

2020 ANNUAL REPORT

Daigas Group

Osaka Gas Group is now Daigas Group



Continue to Be the First Choice

* The Daigas Group aims to be “an innovative energy & service company that continues to be the first choice of customers,” which is “our vision as formulated in the Long-term Management Vision 2030 and the Medium-term Management Plan 2020 ‘Going Forward, Beyond Borders.’”



Outline of the Daigas Group

Corporate Profile of Osaka Gas Co., Ltd. (As of March 31, 2020)

Head Office	4-1-2, Hiranomachi, Chuo-ku, Osaka 541-0046, Japan
Date of Establishment	April 10, 1897
Date of Founding	October 19, 1905
Net Sales *1	[Non-consolidated] ¥1,084.3 billion [Consolidated] ¥1,368.6 billion
Ordinary Profit *1	[Non-consolidated] ¥58.4 billion [Consolidated] ¥86.0 billion
Profit*1	[Non-consolidated] ¥44.9 billion [Consolidated] ¥41.7 billion *2
Share Capital	¥132,166 million
Number of Employees	[Non-consolidated] 5,271 (including executive officers, directors and temporary employees, and excluding employees temporarily transferred to affiliated companies) [Consolidated] 20,543

*1 Fiscal year ended March 31, 2020
*2 Profit attributable to owners of parent

Daigas Group Management Principle

The Daigas Group Management Principle consists of What the Daigas Group Aims To Be, the Daigas Group Declaration and our Corporate Motto. The Daigas Group carries out its business activities based on the Daigas Group Management Principle.

What the Daigas Group Aims To Be

Daigas Group powers continuous advancement in consumer and business life

Daigas Group Declaration

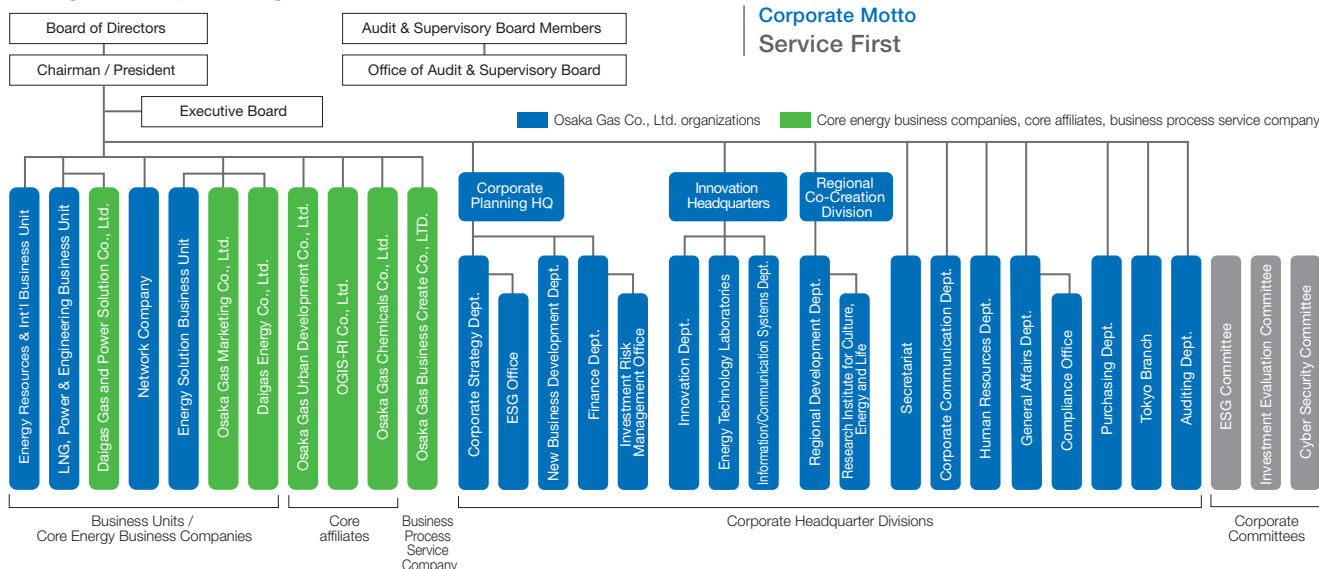
Daigas Group is creating four values

The Daigas Group is committed to creating value primarily for customers, as well as for society, shareholders, and employees.

Corporate Motto

Service First

Daigas Group Management Structure (As of April 1, 2020)



Editorial Policy

In Annual Report 2020, we pay particular attention to non-financial information in order to present how assets accumulated to date will lead to future value creation and realize sustainable growth to our stakeholders, which include shareholders and investors. We will continue to pursue further improvement of its content.

Forward-Looking Statements

These materials include forecasts on future performance, plans, and strategies, which are based on the judgment of the Group upon currently available information. Please note that actual financial results may differ from forecasts due to various factors. Factors that can affect actual financial results include economic trends in Japan, sharp fluctuations in exchange rates and crude oil prices, and extraordinary weather conditions.

Scope of This Report

Osaka Gas Co., Ltd. and its group companies

Period Covered

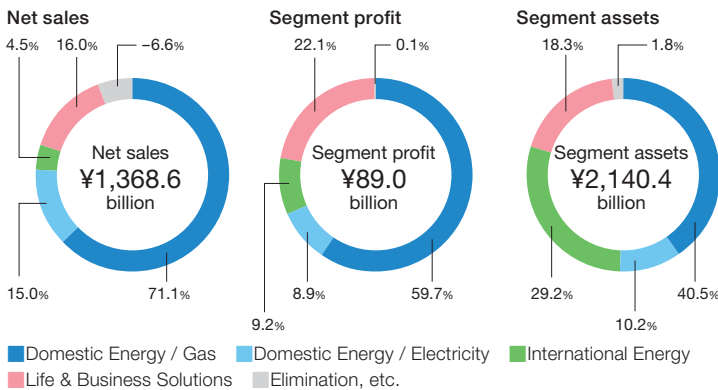
April 1, 2019, to March 31, 2020

*Matters on other periods are partially included.

of Customers

Main Business Lines of the Daigas Group (As of March 31, 2020)

Business segments	Main business lines
Domestic Energy / Gas	Production, supply and sale of city gas, sale of gas appliances, gas pipe installation, sale of LNG and LPG, sale of industrial gas
Domestic Energy / Electricity	Power generation, sale of electricity
International Energy	Development of and investment regarding oil and natural gas, energy supply, LNG transport
Life & Business Solutions	Development and leasing of real estate properties, information-processing services, sale of fine materials and carbon material products



Tool Map

The Daigas Group disseminates diverse information with a variety of tools in order to promote communication with stakeholders. The Daigas Group works on proactive information disclosure for better understanding of the Group.

	Leaflets (downloadable from the web)	Web
Financial information	<ul style="list-style-type: none"> Corporate Governance Reports Business Reports Securities Reports Annual Reports 	<ul style="list-style-type: none"> Investor Relations <p>https://www.osakagas.co.jp/evr/</p> 
Non-financial information	<ul style="list-style-type: none"> CSR Reports 	<ul style="list-style-type: none"> CSR <p>https://www.osakagas.co.jp/csr_e/</p> 

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Our Commitment



To be an innovative energy
and service company that
continues to be the first choice
of customers and achieve
sustainable growth
To maximize value for all
stakeholders

In presenting this Annual Report 2020, we wish to extend our greetings to all our stakeholders.

First of all, we would like to express our deepest condolences and sympathies to all those affected by COVID-19. We would also like to extend our sincere gratitude to the healthcare professionals and others working to prevent the spread of the disease.

The coronavirus pandemic has significantly impacted both global and domestic economic conditions, constraining economic activities and putting downward pressure on oil prices. It has also affected our way of life including our work style, pushing society into a phase of radical shift. Besides these impacts of COVID-19, the Japanese energy sector also faces drastic changes in the business environment: the severer competition in the fully deregulated gas and electricity retail markets, frequently occurring large-scale disasters in recent years, an intensifying movement of low-carbonization and decarbonization reflecting heightened awareness of climate change risks, and widely diversified customer values.

Under these circumstances, where it is difficult to have a clear business outlook, we strive to deliver stable energy supply as a company responsible for social infrastructure and to achieve sustainable growth as we adapt to ever-changing business conditions. In the meantime, we pursue the vision of “being an innovative energy and service company that continues to be the first choice of customers,” which we set in the Long-term Management Vision and the Medium-term Management Plan “Going Forward, Beyond Borders” announced in March 2017.

During the fiscal year ended March 31, 2020, we made significant progress in our International Energy Business especially in the U.S. such as the commencement of commercial operations of the Freeport LNG Project and the Fairview natural gas-fired power plant as well as the acquisition of all shares in Sabine Oil & Gas Corporation, a shale gas development company. In the fiscal year ending March 31, 2021, the final year of executing the current Medium-term Management Plan and the year to formulate the next one, we aim to maximize value for our customers and to reach the goals under the current Medium-term Management Plan as we develop strategies for future growth while preventing the spread of the coronavirus.

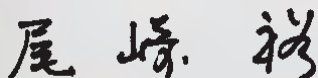
We also continue enhancing the ESG (Environment, Society and Governance)-conscious management to earn the trust of all stakeholders and to steadily create four types of value, namely value for customers, value for society, value for shareholders, and value for employees.

As we pursue the goals we set in the current Medium-term Management Plan, we deeply appreciate the continued support and encouragement of our stakeholders.

Message from the President

September 2020

Chairman



Hiroshi Ozaki

President

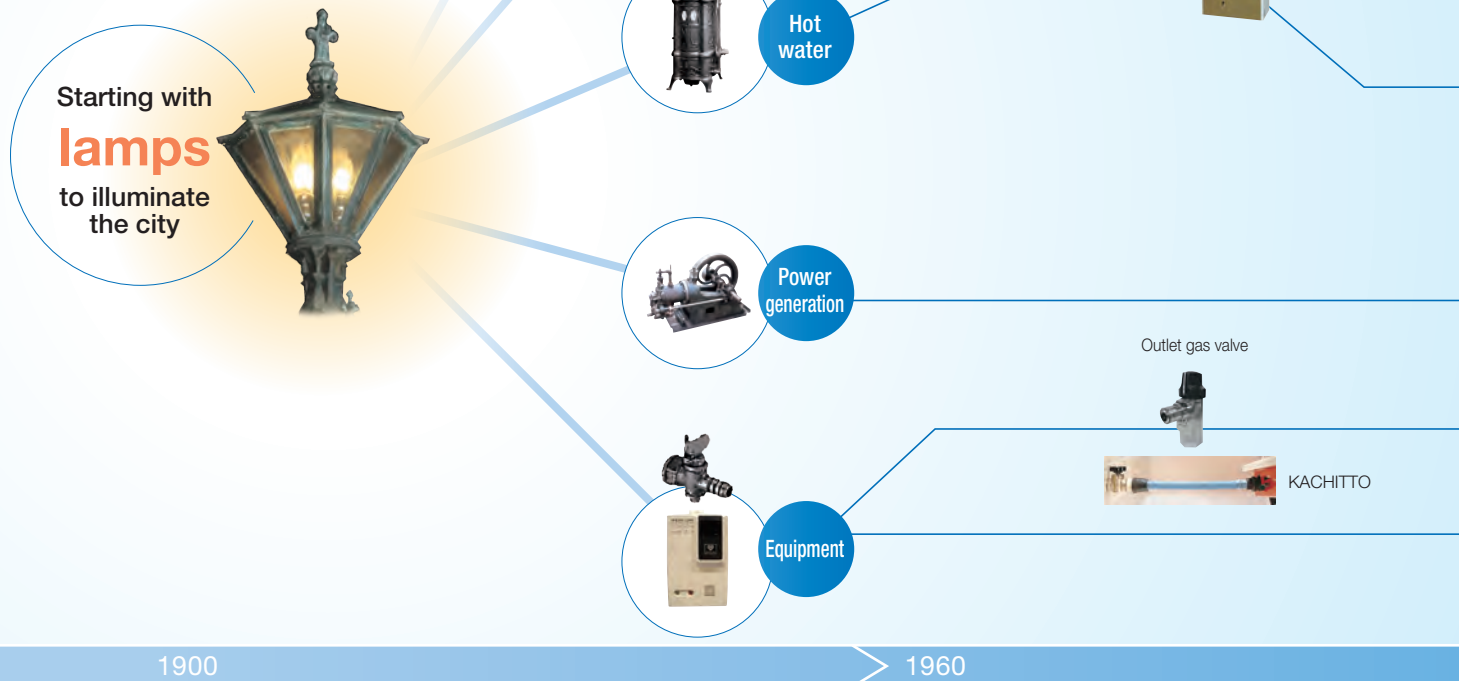


Takehiro Honjo

A Path of Growth

Overcoming Difficulties with a Bold Spirit of Promoting New Initiatives

The Daigas Group's gas business began with gas supply in 1905. In the over 110 years since, the gas business that started with lighting gas lamps has expanded into gas use for cooking, heating, hot water, and power generation, overcoming many obstacles as society evolved and lifestyles changed.



A Strong Relationship with Our Customers

With our corporate motto "Service First," we have built a strong relationship with customers by working closely with localities and customers themselves and by providing products and services that meet their needs. We use this strong relationship as a basis for expanding into new territories, from gas into electricity and home services to evolve into a corporate group that provides various products, services, and solutions.

- 1897** Osaka Gas Co., Ltd. established with capital of ¥350,000
- 1905** Iwasaki Plant established; gas supply begins
- 1924** Cooking classes at the head office begin
- 1933** Construction of Osaka Gas Building completed
- 1940** Operations begin at Torishima Plant (shut down in 1994)
- 1945** Company performs first and second merger
- 1949** Kinki Coke Distribution Co., Ltd. established (currently Osaka Gas Chemicals Co., Ltd.)



Osaka Gas Building



Cooking class

- 1955** First Gas Convention held
- 1960** Operations begin at Hokko Plant (shut down in 1989)
- 1963** Operations begin at Sakai Plant (shut down in 1990)
- 1965** Osaka Gas Real Estate Co., Ltd. established (currently Osaka Gas Urban Development Co., Ltd.)
- 1971** Operations begin at Senboku Plant
- 1972** Importing of LNG from Brunei begins
- 1975** Natural gas conversion begins (from 4,500 kcal/m³ to 11,000 kcal/m³)
- 1977** Operations begin at Senboku LNG Terminal II



Senboku Plant at start of operations (Osaka Prefecture)

Gas sales volume

(Fiscal year) 1905

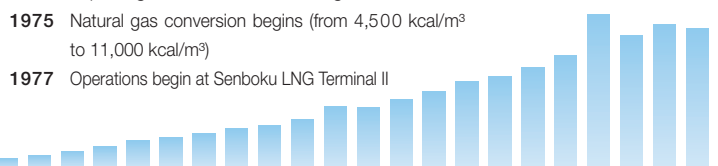
1920

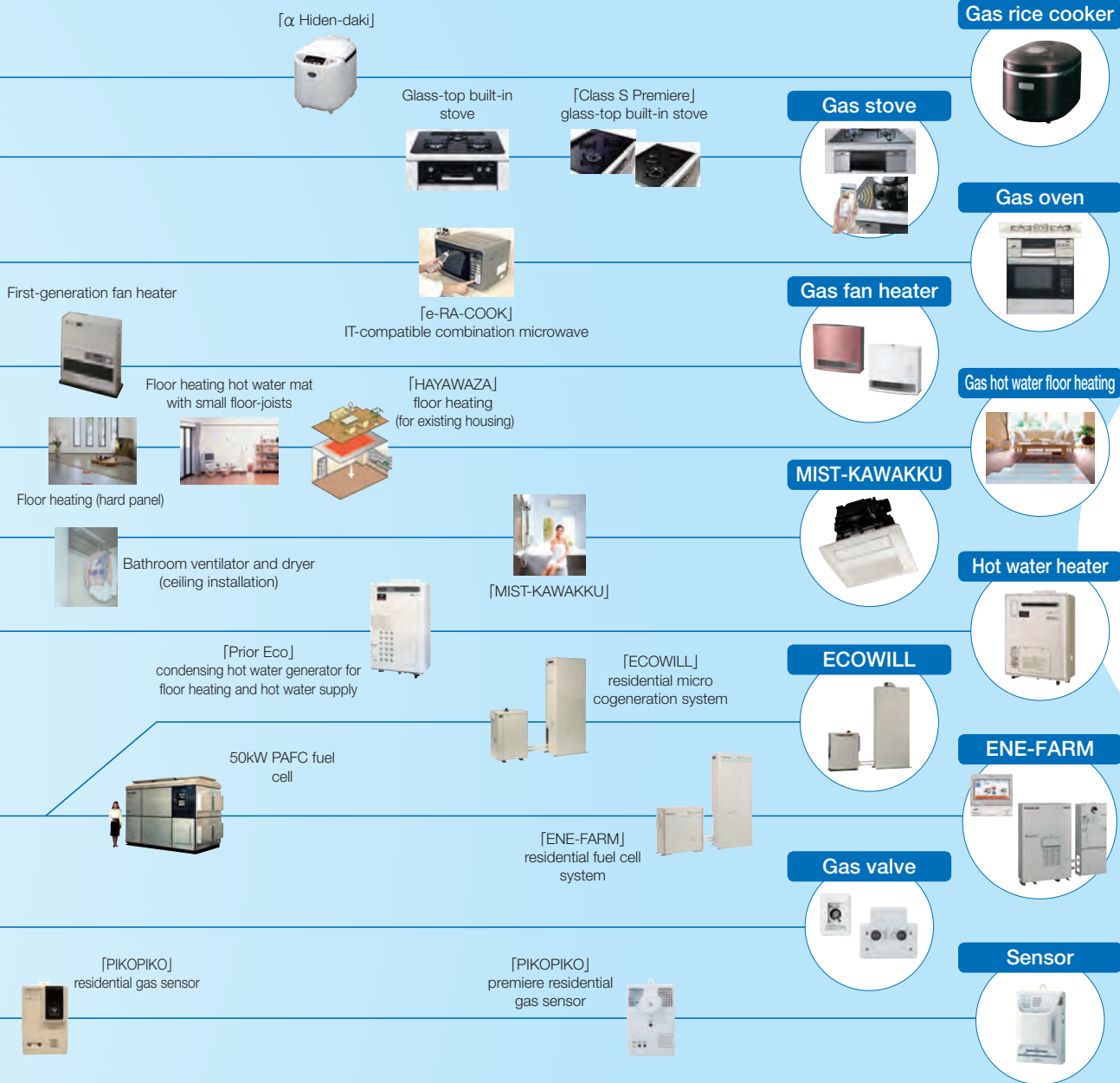
1940

1950

1960

1970





Developing advanced products

1980 2000 2010

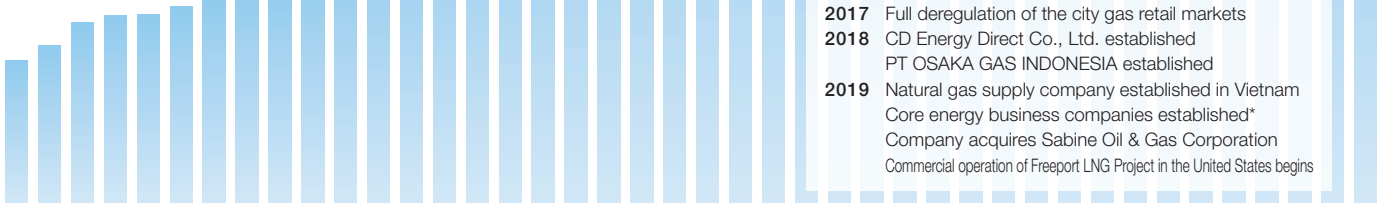
- 1983 OG Information System Co., Ltd. established (currently OGIS-RI Co., Ltd.)
- 1984 Operations begin at Himeji LNG Terminal
- 1989 Urbanex Co., Ltd. established (currently Osaka Gas Urban Development Co., Ltd.)
- 1990 Natural gas conversion completed
- 1991 Osaka Gas Chemicals Co., Ltd. established
- 1992 OGIS-RI Co., Ltd. established
- 1995 Great Hanshin-Awaji (Kobe) Earthquake



Himeji LNG Terminal at start of operations (Hyogo Prefecture)



Natural gas conversion completion ceremony



- 2004 Company participates in IPP projects in the United States
Himeji LNG Terminal's power generation facility goes into operation
- 2006 Wind power generation begins
- 2009 Operations begin at Senboku Natural Gas Power Plant
Company acquires interests of Gorgon LNG Project in Australia
- 2012 Company acquires interests of Ichthys LNG Project in Australia
- 2013 Gas sales in Singapore begins
Company acquires shares of Jacobi Carbons AB
- 2014 Energy services in Thailand begins
Company invests in Freeport LNG Project in the United States
- 2016 Company enters low-voltage electricity supply business
- 2017 Full deregulation of the city gas retail markets
CD Energy Direct Co., Ltd. established
- 2018 PT OSAKA GAS INDONESIA established
- 2019 Natural gas supply company established in Vietnam
Core energy business companies established*
Company acquires Sabine Oil & Gas Corporation
Commercial operation of Freeport LNG Project in the United States begins

*Osaka Gas Marketing Co., Ltd., Daigas Energy Co., Ltd., Daigas Gas and Power Solution Co., Ltd.

Value Creation Model

Dynamic and Innovative, Genuine and Studious



What the Daigas Group Aims To Be

Daigas Group powers continuous advancement in consumer and business life

Social issues

Climate change

Population decline in Japan

Stable supply of energy

Technical innovation

Efficient utilization of resources

Quality improvement investment

550.0 billion yen

(Total for FY2018.3 to FY2031.3)

Growth investment

1.45 trillion yen

(Total for FY2018.3 to FY2031.3)



Diversity promotion

Work-style reform promotion

Go beyond borders

Go beyond customer expectations

Always aim to provide services that go beyond customer expectations

Go beyond business boundaries

Expand business domains to contribute to the advancement of society, communities, and customers

Go beyond corporate boundaries

Actively promote alliances and M&A and broadly deploy businesses in Japan and overseas

Business domains

Domestic Energy

→ P.23



1 Gas manufacturing and sales*

2 Gas distribution

3 Electric power generation and sales

International Energy

→ P.31



4 International upstream and trading

5 International middle and downstream

LBS

→ P.35



6 Real estate

7 Materials

8 IT

9 New business fields and others

*Includes equipment sales, service sales, LNG sales, etc.

Innovative energy and service provider

Four types of value
Company that creates sustainable value

Creation of value for customers

Continuously meet customer expectations by creating services in diversified fields that contribute to higher levels of customer comfort, convenience, and security

Creation of value for society

Endeavor to ensure fairness and transparency in business activities and contribute to sustainable development of society and improvement of the global environment

Creation of value for shareholders

Based on a sound financial position, sustain long-term and stable growth and maximize corporate value

Creation of value for employees

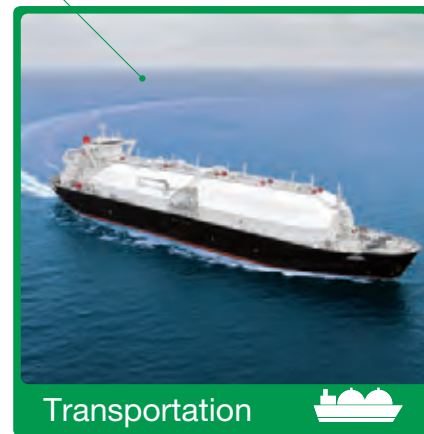
Respect employees' individuality and support them so that they can carry out work with a sense of purpose and grow as individuals

Contribution to sustainable development goals (SDGs)



Value Chain Data as of March 31, 2020

The Daigas Group is involved in the full range of processes from procurement and transportation of natural gas to production, power generation, supply, sales, and security of city gas. We are now exploring ways to strengthen the value chain. We aim to accomplish this by actively expanding new business domains both in Japan and internationally that utilize the expertise that we have gained through our operations to date.



We pursue stable procurement by concluding long-term purchase agreements and diversifying suppliers. In addition, we aim to achieve stable prices by diversifying price indicators through commencement of commercial operation of the Freeport LNG terminal in the United States.

We utilize our group carrier fleet to stabilize procurement and reduce transportation costs.

International Energy Business(upstream to middle and downstream)

Participation in upstream businesses and liquefaction businesses

We will contribute to the overall Group's revenue expansion and stabilization while realizing low-cost and stable procurement of LNG by participating in upstream businesses and liquefaction businesses to expand our business domains.



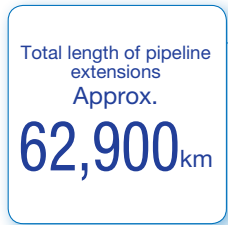
Ichthys LNG Project in Australia
Courtesy of INPEX CORPORATION



Sabine Shale Gas Project in the United States



Freeport LNG Terminal in the United States
Courtesy of Freeport LNG Development, L.P.



Participation in middle and downstream businesses

We aim to achieve sustainable growth by utilizing know-how and experience cultivated through domestic energy while realizing the improvement of business value for each project and independent business operation.



Fairview Natural Gas-Fired Thermal Power Plant in the United States



Michigan Power Natural Gas-Fired Thermal Power Plant in the United States



Artist's impression of completed Phu My 3 Specialized Industrial Park in Vietnam

Creation of Power Supply Portfolio

We aim to establish a competitive and environmentally friendly power supply portfolio by actively focusing on the development of renewable energy sources in addition to natural gas-fired thermal power plants.



Torishima Solar Power Plant

Service chain partners
Approx.

200 stores

Domestic Energy / Electricity Business

We operate power generation facilities with varying power sources, from natural gas-fired thermal power plants including the Senboku Natural Gas Power Plant to cogeneration and renewable energy sources, etc.

Electricity is supplied using the grids operated by Kansai Transmission and Distribution, Inc., and other companies to offer the same level of reliability and quality as always.

We accept requests 24 hours a day, 365 days a year to assure security and safety for our customers.

Power Generation

Electricity Supply

Security, Sales, and Services

Production of City Gas

Gas Supply

Security, Sales, and Services

We established a complete production system with two LNG terminals in Senboku and Himeji as well as 26 LNG tanks.

To support stable supply of city gas, we promote planned facility upgrades and development of the gas pipeline network.

We provide the best solutions that meet the various needs of households, factories, and offices.

Expansion of Wide-Area Businesses including the Greater Tokyo area

Expansion to the Greater Tokyo Area



Business development in Southeast Asia



Domestic Energy / Gas Business

Number of customer accounts*
Approx.

9.10 million

We actively apply technologies and expertise we have accumulated in the energy business, developing businesses that differ from the energy field to diversify business risk.

Real Estate Business

Materials Solutions Business

Information Solutions Business

Of which, number of low-voltage electricity supply customers
Approx.
1.32 million customers

Of which, number of gas supply customers
Approx.
5.34 million customers

LBS Business

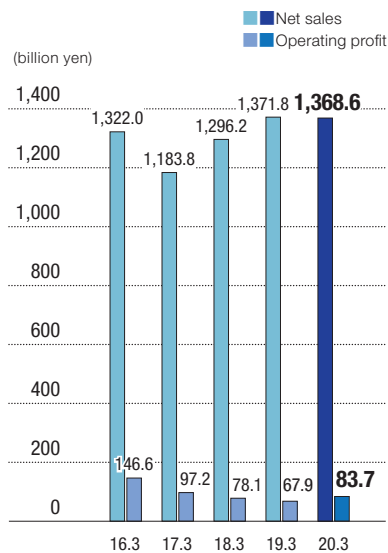
*Total number of contracts, including city gas, electricity, LPG, ENE-FARM, Sumikata Service, and utility agent contracts.

Financial Data

Net sales/Operating profit

Fiscal year ended March 31, 2020

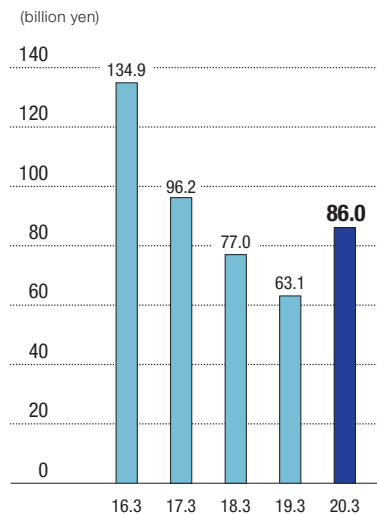
Net sales **¥1,368.6 billion** Operating profit **¥83.7 billion**



Ordinary profit

Fiscal year ended March 31, 2020

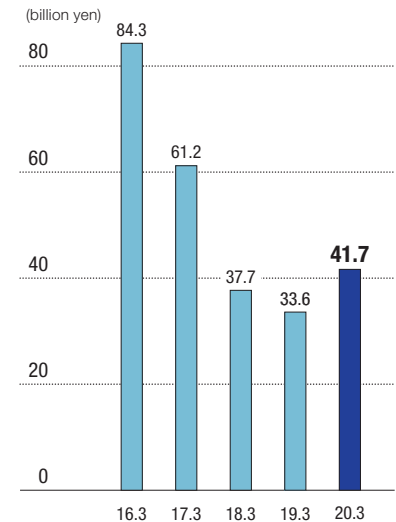
¥86.0 billion



Profit attributable to owners of parent

Fiscal year ended March 31, 2020

¥41.7 billion

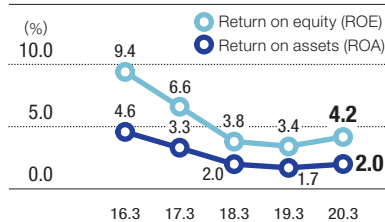


Return on equity (ROE)

Return on assets (ROA)*

Fiscal year ended March 31, 2020

ROE **4.2%** ROA **2.0%**

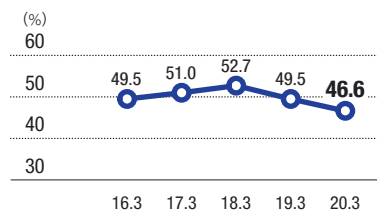


* Calculated taking in account of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

Shareholders' equity ratio*

As of March 31, 2020

46.6%

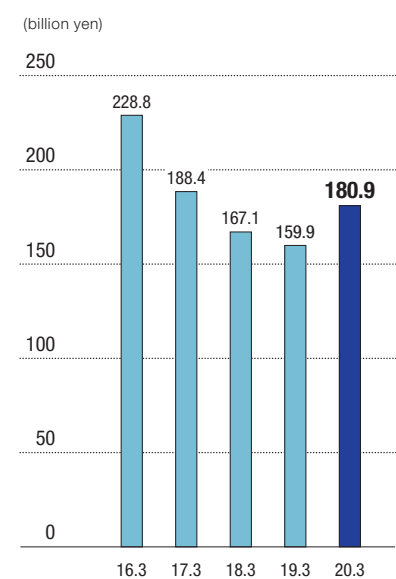


* Calculated taking in account of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

EBITDA

Fiscal year ended March 31, 2020

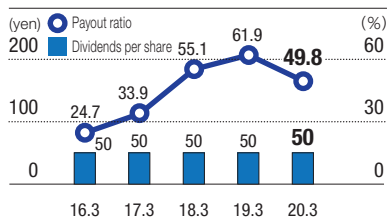
¥180.9 billion



Payout ratio/ Dividends per share*

Fiscal year ended March 31, 2020

Payout ratio **49.8%** Dividends per share **¥50**

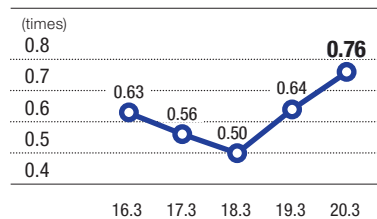


* Taking into account the effects of the 1-for-5 stock consolidation

Debt equity ratio

As of March 31, 2020

0.76 times

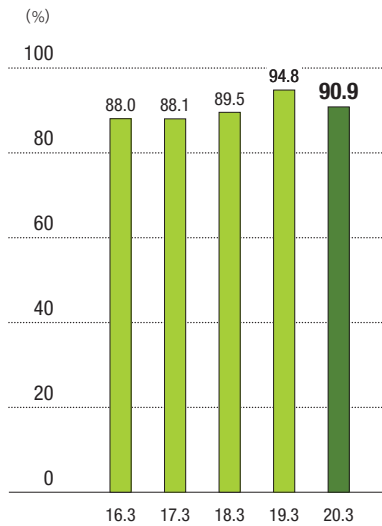


Non-Financial Data

Total shareholder return*1

Fiscal year ended March 31, 2020

90.9%

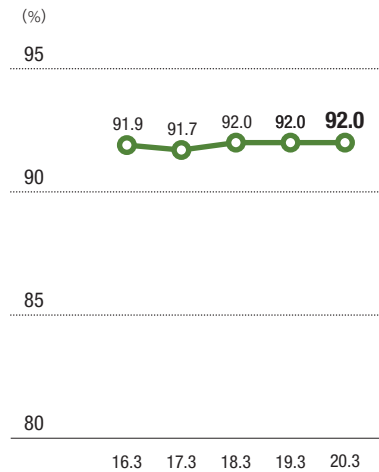


*1 Calculated based on data as of the end of March, 2015

Customer satisfaction (overall satisfaction*2)

Fiscal year ended March 31, 2020

92.0%



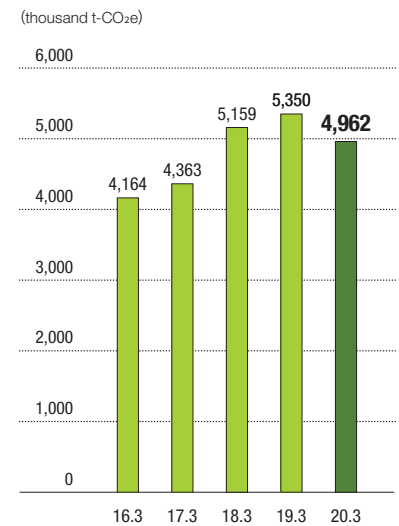
*2 Overall satisfaction:

Percentage of evaluations in the highest two ranks of a six-rank scale regarding customer satisfaction levels in seven areas of operation that have direct interaction with customers

Group greenhouse gas emissions*3

Fiscal year ended March 31, 2020

4,962 thousand t-CO₂e

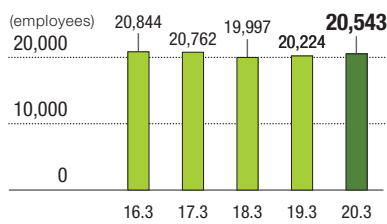


*3 Environmental performance data for the fiscal year ended March 31, 2020 was reported on the website following third-party verification by Bureau Veritas Japan Co., Ltd.

Number of group employees

As of March 31, 2020

20,543

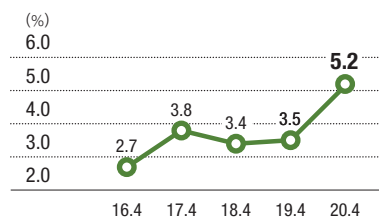


Percentage of women in managerial positions (Osaka Gas)

As of April 2020

Target 5.0% by 2020 **5.2%**

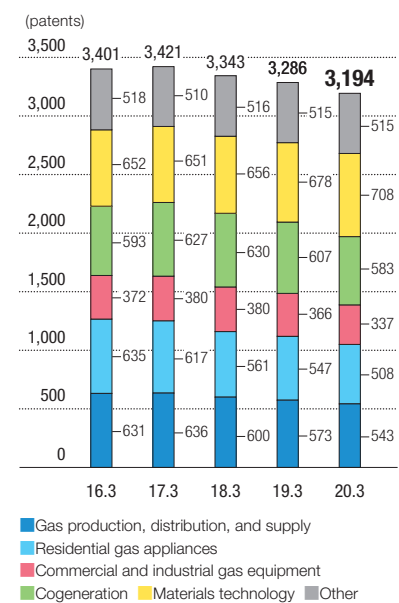
* Increased due to the impact of the Group reorganization in April 2020



The Daigas Group's patent portfolio by business type

Fiscal year ended March 31, 2020

3,194 patents

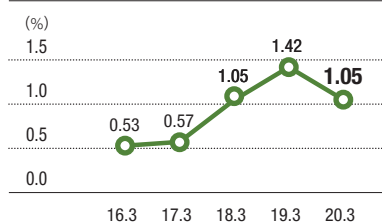


■ Gas production, distribution, and supply
 ■ Residential gas appliances
 ■ Commercial and industrial gas equipment
 ■ Cogeneration ■ Materials technology ■ Other

Job turnover rate (Osaka Gas employees under age 50)

Fiscal year ended March 31, 2020

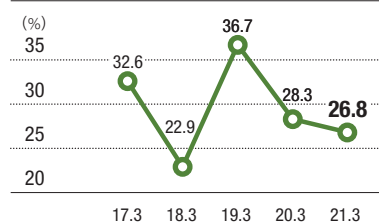
1.05%



Percentage of new women graduates in career-track positions (Osaka Gas)

Fiscal year ending March 31, 2021

26.8%



Message from the President

Introduction

During the three years since March 2017 when we announced the Long-term Management Vision 2030 and Medium-term Management Plan 2020 “Going forward, Beyond Borders,” the business environment continued to change drastically, with the competition intensifying in the fully deregulated energy markets, large-scale disasters hitting the country increasingly frequently, and customer values widely diversifying. This situation goes beyond our base assumption for the Long-term Management Vision anticipating the impact of the population decline in the Kansai area and the liberalization in the retail markets of gas and electricity.

