

First 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.

July 29, 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	: August 6, 2021		
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, 2021 (April 1, 2021 - June 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	%
Three months ended June 30, 2021	314,353	-0.9	37,549	48.4	42,157	31.4	31,523	45.8
Three months ended June 30, 2020	317,261	-5.3	25,294	-31.1	32,093	-22.6	21,627	-24.5

(Note) Comprehensive income: Three months ended June 30, 2021 62,529 million yen (- %YoY)
 Three months ended June 30, 2020 1,281 million yen (-93.9% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2021	75.82	-
Three months ended June 30, 2020	52.02	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity / Total assets
	million yen	million yen	%
As of June 30, 2021	2,346,656	1,164,019	48.2
As of March 31, 2021	2,313,357	1,114,597	46.8

<Reference> Shareholders' equity: As of June 30, 2021 1,130,292million yen
 As of March 31, 2021 1,081,881million 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	-	-	-	-	-
Year ending March 31, 2022 (Forecast)	-	27.50	-	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: Yes

*Notes

- (1) Changes in significant subsidiaries during the three months ended June 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 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.: 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 June 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 June 30, 2021	922,868 shares
	As of March 31, 2021	920,065 shares
(iii) Average number of shares during each period:	Three months ended June 30, 2021	415,758,444 shares
	Three months ended June 30, 2020	415,783,526 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 30, 2021. 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, 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: 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, 2021 decreased by ¥2.9 billion year-on-year to ¥314.3 billion. This was primarily due to the lower unit selling price of city gas under the fuel cost adjustment system in the Domestic Energy Business, despite an increase in sales from the International Energy Business in the Freeport LNG project and the upstream project in the USA. Consolidated ordinary profit increased by ¥10.0 billion year-on-year to ¥42.1 billion. This was primarily due to an increase in profit from the International Energy Business. Profit attributable to owners of parent increased by ¥9.8 billion year-on-year to ¥31.5 billion.

(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	314.3	-2.9	-0.9	233.7	1.34
Cost of sales	201.9	-12.1	-5.7	157.4	1.28
Selling, general and administrative expenses	74.8	-3.0	-3.9	60.2	1.24
Operating profit	37.5	+12.2	+48.4	16.0	2.34
Ordinary profit	42.1	+10.0	+31.4	39.7	1.06
Profit attributable to owners of parent*	31.5	+9.8	+45.8	34.9	0.90

* "Profit" for Non-consolidated results

(Quarterly Gas Sales Breakdown)

		Three months ended June 30, 2021 (a)	Three months ended June 30, 2020 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)	
Non-consolidated	Number of gas supply (thousands)	4,972	5,153	-181	-3.5	
	Gas sales volume (million m ³)*	Residential	427	467	-40	-8.7
		Non-residential	1,214	1,121	+93	+8.3
		Total	1,641	1,588	+52	+3.3
Consolidated gas sales volume (million m ³)*		1,653	1,601	+51	+3.2	

[45MJ/m³]

*Gas sales volume is based on monthly meter readings.

(Quarterly Domestic Electricity Sales Breakdown)

		Three months ended June 30, 2021 (a)	Three months ended June 30, 2020 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)
Number of low-voltage electricity supply (thousands)		1,544	1,375	+168	+12.2
Electricity sales volume (GWh)	Retail	1,140	1,121	+19	+1.7
	Wholesale, etc.	2,365	2,164	+201	+9.3
	Total	3,505	3,285	+221	+6.7

*Electricity sales volume for the three months ended June 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 three months ended June 30, 2020 is based on monthly meter readings.

(2) Consolidated Financial Position

Total assets as of June 30, 2021 increased by ¥33.2 billion compared with March 31, 2021 to ¥2,346.6 billion. This was primarily due to an increase in property, plant and equipment because of progress of investment activities.

Net assets totaled ¥1,164.0 billion and the ratio of shareholders' equity to total assets was 48.2%.

(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, 2022 have been revised from the previous forecasts as shown in the tables below.

As for non-consolidated results, net sales is expected to exceed the previous forecasts mainly due to the rise in the unit selling prices in the Gas and Electricity Business caused by a rise in crude oil prices. Operating profit, ordinary profit and profit are expected to decrease compared to the previous forecasts due primarily to the impact of the time lag between fluctuations in raw material costs and their reflection in the unit selling prices in the Gas and Electricity Business.

As for consolidated results, net sales is expected to increase as in non-consolidated results. Operating profit, ordinary profit and profit attributable to owners of parent are expected to remain unchanged from the previous forecasts, mainly due to an increase in profit from the International Energy Business caused by factors such as a rise in crude oil prices and a decrease in profit from the non-consolidated Gas and Electricity Business. Assumptions for the crude oil price and exchange rate have been revised.

(Reference) Assumptions for the crude oil price and exchange rate (July 2021 - March 2022)

Crude oil price (All Japan CIF price) at 75USD/bbl

Exchange rate (TTM) at 110JPY/USD

Changes from the previous forecasts of consolidated and non-consolidated financial results in the Brief Report of Consolidated Financial Statements for the Fiscal Year Ending March 31, 2021 announced on April 27, 2021 are shown in the tables below.

