Financial Report
for 2nd Quarter of FY2023.3
(April 2022– September 2022)

October 31, 2022
Osaka Gas Co., Ltd.

Index

Ⅰ. Major Topics in First Half of FY2023.3

- Deepening Corporate Governance Initiatives – 3,4
- Impact of Freeport LNG Project's Plant Shut Down – 5

Ⅱ. Summary of Business Results for 2nd Quarter of FY2023.3 and Forecasts for FY2023.3

- Summary of Business Results of 2Q of FY2023.3 – 7
- YoY Comparison of 2Q Results
- Summary of FY2023.3 Forecast Revision – 8
- Comparison between FY2022.3 Results and FY2023.3 Forecasts – 9 – 10
- Results and Forecasts for Investment for Growth – 11

Ⅲ. Business Results for 2nd Quarter of FY2023.3

- YoY Comparison of 2nd Quarter of FY2023.3 – 13-17
- Segment Results of 2nd Quarter of FY2023.3 – 18-20

Ⅳ. FY2023.3 Forecasts against Previous Forecasts

- FY2023.3 Forecasts against Previous Forecasts – 22-24
- Breakdown of Change in Segment Profit – 25,26

Ⅴ. YoY Comparison of FY2023.3 Forecasts

- YoY Comparison of FY2023.3 Forecasts – 28-32
- Breakdown of Change in Segment Profit – 33-35
- Sales Volume & Profit Sensitivity to External Factors for FY2023.3 – 36
- （Reference） Topics in 2nd Quarter of FY2023.3 – 37

Management information is available on Osaka Gas websites.
Financial reports, integrated reports, fact books and road show materials can be accessed and downloaded at the following URL. https://www.daigasgroup.com/en/ir/

Disclaimer

Figures for the previous year were calculated retroactively in accordance with the Regulation on Consolidated Financial Statements ("Regulation"). Starting from this fiscal year, we prepare consolidated financial statements by following the Regulation. Until the previous fiscal year, our consolidated financial statements followed the Accounting Rules for Gas Utility as well as the Regulation.

Certain statements contained herein are forward-looking statements, strategies, and plans, which reflect our judgment based on the information so far available. Actual results may differ materially from those discussed in such statements. Among the factors that could cause actual results to differ materially are: economic trends in Japan, sharp fluctuations in exchange rates and crude oil prices, and extraordinary weather conditions

Note regarding gas sales volume
All gas sales volumes are indicated based on the standard heating value at 45 MJ/m^3.

Note regarding consolidated gas sales volume
The fiscal year of Nabari Kintetsu Gas, Toyooka Energy, and Shingu Gas ends on December 31.

I. Major Topics in First Half of FY2023.3

Daigas Group

Deepening Corporate Governance Initiatives 1

✓ Aiming to "Co-create Value for a Sustainable Future" as outlined in the Medium-Term Management Plan, the Company is deepening its governance initiatives by increasing the diversity of the Board of Directors and strengthening monitoring functions.

Medium-Term Management Plan "Creating Value for a Sustainable Future"

Ⅰ. Co-create Value for a Sustainable Future

Ⅱ. Evolve Our Corporate Group

- Promoting Business Transformation with DX
- Enhancing Business Portfolio Management
- Maximizing Value of Each Employee

Diverse Human Resources

- **Increase in the number of female executives**
  (1 Audit → 1 Director, 1 Audit, 1 Executive Officer)
- **Increase in human resources with diverse experience and skills**

Remuneration Changes

- **Introduction of stock-based compensation**
- **Introduction of ESG-linked compensation**
  (Reflecting the performance of EGS, Including climate change responses, social contributions, respect for human rights, human capital etc.)
- **Increase in the percentage of variable remuneration**

Delegating Authority and Strengthening Monitoring Functions

- **Transfer of authority to executive officers**
  (Review of responsibilities, establishment of overseas regional headquarters, etc.)
- **Increase in the ratio of outside directors**
- **Establishment of advisory committee on management**
  (Discussion of carbon neutrality in July 2022)
- **Enhancement of discussions with outside directors and audit**
  (Holding of Outside Officers' Meetings, etc.)

Daigas Group

Deepening Corporate Governance Initiatives 2 (Reference)

Major Initiatives (Mainly Medium-Term Management Plan period starting from FY2022.3)

- Enhancing governance through human resource diversification
- Delegating authority and strengthening monitoring functions
- Compensation system Initiatives

	Details	Start
Board of Directors	● Outside directors: 33% → 40%	CY21-
	● Appointment of a female director	CY21-
	● Appointed a certified public accountant and ESG expert	CY21-
	● Ensuring separation of execution and supervision by the Chairman of the Board of Directors without representation rights	CY21-
	● Raised the criteria for submission of proposals to the Board of Directors and promoted delegation of authority to executive officers	-
Advisory Committee	● Outside directors as the majority	-
	● Creation of a management advisory committee	CY22-
	● Reporting on its activities in Corporate Governance Report, Integrated Report, etc.	CY22-
Appointment Advisory Committee	● Development and disclosure of skills matrix	CY21-
	● Expansion of deliberation content: Selection policy, skills matrix, succession planning, etc. ● Enhancement of deliberation process: Presentation of a list of all candidates, provision of opportunities for outside directors and auditors to learn of candidates, increase the number of deliberations, etc.	CY21-