Amid these changes, we have built new business structures and foundations in Japan and overseas to enhance the four types of value we provide to our stakeholders, namely value for customers, value for society, value for shareholders, and value for employees. This demonstrates our unwavering commitment to realize our vision of becoming “an innovative energy and service company that continues to be the first choice of customers” as stated in the Long-term Management Vision as well as to accomplish our aim of “powering continuous advancement in consumer life and business” under the “Service First” Corporate Motto, which has been passed on since the Group’s founding. We have also introduced a new Group brand, the “Daigas Group,” to strengthen the ties among our Group employees who are deployed globally. We continue to take on various challenges to “go beyond borders” in response to changes in the business conditions in order to achieve sustainable growth.

Under the current circumstances where the business environment is undergoing even greater change mainly due to the spread of the coronavirus, we strive to ensure the stable energy supply to our customers while preventing the spread of the infection. In 2020, we continue our endeavors to go beyond customer expectations, business boundaries, and corporate boundaries as we respond flexibly to changes in the business landscape, in order to maximize the value we provide to our customers.

President

本莊武宏

Takehiro Honjo



Progress toward Sustainable Growth

In the fiscal year ended March 31, 2020 ("FY2020.3"), we made progress that will lead to future sustainable growth in the Domestic Energy Business and the International Energy Business, by following the policies formulated in the Medium-term Management Plan. In the Domestic Energy Business, we established core energy business companies and restructured our organization while increasing customer accounts and enhancing energy rate plan options and services. For further expansion, we built up a business foundation in the greater Tokyo area and developed new power plants. In the International Energy Business, we acquired a company in the upstream business and advanced construction work toward commencement of commercial operations of a natural gas liquefaction facility and a power plant. As a remarkable milestone in the International Energy Business, we succeeded in developing business outside Japan we participate in as a core player, advancing to the next stage toward accumulating the expertise and achieving independent growth as a local business operator. We have also enhanced the stability in LNG procurement and city gas supply by diversifying procurement sources and reinforcing pipeline network. In promoting safety and security in our customers' gas usage, we improved standards of maintenance and disaster prevention.

Domestic Energy Business—Organizational Restructuring

To ensure sustainable growth in the Domestic Energy Business as we adapt to changes in the business conditions, we need to continue to be the customers' first choice that they can count on for maximizing their value and responding to their needs

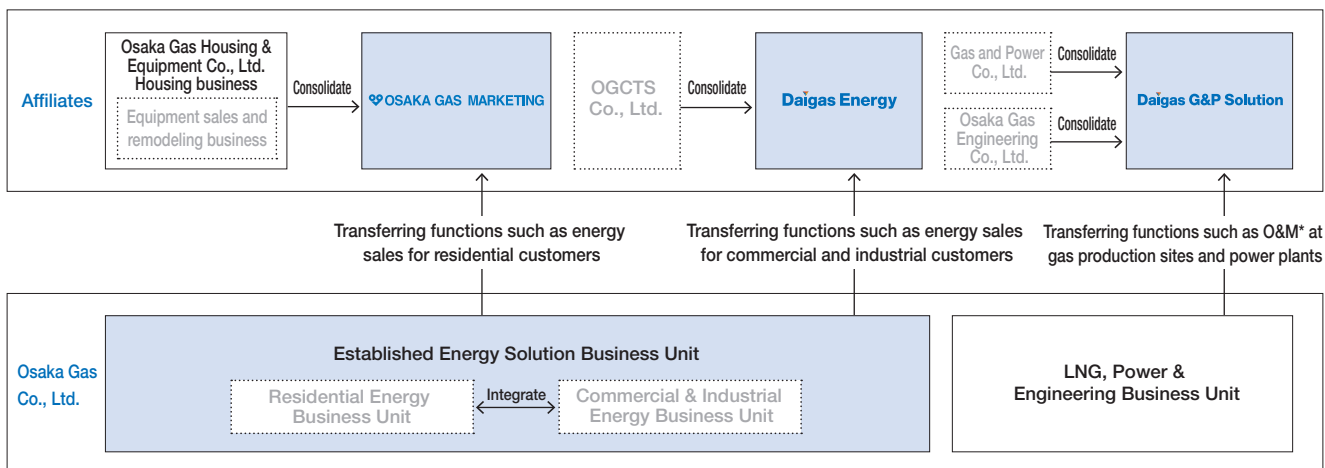
with speedy business operations and customer oriented approaches. To this end, we serve customers better now by providing one-stop, optimal services through our newly established core energy company and leveraging the expertise owned by Osaka Gas and its existing affiliates united through operational consolidation. We also respond to customers' needs more swiftly with speedy business operations in which decision-making process is conducted at levels closer to our customers. To coincide with the start of this new business structure in April 2020, we publicized a new message to our customers, which expresses our goal of creating a better tomorrow by providing enhanced value to customers through closer communication.

The organizational restructuring that we have implemented is an extremely drastic transformation accompanied with the reassignment of approximately 2,000 Group employees in order to adapt to changes in the business environment. We executed the transition after careful preparation for an optimal organizational structure from the ground up without being restricted by existing frameworks.



Customers and business partners

Providing optimal services that utilize the Daigas Group's solutions quickly at one-stop.



*Operation & Maintenance

Domestic Energy Business—Expansion of Customer Accounts

During the one-year period from April 2019 to March 2020, we steadily increased our customer accounts by 360,000 from 8.75 million to 9.10 million. This accomplishment was made possible partly by introducing new energy rate plan options in the Kansai area: the With Plan, which is bundled with entertainment options, and the Style Plan, which is bundled with options suited to various lifestyles, such as free annual subscription to Amazon Prime. Other measures we have taken include the introduction of new IoT services such as D-Fire, an IoT service for factories, and the launch of a new ENE-FARM Type S product in April 2020 that features improved power generation efficiency, ease of installation, and convenience. In the Greater Tokyo area, we have gained more alliance partners, introduced new rate plan options, and enhanced direct marketing through CD Energy Direct Co., Ltd., our energy sales company that covers the Greater Tokyo area, by conducting effective mass promotion.

Domestic Energy Business—Building a Business Foundation in the Greater Tokyo Area

In the last twelve months, we built our energy infrastructure and business foundations in the Greater Tokyo area through CD Energy Direct Co., Ltd. As part of the energy infrastructure, we began commercial operations of a calorific value adjustment system with a capacity of approximately 1.10 million tons of city gas per year in April 2020 at Ogishima City Gas Supply Co., Ltd., in which we have taken part since 2017. In the Fukushima Natural Gas Power Plant, in which we have taken part since 2016, we began the commercial operation of Unit 1 in April 2020, which will be followed by Unit 2 scheduled to commence commercial operation in August 2020. To strengthen our business foundations, we transferred our electricity sales business in the Greater Tokyo area jointly conducted by Chubu Electric Power Co., Inc. to CD Energy Direct, which aims for sustainable growth in the energy business in the largest energy market in the country.



Calorific value adjustment system at Ogishima Natural Gas Supply Co., Ltd.



Fukushima Natural Gas Power Plant

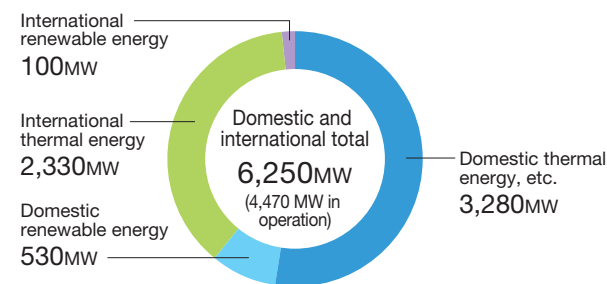
Domestic Energy Business—Power Source Development

In power source development, we advanced construction work for renewable energy power sources in which we had previously made decisions to invest. We also decided to invest in Himeji Natural Gas Power Plant, a power plant with low environmental impact and high cost competitiveness. As of March 31, 2020, the Group's global total power generation capacity amounted to approximately 4,500 MW and reaches 6,250 MW if it includes projects under construction and those for which investment decisions have been made. We are making steady progress toward achieving the power source procurement goal of 9,000 MW by 2030 as set in the Long-term Management Vision. In the Group's power portfolio, renewables amount to approximately 340 MW in total as of March 31, 2020 and 640 MW including projects under construction, demonstrating that we are ahead of schedule for the target of 1,000 MW by 2030. We continue building a power source portfolio that is stable, competitive, environmentally-friendly, and well-balanced, consisting of our natural gas-fired power plants, renewable power plants, and the power purchased from the market and other power producers. We are not only increasing our own renewable power capacity but also promoting wider development of renewable energy power sources. In November 2019, we began a service to purchase surplus electricity generated by photovoltaic systems. And in March 2020, we started a joint study of new businesses for creating new added value in the renewable energy field with West Holdings Corporation. Through these initiatives to promote the introduction of renewables, we aim to contribute to the reduction of greenhouse gas emissions and the establishment of a low-carbon society and decarbonized society in the future.

As of March 31, 2020

(includes projects under construction and for which decisions have been made)

Domestic total 3,810 MW (2,030 MW in operation)
International total 2,440 MW (2,440 MW in operation)
Renewable energy total 640 MW (340 MW in operation)



Progress in International Energy Business

In FY2020.3, we made progress in realizing what we aim to be in the Long-term Management Vision, particularly in the International Energy Business.

In the upstream business, through the acquisition of all shares in Sabine Oil & Gas Corporation ("Sabine"), we have been joined by the members of a shale gas development company in the U.S., which gave us the capabilities of operating the upstream business in the country, enhancing the outlook for continued success in the field. With our U.S. shale gas development business integrated into Sabine, we continue to expand the business as the foundation to promote our upstream business in the U.S.

In the medium and downstream business, with the Freeport LNG Project's Trains 1 to 3 and the Fairview natural gas-fired power

plant in the U.S. being in commercial operation now, we have gained greater confidence in the projects' continuous success and further synergies with our business in related fields. With the Freeport LNG Project, a highly stable liquefaction business, we enhance our LNG procurement position and trading business by utilizing the destination-free LNG indexed to a U.S. hub price. We also accumulate the know-how of building up and operating the LNG project for the future plan to develop our own liquefaction business. In the Fairview power plant, the core project for our North American electricity business development, we accumulate the know-how in independently running the U.S. power generation business including fuel procurement and electricity sales to the market, which is essential for our U.S. power business expansion through the enhancement of our existing project value and capabilities to discover next key projects. In renewables, as we invest in SolAmerica Energy, LLC, a distributed photovoltaic power generation developer, we also enter into renewable energy business, which is expected to significantly grow in the U.S. going forward.

Outside North America, we are accelerating business development in Southeast Asia, in which the demand for natural gas is expected to increase, by utilizing our expertise in the energy business developed in the Kansai area. In Australia, the Gorgon LNG Project and the Ichthys LNG Project have been in smooth operations. In Singapore, we have established Osaka Gas Energy Supply and Trading Pte. Ltd., and we are working on further cost reduction in LNG procurement through the trading company.



Shale gas mining area of Sabine Oil & Gas Corporation in the United States



Freeport LNG Terminal in the United States
Courtesy of Freeport LNG Development, L.P.



Fairview natural gas-fired thermal power plant in the United States



Earning the Trust of All Stakeholders

In achieving sustainable growth of our business, we consider it of utmost importance to continue earning the trust of stakeholders through ESG (Environment, Society, and Governance)-conscious management.

Since our founding, the Daigas Group has performed various forms of ESG-conscious management, helping society and expanding its business. For example, in the initial stage, the company contributed to reducing the occurrence of fires frequently caused by oil lamps at that time by replacing them with gas lamps, which was the aim of the company's establishment in 1897 as stated in the application for incorporation. In later years, the company contributed to the enhanced stability in energy supply and the reduced environmental burden through the introduction of natural gas to the market.

Through environmentally-conscious management, we accelerate the development of renewables such as wind power and photovoltaic power sources as well as the introduction of high-efficiency equipment to customers, as our goal to contribute to a reduction of 70 million tons of CO₂ emissions cumulatively from FY2018.3 through FY2031.3. In society-conscious management, we promote human rights activities, proper labor practices, workstyle reform and diversity to maintain a healthy and sound Daigas Group while ensuring a stable supply of energy. Concerning governance, in light of the recent business environment, we increased the ratio of Outside Directors to one-third following the organizational restructuring. We continue our efforts to improve our governance and to enhance our information disclosure, striving to earn high evaluations from investors, analysts, and evaluation bodies around the world while thoroughly implementing fair business practices.

In April 2020, with ESG positioned with increased importance as a management issue, we launched the ESG Office within the Corporate Strategy Department, an internal body to promote further incorporation of the ESG perspective in our company-wide policies and decision-making, in order to accelerate our ESG-conscious management.

Progress of Medium-term Management Plan 2020



Representative Director
Executive Vice President
Takeshi Matsui

Review of the Fiscal Year Ended March 31, 2020

Consolidated ordinary profit for FY2020.3 increased by 22.0 billion yen year-on-year to 86.0 billion yen, mainly due to a time-lag effect in the Domestic Energy / Gas Business. Despite an impact from profit decline in the Domestic Energy / Gas Business mainly due to continued competition in the fully deregulated retail markets, we realized higher profit even after excluding the profit increase of 19.7 billion yen from the time-lag effect, mainly due to the new consolidation of Sabine Oil & Gas Corporation and the commencement of commercial operation of the Freeport LNG Project in the International Energy Business.

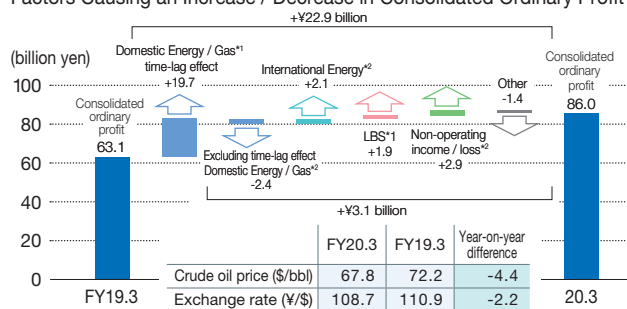
Profit attributable to owners of parent increased by 8.1 billion yen year-on-year to 41.7 billion yen. An impairment loss was recorded in extraordinary losses due to changes in development plans for the Sunrise LNG Project and Evans Shoal Gas Field in Australia, in which we have participated since 2000.

* Temporary impact due to time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas

Consolidated Business Results Data

	Fiscal year ended March 31, 2020	Year-on-year difference	Year-on-year ratio
Net sales	¥1,368.6 billion	-¥3.1 billion	-0.2%
Operating profit	¥83.7 billion	+¥15.8 billion	+23.3%
Ordinary profit	¥86.0 billion	+¥22.9 billion	+36.3%
Profit attributable to owners of parent	¥41.7 billion	+¥8.1 billion	+24.4%
Time-lag effect	¥6.5 billion	+¥19.7 billion	—
Ordinary profit excluding the time-lag effect	¥79.5 billion	+¥3.1 billion	+4.1%

Factors Causing an Increase / Decrease in Consolidated Ordinary Profit



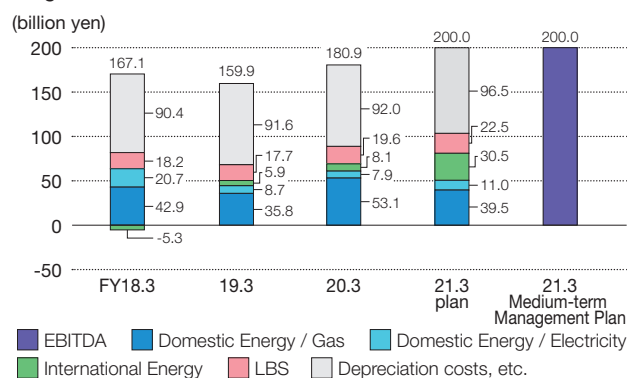
*1 Describe the impact on segment profit

*2 Excludes share of profit / loss of entities accounted for using equity method

Aiming for Targets of the Medium-term Management Plan

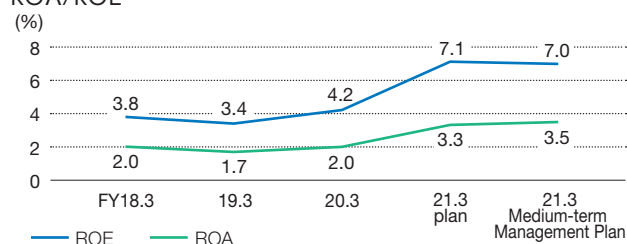
The Daigas Group set EBITDA of 200 billion yen, ROE of 7.0%, and ROA of 3.5% as profitability targets in the Medium-term Management Plan. In the management plan for FY2021.3 announced in March 2020, we aim to reach EBITDA and ROE targets by significantly increasing profits mainly in the International Energy Business through initiatives in the Medium-term Management Plan. We expect that ROA will fall somewhat short of the target as a result of investments for our business growth progressing further than expected, which we expect will lead to future growth. Despite a certain level of COVID-19's impact expected on business results, we aim to achieve the targets and sustainable growth through initiatives that "go beyond borders" as formulated in the Medium-term Management Plan, while flexibly adapting to changes in the business environment.

Progress of EBITDA*



* EBITDA = operating profit + depreciation cost + amortization of goodwill + share of profit / loss of entities accounted for using equity method

ROA/ROE



Assumptions for FY2021.3 Plan

Crude oil price	\$65/bbl
Exchange rate	¥110/\$1

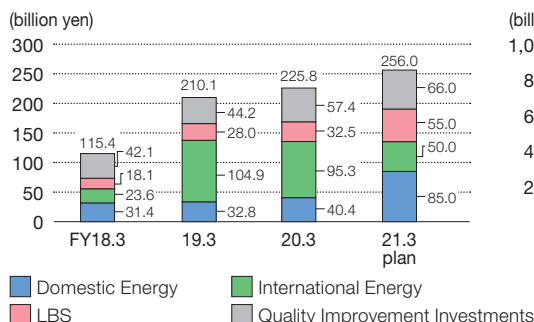
Profit Sensitivity

Crude oil price: -\$1/bbl	Approx. +¥0.6 billion
Exchange rate: -¥1/\$1	Approx. +¥0.8 billion

Investment Progress

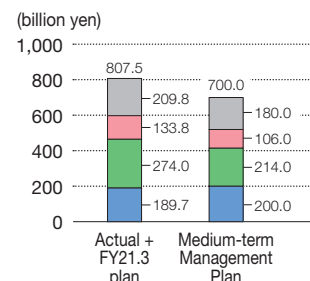
The Daigas Group proactively conducts investments for further growth of our business as well as investments for quality improvement to maintain and improve our business quality. In investments for growth during FY2020.3, we invested mainly in the International Energy Business, such as for the acquisition of all shares in Sabine Oil & Gas Corporation and the advancement of construction work for the Freeport LNG Project and the Fairview natural gas-fired power plant. In FY2021.3, we intend to invest for growth mainly in power source development in the Domestic Energy Business, such as the Himeji Natural Gas Power Plant and renewable energy power sources.

Trends in Investment Amounts



Trends in Investment Amounts

(Cumulative from FY2018.3 through FY2021.3)



Investment Risk Management

Our investment stance is to maintain a good balance between risk and return, not taking high risks to seek excessively high returns and avoiding unnecessary risk control. To this end, we manage investment risk by ensuring the following four points.

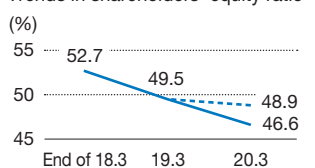
The first point is the consistency with the investment project's strategy. In addition to profit contributions from the project alone, we look at whether or not the project contributes to synergies with other businesses and the improvement of business execution capabilities.

The second is the evaluation of the inherent risks of the investment project. We conduct strict project evaluations and deliberations through the Investment Evaluation Committee after establishing uniform group-wide investment standards and taking into account the evaluations of the Investment Risk Management Office and internal organizations in charge of finance and legal affairs, as well as third-party evaluations of external consultants when necessary.

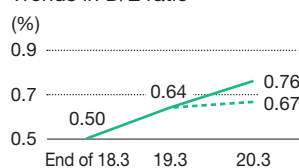
The third is a good balance with financial soundness. We quantitatively assess potential losses for each risk in investment and balance risk and return across the entire Group to make it possible to sustainably conduct investments for growth while maintaining a certain level of financial soundness even when faced with the risks. In the Medium-term Management Plan, we have set a D/E ratio of 0.7 and a shareholder equity ratio of 50% as targets for financial soundness, which we have maintained. In FY2020.3, we issued subordinated corporate bonds of 100 billion yen, which will contribute to maintaining financial soundness even when increasing debt for investments for growth.

The fourth is follow-up after investment. Based on our investment monitoring standards, we conduct annual follow-ups on each investment project every year. By applying the standards, we evaluate whether or not the project satisfies the original purpose of our investment, keeps up with the changes in the business environment, and faces any issues with its progress and profitability. Depending on the evaluation, we take necessary actions such as improving project profitability or considering divestiture or withdrawal.

Trends in shareholders' equity ratio



Trends in D/E ratio

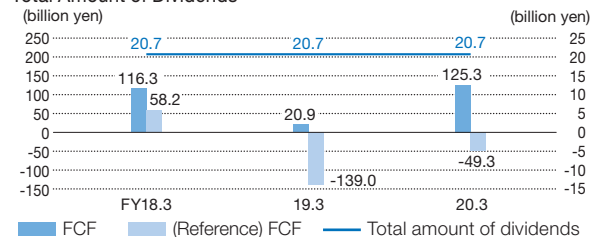


* Adjusted for 50% treated as capital within the subordinated corporate bonds of ¥100 billion issued

Shareholder Returns and Free Cash Flow

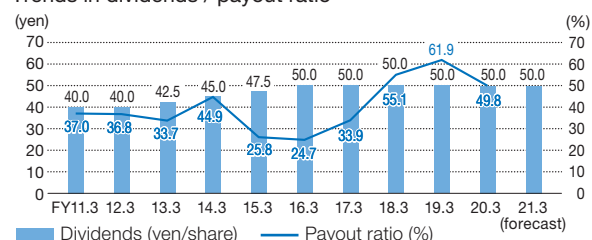
Our shareholder return policy is to provide stable dividends while maintaining a consolidated dividend payout ratio of 30% or higher excluding short-term fluctuation factors that affect profits as our basic stance, and to provide higher dividends when we achieve profit growth. In the first half of the 2020s, we expect our free cash flows to exceed the amount of investments for growth when we start to receive significant returns as planned from those investments we are currently pursuing. We will consider implementing shareholder returns, taking into account structural risks such as intensifying competition in the fully deregulated energy market and declining population in Japan, and comprehensively evaluating future free cash flows, progress in investments for growth, business performance, and financial situation.

Trends in FCF* during the Medium-term Management Plan Period / Total Amount of Dividends



FCF = Cash flows from operating activities – Capital expenditures for maintaining ordinary business
(Reference) FCF = Cash flows from operating activities – Cash flows from investing activities
*Free Cash Flow

Trends in dividends / payout ratio



Annual Dividends per Share (yen)

Figures prior to the fiscal year ended March 31, 2017, are adjusted for the 1-for-5 stock consolidation

The Daigas Group's Shareholder Return Policy

We provide stable dividends and maintain a consolidated dividend payout ratio of 30% or higher excluding short-time fluctuation factors that affect profits, within the amount available for distribution to Osaka Gas shareholders. We will flexibly implement share buybacks when our financial conditions and cash flows have a surplus after conducting investments for growth.

Long-term Management Vision 2030 and Medium-term Management Plan 2020 “Going Forward, Beyond Borders”

The Daigas Group formulated a new Long-term Management Vision 2030 for FY2031.3 and the Medium-term Management Plan 2020 that covers the period up to FY2021.3 and is aimed toward realizing the vision of the Long-term Management Vision 2030. By going beyond customer expectations, business boundaries, and corporate boundaries, we strive to contribute to the advancement of society, communities, and customers, and to be an innovative energy and service company that continues to be the first choice of customers. Keeping in mind

the three guiding principles toward FY2031.3 based on the Daigas Group Management Principle, which consists of the Corporate Motto “Service First,” our aim “Daigas Group powers continuous advancement in consumer life and business,” and the declaration to create four values, namely, value for customers, value for society, value for shareholders, and value for employees, we will carry out activities aimed at realizing the long-term management vision.

Daigas Group Management Principle and Three Guiding Principles toward FY2031.3

Daigas Group Management Principle

What the Daigas Group Aims To Be	Daigas Group powers continuous advancement in consumer and business life
Daigas Group Declaration	Daigas Group is creating four values
Corporate Motto	Service First

The Daigas Group is committed to creating value primarily for customers, as well as for society, shareholders, and employees.

Creation of value for customers	Creation of value for society
Creation of value for shareholders	Creation of value for employees

Three Guiding Principles toward FY2031.3

- 1 Continue providing as many customers as possible with high-quality services developed in the Kansai area.
- 2 Always strive to be professionals who pursue innovative challenges.
- 3 Continue to be trusted by investors, business partners, citizens and employees.

Medium-term Management Plan FY2018.3-FY2021.3

Measures to be taken under the Medium-term Management Plan 2020

- Enhancement of solutions business for residential customers
- Enhancement of solutions business for commercial and industrial customers
- Establishment of competitive power-supply portfolio
- Development of pipeline network operator business
- Efforts to expand international energy business
- Securing of a business footing in the LBS business and exploration of new business fields

Financial Targets for the Medium-term Management Plan 2020

Profitability indicators	ROA 3.5%, ROE 7.0%, EBITDA ¥200 billion
Shareholder returns	Payout ratio of 30% or higher*
Financial soundness indicators	D/E ratio of approximately 0.7, shareholders' equity ratio of approximately 50%

*Excludes short-term fluctuation factors that affect profits

Long-term Management Vision 2030



To be an innovative energy & service company that continues to be the first choice of customers

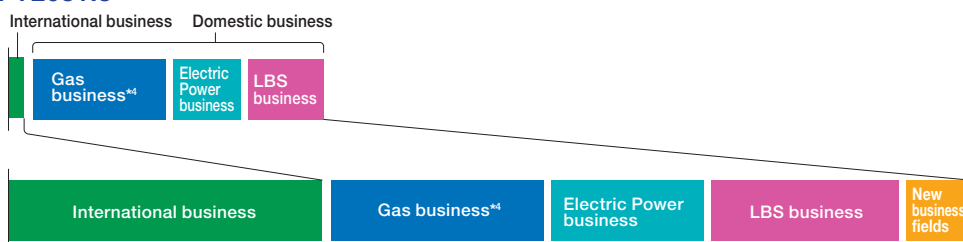
What We Aim To Be in FY2031.3

Plan for FY2018.3
Consolidated ordinary profit*1 **¥64.0 billion**

International business : Domestic business = 1:20 *2

FY2031.3
Consolidated ordinary profit*3
to be **tripled**

International business : Domestic business = 1:2 *2



*1 Crude oil price of \$55/barrel; exchange rate of ¥115/\$1

*2 On the basis of consolidated ordinary profit

*3 Crude oil price of \$70/barrel; exchange rate of ¥115/\$1

*4 Gas business profit includes sales of equipment and LNG, etc.

Efforts to Become What We Aim To Be in FY2031.3

Business development going beyond customer expectations, business boundaries, and corporate boundaries

Development of business as an energy marketer for a new era

Acceleration of the International Energy Business Development

Expansion of the LBS Business and New Business Fields

Growth investments and promotion of M&A

Innovations to go beyond customer expectations

Management that continues to be trusted by stakeholders (Enhance Corporate Value, ESG-conscious management)
Workstyle reform and development of human resources to improve productivity

Long-term Management Goals for FY2031.3

Long-term target items		Medium-term Management Plan FY2021.3 goals	Long-term management goals FY2031.3
Expand business domains	Energy source procurement capacity (domestic and international)*1	—	9,000 MW
	Renewable energy power generation capacity (domestic and international)	—	1,000 MW
	Number of customer accounts	—	10.00 million or more
	Scale of natural gas business*2	—	17.00 million t
Quality improvement	Customer satisfaction at each contact point*3	94.0%	95.0%
Security and safety	Ensure security and safety of gas pipelines, gas manufacturing, and power generation business	Maintain the status of zero serious accidents	
Environment/CSR	Contribution to reduction in amount of CO ₂ emissions*4	Approx. 7.00 million t	Approx. 70.00 million t
Investment	Growth investment*5	¥520.0 billion	¥1,450.0 billion
	Domestic energy	¥200.0 billion	¥520.0 billion
	International energy	¥214.0 billion	¥550.0 billion
	LBS	¥106.0 billion	¥380.0 billion
	Total investment	¥700.0 billion	¥2,000.0 billion
	Quality improvement investing	¥180.0 billion	¥550.0 billion

*1 The ratio of procurement from markets and other companies will be considered continuously depending on circumstances in systems and regulations imposed by the national government.

*2 Includes sales of LNG to domestic and international energy operators and handling of overseas LNG terminal operations.

*3 Customer satisfaction for opening gas valves, equipment repairs, and sales and installation work.

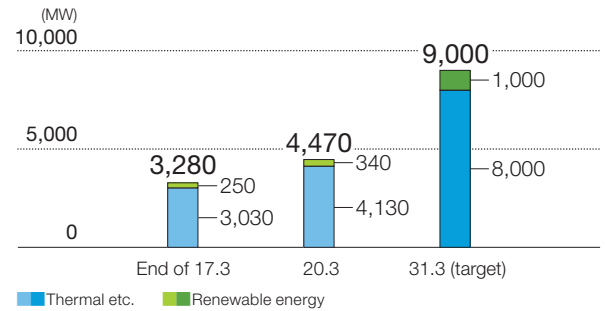
*4 Total contribution to reduction in amount from FY2018.3 through FY2031.3. Includes contribution to reduction at customer sites and overseas.

*5 Total investment amount from FY2018.3 through FY2031.3.

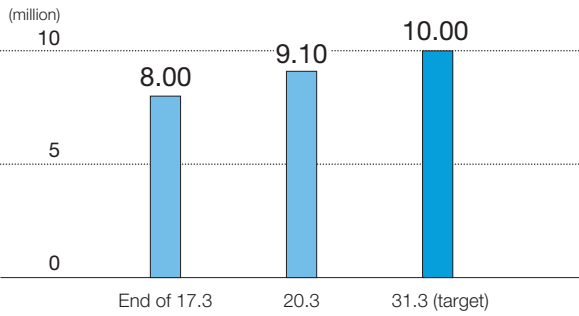
Progress toward Long-term Management Goals



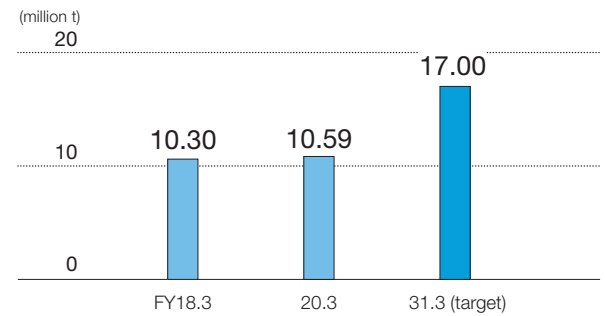
Energy source procurement capacity



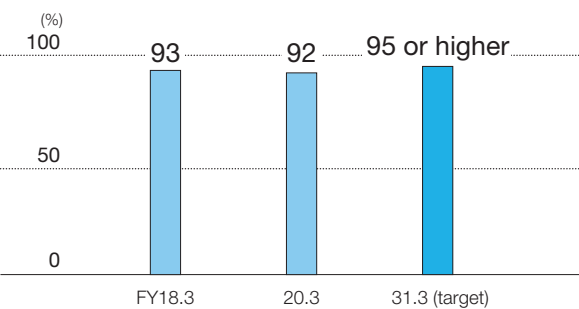
Number of customer accounts



Scale of natural gas business



Customer satisfaction at each contact point

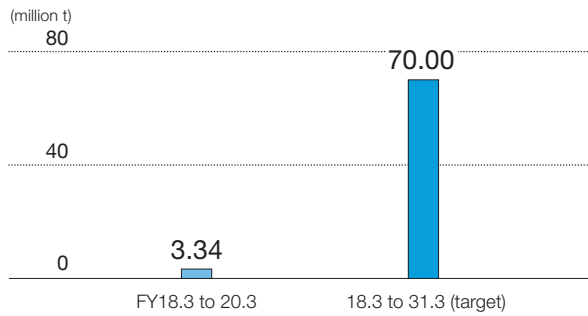




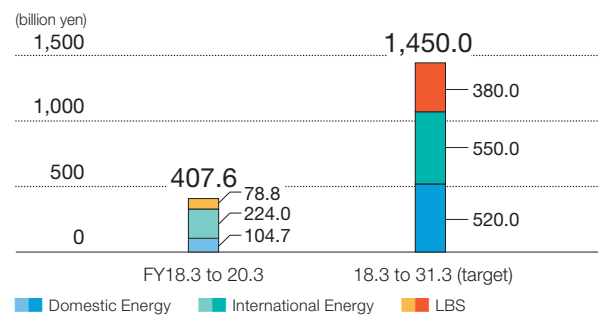
Ensure security and safety of gas pipelines, gas manufacturing, and power generation business

Maintain the status of zero serious accidents

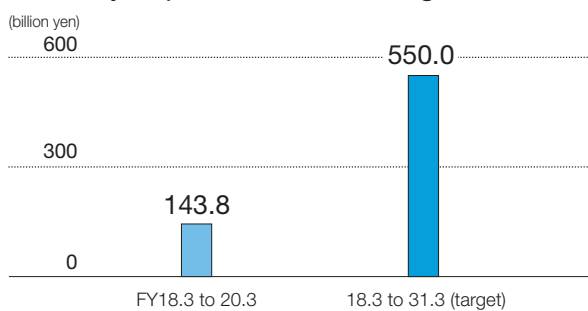
Contribution to reduction in amount of CO₂ emissions



Growth investment



Quality improvement investing



Domestic Energy Business



What We Aim to Be in FY2031.3 and Summary of Current Situation

The Daigas Group are striving to develop our business as an energy marketer in a new era by strengthening each of the three areas in the Domestic Energy Business; namely, gas manufacturing and sales, gas distribution, and electric power generation and sales.

In addition to ensuring that customers in the Kansai area use city gas in a stable, safe, and secure manner, we are proceeding with comprehensive provision of energy and services by expanding the electric power and LPG businesses and enhancing life support services and one-stop services as a utility agent. Furthermore, we will expand the know-how and services developed in the Kansai area to a wide area through alliances.

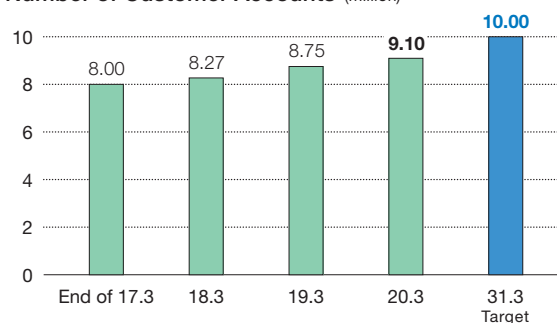
With these activities going beyond customer expectations, business boundaries, and corporate boundaries, we aim to reach more than 10 million customer accounts by FY2031.3.

FY2020.3 Results

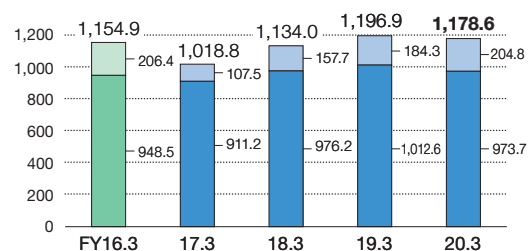
Net Sales **¥1,178.6** billion Segment Profit* **¥61.0** billion

* Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method

Number of Customer Accounts (million)

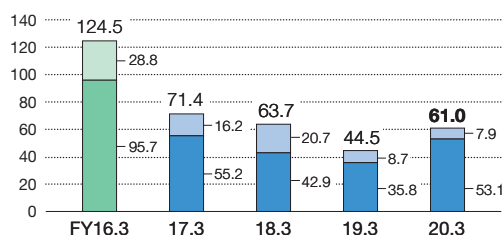


Net Sales* (billion yen)



■ Gas ■ LPG, Electricity and Other Energy ■ Domestic Energy/Gas ■ Domestic Energy/Electricity

Segment Profit* (billion yen)



* Since FY19.3, Osaka Gas Engineering Co., Ltd. changed its segment from "Life & Business Solutions" to "Domestic Energy/Gas." FY18.3 results are calculated based on the contents after the change.

