-on-year to ¥57.1 billion.

The number of consolidated subsidiaries is currently 154, with 9 subsidiaries added and 5 removed since the fiscal year ended March 31, 2022. The number of equity method affiliates is currently 32 with 5 added and 3 removed since the fiscal year ended March 31, 2022.

(*1)There is a time lag between fluctuations in raw material costs and fuel costs and their reflection in the unit selling prices under the raw material and fuel costs adjustment system, which causes a temporary increase/decrease in profit.

(*2)A fire broke out at the liquefaction plant of the Freeport LNG Project (hereinafter “Project”), one of the Daigas Group’s (hereinafter “Group”) investments and LNG sources, and the Project’s operations at the plant had been suspended since. In response to the shutdown, we have prepared to secure replacement LNG for the volumes the Group originally planned to procure from the Project during the shutdown period and have arranged modification regarding the contracts related to its LNG procurement from the Project. The Project has restarted operations at the plant in February of this year.

(billion yen)

	Consolidated results	Compared with previous fiscal year(*)	
		increase/decrease	increase/decrease rate (%)
Net sales	2,275.1	+683.9	+43.0
Cost of sales	1,992.8	+716.5	+56.1
Selling, general and administrative expenses	222.2	+6.6	+3.1
Operating profit	60.0	-39.2	-39.5
Ordinary profit	75.6	-37.8	-33.4
Profit attributable to owners of parent	57.1	-73.3	-56.2

(*)Starting from the first quarter of this fiscal year, we prepare consolidated financial statements by following the “Regulation on Consolidated Financial Statements”. In these consolidated financial statements, figures for the previous fiscal year were calculated retroactively in accordance with the “Regulation on Consolidated Financial Statements”. Until the previous fiscal year, we followed the “Regulation on Consolidated Financial Statements” and the “Accounting Rules for Gas Utility” in preparing consolidated financial statements.

(ii) Overview of each Business Segment

a. Domestic Energy

Net sales increased by ¥630.9 billion (+47.1%) year-on-year to ¥1,971.6 billion. This was primarily due to the higher unit selling price of city gas under the fuel cost adjustment system and an increase in sales from a rise in LNG prices. Segment loss was ¥27.3 billion (segment profit for the previous fiscal year was ¥44.1 billion). This was primarily due to increased costs for LNG procurement(*2), although the negative impact of the time lag between fluctuations in raw material costs, etc. and their reflection in the unit selling prices(*1) diminished compared with the previous fiscal year.

(*1)(*2) please refer to “ (i) Overview of operating results”

(Domestic Gas Sales Breakdown)

		Fiscal year ended March 31, 2023	YoY Changes rate (%)
Gas sales volume (million m ³)	Residential	1,697	-8.2
	Non-residential, etc.	5,148	-1.8
	Total	6,845	-3.5
Number of gas supply (thousands)		5,004	-0.4

[45MJ/m³]

(Domestic Electricity Sales Breakdown)

		Fiscal year ended March 31, 2023	YoY Changes rate (%)
Electricity sales volume (GWh)	Retail	6,390	+3.3
	Wholesale, etc.	9,493	-10.2
	Total	15,883	-5.2
Number of low-voltage electricity supply (thousands)		1,707	+5.8

b. International Energy

Net sales increased by ¥42.5 billion (+52.6%) year-on-year to ¥123.2 billion. This was primarily due to an increase in sales from the upstream project in the USA and Australia. Segment profit increased by ¥25.3 billion (+57.3%) year-on-year to ¥69.7 billion. This was primarily due to an increase in profit from the upstream project in the USA and Australia.

c. Life & Business Solutions

Net sales increased by ¥21.4 billion (+9.1%) year-on-year to ¥258.5 billion. This was primarily due to an increase in sales in the Materials Solutions Business and the Real Estate Business. Segment profit increased by ¥5.7 billion (+24.3%) year-on-year to ¥29.2 billion. This was primarily due to an increase in profit from the Materials Solutions Business and the Real Estate Business.

(billion yen)

	Domestic Energy	International Energy	Life & Business Solutions	Adjustments	Consolidated
Net sales	+47.1% 1,971.6 [+630.9]	+52.6% 123.2 [+42.5]	+9.1% 258.5 [+21.4]	-78.4	+43.0% 2,275.1 [+683.9]
Segment profit (loss)	— -27.3 [-71.4]	+57.3% 69.7 [+25.3]	+24.3% 29.2 [+5.7]	1.3	-34.9% 72.9 [-39.1]

The percentage figures at the upper left corner of each box represent the changes from the fiscal year ended March 31, 2022. The figures in [] brackets in each box represent the changes from the fiscal year ended March 31, 2022.

