



Financial Report for 2nd Quarter of FY2021.3 (April 2020 – September 2020)

October 2020
Osaka Gas Co., Ltd.

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I am Takehiro Honjo, President and Representative Director of Osaka Gas.

For the prevention of the new coronavirus infections, we provide this video recording on the internet instead of holding an in-person conference for the briefing on Osaka Gas's financial results for the second quarter of the fiscal year ending March 2021.

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Management information is available on Osaka Gas websites.

Financial reports, annual reports and road show materials can be accessed and downloaded at the following URL.

<https://www.osakagas.co.jp/en/ir/>

Disclaimer

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/m³.

Note regarding consolidated gas sales volume

The fiscal year of Nabari Kintetsu Gas, Toyooka Energy, and Shingu Gas ends on December 31.

I. Review

Summary of achievements in 2nd Quarter of FY2021.3

- Business Continuity: Stable energy supply to customers, enhanced business capabilities for sustainable growth while preventing the spread of COVID-19.
- Domestic Energy Business: increased customer accounts and expanded power portfolio, etc. Customer accounts increased by offering a wider range of enhanced service options, new customer contacts for the new normal post-COVID-19 and accelerated DX, etc.
- International Energy Business: smooth operations of Freeport LNG Project and Sabine Shale Gas Project, which started to the profit contribution.

【Domestic Energy Business】

(Stable energy supply)

- Secured business continuity through prevention of COVID-19 infections

(Enhanced organization)

- Core Energy Business Companies launched, course of action set for legal unbundling of pipeline business

(Customer accounts expansion)

- Expanded electricity rate plans and energy services including IoT services

(New customer contacts)

- Internet-based promotion campaign

(DX: Digital Transformation)

- DX for offering higher convenience to customers and for improving operational efficiency

(Power generation portfolio)

- Expanded portfolio including renewables

【International Energy Business】

- Smooth operations of Freeport LNG Project and Sabine Shale Gas Project, which started to the profit contribution
- Commercial operation start of Freeport LNG Project's Trains 2 and 3

In this quarter, while there were temporary positive factors such as the time-lag effect from the crude oil price decrease on the gas business, many parts of our businesses were affected by the pandemic slowing down the economic activity and weakening the energy demand, which is expected to continue in the coming months.

Despite this severe environment, we managed to secure business continuity including stable energy supply as the highest priority and to enhance our business capabilities with digital technologies for sustainable growth of our businesses in Japan and overseas as we continue preventing the spread of the coronavirus.

Domestic Energy Business (Business Continuity)

- Business continuity ensured under the pandemic while preventing COVID-19 infections by utilizing digital technologies and maintaining the preparedness against the spread of the coronavirus.

General	<ul style="list-style-type: none"> ✓ COVID-19 prevention: wearing face masks, working remotely, avoiding commuting in peak congestion time ✓ Installation of plexiglass dividers between seats 	
LNG terminal	<ul style="list-style-type: none"> ✓ Noncontact LNG and LPG unloading operations without boarding the ships ✓ Applying disinfectant and taking temperature when entering CCR ✓ Operation duty handovers between shifts via video conference ✓ Enhanced preparedness against COVID-19 infections 	<p>Operators handing over duties via video conference</p>
Supply and Security	<ul style="list-style-type: none"> ✓ Company-wide comprehensive disaster prevention drills under pandemic ✓ Guideline for setting up and managing contingency response headquarters ✓ Applying disinfectant and taking temperature when entering CCR ✓ Multiple operations rooms set in different locations ✓ Preventive measures against pandemic for emergency security work ✓ Enhanced preparedness against COVID-19 infections 	<p>Company-wide comprehensive disaster prevention drill</p>
Customer Convenience	<ul style="list-style-type: none"> ✓ Advance contact with customers before visits for work ✓ COVID-19 prevention: visitors' washing hands, taking temperature, wearing masks ✓ Customer contact center: distances widened between seats, shortened business hours, customer inquiries received via internet ✓ Postponement of payment due dates for gas and electricity bills ✓ 3D virtual showrooms ✓ Support for healthcare workers fighting COVID-19 by donating special lunch boxes 	<p>3D virtual showroom</p> <p>Lunch donating project</p>

For the business continuity, while encouraging employees to wear face masks, work from home or satellite offices, and avoid commuting during the peak congestion time, we have introduced noncontact LNG and LPG unloading operations, remote daily handovers between operators on different shifts, and company-wide comprehensive disaster prevention drills under the pandemic situation in order to secure stable energy supply.