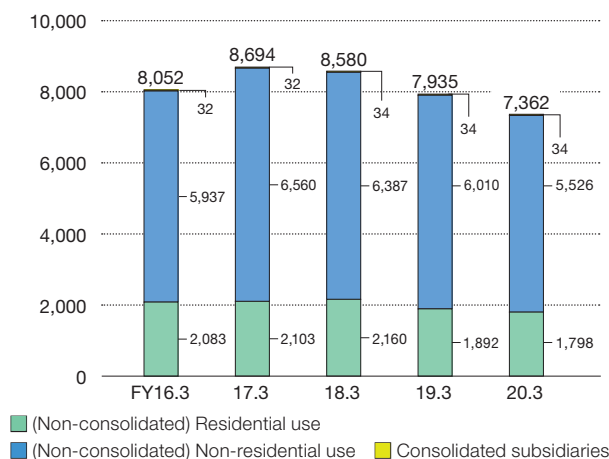
Daigas Group's Strategy

For residential use, we are implementing initiatives to provide more added value to customers, such as expanding electricity rate plan options, the Sumikata Service, and IoT service options, and launching gas equipment compatible with the IoT. For commercial and industrial use, we are making efforts to provide solutions for customer issues and enable optimized and efficient energy usage by launching new services using ICT / IoT and broadening the provision of engineering services, such as the development of technologies and products required by customers, into a wider area. In terms of measures for Wide Area Businesses and Power Source Development, in cooperation with various business operators, we are actively expanding energy and services in a wider area including the Greater Tokyo area, and establishing infrastructure through initiatives such as developing power sources

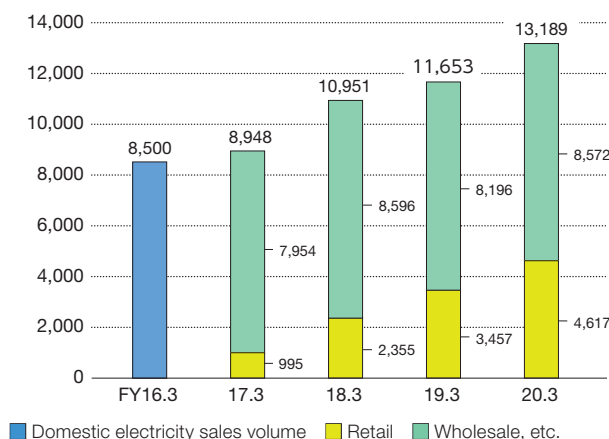
(including renewable energy power sources). As a result of these measures, the consolidated number of gas supply was 5,345 thousand, and the number of low-voltage electricity supply reached 1,322 thousand as of the end of March 2020. The number of customer accounts reached 9.10 million.

	End of 19.3	End of 20.3	Change
Consolidated number of gas supply (thousand)	5,579	5,345	-235
Non-consolidated number of gas supply (thousand)	5,553	5,225	-328
Number of low-voltage electricity supply (thousand)	945	1,322	+377
Number of customer accounts (million)	8.75	9.10	+0.36

Consolidated Gas Sales (million m³)



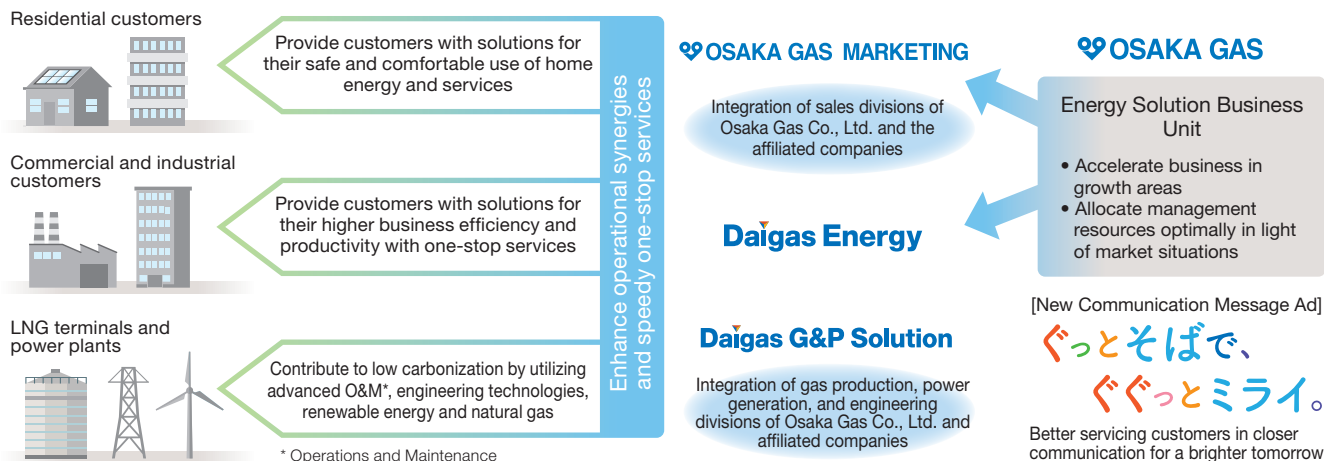
Consolidated (Domestic) Electricity Sales (million kWh)



Organizational Restructuring (Establishing Core Energy Business Companies and Changing Organizational Structure)

In October 2019, in order to achieve sustainable growth by adapting to changes in the business environment, we established several new affiliates that will take on central roles in the energy field as core energy business companies which started operating in April 2020. Furthermore, together with the launch of these core energy business companies, by consolidating the strengths of Osaka Gas

Co., Ltd. and affiliates into the core energy business companies and changing the organizational structure of the sales divisions of Osaka Gas Co., Ltd., we will improve on-site mobility from a customer perspective and provide speedy one-stop services by enhancing operational synergies with our affiliates, each of which possess their own unique strengths.



* Operations and Maintenance

Measures for Stable Gas Supply, and Safe and Secure Use

Low-cost and Stable Energy Resource Procurement

Natural gas is highly valued in terms of energy security because it is found all over the world. In addition, natural gas emits less carbon dioxide and other greenhouse gases than oil and coal, being considered a relatively clean type of energy. The Group owns its own LNG carrier fleet and operates it efficiently while

diversifying its suppliers and price indexation. It also promotes activities in the trading company which was established in 2019. In these ways, we will seek even more low-cost and stable resource procurement.

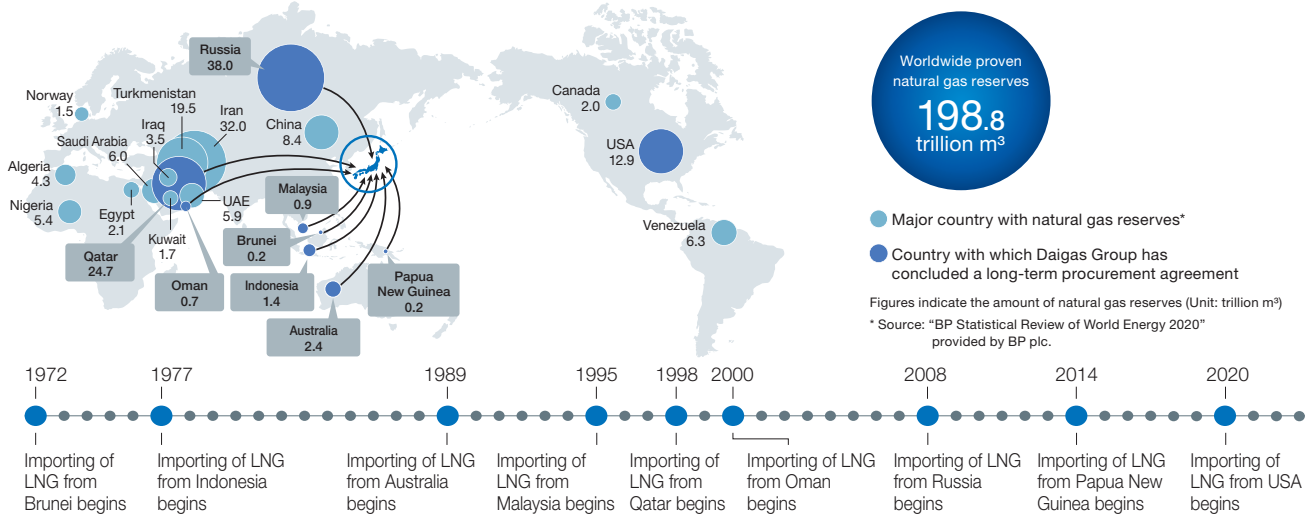
Environmental Advantages of Natural Gas

Liquefied natural gas (LNG), the raw material used for city gas, is a clean energy that contains almost no impurities. When LNG is produced by liquefying natural gas, impurities such as sulfur are removed. LNG is clean energy with excellent environmental benefits that generates little CO₂ (carbon dioxide), which is one of the greenhouse gases, NO_x (nitrogen oxide), which is the cause of acid rain and air pollution, and zero SO_x (sulfur oxide) during combustion.

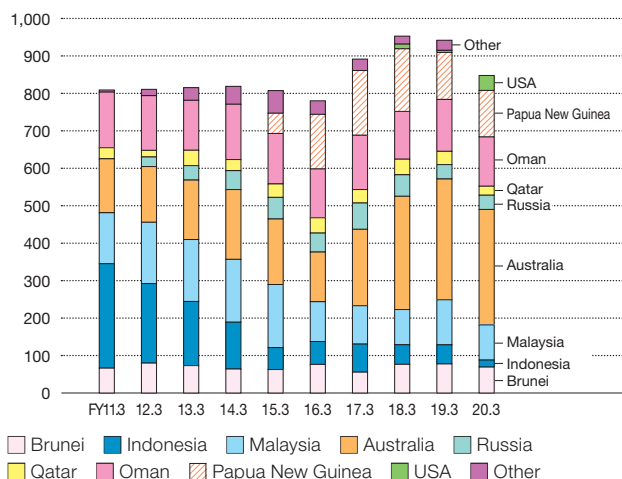
Diversification of Suppliers and Price Indexation

Since we started to import LNG from Brunei in 1972, we have sought to diversify our suppliers. A natural gas liquefaction project in Texas, USA started from December 2019, which has increased the number of countries with suppliers we source from to nine countries. We also entered into a new type of procurement where LNG procurement prices are indexed to Henry Hub prices, one of the price indexes for natural gas in the USA, in addition to traditional procurement in which LNG prices are generally linked to the crude oil price. The diversification of price indexation will help stabilize LNG prices when crude oil prices fluctuate. In addition, by investing in liquefaction projects, we will be able to procure price-competitive LNG from among those linked to Henry Hub prices. We will continue to seek even more low-cost and stable LNG procurement.

Countries with Natural Gas Reserves and Countries from which Daigas Group Procures LNG

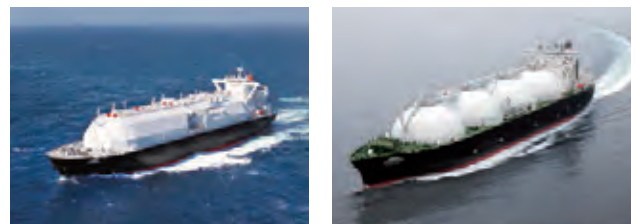


LNG Purchase Volume (10 thousand tons)



Use of Daigas Group LNG Carrier Fleet

By utilizing the Daigas Group LNG carrier fleet consisting of eight ships, we are striving to further stabilize the procurement of energy resources and reduce transportation costs while diversifying our suppliers in an effort to expand our LNG trading business.



Vessel name	LNG JUNO	LNG JAMAL	LNG DREAM	LNG BARKA	LNG JUPITER	LNG VENUS	LNG MARS	LNG SATURN
Capacity	180 thousand m ³	135 thousand m ³	145 thousand m ³	153 thousand m ³	153 thousand m ³	153 thousand m ³	153 thousand m ³	153 thousand m ³

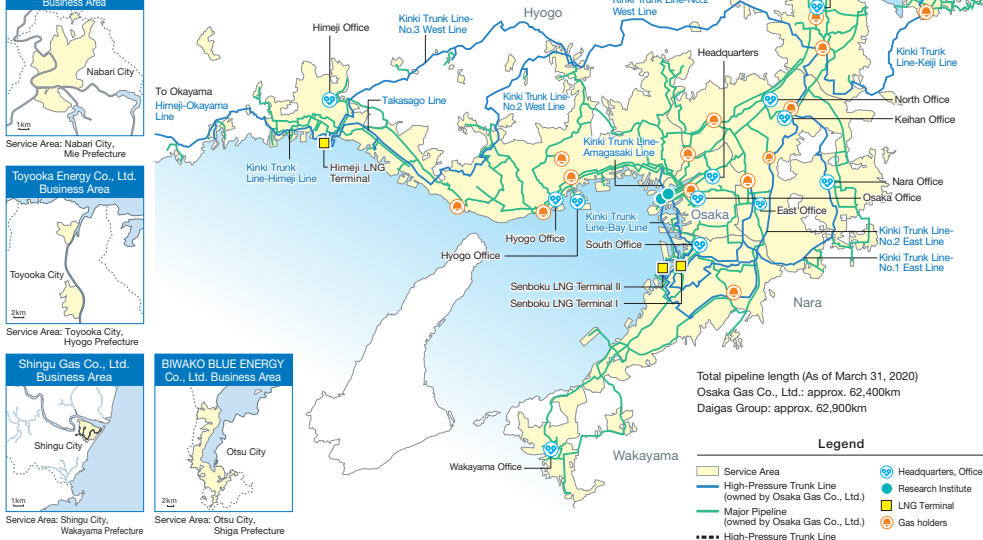
As of March 31, 2020

Supply Systems for Safe and Secure Use

Supply network structure

For stronger supply capabilities and improved reliability of city gas, we regularly inspect our pipeline network, implement planned reinforcements and replacements with stronger material on a regular basis. Additionally, we have been working to extend new pipelines as well to establish a strong network to improve supply reliability and to respond to increasing demand for city gas.

Gas Service Area of the Daigas Group



Overview of High-Pressure Trunk Lines of the Osaka Gas Co., Ltd.

Beginning of use	Line name	Length (km)
1972	Kinki Trunk Line-No.1 East Line (Northbound)	79
1973	Sakai Link Pipe	11
1975	Senboku No.1 Link Pipe	5
	Senboku No.2 Link Pipe	5
1976	Kinki Trunk Line-No.1 East Line (Southbound)	30
1978	Kinki Trunk Line-No.2 East Line	92
	Kawachi Line	14
1980	Hokko Link Pipe	12
1986	Harima West Coast Line	7
1989	Kinki Trunk Line-No.2 West Line	158
1994	Kinki Trunk Line-No.3 West Line	73
1996	Takasago Line	3
2000	Kinki Trunk Line-Bay Line	21
	Torishima Link Pipe	1
2001	Torishima Line	1
	Kinki Trunk Line-Keiji Line	46
2003	Kinki Trunk Line-Himeji Line	7
2006	Kinki Trunk Line-Shiga Line	46
	BS Hikone Line	1
2009	Sakai West Line	1
2010	Kinki Trunk Line-Amagasaki Line	7
2014	Mie-Shiga Line	23
	Himeji-Okayama Line	86
2016	Aioi Line	3
2019	Senboku Bypass Line	1

Safety Measures

Maintenance of Supply Network and 24-hour Emergency Dispatch System

For our pipeline network with a total extended length of approximately 62,400 km (equivalent to 1.5 times the circumference of the earth), regular inspection and maintenance are conducted as preventative measures for ensuring safety. In addition, The Central Control Office operates 24 hours a day to

monitor and control the status of gas supply in an integrated manner and is ready to promptly respond and dispatch staff from respective locations upon receiving reports from customers.



Disaster Prevention Measures (Earthquake Countermeasures)

Preventive Measures

We are advancing efforts to minimize damage caused by earthquakes, such as promoting the spread of intelligent gas meters (residential use) that automatically stop gas when large shakes are detected, and actively adopting polyethylene pipes for low-pressure gas pipes.

Intelligent gas meters



During Great Hanshin-Awaji (Kobe) Earthquake 75%
 End of March 2020 **100%**

Highly flexible polyethylene pipes



During Great Hanshin-Awaji (Kobe) Earthquake About 1,200km
 End of March 2020 **About 16,700km**

Emergency Measures

We are stepping up our preparedness for earthquakes, by dividing the pipeline network into blocks, which enables gas supply suspension only for severely damaged areas, and having in place a Central Control Back-up center which will take over the Central Control Office of the head office if it is affected.

Segmenting the pipeline network into blocks

During Great Hanshin-Awaji (Kobe) Earthquake 55 blocks
 End of March 2020 **About 170 blocks**

Recovery Measures

We have stockpiled materials and equipment and carried out system maintenance for post-disaster quick recovery. In addition, a system to visualize the recovery situation provides gas recovery information in an easy-to-understand manner to customers in areas where gas supply is suspended when a large-scale earthquake occurs.

System to visualize the recovery situation

Visualization of gas recovery status by municipality (Checks with both maps and lists)



Measures to Maximize Customer Accounts

We are aiming to become a company that is consistently chosen by customers in the areas of energy supply such as city gas, LPG, electric power, and energy-related services by continuing to provide services that go beyond customers' expectations.

Measures for Residential Use

For more than 110 years, we have provided a stable city gas supply and superior safety and reliability to earn customers' trust. On the base of this trust, we are promptly providing energy, equipment, and lifestyle services and reforms, etc. that meet the needs of each individual customer to strengthen relationships with customers.

□ Contact points with customers

We have approximately 200 service chain partners in our supply area that work closely with customers in their areas providing Sumikata Services (home services) in addition to contract services for us (such as opening and shutting off gas service and maintenance of gas equipment).

Osaka Gas Co., Ltd.'s customer centers accept service reservations for any gas equipment trouble 24 hours a day, 365 days a year. If a call is received by 3:00 p.m., one of about 1,200 technicians qualified by us to repair gas appliances will visit the customer on that day. Customers have given approx. 98% customer satisfaction rating to the speed with which repairs are completed after their call is made.







Calls received 365 days a year (Osaka Gas Co., Ltd.'s customer centers)

Same-day repair system (for calls received by 3:00 p.m.)

High customer satisfaction

□ Various Electricity Rate Plan Options

We provide rate plan options offering good value, including the "Base Plan A-G" for gas contract customers and "Residential Gas-powered Electricity Generation Plan" for customers who use ENE-FARM, a residential fuel cell cogeneration system. During the fiscal year ended March 31, 2019, we created "Style Plan" electricity rate plan options that meet diverse customer lifestyles and individual needs. During the fiscal year ended March 31, 2020, we created "With Plan" electricity rate plan option, which supports fun and enriched lives for our customers with other companies and groups based on their personal hobbies and preferences. We support customers' lives by offering these rate plan options which is convenient, good value and meet customer lifestyles and needs.

Style Plan	 Style Plan S	Service menu that comes with the Sumikata Guarantee Pack offering good value
	 Style Plan P	Service menu that comes with Amazon's membership program Amazon Prime, offering good value
	 Style Plan d	Service menu where "d Points" under the DOCOMO's point service accumulate according to monthly electricity bills
	 Style Plan E	Service menu for customers who wish to use environmentally friendly electricity
With Plans	With radiko Plan	Service menu in which Osaka Gas Co., Ltd. bears the annual fee for "radiko premium" during the entire contract period
	With Yoshimoto Plan	Service menu in which Osaka Gas Co., Ltd. bears the annual fee for "Osaka Channel" during the entire contract period
	With ABEMA Plan	Service menu in which Osaka Gas Co., Ltd. bears the annual fee for "ABEMA Premium" during the entire contract period

□ Investment in Renovation Business

In May 2020, we acquired shares in Global Base Corporation, which operates a renovation business for used condominiums mainly in the Greater Tokyo area. Global Base Corporation has a competitive edge in its capability to procure properties in attractive locations and to undertake design and construction capabilities that meet various customer needs. In recent years, the company has also focused its resources on offering additional services and differentiating from its competitors in space design through collaboration with partners in other industries to offer more comfortable living spaces.

Meanwhile, we have continued to supply energy such as gas and electricity in the Kansai area, and have met the various needs of our customers through the provision of gas appliances and renovation projects for instance. As of the end of March 2020, we have received more than 350,000 orders for renovation projects.

In the future, we will strive to further enhance value for customers by enhancing operational synergies between the latest gas equipment that utilizes our IoT and the renovation design of Global Base Corporation.



□ Initiatives Aimed at Promoting Installation of Residential Fuel Cells "ENE-FARM"

Since its launch in 2009, cumulative sales of ENE-FARM exceeded 110,000 units as of October 2019. The new ENE-FARM type S product, which was launched in April 2020, has achieved the world's highest power generation efficiency of 55%*1, and features increased ease of installation through significant miniaturization of the main body of the device. This line of products generates electricity even during power outages, and includes the function to continue power generation throughout a power failure to ensure the continued availability of electricity. In addition, we have expanded our IoT services by adding a convenient Tsunagaru Switch*2 to the remote control that can be used in conjunction with the dedicated smartphone app. We are striving to advance further technology development and cost reduction while continually contributing to the realization of comfortable living for customers, mitigation of environmental loads, and enhancement of energy security.



ENE-FARM type S

Tsunagaru Switch

*1 The world's highest power generation efficiency under certain conditions (surveyed by Osaka Gas Co., Ltd. as of January 31, 2020).

*2 Choice and assign functions to the remote control from the application

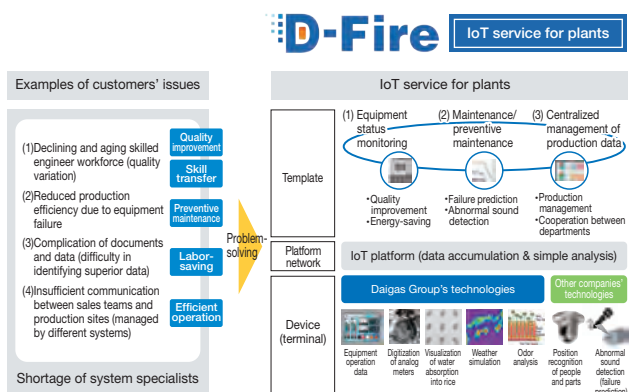
Measures for Commercial and Industrial Use

To enable optimized, efficient energy usage, we provide one-stop solutions to meet utilities-related outsourcing needs at our customers, along with services that leverage engineering, the IoT and other advanced tools in the development of technologies and products needed by our customers.

IoT Services for Plants

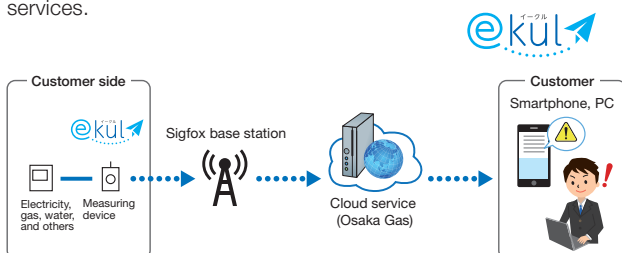
In July 2019, the Daigas Group started a new service "D-Fire" that utilizes IoT to offer one-stop solutions that lead to higher plant productivity. In the new service, we select optimal devices and sensors for customers' plants and offer data visualization and analysis tools, and provide support for resolving any issues faced throughout the plant by utilizing the technology and expertise that we have built up over the years to further improve consulting services for our customers.

Thus, the service enables minimizing unexpected equipment failures by monitoring trends in equipment operation data and stable quality control with checking processing conditions against product quality data. It also becomes possible to digitize the expertise of skilled engineers, supporting the transfer of skills. By combining our own expertise with AI, IoT, and other advanced technologies, we will continue to expand our services that are helpful for our customers to grow their businesses and resolve any issues that they may have.



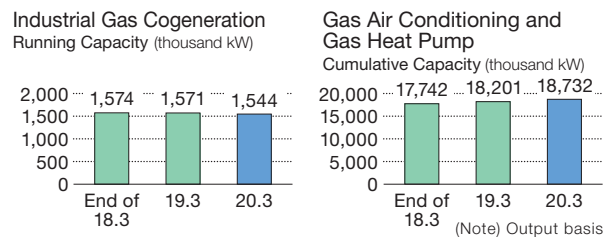
Services Using ICT

For the commercial and industrial customer, we have developed various services using Information and Communications Technology (ICT). "ekul" is a service which can measure immediately and provide gas and electricity usage information in real time, and can also measure various data, including water usage, number of customers, temperature, and humidity. In April 2019, the "ekul lite" service plan was also launched as a derivative plan of "ekul." The new service combines features such as simple device configuration, a measuring device that can be installed anywhere thanks to battery-powered operation, and the availability of existing "ekul" service functions. We will continue to help our customers grow their businesses by providing a wide variety of services.



Expanded Use of Gas Cogeneration Systems and Air Conditioning Systems

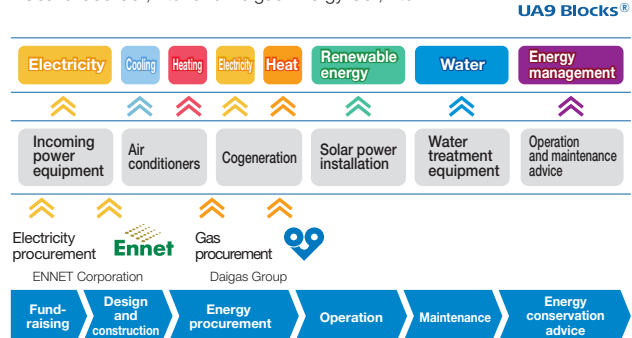
We are continuing to propose cogeneration systems and gas air conditioning systems that help reduce peak electricity and promote energy conservation.



Utility Agent* Contract

In Daigas Group's utility agent contracts, Daigas Energy Co., Ltd. provides a full-range of utilities-related services, combining nine categories. By proposing in a single package optimized utility facilities (for gas, electricity, water, etc.), no requirement for initial investment in facility introduction, optimized procurement of energy, facility operation/maintenance, and energy-saving technical advice after facility introduction, we ensure continuous energy- and cost-saving not only at the time of facility introduction but also during operation.

* Trademark "Utility Agent" is a registered trademark of Osaka Gas Co., Ltd. and Daigas Energy Co., Ltd.



Engineering Services

Leveraging technologies built up over the years, we carry out thorough investigations into energy load at all customer facilities and provide solutions to issues faced by the customer using simulations and other measures at one of Japan's largest test sites. Construction work and post-project maintenance are also carried out by the Daigas Group. We propose total solutions, including regular inspections, emergency troubleshooting, and facility upgrades.

Diagnosis results As of March 31, 2020



Development of Energy and Services in a Wider Area, Establishment of Competitive and Environmentally Friendly Infrastructure

As an energy business operator, we will contribute to creating an overall low-carbon society by providing energy and services in a wider area while pursuing the development of competitive and environmentally friendly infrastructure.

Expansion of Wide-Area Businesses

As competition continues in the Kansai area's energy business, we aim to broaden our business areas across the country, particularly in the Greater Tokyo area, to grow our Domestic Energy Business. In addition to leveraging the expertise and know-how built through our businesses in the Kansai area, we will expand our operations going beyond regional and corporate boundaries through alliances with other companies.

Initiatives in the Greater Tokyo Area

We formed business tie-ups in electricity and gas sales, concentrating efforts at CD Energy Direct Co., Ltd. In addition, by enhancing our selection of rate plan options and implementing initiatives of mass promotion, we have acquired over 200,000 customers as of April 2020.

In April 2020, Ogishima Natural Gas Supply Co., Ltd.'s city gas production and supply facilities and Fukushima Natural Gas Power Plant launched commercial operations, and we were able to establish competitive energy infrastructure in the Greater Tokyo area. Through these initiatives, we aim to further grow the energy business in the Greater Tokyo area.

Major business tie-up partners

Business commencement*	Major tie-up partners	Nature of tie-up
October 2018	Tokyu Power Supply Co., Ltd.	Gas sales
September 2018	ARUHI Marketing Corporation	Electricity and gas sales
October 2018	ENEARC Kanto Co., Ltd.	Gas sales
January 2019	The Yomiuri Shimbun	Electricity sales
September 2019	Loop Inc	Gas sales
October 2019	CO-OP MIRAI	Gas sales

* The months that energy supply started are presented.

Status of wide-area energy and services development

(as of June 30, 2020)

Himuka LNG Co., Ltd. (LNG) Stake: 34% Operation launch: FY2022 (Scheduled)	Progressive Energy Co., Ltd. (Gas supply, energy service) Stake: 25% Investment period: March 2019
Nagaoka Carbonic Co., Ltd. (Industrial gas) Stake: 100% Operation launch: April 2021 (Scheduled)	CD Energy Direct Co., Ltd. (Gas, electricity, service) Stake: 50% Business launch: August 2018
Ogishima Natural Gas Supply Co., Ltd. (Gas production/supply) Stake: 15% Operation launch: April 2020	Biwako Blue Energy Co., Ltd. (Retail gas, security and services for gas/water) Stake: 74.8% Business launch: April 2019
Reliance Energy Okinawa, Co., Ltd. (Energy service) Stake: 15% Investment period: March 2018	ENEARC Co., Ltd. (LPG, electricity, service) Stake: 50% Business launch: October 2017

Initiatives Aimed at Promoting Renewable Energy Power Sources

Amid growing global support for RE100, due to an increasing interest in renewable energy in Japan as well, the Daigas Group is engaging in the development and procurement of various sources of renewable energy, including wind power, solar power, and biomass, to be able to provide proposals that meet the needs of each customer.

Although we have been focused on power source development that utilizes the renewable energy feed-in-tariff system (FIT scheme) up to this point, in November 2019, we launched an initiative to procure power through a service to purchase surplus electricity generated by solar power systems*¹ for customers whose purchase period (10 years) ended under the FIT scheme. In this way, we are working toward our goal of sustainable renewable energy business that spans the entire value chain by selling developed and procured electricity through means that meet the individual needs of our customers.

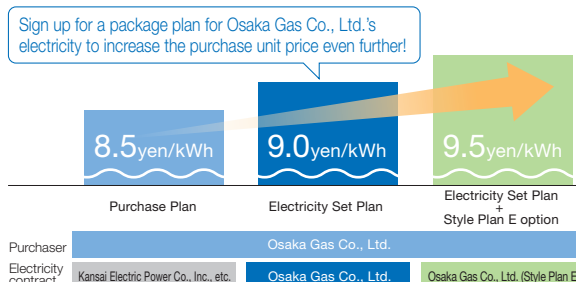
In addition, as one of our new initiatives, in March 2020, we signed a memorandum of agreement with West Holdings

Corporation regarding a joint examination of new businesses that create new added value in the renewable energy field.

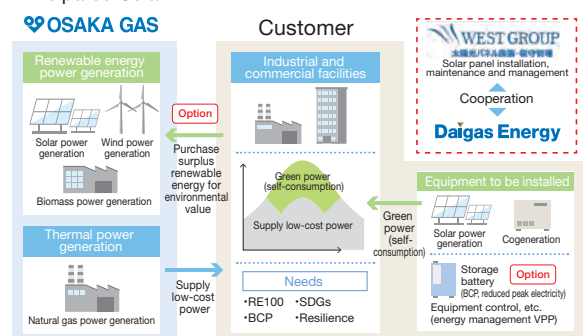
Taking into account increased environmental awareness in the future, the new businesses to be jointly examined are expected to include joint development of "self-consumption solar power generation (solar PPA)", "large-scale solar power generation" in the renewable energy field and "renewable energy trading."

*¹ Service to purchase surplus electricity generated by solar power systems
We offer the Purchase Plan for electricity, which is available for any customer, and the Electricity Set Purchase Plan which offers an advantage to customers who use Osaka Gas Co., Ltd.'s electricity. In addition, the Style Plan E option is also available, in which the purchase unit price increases further in combination with Style Plan E, an environmentally friendly electricity rate plan option. The Style Plan E offers an electricity rate plan option for customers who want to use environmentally friendly electricity, through which they can use electricity generated through renewable means and ENE-FARM.

Purchase unit price for electricity
(including the amount equivalent to consumption tax, etc.)

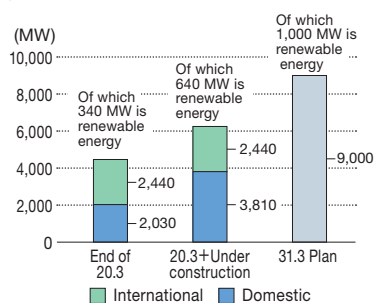


Anticipated Solar PPA



Power Source Development Initiatives

Our group owns a variety of power sources, primarily natural gas-fueled thermal power plants with low environmental impact, as well as cogeneration and renewable energy power sources. Our power generation capacity in Japan is approximately 2,030 MW as of March 31, 2020. As an overall Group power portfolio, we plan to be generating 9,000 MW in Japan and overseas by FY2031.3. In Japan, we aim to ensure flexible response to changes in demand and supply by combining procurement from the power market and peer suppliers. Moreover, by expanding power from renewable sources to a scale of 1,000 MW in both



Japan and overseas markets, we will be contributing to creating an overall low-carbon society. Our goal is to create a competitive and environmentally friendly power supply portfolio toward FY2031.3.

Acquisition of All Shares in JGC Mirai Solar Co., Ltd. (December 2019)

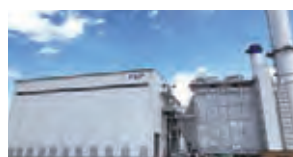
The Daigas Group has held 49% of the issued shares of the solar power generation business operator JGC Mirai Solar Co., Ltd. since May 2014, and in December 2019, we acquired the remaining 51% of issued shares held by JGC Holdings Corporation and changed its corporate name to Daigas Oita Mirai Solar Co., Ltd. Going forward, Daigas Oita Mirai Solar Co., Ltd. will continue efficient and stable operation as a wholly-owned subsidiary of the Daigas Group.

Investment Decision on the Power Generation Business in Himeji City, Hyogo Prefecture (September 2019)

We have been examining and preparing for the power generation business in Himeji City, Hyogo Prefecture through Himeji Natural Gas Power Generation Co., Ltd. jointly established by Osaka Gas Co., Ltd. and Idemitsu Kosan Co., Ltd. in April 2016. As a result of examining the business, we have decided to invest in the power generation business with a capacity of approximately 1,200 MW of the total planned capacity of approximately 1,800 MW and has also reached an agreement with Idemitsu Kosan Co., Ltd. that Himeji Natural Gas Power Generation Co., Ltd. will be wholly owned by Osaka Gas Co., Ltd. The power generation project includes the establishment of two high-efficiency gas turbine combined-cycle power generation units (approximately 600 MW per unit) on Idemitsu Kosan Co., Ltd.'s property and the supply of natural gas as fuel to these units from Osaka Gas Co., Ltd.'s Himeji LNG Terminal. Toward the start of operation planned in January 2026, we will further proceed with the project.

Commencement of Commercial Operation of Unit 1 of Fukushima Natural Gas Power Plant (April 2020)

The Unit 1 power generation equipment of the Fukushima Natural Gas Power Plant started its commercial operation in April 2020. It had been constructed by Fukushima Gas Power Co., Ltd. (FGP), in which Osaka Gas Co., Ltd. has a 20% stake. The power plant is a natural gas-fired thermal power plant with an output of 1,180 MW. It was constructed on No. 4 wharf of Soma Port, Fukushima Prefecture. It uses a gas turbine combined-cycle system with a high power generation efficiency. The generated electricity is received by companies that have invested in FGP, depending on the amount of fuel delivered to FGP.



Appearance of Unit 1 (Photo taken on-site: current as of April 2020)



Overall view of the power plant

Total Power Generation Capacity Domestic Total: approx. 2,025 MW*1 (As of March 31, 2020)

Thermal Power Sources, etc.*2

- Senboku LNG Terminal I 18 MW
- Himeji LNG Terminal 58 MW
- Senboku Natural Gas Power Plant 1,109 MW
- Torishima Energy Center 141 MW
- Uji Energy Center 67 MW
- Settsu Energy Center 18 MW
- Senri Energy Center 7 MW
- Funamachi Power Plant 149 MW
- Nagoya Power Plant (excludes biomass-mixed combustion) 142 MW
- Nagoya II Power Plant (excludes biomass-mixed combustion) 77 MW
- Fukushima Natural Gas Power Plant 1,180 MW April 2020: Launch of operations
- Himeji Natural Gas Power Plant 1,245 MW (Designing) January 2026: Launch of Unit 1 operations (Planned) May 2026: Launch of Unit 2 operations (Planned)

Thermal Power Sources, etc. Total: approx. **1,785 MW*1**

Renewable Energy Power Sources*2

[Solar Power Generation]

- Daigas Oita Mirai Solar Power Plant 27 MW
- Energy Bank Japan Power Plants (26 locations) 44 MW
- Other Sources, such as Solar Power Generation, etc. 18 MW

Total: approx. **89 MW*1**

[Biomass Power Generation]

- Matsusaka Woody Biomass Power Plant 2 MW
- Nagoya Power Plant (5% biomass-mixed combustion) 7 MW
- Nagoya II Power Plant (30% biomass-mixed combustion) 33 MW
- Ichihara Biomass Power Plant 50 MW (Under construction)
- Sodegaura Biomass Power Plant 75 MW (Under construction)
- Hirohata Biomass Power Plant 75 MW (Under construction)
- Tokushima Tsuda Biomass Power Plant 75 MW (Under construction)

Total: approx. **40 MW*1**

[Wind Power Generation]

- Hayama Wind Farm Power Plant 20 MW
- Hirogawa Myojin-yama Wind Power Plant 16 MW
- Yura Wind Power Plant 10 MW
- Hizen Wind Power Plant 12 MW
- Hizen South Wind Power Plant 18 MW
- Hirao Wind Power Plant 9 MW
- Inami Wind Power Plant 26 MW
- Shiribetsu Wind Power Plant 27 MW (Under construction)

Total: approx. **111 MW***



Inami Wind Power Plant

Renewable Energy Power Source Total: approx. **240 MW*1**

*1 Power generation capacity of the Daigas Group. Only shows power generation capacity in operation.

