



Second Quarter of the Fiscal Year Ending March 31, 2022

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 27, 2021

Name of Listed Company : Osaka Gas Co., Ltd.	Listed Exchanges: 1 st Section of Tokyo and Nagoya
Code No. : 9532	URL: https://www.osakagas.co.jp
Representative Officer : Title: President	Name: Masataka Fujiwara
Contact : Title: Manager, Finance Dept.	Name: Kazushige Nomura
Scheduled Date of Financial Report Filing with the Financial Services Agency	: November 12, 2021
Scheduled Date of Dividend Payment	: November 30, 2021
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, 2021 (April 1, 2021 - September 30, 2021)

(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, 2021	650,421	1.8	40,539	-21.9	47,392	-13.5	36,794	-0.0
Six months ended September 30, 2020	638,912	-2.2	51,915	17.1	54,818	9.9	36,799	10.0

(Note) Comprehensive income: Six months ended September 30, 2021 68,002 million yen (291.5% YoY)
Six months ended September 30, 2020 17,370 million yen (57.6% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2021	88.50	-
Six months ended September 30, 2020	88.51	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity / Total assets
	million yen	million yen	%
As of September 30, 2021	2,422,773	1,170,489	46.8
As of March 31, 2021	2,313,357	1,114,597	46.8

<Reference> Shareholders' equity: As of September 30, 2021 1,134,861 million yen
As of March 31, 2021 1,081,881 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, 2021	-	25.00	-	27.50	52.50
Year ending March 31, 2022	-	27.50			
Year ending March 31, 2022 (Forecast)			-	27.50	55.00

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

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% 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	1,510,000	10.7	80,500	-28.4	95,000	-25.6	70,500	-12.8	169.56

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

*Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021 (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, 2021 416,680,000 shares

As of March 31, 2021 416,680,000 shares

(ii) Number of treasury shares at the end of each period: As of September 30, 2021 884,916 shares

As of March 31, 2021 920,065 shares

(iii) Average number of shares during each period: Six months ended September 30, 2021 415,774,734 shares

Six months ended September 30, 2020 415,779,852 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 October 28, 2021.

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

(Reference) Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2022

(April 1, 2021 - March 31, 2022)

(% 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	1,126,000	6.9	13,000	-78.5	46,500	-36.3	42,500	-22.2	102.22

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

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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, 2021 increased by ¥11.5 billion year-on-year to ¥650.4 billion. This was primarily due to an increase in sales from the Freeport LNG project and the upstream project in the USA in the International Energy Business, despite the lower unit selling price of city gas under the fuel cost adjustment system in the Domestic Energy Business. Consolidated ordinary profit decreased by ¥7.4 billion year-on-year to ¥47.3 billion. This was primarily due to the impact of a time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas(*) in the Domestic Energy Business, despite an increase in profit from the International Energy Business. Profit attributable to owners of parent was ¥36.7 billion, almost unchanged year-on-year.

(*)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 second quarter and a temporary increase in profit for the previous second quarter.

(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	650.4	+11.5	+1.8	485.6	1.34
Cost of sales	459.8	+23.3	+5.4	363.7	1.26
Selling, general and administrative expenses	149.9	-0.5	-0.3	120.0	1.25
Operating profit	40.5	-11.3	-21.9	1.8	22.16
Ordinary profit	47.3	-7.4	-13.5	25.9	1.82
Profit attributable to owners of parent*	36.7	-0.0	-0.0	24.9	1.47

*"Profit" for Non-consolidated results

(Quarterly Gas Sales Breakdown)

			Six months ended September 30, 2021 (a)	Six months ended September 30, 2020 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)
Non-consolidated	Number of gas supply (thousands)		4,939	5,096	-157	-3.1
	Gas sales volume (million m ³)*	Residential	657	693	-37	-5.3
		Non-residential	2,558	2,465	+93	+3.8
		Total	3,215	3,158	+57	+1.8
Consolidated gas sales volume (million m ³)*			3,235	3,178	+57	+1.8

[45MJ/m³]

*Gas sales volume is based on monthly meter readings.

(Quarterly Domestic Electricity Sales Breakdown)

		Six months ended September 30, 2021 (a)	Six months ended September 30, 2020 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)
Number of low-voltage electricity supply (thousands)		1,567	1,424	+143	+10.0
Electricity sales volume (GWh)*	Retail	2,757	2,715	+42	+1.5
	Wholesale, etc.	5,291	4,879	+412	+8.4
	Total	8,047	7,594	+454	+6.0

*Electricity sales volume for the six months ended September 30, 2021 reflects the estimated usage amount for the period between the last meter reading day in the account closing month and the account closing date, as the revenue for electricity sales is estimated and recorded based on Article 103-2 of the Implementation Guidance on Accounting Standard for Revenue Recognition.

Electricity sales volume for the six months ended September 30, 2020 is based on monthly meter readings.