Also, in light of the impact of the pandemic, we postponed payment due dates for gas and electricity bills, provided customers with 3D virtual showrooms, and supported healthcare workers fighting COVID-19 by donating special lunch boxes while preventing the coronavirus infections.

Domestic Energy Business (Customer Accounts Expansion)

- Customer accounts expanded by offering new electricity rate plans and a wider range of enhanced service options using IoT, etc.

[Enhanced line up of electricity rate plans]

Style Plan : Rate plans suited to customers' lifestyles	✓ Style Plan S ✓ Style Plan P ✓ Style Plan d ✓ Style Plan E
With Plan : Rate plans with entertainment options	✓ With radiko Plan ✓ With Yoshimoto Plan

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「**ウイズABEMAプラン**」
With ABEMA Plan

Providing original collectables

Miraito Denki

[Enhanced services]

Alliance for IoT gas appliances	✓ Service enhancement with apps provided by Sony Network Communications Inc. and Sharp Corporation
New products with IoT capability	✓ Sumapiko alarms featuring detectors for city gas and CO, providing information on disaster prevention and home security
Sumikata home services	✓ Enhanced trouble shooting functions for PC and IoT appliances
Renovation Business	✓ Acquisition of Global Base Inc. shares
Self-consumption type PV electricity service	✓ D-Solar service introduced to industrial customers in collab. with West HD corp.

[Wider range of services for rental apartments]

Sumamoru rental apartment plan
 Smart lock bitlock LITE
 Security personnel dispatch service
 Special/reduced rate service



Smart phone app and web site for residents
 Management system for managing companies



Acquisition of shares of Palette Cloud Inc.
 a company providing rental apartment management system

[Number of customer accounts]



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Despite being difficult to conduct our regular visits to customers due to the pandemic, we managed to expand our customer accounts by offering a wider range of enhanced service options.

As new electricity rate plans, we launched “With ABEMA Plan,” which provides access to ABEMA Premium, a television and video entertainment program, and “Miraito Denki,” which provides low carbon electricity and original collectables of an idol group. We also expanded Sumikata home services, which increased the number of subscribing customers to more than 400,000, and for industrial customers, we started to offer “D-Solar,” a self-consumption type photovoltaic power generation service, in collaboration with West Holdings Corporation.

Also we provided a wider range of services for rental apartments.

As a result, we have increased the cumulative number of our entire customer accounts to 9.23 million in September 2020 from 9.10 million in March 2020.

Domestic Energy Business (New Customer Contacts)

- Promotion campaign held via Internet, in light of the new normal post-COVID-19.
- Programs rolled out to support society and economy by connecting customers with NPOs and local restaurants.

[Internet-based promotion campaign]



Connecting customers with NPOs

[Connecting with social projects]

Customers can participate in our donation program for NPOs through our promotion campaign.



Connecting customers with local restaurants

[Connecting with restaurants]

Customers can participate in our program to support local restaurants through our promotion campaign that offers a restaurant stamp rally for customers to win meal vouchers.



In light of the new normal post-COVID-19, we have created new customer contacts.

For our annual promotion campaign, which has been held 65 times until last year inviting many customers to the sites set up at shopping malls and community centers, we have launched an internet-based promotion this year. Other promotion programs we rolled out this year include lotteries and stamp rallies to support social and economic activities by connecting customers with organizations and businesses including NPOs and restaurants.

Domestic Energy Business (DX: Digital Transformation)

- DX of our business accelerated, using technologies and know-how available through the alliance with our business partners for customers' enhanced convenience and our improved business efficiency, etc.

【AI auto response customer contact center】

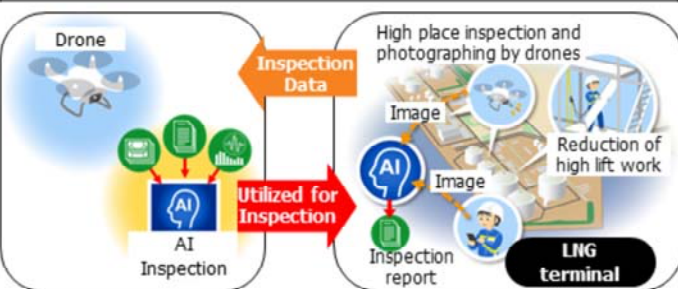
✓ Alliance partner: NTT Communications Corp.

