

Third Quarter of the Fiscal Year Ending March 31, 2018

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.

January 31, 2018

Name of Listed Company : Osaka Gas Co., Ltd. Listed Exchanges: 1st Section of Tokyo and Nagoya
 Code No. : 9532 URL: <http://www.osakagas.co.jp>
 Representative Officer : Title: President Name: Takehiro Honjo
 Contact : Title: Manager, Finance Dept. Name: Kazushige Nomura
 Scheduled Date of Financial Report Filing with the Finance Ministry : February 13, 2018
 Scheduled Date of Dividend Payment : —
 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 Nine Months Ended December 31, 2017 (April 1, 2017 — December 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Nine months ended December 31, 2017	909,589	12.7	48,544	-19.0	50,359	-15.4	31,660	-19.7
Nine months ended December 31, 2016	807,406	-14.5	59,938	-43.7	59,516	-42.6	39,448	-46.6

(Note) Comprehensive income Nine months ended December 31, 2017 52,058 million yen (—% YoY)
 Nine months ended December 31, 2016 -1,337 million yen (—% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2017	76.13	—
Nine months ended December 31, 2016	94.83	—

(Note) The Company conducted a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, the earnings per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth /Total assets
	millions of yen	millions of yen	%
As of December 31, 2017	1,857,515	1,020,714	53.4
As of March 31, 2017	1,886,577	991,870	51.0

<Reference> Net worth: As of December 31, 2017 991,414 million yen As of March 31, 2017 961,905 million yen

2. Dividends

	Dividends per share				
(Record date)	June 30	September 30	December 31	March 31	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2017	—	5.00	—	5.00	10.00
Year ending March 31, 2018	—	5.00	—	—	—
Year ending March 31, 2018 (Forecast)	—	—	—	25.00	—

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

The Company conducted a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, the forecast for dividends per share for the year ending March 31, 2018 takes the share consolidation into account. For detailed information, please refer to the "Notes on proper use of forecasts and other matters."

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 — March 31, 2018)

(% of change from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full year	1,344,500	13.6	66,500	-31.6	64,000	-33.5	42,500	-30.6	102.18

(Note) Revision of the financial results forecasts from previously announced figures: None

The forecast for earnings per share for the year ending March 31, 2018 takes the share consolidation into account. For detailed information, please refer to the "Notes on proper use of forecasts and other matters."

*Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2017 (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 7 of the Attachment to this Summary 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.: None

(ii) Changes in accounting policies other than (i) above: None

(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 December 31, 2017 416,680,000 shares

As of March 31, 2017 416,680,000 shares

(ii) Number of treasury shares at the end of each period: As of December 31, 2017 826,057 shares

As of March 31, 2017 752,813 shares

(iii) Average number of shares during each period: Nine months ended December 31, 2017 415,889,563 shares

Nine months ended December 31, 2016 416,000,222 shares

(Note) The Company conducted a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, (i) the number of issued shares at the end of each period, (ii) the number of treasury shares at the end of each period, and (iii) the average number of shares during each period, are calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

*Quarterly Brief Report of Consolidated Financial Statements is outside the scope of quarterly review.

*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 2 of the Attachment to this Summary of Consolidated Financial Statements.

2. The Company plans to hold a results briefing for institutional investors and analysts on February 1, 2018.

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

3. Forecasts of financial results and dividends after the share consolidation

The Company conducted a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017.

Forecasts for consolidated/non-consolidated financial results and dividends per share without taking the share consolidation into account are as follows;

Forecast for consolidated financial results for the fiscal year ending March 31, 2018 (Earnings per share): 20.44 yen

Forecast for non-consolidated financial results for the fiscal year ending March 31, 2018 (Earnings per share): 12.98 yen

Forecast for dividends for the fiscal year ending March 31, 2018 (Dividends per share): 5 yen

(Reference) Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2018

(April 1, 2017—March 31, 2018)

(% of change from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Full year	1,053,500	16.2	28,000	-49.4	35,000	-50.2	27,000	-50.6	64.91

(Note) Revision of the financial results forecasts from previously announced figures: None

The forecast for earnings per share for the year ending March 31, 2018 takes the share consolidation into account. For detailed information, please refer to the "Notes on proper use of forecasts and other matters."