(2) Consolidated Financial Position

Total assets as of September 30, 2021 increased by ¥109.4 billion compared with March 31, 2021 to ¥2,422.7 billion. This was due to an increase in non-current assets resulting from progress of investment activities, and an increase in current assets mainly resulting from an increase in inventories.

Net assets totaled ¥1,170.4 billion and the ratio of shareholders' equity to total assets was 46.8%.

(3) Forecasts of Consolidated Financial Results

No revisions have been made to the previous forecasts of financial results announced on July 29, 2021.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(million yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	89,701	89,223
Distribution facilities	268,755	263,228
Service and maintenance facilities	53,481	52,340
Other facilities	546,456	582,167
Construction in progress	112,215	121,314
Total property, plant and equipment	1,070,610	1,108,274
Intangible assets	97,912	100,453
Investments and other assets		
Investment securities	377,074	389,986
Other	185,213	196,297
Allowance for doubtful accounts	(800)	(796)
Total investments and other assets	561,487	585,487
Total non-current assets	1,730,009	1,794,214
Current assets		
Cash and deposits	167,083	131,603
Notes and accounts receivable - trade	211,696	-
Notes and accounts receivable - trade, and contract assets	-	154,715
Inventories	94,187	147,888
Other	110,983	194,930
Allowance for doubtful accounts	(602)	(579)
Total current assets	583,347	628,558
Total assets	2,313,357	2,422,773

(million yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Non-current liabilities		
Bonds payable	354,995	394,996
Long-term borrowings	333,263	338,296
Provision for gas holder repairs	1,138	1,219
Provision for safety measures	8,892	8,099
Provision for gas appliance warranties	12,195	4,888
Retirement benefit liability	18,758	18,998
Other	146,731	147,187
Total non-current liabilities	875,975	913,686
Current liabilities		
Notes and accounts payable - trade	60,453	80,536
Other	262,331	258,060
Total current liabilities	322,784	338,596
Total liabilities	1,198,759	1,252,283
Net assets		
Shareholders' equity		
Share capital	132,166	132,166
Capital surplus	19,469	19,440
Retained earnings	861,746	885,923
Treasury shares	(1,852)	(1,782)
Total shareholders' equity	1,011,530	1,035,748
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,811	72,825
Deferred gains or losses on hedges	(30,365)	(25,084)
Revaluation reserve for land	(737)	(737)
Foreign currency translation adjustment	(2,383)	20,299
Remeasurements of defined benefit plans	34,025	31,809
Total accumulated other comprehensive income	70,350	99,112
Non-controlling interests	32,716	35,628
Total net assets	1,114,597	1,170,489
Total liabilities and net assets	2,313,357	2,422,773

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

	(million yen)	
	Six months ended September 30,2020	Six months ended September 30,2021
Net sales	638,912	650,421
Cost of sales	436,506	459,893
Gross profit	202,405	190,527
Selling, general and administrative expenses	150,490	149,988
Operating profit	51,915	40,539
Non-operating income		
Interest income	1,118	949
Dividend income	2,175	1,709
Share of profit of entities accounted for using equity method	4,919	6,623
Miscellaneous income	6,209	4,794
Total non-operating income	14,423	14,076
Non-operating expenses		
Interest expenses	5,622	5,157
Miscellaneous expenses	5,898	2,065
Total non-operating expenses	11,520	7,223
Ordinary profit	54,818	47,392
Profit before income taxes	54,818	47,392
Income taxes	17,295	8,743
Profit	37,522	38,649
Profit attributable to non-controlling interests	723	1,854
Profit attributable to owners of parent	36,799	36,794

Quarterly Consolidated Statements of Comprehensive Income

(million yen)

	Six months ended September 30,2020	Six months ended September 30,2021
Profit	37,522	38,649
Other comprehensive income		
Valuation difference on available-for-sale securities	8,742	2,984
Deferred gains or losses on hedges	(6,049)	344
Foreign currency translation adjustment	(5,703)	21,285
Remeasurements of defined benefit plans	(1,022)	(2,581)
Share of other comprehensive income of entities accounted for using equity method	(16,118)	7,320
Total other comprehensive income	(20,152)	29,352
Comprehensive income	17,370	68,002
(Breakdown)		
Comprehensive income attributable to owners of parent	17,579	65,556
Comprehensive income attributable to non-controlling interests	(208)	2,445

(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, 2021 (April 1, 2021 - September 30, 2021)

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)

(Accounting Standard for Revenue Recognition and Other Standards)

We have adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, issued on March 31, 2020, hereinafter "Accounting Standard for Revenue Recognition") and other standards since the beginning of the first quarter of this fiscal year. The new standard recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is transferred to the customer.

The main changes caused by adopting the new standard are described below.

(1) Revenue Recognition for the Feed-in Tariff System for Renewable Energy

We were previously recognizing revenue for the charges collected from customers under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities based on the feed-in tariff system for renewable energy. However, we are no longer recognizing the charges as revenue from the beginning of the first quarter of this fiscal year because it is collected on behalf of a third party.

Subsidies received in connection with the purchase of renewable energy under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities was previously recognized as revenue, but the method of revenue recognition has been changed to deduct such subsidies from expenses.