- Automated voice response on the phone friendly
- Automation of the entire work process from taking phone calls to arranging rescheduled visits



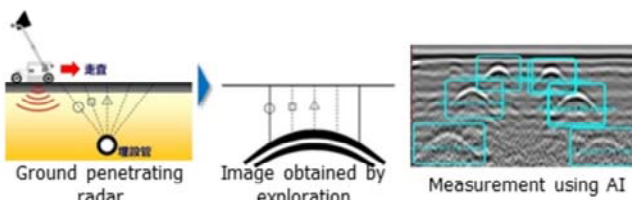
【Drones for infrastructure inspection】

✓ Alliance partner: Japan Infrastructure Waymark Corp.



【AI utilization to improve efficiency and security standards】

✓ Alliance partner: HACARUS Inc.



【Smart Factory at Senboku LNG terminal】

✓ Alliance partner: Panasonic Systems Solutions Japan Co., Ltd.



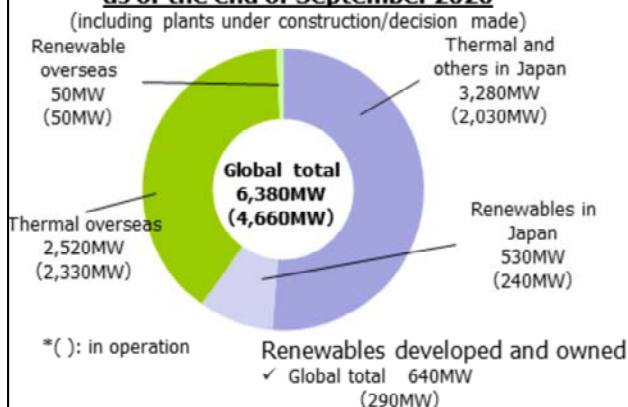
During this quarter, we have accelerated the digital transformation of our businesses, leveraging technologies and know-how available through the alliance with our business partners from various fields.

We intend to continue improving services and business operations by introducing new technologies such as AI and drones in order to provide enhanced convenience to customers while raising operational efficiency and safety.

Domestic Energy Business (Power Source Portfolio)

- Power capacity steadily expanded, aiming at 9GW, FY2031.3 target
- Renewable power generation capacity increased, including off-shore wind power

[Power generation portfolio breakdown] as of the end of September 2020



[Power plants under construction/decision already made]

	Power plant	Capacity (MW)	Scheduled COD
Renewables in Japan	Shiribetu Wind Power Plant	27.0	Feb. 2021
	Ichihara Biomass Power Plant	49.9	Oct. 2020
	Sodegaura Biomass Power Plant	74.9	Jul. 2022
	Hirohata Biomas Power Plant	74.9	Aug. 2023
	Tokushima Tsuda Biomas Power Plant	74.8	Mar. 2023
	Noheji Mutsuwan Wind Power Plant	39.6	Apr. 2022
Natural Gas	Himeji Natural Gas Power Plant (Japan)	1,250.0	Jan. & May 2026
	Three Rivers Natural Gas Power Plant (US)	1,250.0	May 2023

[Major Achievements]

- Commercial operation start of Fukushima Natural Gas Power Plant (Unit 1 in April, Unit 2 in August)
- Planning Stage Environmental Impact Statement publicized and inspected for an off-shore wind farm in Karatsu, Saga
- Joint investment in Noheji Mutsuwan Wind Power Plant
- Conclusion of an agreement to purchase renewable power from West Holdings Corp.
- VPP verification project featuring ENE-FARM, a residential fuel cell system

[VPP verification project outline]

✓ Energy resource	• Residential fuel cell, ENE-FARM type-S ; approximately 1,500 units
✓ Major contents of verification	• Through the remote control of multiple ENE-FARM units, i. Verification of technologies to ensure accurate supply of adjustment power for power grid stabilization ii. Verification of technologies to control power in accordance with the grid supply and demand situation

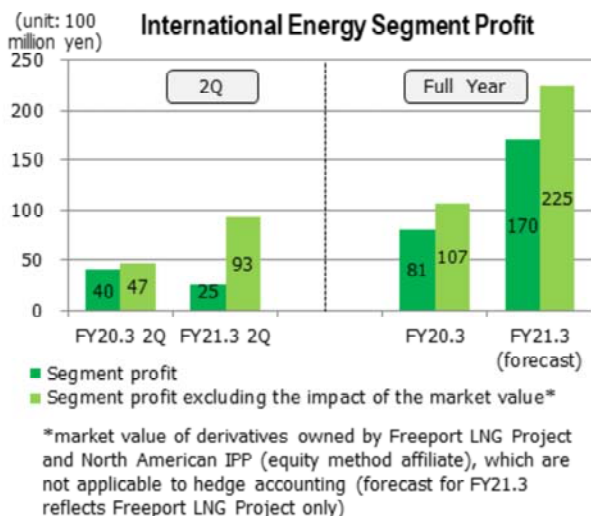
In our efforts to build up our power generation portfolio, we have started the commercial operation of Units 1 and 2 of Fukushima natural gas-fired power plant, increasing our total generation capacity to 6.4GW inclusive of plants under construction in Japan and overseas.

