

First 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.

July 29, 2019

Name of Listed Company : Osaka Gas Co., Ltd. Listed Exchanges: 1st Section of Tokyo and Nagoya
 Code No. : 9532 URL: <http://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 9, 2019
 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, 2019 (April 1, 2019 - June 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	%
Three months ended June 30, 2019	335,068	12.8	36,696	76.8	41,462	77.4	28,631	83.1
Three months ended June 30, 2018	297,136	1.5	20,754	-12.4	23,368	-9.2	15,638	-10.2

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

Three months ended June 30, 2018 5,462 million yen (-62.9% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2019	68.86	-
Three months ended June 30, 2018	37.61	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity / Total assets
	million yen	million yen	%
As of June 30, 2019	2,042,376	1,045,451	49.7
As of March 31, 2019	2,029,722	1,035,044	49.5

<Reference> Shareholders' equity: As of June 30, 2019 1,014,259 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
	yen	yen	yen	yen	yen
Year ended March 31, 2019	-	25.00	-	25.00	50.00
Year ending March 31, 2020	-	-	-	-	-
Year ending March 31, 2020 (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, 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	1,426,000	3.9	91,000	33.9	81,000	28.4	55,000	63.7	132.27

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

*Notes

- (1) Changes in significant subsidiaries during the three months ended June 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 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, 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 June 30, 2019 | 869,489 shares |
| As of March 31, 2019 | 867,201 shares |
- (iii) Average number of shares during each period:
- | | |
|----------------------------------|--------------------|
| Three months ended June 30, 2019 | 415,811,592 shares |
| Three months ended June 30, 2018 | 415,848,498 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, 2019. 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, 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	1,138,000	3.0	53,000	89.6	56,500	39.3	43,000	71.0	103.41

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

Table of Contents for Attachment

1. Overview of Quarterly Consolidated Financial Results	2
(1) Consolidated Operating Results	2
(2) Consolidated Financial Position	3
(3) Forecasts of Consolidated Financial Results	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statement of Income and Comprehensive Income	6
(3) Notes to the Quarterly Consolidated Financial Statements	8
(Going Concern Assumption)	8
(Significant Changes in the Value of Shareholders' Equity)	8
(Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements)	8
(Changes in Accounting Policies)	8
(Segment Information)	9

1. Overview of Quarterly Consolidated Financial Results

(1) Consolidated Operating Results

Consolidated net sales for the three months ended June 30, 2019 increased by ¥37.9 billion year-on-year to ¥335.0 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 ¥18.0 billion year-on-year to ¥41.4 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(*) in the Gas Business. Profit attributable to owners of parent increased by ¥12.9 billion year-on-year to ¥28.6 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 increase in profit for the current first quarter and a temporary decrease 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	335.0	+37.9	+12.8	270.7	1.24
Cost of sales	224.9	+24.3	+12.1	184.9	1.22
Selling, general and administrative expenses	73.4	-2.3	-3.1	57.1	1.29
Operating profit	36.6	+15.9	+76.8	28.6	1.28
Ordinary profit	41.4	+18.0	+77.4	37.7	1.10
Profit attributable to owners of parent*	28.6	+12.9	+83.1	29.1	0.98

*"Profit" for Non-consolidated results

(Quarterly Gas Sales Breakdown)

		Three months ended June 30, 2019 (a)	Three months ended June 30, 2018 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)	
Non-consolidated	Number of gas supply (thousands)	5,430	5,847	-417	-7.1	
	Gas sales volume (million m ³)	Residential	459	462	-4	-0.8
		Non-residential	1,340	1,415	-74	-5.2
		Total	1,799	1,877	-78	-4.1
Consolidated gas sales volume (million m ³)		1,812	1,888	-76	-4.0	

[45MJ/m³]

(Quarterly Domestic Electricity Sales Breakdown)

		Three months ended June 30, 2019 (a)	Three months ended June 30, 2018 (b)	YoY Changes (a) - (b)	YoY Changes rate (%)
Number of low-voltage electricity supply (thousands)		1,077	702	+374	+53.3
Electricity sales volume (GWh)	Retail	869	601	+268	+44.6
	Wholesale, etc.	1,914	2,013	-98	-4.9
	Total	2,783	2,614	+170	+6.5

(2) Consolidated Financial Position

Total assets as of June 30, 2019 increased by ¥12.6 billion compared with March 31, 2019 to ¥2,042.3 billion. This was due to an increase in current assets from an increase mainly in cash and deposits, even though notes and accounts receivable - trade decreased due to seasonal and other factors. Net assets totaled ¥1,045.4 billion and the ratio of shareholders' equity to total assets was 49.7%.