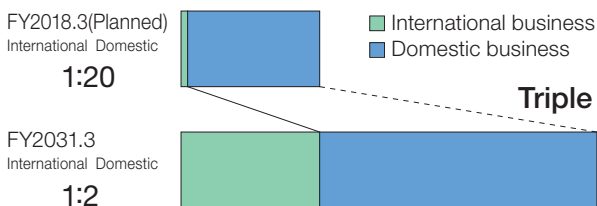
*2 Capacity of each project shows the power plant facility capacity.

International Energy Business

What We Aim to Be in FY2031.3 and Summary of Current Situation

As an energy business operator, the Daigas Group has focused on the natural gas value chain from early on and has made investments abroad accordingly. In the future, we will continue to invest outside of Japan and by FY2031.3 will increase our international-to-domestic business ratio to 1:2. The Daigas Group will create a business model capable of generating balanced earnings streams from North America, Asia, and Oceania.

Anticipated FY2031.3 consolidated ordinary profit

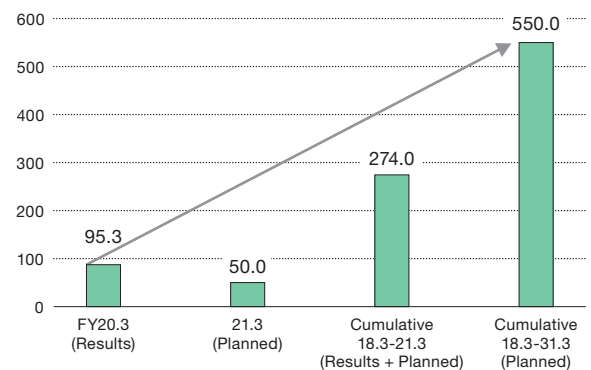


Results of Fiscal Year Ended March 31, 2020

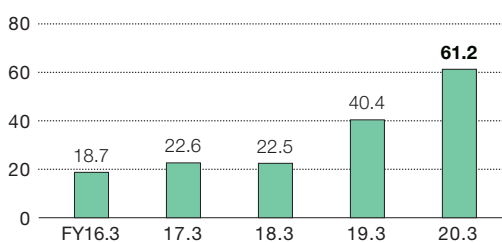
Net Sales ¥ **61.2** billion Segment Profit* ¥ **8.1** billion

* Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method

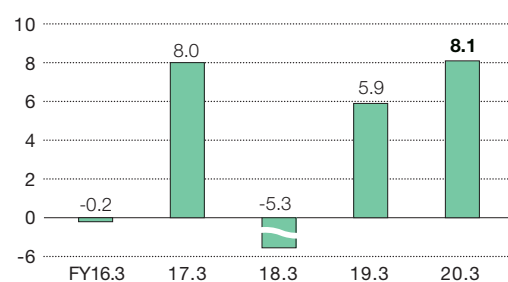
Growth investment in international business (billion yen)



Net Sales (billion yen)



Segment Profit* (billion yen)



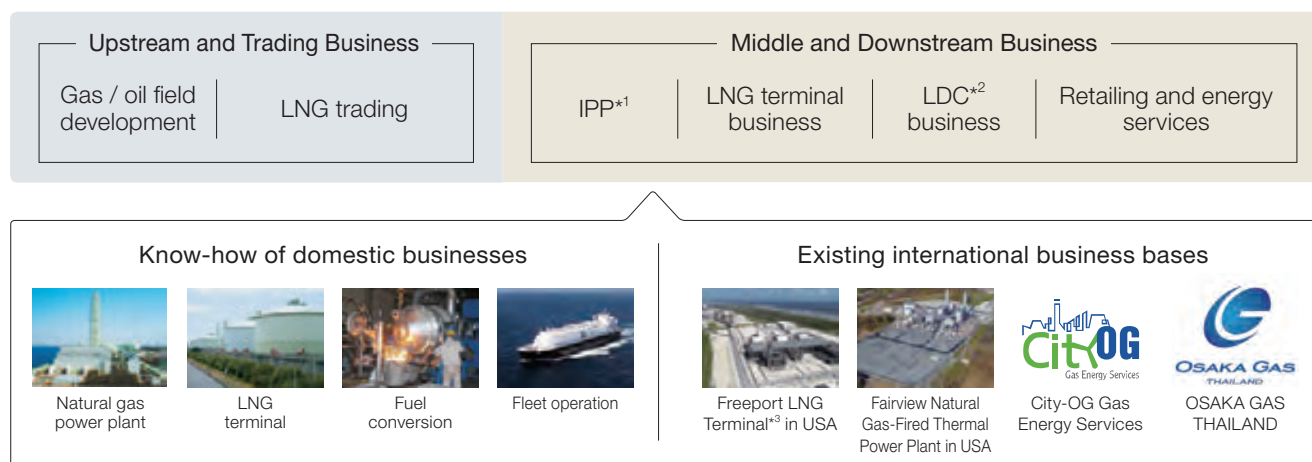
Note: Since FY18.3, Sumisho Osaka Gas Water UK Limited, an equity-method affiliate, changed its segment from "Life & Business Solutions" to "International Energy Business." FY17.3 results are calculated based on the contents after the change.

Efforts to Become What We Aim To Be in FY2031.3

In order to become what we aim to be in FY2031.3, we will promote expansion from upstream to middle and downstream businesses, centering on our priority areas, namely North America, Asia, and Oceania. To do so, we will make full use of the expertise we have cultivated in Japan and the international business infrastructure we have built. Also, we will expand our businesses based on the following three policy points.

- 1 Concentrating management resources on priority areas and priority business in each area
- 2 Accelerating business development by collaborating with mutually complementary partner companies and utilizing M&A
- 3 Increasing business engagement and improving business implementation capabilities (human resource development, development of a quick decision-making system, etc.)

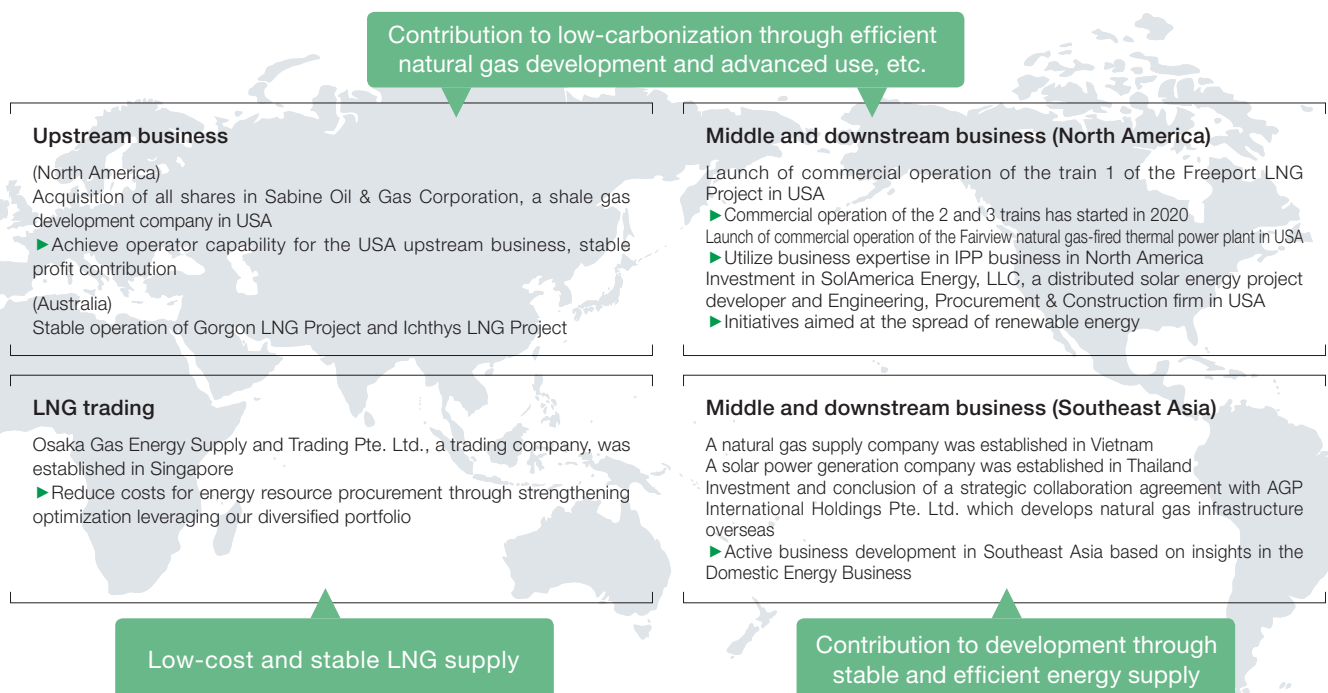
□ We will strengthen the profit structure of the international energy business by strengthening each business field.



*1 Independent Power Producer *2 Local Distribution Company *3 Freeport LNG Development, provided by L.P.

□ Efforts Toward Sustainable Growth

During the fiscal year ended March 31, 2020, we made significant progress in growth investment in the United States such as by acquiring all shares of Sabine Oil & Gas Corporation, a shale gas development company and launching commercial operation of Freeport LNG Project and Fairview natural gas-fired thermal power plant. As a result, we were able to grow the International Energy Business into a full-fledged pillar of business. We will continue to aim to acquire new projects and work to build a business portfolio towards achieving sustainable growth. Also, we will work to strengthen competitiveness in LNG procurement and expand the trading business.



Upstream and Trading Business

□ Business Overview and Characteristics

In upstream businesses, we are contributing to growth and stabilization of overall our group earnings, in addition to acquiring useful expertise in LNG procurement. While steadily proceeding with projects in which our participation is already decided, we aim to create an earnings platform and improve our business promotion by acquiring new projects in production or development.

During the fiscal year ended March 31, 2020, we were able to expand profits and acquire the capability to serve as an operator in the upstream business through the acquisition all shares in Sabine Oil & Gas Corporation an upstream business in the United States. We aim to achieve long-term and stable profit contribution by promoting the USA upstream business. With regard to existing projects, the Gorgon LNG Project and Ichthys LNG Project in Australia are operating stably, and we can expect continued profit contribution.

With regard to trading business, we established Osaka Gas Energy Supply and Trading Pte. Ltd., an LNG trading company in Singapore, and aim to reduce costs for energy resource procurement while responding to customer needs through optimization leveraging our diversified procurement portfolio.



Gorgon LNG Project in Australia



Ichthys LNG Project in Australia
Courtesy of INPEX CORPORATION



East Texas Shale Gas Project in USA

Middle and Downstream Business

□ Business Overview and Characteristics

In middle and downstream businesses, we aim to grow sustainably by utilizing the know-how and experience cultivated in the Domestic Energy Business and amassed expertise in the region to improve the business value of each project and operate the business independently. The Group participates in LNG terminal and IPP businesses and other business in North America,

Europe, the Middle East, and Australia. We are also engaged in natural gas sales and energy services in Southeast Asia and would like to expand into projects such as power plants and LNG terminals. We will continue to make use of business expertise amassed in the region to proactively develop our businesses.

□ Status of Investments

Participating in Electricity Business in USA

In USA, an environment-friendly natural gas-fired power plant is expected as demand for stable power supply is increasing due to the decommission of aging coal-fired power plants and the expansion of renewable energy sources. Since participating in North American natural gas thermal power plant projects in 2004, we have acquired projects, mainly in the US northeast including the PJM Market, one of the largest wholesale power markets in USA. In addition to expanding profit contributions, we have accumulated expertise on power plant operations, including fuel procurement and sales of electric power to the market. In recent years, we took a 100% stake in Michigan Power's natural gas-fired power plant in 2018 and have taken other measures to accelerate the accumulation of business expertise by promoting more independent power plant operations, and



Michigan Power natural gas-fired thermal power plant in USA



Fairview natural gas-fired thermal power plant in USA

we are making further efforts to achieve sustainable growth in the IPP business in North America by applying our accumulated business expertise to the operation of the Fairview natural gas-fired thermal power plant, which launched commercial operations in 2019. In addition, we have invested in SolAmerica Energy, LLC, a distributed solar energy project developer and Engineering, Procurement & Construction firm in 2020. We are proactively exploring other investment opportunities in renewable energy sources, which are expected to expand in USA.



Solar power plant developed and constructed by SolAmerica Energy, LLC in USA
Courtesy of SolAmerica Energy, LLC

Launch of commercial operation of Freeport LNG Project

In the liquefaction business at the Freeport LNG Project in Texas, USA, commercial operation of the train 1 has been launched in 2019. Commercial operation of the train 2 and 3 trains has been sequentially started in 2020. In addition to expanding stable profit contribution through the liquefaction business, we are starting LNG procurement from the USA to secure LNG without restrictions on the country of destination, and at the same time, promoting diversification of our supply sources and our LNG price indexation to achieve stable and flexible LNG procurement.

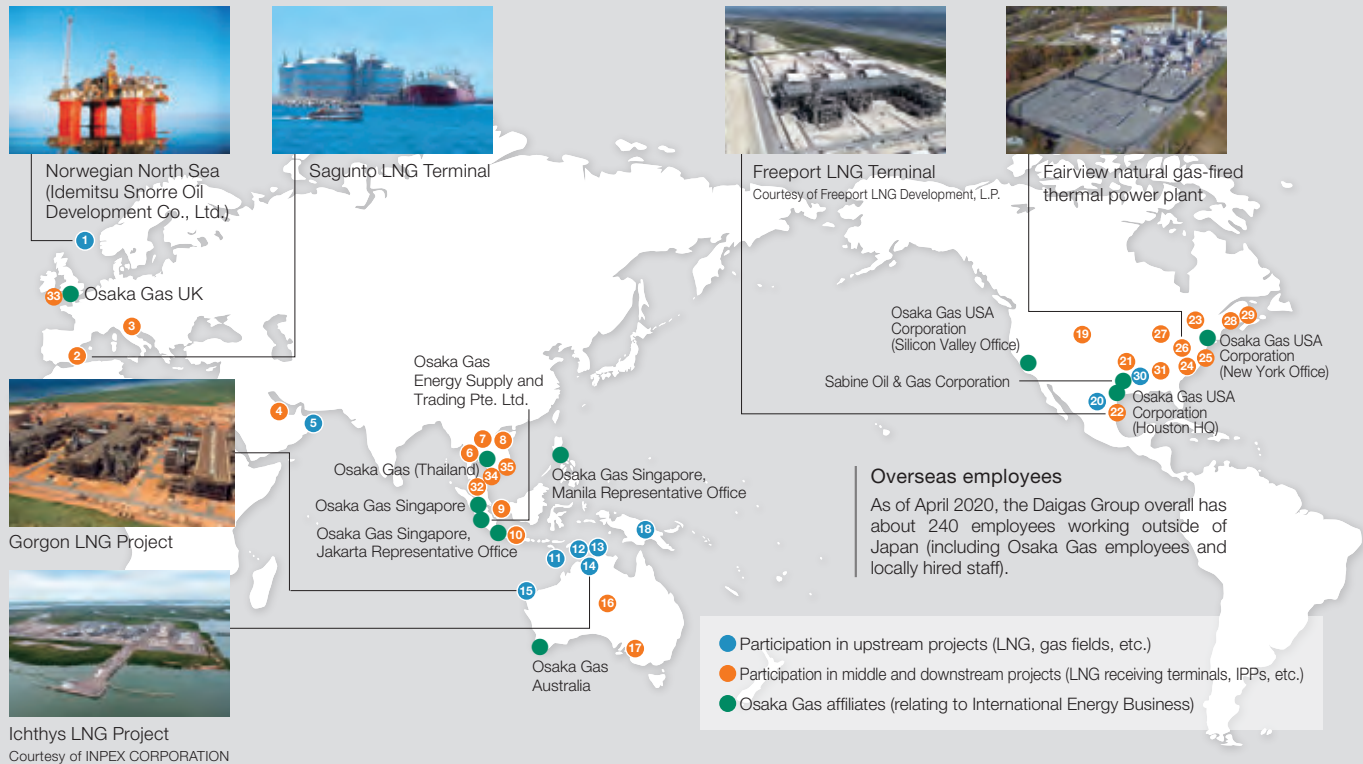
Business Development in Southeast Asia

In 2013 we set up a local representative company in Singapore and Thailand, and in 2018 we also set up a local company in Indonesia, to start selling natural gas and provide energy services. We are accelerating business development, such as the establishment of a natural gas supply company in Vietnam and a solar power generation company in Thailand in 2019, and investment and conclusion of a strategic collaboration agreement with AGP International Holdings Pte. Ltd. which develops natural gas infrastructure overseas. We will be expanding our International Energy Business by promoting business activities corresponding to local needs, particularly in Southeast Asia, where the demand for natural gas is expected to grow.



Artist's impression of completed Phu My 3 Specialized Industrial Park in Vietnam

Investments in the International Energy Business (As of April 2020)



Participation in upstream projects (LNG, gas fields, etc.)

- 1 Norwegian North Sea (Idemitsu Snorre Oil Development Co., Ltd.)**
Stake since 2005: 1-10%
- 5 Qalhat LNG**
Stake since 2006: 3% LNG output: 3.3 million tons/year
- 11 Crux Gas and Condensate Field**
Stake since 2007: 3%
- 12 Sunrise LNG Project**
Stake since 2000: 10%
- 13 Evans Shoal Gas Field**
Stake since 2000: 10%

- 14 Ichthys LNG Project**
Stake since 2012: 1.2% Projected LNG output: 8.4 million tons/year (planned)
- 15 Gorgon LNG Project**
Stake since 2009: 1.25% Projected LNG output: 15.0 million tons/year (planned)
- 18 Western Papua New Guinea Gas and Condensate Field**
Stake since 2014: 10 - 20% (ratio depends on field)
- 20 Pearsall Shale Gas and Liquids Development Project**
Stake since 2012: 35%
- 30 Sabine Shale Gas Project**
Stake since 2018: 100%

Participation in middle and downstream projects (LNG receiving terminals, IPPs, etc.)

- 2 Sagunto LNG Terminal**
Ownership interest since 2010: 20% Vaporization capacity: 6.4 million tons/year
- 3 Erogasmet**
Ownership interest since 2015: City gas distribution business
- 4 Shuweihat S2 IWPP**
Ownership interest since 2011: 10% (25% equity interest in the operation and maintenance company)
Power generation capacity: 151 MW Freshwater processing capacity: 10 million gallons/day
- 6 Osaka Gas (Thailand)**
Ownership interest since 2013: Energy services business
- 7 OGP Energy Solutions**
Ownership interest since 2015: Energy services business
- 8 NS-OG Energy Solutions**
Ownership interest since 2014: 30% Cogeneration business
- 9 CITY-OG Gas Energy Services**
Ownership interest since 2013: 49% Gas retail business
- 10 PT OSAKA GAS INDONESIA**
Ownership interest since 2018: Natural gas joint marketing business
- 16 EII (Energy Infrastructure Investments)**
Ownership interest since 2008: 30.2% Four pipelines, two gas-refining facilities, two power plants, two interconnected power transmission lines Power generation capacity: 18 MW
- 17 Hallett 4 Wind Farm Project**
Ownership interest since 2009: 39.9% Power generation capacity: 53 MW
- 19 Osaka Gas Power America**
Ownership interest since 2005: 6 IPP projects Power generation capacity: 301 MW
- 21 Tenaska Gateway IPP**
Ownership interest since 2004: 40% Power generation capacity: 338 MW
- 22 Freeport LNG Terminal (vaporization business)**
Ownership interest since 2008: 10.81% Vaporization capacity: 13 million tons/year
- 23 Freeport LNG Project**
Ownership interest since 2012: 25% (first train) LNG output: 4.64 million tons/year (planned)
- 23 Aurora Solar Power Generation Project**
Ownership interest since 2012: 50% Power generation capacity: 51 MW
- 24 St. Charles Energy Center Natural Gas-Fired Power Plant**
Ownership interest since 2015: 25% Power generation capacity: 181 MW
- 25 Shore Natural Gas-Fired Thermal Power Plant**
Ownership interest since 2017: 20% Power generation capacity: 145 MW
- 26 Fairview Natural Gas-Fired Thermal Power Plant**
Ownership interest since 2017: 50% Power generation capacity: 525 MW
- 27 Michigan Power Natural Gas-Fired Thermal Power Plant**
Ownership interest since 2018: 100% Power generation capacity: 125 MW
- 28 Kleen Energy Natural Gas-Fired Thermal Power Plant**
Ownership interest since 2018: 24.3% Power generation capacity: 151 MW
- 29 Towantic Natural Gas-Fired Thermal Power Plant**
Ownership interest since 2018: 49.5% Power generation capacity: 399 MW
- 31 SolAmerica Energy, LLC**
Ownership interest since 2020: Development and construction of distributed solar power generation
- 32 AGP International Holdings Pte. Ltd.**
Ownership interest since 2019: LNG business
- 33 Igloo Energy Supply Ltd.**
Ownership interest since 2019: Electricity and gas retail business
- 34 OE Solar Co., Ltd.**
Ownership interest since 2019: 49% Solar power generation business
- 35 Sojitz Osaka Gas Energy Company Ltd.**
Ownership interest since 2019: 49% Gas supply business

Life & Business Solutions (LBS Business)

What We Aim to Be in FY2031.3 and Summary of Current Situation

The Daigas Group actively applies the technologies and know-how it has accumulated in the energy business, developing businesses that differ from the energy field in order to diversify business risk. These non-energy businesses are playing a major role in supporting the Daigas Group's earnings base as a stable source of earnings, particularly as crude oil prices and foreign exchange trends remain unclear.

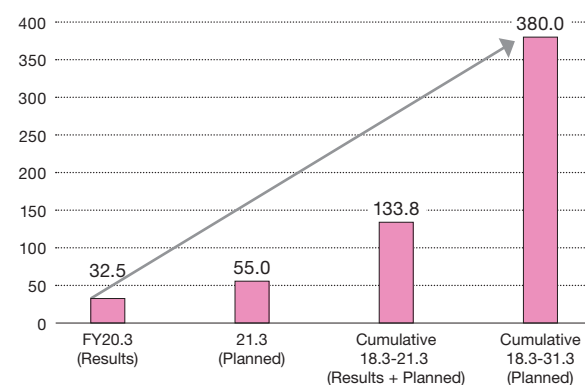
We plan to accelerate growth in three core business areas in Life & Business Solutions—Real Estate, Materials Solutions, and Information Solutions—aiming to consistently increase profits through fiscal 2031.3.

Results of Fiscal Year Ended March 31, 2020

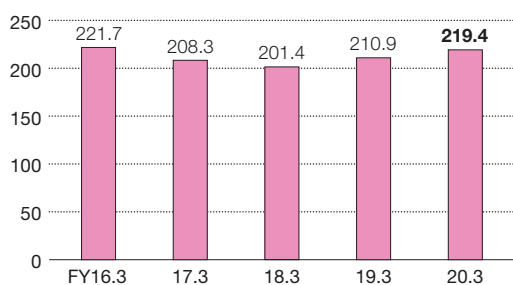
Net Sales ¥ **219.4** billion Segment Profit* ¥ **19.6** billion

* Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method

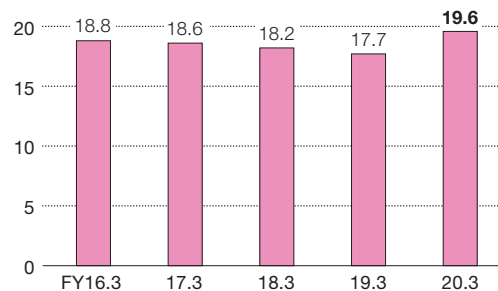
Growth Investment in LBS Business (billion yen)



Net Sales* (billion yen)



Segment Profit* (billion yen)



Note: Since FY1 9.3, Osaka Gas Engineering Co., Ltd. changed its segment from "Life & Business Solutions" to "Domestic Energy/Gas." FY1 8.3 results are calculated based on the contents after the change.

Since FY18.3, Sumisho Osaka Gas Water UK Limited, an equity-method affiliate, changed its segment from "Life & Business Solutions" to "International Energy Business." FY17.3 results are calculated based on the contents after the change.

Real Estate Business – Osaka Gas Urban Development Group

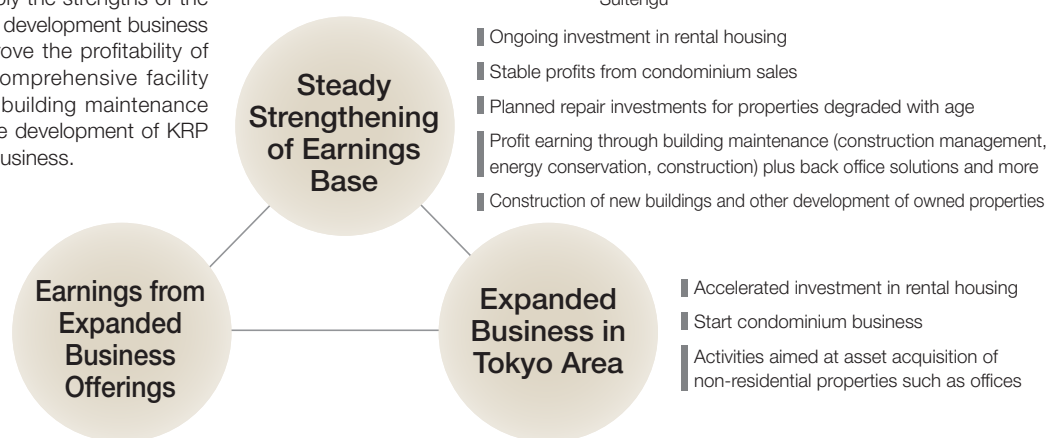
Business Overview and Characteristics

Our real estate business extends widely to include the development of properties such as sale and rental apartments, office buildings, management of buildings and facilities, and so on.

Efforts Toward Sustainable Growth

We aim to strengthen the earnings base of existing businesses and establish new earnings by expanding both our range of business offerings and their geographical expansion to the Greater Tokyo area. Specifically, we will actively apply the strengths of the Daigas Group in the real estate development business to acquire new projects, improve the profitability of existing projects, propose comprehensive facility management services in the building maintenance business, and steadily promote development of KRP Bldg#10 in the research park business.

Quick selling of developed properties and other new business challenges



What We Aim to Be in FY2031.3

The Group aims to be a strong player in diverse areas such as leasing, sales, and maintenance by expanding business in the Kansai area as well as in the Greater Tokyo area.



Tsukaguchi



Nihombashi Suitengu



Kikukawa



Sanadayama

About the Osaka Gas Urban Development Group

Osaka Gas Urban Development Co., Ltd.

Osaka Gas Urban Development Co., Ltd. is developing condominiums for sale under the "SCENES" brand, along with rental condominiums and rental offices under the "Urbanex" brand.

Osaka Gas Facilities Corporation (OGFA)

Osaka Gas Facilities Corporation provides comprehensive management services such as facility operation management, security, and cleaning at facilities such as office buildings, hospitals, research facilities, and factories. In addition, we meet the wide-ranging needs of customers in relation to buildings and facilities, extending from repair work and large-scale renovations to energy conservation, CO₂ reductions, and the visualization of energy consumption.

Kyoto Research Park Corp. (KRP)

Kyoto Research Park Corp. is an industrial cluster home to nearly 400 tenant venture companies and organizations. In addition to providing offices and laboratories, KRP promotes the creation of new businesses in collaboration with Kyoto Prefecture, Kyoto City, and universities. KRP aims to be a hub for innovation that generates new ideas and business by bringing together individuals and companies working in diverse fields.

Prime Estate Co., Ltd. (PE)

Prime Estate Co., Ltd., based in the Yokohama and Shizuoka areas, is engaged in real estate development, leasing, and sales brokerage, primarily from the Greater Tokyo area to the Tokai area.

Umekita Second Zone (Tentative Name) Development Project Begins

The plan for the Umekita Second Zone (tentative name) Development Project, in which Osaka Gas Urban Development Co., Ltd. participates, was confirmed in April 2020.

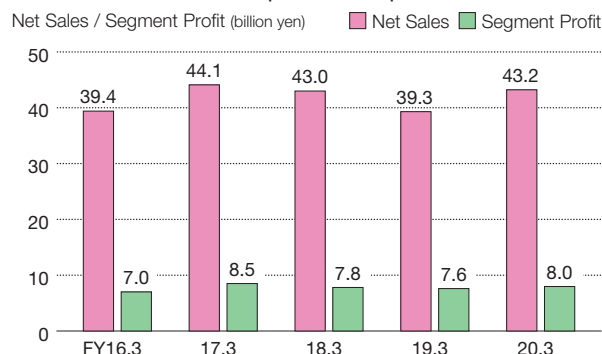
The project is founded on an urban development philosophy of fusing "midori (green)" and "innovation." We will engage in urban development in Umekita that will provide an example to Osaka, to the entire Kansai region, and to the world, and aim to achieve urban development that will lead to economic development not only in the Umekita area, but also in Osaka and the entire Kansai region.

About the Fiscal Year Ended March 31, 2020

In the fiscal year ended March 31, 2020, profits increased from the previous year due to an increase in the number of properties in the leasing business and an increase in the number of units sold in the built-for-sale housing business.

Osaka Gas Urban Development Group

Net Sales / Segment Profit (billion yen)



Materials Solutions Business – Osaka Gas Chemicals Group

□ Business Overview and Characteristics

We develop, manufacture and sell highly functional materials based on our own coal chemistry technologies and pharmaceutical- and agrochemical-related technologies. In 2014 we acquired Jacobi Carbons AB (Sweden) and are developing our business globally.

□ What We Aim to Be in FY2031.3

Engaged primarily outside of Japan, we aim to become a manufacturer of functional materials with a top position in niche markets that contributes positively to industry, life, and the environment.

□ Efforts Toward Sustainable Growth

We aim to establish a stable earnings base and achieve sustainable growth by developing and expanding sales of products with high added value in a diverse product offering, while also pursuing synergies and developing new markets.

We will also be working on substitutions in our business portfolio on a continuous basis to adapt to changes in the times.

Fine Materials

Development of various applications for fluorene with its excellent optical properties and heat resistance

Resins for camera lenses in smartphones and other devices, semiconductor materials, liquid crystal displays



Carbon Materials

Expanded sales of DONACARBO carbon fiber with its excellent heat insulation and abrasion resistance

Molded insulation for silicon manufacturing furnace for photovoltaic cells



Acoustic insulation material for train cars



Activated Carbon

Expanded global value chain through cooperation between the Jacobi Group and Osaka Gas Chemicals Co., Ltd.

Activated carbon for purification processes in food, alcohol and pharmaceutical manufacturing, air purifiers and water filters



Silica- and Alumina-based Materials

Expanded sales of adsorbents and additives and efforts toward developing new applications

Activated clay for petroleum and for refining cooking oil



Preservatives

Development of wood preservatives, industrial preservatives, industrial coating agents

Xyladecor wood preservative, Xylamon termiticide



□ About the Osaka Gas Chemicals Group

Osaka Gas Chemicals Co., Ltd.

Established in 1931, Osaka Gas Chemicals Co., Ltd. employs technologies cultivated in coal chemistry and pharmaceuticals to develop highly functional materials that add value to customers' products.

Mizusawa Industrial Chemicals Group

Mizusawa Industrial Chemicals, Ltd. was established in 1937 to domestically refine the activated clay needed for refining petroleum and fats and oils. It joined the Daigas Group in 2015.

Jacobi Carbons Group

An activated carbon producer established in Sweden in 1916, Jacobi Carbons AB does business in 21 countries. It joined the Daigas Group in 2014. Osaka Gas Chemicals Co., Ltd. and the Jacobi Group together form the second largest activated carbon producer in the world. (Based on Osaka Gas Chemicals Co., Ltd.'s FY2018.3 performance)

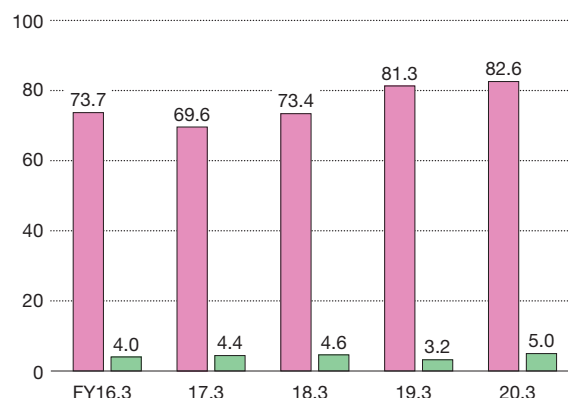
□ About the Fiscal Year Ended March 31, 2020

In the fiscal year ended March 31, 2020, profits increased from the previous year due to better profit margins in activated carbon, etc.

Osaka Gas Chemicals Group

Net Sales / Segment Profit (billion yen)

Net Sales Segment Profit



Information Solutions Business — OGIS-RI Group

Business Overview and Characteristics

OGIS-RI traces its roots back to developing and managing systems for the gas business of Osaka Gas Co., Ltd. After various acquisitions, it organized a group of system providers to offer services to the manufacturing and financial industries. By sharing the expertise of each company in the group, we provide comprehensive IT services ranging from consulting, design, development, and the operation of corporate information systems to data centers, cloud services, and security.

What We Aim to Be in FY2031.3

Through high-level innovation in information and communications technologies, we aim to be a corporate group that provides new value and grows sustainably with customers.

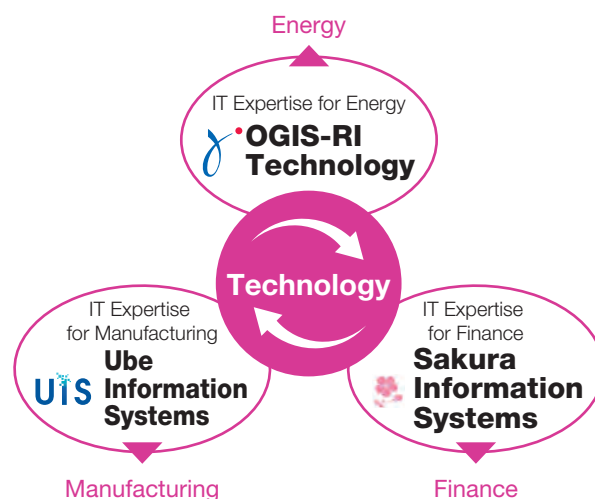
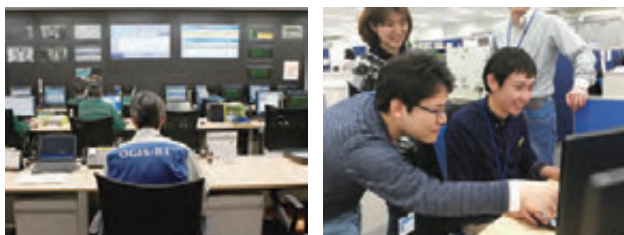


Head Office of OGIS-RI Co., Ltd.

Efforts Toward Sustainable Growth

Our strategy is to differentiate ourselves with a priority placed on the fields of finance, manufacturing, and energy as we expand service businesses for the domains of IoT, cloud technology, and authentication.

We will apply our cumulative expertise and introduce new technologies to improve the competitiveness of the Daigas Group.



About the OGIS-RI Group

OGIS-RI Co., Ltd.

Established in 1983, it is the systems provider company of the Daigas Group with extensive IT expertise in the energy industry.

Sakura Information Systems Co., Ltd.

Established in 1972, it is engaged in the construction and operation of key systems for the Sumitomo Mitsui Banking Corporation Group and has extensive expertise in the financial industry.

Ube Information Systems, Inc.

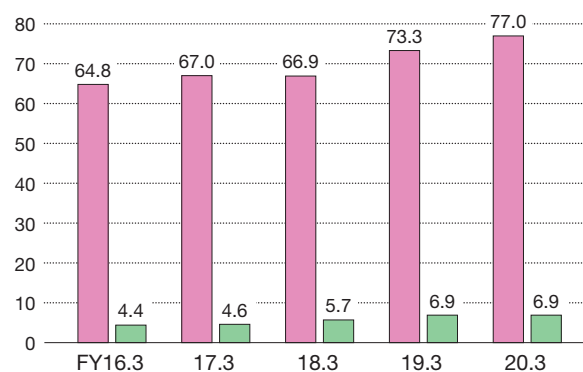
Established in 1983, it provides systems construction and operation as a comprehensive information processing service company of the Ube Industries Group and has IT technology in the manufacturing industry.

About the Fiscal Year Ended March 31, 2020

Segment profit for the fiscal year ended March 31, 2020 remained almost at the same level as the previous year.

OGIS-RI Group

Net Sales / Segment Profit (billion yen) ■ Net Sales ■ Segment Profit



Innovation / Technological Development

To address the challenge of creating new value beyond conventional frameworks, the Daigas Group will further commit to innovation, including open innovation and digital technologies, with the aim of ensuring optimized solutions for customers and fostering next-generation innovation.