Main	Details	Start
Remuneration Advisory Committee	● Introduction of stock-based compensation Malus-crawback provisions included. (Clauses in case of misconduct, etc.)	CY21-
	● Improve linkage with business performance Fixed 6: Floating 4→5:5* *Floating includes performance-linked remuneration and stock-based remuneration	CY21-
	● Reflection of ESG indicators achievement	CY22-
Board of Directors Meeting of Outside Directors and Audit Members	● Enhancement of discussions on management plans	-
	● Enhancement of prior explanations to outside directors and outside auditors	-
	● Improving effectiveness evaluation by utilizing outside experts	CY21-
	● Reporting in Corporate Governance Report, Integrated Report, etc.	CY22-
Audit	● Ensure independence in reporting about issues on management level (Establishment of a dual reporting line)	CY22-

For further information, please refer to the Sustainability Website, the Integrated Report, and the Corporate Governance Report.

Impact of Freeport LNG Project's Plant Shut Down

*1 Osaka Gas Trading and Export LLC
*2 Osaka Gas Liquefaction LLC
*3 Turbo LLC

Daigas Group

- ✓ Osaka Gas procures 2.32 million tons/year of LNG from Freeport and invests in the project
- ✓ Osaka Gas expects to incur a loss of 109.5 billion yen for the full year due to the plant shut down following a fire in June this year

Impact on Domestic Energy Segment (LNG Procurement)

1. Sales to our customers
(recorded **in gas business gross profit**):
Cost incurred for the procurement of replacement LNG

2. LNG sales to other utilities
(recorded in **Others under Domestic Energy segment**):
Loss incurred from related contracts

Impact on International Energy Segment (Investment)

3. Owner's Earnings
Earnings loss due to the shut down from the following two investments

1. Freeport (recorded in operating profit/loss)
2. Train 1 (recorded in share of profit of entities accounted for using equity method)

Losses Incurred by Osaka Gas due to the fire incident of Freeport LNG Project

(billion yen)		2Q Result (1Q+2Q)	Revised full year forecast	Full year forecast announced on Aug. 1
1. Sales to our customers 2. LNG sales to other utilities	Domestic Energy Segment	-88.4	-93.5	-65.0
3. Owner's Earnings	International Energy Segment	-3.4	-14.5	-14.5
Others (non-operating income/loss) concerning 1&2		-1.5	-1.5	-
Total on ordinary profit		**-93.4**	**-109.5**	-79.5

Ⅱ. Summary of Business Results for 2nd Quarter of FY2023.3 and Forecasts for FY2023.3

Figures for the fiscal year ended March 31, 2022 were calculated retroactively due to changes in accounting policies, etc.

Summary of Business Results of 2Q of FY2023.3

- ✓ Net sales increased due to a rise in LNG selling prices and the higher unit selling price of city gas in the Domestic Energy Business, and an increase in sales from the upstream businesses in the USA and Australia in the International Energy Business
- ✓ Ordinary profit declined primarily due to increased costs of LNG procurement*[1] in the Domestic Energy Business and an increase in time-lag lossess, despite an increase in profit from the International Energy Business and the Life & Business Solutions Business.

	2Q of FY2023.3	2Q of FY2022.3	Difference
Net sales	**981.5 billion yen**	**649.8 billion yen**	**+331.7 billion yen**
Ordinary profit	**-37.8 billion yen**	**46.2 billion yen**	**-84.0 billion yen**
Profit attributable to owners of parent	**-29.7 billion yen**	**35.9 billion yen**	**-65.6 billion yen**

*[1] A fire broke out at the liquefaction plant of the Freeport LNG Project ("Project"), one of the Daigas Group's investments and LNG sources and the Project's operations at the plant have been suspended since. The Daigas Group has been preparing to secure replacement LNG for the volumes the Group originally planned to procure from the Project during the shutdown period and has been arranging modification regarding the contracts related to its LNG procurement from the Project.