(3) Forecasts of Consolidated Financial Results

No revisions have been made to the previous forecasts of financial results announced on April 24, 2019.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(million yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	85,086	83,629
Distribution facilities	265,421	262,166
Service and maintenance facilities	55,176	54,588
Other facilities	409,486	433,494
Construction in progress	74,222	61,186
Total property, plant and equipment	889,392	895,065
Intangible assets	127,633	125,694
Investments and other assets		
Investment securities	359,737	351,140
Other	121,326	124,012
Allowance for doubtful accounts	(562)	(587)
Total investments and other assets	480,502	474,566
Total non-current assets	1,497,528	1,495,325
Current assets		
Cash and deposits	116,289	161,619
Notes and accounts receivable - trade	219,206	186,348
Inventories	112,327	112,935
Other	86,061	87,621
Allowance for doubtful accounts	(1,691)	(1,474)
Total current assets	532,194	547,050
Total assets	2,029,722	2,042,376

(million yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Non-current liabilities		
Bonds payable	144,989	184,990
Long-term borrowings	367,418	374,681
Provision for gas holder repairs	1,247	1,283
Provision for safety measures	11,207	10,930
Provision for gas appliance warranties	12,454	11,876
Retirement benefit liability	17,228	17,254
Other	86,919	94,636
Total non-current liabilities	641,465	695,653
Current liabilities		
Notes and accounts payable - trade	66,087	55,258
Short-term borrowings	22,751	22,554
Other	264,374	223,458
Total current liabilities	353,212	301,271
Total liabilities	994,678	996,924
Net assets		
Shareholders' equity		
Share capital	132,166	132,166
Capital surplus	19,222	19,206
Retained earnings	782,523	799,549
Treasury shares	(1,744)	(1,749)
Total shareholders' equity	932,167	949,173
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,617	51,051
Deferred gains or losses on hedges	(4,007)	(9,265)
Revaluation reserve for land	(737)	(737)
Foreign currency translation adjustment	11,189	9,523
Remeasurements of defined benefit plans	15,110	14,515
Total accumulated other comprehensive income	72,172	65,086
Non-controlling interests	30,704	31,191
Total net assets	1,035,044	1,045,451
Total liabilities and net assets	2,029,722	2,042,376

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	297,136	335,068
Cost of sales	200,631	224,939
Gross profit	96,505	110,129
Selling, general and administrative expenses	75,750	73,432
Operating profit	20,754	36,696
Non-operating income		
Interest income	107	125
Dividend income	2,679	5,283
Share of profit of entities accounted for using equity method	1,269	1,809
Miscellaneous income	1,551	1,573
Total non-operating income	5,609	8,790
Non-operating expenses		
Interest expenses	2,310	2,844
Miscellaneous expenses	685	1,180
Total non-operating expenses	2,995	4,025
Ordinary profit	23,368	41,462
Extraordinary losses		
Loss on disaster	1,501	-
Total extraordinary losses	1,501	-
Profit before income taxes	21,866	41,462
Income taxes	5,387	12,263
Profit	16,479	29,198
Profit attributable to non-controlling interests	841	567
Profit attributable to owners of parent	15,638	28,631

Quarterly Consolidated Statement of Comprehensive Income

(million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	16,479	29,198
Other comprehensive income		
Valuation difference on available-for-sale securities	22	(780)
Deferred gains or losses on hedges	(3,310)	(2,137)
Foreign currency translation adjustment	(11,427)	(605)
Remeasurements of defined benefit plans	453	(573)
Share of other comprehensive income of entities accounted for using equity method	3,245	(4,246)
Total other comprehensive income	(11,016)	(8,344)
Comprehensive income	5,462	20,853
(Breakdown)		
Comprehensive income attributable to owners of parent	4,743	20,329
Comprehensive income attributable to non-controlling interests	719	524

(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, 2019 (April 1, 2019 - June 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 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)

"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)

Three months ended June 30, 2018 (April 1, 2018 - June 30, 2018)

(million yen)

	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	220,422	37,185	11,397	46,736	315,741	(18,604)	297,136
Segment profit							
Operating profit	11,080	2,157	3,913	3,143	20,295	459	20,754
Share of profit of entities accounted for using equity method	297	20	952	-	1,269	-	1,269
Total	11,377	2,178	4,865	3,143	21,565	459	22,024

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	251,420	42,042	11,164	49,077	353,704	(18,635)	335,068
Segment profit							
Operating profit (loss)	30,602	1,199	(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	30,932	1,156	996	3,598	36,683	1,822	38,505