

Second 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.

October 29, 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 : November 13, 2020
 Scheduled Date of Dividend Payment : November 30, 2020
 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, 2020 (April 1, 2020 - September 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 | % |
| Six months ended September 30, 2020 | 638,912 | -2.2 | 51,915 | 17.1 | 54,818 | 9.9 | 36,799 | 10.0 |
| Six months ended September 30, 2019 | 652,987 | 7.5 | 44,317 | 101.9 | 49,881 | 118.2 | 33,449 | 147.7 |

(Note) Comprehensive income: Six months ended September 30, 2020 17,370 million yen (57.6% YoY)
 Six months ended September 30, 2019 11,021 million yen (-38.0% YoY)

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | yen | yen |
| Six months ended September 30, 2020 | 88.51 | - |
| Six months ended September 30, 2019 | 80.44 | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity / Total assets |
|--------------------------|--------------|-------------|-------------------------------------|
| | million yen | million yen | % |
| As of September 30, 2020 | 2,199,512 | 1,033,901 | 45.6 |
| As of March 31, 2020 | 2,140,482 | 1,027,667 | 46.6 |

<Reference> Shareholders' equity: As of September 30, 2020 1,004,068 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 | - | 25.00 | - | - | - |
| Year ending March 31, 2021 (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, 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 | 1,336,500 | -2.4 | 93,500 | 11.6 | 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 six months ended September 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 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.: 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 September 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 September 30, 2020 906,479 shares

As of March 31, 2020 895,971 shares

(iii) Average number of shares during each period:

Six months ended September 30, 2020 415,779,852 shares

Six months ended September 30, 2019 415,806,727 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 30, 2020.

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, 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 | 1,026,000 | -5.4 | 48,000 | 4.8 | 59,000 | 0.9 | 45,000 | 0.0 | 108.23 |

(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, 2020 decreased by ¥14.0 billion year-on-year to ¥638.9 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, despite an increase in electricity sales volume in the Electricity Business. Consolidated ordinary profit increased by ¥4.9 billion year-on-year to ¥54.8 billion. This was primarily due to an increase in profit in the Electricity Business and the LNG Sales Business, in addition to the increased impact of the time lag between fluctuations in the raw material costs and their reflection in the unit selling price of city gas(*) compared to the previous second quarter in the Gas Business. Profit attributable to owners of parent increased by ¥3.3 billion year-on-year to ¥36.7 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 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 | 638.9 | -14.0 | -2.2 | 500.3 | 1.28 |
| Cost of sales | 436.5 | -22.2 | -4.9 | 347.4 | 1.26 |
| Selling, general and administrative expenses | 150.4 | +0.6 | +0.4 | 121.5 | 1.24 |
| Operating profit | 51.9 | +7.5 | +17.1 | 31.3 | 1.66 |
| Ordinary profit | 54.8 | +4.9 | +9.9 | 37.7 | 1.45 |
| Profit attributable to owners of parent(*) | 36.7 | +3.3 | +10.0 | 28.4 | 1.30 |

(*)"Profit" for Non-consolidated results

(Quarterly Gas Sales Breakdown)

| | | Six months ended September 30, 2020 (a) | Six months ended September 30, 2019 (b) | YoY Changes (a) - (b) | YoY Changes rate (%) | |
|---|--|---|---|-----------------------|----------------------|-------|
| Non-consolidated | Number of gas supply (thousands) | 5,096 | 5,332 | -236 | -4.4 | |
| | Gas sales volume (million m ³) | Residential | 693 | 682 | +11 | +1.6 |
| | | Non-residential | 2,465 | 2,821 | -356 | -12.6 |
| | | Total | 3,158 | 3,504 | -345 | -9.9 |
| Consolidated gas sales volume (million m ³) | | 3,178 | 3,525 | -348 | -9.9 | |

[45MJ/m³]

(Quarterly Domestic Electricity Sales Breakdown)

| | | Six months ended September 30, 2020 (a) | Six months ended September 30, 2019 (b) | YoY Changes (a) - (b) | YoY Changes rate (%) |
|--|-----------------|---|---|-----------------------|----------------------|
| Number of low-voltage electricity supply (thousands) | | 1,424 | 1,160 | +265 | +22.8 |
| Electricity sales volume (GWh) | Retail | 2,715 | 2,095 | +620 | +29.6 |
| | Wholesale, etc. | 4,879 | 4,255 | +624 | +14.7 |
| | Total | 7,594 | 6,349 | +1,244 | +19.6 |