Breakdown of Change in Ordinary Profit

YoY Comparison of 2Q Results

- ✓ Ordinary profit decreased by 84.0 billion yen year-on-year to a loss of 37.8 billion yen, due to a loss of 93.4 billion yen related to a fire of Freeport LNG Project, despite increased profits in the International Energy business and the Life & Business Solutions business

*1 Describing the impact of segment profit.

billion yen		FY2022.3 2Q	FY2023.3 2Q	Difference
Time-lag		-22.5	-64.1	-41.6
	Gas	-15.0	-41.2	-26.1
	Electricity	-7.4	-22.9	-15.4

Summary of FY2023.3 Forecast Revision

- ✓ Net sales are expected to increase from the previous forecast due to the higher unit selling price of city gas under the fuel cost adjustment system
- ✓ Ordinary profit remains unchanged from the previous forecast as a result of reflecting the business performance trends, including positive factors, such as the increased profit from LNG trading, reduced profit decline due to the revision of the electricity price ceiling, reduced time-lag loss due to the revision of oil price assumptions, as well as negative factors, such as increased costs due to Freeport LNG's plant shut down.
- ✓ Net income attributable to shareholders of the parent company is expected to be lower than the previous forecast, mainly due to the recording of an impairment loss of 3.5 billion yen in the Australian upstream project as an extraordinary loss.

	Revised Forecast	YoY Difference	Previous forecast announced Aug. 2022	Difference from previous forecast
Net sales	**2,250.0 billion yen**	**+658.8 billion yen**	**2,171.0 billion yen**	**+79.0 billion yen**
Ordinary profit	**46.0 billion yen**	**-67.5 billion yen**	**46.0 billion yen**	**±0.0 billion yen**
Profit attributable to owners of parent	**29.0 billion yen**	**-101.4 billion yen**	**31.5 billion yen**	**-2.5 billion yen**

- Crude oil price assumption from Oct. 2022 : 100 USD/bbl (from Jul. 2022 : 110 USD/bbl)
- Exchange rate assumption from Oct. 2022 : 145 JPY/USD (from Jul. 2022 : 135 JPY/USD)

	A. Revised forecast	B. Previous forecast announced Aug.1	A-B
Crude oil price (USD/bbl)	106.0	110.2	-4.3
Exchange rate (JPY/USD)	139.5	133.6	+5.9

- Segment profit: Remains unchanged

	A. Revised forecast	B. Previous forecast announced Aug.1	A-B
Segment profit*1	51.0	51.0	±0.0
Domestic Energy	-36.5	-36.5	±0.0
International Energy	67.0	67.0	±0.0
Life & Business Solutions	21.5	21.5	±0.0
Adjustments	-1.0	-1.0	±0.0

*1 Segment profit = Operating profit(loss) + Share of profit(loss) of entities accounted for using equity

Breakdown of Change in Ordinary Profit

Comparison between FY2022.3 Results and FY2023.3 Forecasts

- ✓ Ordinary profit forecasts for the fiscal year ending March 31, 2023, was 46.0 billion yen, down 67.5 billion yen from the previous year, after factoring in a 109.5 billion yen loss due to Freeport LNG's plant shut down, although International Energy business is expected to increase due to strong upstream business, etc.

*1 Describing the impact of segment profit.

billion yen		FY2022.3	FY2023.3 forecast	Difference
Time-lag		-62.3	-40.0	+22.3
	Gas	-44.7	-19.5	+25.2

Results and Forecasts for Investment for Growth

- ✓ In 2Q of FY23.3, we invested 87.2 billion yen for investment for growth.
- ✓ Although financial soundness indicators fell below the Mid-Term Management Plan's targets of "Shareholders' equity ratio of around 50% and D/E ratio of around 0.7," we expect to recover to the same level in the full-year forecast on an equity-adjusted basis for issued hybrid bonds.
- ✓ We will carefully proceed with investment for business growth by examining each asset and assessing their potential impact on our financial soundness.

● Investment for Growth

*1 Amounts of investment include both capital expenditure items and investment-and-loan items, and therefore the amounts of investment are different from actual amounts of capital expenditures.

● Financial soundness indicators

	FY22.3 year end	FY23.3 2Q end	FY23.3 forecast
Shareholders' equity ratio (%)	49.1% (52.5%)	43.1% (46.0%)	46.5% (49.7%)
D/E ratio	0.64 (0.54)	0.88 (0.76)	0.80 (0.69)

Calculated with 50% of issued hybrid bonds as equity. Total ¥175 billion (Dec. 2019 ¥100 billion, Sep. 2020 ¥75 billion). It does not mean that shareholders will be diluted.

Ⅲ. Business Results for 2nd Quarter of FY2023.3

Figures for the fiscal year ended March 31, 2022 were calculated retroactively due to changes in accounting policies, etc.

YoY Comparison of 2nd Quarter of FY2023.3
1. Net Sales and Profit

(billion yen)	A. FY23.3 2Q	B. FY22.3 2Q	A-B	(A-B)/B	Remarks
Net sales	981.5	649.8	+331.7	+51.0%	Increase in sales from a rise in LNG selling prices and the higher unit selling price of city gas, etc.
Operating Profit	-45.6	39.9	-85.6	-	Increased costs for LNG procurement, etc.
Ordinary profit	-37.8	46.2	-84.0	-	Increased costs for LNG procurement, etc.
Time-lag effect *1	-64.1	-22.5	-41.6	-	
Gas	-41.2	-15.0	-26.1	-	
Electricity	-22.9	-7.4	-15.4	-	
Profit attributable to owners of parent	-29.7	35.9	-65.6	-	Increased costs for LNG procurement, etc.
Earnings per share (EPS) (yen)	-71.6	86.4	-158.0	-	
EBITDA*2	15.4	98.7	-83.3	-84.4%	
NOPAT*3	-21.0	41.9	-63.0	-	

*1 Included in Domestic Energy.