We are also accelerating the expansion of renewable power generation capacity, proceeding with new environmental assessment for off-shore wind farms, procuring solar power from West Holdings Corporation under a long-term contract, and launching a verification project to establish a virtual power plant using ENE-FARM, a residential fuel cell system.

We intend to continue widening our playing field where we can contribute to creating low carbon and decarbonized society.

International Energy Business

- Freeport LNG Project and Sabine Shale Gas Project smoothly operated, which started to profit contribution, while this segment profit decreased due to drops in the interest rates of US and the crude oil price.
- Further continued growth expected, with Freeport LNG Project's Trains 2 & 3 starting commercial operation.



Major Achievements

- Freeport LNG Project's start of commercial operation
→ Train 1: commercial operation started in Dec. 2019
Train2: commercial operation started in Jan. 2020
Train3: commercial operation started in May 2020
- Sabine Shale Gas Project contributes stable profits
→ Profits stabilized with derivatives and stable production, business operation stabilized, transportation cost reduced
- SolAmerica Energy, LLC business promoted
→ 43MW solar project completed in GA, US
- Three Rivers natural gas power generation project in IL, US (Electricity sales business in PJM market)
→ Capacity: 1,250MW
Efficiency: approx. 61% (sending end, LHV standard)
Method: natural gas combined cycle
Shareholding: 15%
Planned COD: May 2023



Freeport LNG Project
By courtesy of Freeport LNG Development, L.P.



Sabine Shale Gas Project



Three Rivers Natural Gas Power Plant

In the International Energy business, which saw a decrease in profit due to drops in the interest rates of US and the crude oil price, we have made a steady progress in projects including Freeport LNG Project and Sabine Shale Gas Project. Those businesses have started to profit contribution, and have been raising the prospect of continued growth, especially with Freeport LNG's Trains 2 and 3 starting commercial operation.

In other overseas projects, we have expanded our power generation portfolio by taking part in projects such as SolAmerica Energy solar power and Three Rivers natural gas-fired power generation through the investment in those businesses.

Main Topics in 2nd Quarter of FY2021.3

Apr.	<ul style="list-style-type: none"> ✓ Ohgishima City Gas Supply, Ltd. Begins Commercial Operation of City Gas Production and Supply Facility ✓ Osaka Gas to Partner with NTT Com to Launch an AI-automated Voice Response Service at Its Contact Center ✓ Osaka Gas Invests in Japan Infra Waymark, Which Offers Infrastructure Inspection Solutions Using Drones ✓ Osaka Gas Invests in HACARUSINC., a Venture Company with Superb AI Technologies Including Image Analysis
May	<ul style="list-style-type: none"> ✓ Osaka Gas Starts Commercial Operation of Unit 1 of Fukushima Natural Gas Power Plant ✓ Osaka Gas Acquires Shares of Global Base ✓ Osaka Gas Begins Collaboration with Sharp in Providing Equipment Utilizing an IoT Platform -Mobile App Provided by Sharp Enables Remote Control of IoT-connected Gas Equipment-
Jun.	<ul style="list-style-type: none"> ✓ Osaka Gas to Start a Verification Project to Establish a Virtual Power Plant (VPP) Using a residential Fuel Cell, ENE-FARM -VPP Verification Project Connecting 1,500 Units- ✓ Osaka Gas Liquid to Invest in Singapore SSB Group's Associate Company to Participate in the Industrial Gas Production and Sales Business in Vietnam
Jul.	<ul style="list-style-type: none"> ✓ Osaka Gas Launches its Third With Plan, "With ABEMA Plan" and Starts Accepting Applications ✓ Improvement of On-site Work Efficiency by Promoting DX Using a Private BWA System -Upgrading Osaka Gas Senboku Plant to a Smart Factory- ✓ Launch of IoT-compatible Alarm Device "Sumapiko" and Cooperation with the Osaka City Government and the Osaka Prefectural Police Regarding Provision of Disaster and Crime Prevention Information ✓ "Heartful Bento Project"-Supporting medical professionals fighting the COVID-19- ✓ Public notification relating to the Environmental Impact Assessment Consideration Statement for [tentative name] Saga Karatsu City Offshore Wind Power Project
Aug.	<ul style="list-style-type: none"> ✓ Osaka Gas Announces its Decision to Issue Publicly Offered Hybrid Corporate Bonds (Publicly Offered Subordinated Corporate Bonds) ✓ Collaboration with Sony Network Communications to enable customers to remotely operate IoT-compatible gas appliances by using Sony's smartphone app for multifunctional light ✓ Announcement of Collaboration to Improve Convenience and Security of Rental Apartments ✓ Osaka Gas Starts Commercial Operation of Unit 2 of Fukushima Natural Gas Power Plant ✓ Osaka Gas to Participate in Natural Gas-fueled Thermal Electric Generation in Illinois, U.S. ✓ Osaka Gas has concluded a Renewable Electricity Procurement Contract with West Holdings