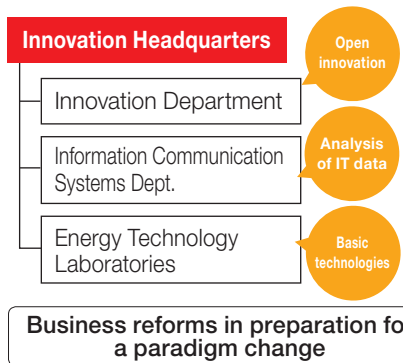
Promotion of Innovation

Set up the Innovation Headquarters

Set up the Innovation Headquarters with the aim of creating new values through business reforms

Set up the Innovation Department and integrally promote companywide innovation activities

Challenge of creating new value



Advance Open Innovation

Collaborate with diverse corporate partners not only in the field of technology but also in the service field

Strengthen Silicon Valley-based activities

Collaborate with start-up companies at home and abroad

Co-create New Businesses



Products and services that go beyond customer expectations

Promote Digitization Exploration of Technology

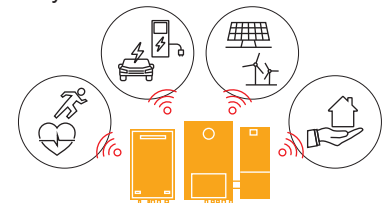
More convenient lifestyle services and business solutions utilizing IoT and AI

New electric power business utilizing distributed energy sources and ICT

High-level infrastructure operations with digitalization

Innovative technology development such as fuel cells

Equipment and energy bringing lifestyle reforms



Achieving drastic business reforms

Examples of Major Initiatives

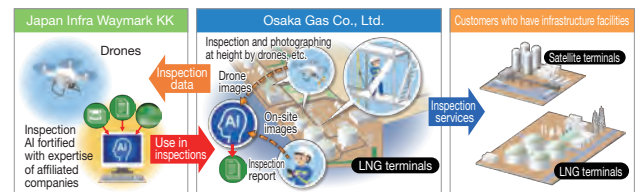
“TORCH”: A Program for New Business Creation for Young Employees

We are promoting a program in which young, willing employees share ideas and create new businesses. The program name, “TORCH,” stands for both the flame of gas and the passion of young employees. For the creation of ideas, our young employees use the “Foresight Creation” methodology of Osaka Gas Research Institute of Behavior Observation. Project management is entrusted to Loftwork Inc., which has a reputation for supporting the creation of new businesses within a company. Every year, we recruit about 20 young employees within the Group who meet the age requirement of 35 years old or less. These employees are divided into teams and spend about three months considering business ideas. The ideas are presented to Group employees in a contest format. In February 2020, the first new business that originated from TORCH called “Ramune” an app that covers light topics to refresh the user’s mind, was released. While aiming to create new businesses that are not confined to existing business frameworks, participants will apply the knowledge gained through the program to their current operations, building a culture of innovation throughout the Group.



Investment in Company That Offers Infrastructure Inspection Using Drones

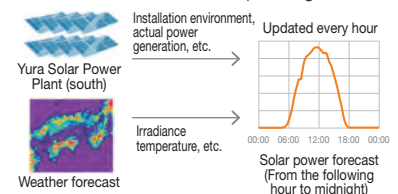
In April 2020, we took a stake in Japan Infra Waymark KK, which offers infrastructure inspection solutions using drones. Utilizing the expertise in inspection and other know-how built up over the years, we will improve safety and operating efficiency by developing AI related to corrosion inspection in LNG terminals and by reducing work at height using drones. We will expand new businesses by offering inspection services to plants of other companies.



Demonstrative Experiment on Solar Power Forecasting on the Assumption of Revision in the FIT Scheme

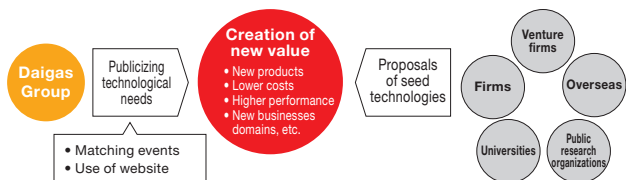
We have worked together with Next Kraftwerke, a venture company in Europe, to jointly conduct a demonstrative experiment for the realization of highly-accurate solar-power forecasting services.

In the future, a review of the FIT scheme is planned, and the obligations of power forecasting, etc. currently assigned to power transmission and distribution business operators are expected to be transferred to the power generation business operators. In the face of this process, we aim to provide new services to properly operate and perform business transactions in regard to solar power generation.



Open Innovation Developments

By fusing proprietary and outside technologies, the Daigas Group is developing open innovation, aiming to speed up the pace of technological development while improving functionality and cutting costs. In the fiscal year ended March 31, 2010, we began publicizing technological needs. We have sponsored technology exhibitions, formed alliances with other companies, attended technology-matching conventions and developed alliances with universities.

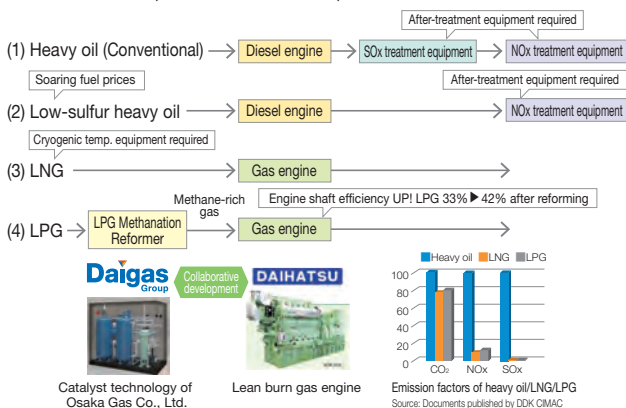


Investment in US Venture Fund

In April 2018, we invested in a venture investment fund operated by WiL LLC, a venture capital company headquartered in Silicon Valley. Through this investment, we aim to invest in and form alliances with start-up companies mainly in Japan and the United States to accelerate the pace of innovation-oriented activities, including the creation of convenient daily services and business solutions using the IoT, AI and other digital technologies, as well as ensuring high infrastructure operational standards.

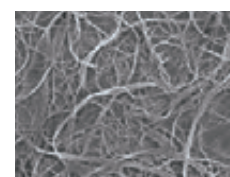
Development of LPG Methanation Reformer to Contribute to Prevention of Marine pollution

Compared with conventional heavy oil, liquefied petroleum gas (LPG) has attracted attention as a ship fuel because it does not require exhaust gas treatment equipment to be able to significantly reduce the SOx and NOx emissions that are a primary cause of marine pollution. However, when using LPG directly by gas engines, there was an issue with knocking being prone to occur within engines, making high-efficiency operations difficult. Therefore, together with DAIHATSU DIESEL MFG. CO., LTD., we have jointly developed a reformer for the methanation of LPG using our own catalyst technology, and have improved its efficiency to 42%, equivalent to the LNG which has already been introduced as a fuel that complies with environmental regulations. In 2019, this reformer obtained the first Approval in Principle (AIP) for Japan from the Nippon Kaiji Kyokai, and we will continue to accelerate further toward the societal implementation of LPG fuel ships and contribute to the prevention of marine pollution.



Development of Fluorene Cellulose as a Fiber for Strengthening Resin

We have developed fluorene cellulose, a cellulose fiber with uniform dispersion, by reacting the cellulose fiber surface with a fluorene derivative. Fluorene cellulose does not mix easily with water but mixes easily with resin. Fluorene cellulose is a resin fiber material with low environmental impact and has strong potential for use in home appliances and as a structural material in automobiles.

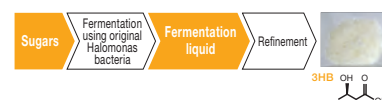


Electron microscope image of fluorene cellulose

Successful Production of Ketone Bodies, Known for Their Use in Diets

We have developed a method for manufacturing ketone bodies, (R)-3-hydroxybutyric acid (3HB), using bioprocess (fermentation) technology cultivated over many years in collaboration with the National Institute of Advanced Industrial Science and Technology. Recent years have seen rising interest in ketone bodies for their effectiveness in dieting and improving athletic performance. We have succeeded for the first time in effectively generating and isolating 3HB using bioprocesses. We anticipate new applications for their use in the future in health foods, supplements, and cosmetics.

Fermentative production of (R)-3-hydroxybutyric acid (3HB), ethyl (R)-3-hydroxybutyrate (3HB ethyl)



ESG-conscious Management toward Achievement of the

The Daigas Group declared that it pursues its Long-term Management Vision 2030 and Medium-term Management Plan 2020 cherishing the three guiding principles that embody its Corporate Principles. The Group applies global environmental, social and governance (ESG) criteria in business to “continue to earn the trust of investors, corporate partners, employees and society,” one of the guiding principles.

ESG-related Issues in the Long-term Management Vision		CSR Charter
	Business that continues to earn the trust of stakeholders	Work style reforms and personnel development to enhance productivity
Environment	<ul style="list-style-type: none"> Support customers in introducing high-efficiency energy equipment, and provide them with energy services Promote fuel conversion to natural gas, a clean energy source, and introduction of energy-saving technologies Develop and introduce leading-edge thermal power plants and renewable energy Promote environmental management focusing on resources recycling, biodiversity, chemical substances safety, etc. 	<ul style="list-style-type: none"> Attitude Reform <ul style="list-style-type: none"> Spontaneously think and act with a sense of ownership and motivation for reform and improvement Work with speed in a smart and efficient way Be always ready to adopt external or new viewpoints and flexibly change ways of thinking Pursue growth by taking up challenges beyond the boundaries Work Style Reform <ul style="list-style-type: none"> Develop human resources who can play important roles in the global community Shift human resources to highly creative jobs while improving work efficiency with ICT Share business know-how among employees to make them immediately available in business and improve service quality Establish workplaces that attract first-rate personnel Work Environment Improvement <ul style="list-style-type: none"> Promote collaboration among individuals and companies with diverse values Provide employees with equal opportunities irrespective of nationality, age, gender or location of residence Establish a work environment and systems that allow employees to work without restriction of location or time
Social	<ul style="list-style-type: none"> Pursue activities in accordance with international norms, such as the Global Compact Promote activities relevant to the entire value chain including initiatives to protect human rights Engage in co-creation with local communities (social design activities, community communication activities, community building, etc.) 	<ul style="list-style-type: none"> II Harmonizing with the Environment and Contributing to Realizing a Sustainable Society
Governance	<ul style="list-style-type: none"> Promote dialogue with stakeholders Pursue fair business practices Enhance diversity of employees and executives Disclosure of ESG information in accordance with global standards Take measures to ensure information security 	<ul style="list-style-type: none"> I Creating Value for Customers III Being a Good Corporate Citizen Contributing to Society IV Complying with Laws and Regulations and Respect for Human Rights V Management Policy for Human Growth
		<ul style="list-style-type: none"> Basic Views on Corporate Governance System and Efforts Aimed at Enhancing Corporate Governance Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole

Long-term Management Vision 2030

The Daigas Group has been conducting its CSR initiatives, setting specific goals in line with its CSR Charter. As we position ESG as a key factor in the management of the Group, we will strive for sustainable development of society and the Group by further deepening our CSR initiatives going forward.

CSR Charter and Activity Indicators

Materiality (Priority Initiatives)

II Energy / Emissions

Common Themes

- Economic Performance
- Supplier Assessment (Impact on the environment and society, human rights and labor practices)

- I Customer Health and Safety
- III Local Communities
- IV Customer Privacy
- V Training and Education
- V Diversity and Equal Opportunity

Materiality was revised in FY2018.3 following changes in the business environment (the Paris Agreement coming into effect, adoption of SDGs, issuing of GRI Standards, expectations of stakeholders, etc.) and formulation of the Long-term Management Vision and the Medium-term Management Plan.

- Director and Audit & Supervisory Board Members Remuneration
- Risk Management
- Status of Internal Control

CSR Indicators ("visualizing" CSR activities)

II Environmental Management Efficiency

- I Customer Satisfaction Survey: Seven Customer Service Duties
- III Communication events
- III Social contribution activities
- IV Scores on Compliance Awareness
- IV Percentage of employees receiving the compliance training
- V Employee Attitude Survey

Long-term Management Goals

Indicators for FY2031.3

Expand business domains

- Energy source capacity (domestic and international)*1
9,000 MW
- Number of customer accounts
10 million or more
- Scale of natural gas business*2
17 million t

Environment/CSR

- Contribution to reduction in CO₂ emissions*3
Approx. 70 million t

Quality improvement

- Customer satisfaction at each contact point*4
95 %

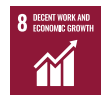
Security and safety

- Ensure security and safety of gas pipelines, gas manufacturing, and power generation business
Maintain the status of zero serious accidents

Investment

- Growth investment*5
¥1,450 billion

Contribution to the Sustainable Development Goals (SDGs)



*1 The ratio of procurement from markets and other companies will be reviewed depending on circumstances in systems and regulations imposed by the national government. *2 Includes sales of LNG to domestic and international energy operators and handling of overseas LNG terminal operations. *3 Total reduction in amount from FY2018.3 through FY2031.3. Includes contribution to reduction at customer sites and overseas. *4 Customer satisfaction for opening gas valves, equipment repairs, and sales and installation work. *5 Total investment amount from FY2018.3 through FY2031.3.

Indicator-based Evaluation of CSR Activities and Contribution

In 2009, the Daigas Group introduced CSR Indicators under each chapter of the CSR Charter to promote and “visualize” CSR initiatives. Meanwhile, important aspects of CSR (materiality) were identified with the assistance of experts for promoting specific activities. Each indicator is determined by the approval of the ESG Council, the highest level of decision-making bodies regarding the Group's CSR activities.

CSR Charter		Materiality Indicators and CSR Indicators		Target (FY2018.3-FY2021.3)
Common themes	CSR Charter I - V	Materiality Economic Performance GRI Standards: 201-2	Financial implications and other risks and opportunities due to climate change	Recognition of risks and opportunities
		Materiality Supplier Assessment (Impact on the environment and society, human rights and labor practices) GRI Standards: 308-1 414-1	Percentage of new suppliers that have been screened using criteria regarding environment, social impact, human rights and labor practice	100%
I	Creating Value for Customers	Customer Satisfaction Survey: Seven Customer Service Duties	Overall satisfaction rate	91% or more
			Satisfaction rate for each of the seven customer service duties	86% or more
II	Harmonizing with the Environment and Contributing to Realizing a Sustainable Society	Environmental Management Indicator	Environmental Management Efficiency	14.2 yen / 1,000 m ³ or less *Target set for FY2021.3
		Materiality Energy / Emissions GRI Standards: 305-5	Contribution to reduction in CO ₂ emissions	Cumulative reduction of 7 million tons *Target set for FY2021.3
III	Being a Good Corporate Citizen Contributing to Society	Communication events	Number of such events held (environmental education and food education, and visit to the Gas Science Museum)	1,950 events or more
		Social contribution activities	Number of such events held	600 events or more
		Materiality Local Communities GRI Standards: 413-1	Percentage of operations with implemented local community engagement, impact assessments and development programs	100%
IV	Complying with Laws and Regulations and Respect for Human Rights	Scores on Compliance Awareness	Individual: Recognition level of “Code of Conduct” Organization: Degree of compliance penetration in the organization	Higher than the previous year Higher than the previous year
		Percentage of employees receiving the compliance training	Percentage of employees receiving the compliance training	100%
		Materiality Customer Privacy GRI Standards: 418-1	Total number of substantiated complaints regarding breaches of customer privacy	Assessment of management situation
V	Management Policy for Human Growth	Employee Attitude Survey *Surveyed every two to three years	Job satisfaction and attachment to the company	Maintain sufficient levels
		Materiality Training and Education GRI Standards: 404-1	Average hours of training per year per employee	Development of human resources, improvement of work environment
		Materiality Diversity and Equal Opportunity GRI Standards: 405-1	Percentage breakdown of employees and executives by gender and age	Promotion of diversity






























to SDGs

For reports on the Daigas Group's CSR initiatives, please refer to the CSR Report or our website.

https://www.osakagas.co.jp/csr_e/

CSR information posted on the Web  > CSR of Daigas Group

Under the promotion system that serves as the basis for our CSR activities, we are striving to accurately evaluate the steps we are taking and what we have achieved, as measured by the results of each materiality indicator, while making our PDCA (plan-do-check-act) management more effective. This effort should help us to achieve our targets for several of the Sustainable Development Goals (SDGs).

Achievement of FY2020.3	Points of Contribution to SDGs by Achieving the Indicator	SDGs to which Contributions are Made
Recognition of risks and opportunities	<ul style="list-style-type: none"> Management of the amount of CO₂ emissions Management of the amount of renewable energy Management of the environmental burden in the value chain Including activities toward low-carbon society in business plans 	   
100%	<ul style="list-style-type: none"> Understanding the status of suppliers through CSR questionnaires, etc. Understanding fair training opportunities Understanding safe and secure labor environments Understanding BCP measures 	  
92%	<ul style="list-style-type: none"> Increasing opportunities to provide clean energy through improvement of customer satisfaction 	    
90% or more for all seven duties	<ul style="list-style-type: none"> Implementing management and assessment of quality of city gas / understanding the impact in case of disasters 	    
100%		
13.5 yen / 1,000 m ³	<ul style="list-style-type: none"> Management of the amount of CO₂ emissions Management of the amount of renewable energy Management of the environmental burden in the value chain Including activities toward low-carbon society in business plans 	   
Total reduction of 3.34 million tons		
2,979 events *Target revised to 2,915 or more	<ul style="list-style-type: none"> Increasing opportunities to provide clean energy by improvement of customer satisfaction 	 
1,099 events *Target revised to 1,090 or more	<ul style="list-style-type: none"> Control of the impact on stakeholders in case of disasters 	 
100%		
<ul style="list-style-type: none"> Down 1.7 percentage points year-on-year (82.7%) Up 1.3 percentage points year-on-year (93.1%) 		
100% (No. of employees covered by the survey: 23,063)	<ul style="list-style-type: none"> Improving awareness of compliance to secure equal opportunities for leadership Improving awareness to promote safe and secure labor environments 	 
There were no substantiated complaints regarding breaches of customer privacy		
Maintained sufficient levels •3.86 against scale of 5 for job satisfaction •4.25 of scale of 5 for attachment to the company (Result of FY2019.3)		
<ul style="list-style-type: none"> Average hours of training per employee: 25.3 e-Learning (safety, information security, environment) program* <ul style="list-style-type: none"> No. of participants: 5,324 / course No. of hours: 3.17 hours / person Note: Includes some temporary employees and part-time workers	<ul style="list-style-type: none"> Securing equal opportunities for leadership, understanding the status of promotion of safe and secure labor environments through employee attitude surveys Understanding fair training opportunities 	 
<ul style="list-style-type: none"> Percentage of women among personnel hired for career-track positions in April 2020: 26.8% Percentage of women in management positions*: 5.2% (as of April 1, 2020) Note: Managerial or higher position		

Special Feature 1

Daigas Group's Environmental Management

Environmental conservation on a local and a global scale is an extremely important mission for the Daigas Group, whose operations center on the energy business. Greenhouse gases (GHG) in particular are a leading cause of climate change, which is a global issue with huge impact on society, ecosystems, and the world as a whole. Because GHG emissions are a large part of the environmental impact caused by the business activities of the Daigas Group, we actively engage in taking appropriate measures.

Understanding and management of environmental impact throughout the Daigas Group value chain

The Daigas Group calculated the amount of greenhouse gas (GHG) emissions from companies that constitute the Daigas Group's value chain network, based on the GHG Protocol, an international emission standard. The methodology of the calculation and its results have been certified by an independent organization to verify their reliability and accuracy. Combined GHG emissions by the Daigas Group and value chain companies, measured by CO₂, totaled about 33.03 million tons in the fiscal year ended March 31, 2020.

GHG emissions

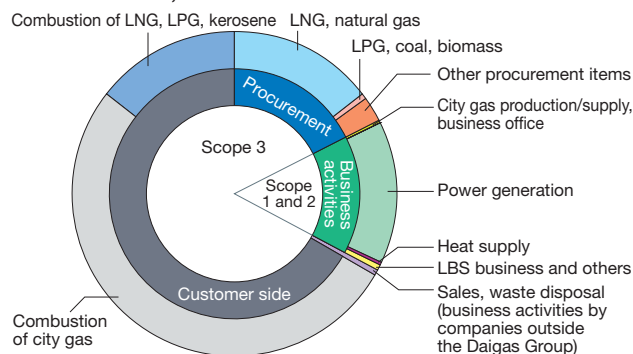
GHG emissions from the Daigas Group's business activities (Scope 1 and 2), measured in terms of CO₂, amounted to about 4.96 million tons (about 15% of total emissions) in the fiscal year ended March 31, 2020, of which 4.49 million tons were from the power generation business. As a way of reducing GHG emissions from power generation, the Group will continue to actively introduce highly advanced energy-efficient power generation facilities and use renewable energy sources. GHG emitted by organizations involved in our value chain (Scope 3) in terms of CO₂ came to about 28.07 million tons (about 85% of total emissions), of which GHG emissions from city gas combustion on the customer side amounted to 16.85 million tons. We will work toward reducing CO₂ emissions throughout society by widely providing high-efficiency equipment and systems, such as ENE-FARM and cogeneration systems, while promoting energy conservation using natural gas that emits less CO₂. In addition, GHG emissions from material and fuel procurement totaled 5.76 million tons, of which the procurement of energy sources accounted for nearly 90%. We will continue our efforts to improve fuel efficiency regarding the operation of LNG tankers in collaboration with material suppliers.

Contribution to CO₂ Emissions Reduction

The Long-term Management Vision 2030 aims to reduce the Group's CO₂ emissions by a cumulative total of about 70 million tons during the 14-year period from the fiscal year ended March 31, 2018 to the fiscal year ending March 31, 2031. The targeted reduction is calculated by totaling the reduction contribution of highly energy-efficient facilities and low-carbon energy sources planned to be introduced in the Group's business activities during the period. The reduction contribution is estimated by multiplying the introduction amount of those high-efficiency facilities and low-carbon energies by the CO₂ emission reduction effect of those compared to the emission associated with replaced operation of existing facilities / energy use.

As shown on the right, the Daigas Group expects to see its Scope 1, Scope 2 and Scope 3 GHG emissions grow in line with its expanding business size due to the nature of the business. However, the introduction of a low-carbon energy system through the Group's efforts will reduce emissions at other companies and their value chains, which in turn will contribute to society-wide emission reductions.

GHG Emissions Throughout the Value Chain in the fiscal year ended March 31, 2020



GHG emissions: 33.03 million tons-CO₂

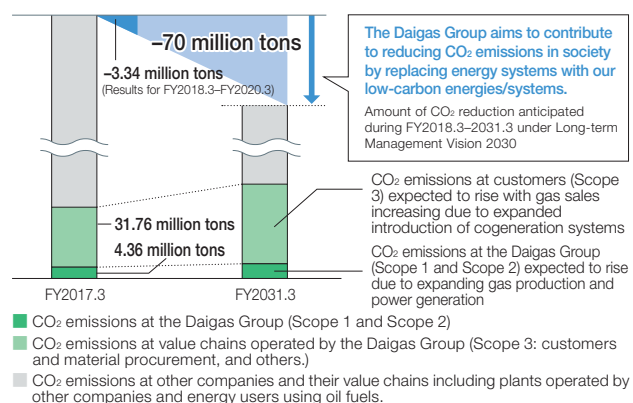
Companies subject to the calculation of GHG emissions: Osaka Gas Co., Ltd. and 57 companies among 156 consolidated subsidiaries are subject to calculation of GHG emissions. Those housed in office buildings as tenants and whose environmental data are difficult to grasp and whose environmental effects are minimal are not subject to such calculation. Also excluded from the calculation are overseas companies, except one company.

* Environmental performance data for the fiscal year ended March 31, 2020 was reported on the website following third-party verification by Bureau Veritas Japan Co., Ltd.

Environmental impacts other than GHG emissions

The recycling rates for the disposal of waste (general waste and industrial waste) and the disposal of excavated soil and polyethylene pipes associated with gas pipe construction are high, a state that we will aim to maintain in the future. About 97% or more of water used for our industrial activities is taken from the sea. Such water is mostly used to vaporize LNG at LNG terminals. Seawater is also used as coolant inside the steam turbine condenser at some power plants. Once used, the water is discharged into the sea under strict control.

Contribution to Reducing CO₂ Emissions in Society



Climate Change Initiatives

Risks and Opportunities Associated with Climate Change

Tackling climate change is seen as one of the Sustainable Development Goals (SDGs) adopted by the United Nations. The Paris Agreement, a UN accord on climate change, went into force in November 2016. The accord is recognized as a framework of international efforts since 2020 for solving issues related to climate change. The Daigas Group recognizes that reducing greenhouse gas (GHG) emissions, known to be a factor for causing climate change, significantly and on a long-term basis, addressing the worldwide challenge of creating a low-carbon society in the future, and responding to heightened risks of natural disaster amid growing climate change are social issues facing the global community. In addition, the Daigas Group believes reducing CO₂ emissions is an extremely important mission for the company, whose primary business field is energy. The Group also assumes that climate change may negatively affect its earnings and costs throughout its energy businesses.

On the other hand, in June 2017, the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB) at the request of G20 nations against a backdrop of demand from investors in the wake of growing ESG investment, published recommendations to support and encourage companies to disclose climate change-related information (TCFD

recommendations), which are gaining attention. In support of the TCFD recommendations, we disclose the Group's efforts on climate-related "governance," "strategy," "risk management," and "indicator and targets," as suggested by the TCFD recommendations. Furthermore, we are involved in scenario analysis to understand the impact of climate change on the business of the Daigas Group on a medium- and long-term basis and to evaluate and prepare countermeasures. We also participate in the TCFD Consortium, where discussions take place on efforts toward information disclosure on responses to climate change based on the TCFD recommendations. Needless to say, climate change initiatives are important. However, for the Daigas Group, which is engaged primarily in the energy business, initiatives for stable supply and improvement of economic efficiency are also important under the basic viewpoint of Japan's energy policy, 3E+S*. We believe that balancing them will contribute to the sustainable development of society.

* 3E + S

The nation's Basic Energy Plan (2018) describes "3E + S" as the basic viewpoint of Japan's energy policy, and states: "The point of the energy policy is to first and foremost ensure stable supply ('Energy Security'), and realize low cost energy supply by enhancing its efficiency ('Economic Efficiency') on the premise of 'Safety.' It is also important to make maximum efforts to pursue environmental adaptability ('Environment')."

Response to Risks and Opportunities Associated with Climate Change

Phenomena deriving from climate change	Extreme weather, natural disaster	Temperature rise	Change of competitiveness of products and facilities developed by Osaka Gas	Stricter regulation of GHG emissions	Change of energy preference by customers	Booming of ESG investment	Rise of LNG prices
Risks	<ul style="list-style-type: none"> Damage to manufacturing and supply facilities Interference on LNG procurement 	<ul style="list-style-type: none"> Fall in gas sales (demand for hot-water supply, heating) 	<ul style="list-style-type: none"> Decline of competitiveness Fall in demand for products and facilities which Osaka Gas adopts or provides, and subsequent decline in their utilization Difficulty of recollecting capital-investment cost 	<ul style="list-style-type: none"> Concern over fossil-based fuels Fall in gas and electricity sales Difficulty of recollecting capital-investment cost 	<ul style="list-style-type: none"> Fall in capital procurement power Decline in stock prices 		<ul style="list-style-type: none"> Rise in procurement cost Fall in gas and electricity sales
Opportunities	<ul style="list-style-type: none"> Increase in demand for products and facilities with disaster-response functionality Price rise in the LNG spot trading market 	<ul style="list-style-type: none"> Increase in gas and electricity sales (demand for air-conditioning) 	<ul style="list-style-type: none"> Comparative advantage Increase in demand for products and facilities which Osaka Gas adopts or provides, and subsequent rise in their utilization 	<ul style="list-style-type: none"> Preference on energy systems emitting less GHGs Increase in gas and electricity sales Expansion of renewable energy sources and energy-saving services 	<ul style="list-style-type: none"> Expansion of capital procurement power Increase in stock prices 		
Our response	<ul style="list-style-type: none"> Make important facilities water-tight, raise the level of important facilities, divide gas supply areas into blocks Development of products and facilities resilient to disasters Diversify LNG procurement sources 	<ul style="list-style-type: none"> Expand the scope of business fields where demand growth is expected 	<ul style="list-style-type: none"> Develop and introduce highly energy efficient products and facilities, and facilities using renewable energy sources (Osaka Gas and customers) Switch fuels to natural gas Secure stable LNG supply through launching upstream business including gas field development and LNG projects 	<ul style="list-style-type: none"> Propose and promote energy-saving services Promote research and studies of innovative technologies, such as hydrogen, clean gas and CCUS* 		<ul style="list-style-type: none"> Diversify procurement sources Launch upstream business Make conditions for procurement contracts flexible 	

* CO₂ capture, utilization and storage

Please see the Company's website for more details of the Group's efforts on climate-related "governance," "strategy," "risk management," and "indicators and targets," which are recommended to be disclosed by the TCFD recommendations.

Scenario analysis

Since FY2020.3, we have been working on climate change scenario analysis that is intended to be utilized as reference material in the evaluation and preparation of countermeasures, and to understand the impact of climate change on the business of the Daigas Group on a medium- and long-term basis. Using this analysis method based on scenarios established by external authorities, we assessed our energy business which is expected to experience the greatest impact from climate change among the Group's businesses, for the purpose of acquiring suggestions related to relevant factors and measures for mitigating / tapping into the impact.

Specifically, based on the scenario published by the International Energy Agency, we assume the environment surrounding its energy business by using a double-track scenario that takes into

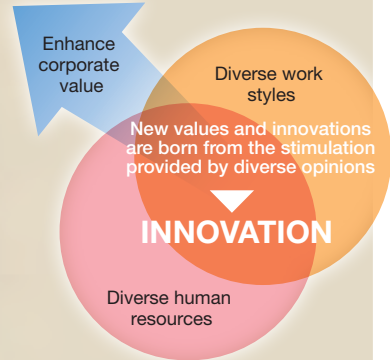
account the progress of energy conservation and changes in the composition of power sources, etc., and identifies possible risks and opportunities and examines measures.

As the global response to climate change continues to progress, the scenario's preconditions may also change in the future. We will continue to heighten scenario analysis and steadily implement initiatives to increase the resilience of the Daigas Group's businesses, while applying the suggestions gained from scenario analysis to our evaluation of medium- and long-term business strategies.



Special Feature 2

Daigas Group's Diversity & Inclusion



Accepting diverse values to bring about the creation of new corporate value

Top Commitment

The Daigas Group works to promote diversity toward expanding our fields of business.

Message from the officer in charge of human resources

The Daigas Group strives to be an innovative energy and service company that continues to be the first choice of customers, and implements initiatives that “go beyond boundaries” in all of their businesses. Amid the ever-changing market environment, in order to go beyond customer expectations, business boundaries, and corporate boundaries, we operate based on the principles of respecting the individuality of each and every employee who makes up the core force behind realizing these ideals, providing them with a rewarding work environment, and offering them the opportunity to grow together with the Company.



Senior Executive Officer in charge of human resources

Fumitoshi Takeguchi

The Daigas Group is working to build this foundation based on the Diversity Promotion Policy formulated in 2014. The diversity and inclusion promoted by the Daigas Group serves to develop a culture in which each and every employee can fully display their abilities based on their roles and lifestyles. We strive to foster a workplace environment that will encourage the free expression of opinions among our diverse selection of employees irrespective of gender, age, physical disabilities, or nationality. Above all, we have set forth numerical targets for providing female employees with greater professional opportunities, and we regard the success of female employees as an essential feature of promoting diversity through which we are committed to building a work environment for all employees to achieve their higher career objectives. The Daigas Group will continue to pursue the creation of new corporate value through accepting diverse values and promoting active roles for more diverse human resources.

Basic Policy

The Group is committed to promoting diversity within their organization to achieve creation of new corporate value through building strong organizations.

We will seek to realize a group of enterprises with rewarding work environment where employees are respected, and without discrimination, their diversity is recognized, including gender, age, physical disabilities, nationalities, form of employment, lifestyles^{*1}, religions, sexual orientation^{*2}, and gender identity^{*3}.

As a basis for employees to pursue their career opportunities, we implement policies to enhance work productivity and to realize suitable work-life balance for each employee.

*1 Lifestyles: Work style during certain life stages such as childcare, nursing care, etc.

*2 Sexual orientation: Lesbian, gay, bisexual, etc.

*3 Gender identity: Transgender (including those with gender identity disorders)

Diversity Promotion System

In 2013, the Daigas Group established the Diversity Promotion Center within the Human Resources Department of Osaka Gas Co., Ltd. as a specialized department for promoting diversity. We proceeded to formulate the Diversity Promotion Policy in 2014, and have taken an active approach toward this policy by including it in the Long-term Management Vision announced in 2017.

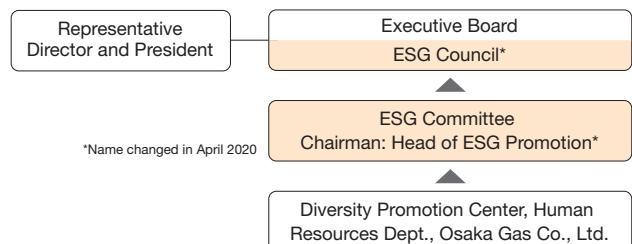
The targets set forth in the Diversity Promotion Policy are linked to “Diversity and Equal Opportunities,” a materiality indicator that serves as a KPI for CSR activities. Progress we have made on achieving these targets is reported at the ESG Council every year, and relevant activities are, in principle, reported monthly to executives through direct distribution or by being posted on the Group portal site. Items related to promoting diversity are also included in the Daigas Group’s Employee Attitude Survey* to ascertain the extent to which this sentiment has diffused throughout the entire Group.

* Daigas Group’s Employee Attitude Survey: A survey conducted every two to three years to confirm changes over time in the attitudes of Group employees.

In January 2020, the Company became a member of “IkuBoss,” a corporate alliance spearheaded by the nonprofit organization Fathering Japan that is dedicated to promoting reforms in awareness within each company and developing the ideal work supervisors of a new era through cooperative efforts to enhance their abilities to serve as role models and improve their expertise in employee training.



Diversity Promotion Policy Formulation and Progress Reporting Process



*Name changed in April 2020

Raising Awareness in Group Employees for Diversity Promotion

We believe that it is essential for all Group employees to share the understanding that “diversity is a management strategy,” and we have made various efforts such as arranging a forum for childcare workers to participate in together with their supervisors, providing diversity training for all employees, and holding the Diversity Promotion Forum. Over 18,000 Group employees have received diversity promotion training, and the rating of employee sentiment for promoting diversity recorded in the Daigas Group's Employee Attitude Survey for FY2019.3 increased significantly from the initial survey conducted in FY2015.3.

(Osaka Gas Co., Ltd. FY2015.3: 3.75 ⇒ FY2019.3: 4.01
Daigas Group FY2015.3: 3.91 ⇒ FY2019.3: 4.04 Five-point scale)



(Childcare Worker + Supervisor Forum)

Furthermore, in order to raise awareness of diversity promotion, we believe that it is important for male employees to understand and participate in childcare as a particular feature of their lifestyle, and in addition to our system allowing employees to take childcare leave, we have set up an original method of providing paid leave we call “nurturing

leave*” as our system for providing support. About 90% of all eligible employees take nurturing leave, and more than 80% of this population are male employees. As for childcare leave, although the number of male employees who take childcare leave is small, half of them were able to take an extended period of one month or more off, and male employees are becoming more aware of childcare and participating in more active roles.

[Major Initiatives]

- Childcare Worker + Supervisor Forum
- Diversity promotion training for all employees
- Holding a Diversity Promotion Forum
- Extensive information provision through Group portal site and online newsletters
- Holding luncheon meetings on all sorts of themes

Number of Employees Taking Childcare-related Leave System

	FY2017.3	FY2018.3	FY2019.3	FY2020.3
Male employees who took childcare leave	1	4	5	14
Employees who took nurturing leave (Rate)	168 (76.7%)	198 (88.8%)	201 (84.1%)	201 (93.1%)
Of which, male employees	149	172	178	172

* Osaka Gas Co., Ltd.'s original system for providing paid leave. Employees can take one day off within the first 3 months after a child's birth.

Initiatives Aimed at Promoting Female Employees to Managerial Positions

In order to cultivate an organization in which female employees play an active role and can freely exchange opinions, in addition to increasing the number of women hired, supporting internal networking and cultivating career awareness, one of our primary targets is to increase the ratio of women in managerial positions so that a diverse selection of human resources can be involved in the decision-making process. As a result, the number of women in career-track positions rose to 226, which is 1.6 times the number of women seeking the same positions in FY2014.3, the initial year of this initiative, and an increasing number of women who have participated in our mentoring programs are being promoted to managerial positions.

[Major Initiatives]

- Seminars for female students
- Implementing mentoring programs for young employees and candidates for managerial positions
- Regularly holding career-design seminars for women and roundtable talks between female workers on careers
- Active dispatch of mid-level employees, candidates for managerial positions, and employees of all levels for external work experience, etc.