(2) Overview of Financial Position**(Assets, Liabilities, and Net Assets)**

Starting from the first quarter of this fiscal year, we prepare consolidated financial statements by following the “Regulation on Consolidated Financial Statements”. Until the previous fiscal year, we followed the “Regulation on Consolidated Financial Statements” and the “Accounting Rules for Gas Utility” in preparing consolidated financial statements. As of the end of the previous fiscal year, “Property, plant and equipment” was classified by function in accordance with the “Accounting Rules for Gas Utility”, but since the first quarter of this fiscal year, it is classified by form in accordance with the “Regulation on Consolidated Financial Statements”. The amounts at the end of the previous fiscal year have been prepared on a retrospective basis.

Total assets increased by ¥231.5 billion year-on-year to ¥2,819.5 billion. This was primarily due to an increase in property, plant and equipment, resulting from progress of investment activities, and an increase in inventories. Liabilities increased by ¥110.4 billion year-on-year to ¥1,402.4 billion, primarily due to an increase in interest-bearing debts reflecting issuance of commercial papers, and net assets increased by ¥121.0 billion year-on-year to ¥1,417.1 billion.

As a result, the ratio of shareholders' equity to total assets increased to 49.3% as of March 31, 2023 compared with 49.1% as of March 31, 2022.

(billion yen)

	As of March 31, 2023	As of March 31, 2022	YoY Changes
Total assets	2,819.5	2,588.0	+231.5
Total liabilities	1,402.4	1,291.9	+110.4
Total net assets	1,417.1	1,296.0	+121.0
Total liabilities and net assets	2,819.5	2,588.0	+231.5

(3) Overview of Cash Flows

For the fiscal year ended March 31, 2023, net cash provided by operating activities amounted to ¥33.5 billion, due to the addition of depreciation to profit before income taxes and the addition/subtraction of income taxes paid and other payments. Net cash used in investing activities amounted to ¥203.9 billion, mainly due to the purchase of property, plant and equipment. Net cash provided by financing activities amounted to ¥119.6 billion, mainly due to a net increase in commercial papers.

Consequently, a net decrease in cash and cash equivalents in the fiscal year ended March 31, 2023 amounted to ¥45.9 billion.

With the addition of the balance of ¥130.7 billion as of the beginning of the fiscal year ended March 31, 2023, the balance of cash and cash equivalents as of the end of the fiscal year ended March 31, 2023 amounted to ¥84.7 billion.

(billion yen)

	Fiscal year ended March 31, 2023 (Apr. '22 - Mar. '23)	Fiscal year ended March 31, 2022 (Apr. '21 - Mar. '22)	YoY Changes
Cash flows from operating activities	33.5	145.3	-111.7
Cash flows from investing activities	(203.9)	(152.1)	-51.7
Cash flows from financing activities	119.6	(30.4)	+150.0
Net increase (decrease) in cash and cash equivalents	(45.9)	(35.9)	-9.9
Cash and cash equivalents at end of period	84.7	130.7	-45.9
Balance of interest-bearing debts at end of period	981.5	815.0	+166.4

Free cash flow* : ¥ -170.3 billion [¥-6.8 billion for the fiscal year ended March 31, 2022]

* Free cash flow = Cash flows from operating activities - Cash flows from investing activities

The following table shows results and forecasts for capital expenditures.

(Reference) Capital Expenditures: Results and Forecasts

(billion yen)

	Forecast for fiscal year ending March 31, 2024 (Apr. '23 - Mar. '24)	Fiscal year ended March 31, 2023 (Apr. '22 - Mar. '23)	Fiscal year ended March 31, 2022 (Apr. '21 - Mar. '22)
Consolidated	214.0	195.3	189.3

(4) Forecasts for the Next Fiscal Year

Consolidated net sales for the fiscal year ending March 31, 2024 is expected to decrease by ¥258.1 billion (-11.3%) year-on-year to ¥2,017.0 billion. This is mainly due to an assumption of the lower unit selling price of city gas under the fuel cost adjustment system. Consolidated ordinary profit is expected to increase by ¥83.3 billion (+110.2%) year-on-year to ¥159.0 billion. This is primarily due to an increase in profit in reaction to the absence of costs and losses associated with a fire broken out at the liquefaction plant of the Freeport LNG Project in this fiscal year. Profit attributable to owners of parent is expected to decrease by ¥58.8 billion (+103.1%) year-on-year to ¥116.0 billion.

