

First Quarter of the Fiscal Year Ending March 31, 2021
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.

July 30, 2020

Name of Listed Company : Osaka Gas Co., Ltd. Listed Exchanges: 1st 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 : August 7, 2020
 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 Three Months Ended June 30, 2020 (April 1, 2020 - June 30, 2020)

(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	%
Three months ended June 30, 2020	317,261	-5.3	25,294	-31.1	32,093	-22.6	21,627	-24.5
Three months ended June 30, 2019	335,068	12.8	36,696	76.8	41,462	77.4	28,631	83.1

(Note) Comprehensive income: Three months ended June 30, 2020 1,281 million yen (-93.9% YoY)
 Three months ended June 30, 2019 20,853 million yen (281.7% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2020	52.02	-
Three months ended June 30, 2019	68.86	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity / Total assets
	million yen	million yen	%
As of June 30, 2020	2,186,895	1,017,832	45.2
As of March 31, 2020	2,140,482	1,027,667	46.6

<Reference> Shareholders' equity: As of June 30, 2020 988,852 million yen
 As of March 31, 2020 997,492 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, 2020	-	25.00	-	25.00	50.00
Year ending March 31, 2021	-	-	-	-	-
Year ending March 31, 2021 (Forecast)	-	25.00	-	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, 2021 (April 1, 2020 - March 31, 2021)

(% 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	1,380,000	0.8	90,000	7.4	100,000	16.3	71,500	71.1	171.96

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

*Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020 (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 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 June 30, 2020 | 416,680,000 shares |
| As of March 31, 2020 | 416,680,000 shares |
- (ii) Number of treasury shares at the end of each period:
- | | |
|----------------------|----------------|
| As of June 30, 2020 | 897,125 shares |
| As of March 31, 2020 | 895,971 shares |
- (iii) Average number of shares during each period:
- | | |
|----------------------------------|--------------------|
| Three months ended June 30, 2020 | 415,783,526 shares |
| Three months ended June 30, 2019 | 415,811,592 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 a results briefing for institutional investors and analysts on July 31, 2020. Immediately after the briefing, the presentation materials will be made available on the Company's website

(Reference) Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2021
(April 1, 2020 - March 31, 2021)

(% 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	1,063,500	-1.9	42,000	-8.3	53,000	-9.4	41,000	-8.8	98.61

(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 three months ended June 30, 2020 decreased by ¥17.8 billion year-on-year to ¥317.2 billion. This was primarily due to a decrease in gas sales volume, and the lower unit selling price of city gas under the fuel cost adjustment system in the Gas Business. Consolidated ordinary profit decreased by ¥9.3 billion year-on-year to ¥32.0 billion. This was primarily due to the impact of the time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas(*) and a decrease in gas sales volume in the Gas Business. Profit attributable to owners of parent decreased by ¥7.0 billion year-on-year to ¥21.6 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 decrease in profit for the current first quarter and a temporary increase in profit for the previous first 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	317.2	-17.8	-5.3	250.1	1.27
Cost of sales	214.0	-10.8	-4.8	173.5	1.23
Selling, general and administrative expenses	77.8	+4.4	+6.0	60.9	1.28
Operating profit	25.2	-11.4	-31.1	15.6	1.61
Ordinary profit	32.0	-9.3	-22.6	22.9	1.40
Profit attributable to owners of parent*	21.6	-7.0	-24.5	17.9	1.20

*"Profit" for Non-consolidated results

(Quarterly Gas Sales Breakdown)

		Three months ended June 30, 2020 (a)	Three months ended June 30, 2019 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)	
Non-consolidated	Number of gas supply (thousands)	5,153	5,430	-277	-5.1	
	Gas sales volume (million m ³)	Residential	467	459	+8	+1.8
		Non-residential	1,121	1,340	-219	-16.3
		Total	1,588	1,799	-211	-11.7
Consolidated gas sales volume (million m ³)		1,601	1,812	-211	-11.6	

[45MJ/m³]

(Quarterly Domestic Electricity Sales Breakdown)

		Three months ended June 30, 2020 (a)	Three months ended June 30, 2019 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)
Number of low-voltage electricity supply (thousands)		1,375	1,077	+298	+27.7
Electricity sales volume (GWh)	Retail	1,121	869	+252	+29.0
	Wholesale, etc.	2,164	1,914	+249	+13.0
	Total	3,285	2,783	+501	+18.0

(2) Consolidated Financial Position

Total assets as of June 30, 2020 increased by ¥46.4 billion compared with March 31, 2020 to ¥2,186.8 billion. This was primarily due to an increase in current assets resulting from an increase in cash and deposits, while notes and accounts receivable - trade decreased due to seasonal and other factors.

