Second Quarter of the Fiscal Year Ending March 31, 2023
Brief Report of Consolidated Financial Statements (Japanese GAAP)

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

October 31, 2022

Name of Listed Company : Osaka Gas Co., Ltd. Listed Exchanges: Prime Market of Tokyo
Code No. : 9532 URL: https://www.osakagas.co.jp/en/
Representative Officer : Title: President Name: Masataka Fujiwara
Contact : Title: Manager, Finance Dept. Name: Shinji Konno
Scheduled Date of Financial Report Filing with the Financial Services Agency : November 9, 2022
Scheduled Date of Dividend Payment : November 30, 2022
Preparation of Supplementary Explanation Documents for Operating Results : Yes
Holding of an Informational Meeting for Operating Results : Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2022(April 1, 2022 - September 30, 2022)

(1) Consolidated Operating Results (% of change from the same period in the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2022	981,560	51.0	-45,690	—	-37,865	—	-29,744	—
Six months ended September 30, 2021	649,845	1.7	39,990	-23.0	46,224	-15.7	35,933	-2.4

(Note) Comprehensive income: Six months ended September 30, 2022 55,797 million yen (-16.9% YoY)
Six months ended September 30, 2021 67,140 million yen (286.5% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2022	-71.56	-
Six months ended September 30, 2021	86.43	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity / Total assets
	million yen	million yen	%
As of September 30, 2022	3,047,170	1,338,757	43.1
As of March 31, 2022	2,588,086	1,296,089	49.1

<Reference> Shareholders' equity: As of September 30, 2022 1,313,750 million yen
As of March 31, 2022 1,271,617 million yen

2. Dividends

	Dividends per share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2022	-	27.50	-	30.00	57.50
Year ending March 31, 2023	-	30.00			
Year ending March 31, 2023 (Forecast)			-	30.00	60.00

(Note) Revision of the dividend forecast from previously announced figures: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% of change from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	2,250,000	41.4	43,000	-56.7	46,000	-59.5	29,000	-77.8	69.75

(Note) Revision of the financial results forecasts from previously announced figures: Yes

*Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2022 (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: Adopted

(Note) For detailed information, please refer to "2. (3) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements" on Page 9 of the Attachment to this Brief Report of Consolidated Financial Statements.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(i) Changes in accounting policies due to revisions to accounting standards, etc.: Adopted

(ii) Changes in accounting policies other than (i) above: Adopted

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(4) Issued shares (common shares)

(i) Number of issued shares at the end of each period (including treasury shares):

	As of September 30, 2022	416,680,000 shares
	As of March 31, 2022	416,680,000 shares
(ii) Number of treasury shares at the end of each period:	As of September 30, 2022	992,819 shares
	As of March 31, 2022	1,036,697 shares
(iii) Average number of shares during each period:	Six months ended September 30, 2022	415,661,913 shares
	Six months ended September 30, 2021	415,774,734 shares

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

*Notes on proper use of forecasts and other matters

1. Forward-looking statements contained in this document, including financial results forecasts, are based on information currently available to Osaka Gas Co., Ltd. (the "Company") and certain assumptions that the Company regards as reasonable. Actual results may differ significantly from these forecasts, due to various factors. As for notes regarding assumptions used for and the use of the financial results forecasts, please refer to "1. (3) Forecasts of Consolidated Financial Results" on Page 4 of the Attachment to this Brief Report of Consolidated Financial Statements.

2. The Company plans to hold a results briefing for institutional investors and analysts on November 1, 2022.
Immediately after the briefing, the presentation materials and contents will be made available on the Company's website.

Table of Contents for Attachment

1. Overview of Quarterly Consolidated Financial Results 2
(1) Consolidated Operating Results 2
(2) Consolidated Financial Position 4
(3) Forecasts of Consolidated Financial Results 4
2. Quarterly Consolidated Financial Statements and Notes 5
(1) Quarterly Consolidated Balance Sheets 5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income 7
(3) Notes to the Quarterly Consolidated Financial Statements 9
(Going Concern Assumption) 9
(Significant Changes in the Value of Shareholders' Equity) 9
(Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements) 9
(Changes in Accounting Policies) 9
(Segment Information) 10

1. Overview of Quarterly Consolidated Financial Results

(1) Consolidated Operating Results

(Overview of Quarterly Operating Results)

Consolidated net sales for the six months ended September 30, 2022 increased by ¥331.7 billion year-on-year to ¥981.5 billion. This was primarily due to an increase in sales from a rise in LNG selling prices and the higher unit selling price of city gas under the fuel cost adjustment system in the Domestic Energy Business and an increase in sales from the upstream project in the USA and Australia in the International Energy Business. Consolidated ordinary profit decreased by ¥84.0 billion year-on-year to a loss of ¥37.8 billion. This was primarily due to increased costs for LNG procurement(*1) and the impact of a time lag between fluctuations in raw material costs, etc. and their reflection in the unit selling prices(*2) in the Domestic Energy Business, despite an increase in profit from the International Energy Business and the Life & Business Solutions Business. Profit attributable to owners of parent decreased by ¥65.6 billion year-on-year to a net loss of ¥29.7 billion. This was primarily due to the reasons mentioned above and due to the recording of impairment losses of ¥3.5 billion incurred by the upstream project in Australia as extraordinary losses.

