

**Second Quarter of the Fiscal Year Ending March 31, 2020**  
**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 29, 2019

Name of Listed Company : Osaka Gas Co., Ltd. Listed Exchanges: 1<sup>st</sup> Section of Tokyo and Nagoya  
 Code No. : 9532 URL: <https://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 Financial Services Agency : November 13, 2019  
 Scheduled Date of Dividend Payment : November 29, 2019  
 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, 2019 (April 1, 2019 - September 30, 2019)

(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, 2019	652,987	7.5	44,317	101.9	49,881	118.2	33,449	147.7
Six months ended September 30, 2018	607,453	3.9	21,954	-33.9	22,862	-37.3	13,504	-43.4

(Note) Comprehensive income: Six months ended September 30, 2019 11,021 million yen (-38.0% YoY)  
 Six months ended September 30, 2018 17,788 million yen (-33.2% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2019	80.44	-
Six months ended September 30, 2018	32.47	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity / Total assets
	million yen	million yen	%
As of September 30, 2019	2,029,165	1,035,597	49.5
As of March 31, 2019	2,029,722	1,035,044	49.5

<Reference> Shareholders' equity: As of September 30, 2019 1,004,293 million yen  
 As of March 31, 2019 1,004,340 million yen

2. Dividends

	Dividends per share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Annual
Year ended March 31, 2019	yen -	yen 25.00	yen -	yen 25.00	yen 50.00
Year ending March 31, 2020	-	25.00			
Year ending March 31, 2020 (Forecast)			-	25.00	50.00

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

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(% 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	1,412,000	2.9	85,000	25.0	81,000	28.4	55,000	63.7	132.27

(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, 2019 (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 8 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: 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 September 30, 2019 416,680,000 shares

As of March 31, 2019 416,680,000 shares

(ii) Number of treasury shares at the end of each period:

As of September 30, 2019 881,031 shares

As of March 31, 2019 867,201 shares

(iii) Average number of shares during each period:

Six months ended September 30, 2019 415,806,727 shares

Six months ended September 30, 2018 415,841,425 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 3 of the Attachment to this Brief Report of Consolidated Financial Statements.

2. The Company plans to hold an informational meeting for institutional investors and analysts on October 30, 2019.

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

(Reference) Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2020

(April 1, 2019 - March 31, 2020)

(% of change from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Full year	1,124,000	1.8	47,000	68.2	56,500	39.3	43,000	71.0	103.41

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

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## 1. Overview of Quarterly Consolidated Financial Results

### (1) Consolidated Operating Results

Consolidated net sales for the six months ended September 30, 2019 increased by ¥45.5 billion year-on-year to ¥652.9 billion. This was primarily due to the higher unit selling price of city gas under the fuel cost adjustment system of the Gas Business. Consolidated ordinary profit increased by ¥27.0 billion year-on-year to ¥49.8 billion. This was primarily due to the impact of the time lag between fluctuations in the raw material costs and their reflection in the unit selling price of city gas(\*) and decrease in expenses in the Gas Business. Profit attributable to owners of parent increased by ¥19.9 billion year-on-year to ¥33.4 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 second quarter and a temporary decrease in profit for the previous second quarter, respectively.

(billion yen)

	Consolidated results (a)	Compared with previous fiscal year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a) / (b)
		increase / decrease	increase / decrease rate (%)		
Net sales	652.9	+45.5	+7.5	515.1	1.27
Cost of sales	458.8	+24.3	+5.6	371.6	1.23
Selling, general and administrative expenses	149.8	-1.2	-0.8	117.4	1.28
Operating profit	44.3	+22.3	+101.9	26.1	1.70
Ordinary profit	49.8	+27.0	+118.2	35.0	1.42
Profit attributable to owners of parent(*)	33.4	+19.9	+147.7	27.1	1.23

(\*)"Profit" for Non-consolidated results

#### (Quarterly Gas Sales Breakdown)

		Six months ended September 30, 2019 (a)	Six months ended September 30, 2018 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)	
Non-consolidated	Number of gas supply (thousands)	5,332	5,717	-384	-6.7	
	Gas sales volume (million m <sup>3</sup> )	Residential	682	685	-3	-0.4
		Non-residential	2,821	3,049	-228	-7.5
		Total	3,504	3,734	-231	-6.2
Consolidated gas sales volume (million m <sup>3</sup> )		3,525	3,753	-227	-6.1	