Net assets totaled ¥1,017.8 billion and the ratio of shareholders' equity to total assets was 45.2%.

(3) Forecasts of Consolidated Financial Results

Although there has been an influence of the global spread of Coronavirus Disease 2019 (COVID-19) on economic activities, it is extremely difficult to quantify the impact to the Daigas Group. Therefore, changes from the previous forecasts of the consolidated and non-consolidated financial results shown in the tables below only reflect the impact that materialized in the first quarter and the impact arising from revisions of assumptions for the crude oil price.

As for non-consolidated results, net sales is expected to decrease compared to the previous forecasts due to the lower unit selling price of city gas under the fuel cost adjustment system of the Gas Business. Operating profit, ordinary profit and profit are expected to increase compared to the previous forecasts due to the impact of the time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas of the Gas Business.

As for consolidated results, net sales is expected to decrease as in non-consolidated results. Operating profit is expected to decrease as well due to a decrease in the profit of the International Business. On the other hand, ordinary profit is expected to remain unchanged from the previous forecasts, mainly due to the gain on sales of investment securities in subsidiaries and associates. Profit attributable to owners of parent is expected to decrease compared to the previous forecasts.

(Reference) Assumptions for the crude oil price and exchange rate (July 2020 - March 2021)

Crude oil price (All Japan CIF price) at 45USD/bbl

Exchange rate (TTM) at 110JPY/USD

Changes from the previous forecasts of the financial results in the "Brief Report of Consolidated Financial Statements" for the Fiscal Year Ended March 31, 2020 announced on May 11, 2020 are shown in the tables below.

Revision of Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021

(April 1, 2020 - March 31, 2021)

	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)	1,493,000	91,000	100,000	73,000	175.57
Revised Forecasts (B)	1,380,000	90,000	100,000	71,500	171.96
Changes (B - A)	-113,000	-1,000	-	-1,500	
Changes (%)	-7.6	-1.1	-	-2.1	
(Reference) Actual Results of Fiscal Year Ended March 31, 2020	1,368,689	83,792	86,018	41,788	100.50

(Reference)

Revision of Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2021

(April 1, 2020 - March 31, 2021)

	Net sales	Operating profit	Ordinary profit	Profit	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous Forecasts (A)	1,169,500	31,000	39,000	30,000	72.15
Revised Forecasts (B)	1,063,500	42,000	53,000	41,000	98.61
Changes (B - A)	-106,000	+11,000	+14,000	+11,000	
Changes (%)	-9.1	+35.5	+35.9	+36.7	
(Reference) Actual Results of Fiscal Year Ended March 31, 2020	1,084,389	45,788	58,496	44,979	108.18

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(million yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	84,258	83,213
Distribution facilities	264,657	260,748
Service and maintenance facilities	55,072	53,843
Other facilities	542,101	545,614
Construction in progress	68,482	75,178
Total property, plant and equipment	1,014,572	1,018,598
Intangible assets	98,322	98,291
Investments and other assets		
Investment securities	332,200	322,316
Other	136,171	138,242
Allowance for doubtful accounts	(802)	(856)
Total investments and other assets	467,568	459,702
Total non-current assets	1,580,462	1,576,592
Current assets		
Cash and deposits	147,201	193,062
Notes and accounts receivable - trade	210,515	183,594
Inventories	108,092	122,074
Other	94,849	112,193
Allowance for doubtful accounts	(640)	(622)
Total current assets	560,019	610,302
Total assets	2,140,482	2,186,895