*2 EBITDA = Operating profit + share of profit/loss of entities accounted for using equity method + depreciation (including amortization of goodwill)

*3 NOPAT = Ordinary profit + Financial expenses (Interest expenses - Interest income) - Income taxes

	A. FY23.3 2Q	B. FY22.3 2Q	A-B	Remarks
Crude oil price (USD/bbl)	111.9	70.3	+41.6	A: Average of preliminary monthly data up to Sep. 2022
Exchange rate (JPY/USD)	134.0	109.8	+24.2	

YoY Comparison of 2nd Quarter of FY2023.3
2. Asset, Equity, and Debt

Daigas Group

(billion yen)	A. FY23.3 2Q end	B. FY22.3 year end	A-B	Remarks
Total assets	3,047.1	2,588.0	+459.0	
Shareholders' equity	1,313.7	1,271.6	+42.1	
Book value per share (BPS) (yen)	3,160.4	3,059.4	+101.0	
Interest-bearing debts	1,157.7	815.0	+342.6	Increase due to a new financing, etc.
Hybrid bonds	175.0	175.0	±0.0	

	A. FY23.3 2Q	B. FY22.3 2Q	A-B	Remarks
ROIC	-0.9%	2.2%	-3.1%	Increased costs for LNG procurement, etc.
ROE	-2.3%	3.2%	-5.5%	Increased costs for LNG procurement, etc.

	A. FY23.3 2Q end	B. FY22.3 year end	A-B	Remarks
Shareholders' equity ratio	43.1%	49.1%	-6.0%	
After adjustment*1	46.0%	52.5%	-6.5%	
Debt/Equity ratio	0.88	0.64	+0.24	
After adjustment*1	0.76	0.54	+0.23	

*1 Calculated with 50% of issued hybrid bonds as equity. It does not mean that shareholders will be diluted.

YoY Comparison of 2nd Quarter of FY2023.3
3. Investment and Cash Flow

Daigas Group

billion yen	A. FY23.3 2Q	B. FY22.3 2Q	A-B	Remarks
Investment for quality improvement*1	24.0	27.3	-3.2	
Investment for growth	87.2	57.4	+29.8	
Domestic Energy	28.6	20.5	+8.1	
International Energy	38.5	17.1	+21.3	
Life & Business Solutions	20.0	19.7	+0.3	
Capital expenditures	87.5	77.1	+10.3	
Depreciation	56.9	52.1	+4.8	

*1 Total investment for quality improvement by Osaka Gas and Osaka Gas Network

billion yen	A. FY23.3 2Q	B. FY22.3 2Q	A-B	Remarks
Cash flows from operating activities	-55.9	21.7	-77.7	
Cash flows from investing activities	109.4	96.5	+12.9	
Free cash flow*2	-165.3	-74.7	-90.6	

*2 Free cash flow = Cash flows from operating activities - Cash flows from investing activities

YoY Comparison of 2nd Quarter of FY2023.3

4. Customer Accounts and Sales Volume

Daigas Group

	A. FY23.3 2Q end	B. FY22.3 2Q end	A-B	(A-B)/B	
Number of customer accounts (thousands)	9,905	9,594	+311	+3.2%	

	A. FY23.3 2Q	B. FY22.3 2Q	A-B	(A-B)/B	Remarks
Consolidated gas sales volume (million m^3)*1,2,3	3,220	3,209	+10	+0.3%	
Residential	589	638	-48	-7.6%	
Non-residential	2,630	2,571	+59	+2.3%	
Electricity sales volume (GWh) *2,3	7,668	8,047	-380	-4.7%	
Residential	3,082	2,757	+326	+11.8%	
Non-residential	4,585	5,291	-705	-13.3%	
Number of units for gas supply*3	4,989	5,050	-61	-1.2%	
Number of low-voltage electricity supply*3	1,670	1,567	+103	+6.6%	

	A. FY23.3 2Q	B. FY22.3 2Q	A-B	Remarks
Average temperature (℃)	24.2	23.4	+0.8	

*1 45MJ/m^3

*2 Gas sales volume and electricity sales volume reflect 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 gas sales and electricity sales are estimated and recorded based on the Implementation Guidance on Accounting Standard for Revenue Recognition.