[45MJ/m<sup>3</sup>]

#### (Quarterly Domestic Electricity Sales Breakdown)

		Six months ended September 30, 2019 (a)	Six months ended September 30, 2018 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)
Number of low-voltage electricity supply (thousands)		1,160	770	+390	+50.6
Electricity sales volume (GWh)	Retail	2,095	1,566	+529	+33.7
	Wholesale, etc.	4,255	4,322	-67	-1.5
	Total	6,349	5,888	+462	+7.8

**(2) Consolidated Financial Position**

Total assets as of September 30, 2019 decreased by ¥0.5 billion compared with March 31, 2019 to ¥2,029.1 billion. This was due to a decrease in non-current assets caused by a decrease mainly in investment securities, even with an increase in current assets mainly from an increase in cash and deposits. Net assets totaled ¥1,035.5 billion and the ratio of shareholders' equity to total assets was 49.5%.

**(3) Forecasts of Consolidated Financial Results**

Considering recent trends in our performance and other factors, forecasts of consolidated and non-consolidated financial results for the fiscal year ending March 31, 2020 have been revised from the previous forecasts as shown in the tables below. As for net sales and operating profit, both non-consolidated and consolidated results are expected to decrease compared to the previous forecasts, mainly due to unplanned outage of power plant and low temperature during the summer in the Domestic Electricity Business. However, as for ordinary profit and profit, both non-consolidated and consolidated results are expected to remain unchanged from the previous forecasts mainly due to an increase in dividend income.

Changes from the previous financial results forecasts in the Brief Report of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2019 announced on April 24, 2019 are shown in the tables below.

Revision of Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020  
(April 1, 2019 - March 31, 2020)

	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)	1,426,000	91,000	81,000	55,000	132.27
Revised Forecasts (B)	1,412,000	85,000	81,000	55,000	132.27
Changes (B - A)	-14,000	-6,000	-	-	
Changes (%)	-1.0	-6.6	-	-	
(Reference) Actual Results of Fiscal year ended March 31, 2019	1,371,863	67,977	63,103	33,601	80.80

(Reference)

Revision of Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2020  
(April 1, 2019 - March 31, 2020)

	Net sales	Operating profit	Ordinary profit	Profit	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous Forecasts (A)	1,138,000	53,000	56,500	43,000	103.41
Revised Forecasts (B)	1,124,000	47,000	56,500	43,000	103.41
Changes (B - A)	-14,000	-6,000	-	-	
Changes (%)	-1.2	-11.3	-	-	
(Reference) Actual Results of Fiscal year ended March 31, 2019	1,104,537	27,946	40,553	25,139	60.45

<Assumptions for the crude oil price and exchange rate (October 2019 to March 2020)>

Crude oil price (All Japan CIF price) at 65USD/bbl

Exchange rate (TTM) at 110JPY/USD

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(million yen)

	As of March 31, 2019	As of September 30, 2019
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	85,086	82,595
Distribution facilities	265,421	264,872
Service and maintenance facilities	55,176	54,915
Other facilities	409,486	433,195
Construction in progress	74,222	60,142
Total property, plant and equipment	889,392	895,720
Intangible assets	127,633	121,964
Investments and other assets		
Investment securities	359,737	346,464
Other	121,326	127,118
Allowance for doubtful accounts	(562)	(556)
Total investments and other assets	480,502	473,026
Total non-current assets	1,497,528	1,490,711
Current assets		
Cash and deposits	116,289	140,615
Notes and accounts receivable - trade	219,206	198,217
Inventories	112,327	115,688
Other	86,061	85,302
Allowance for doubtful accounts	(1,691)	(1,370)
Total current assets	532,194	538,453
Total assets	2,029,722	2,029,165