Targets for Empowering Women in the Diversity Promotion Policy

- Maintaining a 30% or higher percentage of new women graduates in career-track positions
- Achieving a female manager* ratio of 5% by 2020
- Appointing female executives in an expeditious manner

*Percentage of women in managerial or higher positions

Results

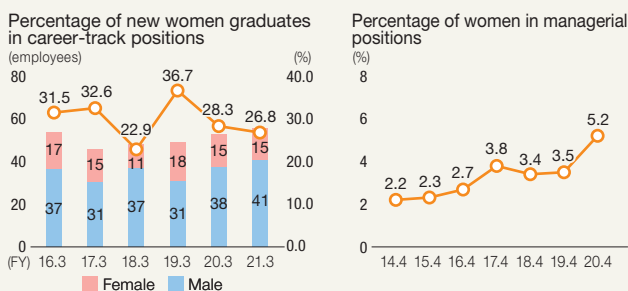
- Maintaining a 30% or higher percentage of new women graduates in career-track positions ⇒7-year average of 30.2% since FY2015.3

	FY2015.3	FY2016.3	FY2017.3	FY2018.3	FY2019.3	FY2020.3	FY2021.3	7-year average post Diversity Promotion Policy
Male (persons)	42	37	31	37	31	38	41	257
Female (persons)	20	17	15	11	18	15	15	111
Female personnel ratio	32.3%	31.5%	32.6%	22.9%	36.7%	28.3%	26.8%	30.2%

- Achieving a female manager ratio of 5% by 2020 ⇒5.2% as of April 2020*

* Although the total number of female managers only increased slightly, the ratio improved due to a significant decrease in the total number of managers (men and women) from the previous fiscal year as a result of an organizational restructuring of the Group in April 2020.

- Appointing female executives in an expeditious manner
⇒Female Outside Audit & Supervisory Board Member was appointed



Promotion of Effective Work Styles

In order to support work styles based on each employee's lifestyle, we believe that it is necessary to improve flexibility in working hours and locations and to establish appropriate evaluation systems, and are working to promote and ensure the introduction and utilization of a various selection of systems.



Satellite office in Grand Front Osaka

[Major Initiatives]

- Promoting telecommuting system and use of satellite offices
- System for shorter working hours and flexibility thereof
- Using flexible-hours system
- Visualization of working hours
- Establishment of evaluation items for work styles that increase productivity, etc.

Outside Evaluation



Logo of the leading company in empowering women

Logo of certification from the Ministry of Health, Labour and Welfare

Governance Corporate Governance



Representative Director Tadashi Miyagawa Representative Director and Chairman Hiroshi Ozaki Representative Director Masataka Fujiwara President Takehiro Honjo Representative Director Takeshi Matsui

Basic Views on Corporate Governance

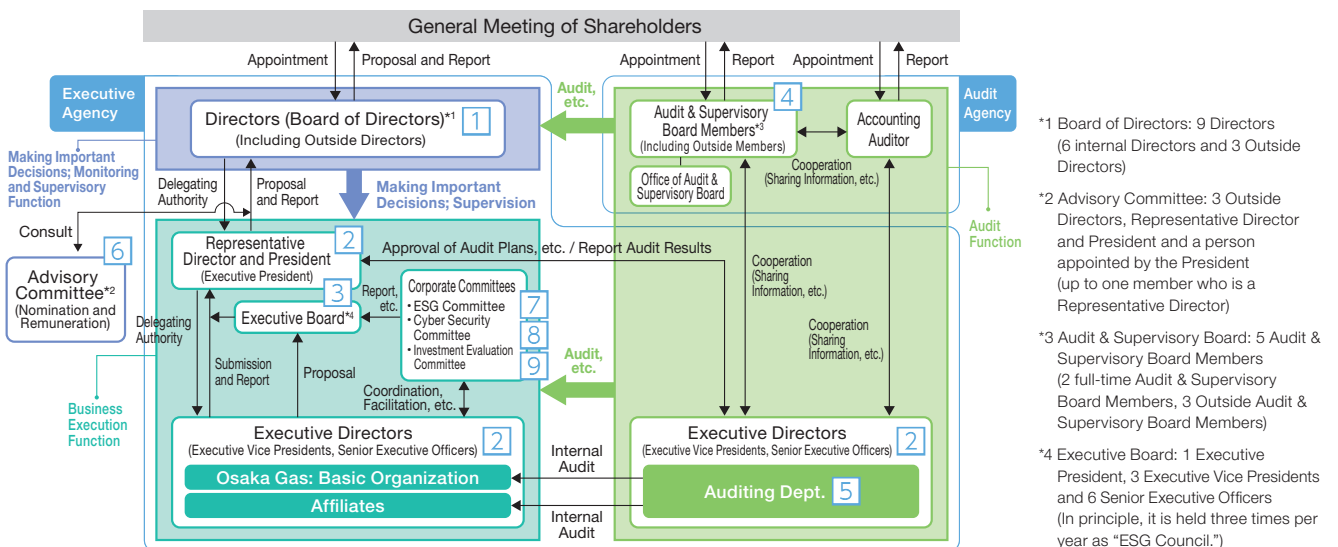
To implement measures envisaged under the Long-Term Management Vision 2030 and the Medium-Term Management Plan 2020, both formulated in March 2017 and together called “Going Forward Beyond Borders,” Osaka Gas will ensure transparency, fairness and boldness in decision making, and execute its assigned business duties efficiently and adequately, based on the Daigas Group CSR Charter, a set of guiding principles for employees, and specific standards for actions—the Daigas Group Code of Conduct and the Daigas Group Environmental Activities Policy. By doing so,

the Company aims to attain sustainable growth and enhance its corporate value on a medium- and long-term basis. We will further raise the CSR level of the Group by responding appropriately to the exercise of shareholder rights and working to maintain and improve trust through dialogue and collaboration with stakeholders. We will continue to enhance and strengthen corporate governance with the aim of global standard management that takes ESG (environment, society, and governance) into consideration.

Corporate Governance Organization Chart (as of June 26, 2020)

The Company has selected to be a company with Audit & Supervisory Board and conducted the introduction of an executive officer system, appointment of multiple Outside Directors, and establishment of voluntary advisory committees corresponding to appointment of Directors and Audit & Supervisory Board Members and Director remuneration. The Company considers its current governance system best suited in order for responding swiftly to changes in the business

environment, ensuring transparency, fairness and boldness in decision-making, and implement efficient and appropriate actions. In addition, by reducing the number of Directors to nine in June 2020 and thereby increasing the composing ratio of Outside Directors to one-third, the Company will seek to further improve the mobility and efficiency of decision-making and execution of business in management, and further strengthen the supervisory role of the Board of Directors.



*1 Board of Directors: 9 Directors (6 internal Directors and 3 Outside Directors)

*2 Advisory Committee: 3 Outside Directors, Representative Director and President and a person appointed by the President (up to one member who is a Representative Director)

*3 Audit & Supervisory Board: 5 Audit & Supervisory Board Members (2 full-time Audit & Supervisory Board Members, 3 Outside Audit & Supervisory Board Members)

*4 Executive Board: 1 Executive President, 3 Executive Vice Presidents and 6 Senior Executive Officers (In principle, it is held three times per year as “ESG Council.”)

1 Board of Directors, Directors of the Company

The Board of Directors consists of nine Directors (including three Outside Directors). Its mission is to make swift and appropriate decisions about important matters that affect the whole Group including subsidiaries and to enhance supervisory capabilities. To attain sustainable growth and improve medium and long-term corporate value for the Group, candidates for Directors are in principle selected from a diverse group of people without regard to sex or nationality, etc., taking their knowledge, experiences, abilities, and personalities etc. into account.

Based on this, when selecting, the Company takes into consideration expertise in managing the Group's energy business and other businesses for internal Director candidates and the individual's independent-mindedness for making objective judgments, and whether they have wide-ranging knowledge, wealth of experience, and expertise in their specialized fields for Outside Director candidates. The Board of Directors met a total of 13 times in the fiscal year ended March 31, 2020, and had an attendance rate of 98.2%. There was adequate time for deliberations, and active discussions were conducted.

2 Executive Officers

The Company has adopted an executive officer system, which enables the Directors of the Company to focus on making business decision and monitoring and supervisory functions, and worked toward strengthening the business efficiency and the supervisory functions by vitalizing the Board of Directors. Executive Officers perform duties determined by the Board of Directors, and some Representative Directors and Directors concurrently serve as Executive Officers to make management decision-making more accurate and efficient.

3 Executive Board

The Company examines basic management policies and important management issues at the Executive Board and fully deliberates the foregoing before decision-making. In accordance with internal regulations, the Executive Board consists of the President, Executive Vice President, Senior Executive Officer, Head of Corporate Headquarters, and Head of Business Division. In principle, the Executive Board is held three times per year as "ESG Council," which deliberate and supervise CSR activity plans and its execution.

4 Audit & Supervisory Board, Audit & Supervisory Board Members

The Audit & Supervisory Board consists of five Audit & Supervisory Board Members, of whom three are Outside Auditors and each Audit & Supervisory Board Member monitors the execution of work duties by the Directors.

Office of Audit & Supervisory Board with a dedicated full-time staff which is not under the direct control of the Executive Directors has been established to support the Audit & Supervisory Board Members' auditing work and thus improve the auditing system.

Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole

Each fiscal year, the Company analyzes and evaluates the effectiveness of the Board of Directors, centering on outside officers (Outside Directors and Outside Audit & Supervisory Board Members).

Specifically, the Board of Directors Secretariat conducted questionnaires and interviews with all Directors and Audit & Supervisory Board Members individually on questions such as whether the operation and information provision of the Board of Directors were appropriate and sufficient, and whether the opinions received from outside officers during evaluation last year (e.g., enhancement of discussion relating to important management themes including business plans and continued provision of information for deeper understanding of Board of Directors resolutions) have been addressed, and in light of the results thereof, held discussions with all outside officers, and made its evaluations, which

5 Auditing Department

The Company has established the Auditing Department as a section in charge of internal auditing affairs. Based on a yearly auditing plan, it evaluates, from independent and neutral viewpoints, the adequacy of business activities in light of in-house standards, their efficiency, and the appropriateness of various systems and standards adopted by the Company. In addition to giving recommendations and conducting follow-ups that lead to business improvements in the organizations subject to audit, the department summarizes the issues and reports its results to the Executive Board. The Auditing Department is subject to periodical evaluation from an outside party to maintain and improve its auditing abilities.

6 Advisory Committee

To maintain objectivity and achieve transparency in the decision-making process, matters relating to appointment of Director and Audit & Supervisory Board Member candidates, appointment and dismissal of Representative Director and other Executive Directors, and matters relating to Directors' remuneration are deliberated at an advisory committee of which a majority is Outside Directors before decision is made by President Takehiro Honjo pursuant to delegation by a resolution of the Board of Directors. The committee is comprised of inside and outside members, with outside committee members being all of the Outside Directors (all three members satisfy the standards for determining independence specified by the Company). The inside committee members are the President and if necessary, persons appointed by the President (the President may appoint up to one member who is a Representative Director). The committee chairperson is appointed by the committee members.

7 ESG Committee

The Company has established the ESG Committee to coordinate and advance group-wide CSR activities, which is chaired by the Head of ESG Promotion, who is the Representative Director / Executive Vice President in charge of overseeing the Group's CSR activities, and is composed of the General Managers of relevant divisions. The ESG Committee promotes information security, risk management and other aspects of the Group's CSR activities.

8 Cyber Security Committee

In August 2019, to reinforce the cyber security measures of the Group, we set up the Cyber Security Committee which is chaired by the officer in charge of the Information / Communication Systems Department, and is composed of the General Managers of relevant divisions.

9 Investment Evaluation Committee

The Company has established the Investment Evaluation Committee, which is chaired by the Head of the Corporate Planning Headquarters and composed of the General Managers of relevant divisions. The committee examines risk and return and makes an evaluation on investments exceeding a certain amount, and it reports findings to the Executive Board and assists appropriate investment decisions.

confirmed that such matters have been appropriately addressed.

Furthermore, as a result of the outside officers reporting the results of these evaluations to the Board of Directors and holding relevant discussions in turn, the Company has confirmed that the Board of Directors conducts lively exchanges of questions and answers based on necessary and sufficient information, including materials provided in advance and other explanations, and sufficiently ensures that it is operating in an effective manner.

The Company will take into consideration the opinions of outside officers, and take initiative to enhance discussions by further increasing the provision of information on important management challenges of the Group, etc., and otherwise further enhance the effectiveness of the Board of Director going forward.

Directors



Representative
Director and
Chairman

**Hiroshi
Ozaki**

[Biography]

1972. 5 Joined the Company
1999. 6 General Manager of Materials Dept.
2002. 6 Director
2002. 6 Tokyo Representative; seconded to the Japan Gas Association
2005. 6 Managing Director
2005. 6 Head of LNG Terminal & Power Generation Business Unit
2007. 6 Head of Commercial & Industrial Energy Business Unit
2008. 4 Representative Director and President
2009. 6 Representative Director and President, Executive President
2015. 4 Representative Director and Chairman (current)
2019. 6 Member of the Board of Shionogi & Co., Ltd. (current)



President

**Takehiro
Honjo**

[Biography]

1978. 4 Joined the Company
2003. 4 General Manager of Corporate Strategy Dept.
2007. 6 Executive Officer
2008. 6 Senior Executive Officer
2008. 6 Head of Commercial & Industrial Energy Business Unit
2009. 6 Director, Senior Executive Officer
2010. 6 Head of Residential Energy Business Unit
2013. 4 Representative Director, Executive Vice-President
2015. 4 Representative Director and President, Executive President (current)



Representative
Director

**Masataka
Fujiwara**

[Biography]

1982. 4 Joined the Company
2009. 6 General Manager of Keiji Energy Sales Dept., Commercial & Industrial Energy Business Unit
2012. 4 Executive Officer
2012. 4 General Manager of Energy Business Development Dept., Commercial & Industrial Energy Business Unit
2013. 4 Representative Director and President of Osaka Gas Chemicals Co., Ltd.
2015. 4 Senior Executive Officer
2016. 4 Executive Vice-President
2016. 4 President of Corporate Planning Headquarters
2016. 6 Representative Director, Executive Vice-President (current)
2020. 4 Head of Energy Solution Business Unit (current)



Representative
Director

**Tadashi
Miyagawa**

[Biography]

1982. 4 Joined Ministry of International Trade and Industry
2013. 6 Director-General of Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
2014. 7 Retired from Ministry of Economy, Trade and Industry
2015. 1 Joined the Company
2015. 4 Senior Executive Officer
2016. 6 Director, Senior Executive Officer
2018. 4 Representative Director, Executive Vice-President (current)
2020. 4 Head of LNG, Power & Engineering Business Unit (current)



Representative
Director

**Takeshi
Matsui**

[Biography]

1983. 4 Joined the Company
2009. 6 General Manager of Finance Dept.
2013. 4 Executive Officer
2014. 4 General Manager of Human Resources Dept.
2016. 4 Senior Executive Officer
2016. 4 Head of Energy Resources & International Business Unit
2017. 6 Director, Senior Executive Officer
2019. 4 President of Corporate Planning Headquarters
2019. 4 Representative Director, Executive Vice-President (current)



Director

**Takayuki
Tasaka**

[Biography]

1985. 4 Joined the Company
2011. 4 General Manager of Corporate Strategy Dept.
2015. 4 Executive Officer
2015. 4 General Manager of Planning Dept., Residential Energy Business Unit
2016. 4 Senior Executive Officer
2016. 4 Head of Residential Energy Business Unit
2018. 4 Head of Commercial & Industrial Energy Business Unit
2018. 6 Director, Senior Executive Officer (current)
2020. 4 President of Corporate Planning Headquarters (current)



Outside Director

**Hideo
Miyahara**

[Biography]

1989.10 Professor, Faculty of Engineering, Osaka University
1998. 4 Dean of the Graduate School of Engineering, Dean of the Faculty of Engineering, Osaka University
2002. 4 Dean of the Graduate School of Information Science and Technology, Osaka University
2003. 8 President of Osaka University
2007. 9 President of the National Institute of Information and Communications Technology
2012. 6 Representative Director of Knowledge Capital Association (current)
2013. 4 Specially Appointed Professor, Graduate School of Information Science and Technology, Osaka University
2013. 6 Director of West Japan Railway Company (current)
2013. 6 Director of the Company (current)
2016. 4 Visiting Professor, Graduate School of Information Science and Technology, Osaka University (current)

Board of Directors Meetings Attendance Record (April 1, 2019–March 31, 2020)

Attended 13 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.



Outside Director

**Kazutoshi
Murao**

[Biography]

1976. 4 Joined Nippon Telegraph and Telephone Public Corporation
2009. 6 Representative Director and Senior Executive Vice President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
2012. 6 Representative Director and President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
2018. 6 Counselor to the president, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (current)
2019. 6 Director of Keihan Holdings Co., Ltd. (current)
2019. 6 Director of the Company (current)

Board of Directors Meetings Attendance Record (June 20, 2019–March 31, 2020)

Attended 11 of 11 meetings of the Board of Directors held after he assumed the office of Director of the Company on June 20, 2019. 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.



Outside Director

**Tatsuo
Kijima**

[Biography]

1978. 4 Joined Japanese National Railways
2012. 6 Vice President of West Japan Railway Company
2016. 6 President, Representative Director, and Executive Officer of West Japan Railway Company
2019.12 Vice Chairman and Director of West Japan Railway Company (current)
2020. 6 Director of the Company (current)

Audit & Supervisory Board Members



Audit & Supervisory Board Member (full time)

Toshimasa Fujiwara

[Biography]

1981. 4 Joined the Company
2010. 6 General Manager of Human Resources Dept.
2012. 4 Executive Officer
2014. 4 Representative Director and President of Osaka Gas Customer Relations Co., Ltd.
2015. 4 Senior Executive Officer
2015. 4 Head of Residential Energy Business Unit
2015. 6 Director, Senior Executive Officer
2018. 4 Director, Chairman and Director of Osaka Gas Customer Relations Co., Ltd.
2018. 6 Advisor
2019. 6 Audit & Supervisory Board Member (current)



Audit & Supervisory Board Member (full time)

Hisaichi Yoneyama

[Biography]

1986. 4 Joined the Company
2013. 4 General Manager of Technology Planning Dept.
2014. 4 Executive Officer
2014. 8 President of Osaka Gas USA Corporation
2017. 4 Senior Executive Officer
2017. 4 Head of LNG Terminal & Power Generation Business Unit
2018. 4 Head of LNG, Power & Engineering Business Unit
2018. 6 Director, Senior Executive Officer
2020. 6 Audit & Supervisory Board Member (current)



Outside Audit & Supervisory Board Member

Yoko Kimura

[Biography]

1987.12 Assistant Professor, Faculty of Home Economics, Nara Women's University
1993.10 Assistant Professor, Faculty of Human Life and Environment, Nara Women's University
2000. 4 Professor, Faculty of Human Life and Environment, Nara Women's University
2000.12 Member of Local Public Finance Council
2010. 4 Chairperson of the Board of Directors, Council of Local Authorities for International Relations
2014. 4 Advisor of Japan Center for Cities
2014. 6 Audit & Supervisory Board Member of the Company (current)
2015. 4 Director, Nara Prefectural University (current)

Board of Directors Meetings and Audit & Supervisory Board Meetings Attendance Record (April 1, 2019-March 31, 2020)
Attended 13 of 13 meetings of the Board of Directors and attended 14 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.



Outside Audit & Supervisory Board Member

Eiji Hatta

[Biography]

1985. 4 Professor, Faculty of Economics, Doshisha University
1996. 4 Dean, Faculty of Economics, Doshisha University
1998. 4 President, Doshisha University
2008. 2 Chairman, Japan Student Baseball Association (current)
2009. 4 Vice Chairman, Japan University Auditors Association (current)
2011.10 Chancellor, The Doshisha
2015. 6 Vice President, Baseball Federation of Japan
2015. 6 Audit & Supervisory Board Member of the Company (current)
2015. 9 Director, Japan High School Baseball Federation (current)
2017. 4 President, The Doshisha (current)
2017. 4 Chancellor, The Doshisha (current)

Board of Directors Meetings and Audit & Supervisory Board Meetings Attendance Record (April 1, 2019-March 31, 2020)
Attended 13 of 13 meetings of the Board of Directors and attended 14 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.



Outside Audit & Supervisory Board Member

Shigemi Sasaki

[Biography]

1974. 4 Appointed as judge
2011. 5 Chief Judge, Takamatsu High Court
2012. 3 Chief Judge, Osaka High Court
2013. 3 Retired from judgeship
2013. 4 Professor, Graduate School of Law, Kyoto University
2016. 6 Audit & Supervisory Board Member of the Company (current)

Board of Directors Meetings and Audit & Supervisory Board Meetings Attendance Record (April 1, 2019-March 31, 2020)
Attended 13 of 13 meetings of the Board of Directors and attended 14 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.

□ Outside Directors and Outside Audit & Supervisory Board Members

Osaka Gas appoints three outside directors and three outside Audit & Supervisory Board Members. To attain sustainable growth and improve medium and long-term corporate value, candidates for Directors and Audit & Supervisory Board Members are in principle selected from a diverse group of people without regard to sex or nationality, taking their knowledge, experiences, abilities, and personalities etc. into account. Based on this, when selecting outside officer candidates, the Company takes into consideration the individual's independent-mindedness for making objective judgments, and whether they have wide-ranging knowledge, wealth of experience, and expertise in their specialized fields. Outside directors participate in decision-making as members of the Board of Directors' meetings and monitor and supervise the execution of duties of the managing directors from an independent position

based on their knowledge and experience. Outside Audit & Supervisory Board Members use their knowledge and experience to conduct strict audits on the execution of duties of the managing directors, also from an independent standpoint. In addition, outside directors Hideo Miyahara, Kazutoshi Murao, Tatsuo Kijima and outside Audit & Supervisory Board Members Yoko Kimura, Eiji Hatta, and Shigemi Sasaki have no special interest relationships with the company affecting decision-making, and as they meet the criteria for the independence of outside officers stipulated by the company, they are judged to have sufficient independence. Based on the above, they are reported as independent officers to the financial instruments exchanges on which the company is listed.

□ Director and Audit & Supervisory Board Members Remuneration

To maintain objectivity and achieve transparency in the determination process, the remuneration for each Director shall be deliberated at an advisory committee of which a majority is outside officers before decision is made by Representative Director and President Takehiro Honjo pursuant to delegation by a resolution of the Board of Directors, with such amounts being within the maximum amount approved at the General Meeting of Shareholders of June 28, 1990 (¥63 million per month (not including the portion of wages for employees who are also Directors); 27 persons). In deciding amounts of remuneration, the Company follows rules specified by a resolution of the Board of Directors, and refers to each Director's roles and responsibilities and levels of remuneration at other companies. To encourage officers' efforts to realize sustainable growth and increase medium- to long-term corporate value, about 40% of overall remuneration is linked to the business results of the Company. In order to contribute to short- and medium- to long-term corporate value enhancement, the performance-based amount is linked to profit attributable to owners of parent (consolidated profit) for the past three years. The plan and results for consolidated profit are shown in the table below. The meeting of the voluntary advisory committee corresponding to remuneration for the fiscal year ended March 31, 2020 was held in May 2019 in accordance with rules specified by the resolution of the Board of Directors with attendance of eight committee members (including six outside officers) and deliberations were held on matters such as the appropriateness of calculation methods for the portion linked to business results, payment coefficient, and remuneration levels, which were then decided by the Representative Director and President as mentioned above. The amount of

remuneration for Outside Directors consists only of a fixed portion because they are in positions independent of the execution of the Company's businesses. Directors, except Outside Directors, purchase the Company's shares through officers' shareholding association, to which they contribute a certain amount of money from their monthly remuneration.

The advisory committee is comprised of inside and outside members, with outside committee members being all of the Outside Directors from February 2020. The inside committee members are the Company President and if necessary, persons appointed by the President (the President may appoint up to one member who is a Representative Director). The committee members elect the committee chairperson from amongst themselves.

The above-mentioned policy on deciding remuneration is determined by President within the scope of resolutions of the Board of Directors and the results of deliberation by the voluntary advisory committee.

Remuneration for each Audit & Supervisory Board Member shall be determined through discussions among Audit & Supervisory Board Members within the amount of remuneration (up to ¥14 million per month; five persons) approved at the General Meeting of Shareholders of June 29, 1994, taking into consideration the position, etc. of each Audit & Supervisory Board Member. The amount of the remuneration for Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) consists only of a fixed portion because they are in positions independent of the execution of the Company's businesses.

The system of paying retirement benefits to Directors and Audit & Supervisory Board Members has been abolished.

Profit Attributable to Owners of Parent (Consolidated Profit) for the Last Three Years

Fiscal year			199th	200th	201st
Fiscal year			FY2017.3	FY2018.3	FY2019.3
Profit attributable to owners of parent	million yen	Plan	52,000	42,500	46,500
		Results	61,271	37,724	33,601

Total Amount of Remuneration by Officer Classification and by Type of Remuneration, and Number of Eligible Officers

Classification	Total amount of remuneration (million yen)	Total amount of remuneration by type of remuneration		Number of payees
		Fixed (million yen)	Performance-linked (million yen)	
Directors (excluding outside directors)	513	308	205	11
Audit & Supervisory Board Members (excluding outside members)	69	69	—	3
Outside directors	31	31	—	4
Outside Audit & Supervisory Board Members	32	32	—	3

Note: The number of persons and amounts include one internal director, one outside director, and one Internal Audit & Supervisory Board member who retired as of the close of the Company's 201st General Meeting of Shareholders held on June 20, 2019, and one outside director who retired in February 2020.

- The total amount of remuneration for each officer is not stated as there is no officer with a total amount of consolidated remuneration of 100 million yen or more.
- There are no employees concurrently serving as officers.

□ Risk Management

Organizational heads of the Company and Presidents of the affiliates promote the management of the risk of losses and periodically conduct risk management assessments. Each basic organization or affiliate 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. 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 affiliate to ensure risk management on a Group-wide basis.

To prepare for emergencies, regulations for disaster countermeasure and business continuity plans are prepared. During the fiscal year under review, we carried out company-wide disaster-prevention

drills, which consist of disaster response and BCP exercises, and collaboration training and exercises to ensure collaboration between gas pipeline operators and gas retailers in case of disaster.

In light of the spread of COVID-19 in Japan and abroad, we set up a task force and confirm the status of the Group's responses, while taking appropriate measures to prevent infections.

To reinforce the cyber security measures of the Group, we set up the Cyber Security Committee and strengthened countermeasures against cyberattacks from outside the Group network.

* G-RIMS is a system for risk management in routine business operations. The manager of each organization and affiliated company checks if preventive measures have been implemented or an early-detection system is in place as required, using a checklist comprising about 50 risk items. G-RIMS is also designed to evaluate the magnitude of risks and identify risks to be addressed, before PDCA (plan-do-check-act) is operated for improvement.

□ Training Policy for Directors and Audit & Supervisory Board Members

When appointed, the Company provides internal officers an opportunity to acquire knowledge regarding their roles, legal duties to be complied with, and responsibilities expected for a Director or Audit & Supervisory Board Member. Subsequently, the Company regularly provides opportunities internally or externally for officers to receive training regarding legal affairs, risk management, compliance, and other matters to continue to acquire knowledge necessary for comprehension of legal revisions and other latest world trends. Further, as part of the succession plan for top management, human resources to oversee the Company's management are fostered through such means as the systematic

rotation of the areas of responsibility of internal Directors and Executive Officers.

As for outside officers, the Company explains the Group's businesses and offers an opportunity to the officers upon appointment to deepen their understanding so that they can put to practice their expertise and experience in each of their fields for supervising and auditing the Company's business. Later, the Company also offers opportunities as necessary in which the business environment and business trends are explained accurately in a timely manner so that outside officers can gain an understanding.

□ Business Risks

The following are examples of risks that can affect business performance and financial conditions of the Group. Matters concerning the future as stated are based on the Daigas Group's judgment and assumptions as of the end of the fiscal year ended March 31, 2020.

(1) Risks Related to All Businesses within the Group

- ① Changes in economic, financial, and social conditions as well as market contraction
- ② Occurrence of catastrophic disasters, accidents, or infectious diseases
- ③ Changes in international rules, politics, laws and regulations, and institutional systems
- ④ Changes in foreign exchange rates and borrowing rates
- ⑤ Uncollected investments
- ⑥ Climate change
- ⑦ Intensifying competition
- ⑧ Breakdown or malfunction of critical IT systems and information leaks
- ⑨ Quality issues with products or services
- ⑩ Non-compliance with laws and regulations

(2) Risks Related to Major Businesses

- ① Domestic energy business
 - a. Impact of fluctuations in temperature/water temperature on energy demand
 - b. Changes in raw fuel costs
 - c. Difficulty in procuring raw fuels
 - d. Difficulties in gas production/power generation and gas/power supply
 - e. Gas equipment and facility issues
 - f. Intensifying competition in the industry and the resulting increase in choices available to consumers
- ② International Energy Business

Changes in the operating environment, such as decreased profitability or project delay or cancellation, resulting from the public policies, implementation of or changes in regulations, deterioration of economic or social conditions, market fluctuation in areas including crude oil prices and gas prices, technical problems, or damage by natural disasters in the countries in which the Group operates
- ③ Life & Business Solutions

Changes in the operating environment, such as soaring material costs and worsening economic conditions

In addition to the measures preparing for the above risk, the Daigas Group aims to mitigate impact on our business in cases where such risks emerge by appropriately understanding and supervising the situations of business operations, while considering the degree and time period of the potential for risks to materialize.

Summary of Consolidated Operating Results

		2010.3	2011.3
Financial Information			
Net sales	million yen	1,096,628	1,187,142
Operating profit	million yen	91,140	88,584
Ordinary profit	million yen	84,806	82,372
Profit attributable to owners of parent	million yen	48,384	45,968
Comprehensive income	million yen	—	35,833
Capital expenditures for quality improvement	million yen	54,272	53,600
Depreciation + amortization of goodwill	million yen	95,402	97,569
R&D expenses	million yen	10,670	10,918
Total assets	million yen	1,483,895	1,437,297
Net assets	million yen	690,561	688,695
Shareholders' equity	million yen	666,689	664,959
Balance of interest-bearing debts	million yen	539,081	532,493
Cash flows from operating activities	million yen	229,714	126,399
Cash flows from investing activities	million yen	(111,265)	(82,408)
Cash flows from financing activities	million yen	(49,553)	(41,257)
Cash and cash equivalents at end of period	million yen	113,998	116,230
Free cash flow (Cash flows from operating activities – Capital expenditures for quality improvement)	million yen	175,441	72,798
Capital expenditures	million yen	98,246	69,600
Per share information※1			
Earnings per share (EPS)	yen	112.48	108.08
Shareholders' equity per share (BPS)	yen	1,551.95	1,596.63
Dividends	yen	35.0	40.0
Key Ratios			
EBITDA (Operating profit + Depreciation + Amortization of goodwill + Share of profit of entities accounted for using equity method)	million yen	187,806	188,315
Shareholder Value Added (SVA) (Net operating profit after tax (NOPAT) - Invested capital × Weighted average cost of capital (WACC))	million yen	14,041	13,200
Shareholders' equity / Total assets (Shareholders' equity / Total assets (as of the end of the fiscal year))	%	44.9	46.3
D/E ratio (Interest-bearing debts / Shareholders' equity (as of the end of the fiscal year))		0.81	0.80
Return on equity (ROE) (Profit attributable to owners of parent / Average shareholders' equity during the fiscal year)	%	7.6	6.9
Return on assets (ROA) (Profit attributable to owners of parent / Average total assets during the fiscal year)	%	3.3	3.1
Payout ratio (Annual dividends / Earnings per share (EPS))	%	31.1	37.0
Gas sales volume			
	million m ³	8,150	8,560
Number of employees			
	employees	19,268	19,684

※1 Calculated in consideration of share consolidation.

※2 "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No.28, February 16, 2018) have been applied from the beginning of the fiscal year ended March 31, 2019. Key management indicators for the fiscal year ended March 31, 2018 are calculated by retroactively applying the above accounting standard.

2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
1,294,781	1,380,060	1,512,581	1,528,164	1,322,012	1,183,846	1,296,238	1,371,863	1,368,689
77,274	84,773	99,381	105,065	146,674	97,250	78,118	67,977	83,792
75,694	90,125	106,044	108,173	134,986	96,276	77,087	63,103	86,018
45,207	52,467	41,725	76,709	84,324	61,271	37,724	33,601	41,788
39,702	83,844	80,850	106,084	38,256	78,029	60,590	27,966	14,996
43,713	44,507	41,082	44,698	56,051	48,253	42,191	44,205	57,498
93,624	82,818	83,806	87,785	86,747	86,206	88,723	99,745	91,925
10,974	10,875	11,793	11,434	11,340	10,374	9,708	10,961	10,174
1,475,759	1,566,899	1,668,317	1,862,201	1,829,756	1,886,577	1,897,230	2,029,722	2,140,482
708,904	774,317	828,565	918,869	935,786	991,870	1,028,799	1,035,044	1,027,667
684,584	747,802	798,964	888,496	906,623	961,905	999,569	1,004,340	997,492
541,349	540,199	573,586	633,923	567,164	540,668	503,789	647,465	754,006
122,793	129,597	154,225	156,908	281,819	148,801	168,731	65,116	182,892
(107,764)	(116,791)	(175,591)	(110,704)	(144,198)	(137,527)	(110,456)	(204,192)	(232,266)
(8,279)	(27,897)	4,163	22,892	(90,716)	(50,530)	(51,591)	85,262	79,272
122,448	109,456	90,359	162,793	209,367	166,912	171,061	115,769	146,813
79,079	85,089	113,142	112,210	225,767	100,547	116,343	20,910	125,394
87,171	112,987	124,146	119,398	114,418	88,657	81,716	107,259	131,010
108.55	125.99	100.21	184.31	202.64	147.29	90.71	80.80	100.50
1,643.85	1,795.79	1,919.49	2,134.92	2,179.23	2,312.68	2,403.68	2,415.37	2,399.06
40.0	42.5	45.0	47.5	50.0	50.0	50.0	50.0	50.0
176,536	173,927	191,105	199,840	228,883	188,403	167,100	159,916	180,943
11,965	18,677	3,000	42,964	52,621	33,328	11,922	4,218	11,130
46.4	47.7	47.9	47.7	49.5	51.0	52.7	49.5	46.6
0.79	0.72	0.72	0.71	0.63	0.56	0.50	0.64	0.76
6.7	7.3	5.4	9.1	9.4	6.6	3.8	3.4	4.2
3.1	3.4	2.6	4.3	4.6	3.3	2.0	1.7	2.0
36.8	33.7	44.9	25.8	24.7	33.9	55.1	61.9	49.8
8,711	8,534	8,554	8,290	8,052	8,694	8,580	7,935	7,362
19,818	19,870	21,250	20,982	20,844	20,762	19,997	20,224	20,543

[Consolidated Financial Statements and Notes]

(1) [Consolidated Financial Statements]

Osaka Gas Co., Ltd. and Consolidated Subsidiaries, the Fiscal Years Ended March 31, 2019 and 2020

Consolidated Balance Sheet

Assets

(million yen)

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Non-current assets		
Property, plant and equipment		
Production facilities	85,086	84,258
Distribution facilities	265,421	264,657
Service and maintenance facilities	55,176	55,072
Other facilities	427,821	542,101
Construction in progress	74,222	68,482
Total property, plant and equipment	※ 1, ※ 2, ※ 3 907,728	※ 1, ※ 2, ※ 3 1,014,572
Intangible assets	※ 1 109,297	※ 1 98,322
Investments and other assets		
Investment securities	※ 4 359,737	※ 4 332,200
Long-term loans receivable	22,862	25,981
Retirement benefit asset	49,074	44,264
Other	49,389	65,924
Allowance for doubtful accounts	(562)	(802)
Total investments and other assets	※ 1 480,502	※ 1 467,568
Total non-current assets	1,497,528	1,580,462
Current assets		
Cash and deposits	116,289	147,201
Notes and accounts receivable - trade	※ 5 219,206	210,515
Lease receivables and investment in leases	40,445	47,844
Inventories	※ 6 112,327	※ 6 108,092
Other	45,616	47,005
Allowance for doubtful accounts	(1,691)	(640)
Total current assets	※ 1 532,194	※ 1 560,019
Total assets	2,029,722	2,140,482

Note: Details of ※ 1, 2, 3, 4, 5, 6 and 8 are provided in "d. Notes to the Consolidated Balance Sheet" on page 65.

This annual report is not subject to auditing by an independent auditor.

However, the accompanying consolidated financial statements, and notes are reprinted from the securities report which has been audited by an independent auditor.