Main Topics in 2nd Quarter of FY2021.3

Sep.	<ul style="list-style-type: none"> ✓ Osaka Gas Announces Its Determination of Issuance Conditions for Publicly Offered Hybrid Corporate Bonds (Publicly Offered Subordinated Corporate Bonds) ✓ Implementation of FY2020 Company-wide Comprehensive Disaster Drill ✓ Osaka Gas to Organize a Connecting Gas Exhibition on the Web in Which Customers Can Participate from Home ✓ Osaka Gas Expands the Menu of Sumikata Services, Designed to Solve Housing Problems and Provide Peace of Mind, with the Number of Sumikata Members Exceeding 400,000
Oct.	<ul style="list-style-type: none"> ✓ Osaka Gas Acquires Shares in Palette Cloud Inc. ✓ Direction of Spin-Off of the Gas Pipeline Segment ✓ Osaka Gas Starts to Accept Applications for Miraito Denki, its New Electricity Rate Plan ✓ Five companies agree on joint study of "FOURE concept" with the aim of developing renewable energy and the region together ✓ Announcement of Transfer of Shares of Osaka Gas Niugini Pty Ltd ✓ Osaka Gas Joint investment in offshore wind power generation business

* Press releases were issued in the above indicated months.

II. Summary of Business Results and Forecasts

Summary of Business Results for 2nd Quarter of FY2021.3 and Forecasts for FY2021.3

Year-on-Year Comparison

Consolidated net sales	Decreased by 2.2% (¥14.0 billion) to ¥638.9 billion due to the decrease in the gas sales volume and the gas sales unit price, etc.
Consolidated ordinary profit	Increased by 9.9% (¥4.9 billion) to ¥54.8 billion due to the increase in the electricity business and the impact of the time-lag effect in the gas business, etc. The time-lag effect totaled ¥+9.8 billion (The time-lag effect in previous year was ¥+5.5 billion).
Consolidated profit*	Increased by 10.0% (¥3.3 billion) to ¥36.7 billion

FY2021.3 Forecasts against Previous Forecasts

Consolidated net sales	Decrease by 3.2% (¥43.5 billion) to ¥1,336.5 billion due to the decrease in the sales unit price in the Domestic Energy business, etc.
Consolidated ordinary profit	¥100.0 billion, unchanged from previous forecast Although there is the increase in the gas business and the LNG sales business, there is also the decrease in the Life & Business Solutions (LBS) business and International Energy business, etc. The time-lag effect totaled ¥+4.2 billion (The time-lag effect in the previous forecast was ¥+2.7 billion).
Consolidated profit*	¥71.5 billion, unchanged from previous forecast

* Profit attributable to owners of parent

Next, I would like to explain a summary of the business results for the second quarter of the fiscal year ending March 31, 2021 and the full-year forecasts.

Consolidated ordinary profit increased by 4.9 billion yen from the previous fiscal year to 54.8 billion yen due to the increase in the electricity business, the impact of the time-lag effect in the gas business and others. Profit attributable to owners of parent increased by 3.3 billion yen from the previous fiscal year to 36.7 billion yen.

Consolidated ordinary profit of the forecasts for the fiscal year ending March 2021 is unchanged from the previous forecasts. Although there is the increase in the gas business and the LNG sales business, there is also the decrease in the Life & Business Solutions (LBS) business and International Energy business, etc.