(2) Consolidated Financial Position

Total assets as of September 30, 2020 increased by ¥59.0 billion compared with March 31, 2020 to ¥2,199.5 billion. This was due to an increase in non-current assets owing to a progress of investment activities, in addition to an increase in current assets mainly resulting from an increase in cash and deposits. Net assets totaled ¥1,033.9 billion and the ratio of shareholders' equity to total assets was 45.6%.

(3) Forecasts of Consolidated Financial Results

Regarding the financial impact of Coronavirus Disease 2019 (COVID-19) to the Daigas Group, the previous forecasts announced on July 30, 2020 reflected the impact that materialized in the first quarter. The consolidated and non-consolidated financial results forecasts for the fiscal year ending March 31, 2021 have been revised from the previous forecasts as shown in the tables below, based on the outlook currently anticipated until the end of the current fiscal year.

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 as well as a decrease in expenses in the Gas Business.

As for consolidated results, net sales is expected to decrease as in non-consolidated results. Operating profit is expected to increase as in non-consolidated results. Ordinary profit and profit attributable to owners of parent are expected to remain unchanged from the previous forecasts, mainly due to a decrease in profit of the Life & Business Solutions Business.

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

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

Exchange rate (TTM) at 110JPY/USD

Changes from the previous financial results forecasts in the Brief Report of Consolidated Financial Statements for the Fiscal Year Ending March 31, 2021 announced on July 30, 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) | 1,380,000 | 90,000 | 100,000 | 71,500 | 171.96 |
| Revised Forecasts (B) | 1,336,500 | 93,500 | 100,000 | 71,500 | 171.96 |
| Changes (B - A) | -43,500 | +3,500 | - | - | |
| Changes (%) | -3.2 | +3.9 | - | - | |
| (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) | 1,063,500 | 42,000 | 53,000 | 41,000 | 98.61 |
| Revised Forecasts (B) | 1,026,000 | 48,000 | 59,000 | 45,000 | 108.23 |
| Changes (B - A) | -37,500 | +6,000 | +6,000 | +4,000 | |
| Changes (%) | -3.5 | +14.3 | +11.3 | +9.8 | |
| (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 Sheets

(million yen)

| | As of March 31, 2020 | As of September 30, 2020 |
|---------------------------------------|----------------------|--------------------------|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | | |
| Production facilities | 84,258 | 82,164 |
| Distribution facilities | 264,657 | 258,786 |
| Service and maintenance facilities | 55,072 | 53,334 |
| Other facilities | 542,101 | 545,717 |
| Construction in progress | 68,482 | 104,924 |
| Total property, plant and equipment | 1,014,572 | 1,044,927 |
| Intangible assets | 98,322 | 97,436 |
| Investments and other assets | | |
| Investment securities | 332,200 | 334,066 |
| Other | 136,171 | 136,577 |
| Allowance for doubtful accounts | (802) | (838) |
| Total investments and other assets | 467,568 | 469,806 |
| Total non-current assets | 1,580,462 | 1,612,170 |
| Current assets | | |
| Cash and deposits | 147,201 | 174,589 |
| Notes and accounts receivable - trade | 210,515 | 198,747 |
| Inventories | 108,092 | 100,896 |
| Other | 94,849 | 113,722 |
| Allowance for doubtful accounts | (640) | (613) |
| Total current assets | 560,019 | 587,342 |
| Total assets | 2,140,482 | 2,199,512 |