Liabilities

(million yen)

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Non-current liabilities		
Bonds payable	144,989	289,993
Long-term borrowings	367,418	363,757
Provision for gas holder repairs	1,247	1,290
Provision for safety measures	11,207	9,339
Provision for gas appliance warranties	12,454	13,074
Retirement benefit liability	17,228	17,590
Other	86,919	105,455
Total non-current liabilities	※ 1 641,465	※ 1 800,502
Current liabilities		
Current portion of non-current liabilities	60,134	71,294
Notes and accounts payable - trade	※ 5 66,087	59,363
Other	226,991	181,654
Total current liabilities	※ 1 353,212	※ 1 312,312
Total liabilities	994,678	1,112,815

Net assets

(million yen)

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Shareholders' equity		
Share capital	132,166	132,166
Capital surplus	19,222	19,483
Retained earnings	782,523	802,313
Treasury shares	(1,744)	(1,802)
Total shareholders' equity	932,167	952,160
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,617	41,336
Deferred gains or losses on hedges	(4,007)	(14,161)
Revaluation reserve for land	※ 8 (737)	※ 8 (737)
Foreign currency translation adjustment	11,189	10,085
Remeasurements of defined benefit plans	15,110	8,809
Total accumulated other comprehensive income	72,172	45,332
Non-controlling interests	30,704	30,174
Total net assets	1,035,044	1,027,667
Total liabilities and net assets	2,029,722	2,140,482

Consolidated Statement of Income

(million yen)

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Net sales	1,371,863	1,368,689
Cost of sales	※ 1, ※ 2 981,086	※ 1, ※ 2 961,983
Gross profit	390,777	406,705
Selling, general and administrative expenses	※ 1, ※ 3 322,800	※ 1, ※ 3 322,913
Operating profit	67,977	83,792
Non-operating income		
Interest income	584	4,262
Dividend income	4,465	7,070
Share of profit of entities accounted for using equity method	1,096	5,225
Miscellaneous income	8,454	8,187
Total non-operating income	14,600	24,746
Non-operating expenses		
Interest expenses	10,126	12,192
Miscellaneous expenses	9,348	10,327
Total non-operating expenses	19,474	22,520
Ordinary profit	63,103	86,018
Extraordinary losses		
Loss on disaster	2,136	—
Amortization of goodwill	※ 4 8,901	—
Impairment loss	—	※ 5 15,568
Total extraordinary losses	11,038	15,568
Profit before income taxes	52,064	70,449
Income taxes - current	19,683	23,451
Income taxes - deferred	(4,160)	4,056
Total income taxes	15,522	27,507
Profit	36,542	42,942
Profit attributable to non-controlling interests	2,941	1,153
Profit attributable to owners of parent	33,601	41,789

Note: Details of ※ 1, 2, 3, 4 and 5 are provided in "e. Notes to the Consolidated Statement of Income" on page 66.

Consolidated Statement of Comprehensive Income

(million yen)

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Profit	36,542	42,942
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,319)	(10,455)
Deferred gains or losses on hedges	(142)	(1,442)
Foreign currency translation adjustment	(5,943)	(1,638)
Remeasurements of defined benefit plans	3,457	(6,189)
Share of other comprehensive income of entities accounted for using equity method	372	(8,219)
Total other comprehensive income	※ 1 (8,575)	※ 1 (27,945)
Comprehensive income	27,966	14,996
(Breakdown)		
Comprehensive income attributable to owners of parent	25,731	13,728
Comprehensive income attributable to non-controlling interests	2,235	1,268

Note: Details of ※1 are provided in "f. Notes to the Consolidated Statement of Comprehensive Income" on page 67.

Consolidated Statement of Changes in Equity

(million yen)

	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Fiscal year ended March 31, 2019 (April 1, 2018 - March 31, 2019)													
Balance at beginning of period	132,166	19,222	769,801	(1,663)	919,527	56,977	(7,650)	(737)	19,530	11,922	80,042	29,229	1,028,799
Cumulative effects of changes in accounting policies			(87)		(87)								(87)
Resulted balance	132,166	19,222	769,713	(1,663)	919,439	56,977	(7,650)	(737)	19,530	11,922	80,042	29,229	1,028,711
Changes of items during period													
Dividends of surplus			(20,791)		(20,791)								(20,791)
Profit attributable to owners of parent			33,601		33,601								33,601
Purchase of treasury shares				(85)	(85)								(85)
Disposal of treasury shares		0		3	3								3
Change in ownership interest of parent due to transactions with non-controlling interests					—								—
Net changes of items other than shareholders' equity						(6,359)	3,643	—	(8,340)	3,187	(7,869)	1,474	(6,394)
Total changes of items during period	—	0	12,809	(81)	12,728	(6,359)	3,643	—	(8,340)	3,187	(7,869)	1,474	6,333
Balance at end of period	132,166	19,222	782,523	(1,744)	932,167	50,617	(4,007)	(737)	11,189	15,110	72,172	30,704	1,035,044
Fiscal year ended March 31, 2020 (April 1, 2019 - March 31, 2020)													
Balance at beginning of period	132,166	19,222	782,523	(1,744)	932,167	50,617	(4,007)	(737)	11,189	15,110	72,172	30,704	1,035,044
Cumulative effects of changes in accounting policies			(1,208)		(1,208)	1,215					1,215		7
Resulted balance	132,166	19,222	781,314	(1,744)	930,959	51,833	(4,007)	(737)	11,189	15,110	73,388	30,704	1,035,051
Changes of items during period													
Dividends of surplus			(20,790)		(20,790)								(20,790)
Profit attributable to owners of parent			41,788		41,788								41,788
Purchase of treasury shares				(60)	(60)								(60)
Disposal of treasury shares		(0)		2	2								2
Change in ownership interest of parent due to transactions with non-controlling interests		260			260								260
Net changes of items other than shareholders' equity						(10,496)	(10,154)	—	(1,104)	(6,300)	(28,055)	(530)	(28,585)
Total changes of items during period	—	260	20,998	(57)	21,201	(10,496)	(10,154)	—	(1,104)	(6,300)	(28,055)	(530)	(7,384)
Balance at end of period	132,166	19,483	802,313	(1,802)	952,160	41,336	(14,161)	(737)	10,085	8,809	45,332	30,174	1,027,667

Consolidated Statement of Cash Flows

(million yen)

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	52,064	70,449
Depreciation	99,745	91,925
Amortization of long-term prepaid expenses	5,000	5,159
Impairment loss	—	15,568
Decrease (increase) in retirement benefit asset	3,057	(3,511)
Interest and dividend income	(5,049)	(11,332)
Interest expenses	10,126	12,192
Share of loss (profit) of entities accounted for using equity method	(1,096)	(5,225)
Decrease (increase) in trade receivables	(27,714)	12,239
Decrease (increase) in inventories	(35,078)	4,014
Increase (decrease) in trade payables	6,895	664
Increase (decrease) in accrued expenses	6,068	3,316
Increase (decrease) in accrued consumption taxes	(4,085)	4,568
Other, net	(19,156)	(3,645)
Subtotal	90,776	196,384
Interest and dividends received	13,523	21,844
Interest paid	(10,186)	(12,280)
Income taxes paid	(28,997)	(23,056)
Net cash provided by (used in) operating activities	65,116	182,892
Cash flows from investing activities		
Purchase of property, plant and equipment	(80,099)	(117,574)
Purchase of intangible assets	(21,943)	(9,173)
Purchase of long-term prepaid expenses	(6,150)	(9,045)
Purchase of investment securities	(4,680)	(7,997)
Purchase of shares of subsidiaries and associates	(68,760)	(22,965)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(22,811)	※ 2 (63,350)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	2	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	558
Long-term loan advances	(5,133)	(5,443)
Other, net	5,382	2,724
Net cash provided by (used in) investing activities	(204,192)	(232,266)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	46,000	(46,000)
Proceeds from long-term borrowings	129,306	44,170
Repayments of long-term borrowings	(37,759)	(47,418)
Proceeds from issuance of bonds	—	175,000
Redemption of bonds	(30,000)	(20,000)
Proceeds from share issuance to non-controlling shareholders	195	240
Dividends paid	(20,801)	(20,799)
Dividends paid to non-controlling interests	(980)	(1,165)
Other, net	(698)	(4,754)
Net cash provided by (used in) financing activities	85,262	79,272
Effect of exchange rate change on cash and cash equivalents	(1,478)	1,145
Net increase (decrease) in cash and cash equivalents	(55,292)	31,043
Cash and cash equivalents at beginning of period	171,061	115,769
Cash and cash equivalents at end of period	※ 1 115,769	※ 1 146,813

Note: Details of ※ 1 and 2 are provided in "h. Notes to the Consolidated Statement of Cash Flows" on page 69.

[Notes]

a Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries:

150 (Previous fiscal year), 156 (Current fiscal year)

The names of consolidated subsidiaries are omitted as they are stated in page 89 "Group Companies."

The Company has acquired shares in Manisha Encarbon (Pvt) Ltd, Osaka Gas Marketing Co., Ltd., Daigas Energy Co., Ltd., Daigas Gas and Power Solution Co., Ltd., Sabine Oil & Gas Corporation, Sabine East Texas Basin LLC, Sabine East Texas Gathering Utility LLC, OSAKA GAS CHEMICALS (TAIWAN) CO., LTD., Nikki Mirai Solar, Co., Ltd., Osaka Gas Energy Supply and Trading Pte. Ltd.,

and OSAKA GAS SOLAMERICA, LLC, making them newly subsidiaries of the Company. As a result, those subsidiaries are included as consolidated subsidiaries of the Company from the current fiscal year. Nikki Mirai Solar, Co., Ltd. has changed its trade name to Daigas Oita Mirai Solar Co., Ltd.

Sakai Wellness Co., Ltd. (liquidated), OGPA Guam, LLC (dissolved), Marianas Energy Company, LLC (sold), OGPA Guam, LLC (dissolved), and OG East Texas, LLC (merged into Sabine Oil & Gas Corporation) are no longer consolidated subsidiaries of the Company from the current fiscal year.

2. Application of the equity method

Number of equity method affiliates:

23 (Previous fiscal year), 23 (Current fiscal year)

The names of equity method affiliates are omitted as they are stated in page 89 "Group Companies."

The Company has acquired shares in SolAmerica Energy Holdings, LLC. As a result, it is included as an equity method affiliate from the current fiscal year.

In addition, the Company has acquired additional shares in Nikki Mirai Solar, Co., Ltd., newly making it a subsidiary of the Company. As a result, said company has been excluded as an equity method affiliate and included in the scope of consolidation

from the current fiscal year.

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

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

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

3. Fiscal year, etc. of consolidated subsidiaries

Consolidated subsidiaries whose fiscal year-end is different from the consolidated fiscal year-end are Osaka Gas Australia Pty. Ltd., Osaka Gas Gorgon Pty. Ltd., Osaka Gas Ichthys Pty. Ltd., Osaka Gas Ichthys Development Pty. Ltd., Osaka Gas Niugini Pty. Ltd., Osaka Gas UK, Ltd. and other companies, totaling 86 companies.

Although the above consolidated subsidiaries have a fiscal year-end of December 31, the difference between that date and the consolidated fiscal year-end (March 31) does not exceed 3 months. Therefore, the consolidated financial statements are prepared using their financial statements as of their fiscal year-end.

4. Accounting policies

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

① Inventories

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

② Investment securities

Bonds held to maturity
Stated at amortized cost

Other investment securities

Securities for which it is practical to determine fair value
Stated at fair value based on the market price, etc. at the fiscal year-end (Unrealized valuation gains and losses are accounted for as a component of net assets; cost of sales is determined primarily using the moving-average method.)

Securities for which it is not practical to determine fair value
Primarily stated at cost based on the moving-average method

③ Derivatives

Stated at fair value

(2) Depreciation and amortization method of significant depreciable assets

① Property, plant and equipment (excluding leased assets)

Primarily the declining-balance method
However, the straight-line method has been used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and for facilities attached to buildings and structures acquired on or after April 1, 2016.

② Intangible assets (excluding leased assets)

Primarily the straight-line method
For internal-use software, the straight-line method based on the term available for use within the Company and each subsidiary has been applied.

③ Leased assets

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

(3) Basis for recording significant allowances

① Allowance for doubtful accounts

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

② Provision for gas holder repairs

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

③ Provision for safety measures

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

④ Provision for gas appliance warranties

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

(4) Accounting for retirement benefits

① Method for attributing projected retirement benefits to periods of service

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

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

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

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

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

(6) Significant hedge accounting method

① Hedge accounting method

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

② Hedging instruments and hedged items

Hedging instruments

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

Hedged items

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

③ Hedging policy

The Group hedges foreign exchange rate and interest rate risk based on its internal rules. Derivative transactions are not entered into unless they are backed by actual demand.

④ Method for assessing the hedge effectiveness

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

(7) Method and period for amortization of goodwill

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

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

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

(9) Other significant matters on the preparation of the consolidated financial statements

Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

b Changes in Accounting Policies**(Changes in accounting policies)**

“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements” (Practical Issues Task Force (PITF) No. 18; September 14, 2018) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No. 24; September 14, 2018) have been applied from the beginning of the current fiscal year. When a foreign subsidiary or other such entity applies International Financial Reporting Standards (IFRS) No. 9 “Financial Instruments,” and elects to present subsequent changes in the fair value of an equity instrument in other comprehensive income, a gain or loss equivalent on the sale of the equity instrument and an impairment loss equivalent to the equity instrument are to be adjusted and recognized as a profit (loss) for the relevant fiscal year in preparing the consolidated financial statements of the parent company. The Company has applied these PITFs according to the transitional provisions. The cumulative impact of changes in accounting policies is recorded as retained earnings for the beginning of the current fiscal year. Consequently, retained earnings for the beginning of the current fiscal year decreased by ¥1,215 million and valuation difference on available-for-sale securities increased by ¥1,215 million on the consolidated balance sheet.

(Accounting standards, etc. not yet applied)

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30; March 31, 2020)

(1) Summary

These are comprehensive accounting standards on revenue recognition. Revenue is recognized by applying the following five-step approach:

- Step 1: Identify the contracts with customers
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of application

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application

In the process of measuring the effects at the time of preparing the accompanying consolidated financial statements.

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30; July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31; July 4, 2019)
- "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9; July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10; July 4, 2019)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19; March 31, 2020)

(1) Summary

In order to increase comparability with rules of international accounting standards, the "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" ("Fair Value Measurement Standards") have been developed, defining guidance, etc., on methods for fair value measurement. The Fair Value Measurement Standards will be applied to fair values of the following items.

- Financial instruments in "Accounting Standard for Financial Instruments"
- Inventories held for the purpose of trading in "Accounting Standard for Measurement of Inventories"

In addition, the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been revised to stipulate notes for each level of fair value for financial instruments, including breakdowns.

(2) Scheduled date of application

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application

In the process of measuring the effects at the time of preparing the accompanying consolidated financial statements.

- "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24; March 31, 2020)

(1) Summary

The purpose of this statement is to indicate principles for adopted accounting treatments and outline procedures when the provisions of related accounting standards, etc., are unclear.

(2) Scheduled date of application

Effective from the end of the fiscal year ending March 31, 2021.

- "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31; March 31, 2020)

(1) Summary

The purpose of this statement is to disclose information that contributes to users' understanding of financial statements, regarding the contents of accounting estimates for items containing the risk of materially affecting the financial statements for the next fiscal year, among amounts recorded on the financial statements for the current fiscal year that are accounting estimates.

(2) Scheduled date of application

Effective from the end of the fiscal year ending March 31, 2021.

c Changes in Presentation**(Notes to the Consolidated Balance Sheet)**

Osaka Gas USA Corporation, the Company's consolidated subsidiary, acquired all shares in Sabine Oil & Gas Corporation, which conducts the U.S. shale gas development business, during the current fiscal year. Accordingly, the assets of Osaka Gas USA Corporation related to the development of gas fields, which had been acquired in the previous fiscal year through said company and recorded as intangible assets, are now displayed as property, plant and equipment in accordance with the asset management methods of said company. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥18,335 million included in "intangible assets" in the consolidated balance sheet of the previous fiscal year is reclassified into "other facilities" under "property, plant and equipment."

"Deferred tax liabilities," stated as a separate item under "non-current liabilities" for the previous fiscal year, are included in "other" under "non-current liabilities" starting from the current fiscal year due to decreased materiality. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, "deferred tax liabilities" of ¥22,811 million under "non-current liabilities" in the consolidated balance sheet of the previous fiscal year are reclassified as "other."

"Short-term borrowings," stated as a separate item under "current liabilities" for the previous fiscal year, are included in "other" under "current liabilities" starting from the current fiscal year due to decreased materiality. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, "short-term borrowings" of ¥22,751 million under "current liabilities" in the consolidated balance sheet of the previous fiscal year are reclassified as "other."

(Notes to the Consolidated Statement of Income)

"Share of profit of entities accounted for using equity method" included in "miscellaneous income" under "non-operating income" for the previous fiscal year are stated as a separate item from the current fiscal year due to increased materiality. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥1,096 million included in "miscellaneous income" under "non-operating income" in the consolidated statement of income of the previous fiscal year is reclassified into "share of profit of entities accounted for using equity method."

(Notes to the Consolidated Statement of Cash Flows)

"Amortization of goodwill," stated as a separate item under cash flows from operating activities for the previous fiscal year, is included in "depreciation" under cash flows from operating activities from the current fiscal year due to decreased materiality. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥11,381 million presented in "amortization of goodwill" in the previous fiscal year's consolidated statement of cash flows is reclassified into "depreciation" under cash flows from operating activities.

"Share of loss (profit) of entities accounted for using equity method" included in "other" under cash flows from operating activities for the previous fiscal year is stated as a separate item from the current fiscal year due to increased materiality. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation. As a result, ¥(1,096) million presented in "other" under cash flows from operating activities in the previous fiscal year's consolidated statement of cash flows is reclassified into "Share of loss (profit) of entities accounted for using equity method."

d Notes to the Consolidated Balance Sheet

※1 Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral are as follows:

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Other facilities	98,092 million yen	125,258 million yen
Investment securities	100,949	92,135
Intangible assets	43,173	39,445
“Other” under investments and other assets	17,078	33,116
Cash and deposits	12,958	18,628
Other	39,662	9,107
Total	311,914	317,691

In addition to the above, loans receivable, etc., of ¥7,463 million for the previous fiscal year and shares of subsidiaries and affiliates, etc. of ¥27,481 million for the current fiscal year, which were offset as a result of consolidation, were pledged as collateral.

Liabilities with collateral are as follows:

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Long-term borrowings	61,260 million yen	73,006 million yen
(current portion thereof	925	1,347)
Short-term borrowings	1,077	499
Other	100	100
Total	62,437	73,605

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

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Production facilities	781 million yen	826 million yen
Distribution facilities	260,330	262,736
Service and maintenance facilities	746	719
Other facilities	5,228	5,908
Total	267,086	270,190

(2) Advanced depreciation deducted from the acquisition cost of assets related to expropriation, etc. is as follows:

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Distribution facilities	9 million yen	— million yen
Other facilities	65	—
Total	74	—

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

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Accumulated depreciation of property, plant and equipment	2,652,657 million yen	2,704,741 million yen

※4 Items for affiliates are as follows:

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Investment securities (stock)	249,346 million yen	229,227 million yen
(including investments in joint ventures	138,443	127,661)

※5 The settlement of trade notes maturing at the fiscal year-end is accounted for on the date of bank clearance.

As the end of the previous fiscal year was a bank holiday, the following notes maturing on the fiscal year-end are included in the balance of the item outstanding at the end of the previous and current fiscal years:

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Notes receivable - trade	591 million yen	— million yen
Notes payable - trade	74	—

※6 The breakdown of inventories is as follows:

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Merchandise and finished goods	20,906 million yen	21,579 million yen
Work in process	8,220	8,965
Raw materials and supplies	83,200	77,548

※7 Contingent liabilities

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

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Fukushima Gas Power Co., Ltd.	4,600 million yen	4,600 million yen
Ichthys LNG Pty. Ltd.	19,072	1,396
Aurora Solar Corporation	1,238	1,147
Ruwais Power Company PJSC	1,135	1,086
Other	611	1,138
Total	26,657	9,368

(2) Contingent liabilities related to debt assumption agreements for bonds are as follows:

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
The 23rd domestic unsecured bond	20,000 million yen	— million yen

※8 Revaluation reserve for land

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

(1) Method for revaluation

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

(2) Date of revaluation

March 31, 2002

e Notes to the Consolidated Statement of Income

※1

Previous Year (April 1, 2018 - March 31, 2019)

The R&D expenses included in "Selling, general and administrative expenses" and in the manufacturing expenses for the fiscal year are ¥10,961 million.

Current Year (April 1, 2019 - March 31, 2020)

The R&D expenses included in "Selling, general and administrative expenses" and in the manufacturing expenses for the fiscal year are ¥10,174 million.

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

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
	7 million yen	1,289 million yen

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

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Salaries	46,197 million yen	45,736 million yen
Retirement benefit expenses	5,199	(1,014)
Provision for gas holder repairs	145	137
Provision for gas appliance warranties	658	—
Provision of allowance for doubtful accounts	46	574
Depreciation	48,292	47,983
Consigned work expenses	57,320	64,413

※4 Amortization of goodwill

Goodwill is amortized in accordance with Paragraph 32 of “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial

Statements” (the Japanese Institute of Certified Public Accountants, final amendment issued on February 16, 2018, Accounting Practice Committee Statement No.7)

※5 Impairment loss

Current Year (April 1, 2019 - March 31, 2020)

(1) Concept of grouping

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

(2) Details of impairment loss

In accordance with the grouping described in (1) above, an impairment loss of ¥15,568 million was recognized. Significant losses included in this are as follows:

Asset	Location	Type	Impairment loss (million yen)
Property for business use	Northern Territory of Australia / East Timor	Intangible assets	10,036
	Northern Territory of Australia	Property, plant and equipment	2,524
		Intangible assets	1,909
		Total	4,434

These properties were acquired for the purpose of participating in the gas and condensate development business. The Company reassessed the business value, taking into account the effects of reviewing the development plan and other matters, and accordingly the carrying amount of the assets was reduced to

their recoverable amount, and the reduction was recorded as an impairment loss in extraordinary losses. The recoverable amount of these assets was measured at net sale value determined based on reasonable estimates in consideration of past transactions, etc., or market value.

f Notes to the Consolidated Statement of Comprehensive Income

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

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Valuation difference on available-for-sale securities		
Incurring in the fiscal year	(8,830) million yen	(14,537) million yen
Reclassification adjustments	17	168
Before tax effect adjustments	(8,813)	(14,368)
Tax effect	2,494	3,913
Valuation difference on available-for-sale securities	(6,319)	(10,455)
Deferred gains or losses on hedges		
Incurring in the fiscal year	(283) million yen	244 million yen
Reclassification adjustments	(125)	604
Before tax effect adjustments	(409)	848
Tax effect	266	(2,290)
Deferred gains or losses on hedges	(142)	(1,442)

Foreign currency translation adjustment		
Incurring in the fiscal year	(5,943) million yen	(2,317) million yen
Reclassification adjustments	—	679
Before tax effect adjustments	(5,943)	(1,638)
Tax effect	—	—
Foreign currency translation adjustment	(5,943)	(1,638)
Remeasurements of defined benefit plans		
Incurring in the fiscal year	2,192 million yen	(5,171) million yen
Reclassification adjustments	2,573	(3,438)
Before tax effect adjustments	4,765	(8,609)
Tax effect	(1,308)	2,420
Remeasurements of defined benefit plans	3,457	(6,189)
Share of other comprehensive income of entities accounted for using equity method		
Incurring in the fiscal year	(1,268) million yen	(10,018) million yen
Reclassification adjustments	1,641	1,798
Share of other comprehensive income of entities accounted for using equity method	372	(8,219)
Total other comprehensive income	(8,575)	(27,945)

9 Notes to the Consolidated Statement of Changes in Equity

Previous Year (April 1, 2018 - March 31, 2019)

1 Matters on shares issued and outstanding

Type of shares	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common shares (thousand shares)	416,680	—	—	416,680

2 Matters on treasury shares

Type of shares	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common shares (thousand shares)	830	38	1	867

(Overview of reasons for change)

The major reason for increase is as follows: Increase by repurchase of fractional shares 38 thousand shares

The major reason for decrease is as follows: Decrease by disposal of fractional shares 1 thousand shares

3 Matters on subscription rights to shares, etc.

Not applicable.

4 Matters on dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2018	Common shares	10,396	25.00	March 31, 2018	June 29, 2018
Board of Directors' Meeting held on October 30, 2018	Common shares	10,395	25.00	September 30, 2018	November 30, 2018

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

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 20, 2019	Common shares	10,395	25.00	March 31, 2019	June 21, 2019	Retained earnings

Current Year (April 1, 2019 - March 31, 2020)

1 Matters on shares issued and outstanding

Type of shares	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Common shares (thousand shares)	416,680	—	—	416,680

2 Matters on treasury shares

Type of shares	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Common shares (thousand shares)	867	29	1	895

(Overview of reasons for change)

The major reason for increase is as follows: Increase by repurchase of fractional shares 29 thousand shares

The major reason for decrease is as follows: Decrease by disposal of fractional shares 1 thousand shares

3 Matters on subscription rights to shares, etc.

Not applicable.

4 Matters on dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 20, 2019	Common shares	10,395	25.00	March 31, 2019	June 21, 2019
Board of Directors' Meeting held on October 29, 2019	Common shares	10,394	25.00	September 30, 2019	November 29, 2019

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

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 26, 2020	Common shares	10,394	25.00	March 31, 2020	June 29, 2020	Retained earnings

h Notes to the Consolidated Statement of Cash Flows

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

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Cash and deposits	116,289 million yen	147,201 million yen
Time deposits with more than 3 months to maturity	(520)	(388)
Cash and cash equivalents	115,769	146,813

※2 Primary components of assets and liabilities of companies that newly became consolidated subsidiaries through acquisition of shares

The following are components of assets and liabilities at the time of commencing consolidation following the new consolidation of Sabine Oil & Gas Corporation ("Sabine") through acquisition of shares, as well as the relationship between the acquisition cost of shares in Sabine and the expenditures (net) associated with acquiring Sabine.

Current assets	4,765 million yen
Non-current assets	70,092
Current liabilities	(8,558)
Non-current liabilities	(3,263)
Cost of share acquisition	63,036
Cash and cash equivalents	(733)
Foreign currency translation adjustment	(374)
Balance: Expenditures associated with acquisition of shares	61,929

i Notes to Leases

1 Finance lease transactions (As lessor)

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

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Lease payments receivable component	39,507 million yen	46,292 million yen
Estimated residual value component	505	501
Amount equivalent to interest income	(8,246)	(9,339)
Lease investment assets	31,767	37,454

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

	Previous Year (As of March 31, 2019)					
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Lease receivables	1,312	1,193	1,054	937	795	3,904
Lease investment assets	6,913	6,313	5,747	5,037	4,259	11,236

	Current Year (As of March 31, 2020)					
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Lease receivables	1,587	1,447	1,298	1,131	981	4,970
Lease investment assets	8,032	7,421	6,819	5,942	4,830	13,245

2 Operating lease transactions (As lessee)

Future lease payments payable for non-cancellable operating leases

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Due within one year	1,084 million yen	1,230 million yen
Due over one year	4,232	3,959
Total	5,316	5,190

(Lessor)

Future lease payments receivable for non-cancellable operating leases

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Due within one year	1,954 million yen	2,154 million yen
Due over one year	4,242	4,657
Total	6,197	6,812

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

(1) Lease receivables and lease investment assets

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Current assets	9,032 million yen	10,714 million yen

(2) Lease obligations

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Current liabilities	628 million yen	708 million yen
Non-current liabilities	6,627	7,644

j Notes to Financial Instruments

1 Matters on the status of financial instruments

(1) Policies for dealing with financial instruments

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

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

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

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

Notes and accounts payable - trade, which are operating payables, are mostly settled within one year. Of bonds and loans payable, short-term borrowings are mainly to procure funds for operational transactions, while bonds and long-term borrowings are mainly to procure funds for capital expenditures. Bonds and long-term borrowings procure funds with fixed interest rates.

In derivative transactions, the Group uses interest rate swaps for adjusting the ratio between fixed and floating interest rates and

fixing the interest level for bonds and loans payable, forward exchange contracts and currency option contracts for reducing the fluctuation of cash flows due to change in foreign exchange rates, swap contracts and option contracts on crude oil and natural gas prices, etc. for reducing the fluctuation of cash flows due to change in crude oil and natural gas prices, etc., and weather derivative contracts, etc. for reducing the fluctuation of cash flows due to change in temperature. Matters on hedge accounting including hedging instruments, hedged items, hedging policy and method for assessing the hedge effectiveness are as described in 4 (6) of "Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements."

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

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

(3) Supplementary explanation to fair value of financial instruments

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

2 Matters on fair value, etc. of financial instruments

The carrying amount in the consolidated balance sheet, fair value and difference between them are as follows. Financial instruments whose fair value is deemed to be extremely difficult to determine are not included in the table below (see Note 2).

Previous Year (As of March 31, 2019)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and deposits	116,289	116,289	—
(2) Notes and accounts receivable - trade	219,206	219,206	—
(3) Securities and investment securities	95,429	95,429	—
Total assets	430,925	430,925	—
(1) Notes and accounts payable - trade	66,087	66,087	—
(2) Short-term borrowings	22,751	22,751	—
(3) Bonds payable (※1)	164,988	177,943	12,954
(4) Long-term borrowings (※1)	404,188	417,956	13,768
Total liabilities	658,014	684,738	26,723
Derivative transactions (※2)	(1,446)	(1,446)	—

(※1) Includes those due within one year.

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

Current Year (As of March 31, 2020)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and deposits	147,201	147,201	—
(2) Notes and accounts receivable - trade	210,515	210,515	—
(3) Securities and investment securities	86,329	86,329	—
Total assets	444,046	444,046	—
(1) Notes and accounts payable - trade	59,363	59,363	—
(2) Short-term borrowings	20,029	20,029	—
(3) Bonds payable (※1)	319,992	327,165	7,172
(4) Long-term borrowings (※1)	401,827	420,116	18,288
Total liabilities	801,213	826,674	25,461
Derivative transactions (※2)	(675)	(675)	—

(※1) Includes those due within one year.

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

Note 1: Method for measuring fair value of financial instruments and matters on securities and derivative transactions

Assets

(1) Cash and deposits, and (2) Notes and accounts receivable - trade

As these items are settled within a short term, the fair value is approximately equal to the carrying amount. Therefore, the fair value is determined by the carrying amount.

(3) Securities and investment securities

The fair value of shares is based on the market prices at the exchange. The fair value of bonds is based on the market prices at the exchange or the prices provided by counterparty financial institutions. For information on securities classified by holding purpose, please refer to "Notes to Securities."

Liabilities

(1) Notes and accounts payable - trade, and (2) Short-term borrowings

As these items are settled within a short term, the fair value is approximately equal to the carrying amount. Therefore, the fair value is determined by the carrying amount.

(4) Long-term borrowings

The fair value of long-term borrowings with fixed interest is measured by discounting the sum of the principal and interest at the rate assumed for new similar loans.

The fair value of long-term borrowings with floating interest is determined by the carrying amount, as the fair value is deemed approximately equal to the carrying amount. Interest rate swap contracts which determine the interest rate level of long-term borrowings with floating interest qualify for exceptional accounting. Long-term borrowings with floating interest accompanied by such interest swaps are accounted for as a whole, and the fair value is determined by discounting the sum of their principals and interests at a reasonably estimated rate applied for similar loans.

(3) Bonds payable

The fair value of bonds payable issued by the Company is based on their market prices.

Derivative transactions

Please refer to "Notes to Derivative Transactions."

Note 2: Carrying amount in the consolidated balance sheet of financial instruments whose fair value is extremely difficult to determine

(million yen)

Category	March 31, 2019	March 31, 2020
Shares of affiliates	249,346	229,227
Unlisted stocks, etc.	14,962	16,643

As the above financial instruments do not have market prices and their future cash flows cannot be estimated, their fair value is extremely difficult to determine. Therefore, they are not included in "(3) Securities and investment securities."

Note 3: Expected redemption amounts of monetary receivables and securities with maturities after the consolidated fiscal year-end

Previous Year (As of March 31, 2019)

	One year or less (million yen)	More than one year, up to five years (million yen)	More than five years, up to ten years (million yen)	More than ten years (million yen)
Cash and deposits	116,289	—	—	—
Notes and accounts receivable - trade	219,206	—	—	—
Securities and investment securities				
Held-to-maturity bonds (Corporate bonds)	—	—	—	180
Available-for-sale securities with maturities (Government bonds and municipal bonds)	—	—	—	98
Available-for-sale securities with maturities (Other)	210	1,578	1,277	0
Total	335,706	1,578	1,277	279

Current Year (As of March 31, 2020)

	One year or less (million yen)	More than one year, up to five years (million yen)	More than five years, up to ten years (million yen)	More than ten years (million yen)
Cash and deposits	147,201	—	—	—
Notes and accounts receivable - trade	210,515	—	—	—
Securities and investment securities				
Held-to-maturity bonds (Corporate bonds)	—	—	—	180
Available-for-sale securities with maturities (Government bonds and municipal bonds)	—	—	—	98
Available-for-sale securities with maturities (Other)	43	2,211	2,339	0
Total	357,760	2,211	2,339	279

Note 4: Expected repayment amounts of bonds payable, long-term borrowings and other interest-bearing debts

Previous Year (As of March 31, 2019)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Short-term borrowings	22,751	—	—	—	—	—
Bonds payable	20,000	30,000	10,000	30,000	10,000	65,000
Long-term borrowings	36,769	37,099	60,513	37,372	49,289	183,144
Total	79,520	67,099	70,513	67,372	59,289	248,144

Current Year (As of March 31, 2020)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Short-term borrowings	20,029	—	—	—	—	—
Bonds payable	30,000	10,000	30,000	10,000	—	240,000
Long-term borrowings	38,070	69,332	39,703	48,713	47,651	158,356
Total	88,099	79,332	69,703	58,713	47,651	398,356

k Notes to Securities

1 Available-for-sale securities

Previous Year (As of March 31, 2019)

	Carrying amount in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
1 Available-for-sale securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost			
(1) Stocks	93,207	21,724	71,482
(2) Bonds			
Government bonds and municipal bonds, etc.	—	—	—
Subtotal	93,207	21,724	71,482
2 Available-for-sale securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost			
(1) Stocks	2,123	3,224	(1,101)
(2) Bonds			
Government bonds and municipal bonds, etc.	98	98	—
Subtotal	2,222	3,323	(1,101)
Total	95,429	25,048	70,381

Note: As unlisted stocks (carrying amount in the consolidated balance sheet: ¥11,704 million), etc. do not have market prices and their future cash flows cannot be estimated, their fair value is extremely difficult to determine. Therefore, they are not included.

Current Year (As of March 31, 2020)

	Carrying amount in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
1 Available-for-sale securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost			
(1) Stocks	78,384	21,297	57,087
(2) Bonds			
Government bonds and municipal bonds, etc.	—	—	—
Subtotal	78,384	21,297	57,087
2 Available-for-sale securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost			
(1) Stocks	7,845	8,045	(199)
(2) Bonds			
Government bonds and municipal bonds, etc.	98	98	—
Subtotal	7,944	8,143	(199)
Total	86,329	29,441	56,887

Note: As unlisted stocks (carrying amount in the consolidated balance sheet: ¥11,859 million), etc. do not have market prices and their future cash flows cannot be estimated, their fair value is extremely difficult to determine. Therefore, they are not included.

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

Previous Year (April 1, 2018 - March 31, 2019)

Stocks	Total sales	125 million yen
	Total gain on sales	51
	Total loss on sales	26

Current Year (April 1, 2019 - March 31, 2020)

Stocks	Total sales	1,147 million yen
	Total gain on sales	1,128
	Total loss on sales	1

3 Securities for which impairment loss is recognized

For the previous fiscal year, an impairment loss of ¥2,125 million for shares of subsidiaries and associates and an impairment loss of ¥42 million for available-for-sale securities were recognized.

For the current fiscal year, an impairment loss of ¥1,041 million for shares of subsidiaries and associates and an impairment loss of ¥205 million for available-for-sale securities were recognized.

I Notes to Derivative Transactions

1 Derivative transactions to which hedge accounting is not applied

Previous Year (As of March 31, 2019)

Underlying asset	Derivative instrument	Type of transaction	Contract amount (million yen)		Fair value (million yen)	Valuation gain (loss) (million yen)
				More than one year		
(a) Commodities	Swap contracts and option contracts on oil price, etc.	Other than market transactions	7,978	7,726	(368)	(368)
(b) Currencies	Forward exchange contracts	Other than market transactions	271	—	(1)	(1)
Total			8,249	7,726	(369)	(369)

Note 1: The fair value is measured mainly based on the prices provided by counterparty financial institutions.

Note 2: As certain derivative transactions no longer satisfy the requirements for hedge accounting, hedge accounting is discontinued for such transactions.

Current Year (As of March 31, 2020)

Underlying asset	Derivative instrument	Type of transaction	Contract amount (million yen)		Fair value (million yen)	Valuation gain (loss)(million yen)
				More than one year		
(a) Commodities	Swap contracts and option contracts on oil price, etc.	Other than market transactions	42,448	31,129	(1,112)	(1,112)
(b) Currencies	Forward exchange contracts	Other than market transactions	258	—	(10)	(10)
Total			42,706	31,129	(1,123)	(1,123)

Note 1: The fair value is measured mainly based on the prices provided by counterparty financial institutions.

Note 2: As certain derivative transactions no longer satisfy the requirements for hedge accounting, hedge accounting is discontinued for such transactions.