(2) Revenue Recognition for Agent Transactions

For certain sales transactions in which the role of the Company and its group is to act as an agent in providing goods or services to a customer, the entire amount received as compensation from the customer was previously recognized as revenue, but the method of revenue recognition has been changed to recognize revenue at the net amount, which gross amount received from the customer less the amount paid to the supplier.

(3) Revenue Recognition for Maintenance Service Provision

For certain equipment maintenance service contracts, revenue was previously recognized at the beginning of contracts, but the method of revenue recognition has been changed to recognize the revenue over a certain period as performance obligations are fulfilled.

(4) Revenue Recognition for Electricity Sales

Revenue for electricity was previously recognized based on monthly meter readings, but the method of revenue recognition has been changed to recognize the revenue which reflects the estimated usage between the last meter reading day in the account closing month and the closing date in accordance with Article 103-2 of the Accounting Standard for Revenue Recognition.

We have adopted the Accounting Standard for Revenue Recognition transitionally, in accordance with the proviso in Article 84 of the standard. We have calculated the cumulative effect of retroactively applying the new policy from the beginning of the first quarter of this fiscal year, adjusted for retained earnings at the beginning of the first quarter of this fiscal year, and applying the new policy to the remaining balance at the beginning of the first quarter of this fiscal year. However, the new accounting policy has not been applied retrospectively to the contracts in which almost all of revenues has been recognized before the beginning of the first quarter of this fiscal year in accordance with the previous treatment by applying the method stipulated in Article 86 of the standard. Furthermore, using the method specified in explanatory note (1) of Article 86 in the standard, retained earnings at the beginning of the first quarter of this fiscal year are adjusted by the cumulative effect of contract terms and conditions effective after applying all contractual changes made before the beginning of the first quarter of this fiscal year.

As a result, consolidated net sales for the six months ended September 30, 2021 decreased by 23,154 million yen, the cost of sales decreased by 22,425 million yen, selling, general and administrative expenses decreased by 53 million yen, operating profit decreased by 675 million yen, ordinary profit and profit before income taxes decreased by 785 million yen respectively, compared to using the previous method. Retained earnings at the beginning of this fiscal year decreased by 1,184 million yen.

Due to the adoption of the Accounting Standard for Revenue Recognition and other standards, “Notes and accounts receivable - trade” which were included in “Current assets” in the consolidated balance sheet for the previous fiscal year, are included in “Notes and accounts receivable - trade, and contract assets” since the first quarter of this fiscal year. Furthermore, receivables for credit agreement which were included in “Notes and accounts receivable - trade” recorded as 55,659 million yen in the consolidated balance sheet as of March 31, 2021 are included in “Other” in “Current assets” to distinguish them from receivables for revenue from contracts with customers within the scope of application of the standards since the first quarter of this fiscal year.

In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year are not restated.

(Accounting Standard for Fair Value Measurement and Other Standards)

We have adopted the Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Statement No. 30, issued on July 4, 2019, hereinafter “Fair Value Accounting Standards”) and other standards since the beginning of the first quarter of this fiscal year. In accordance with the transitional treatment set forth in Article 19 of Fair Value Accounting Standards and Article 44-2 of “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan Statement No. 10, issued on July 4, 2019), the Fair Value Accounting Standards and others have been adopted prospectively. There is no effect on the quarterly consolidated financial statements by adopting the standard.

(Segment Information)

Six months ended September 30, 2020 (April 1, 2020 - September 30, 2020)

(million yen)

	Domestic Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	543,516	19,353	99,591	662,461	(23,548)	638,912
Segment profit						
Operating profit (loss)	45,461	(4,398)	7,244	48,307	3,607	51,915
Share of profit of entities accounted for using equity method	368	4,551	-	4,919	-	4,919
Total	45,829	153	7,244	53,227	3,607	56,835

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	537,666	34,160	106,377	678,203	(27,782)	650,421
Segment profit						
Operating profit	16,369	13,869	9,815	40,055	484	40,539
Share of profit of entities accounted for using equity method	828	5,795	-	6,623	-	6,623
Total	17,197	19,665	9,815	46,678	484	47,162

(Note) Disclosure of changes in reportable segment

The Company's business segments were renewed in the Medium-term Management Plan 2023 "Creating Value for a Sustainable Future" announced in March 2021. Thus, effective from the first quarter of the fiscal year ending March 31, 2022, "Domestic Energy / Gas" and "Domestic Energy / Electricity" segments have been combined into "Domestic Energy" segment; Osaka Gas International Transport Inc. engaged in LNG transport and the other companies, which were previously included in the "International Energy" segment, have been combined into "Domestic Energy" segment to facilitate integrated operation of "energy sales" and "demand and supply management"; and the operating expenses of Osaka Gas Co., Ltd. for the International Energy Business previously reported in "Domestic Energy / Gas" segment have been transferred to "International Energy" segment. The segment information for the six months ended September 30, 2020 has been reclassified based on the new reportable segments.