(million yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Non-current liabilities		
Bonds payable	289,993	289,994
Long-term borrowings	363,757	356,131
Provision for gas holder repairs	1,290	1,327
Provision for safety measures	9,339	8,982
Provision for gas appliance warranties	13,074	12,370
Retirement benefit liability	17,590	18,232
Other	105,455	126,010
Total non-current liabilities	800,502	813,048
Current liabilities		
Notes and accounts payable - trade	59,363	59,648
Short-term borrowings	20,029	25,408
Other	232,919	270,957
Total current liabilities	312,312	356,014
Total liabilities	1,112,815	1,169,062
Net assets		
Shareholders' equity		
Share capital	132,166	132,166
Capital surplus	19,483	19,468
Retained earnings	802,313	812,973
Treasury shares	(1,802)	(1,804)
Total shareholders' equity	952,160	962,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,336	47,551
Deferred gains or losses on hedges	(14,161)	(31,532)
Revaluation reserve for land	(737)	(737)
Foreign currency translation adjustment	10,085	1,960
Remeasurements of defined benefit plans	8,809	8,808
Total accumulated other comprehensive income	45,332	26,049
Non-controlling interests	30,174	28,979
Total net assets	1,027,667	1,017,832
Total liabilities and net assets	2,140,482	2,186,895

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(million yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	335,068	317,261
Cost of sales	224,939	214,098
Gross profit	110,129	103,163
Selling, general and administrative expenses	73,432	77,868
Operating profit	36,696	25,294
Non-operating income		
Interest income	125	550
Dividend income	5,283	1,996
Share of profit of entities accounted for using equity method	1,809	4,005
Gain on sales of investment securities in subsidiaries and associates	-	3,486
Miscellaneous income	1,573	1,393
Total non-operating income	8,790	11,431
Non-operating expenses		
Interest expenses	2,844	2,830
Miscellaneous expenses	1,180	1,802
Total non-operating expenses	4,025	4,632
Ordinary profit	41,462	32,093
Profit before income taxes	41,462	32,093
Income taxes	12,263	9,991
Profit	29,198	22,102
Profit attributable to non-controlling interests	567	474
Profit attributable to owners of parent	28,631	21,627

Quarterly Consolidated Statement of Comprehensive Income

(million yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	29,198	22,102
Other comprehensive income		
Valuation difference on available-for-sale securities	(780)	6,211
Deferred gains or losses on hedges	(2,137)	(3,682)
Foreign currency translation adjustment	(605)	(4,664)
Remeasurements of defined benefit plans	(573)	(549)
Share of other comprehensive income of entities accounted for using equity method	(4,246)	(18,135)
Total other comprehensive income	(8,344)	(20,820)
Comprehensive income	20,853	1,281
(Breakdown)		
Comprehensive income attributable to owners of parent	20,329	2,344
Comprehensive income attributable to non-controlling interests	524	(1,062)

(3) Notes to the Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in the Value of Shareholders' Equity)

Three months ended June 30, 2020 (April 1, 2020 - June 30, 2020)

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

(Additional Information)

The global spread of COVID-19 has led to a decline in energy prices including crude oil prices. The Daigas Group assumes that crude oil prices will gradually recover in the medium-to-long term and makes accounting estimates of impairment loss of non-current assets based on such assumption. Considering that there are a number of uncertainties that may influence the energy prices including crude oil prices in relation to COVID-19, these may have an influence on the consolidated financial position and operating results of the Daigas Group in the future.

(Segment Information)

Three months ended June 30, 2019 (April 1, 2019 - June 30, 2019) (million yen)

	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	252,052	41,176	11,164	49,077	353,470	(18,401)	335,068
Segment profit							
Operating profit (loss)	30,650	1,151	(525)	3,598	34,874	1,822	36,696
Share of profit (loss) of entities accounted for using equity method	330	(43)	1,522	-	1,809	-	1,809
Total	30,980	1,108	996	3,598	36,683	1,822	38,505

Three months ended June 30, 2020 (April 1, 2020 - June 30, 2020) (million yen)

	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	225,132	46,316	14,506	49,753	335,709	(18,448)	317,261
Segment profit							
Operating profit (loss)	18,915	3,631	(3,062)	3,120	22,606	2,688	25,294
Share of profit of entities accounted for using equity method	159	131	3,714	-	4,005	-	4,005
Total	19,075	3,763	651	3,120	26,611	2,688	29,299

(Note) Disclosure of changes in reportable segment

Due to a restructuring of the group companies in the Domestic Energy Business as of April 1, 2020, some subsidiaries previously included in the "Domestic Energy / Electricity" segment have been transferred to the "Domestic Energy / Gas" segment starting from the first quarter of this fiscal year. The segment information for the three months ended June 30, 2019 has been reclassified based on the new reportable segment.