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

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

(billion yen)

	Consolidated results	Compared with previous fiscal year(*)	
		increase/decrease	increase/decrease rate (%)
Net sales	981.5	+331.7	+51.0
Cost of sales	934.4	+418.1	+81.0
Selling, general and administrative expenses	92.7	-0.7	-0.8
Operating profit (loss)	-45.6	-85.6	—
Ordinary profit (loss)	-37.8	-84.0	—
Profit (loss) attributable to owners of parent	-29.7	-65.6	—

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

(Quarterly Domestic Gas Sales Breakdown)

		Six months ended September 30, 2022	YoY Changes rate (%)
Gas sales volume (million m^3)	Residential	589	-7.6
	Non-residential, etc.	2,630	+2.3
	Total	3,220	+0.3
Number of gas supply (thousands)		4,989	-1.2

[45MJ/m^3]

(Quarterly Domestic Electricity Sales Breakdown)

		Six months ended September 30, 2022	YoY Changes rate (%)
Electricity sales volume (GWh)	Retail	3,082	+11.8
	Wholesale, etc.	4,585	-13.3
	Total	7,668	-4.7
Number of low-voltage electricity supply (thousands)		1,670	+6.6

(2) Consolidated Financial Position

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

Total assets as of September 30, 2022 increased by ¥459.0 billion compared with March 31, 2022 to ¥3,047.1 billion. This was primarily due to an increase in cash and deposits because of issuance of commercial paper and an increase in inventories.

Net assets totaled ¥1,338.7 billion and the ratio of shareholders' equity to total assets was 43.1%.

(3) Forecasts of Consolidated Financial Results

Considering recent trends in our performance and other factors, forecasts of consolidated financial results for the fiscal year ending March 31, 2023 have been revised from the previous forecasts as shown in the tables below.

Consolidated net sales is expected to exceed the previous forecasts mainly due to the rise in the unit selling price of city gas under the fuel cost adjustment system. Consolidated operating profit and consolidated ordinary profit are expected to remain unchanged from the previous forecasts. Profit attributable to owners of parent is expected to decrease due to the impairment loss on the upstream project in Australia.

(Reference) Assumptions for the crude oil price and exchange rate (October 2022 - March 2023)
Crude oil price (All Japan CIF price) at 100USD/bbl
Exchange rate (TTM) at 145JPY/USD

Changes from the previous forecasts of consolidated financial results in the Brief Report of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2023 and also in the Notice Regarding Revision of Consolidated Financial Results announced on August 1, 2022 are shown in the tables below.

The revised forecast includes the estimated negative impact of approximately 109.5 billion yen (*) due to costs, losses and expected revenue decrease associated with a fire broken out at the liquefaction plant of the Freeport LNG Project, one of the Group's investments and LNG sources. As a result of recording 91.2 billion yen in costs and losses associated with above in the consolidated financial results for the second quarter of the fiscal year ending March 31, 2023, the negative impact of 93.4 billion yen out of estimated negative impact of approximately 109.5 billion yen has appeared.

Revision of Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023
(April 1, 2022 - March 31, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecasts (A)	2,171,000	43,000	46,000	31,500	75.76
Revised forecasts (B)	2,250,000	43,000	46,000	29,000	69.75
Changes (B - A)	+79,000	-	-	-2,500	
Changes (%)	+3.6	-	-	-7.9	
(Reference) Actual results of fiscal year ended March 31, 2022	1,591,120	99,201	113,525	130,421	313.69

(*) It is calculated under the certain assumptions based on information available as of the date of publication of this document.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(million yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	131,089	272,314
Notes and accounts receivable - trade, and contract assets	227,118	256,369
Inventories	145,445	253,823
Other	204,636	206,809
Allowance for doubtful accounts	(639)	(787)
Total current assets	707,651	988,529
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	188,637	185,988
Machinery, equipment and vehicles, net	580,547	620,865
Land	222,350	227,822
Leased assets, net	10,609	10,287
Construction in progress	138,915	165,356
Other, net	15,221	14,221
Total property, plant and equipment	1,156,281	1,224,541
Intangible assets	95,251	100,463
Investments and other assets		
Investment securities	359,225	432,564
Other	270,407	301,859
Allowance for doubtful accounts	(731)	(787)
Total investments and other assets	628,901	733,636
Total non-current assets	1,880,434	2,058,641
Total assets	2,588,086	3,047,170