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1. Overview of Quarterly Consolidated Financial Results

(1) Consolidated Operating Results

Consolidated net sales for the nine months ended December 31, 2017 increased by ¥102.1 billion year-on-year to ¥909.5 billion. This was primarily due to the higher unit selling price of city gas under the fuel cost adjustment system of the Gas Business, and an increase in sales volume in the Electricity Business. Consolidated ordinary income decreased by ¥9.1 billion year-on-year to ¥50.3 billion. This was primarily due to an year-on-year decrease in the impact of the time lag between fluctuations in raw material costs in the Gas Business and their reflection in the unit selling price of city gas(*). Profit attributable to owners of parent decreased by ¥7.7 billion year-on-year to ¥31.6 billion.

(*) There is a time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas under the fuel cost adjustment system, which causes a temporary increase/decrease in profit. This resulted in a temporary increase in profit for the current and previous third quarters, respectively.

(billions of yen)

	Consolidated results (a)	Compared with previous year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		increase /decrease	increase /decrease rate (%)		
Net sales	909.5	+102.1	+12.7	724.3	1.26
Cost of sales	619.5	+115.9	+23.0	502.5	1.23
Selling, general and administrative expenses	241.5	-2.3	-1.0	193.5	1.25
Operating income	48.5	-11.3	-19.0	28.2	1.72
Ordinary income	50.3	-9.1	-15.4	36.3	1.38
Profit attributable to owners of parent*	31.6	-7.7	-19.7	27.8	1.14

*Quarterly Net Income for Non-consolidated results

(Quarterly Non-consolidated Gas Sales Results)

		Nine months ended December 31, 2017 (a)	Nine months ended December 31, 2016 (b)	YoY Changes (a)-(b)	YoY Changes rate (%)
Number of units for gas supply (thousands)		6,028	6,234	-206	-3.3
Gas sales volume (million m ³)	Residential	1,275	1,207	+69	+5.7
	Non-residential	4,731	4,757	-26	-0.5
	Total	6,006	5,963	+43	+0.7

[45MJ/m³]

(2) Consolidated Financial Position

Total assets as of December 31, 2017 decreased by ¥29.0 billion compared with March 31, 2017 to ¥1,857.5 billion. This was primarily due to a decrease in Cash and deposits, and Property, plant and equipment. Net assets totaled ¥1,020.7 billion and the ratio of net worth to total assets was 53.4%.

(3) Forecasts of Consolidated Financial Results

No revisions have been made to the previous forecasts of financial results announced on April 26, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	91,943	89,960
Distribution facilities	286,889	275,177
Service and maintenance facilities	58,912	57,381
Other facilities	387,286	394,330
Construction in progress	87,706	71,572
Total property, plant and equipment	912,737	888,422
Intangible assets	77,483	74,358
Investments and other assets		
Investment securities	316,981	338,518
Other	98,688	99,168
Allowance for doubtful accounts	-1,376	-1,302
Total investments and other assets	414,293	436,384
Total non-current assets	1,404,514	1,399,164
Current assets		
Cash and deposits	167,583	104,690
Notes and accounts receivable - trade	177,512	185,290
Inventories	69,778	93,468
Other	68,817	76,321
Allowance for doubtful accounts	-1,629	-1,420
Total current assets	482,062	458,350
Total assets	1,886,577	1,857,515

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(millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Non-current liabilities		
Bonds payable	194,979	164,983
Long-term loans payable	267,666	251,397
Provision for gas holder repairs	1,416	1,421
Provision for safety measures	10,897	10,236
Allowance for investment loss	6,999	6,999
Provision for gas appliance warranties	14,282	13,102
Net defined benefit liability	18,709	18,171
Other	117,485	102,279
Total non-current liabilities	632,436	568,592
Current liabilities		
Notes and accounts payable - trade	50,246	55,048
Short-term loans payable	23,118	22,520
Other	188,904	190,638
Total current liabilities	262,269	268,207
Total liabilities	894,706	836,800
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,319	19,222
Retained earnings	752,872	763,737
Treasury shares	-1,492	-1,654
Total shareholders' equity	902,865	913,472
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,678	64,972
Deferred gains or losses on hedges	-9,500	-11,243
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	17,993	20,544
Remeasurements of defined benefit plans	-393	4,406
Total accumulated other comprehensive income	59,040	77,941
Non-controlling interests	29,965	29,300
Total net assets	991,870	1,020,714
Total liabilities and net assets	1,886,577	1,857,515