Impact of the spread of COVID-19

- The forecasts reflects the impact on business such as the shrink of economic activity and the decline in the energy prices including crude oil and the interest rates of US, due to the spread of the COVID-19.
- From the previous forecasts, profits in the gas business and LNG sales business are expected to increase, and profits in the International Energy business and the LBS business are expected to decrease.

Impact of the spread of COVID-19

	FY21.3 2Q	FY21.3 forecasts
Domestic Energy business	<ul style="list-style-type: none"> • Profits increased due to the impact of the time-lag effect in the gas business, etc. 	<ul style="list-style-type: none"> • Reflect profits increase due to the time-lag effect, etc. by the decline in the crude oil price*
	<ul style="list-style-type: none"> • Residential gas sales volume exceeded expectations 	<ul style="list-style-type: none"> • Reflect the results of FY21.3 2Q
	<ul style="list-style-type: none"> • Non-residential gas sales volume decreased by 12.6% from the previous year • Decreased mainly in metals, chemicals, restaurants, and hotel industries 	<ul style="list-style-type: none"> • Reflect further decrease in sales volume based on FY21.3 2Q trends
	<ul style="list-style-type: none"> • The pace of gas and electricity switching slowed 	-
	<ul style="list-style-type: none"> • Maintain stable energy supply 	<ul style="list-style-type: none"> • Maintain stable energy supply by thoroughly implementing measures against infections and diversifying LNG procurement countries, etc.
International Energy business	<ul style="list-style-type: none"> • Profits from the upstream business decreased due to the decline of the crude oil prices • Profits decreased due to the impact of market value of derivatives due to the decline in the interest rates of US • Profits from the IPP projects in North America decreased due to the decline in the energy prices 	<ul style="list-style-type: none"> • Reflect profits decrease due to the decline in the crude oil price*, the interest rates of US and the energy prices of US • Reflect profits increase due to the tax benefit (Idemitsu Snorre Oil Development)
Life & Business Solutions business	<ul style="list-style-type: none"> • Profits decreased in the fitness business, the information solutions business and the materials solutions business, etc. 	<ul style="list-style-type: none"> • Reflect profits decrease in the fitness business, the information solutions business and the materials solutions business based on FY21.3 2Q trends
Investment for growth	<ul style="list-style-type: none"> • Some construction work is delayed 	-

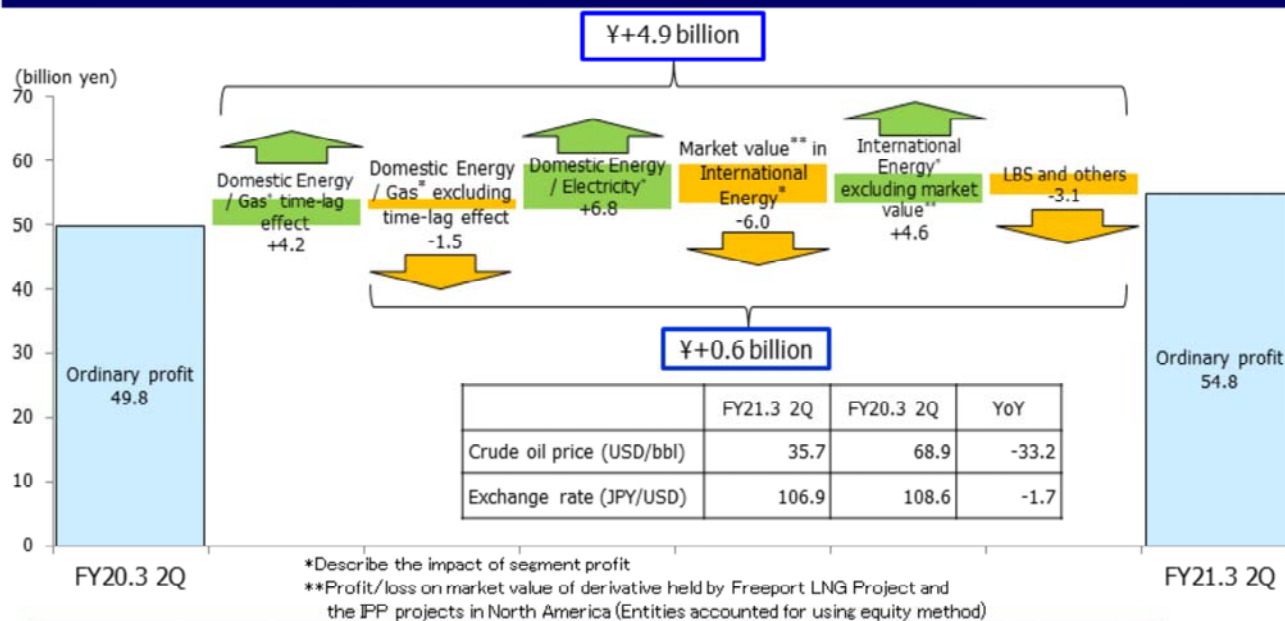
*crude oil price -1 USD/bbl in 3-4Q → +0.5billion yen to consolidated ordinary profit

As you can see, the impact of the spread of the COVID-19 on our businesses is wide-ranging.