(billion yen)

	Forecast for fiscal year ending March 31, 2024 (Apr. '23 - Mar. '24)	Compared with fiscal year ended March 31, 2023	
		YoY Changes	YoY Changes rate (%)
Net sales	2,017.0	-258.1	-11.3
Operating profit	139.5	+79.4	+132.5
Ordinary profit	159.0	+83.3	+110.2
Profit attributable to owners of parent	116.0	+58.8	+103.1

(Reference) Assumptions for the crude oil price and exchange rate (April 1, 2023 - March 31, 2024)

Crude oil price (All Japan CIF price) at 85USD/bbl

Exchange rate (TTM) at 135JPY/USD

2. Policy for Selecting an Accounting Standard

The Company will adopt Japanese GAAP as its accounting standard for the time being. The adoption of the IFRS will be considered in view of the business environment and the impact of its adoption.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	131,089	85,087
Notes and accounts receivable - trade, and contract assets	227,118	279,602
Lease receivables and investments in leases	59,047	58,732
Inventories	145,445	219,380
Other	145,589	139,265
Allowance for doubtful accounts	(639)	(1,132)
Total current assets	707,651	780,936
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	188,637	187,685
Machinery, equipment and vehicles, net	580,547	616,247
Land	222,350	231,327
Construction in progress	138,915	182,611
Other, net	25,831	25,917
Total property, plant and equipment	1,156,281	1,243,788
Intangible assets	95,251	105,120
Investments and other assets		
Investment securities	359,225	440,911
Retirement benefit asset	118,693	116,038
Deferred tax assets	64,481	35,148
Other	87,232	98,343
Allowance for doubtful accounts	(731)	(699)
Total investments and other assets	628,901	689,743
Total non-current assets	1,880,434	2,038,652
Total assets	2,588,086	2,819,589

(million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	104,935	69,142
Other	295,254	390,656
Total current liabilities	400,190	459,798
Non-current liabilities		
Bonds payable	364,998	425,018
Long-term borrowings	350,502	386,516
Retirement benefit liability	18,853	19,703
Other	157,452	111,372
Total non-current liabilities	891,806	942,611
Total liabilities	1,291,996	1,402,410
Net assets		
Shareholders' equity		
Share capital	132,166	132,166
Capital surplus	19,071	19,096
Retained earnings	977,907	1,010,078
Treasury shares	(2,115)	(2,045)
Total shareholders' equity	1,127,030	1,159,295
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	67,905	68,085
Deferred gains or losses on hedges	(15,313)	25,268
Revaluation reserve for land	(737)	(1,947)
Foreign currency translation adjustment	39,108	97,838
Remeasurements of defined benefit plans	53,624	42,881
Total accumulated other comprehensive income	144,586	232,125
Non-controlling interests	24,472	25,757
Total net assets	1,296,089	1,417,178
Total liabilities and net assets	2,588,086	2,819,589

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(million yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Net sales	1,591,120	2,275,113
Cost of sales	1,276,354	1,992,892
Gross profit	314,766	282,221
Selling, general and administrative expenses	215,564	222,219
Operating profit	99,201	60,001
Non-operating income		
Interest income	2,017	4,308
Dividend income	3,179	3,894
Share of profit of entities accounted for using equity method	12,841	12,929
Other	14,728	17,816
Total non-operating income	32,767	38,950
Non-operating expenses		
Interest expenses	10,400	13,167
Other	8,042	10,134
Total non-operating expenses	18,443	23,302
Ordinary profit	113,525	75,649
Extraordinary income		
Gain on sale of investment securities	-	17,418
Gain on sale of shares of subsidiaries and associates	17,773	-
Insurance claim income	6,052	-
Total extraordinary income	23,825	17,418
Extraordinary losses		
Impairment losses	16,013	4,470
Loss on disaster	-	4,887
Loss on tax purpose reduction entry of non-current assets	2,335	-
Total extraordinary losses	18,349	9,357
Profit before income taxes	119,002	83,710
Income taxes - current	24,274	28,869
Income taxes - deferred	(41,107)	(3,717)
Total income taxes	(16,832)	25,151
Profit	135,834	58,558
Profit attributable to non-controlling interests	5,413	1,448
Profit attributable to owners of parent	130,421	57,110