*3 Domestic consolidated basis

YoY Comparison of 2nd Quarter of FY2023.3
5. Segment Sales and Profit

(billion yen)	A. FY23.3 2Q	B. FY22.3 2Q	A-B	(A-B)/B	Remarks
Net Sales	981.5	649.8	+331.7	+51.0%	
Domestic Energy	831.2	537.3	+293.9	+54.7%	Increase in sales from a rise in LNG selling prices and the higher unit selling price of city gas, etc.
International Energy	59.3	34.1	+25.2	+73.9%	Increase in sales in upstream businesses in the USA and Australia, etc.
Life & Business Solutions	122.5	106.3	+16.1	+15.2%	Increase in the real estate business, etc.
Adjustments	-31.6	-28.0	-3.6	-	
Segment profit*1	-41.5	46.6	-88.1	-	
Domestic Energy	-90.3	17.2	-107.6	-	Increased costs for LNG procurement, etc.
Electricity	-9.2	6.0	-15.3	-	
International Energy	37.2	19.6	+17.5	+89.2%	Increase in profit in upstream businesses in the USA and Australia, etc.
Life & Business Solutions	13.4	9.8	+3.6	+36.8%	Increase in the real estate business, etc.
Adjustments	-1.7	0.0	-1.6	-	
Profit/Loss on time-lag effect*2	-64.1	-22.5	-41.6	-	
Gas	-41.2	-15.0	-26.1	-	
Electricity	-22.9	-7.4	-15.4	-	
Profit/Loss on market value of derivative*3	2.4	0.9	+1.4	+157.5%	

*1 Segment profit = Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method
*2 Included in the Domestic Energy.
*3 Included in the International Energy.

Segment Results of 2nd Quarter of FY2023.3
1. Domestic Energy

Daigas Group

- ✓ Segment profit decreased by 107.6 billion yen from the previous year to -90.3 billion yen, mainly due to a loss of 88.4 billion yen related to the fire at Freeport and a decrease in income due to an increase in time-lag loss.

*1 Excluding the impact of the legal separation of the gas pipeline business in which gas transportation service revenues are recorded in "Others" instead of "Gross profit of gas business," starting from FY2023.3.

billion yen		FY2022.3 2Q	FY2023.3 2Q	Difference
Time-lag		-22.5	-64.1	-41.6
	Gas	-15.0	-41.2	-26.1
	Electricity	-7.4	-22.9	-15.4

Segment Results of 2nd Quarter of FY2023.3
2. International Energy

Daigas Group

- ✓ Segment profit increased by 17.5 billion yen from the previous year to 37.2 billion yen, mainly due to increased profits from the Sabine Shale Gas Project and upstream businesses in Australia, which were affected by higher gas and crude oil prices.

Segment Results of 2nd Quarter of FY2023.3
3. Life & Business Solutions

- ✓ Segment profit increased 3.6 billion yen from the previous year to 13.4 billion yen mainly due to increased profits in the real estate business and material solution businesses.

Ⅳ. FY2023.3 Forecasts against Previous Forecasts

FY2023.3 Forecasts against Previous Forecasts
1. Net Sales and Profit

(billion yen)	A. FY23.3 forecast	B. FY23.3 forecast announced Aug.1	A-B	(A-B)/B	Remarks
Net sales	2,250.0	2,171.0	+79.0	+3.6%	Increase in sales from the higher unit selling price of city gas, etc.
Operating Profit	43.0	43.0	±0.0	±0.0%	
Ordinary profit	46.0	46.0	±0.0	±0.0%	
Time-lag effect *1	-40.0	-43.8	+3.8	-	
Gas	-19.5	-25.8	+6.3	-	
Electricity	-20.5	-18.0	-2.5	-	
Profit attributable to owners of parent	29.0	31.5	-2.5	-7.9%	Impairment loss on the upstream project in Australia
Earnings per share (EPS) (yen)	69.7	75.8	-6.0	-7.9%	
EBITDA*2	161.0	161.0	±0.0	±0.0%	
NOPAT*3	43.4	42.4	+1.0	+2.4%	

*1 Included in Domestic Energy.

*2 EBITDA = Operating profit + share of profit/loss of entities accounted for using equity method + depreciation (including amortization of goodwill)

*3 NOPAT = Ordinary profit + Financial expenses (Interest expenses - Interest income) - Income taxes

	A. FY23.3 forecast	B. FY23.3 forecast announced Aug.1	A-B	Remarks
Crude oil price (USD/bbl)	106.0	110.2	-4.3	Oct. 2022 to March 2023 :100 USD/bbl
Exchange rate (JPY/USD)	139.5	133.6	+5.9	Oct. 2022 to March 2023 :145 JPY/USD

FY2023.3 Forecasts against Previous Forecasts
2. Asset, Equity, and Debt

(billion yen)	A. FY23.3 forecast	B. FY23.3 forecast announced Aug.1	A-B	Remarks
Total assets	2,772.7	2,775.2	-2.5	
Shareholders' equity	1,290.6	1,293.1	-2.5	
Book value per share (BPS) (yen)	3,104.1	3,110.1	-6.0	
Interest-bearing debts	1,032.3	1,032.3	±0.0	

	A. FY23.3 forecast	B. FY23.3 forecast announced Aug.1	A-B	Remarks
ROIC	2.0%	1.9%	+0.0%	
ROE	2.3%	2.5%	-0.2%	

	A. FY23.3 forecast	B. FY23.3 forecast announced Aug.1	A-B	Remarks
Shareholders' equity ratio	46.5%	46.6%	-0.0%	
After adjustment*1	49.7%	49.7%	-0.0%	
Debt/Equity ratio	0.80	0.80	+0.00	
After adjustment*1	0.69	0.68	+0.00	

*1 Calculated with 50% of issued hybrid bonds as equity. It does not mean that shareholders will be diluted.