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

	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)	1,405,000	80,500	95,000	70,500	169.56
Revised Forecasts (B)	1,510,000	80,500	95,000	70,500	169.56
Changes (B - A)	+105,000	-	-	-	
Changes (%)	+7.5	-	-	-	
(Reference) Actual Results of Fiscal Year Ended March 31, 2021	1,364,106	112,491	127,752	80,857	194.48

(Reference)

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

	Net sales	Operating profit	Ordinary profit	Profit	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous Forecasts (A)	1,031,000	22,000	51,500	45,000	108.23
Revised Forecasts (B)	1,126,000	13,000	46,500	42,500	102.22
Changes (B - A)	+95,000	-9,000	-5,000	-2,500	
Changes (%)	+9.2	-40.9	-9.7	-5.6	
(Reference) Actual Results of Fiscal Year Ended March 31, 2021	1,053,584	60,496	73,035	54,641	131.42

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(million yen)

	As of March 31,2021	As of June 30,2021
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	89,701	90,667
Distribution facilities	268,755	265,786
Service and maintenance facilities	53,481	53,068
Other facilities	546,456	567,095
Construction in progress	112,215	120,451
Total property, plant and equipment	1,070,610	1,097,071
Intangible assets	97,912	99,661
Investments and other assets		
Investment securities	377,074	383,061
Other	185,213	188,027
Allowance for doubtful accounts	(800)	(830)
Total investments and other assets	561,487	570,258
Total non-current assets	1,730,009	1,766,990
Current assets		
Cash and deposits	167,083	156,725
Notes and accounts receivable - trade	211,696	-
Notes and accounts receivable - trade, and contract assets	-	135,123
Inventories	94,187	117,709
Other	110,983	170,707
Allowance for doubtful accounts	(602)	(600)
Total current assets	583,347	579,666
Total assets	2,313,357	2,346,656

(million yen)

	As of March 31,2021	As of June 30,2021
Liabilities		
Non-current liabilities		
Bonds payable	354,995	394,995
Long-term borrowings	333,263	336,276
Provision for gas holder repairs	1,138	1,178
Provision for safety measures	8,892	8,532
Provision for gas appliance warranties	12,195	6,563
Retirement benefit liability	18,758	18,960
Other	146,731	145,302
Total non-current liabilities	875,975	911,810
Current liabilities		
Notes and accounts payable - trade	60,453	53,026
Other	262,331	217,800
Total current liabilities	322,784	270,827
Total liabilities	1,198,759	1,182,637
Net assets		
Shareholders' equity		
Share capital	132,166	132,166
Capital surplus	19,469	19,437
Retained earnings	861,746	880,652
Treasury shares	(1,852)	(1,858)
Total shareholders' equity	1,011,530	1,030,397
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,811	65,924
Deferred gains or losses on hedges	(30,365)	(16,835)
Revaluation reserve for land	(737)	(737)
Foreign currency translation adjustment	(2,383)	18,431
Remeasurements of defined benefit plans	34,025	33,111
Total accumulated other comprehensive income	70,350	99,894
Non-controlling interests	32,716	33,726
Total net assets	1,114,597	1,164,019
Total liabilities and net assets	2,313,357	2,346,656

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(million yen)

	Three months ended June 30,2020	Three months ended June 30,2021
Net sales	317,261	314,353
Cost of sales	214,098	201,954
Gross profit	103,163	112,399
Selling, general and administrative expenses	77,868	74,849
Operating profit	25,294	37,549
Non-operating income		
Interest income	550	408
Dividend income	1,996	1,476
Share of profit of entities accounted for using equity method	4,005	3,800
Gain on sales of investment securities in subsidiaries and associates	3,486	-
Miscellaneous income	1,393	2,893
Total non-operating income	11,431	8,578
Non-operating expenses		
Interest expenses	2,830	2,522
Miscellaneous expenses	1,802	1,448
Total non-operating expenses	4,632	3,970
Ordinary profit	32,093	42,157
Profit before income taxes	32,093	42,157
Income taxes	9,991	9,782
Profit	22,102	32,374
Profit attributable to non-controlling interests	474	851
Profit attributable to owners of parent	21,627	31,523

Quarterly Consolidated Statements of Comprehensive Income

(million yen)

	Three months ended June 30,2020	Three months ended June 30,2021
Profit	22,102	32,374
Other comprehensive income		
Valuation difference on available-for-sale securities	6,211	(3,897)
Deferred gains or losses on hedges	(3,682)	7,044
Foreign currency translation adjustment	(4,664)	19,076
Remeasurements of defined benefit plans	(549)	(1,301)
Share of other comprehensive income of entities accounted for using equity method	(18,135)	9,233
Total other comprehensive income	(20,820)	30,154
Comprehensive income	1,281	62,529
(Breakdown)		
Comprehensive income attributable to owners of parent	2,344	61,066
Comprehensive income attributable to non-controlling interests	(1,062)	1,463

(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, 2021 (April 1, 2021 - June 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 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.

(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 three months ended June 30, 2021 decreased by 12,062 million yen, the cost of sales decreased by 10,744 million yen, selling, general and administrative expenses decreased by 67 million yen, operating profit decreased by 1,250 million yen, ordinary profit and profit before income taxes decreased by 1,321 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” 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)

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

(million yen)

	Domestic Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	269,119	8,889	49,753	327,762	(10,501)	317,261
Segment profit (loss)						
Operating profit (loss)	23,581	(4,096)	3,120	22,606	2,688	25,294
Share of profit of entities accounted for using equity method	291	3,714	-	4,005	-	4,005
Total	23,872	(382)	3,120	26,611	2,688	29,299

Three months ended June 30, 2021 (April 1, 2021 - June 30, 2021)

(million yen)

	Domestic Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	256,694	17,610	51,612	325,917	(11,564)	314,353
Segment profit						
Operating profit	23,569	9,163	4,464	37,197	352	37,549
Share of profit of entities accounted for using equity method	365	3,434	-	3,800	-	3,800
Total	23,935	12,598	4,464	40,998	352	41,350

(Note) Disclosure of changes in reportable segments

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 three months ended June 30, 2020 has been reclassified based on the new reportable segments.