Consolidated Statements of Comprehensive Income

(million yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31,2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31,2023)
Profit	135,834	58,558
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,965)	142
Deferred gains or losses on hedges	7,370	16,262
Revaluation reserve for land	-	(1,209)
Foreign currency translation adjustment	33,136	58,271
Remeasurements of defined benefit plans	19,304	(10,590)
Share of other comprehensive income of entities accounted for using equity method	17,224	24,940
Total other comprehensive income	75,070	87,815
Comprehensive income	210,905	146,373
(Breakdown)		
Comprehensive income attributable to owners of parent	204,657	144,648
Comprehensive income attributable to non-controlling interests	6,247	1,725

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	132,166	19,469	861,746	(1,852)	1,011,530
Cumulative effects of changes in accounting policies			8,607		8,607
Restated balance	132,166	19,469	870,354	(1,852)	1,020,138
Changes during period					
Dividends of surplus			(22,867)		(22,867)
Profit attributable to owners of parent			130,421		130,421
Purchase of treasury shares				(357)	(357)
Disposal of treasury shares		3		94	97
Change in ownership interest of parent due to transactions with non-controlling interests		(401)			(401)
Net changes in items other than shareholders' equity					
Total changes during period	-	(398)	107,553	(263)	106,892
Balance at end of period	132,166	19,071	977,907	(2,115)	1,127,030

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	69,811	(30,365)	(737)	(2,383)	34,025	70,350	32,716	1,114,597
Cumulative effects of changes in accounting policies								8,607
Restated balance	69,811	(30,365)	(737)	(2,383)	34,025	70,350	32,716	1,123,205
Changes during period								
Dividends of surplus								(22,867)
Profit attributable to owners of parent								130,421
Purchase of treasury shares								(357)
Disposal of treasury shares								97
Change in ownership interest of parent due to transactions with non-controlling interests								(401)
Net changes in items other than shareholders' equity	(1,906)	15,051		41,492	19,598	74,236	(8,243)	65,992
Total changes during period	(1,906)	15,051	-	41,492	19,598	74,236	(8,243)	172,884
Balance at end of period	67,905	(15,313)	(737)	39,108	53,624	144,586	24,472	1,296,089

For the fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	132,166	19,071	977,907	(2,115)	1,127,030
Changes during period					
Dividends of surplus			(24,939)		(24,939)
Profit attributable to owners of parent			57,110		57,110
Purchase of treasury shares				(38)	(38)
Disposal of treasury shares		25		108	133
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	25	32,170	69	32,265
Balance at end of period	132,166	19,096	1,010,078	(2,045)	1,159,295

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	67,905	(15,313)	(737)	39,108	53,624	144,586	24,472	1,296,089
Changes during period								
Dividends of surplus								(24,939)
Profit attributable to owners of parent								57,110
Purchase of treasury shares								(38)
Disposal of treasury shares								133
Change in ownership interest of parent due to transactions with non-controlling interests								-
Net changes in items other than shareholders' equity	179	40,582	(1,209)	58,729	(10,742)	87,538	1,285	88,824
Total changes during period	179	40,582	(1,209)	58,729	(10,742)	87,538	1,285	121,089
Balance at end of period	68,085	25,268	(1,947)	97,838	42,881	232,125	25,757	1,417,178

(4) Consolidated Statements of Cash Flows

(million yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	119,002	83,710
Depreciation	108,902	119,823
Amortization of long-term prepaid expenses	5,431	5,687
Impairment losses	16,013	4,470
Decrease (increase) in retirement benefit asset	(8,502)	(11,608)
Interest and dividend income	(5,196)	(8,203)
Interest expenses	10,400	13,167
Share of loss (profit) of entities accounted for using equity method	(12,841)	(12,929)
Loss (gain) on sale of investment securities	(3,319)	(17,418)
Loss on tax purpose reduction entry of non-current assets	2,335	-
Decrease (increase) in trade receivables	(51,737)	(47,671)
Decrease (increase) in inventories	(47,701)	(65,358)
Increase (decrease) in trade payables	41,607	(40,794)
Increase (decrease) in accrued expenses	11,109	11,936
Other, net	(40,738)	13,881
Subtotal	144,768	48,692
Interest and dividends received	50,615	14,972
Interest paid	(10,559)	(12,367)
Income taxes paid	(39,474)	(17,723)
Net cash provided by (used in) operating activities	145,350	33,572
Cash flows from investing activities		
Purchase of property, plant and equipment	(173,450)	(172,079)
Proceeds from sale of property, plant and equipment	1,096	3,616
Purchase of intangible assets	(14,547)	(22,069)
Purchase of long-term prepaid expenses	(8,396)	(7,141)
Purchase of investment securities	(5,304)	(8,995)
Proceeds from sale of investment securities	4,136	21,086
Purchase of shares of subsidiaries and associates	(9,784)	(27,816)
Proceeds from sale of shares of subsidiaries and associates	52,302	4,414
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(564)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	3,649
Proceeds from collection of long-term loans receivable	4,800	3,544
Other, net	(3,016)	(1,581)
Net cash provided by (used in) investing activities	(152,163)	(203,938)