FY2023.3 Forecasts against Previous Forecasts
3. Segment Sales and Profit

	A. FY23.3 forecast	B. FY23.3 forecast announced Aug.1	A-B	(A-B)/B	Remarks
Net Sales	2,250.0	2,171.0	+79.0	+3.6%	Increase in sales from the higher unit selling price of city gas, etc.
Domestic Energy	1,961.0	1,882.0	+79.0	+4.2%	
International Energy	114.0	114.0	±0.0	±0.0%	
Life & Business Solutions	250.0	250.0	±0.0	±0.0%	
Adjustments	-75.0	-75.0	±0.0	-	
Segment profit*1	51.0	51.0	±0.0	±0.0%	
Domestic Energy	-36.5	-36.5	±0.0	-	
Electricity	11.5	4.5	+7.0	+155.6%	Higher unit selling price of electricity, etc.
International Energy	67.0	67.0	±0.0	±0.0%	
Life & Business Solutions	21.5	21.5	±0.0	±0.0%	
Adjustments	-1.0	-1.0	±0.0	-	
Profit/Loss on time-lag effect*2	-40.0	-43.8	+3.8	-	
Gas	-19.5	-25.8	+6.3	-	
Electricity	-20.5	-18.0	-2.5	-	

*1 Segment profit = Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method

*2 Included in the Domestic Energy.

Breakdown of Change in Segment Profit (FY2023.3 Forecasts against Previous Forecasts)
1. Domestic Energy

- ✓ Segment profit forecast remains unchanged from the previous forecast, including positive factors, such as the increased profit from LNG trading, reduced profit decline due to the revision of the electricity price ceiling, reduced time-lag loss due to the revision of oil price assumptions, as well as negative factors, such as increased costs due to Freeport LNG's plant shut down.

*1 Excluding the impact of the legal separation of the gas pipeline business in which gas transportation service revenues are recorded in "Others" instead of "Gross profit of gas business," starting from FY2023.3.

billion yen		FY2023.3 forecast		Difference
		Previous	Revised	
Time-lag		-43.8	-40.0	+3.8
	Gas	-25.8	-19.5	+6.3
	Electricity	-18.0	-20.5	-2.5

Breakdown of Change in Segment Profit (FY2023.3 Forecasts against Previous Forecasts)

2. International Energy

- ✓ Segment profit forecast is remains unchanged at 67.0 billion yen due to increased profit at Osaka Gas USA and decreased profit in the Australian upstream business as a result of a review of crude oil prices and other factors.

V. YoY Comparison of FY2023.3 Forecasts

Figures for the fiscal year ended March 31, 2022 were calculated retroactively due to changes in accounting policies, etc.

YoY Comparison of Forecasts
1. Net Sales and Profit

(billion yen)	A. FY23.3 forecast	B. FY22.3	A-B	(A-B)/B	Remarks
Net sales	2,250.0	1,591.1	+658.8	+41.4%	Increase in sales from a rise in LNG selling prices and the higher unit selling price of city gas, etc.
Operating Profit	43.0	99.2	-56.2	-56.7%	Increased costs for LNG procurement, etc.
Ordinary profit	46.0	113.5	-67.5	-59.5%	Increased costs for LNG procurement, etc.
Time-lag effect *1	-40.0	-62.3	+22.3	-	
Gas	-19.5	-44.7	+25.2	-	
Electricity	-20.5	-17.5	-2.9	-	
Profit attributable to owners of parent	29.0	130.4	-101.4	-77.8%	Increased costs for LNG procurement, etc.
Earnings per share (EPS) (yen)	69.7	313.7	-243.9	-77.8%	
EBITDA*2	161.0	220.9	-59.9	-27.1%	
NOPAT*3	43.4	138.7	-95.3	-68.7%	

*1 Included in Domestic Energy.

*2 EBITDA = Operating profit + share of profit/loss of entities accounted for using equity method + depreciation (including amortization of goodwill)

*3 NOPAT = Ordinary profit + Financial expenses (Interest expenses - Interest income) - Income taxes

	A. FY23.3 forecast	B. FY22.3	A-B	Remarks
Crude oil price (USD/bbl)	106.0	77.2	+28.8	Oct. 2022 to March 2023 :100 USD/bbl
Exchange rate (JPY/USD)	139.5	112.4	+27.1	Oct. 2022 to March 2023 :145 JPY/USD

YoY Comparison of Forecasts
2. Asset, Equity, and Debt

Daigas Group

(billion yen)	A. FY23.3 forecast	B. FY22.3 year end	A-B	Remarks
Total assets	2,772.7	2,588.0	+184.6	
Shareholders' equity	1,290.6	1,271.6	+19.0	
Book value per share (BPS) (yen)	3,104.1	3,059.4	+44.7	
Interest-bearing debts	1,032.3	815.0	+217.2	Increase due to a new financing, etc.