As of the first quarter, it was difficult to reasonably calculate the impact on our business, and only the impact that materialized clearly at that time was reflected in the forecasts for the fiscal year ending March 2021. But this time, we have revised it based on the current forecasts for the end of the fiscal year.

YoY Comparison of 2nd Quarter of FY2021.3

- Consolidated ordinary profit increased by ¥4.9 billion year-on-year to ¥54.8 billion due to the impact of the time-lag effect and the increase in the electricity business, etc.
- Excluding the impact of the time-lag effect, consolidated ordinary profit was almost same level as the previous year.
- Although there was the decrease due to the decrease in the gas sales volume and in the International Energy business and the LBS business, there was also the steady increase in the electricity business and the International Energy business excluding the impact of market value.



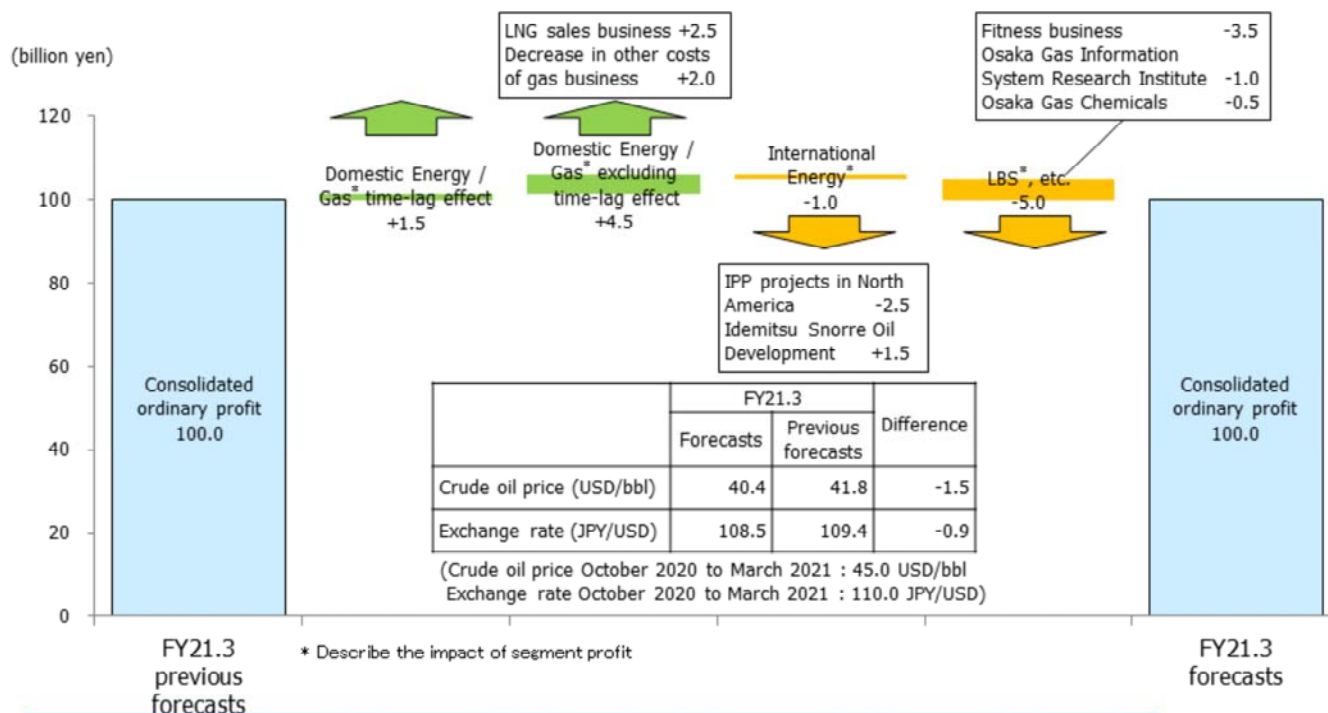
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Consolidated ordinary profit increased by 4.9 billion yen from the previous year, but excluding the impact of the time-lag effect in the gas business, it was almost same level as the previous year due to the decrease in the gas sales volume, the decrease in the International Energy business and the LBS business and others.