(million yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	-	68,999
Proceeds from long-term borrowings	42,844	80,069
Repayments of long-term borrowings	(60,388)	(39,566)
Proceeds from issuance of bonds	40,000	70,000
Redemption of bonds	(10,000)	(30,000)
Proceeds from share issuance to non-controlling shareholders	402	340
Dividends paid	(22,857)	(24,929)
Dividends paid to non-controlling interests	(7,859)	(778)
Repayments to non-controlling shareholders	(9,700)	(37)
Other, net	(2,920)	(4,481)
Net cash provided by (used in) financing activities	(30,479)	119,617
Effect of exchange rate change on cash and cash equivalents	1,299	4,772
Net increase (decrease) in cash and cash equivalents	(35,993)	(45,975)
Cash and cash equivalents at beginning of period	166,762	130,769
Cash and cash equivalents at end of period	130,769	84,793

(5) Notes to the Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Changes in Accounting Policies)

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

We have adopted the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Guidance No. 31, issued on June 17, 2021, hereinafter “Implementation Guidance on Fair Value Accounting Standard”) since the beginning of the first quarter of this fiscal year. In accordance with the transitional treatment set forth in Article 27-2 of the Implementation Guidance on the Fair Value Accounting Standard, the Implementation Guidance on Fair Value Accounting Standard has been adopted prospectively. There is no effect on the consolidated financial statements by adopting the guidance.

(Revenue Recognition for Gas Sales)

As a “deemed gas retailer formerly conducting general gas utility services” and pursuant to the Act for Partial Revision of the Electricity Business Act and Other Related Acts (Act No. 47 of 2015, hereinafter “Revised Act”), parts of our supply area in which proper competitive relations with other gas retailers or energy suppliers not being ensured were designated as “designated former service area” and transitional rate regulation was imposed on us in the area. The purpose of this regulation is to protect the interests of consumers against the full liberalization of gas retail business. Effective October 1, 2021, the designation as “designated former service area” for a “deemed gas retailer formerly conducting general gas utility services” was lifted, pursuant to Article 22, Paragraph 2 of the supplementary provisions on the Revised Act. Also, pursuant to the June 2015 amendment of the Gas Business Act, we, a general gas pipeline service business operator, have been prohibited from engaging also in the retail gas business or the gas production business from April 2022. The purpose of this amendment is to further secure neutrality of the gas pipeline service sector. In order to comply with the regulatory requirement and to establish a new organization to increase the value of our Group, we established Osaka Gas Network Co., Ltd., a wholly-owned subsidiary of the Company, on April 1, 2021 and transferred our general gas pipeline service business to the said subsidiary effective April 1, 2022 through absorption-type split.

Since we had been positioned as a “deemed gas retailer formerly conducting general gas utility services” and a “general gas pipeline service business operator”, we had prepared our non-consolidated and consolidated financial statements in accordance with the “Regulation on Financial Statements”, the “Regulation on Consolidated Financial Statements” and the “Accounting Rules for Gas Utility”. As transitional measures for a “deemed gas retailer formerly conducting general gas utility services” were lifted and we are no longer in a position of a “general gas pipeline service business operator”, we have prepared financial statements in accordance with the “Regulation on Financial Statements” since the beginning of the first quarter of this fiscal year. Along with this, we have prepared consolidated financial statements in accordance with the “Regulation on Consolidated Financial Statements” since the beginning of the first quarter of this fiscal year.