(million yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	144,989	199,992
Long-term borrowings	367,418	371,120
Provision for gas holder repairs	1,247	1,320
Provision for safety measures	11,207	10,484
Provision for gas appliance warranties	12,454	10,426
Retirement benefit liability	17,228	17,350
Other	86,919	96,706
Total non-current liabilities	641,465	707,401
Current liabilities		
Notes and accounts payable - trade	66,087	56,560
Other	287,125	229,605
Total current liabilities	353,212	286,166
Total liabilities	994,678	993,568
Net assets		
Shareholders' equity		
Share capital	132,166	132,166
Capital surplus	19,222	19,470
Retained earnings	782,523	804,367
Treasury shares	(1,744)	(1,771)
Total shareholders' equity	932,167	954,232
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,617	51,940
Deferred gains or losses on hedges	(4,007)	(16,908)
Revaluation reserve for land	(737)	(737)
Foreign currency translation adjustment	11,189	2,062
Remeasurements of defined benefit plans	15,110	13,704
Total accumulated other comprehensive income	72,172	50,060
Non-controlling interests	30,704	31,304
Total net assets	1,035,044	1,035,597
Total liabilities and net assets	2,029,722	2,029,165

## (2) Quarterly Consolidated Statement of Income and Comprehensive Income

## Quarterly Consolidated Statement of Income

(million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	607,453	652,987
Cost of sales	434,408	458,802
Gross profit	173,044	194,185
Selling, general and administrative expenses	151,090	149,868
Operating profit	21,954	44,317
Non-operating income		
Interest income	287	830
Dividend income	3,100	5,692
Share of profit of entities accounted for using equity method	1,281	4,329
Miscellaneous income	2,869	3,230
Total non-operating income	7,538	14,083
Non-operating expenses		
Interest expenses	4,567	5,942
Miscellaneous expenses	2,062	2,576
Total non-operating expenses	6,630	8,518
Ordinary profit	22,862	49,881
Extraordinary losses		
Loss on disaster	1,972	-
Total extraordinary losses	1,972	-
Profit before income taxes	20,890	49,881
Income taxes	5,970	15,544
Profit	14,919	34,337
Profit attributable to non-controlling interests	1,415	888
Profit attributable to owners of parent	13,504	33,449



## Quarterly Consolidated Statement of Comprehensive Income

(million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	14,919	34,337
Other comprehensive income		
Valuation difference on available-for-sale securities	5,191	96
Deferred gains or losses on hedges	(2,365)	(4,924)
Foreign currency translation adjustment	(6,370)	(7,136)
Remeasurements of defined benefit plans	893	(1,234)
Share of other comprehensive income of entities accounted for using equity method	5,519	(10,116)
Total other comprehensive income	2,868	(23,315)
Comprehensive income	17,788	11,021
(Breakdown)		
Comprehensive income attributable to owners of parent	16,517	10,121
Comprehensive income attributable to non-controlling interests	1,270	900

### (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, 2019 (April 1, 2019 - September 30, 2019)

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)

"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (Practical Issues Task Force (hereafter "PITF") No.18 of September 14, 2018) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No.24 of September 14, 2018) have been applied from the beginning of the current fiscal year. When the foreign subsidiaries adopt "Financial instruments" (International Financial Reporting Standards (hereafter "IFRS") No.9), and record subsequent changes of the fair value of financial instruments through other comprehensive income, gain or loss from sales of financial instruments and impairment loss are recognized through profit or loss for the current fiscal year on consolidated financial statements.

The Company has applied the PITF No.18 according to the transitional provisions stipulated in PITF No.18. 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 has decreased by ¥1,215 million and valuation difference on available-for-sale securities has increased by ¥1,215 million on the quarterly consolidated balance sheet.

(Segment Information)

Six months ended September 30, 2018 (April 1, 2018 - September 30, 2018) (million yen)

	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	434,574	91,880	18,241	99,404	644,100	-36,647	607,453
Segment profit							
Operating profit	2,305	6,720	4,018	7,862	20,906	1,048	21,954
Share of profit (loss) of entities accounted for using equity method	457	(46)	870	-	1,281	-	1,281
Total	2,763	6,673	4,888	7,862	22,187	1,048	23,235

Six months ended September 30, 2019 (April 1, 2019 - September 30, 2019) (million yen)

	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	462,492	99,495	25,491	105,172	692,652	-39,664	652,987
Segment profit							
Operating profit (loss)	28,776	4,944	(157)	9,006	42,569	1,748	44,317
Share of profit (loss) of entities accounted for using equity method	143	(6)	4,193	-	4,329	-	4,329
Total	28,919	4,937	4,035	9,006	46,898	1,748	48,647