(million yen)

| | As of March 31, 2020 | As of September 30, 2020 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Non-current liabilities | | |
| Bonds payable | 289,993 | 364,994 |
| Long-term borrowings | 363,757 | 317,700 |
| Provision for gas holder repairs | 1,290 | 1,367 |
| Provision for safety measures | 9,339 | 8,547 |
| Provision for gas appliance warranties | 13,074 | 10,591 |
| Retirement benefit liability | 17,590 | 18,303 |
| Other | 105,455 | 142,406 |
| Total non-current liabilities | 800,502 | 863,912 |
| Current liabilities | | |
| Notes and accounts payable - trade | 59,363 | 52,101 |
| Short-term borrowings | 20,029 | 22,627 |
| Other | 232,919 | 226,969 |
| Total current liabilities | 312,312 | 301,698 |
| Total liabilities | 1,112,815 | 1,165,610 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 132,166 | 132,166 |
| Capital surplus | 19,483 | 19,469 |
| Retained earnings | 802,313 | 828,145 |
| Treasury shares | (1,802) | (1,824) |
| Total shareholders' equity | 952,160 | 977,956 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 41,336 | 50,083 |
| Deferred gains or losses on hedges | (14,161) | (34,083) |
| Revaluation reserve for land | (737) | (737) |
| Foreign currency translation adjustment | 10,085 | 2,449 |
| Remeasurements of defined benefit plans | 8,809 | 8,401 |
| Total accumulated other comprehensive income | 45,332 | 26,112 |
| Non-controlling interests | 30,174 | 29,832 |
| Total net assets | 1,027,667 | 1,033,901 |
| Total liabilities and net assets | 2,140,482 | 2,199,512 |

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

(million yen)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|---|--|--|
| Net sales | 652,987 | 638,912 |
| Cost of sales | 458,802 | 436,506 |
| Gross profit | 194,185 | 202,405 |
| Selling, general and administrative expenses | 149,868 | 150,490 |
| Operating profit | 44,317 | 51,915 |
| Non-operating income | | |
| Interest income | 830 | 1,118 |
| Dividend income | 5,692 | 2,175 |
| Share of profit of entities accounted for using equity method | 4,329 | 4,919 |
| Gain on sales of investment securities in subsidiaries and associates | - | 3,490 |
| Miscellaneous income | 3,230 | 2,719 |
| Total non-operating income | 14,083 | 14,423 |
| Non-operating expenses | | |
| Interest expenses | 5,942 | 5,622 |
| Miscellaneous expenses | 2,576 | 5,898 |
| Total non-operating expenses | 8,518 | 11,520 |
| Ordinary profit | 49,881 | 54,818 |
| Profit before income taxes | 49,881 | 54,818 |
| Income taxes | 15,544 | 17,295 |
| Profit | 34,337 | 37,522 |
| Profit attributable to non-controlling interests | 888 | 723 |
| Profit attributable to owners of parent | 33,449 | 36,799 |

Quarterly Consolidated Statement of Comprehensive Income

(million yen)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Profit | 34,337 | 37,522 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 96 | 8,742 |
| Deferred gains or losses on hedges | (4,924) | (6,049) |
| Foreign currency translation adjustment | (7,136) | (5,703) |
| Remeasurements of defined benefit plans | (1,234) | (1,022) |
| Share of other comprehensive income of entities accounted for using equity method | (10,116) | (16,118) |
| Total other comprehensive income | (23,315) | (20,152) |
| Comprehensive income | 11,021 | 17,370 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 10,121 | 17,579 |
| Comprehensive income attributable to non-controlling interests | 900 | (208) |

(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, 2020 (April 1, 2020 - September 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 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.

(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)

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 | 464,199 | 97,781 | 25,491 | 105,172 | 692,645 | -39,657 | 652,987 |
| Segment profit | | | | | | | |
| Operating profit (loss) | 28,841 | 4,879 | (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 | 28,984 | 4,872 | 4,035 | 9,006 | 46,898 | 1,748 | 48,647 |

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

| | Domestic Energy / Gas | Domestic Energy / Electricity | International Energy | Life & Business Solutions | Total | Adjustments | Consolidated |
|---|-----------------------|-------------------------------|----------------------|---------------------------|---------|-------------|--------------|
| Net sales | 438,038 | 111,145 | 30,062 | 99,591 | 678,837 | -39,925 | 638,912 |
| Segment profit | | | | | | | |
| Operating profit (loss) | 31,438 | 11,589 | (1,971) | 7,244 | 48,300 | 3,615 | 51,915 |
| Share of profit of entities accounted for using equity method | 270 | 98 | 4,551 | - | 4,919 | - | 4,919 |
| Total | 31,708 | 11,687 | 2,579 | 7,244 | 53,219 | 3,615 | 56,835 |

(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 six months ended September 30, 2019 has been reclassified based on the new reportable segment.