For the reasons given above, the way to recognize gas sales revenue has changed from recognizing gas fee calculated on the gas sales volume based on monthly meter readings as revenues for the month to reflecting the estimated usage amount for the period between the last meter reading day in the account closing month and the account closing date in accordance with Article 103-2 of the Implementation Guidance on Accounting Standard for Revenue Recognition. The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis.

As a result, consolidated net sales, operating profit, ordinary profit and profit before income taxes for the fiscal year ended March 31, 2022 each increased by 3,006 million yen compared to those before retrospective application. Notes and accounts receivable - trade for the previous fiscal year increased by 18,267 million yen, other in current liabilities increased by 1,660 million yen, other in non-current liabilities increased by 4,649 million yen and retained earnings increased by 2,164 million yen. Retained earnings at the beginning of previous fiscal year increased by 9,792 million yen as the cumulative effect amount was reflected to net assets at the beginning of the previous fiscal year.

(Segment Information)**a. Summary of reportable segments**

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

The Daigas Group operates its businesses through three reportable segments, the Domestic Energy Business, the International Energy Business and the Life & Business Solutions Business.

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

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

The method of accounting for reportable segments is generally the same as that stated in the basis for preparing consolidated financial statements. Intersegment revenue and transfers are determined according to prevailing market prices.

As described in "Changes in Accounting Policies", we have applied the Accounting Standard for Revenue Recognition to gas sales revenue since the beginning of this fiscal year, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis.

c. Information of sales, profit, assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(million yen)

	Reportable Segment			Total	Adjustments	Consolidated
	Domestic Energy	International Energy	Life & Business Solutions			
Net sales						
Sales to external customers	1,336,951	68,861	185,307	1,591,120	-	1,591,120
Transactions with other segments	3,832	11,918	51,778	67,529	(67,529)	-
Total	1,340,784	80,779	237,086	1,658,650	(67,529)	1,591,120
Segment profit						
Operating profit	41,903	33,742	23,516	99,162	39	99,201
Share of profit of entities accounted for using equity method	2,253	10,587	-	12,841	-	12,841
Total	44,157	44,330	23,516	112,003	39	112,043
Segment assets	1,522,813	677,097	438,178	2,638,088	(50,002)	2,588,086
Other items						
Depreciation	74,195	21,256	13,503	108,955	(2,730)	106,225
Amortization of goodwill	831	(7)	1,852	2,677	-	2,677
Investment in entities accounted for using equity method	23,893	167,765	-	191,659	-	191,659
Increase in property, plant and equipment and intangible assets	114,879	35,932	43,094	193,907	(4,589)	189,317

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(million yen)

	Reportable Segment			Total	Adjustments	Consolidated
	Domestic Energy	International Energy	Life & Business Solutions			
Net sales						
Sales to external customers	1,966,977	103,737	204,399	2,275,113	-	2,275,113
Transactions with other segments	4,716	19,562	54,144	78,423	(78,423)	-
Total	1,971,694	123,299	258,543	2,353,536	(78,423)	2,275,113
Segment profit (loss)						
Operating profit (loss)	(31,367)	60,831	29,237	58,701	1,300	60,001
Share of profit of entities accounted for using equity method	4,043	8,886	-	12,929	-	12,929
Total	(27,324)	69,718	29,237	71,631	1,300	72,931
Segment assets	1,576,809	829,581	453,058	2,859,449	(39,860)	2,819,589
Other items						
Depreciation	76,283	30,131	14,233	120,648	(3,178)	117,470
Amortization of goodwill	831	-	1,521	2,352	-	2,352
Investment in entities accounted for using equity method	38,754	221,652	-	260,406	-	260,406
Increase in property, plant and equipment and intangible assets	104,119	54,220	39,312	197,652	(2,321)	195,330

(Per Share Information)

	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Shareholders' equity per share	3,059.40 yen	3,347.34 yen
Earnings per share	313.69 yen	137.39 yen

(Notes)

1. Data on diluted earnings per share is not presented above, since there were no potential shares with a dilutive effect.
2. As described in "Changes in Accounting Policies", we have applied the Accounting Standard for Revenue Recognition to gas sales revenue since the beginning of this fiscal year, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis.
3. The following data was used for calculating earnings per share.

	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Profit attributable to owners of parent (million yen)	130,421	57,110
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent attributable to common share (million yen)	130,421	57,110
Average number of common shares during the fiscal year (thousand shares)	415,770	415,671

(Subsequent Events)

Not applicable