	A. FY23.3 forecast	B. FY22.3	A-B	Remarks
ROIC	2.0%	7.1%	-5.1%	Increased costs for LNG procurement, etc.
ROE	2.3%	11.0%	-8.8%	Increased costs for LNG procurement, etc.

	A. FY23.3 forecast	B. FY22.3 year end	A-B	Remarks
Shareholders' equity ratio	46.5%	49.1%	-2.6%	
After adjustment*1	49.7%	52.5%	-2.8%	
Debt/Equity ratio	0.80	0.64	+0.16	
After adjustment*1	0.69	0.54	+0.15	

*1 Calculated with 50% of issued hybrid bonds as equity. It does not mean that shareholders will be diluted.

YoY Comparison of Forecasts

3. Cash Flow and Investment

(billion yen)	A. FY23.3 forecast	B. FY22.3	A-B	Remarks
Investment for quality improvement*1	74.0	67.9	+6.0	
Investment for growth	200.0	141.3	+58.6	
Domestic Energy	59.0	52.5	+6.4	
International Energy	89.0	44.0	+44.9	
Life & Business Solutions	52.0	44.7	+7.2	
Capital expenditures	192.0	189.3	+2.6	
Depreciation	110.0	108.9	+1.0	

*1 Total investment for quality improvement by Osaka Gas and Osaka Gas Network

(billion yen)	A. FY23.3 forecast	B. FY22.3	A-B	Remarks
Cash flows from operating activities	114.7	145.3	-30.6	
Cash flows from investing activities*2	274.0	152.1	+121.8	
Free cash flow*3	-159.2	-6.8	-152.4	

*2 Forecasts are amount of investment.

*3 Free cash flow = Cash flows from operating activities - Cash flows from investing activities

YoY Comparison of Forecasts

4. Customer Accounts and Sales Volume

	A. FY23.3 forecast	B. FY22.3 year end	A-B	(A-B)/B	Remarks
Number of customer accounts (thousands)	10,202	9,812	+390	+4.0%	
Domestic gas sales volume (million m^3)*1,2	6,834	7,090	-256	-3.6%	
Residential	1,732	1,849	-118	-6.4%	
Non-residential	5,102	5,241	-139	-2.6%	
Electricity sales volume (GWh) *2	16,215	16,760	-545	-3.2%	

	A. FY23.3 forecast	B. FY22.3	A-B	Remarks
Average temperature (℃)	17.6	17.2	+0.4	

*1 45MJ/m^3

*2 Gas sales volume and electricity sales volume reflect 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 gas sales and electricity sales are estimated and recorded based on the Implementation Guidance on Accounting Standard for Revenue Recognition.

YoY Comparison of Forecasts

5. Segment Sales and Profit

	A. FY23.3 forecast	B. FY22.3	A-B	(A-B)/B	Remarks
Net Sales	2,250.0	1,591.1	+658.8	+41.4%	
Domestic Energy	1,961.0	1,340.7	+620.2	+46.3%	Increase in sales from a rise in LNG selling prices and the higher unit selling price of city gas, etc.
International Energy	114.0	80.7	+33.2	+41.1%	Increase in sales in upstream businesses in the USA and Australia, etc.
Life & Business Solutions	250.0	237.0	+12.9	+5.4%	Increase in the material solutions business, etc.
Adjustments	-75.0	-67.5	-7.4	-	

Segment profit*1	51.0	112.0	-61.0	-54.5%	
Domestic Energy	-36.5	44.1	-80.6	-	Increased costs for LNG procurement, etc.
Electricity	11.5	14.0	-2.5	-18.3%	Impact of higher average fuel price, etc.
International Energy	67.0	44.3	+22.6	+51.1%	Increase in profit in upstream businesses in the USA and Australia , etc.
Life & Business Solutions	21.5	23.5	-2.0	-8.6%	Decrease in the information solutions business, etc.
Adjustments	-1.0	0.0	-1.0	-	

Profit/Loss on time-lag effect*2	-40.0	-62.3	+22.3	-	
Gas	-19.5	-44.7	+25.2	-	
Electricity	-20.5	-17.5	-2.9	-	

*1 Segment profit = Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method

*2 Included in the Domestic Energy.