(million yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	104,935	160,589
Other	295,254	561,889
Total current liabilities	400,190	722,479
Non-current liabilities		
Bonds payable	364,998	434,998
Long-term borrowings	350,502	403,123
Retirement benefit liability	18,853	19,166
Other	157,452	128,645
Total non-current liabilities	891,806	985,934
Total liabilities	1,291,996	1,708,413
Net assets		
Shareholders' equity		
Share capital	132,166	132,166
Capital surplus	19,071	19,096
Retained earnings	977,907	935,694
Treasury shares	(2,115)	(2,028)
Total shareholders' equity	1,127,030	1,084,928
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	67,905	68,282
Deferred gains or losses on hedges	(15,313)	(2,998)
Revaluation reserve for land	(737)	(737)
Foreign currency translation adjustment	39,108	113,998
Remeasurements of defined benefit plans	53,624	50,277
Total accumulated other comprehensive income	144,586	228,822
Non-controlling interests	24,472	25,006
Total net assets	1,296,089	1,338,757
Total liabilities and net assets	2,588,086	3,047,170

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(million yen)

	Six months ended September 30,2021	Six months ended September 30,2022
Net sales	649,845	981,560
Cost of sales	516,314	934,465
Gross profit	133,530	47,095
Selling, general and administrative expenses	93,539	92,785
Operating profit (loss)	39,990	(45,690)
Non-operating income		
Interest income	949	1,411
Dividend income	1,709	2,191
Share of profit of entities accounted for using equity method	6,623	4,130
Miscellaneous income	4,173	10,150
Total non-operating income	13,456	17,883
Non-operating expenses		
Interest expenses	5,157	5,723
Miscellaneous expenses	2,065	4,335
Total non-operating expenses	7,223	10,059
Ordinary profit (loss)	46,224	(37,865)
Extraordinary losses		
Impairment losses	-	3,594
Total extraordinary losses	-	3,594
Profit (loss) before income taxes	46,224	(41,459)
Income taxes	8,435	(12,469)
Profit (loss)	37,788	(28,989)
Profit attributable to non-controlling interests	1,854	754
Profit (loss) attributable to owners of parent	35,933	(29,744)

Quarterly Consolidated Statements of Comprehensive Income

(million yen)

	Six months ended September 30,2021	Six months ended September 30,2022
Profit (loss)	37,788	(28,989)
Other comprehensive income		
Valuation difference on available-for-sale securities	2,984	410
Deferred gains or losses on hedges	344	(4,201)
Foreign currency translation adjustment	21,285	74,650
Remeasurements of defined benefit plans	(2,581)	(3,715)
Share of other comprehensive income of entities accounted for using equity method	7,320	17,644
Total other comprehensive income	29,352	84,787
Comprehensive income	67,140	55,797
(Break down)		
Comprehensive income attributable to owners of parent	64,695	54,490
Comprehensive income attributable to non-controlling interests	2,445	1,307

(3) Notes to the Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in the Value of Shareholders' Equity)

Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)

Not applicable

(Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

For major consolidated subsidiaries, the effective tax rates (after applying tax effect accounting) expected to be imposed on their income before income taxes applicable to the tax year in which this second quarter is included were estimated based on reasonable assumptions. Tax expenses for this second quarter were then calculated by multiplying the income before income taxes of respective subsidiaries for the quarter by the estimated effective tax rates.

(Changes in Accounting Policies)

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

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

(Revenue Recognition for Gas Sales)

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

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

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

As a result, consolidated net sales, operating profit, ordinary profit and profit before income taxes for the six months ended September 30, 2021 each decreased by 1,196 million yen compared to those before retrospective application. Notes and accounts receivable - trade for the previous fiscal year increased by 18,267 million yen, other in current assets increased by 1,660 million yen, other in non-current liabilities increased by 4,649 million yen and retained earnings increased by 2,164 million yen. Retained earnings at the beginning of previous fiscal year increased by 9,792 million yen as the cumulative effect amount was reflected to net assets at the beginning of the previous fiscal year.

(Segment Information)

Six months ended September 30, 2021 (April 1, 2021 - September 30, 2021) (million yen)

	Domestic Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	537,308	34,160	106,377	677,846	(28,000)	649,845
Segment profit						
Operating profit	16,405	13,869	9,815	40,090	(99)	39,990
Share of profit of entities accounted for using equity method	828	5,795	-	6,623	-	6,623
Total	17,233	19,665	9,815	46,714	(99)	46,614

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

Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022) (million yen)

	Domestic Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	831,270	59,392	122,543	1,013,205	(31,644)	981,560
Segment profit (loss)						
Operating profit (loss)	(91,373)	34,047	13,426	(43,899)	(1,790)	(45,690)
Share of profit of entities accounted for using equity method	977	3,153	-	4,130	-	4,130
Total	(90,396)	37,201	13,426	(39,768)	(1,790)	(41,559)