2 Derivative transactions to which hedge accounting is applied

Previous Year (As of March 31, 2019)

Underlying asset	Derivative instrument	Hedge accounting	Major hedged item	Contract amount (million yen)		Fair value (million yen)
					More than one year	
(a) Interest rates	Interest rate swap contracts	Exceptional accounting of interest rate swaps	Long-term borrowings	70,466	67,463	(Note 2)
		Principal method of accounting	Long-term borrowings and bonds payable	105,706	97,174	(1,379)
(b) Currencies	Forward exchange contracts and currency option contracts	Allocation accounting of forward exchange contracts, etc.	Forecast transactions denominated in foreign currencies	9,377	2,659	276
		Principal method of accounting	Forecast transactions denominated in foreign currencies	100,092	18,584	399
(c) Commodities	Swap contracts and option contracts on oil price, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	51,056	35,407	(373)
Total				336,698	221,288	(1,077)

Note 1: The fair value is measured mainly based on the prices provided by counterparty financial institutions.

Note 2: As interest rate swaps subject to exceptional accounting are accounted for together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

Current Year (As of March 31, 2020)

Underlying asset	Derivative instrument	Hedge accounting	Major hedged item	Contract amount (million yen)		Fair value (million yen)
					More than one year	
(a) Interest rates	Interest rate swap contracts	Exceptional accounting of interest rate swaps	Long-term borrowings	65,962	65,642	(Note 2)
		Principal method of accounting	Long-term borrowings and bonds payable	116,353	110,473	(6,235)
(b) Currencies	Forward exchange contracts and currency option contracts	Allocation accounting of forward exchange contracts, etc.	Forecast transactions denominated in foreign currencies	7,012	203	55
		Principal method of accounting	Forecast transactions denominated in foreign currencies	139,829	134,509	13,859
(c) Commodities	Swap contracts and option contracts on oil price, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	62,937	35,982	(7,186)
Total				392,095	346,812	493

Note 1: The fair value is measured mainly based on the prices provided by counterparty financial institutions.

Note 2: As interest rate swaps subject to exceptional accounting are accounted for together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

m Notes to Retirement Benefits

1 Summary of the adopted retirement benefit plans

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

The Company has adopted a defined benefit corporate pension

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

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

2 Defined benefit plans

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

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Balance at beginning of year	290,953 million yen	290,819 million yen
Service cost	8,277	8,596
Interest cost	1,428	912
Actuarial loss (gain)	5,842	(298)
Benefits paid	(15,753)	(14,531)
Increase associated with an increase in consolidated subsidiaries	—	2,179
Other	71	5
Balance at end of year	290,819	287,683

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

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

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Balance at beginning of year	320,399 million yen	322,665 million yen
Expected return on plan assets	6,740	6,749
Actuarial loss (gain)	8,125	(5,478)
Contributions paid by the employer	1,849	1,802
Benefits paid	(14,444)	(13,376)
Increase associated with an increase in consolidated subsidiaries	—	1,997
Other	(5)	(0)
Balance at end of year	322,665	314,358

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

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

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Funded retirement benefit obligations	273,522 million yen	270,077 million yen
Plan assets	(322,665)	(314,358)
	(49,143)	(44,280)
Unfunded retirement benefit obligations	17,297	17,606
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(31,846)	(26,674)
Retirement benefit liability	17,228	17,590
Retirement benefit asset	(49,074)	(44,264)
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(31,846)	(26,674)

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

(4) Retirement benefit costs and components thereof

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Service cost	8,277 million yen	8,596 million yen
Interest cost	1,428	912
Expected return on plan assets	(6,740)	(6,749)
Net actuarial loss amortization	2,591	(3,396)
Past service cost amortization	(30)	(30)
Total retirement benefit costs	5,525	(667)

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

(5) Remeasurements of defined benefit plans

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

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Past service cost	30 million yen	30 million yen
Actuarial gain (loss)	(4,796)	8,579
Total	(4,765)	8,609

(6) Remeasurements of defined benefit plans

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

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Unrecognized past service cost	(46) million yen	(15) million yen
Unrecognized actuarial gain (loss)	(20,967)	(12,388)
Total	(21,013)	(12,404)

(7) Plan assets

① Major components of plan assets

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

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Bonds	27.0 %	23.9 %
Stocks	31.6	31.3
Cash and deposits	24.5	28.3
Other	16.9	16.5
Total	100.0	100.0

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

② Method for setting long-term expected rate of return

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

(8) Actuarial assumptions

Major assumptions for actuarial calculations are as follows:

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Discount rate	Mainly 0.3 %	Mainly 0.3 %
Long-term expected rate of return	Mainly 2.1 %	Mainly 2.1 %

3 Defined contribution plans

The contribution required to the defined contribution plan of the Company and its consolidated subsidiaries was ¥1,103 million for the previous fiscal year and ¥1,272 million for the current fiscal year.

4 Multi-employer pension plans

The multi-employer pension plans were accounted for in the same manner as the defined contribution plan. The contribution required to the corporate pension fund of the multi-employer pension plans was ¥76 million for the previous fiscal year and ¥84 million for the current fiscal year.

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

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Amount of plan assets	248,188 million yen	245,472 million yen
Total amount of actuarial obligation and minimum actuarial reserve in pension financing	203,695	200,586
Balance	44,493	44,885

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

Previous fiscal year 1.17% (weighted average) (March 1, 2018 - March 31, 2018)

Current fiscal year 1.16% (weighted average) (March 1, 2019 - March 31, 2019)

(3) Supplementary explanation

The major factor contributing to the balance in (1) above was retained earnings (¥44,561 million for the previous fiscal year and ¥44,936 million for the current fiscal year).

n Notes to Stock Options

Not applicable.

o Tax Effect Accounting

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

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Deferred tax assets		
Tax loss carryforwards (Note 2)	38,913 million yen	83,123 million yen
Excess depreciation of depreciable assets	5,510	23,917
Petroleum resource use tax for international business	19,710	17,447
Other	38,924	55,015
Subtotal deferred tax assets	103,059	179,504
Valuation allowance on tax loss carryforwards (Note 2)	(12,959)	(31,113)
Valuation allowance on the total of deductible temporary differences	(37,981)	(58,833)
Subtotal valuation allowance (Note 1)	(50,940)	(89,946)
Total deferred tax assets	52,118	89,557
Deferred tax liabilities		
Temporary differences related to investments in affiliates	(14,909)	(43,960)
Valuation difference on available-for-sale securities	(19,500)	(15,586)
Retirement benefit asset	(13,756)	(12,399)
Other	(8,783)	(22,463)
Total deferred tax liabilities	(56,950)	(94,409)
Net deferred tax assets (liabilities)	(4,832)	(4,851)

Note 1: Valuation allowance has increased by ¥39,005 million compared with the previous fiscal year. The primary component of this increase is an increase of ¥32,668 million in valuation allowance on deductible temporary differences at Osaka Gas USA Corporation, a consolidated subsidiary.

Note 2: Tax loss carryforwards and associated deferred tax assets by carryforward period

Previous Year (As of March 31, 2019)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)	Total (million yen)
Tax loss carryforwards (a)	51	106	39	39	101	38,575	38,913
Valuation allowance	26	81	38	39	101	12,671	12,959
Deferred tax assets	25	24	0	—	—	25,903	25,954(b)

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

(b) Deferred tax assets of ¥25,954 million is recorded for tax loss carryforwards of ¥38,913 million (amount obtained by multiplying by the effective statutory tax rate). The Company does not recognize valuation allowances for the portion of the tax loss carryforwards deemed to be recoverable due to the prospect of future taxable income from the Australian upstream business and the North American IPP business.

Current Year (As of March 31, 2020)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)	Total (million yen)
Tax loss carryforwards (a)	53	11	13	87	85	82,871	83,123
Valuation allowance	35	11	13	87	57	30,908	31,113
Deferred tax assets	18	—	—	—	28	51,963	52,010(b)

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

(b) Deferred tax assets of ¥52,010 million is recorded for tax loss carryforwards of ¥83,123 million (amount obtained by multiplying by the effective statutory tax rate). The Company does not recognize valuation allowances for the portion of the tax loss carryforwards deemed to be recoverable due to the prospect of future taxable income from the North American IPP business, the Freeport LNG Project, and the Australian upstream business.

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

	Previous Year (As of March 31, 2019)	Current Year (As of March 31, 2020)
Statutory effective tax rate	28.0 %	28.0 %
(Reconciliation)		
Valuation allowance	6.2	10.9
Petroleum resource use tax for international business	(15.6)	3.2
Difference between the parent's and subsidiaries' effective statutory tax rates	1.7	1.9
Temporary differences related to investment in affiliates	2.2	(5.0)
Other	7.4	(0.0)
Burden rate of income taxes after applying tax effect accounting	29.8 %	39.0 %

P Notes to Business Combinations, etc.

Current Year (April 1, 2019 - March 31, 2020)

Business combination through acquisition

1 Overview of business combination

(1) Name of company acquired and business description

Name of company acquired Sabine Oil & Gas Corporation
("Sabine")
Business description Shale gas development business

(2) Main reasons for conducting business combination

Sabine is a shale gas developer that holds approximately 1,000 km² of mining area in Eastern Texas in the United States, producing gas equivalent to approximately 1.9 million tons per year (as of the date of business combination) when converted to LNG. Through this business combination, the Group will own the entire mining area held by Sabine, which will lead to acquiring stable revenue from the wells in production as well as acquiring operatorship to proactively promote projects in the U.S. energy upstream business, thereby achieving more strategic business operations.

(3) Date of business combination

November 30, 2019

(4) Legal structure of business combination

Acquisition of shares

(5) Name of the company after the combination

Unchanged

(6) Voting rights ratio acquired

Voting rights ratio acquired on the day of business combination: 100%

(7) Main reasons leading to the determination of the acquired company

Osaka Gas USA Corporation, the Company's consolidated subsidiary, acquired all shares in Sabine in consideration for cash.

2 Business results period of acquired company included in the consolidated financial statements

From December 1, 2019 through December 31, 2019
Although the fiscal year-end of the acquired company is different from the consolidated fiscal year-end, the difference between the

fiscal year-ends does not exceed 3 months. Therefore, the consolidated financial statements are prepared using said company's figures as of its fiscal year-end.

3 Acquisition cost of the acquired company and breakdowns for each type of consideration

Consideration for acquisition Cash	63,036 million yen
Acquisition cost	63,036

4 Details and amounts of primary acquisition-related costs

Advisory expenses, etc.	558 million yen
-------------------------	-----------------

5 Amount of goodwill incurred, cause of generating goodwill, method of amortization and amortization period

Neither goodwill nor negative goodwill was incurred.

6 Amounts of assets accepted and liabilities assumed on the day of business combination and their main breakdowns

Current assets	4,765 million yen
Non-current assets	70,092
Total assets	74,858
Current liabilities	8,558
Non-current liabilities	3,263
Total liabilities	11,822

7 Estimated amounts of impact on the consolidated statement of income for the fiscal year ended March 31, 2020 if the business combination is assumed to have been completed on the beginning date of the fiscal year ended March 31, 2020, as well as the calculation method

Net sales	20,788 million yen
Ordinary profit	9,058
Profit attributable to owners of parent	9,058

(Calculation method for estimated amounts)

Assuming that the business combination was completed on the beginning date of the fiscal year ended March 31, 2020, the estimated amounts of impact are calculated with the net sales and profit (loss) information of the acquired company through the date of business combination as the basis.

Note that this note is outside the scope of audits.

q Notes to Asset Retirement Obligations

Not applicable.

r Notes to Leased Properties, etc.

The Company and certain consolidated subsidiaries own office buildings and other properties for lease (including land) in Osaka Prefecture and other areas. Gains from the lease of such leased properties (recorded mainly as operating profit) are ¥7,190 million for the fiscal year ended March 31, 2019 and ¥7,258 million for

the fiscal year ended March 31, 2020.

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

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Carrying amount in the consolidated balance sheet		
Balance at beginning of year	115,788 million yen	128,315 million yen
Increase (decrease)	12,527	15,237
Balance at end of year	128,315	143,553
Fair value at end of year	209,421	232,263

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

Note 2: The main factor contributing to an increase was the acquisition of properties (previous fiscal year: ¥10,147 million, current fiscal year: ¥15,500 million).

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

s Segment Information, etc.

【Segment Information】

1 Summary of reportable segments

The Daigas Group's reportable segments are organizational units for which separate financial information is available, and they are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results. The Daigas Group classifies its products and services into business segments on the basis of two business domains: the Domestic and International Energy Business, and the Life & Business Solutions Business. It then divides those business segments into the following four reportable segments by considering the similarities of products and services: the Domestic Energy/Gas Business, the Domestic Energy/Electricity Business, the International Energy Business, and the Life &

Business Solutions Business.

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

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

The method of accounting for reportable segments is generally the same as that stated in the basis for preparing consolidated

financial statements. Intersegment revenue and transfers are determined according to prevailing market prices.

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

Previous Year (April 1, 2018 - March 31, 2019)

(million yen)

	Reportable Segment				Total	Adjustments (Note 2)	Consolidated (Note 2)
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Net sales							
Sales to external customers	999,476	183,067	22,113	167,206	1,371,863	—	1,371,863
Transactions with other segments	13,166	1,245	18,376	43,707	76,497	(76,497)	—
Total	1,012,642	184,313	40,489	210,914	1,448,361	(76,497)	1,371,863
Segment profit							
Operating profit	34,778	9,350	5,283	17,714	67,126	850	67,977
Share of profit (loss) of entities accounted for using equity method	1,031	(625)	691	—	1,096	—	1,096
Total	35,809	8,724	5,974	17,714	68,222	850	69,073
Segment assets	866,906	165,322	572,881	374,311	1,979,422	50,300	2,029,722
Other items							
Depreciation	55,639	7,998	14,762	11,352	89,752	(1,389)	88,363
Amortization of goodwill (Note 3)	8,901	192	465	1,820	11,381	—	11,381
Investment in entities accounted for using equity method	14,405	2,477	213,821	—	230,703	—	230,703
Increase in property, plant and equipment and intangible assets	48,139	16,188	24,760	19,888	108,977	(1,717)	107,259

Note 1: Adjustments are as follows:

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

(2) A major adjustment in segment assets is for investment securities held by the Company.

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

Note 3: Amortization of goodwill includes amortization of goodwill recognized in extraordinary losses.

Current Year (April 1, 2019 - March 31, 2020)

(million yen)

	Reportable Segment				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Net sales							
Sales to external customers	961,082	203,659	33,430	170,516	1,368,689	—	1,368,689
Transactions with other segments	12,677	1,195	27,823	48,916	90,613	(90,613)	—
Total	973,759	204,855	61,254	219,432	1,459,302	(90,613)	1,368,689
Segment profit							
Operating profit	52,612	8,427	2,952	19,676	83,669	122	83,792
Share of profit (loss) of entities accounted for using equity method	534	(517)	5,209	—	5,225	—	5,225
Total	53,146	7,909	8,162	19,676	88,895	122	89,018
Segment assets	867,755	217,545	625,410	390,693	2,101,405	39,076	2,140,482
Other items							
Depreciation	54,774	8,176	16,800	11,676	91,428	(1,469)	89,958
Amortization of goodwill	—	242	17	1,705	1,966	—	1,966
Investment in entities accounted for using equity method	14,408	470	195,768	—	210,647	—	210,647
Increase in property, plant and equipment and intangible assets	65,717	27,099	8,914	32,216	133,947	(2,937)	131,010

Note 1: Adjustments are as follows:

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

(2) A major adjustment in segment assets is for investment securities held by the Company.

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

【Related Information】

Previous Year (April 1, 2018 - March 31, 2019)

1 Information by product and service

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

2 Information by geographical area

(1) Net sales

The information is omitted as net sales in Japan account for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

(million yen)

Japan	Australia	Other areas	Total
745,316	129,417	32,994	907,728

3 Information by major customer

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

Current Year (April 1, 2019 - March 31, 2020)

1 Information by product and service

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

2 Information by geographical area

(1) Net sales

The information is omitted as net sales in Japan account for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

(million yen)

Japan	Australia	Other areas	Total
784,218	123,503	106,850	1,014,572

3 Information by major customer

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

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

Previous Year (April 1, 2018 - March 31, 2019)

Omitted due to immateriality in amount.

Current Year (April 1, 2019 - March 31, 2020)

(million yen)

	Reportable Segment				Total	Elimination/ Corporate	Total
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Impairment loss	61	—	14,816	690	15,568	—	15,568

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

Previous Year (April 1, 2018 - March 31, 2019)

(million yen)

	Reportable Segment				Total	Elimination/ Corporate	Total
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Amortized amount during year	8,901	192	465	1,820	11,381	—	11,381
Unamortized balance at end of year	—	2,504	3	9,025	11,533	—	11,533

(Note) Amortized amounts during the fiscal year include amortization of goodwill recognized in extraordinary losses.

Current Year (April 1, 2019 - March 31, 2020)

(million yen)

	Reportable Segment				Total	Elimination/ Corporate	Total
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Amortized amount during year	—	242	17	1,705	1,966	—	1,966
Unamortized balance at end of year	—	4,868	(14)	7,285	12,139	—	12,139

【Information about gain on bargain purchase by reportable segment】

Previous Year (April 1, 2018 - March 31, 2019)

Not applicable.

Current Year (April 1, 2019 - March 31, 2020)

Not applicable.

【Related Party Information】

Not applicable.

t Per Share Information

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Shareholders' equity per share	2,415.37 yen	2,399.06 yen
Earnings per share	80.80 yen	100.50 yen

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

Note 2: The following data was used for calculating earnings per share:

	Previous Year (April 1, 2018 - March 31, 2019)	Current Year (April 1, 2019 - March 31, 2020)
Profit attributable to owners of parent (million yen)	33,601	41,788
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent attributable to common share (million yen)	33,601	41,788
Average number of common shares during the fiscal year (thousand shares)	415,831	415,798

u Subsequent Events

Since March 2020, there has been a global spread of COVID-19, which has led to a decline in energy prices including crude oil prices. Even though this may affect the consolidated operating results and financial position in the next fiscal year and thereafter, it is extremely difficult to quantify its impact at this point in time due to a number of uncertainties.

Annexed Consolidated Detailed Schedules

[Annexed consolidated detailed schedule of corporate bonds]

Company	Name of issue	Date of issuance	Balance at the beginning of current fiscal year (million yen)	Balance at the end of current fiscal year (included portion due within 1 year) (million yen)	Interest rate (%)	Collateral	Maturity
Osaka Gas	The 18th domestic unsecured bond	February 12, 2003	19,994	19,996	1.47	None	December 20, 2022
Osaka Gas	The 19th domestic unsecured bond	March 10, 2005	19,999	—	1.83	None	March 19, 2020
Osaka Gas	The 20th domestic unsecured bond	August 17, 2005	19,997	19,999 (19,999)	1.79	None	September 18, 2020
Osaka Gas	The 21st domestic unsecured bond	June 23, 2006	9,997	9,997	2.33	None	June 23, 2026
Osaka Gas (Note 2)	The 23rd domestic unsecured bond	July 25, 2007	—	—	2.14	None	July 25, 2019
Osaka Gas	The 28th domestic unsecured bond	March 9, 2011	10,000	10,000 (10,000)	1.345	None	March 9, 2021
Osaka Gas	The 29th domestic unsecured bond	December 9, 2011	10,000	10,000	1.16	None	December 9, 2021
Osaka Gas	The 30th domestic unsecured bond	December 14, 2012	10,000	10,000	0.759	None	December 14, 2022
Osaka Gas	The 31st domestic unsecured bond	October 18, 2013	10,000	10,000	0.748	None	October 18, 2023
Osaka Gas	The 32nd domestic unsecured bond	March 24, 2014	15,000	15,000	1.606	None	March 24, 2034
Osaka Gas	The 33rd domestic unsecured bond	October 24, 2014	20,000	20,000	1.402	None	October 24, 2034
Osaka Gas	The 34th domestic unsecured bond	March 5, 2015	10,000	10,000	1.685	None	March 3, 2045
Osaka Gas	The 35th domestic unsecured bond	December 9, 2016	10,000	10,000	0.986	None	December 8, 2056
Osaka Gas	The 36th domestic unsecured bond	June 6, 2019	—	20,000	0.642	None	June 4, 2049
Osaka Gas	The 37th domestic unsecured bond	June 6, 2019	—	20,000	0.818	None	June 6, 2059
Osaka Gas	The 38th domestic unsecured bond	September 5, 2019	—	20,000	0.4	None	September 3, 2049
Osaka Gas	The 39th domestic unsecured bond	September 5, 2019	—	5,000	0.545	None	September 5, 2058
Osaka Gas	The 40th domestic unsecured bond	September 5, 2019	—	10,000	0.7	None	September 5, 2069
Osaka Gas	#1 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	December 12, 2019	—	50,000	0.44	None	December 12, 2079
Osaka Gas	#2 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	December 12, 2019	—	50,000	0.6	None	December 12, 2079
Total	—	—	164,988	319,992 (29,999)	—	—	—

Note 1: The redemption schedule within 5 years after the consolidated fiscal year-end is as follows:

One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)
30,000	10,000	30,000	10,000	—

Note 2: The 23rd domestic unsecured bond (¥20,000 million) of Osaka Gas Co., Ltd. is accounted for as redeemed, since this debt was assigned to banks under debt assumption agreements concluded with said banks.

The obligation to redeem the 23rd domestic unsecured bond is reported as contingent liabilities in bonds to the consolidated balance sheet.

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at beginning of year (million yen)	Balance at end of year (million yen)	Average interest rate (%)	Payment due
Short-term borrowings	22,751	20,029	0.4	—
Current portion of long-term borrowings	36,769	38,070	0.9	—
Current portion of lease obligations	1,151	1,582	—	—
Long-term borrowings (excluding current portion)	367,418	363,757	1.4	From April 2021 to March 2048
Lease obligations (excluding current portion)	8,386	10,574	—	From April 2021 to March 2038
Other interest-bearing debt	46,000	—	—	—
Commercial paper (one year or less)	—	—	—	—
Total	482,477	434,013	—	—

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

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

	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)
Long-term borrowings	69,332	39,703	48,713	47,651
Lease obligations	1,415	1,050	989	929

[Annexed consolidated detailed schedule of asset retirement obligations]

The amount of asset retirement obligations was 1% or less of total liabilities and net assets at the beginning the current fiscal

year as well as at the end of the current fiscal year. Therefore, the schedule of asset retirement obligations is not disclosed.

(2) [Other]

Quarter results for the current fiscal year

(Cumulative period)	First quarter	Second quarter	Third quarter	Full year
Net sales (million yen)	335,068	652,987	974,503	1,368,689
Profit before income taxes (million yen)	41,462	49,881	54,901	70,449
Profit attributable to owners of parent (million yen)	28,631	33,449	34,800	41,788
Earnings per share (yen)	68.86	80.44	83.70	100.50

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (yen)	68.86	11.59	3.25	16.81

Independent Auditor's Report and Internal Control Audit Report

June 26, 2020

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

KPMG AZSA LLC
Osaka Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant Kenryo Goto (Seal)
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Designated Limited Liability Partner Engagement Partner	Certified Public Accountant Kenta Tsujii (Seal)
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Designated Limited Liability Partner Engagement Partner	Certified Public Accountant Shoichiro Shigeta (Seal)
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<Financial Statements Audit>

Opinion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying consolidated financial statements of Osaka Gas Co., Ltd. included in "Financial Information" for the fiscal year from April 1, 2019 to March 31, 2020, which comprise the consolidated balance sheet, the consolidated statements of income, comprehensive income, changes in equity and cash flows, as well as significant matters forming the basis of preparation of the consolidated financial statements and other notes, and annexed consolidated detailed schedules.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Osaka Gas Co., Ltd. and its consolidated subsidiaries as of March 31, 2020, and their consolidated financial performance and cash flows for the year then ended in conformity 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 Company and its consolidated subsidiaries 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.

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 and the annexed consolidated detailed 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 and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company'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 and the annexed consolidated detailed 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 consolidated financial statements and the annexed consolidated detailed 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 consolidated financial statements and the annexed consolidated detailed 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 consolidated financial statements and the annexed consolidated detailed 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 consolidated financial statements and the annexed consolidated detailed schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements and the annexed consolidated detailed schedules, including the disclosures, and whether the consolidated financial statements and the annexed consolidated detailed schedules 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.

<Internal Control Audit>

Opinion

Pursuant to Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited the internal control report dated March 31, 2020 of Osaka Gas Co., Ltd.

In our opinion, the internal control report, in which Osaka Gas Co., Ltd states that internal control over financial reporting was effective as at March 31, 2020, presents fairly, in all material respects, the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with internal control auditing standards in relation to financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Company and its consolidated subsidiaries 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.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Internal Control Report

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

Corporate auditors and the board of corporate auditors are responsible for overseeing and verifying the status of design, implementation and maintenance of the Company's internal control in relation to financial reporting.

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

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement, 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.

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

- Conduct audit procedures to obtain audit evidence regarding the results of evaluation on internal control in relation to financial reporting, as stated in the internal control report. The audit procedures for the internal control audit shall be selected and applied at our discretion, based on the materiality of the impact on trustworthiness of financial reporting.
- Consider the statements in the internal control report as a whole, including statements by management on the scope of evaluation, evaluation procedures, and results of evaluation on internal control in relation to financial reporting.
- Obtain sufficient and appropriate audit evidence regarding the results of evaluation on internal control in relation to financial reporting, as stated in the internal control report. We are responsible for the direction, supervision and performance of the audit on the internal control report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding the planned scope and timing of the internal control audit, results of conducting the internal control audit, any significant deficiencies in internal control identified during our audit that must be disclosed, results of remedies thereof, and other matters required in the internal control audit standards.

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.

Conflicts of interest

Our firm and engagement partners have no interest in the Company or its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End of report

* The above is an electronic version of the original audit report, which is kept separately by the Annual Securities Report (Yuka Shoken Houkoku) filing Company.

Group Companies

As of March 31, 2020

Consolidated subsidiaries

	Name of subsidiary	Main business	Capital (million yen)	Osaka Gas shareholding (indirect shareholding thereof) (%)
Domestic Energy / Gas	Osaka Gas Engineering Co., Ltd.	Design, construction, etc. of various plants related to gas, environmental conservation, and others	100	100.0
	Osaka Gas Housing & Equipment Co., Ltd.	Sales of gas appliances, housing equipment and appliances	450	100.0
	Osaka Gas Customer Relations Co., Ltd.	Maintenance checks on gas equipment and appliances, Checking gas meters, Collection of gas bills, and others	50	100.0
	Osaka Gas Finance Co., Ltd.	Leasing, Assistance with installment payments, insurance agency business, and others	600	100.0
	OGCTS Co., Ltd.	Sales and construction of energy facilities and equipment, heating system supplies, and others	1,150	100.0
	Kinpai Co., Ltd.	Gas piping works, Sales of gas appliances, and housing equipment and appliances	300	100.0
	Kansai Business Information Inc.	Call center operation and temporary staffing, Various research services and consulting	100	100.0
Domestic Energy / Electricity	Gas and Power Co., Ltd.	Electric power supply	1,368	100.0
	Hayama Wind Power Generation Co.	Electric power supply	490	100.0 (100.0)
	Hirogawa Myojin-yama Wind Power Co.	Electric power supply	490	100.0 (100.0)
	Senboku Natural Gas Power Generation Co., Ltd.	Electric power supply	2,000	90.0
	Daigas Oita Mirai Solar Co., Ltd.	Electric power supply	8	100.0 (100.0)
	Nakayama Joint Power Generation Co., Ltd.	Electric power supply	300	95.0 (95.0)
	Nakayama Nagoya Joint Power Generation Co., Ltd.	Electric power supply	450	95.0 (95.0)
International Energy	Osaka Gas International Transport Inc.	LNG transport	3,190	100.0
	Osaka Gas Australia Pty. Ltd. (Note 1)	Development of and investment in petroleum and natural gas, and others	US\$1,327 million	100.0
	Osaka Gas Gorgon Pty. Ltd. (Note 1)	Development of and investment in petroleum and natural gas, and others	US\$322 million	100.0 (100.0)
	Osaka Gas Ichthys Pty. Ltd. (Note 1)	Development of and investment in petroleum and natural gas, and others	US\$152 million	100.0 (100.0)
	Osaka Gas Ichthys Development Pty. Ltd. (Note 1)	Development of and investment in petroleum and natural gas, and others	US\$149 million	100.0 (100.0)
	Osaka Gas Niugini Pty. Ltd. (Note 1)	Development of and investment in petroleum and natural gas, and others	US\$150 million	100.0 (100.0)
	Osaka Gas UK, Ltd. (Note 1)	Investment relating to energy supply business	€134 million	100.0
Osaka Gas USA Corporation	Investment in petroleum and natural gas project, energy supply business	US\$1	100.0	
Life & Business Solutions	Osaka Gas Chemicals Co., Ltd. (Note 1)	Manufacture and sales of fine materials, carbon material products, activated carbon and wood protective coating	14,231	100.0
	Osaka Gas Urban Development Co., Ltd.	Development, leasing, management, and sales of real estate	1,570	100.0
	OG Sports Co., Ltd.	Management and contracted operation of sports facilities, and others	100	100.0
	OGIS-RI Co., Ltd.	Software development / Computer-based data processing services	440	100.0
	Sakura Information Systems Co., Ltd.	Development of computer software / Computer-based data processing services	600	51.0 (51.0)
	Jacobi Carbons AB	Manufacture and sales of activated carbon	549,000 Swedish Kronor	100.0 (100.0)
	Mizusawa Industrial Chemicals, Ltd.	Manufacture and sales of absorbent functional materials and resin additives	1,519	100.0 (100.0)

and others, totaling 156 companies

Note 1: Specified subsidiary

Note 2: The Company has introduced a cash management system to make financial arrangements with group companies, and lending and borrowing of funds takes place between these companies and the Company.

Equity method affiliates

Name of affiliate	Main business	Capital (million yen)	Osaka Gas shareholding (indirect shareholding thereof) (%)
ENEARC Co., Ltd.	Domestic Energy/Gas	1,040	50.0
CD Energy Direct Co., Ltd.	Domestic Energy/Electricity	1,750	50.0
Idemitsu Snorre Oil Development Co., Ltd.	International Energy	100	49.5 (49.5)
Sumisho Osaka Gas Water UK Limited.	International Energy	164 million British Pounds	50.0 (50.0)

and others, totaling 23 companies

Note: The column "Main business" shows segment names in "Segment Information."

Company Data

As of June 30, 2020

Directory

Head Office

4-1-2, Hiranomachi, Chuo-ku, Osaka 541-0046, Japan
Tel: (+81) 6-6205-4715 (IR Team, Corporate Strategy Dept.)

Tokyo Office

Shin-Otemachi Building 6F, 2-2-1, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan

Osaka Gas UK, Ltd.

1st Floor, Carrington House, 126-130 Regent Street, London W1B 5SE, U.K.

Osaka Gas USA Corporation (Houston)

1330 Post Oak Blvd, Suite 1900 Houston, TX 77056, U.S.A.

Osaka Gas USA Corporation (New York)

1 North Lexington Avenue, Suite 1400, White Plains, NY 10601, U.S.A.

Osaka Gas USA Corporation (Silicon Valley)

440 North Wolfe Rd, Sunnyvale, CA 94085

Osaka Gas Australia Pty. Ltd.

Level 22, 108 St Georges Terrace, Perth, WA 6000, AUSTRALIA

Osaka Gas Singapore Pte. Ltd.

Osaka Gas Energy Supply and Trading PTE. LTD.
182 Cecil Street #31-02 Frasers Tower Singapore 069547

Osaka Gas (Thailand) Co., Ltd.

55 Wave Place Building 10th Floor, Unit10.04, Wireless Road Lumpini Pathumwan, Bangkok 10330, Thailand

Osaka Gas Singapore Pte. Ltd. (Indonesia)

PT OSAKA GAS INDONESIA
Summitmas I, lantai 9 Jl. Jend. Sudirman Kav 61-62 Jakarta-12190, Indonesia

Osaka Gas Singapore Pte. Ltd. (Philippines)

Manila Representative Office 26th Floor, Twenty-Four Seven McKinley Building, 24th Street Corner 7th Avenue, Bonifacio Global City, Taguig, Metro Manila, Philippines

Investor Information

Date of Establishment	April 10, 1897
Regular General Meeting	Held in June each year (The 2020 regular general meeting was held on June 26)
Common Stock	Authorized: 700,000,000 shares Issued: 416,680,000 shares
Listing of Shares	Tokyo Stock Exchange and Nagoya Stock Exchange
Number of Shareholders (As of March 31, 2020)	104,094
Stock Transaction Units	100 shares
Independent Certified Public Accountants	KPMG AZSA LLC
Transfer Agent	Mitsui Sumitomo Trust Bank, Limited

Contact Mitsui Sumitomo Trust Bank, Limited
Stock Transfer Agency Business Planning Department
Tel: (+81) 120-782-031 (Toll-free in Japan)

The Osaka Gas Co., Ltd. website contains information provided for all investors and is constantly updated.

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

For inquiries about this report or requests for other materials, please contact:
✉ E-mail: keiri@osakagas.co.jp

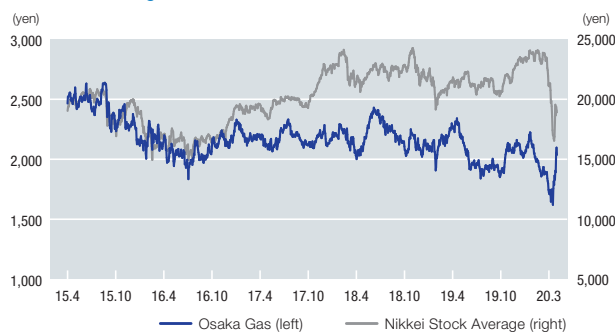
Please note that we do not accept files attached to e-mails, such as image files.

Major Shareholders (As of March 31, 2020)

Shareholder	Number of shares (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust a/c)	31,935	7.68
Japan Trustee Services Bank, Ltd. (Trust a/c)	22,655	5.45
Nippon Life Insurance Company	19,242	4.63
MUFG Bank, Ltd.	13,985	3.36
Japan Trustee Services Bank, Ltd. (Trust a/c 7)	12,389	2.98
Resona Bank, Ltd.	10,555	2.54
Japan Trustee Services Bank, Ltd. (Trust a/c 5)	7,901	1.90
JP MORGAN CHASE BANK 385151	6,935	1.67
Japan Trustee Services Bank, Ltd. (Trust a/c 9)	6,806	1.64
STATE STREET BANK WEST CLIENT-TREATY 505234	6,188	1.49

Note: The share ratio is the percentage in respect to the number of shares issued and outstanding.

Stock Price Range



Unit Conversion List

Weight

kg	Metric ton	Imperial (short) ton	U.S. (long) ton
1	1×10 ⁻³	0.984×10 ⁻³	1.102×10 ⁻³
1,000	1	0.9842	1.1023
1,016.0	1.0160	1	1.1200
907.19	0.9072	0.8927	1

Length

m	ft	yard	mile
1	3.2808	1.0936	0.622×10 ⁻³
0.3048	1	0.333	0.189×10 ⁻³
0.9144	3	1	0.568×10 ⁻³
1,609	5,280	1,760	1

Volume (Liquid)

m ³ (kl)	ft ³	Imperial gallon	U.S. gallon
1	35.315	219.97	264.17
28.32×10 ⁻³	1	6.288	7.481
4.55×10 ⁻³	0.1606	1	1.2011
3.78×10 ⁻³	0.1337	0.8327	1

1 kl = 6.29 barrels, 1 barrel (42 U.S. gallons) = 0.159 kl

Volume (Gas)

m ³ (N)	m ³ (S)	SCF
1	1.055	37.33
0.9476	1	35.37
0.0268	0.0283	1

N: 0°C, S: 15°C, SCF: 101.33kPa, 15.5°C (60°F)

Energy

kcal	Btu	MJ	kWh
1	3.969	4.186×10 ⁻³	1.162×10 ⁻³
0.2520	1	1.055×10 ⁻³	0.2929×10 ⁻³
238.9	948.2	1	0.2778
860.1	3,414	3.600	1

Heating Value (Gas)

kcal/m ³ (N)	Btu/SCF	MJ/m ³ (S)
1	0.1063	3.97×10 ⁻³
9.406	1	3.73×10 ⁻²
252.1	26.81	1

1 ton of LNG = 13×10⁶kcal = 52×10⁶Btu

Other reporting media

Website



Outline of corporate group



Investor relations



CSR Report
A report introducing the CSR activities of the Daigas Group.



Osaka Gas Co., Ltd.

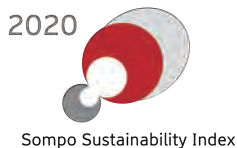
4-1-2, Hiranomachi, Chuo-ku, Osaka 541-0046, Japan
<https://www.osakagas.co.jp/en/>

Inclusion in SRI Indices

Osaka Gas was included in the following socially responsible investment (SRI) indices and an investment universe (candidates for inclusion in indices) as of June 30, 2020.



In collaboration with  a ROBOSAM brand



* The inclusion of Osaka Gas Co., Ltd. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Osaka Gas Co., Ltd. by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Indexes names and logos are trademarks or service marks of MSCI or its affiliates.