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

	(millions of yen)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	807,406	909,589
Cost of sales	503,554	619,525
Gross profit	303,851	290,064
Selling, general and administrative expenses	243,913	241,519
Operating income	59,938	48,544
Non-operating income		
Interest income	211	368
Dividend income	2,880	3,945
Miscellaneous income	7,506	9,178
Total non-operating income	10,598	13,492
Non-operating expenses		
Interest expenses	7,181	7,149
Miscellaneous expenses	3,838	4,528
Total non-operating expenses	11,020	11,678
Ordinary income	59,516	50,359
Income before income taxes	59,516	50,359
Income taxes	19,022	17,689
Profit	40,493	32,669
Profit attributable to non-controlling interests	1,045	1,008
Profit attributable to owners of parent	39,448	31,660

Quarterly Consolidated Statements of Comprehensive Income

	(millions of yen)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	40,493	32,669
Other comprehensive income		
Valuation difference on available-for-sale securities	8,329	13,257
Deferred gains or losses on hedges	-11,689	-1,471
Foreign currency translation adjustment	-30,063	-269
Remeasurements of defined benefit plans	4,791	4,972
Share of other comprehensive income of entities accounted for using equity method	-13,199	2,900
Total other comprehensive income	-41,830	19,389
Comprehensive income	-1,337	52,058
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-1,460	50,561
Comprehensive income attributable to non-controlling interests	123	1,497

(3) Notes to the Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in the Value of Shareholders' Equity)

Nine months ended December 31, 2017 (April 1, 2017 - December 31, 2017)

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 the current third quarter is included were estimated based on reasonable assumptions. Tax expenses for the third quarter were then calculated by multiplying the income before income taxes of respective subsidiaries for the quarter by the estimated effective tax rates.

(Segment Information)

Nine months ended December 31, 2016 (April 1, 2016 — December 31, 2016)

(millions of yen)

	Reportable segments				Total	Adjustments	Consolidated
	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions			
Net sales	621,674	72,876	10,149	146,189	850,889	-43,483	807,406
Segment income (loss)							
Operating income (loss)	37,691	10,406	-1,211	12,674	59,561	376	59,938
Share of profit (loss) of entities accounted for using equity method	-46	112	724	—	790	—	790
Total	37,644	10,519	-486	12,674	60,352	376	60,728

Nine months ended December 31, 2017 (April 1, 2017 — December 31, 2017)

(millions of yen)

	Reportable segments				Total	Adjustments	Consolidated
	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions			
Net sales	680,520	108,088	15,426	147,678	951,714	-42,125	909,589
Segment income (loss)							
Operating income (loss)	24,448	13,133	-3,119	12,987	47,450	1,094	48,544
Share of profit of entities accounted for using equity method	101	118	1,215	—	1,436	—	1,436
Total	24,549	13,252	-1,903	12,987	48,886	1,094	49,980

(Note) Disclosure of changes in reportable segments

The business segments were renewed in the Long-term Management Plan 2030 and Medium-term Management Plan 2020 "Going Forward Beyond Borders" formulated in March 2017. Thus, effective from the first quarter of the fiscal year ending March 31, 2018, the Electricity Business, which was previously included in the "LPG, Electricity, and Other Energy Business" segment, has been presented separately and its segment name has been changed to "Domestic Energy/Electricity Business". In addition, LPG Sales Business, LNG Sales Business, and Industrial Gas Sales Business have been transferred to the former "Gas Business" segment, and its segment name has been changed to "Domestic Energy/Gas Business".

The segment information for the nine months ended December 31, 2016 has been reclassified based on the new reportable segments.