Breakdown of Change in Segment Profit (FY2023.3 Forecasts)
1. Domestic Energy

✓ Segment profit forecast is -36.5 billion yen, down 80.6 billion yen from the previous year, due to the loss of 93.5 billion yen due to Freeport LNG's plant shut down and reduced time-lag loss by 22.3 billion yen.

billion yen		FY2022.3	FY2023.3 forecast	Difference
Time-lag		-62.3	-40.0	+22.3
	Gas	-44.7	-19.5	+25.2
	Electricity	-17.5	-20.5	-2.9

Breakdown of Change in Segment Profit (FY2023.3 Forecasts)
2. International Energy

- ✓ Segment profit is expected increase by 22.6 billion yen from the previous year to 67.0 billion yen, as higher gas and crude oil prices exceeded higher income from the Sabine Shale Gas Project and upstream businesses in Australia, despite 14.5 billion yen loss due to Freeport LNG's plant shut down.

Breakdown of Change in Segment Profit (FY2023.3 Forecasts)
3. Life & Business Solutions

- ✓ Segment profit is 21.5 billion yen, a decrease of 2.0 billion yen from the previous year, mainly due to a decrease in profit in the information solutions business in reaction to an increase in development projects for the Group in the previous year.

Sales Volume & Profit Sensitivity to External Factors for FY2023.3 (from October 2022 to March 2023)

- Atmospheric and water temperatures

Range of fluctuation		**Impact on residential gas sales volume**
Atmospheric and water temperatures	+1 degree Celsius	-7%

- Crude oil price and exchange rate

Previous assumption announced Aug.1 2022 Crude oil price :100 USD/bbl Exchange :145 JPY/USD

Range of fluctuation		Segment	Segment Impact	**Net impact on consolidated ordinary profit**
Crude oil price	+1USD/bbl	International Energy	Positive	-1.08 billion yen In total
		Domestic Energy	Negative	
Exchange rate	+1JPY/USD	International Energy	Positive	-1.20 billion yen In total
		Domestic Energy	Negative	

（Reference） Topics in 2nd Quarter of FY2023.3

Jul.	■ Daigas Group to Participate in the Private REIT Business -Establishment of an Asset Management Company / a Private Real Estate Fund ■ Notice Concerning Impact on Daigas Group due to Fire at Its Investee Company ■ Daigas Energy Signs Its First Contract of Solar Power Generation Service with 20-Year Warranty on Roof Waterproofing for Gozasoro's Head Office Building, Factories, and Azuki-Bean Museum ■ Expansion of Osaka Gas's Renovation Business Participation in Custom-made Renovation Business in Kansai ■ Osaka Gas Announces Feasibility Study into Methanation Project in Peru:Syngas Production and Marketing in Collaboration with Marubeni and PERU LNG ■ Announcement Concerning Completion of Payment for Disposal of Treasury Shares as Restricted Stock Remuneration ■ JAG Energy and Osaka Gas to Jointly Develop Small- and Medium-sized Photovoltaic Power Plants ■ Osaka Gas Starts Joint Project for the Development of Small and Medium-sized New Non-FIT Solar Power Plants with West HD and JR Kyushu —Realization of a Comprehensive Scheme Ranging from Development to Use of Renewable Power Sources Making Use of Idle Land along Railway Tracks—
Aug.	■ Global Deployment of Daigas Group's Onsite Hydrogen Generation Technology with Hyundai Rotem Company ■ Changes to Electricity Supply Provisions, etc. ■ Notice Regarding the Issuance of Second Series of Transition Bonds ■ Joint Development of 10 Small and Medium-Sized Solar Power Plants by Osaka Gas and Sky Solar Japan -Second Joint Project Following Joint Ownership of Six Solar Power Plants-
Sep.	■ Osaka Gas USA to Participate in Distributed Solar Power Projects in Illinois, US ■ Joint Research to Establish High-Precision Weather Forecasting Technology in the Osaka Bay Area - Aiming to Contribute to Disaster Prevention and Environmental Issues in Coastal and Urban Areas - ■ For the First Time in the Energy Industry, a Real-Time Digital Human Is Born from Osaka Gas! Promotion of Online Consultation and New Service Development with Avatars ■ Start of the Kansai Region's First "Carbon-Neutral City Gas" Supply Service for New Condominiums ■ Implementation of FY2022 Comprehensive Disaster Drill ■ Osaka Gas Forms Capital and Business Alliance with NExT-e Solutions to Commercialize Used Storage Batteries for Grid ■ Revision of Terms and Conditions of Gas Service Plan (General Gas Rate Plan) ■ Osaka Gas to Collaborate with GPSS Holdings and Tokyu Corporation Group in Project to Jointly Establish Corporate PPA Model for Solar Power Plant Development and Its Renewable Electricity Utilization: Project Adopted for Subsidy to Promote Consumer-led Introduction of Solar Power Generation ■ Launch of New Electricity Rate/Service Support Plans and Implementation of Power Saving Support Campaign

* Press releases were issued in the above indicated months. ■ Domestic Energy ■ International Energy ■ Life & Business Solutions ■ Others

Daigas Group

Copyright © 2022 OSAKA GAS CO., LTD. All Rights Reserved.