However, the electricity business and the International Energy business, excluding the impact of the market value, have steadily increased from the previous year due to the steady acquisition of retail contracts for electricity, the profits contribution from Freeport LNG Project, Sabine Shale Gas Project and others.

FY2021.3 Forecasts against Previous Forecasts

- Consolidated ordinary profit is unchanged.
- There is the increase in the Domestic Energy business including the time-lag effect in the gas business and the LNG sales business, but there is the decrease in the International Energy business and the LBS business, etc.



As explained earlier, consolidated ordinary profit is unchanged from the previous forecasts.

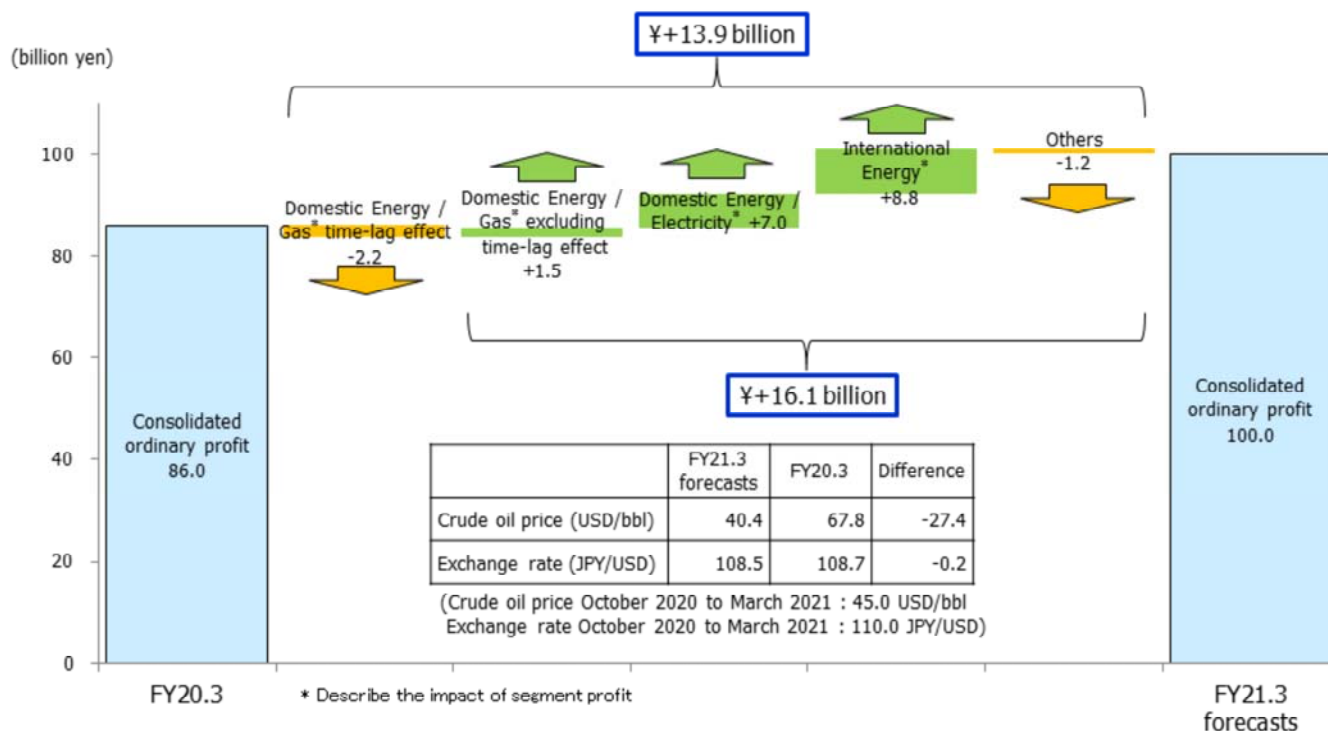
The Domestic Energy / Gas segment profits reflect the impact of the time-lag effect in the gas business, the decrease in the other costs of gas business and the increase in the LNG sales business.

The International Energy segment profits are expected to decrease from the previous forecasts due to the decrease in the IPP projects in North America due to the decline in energy prices of US, although there is the increase due to the tax benefit at Idemitsu Snorre Oil Development.

In addition, it reflects the decrease in the LBS business including the fitness business.

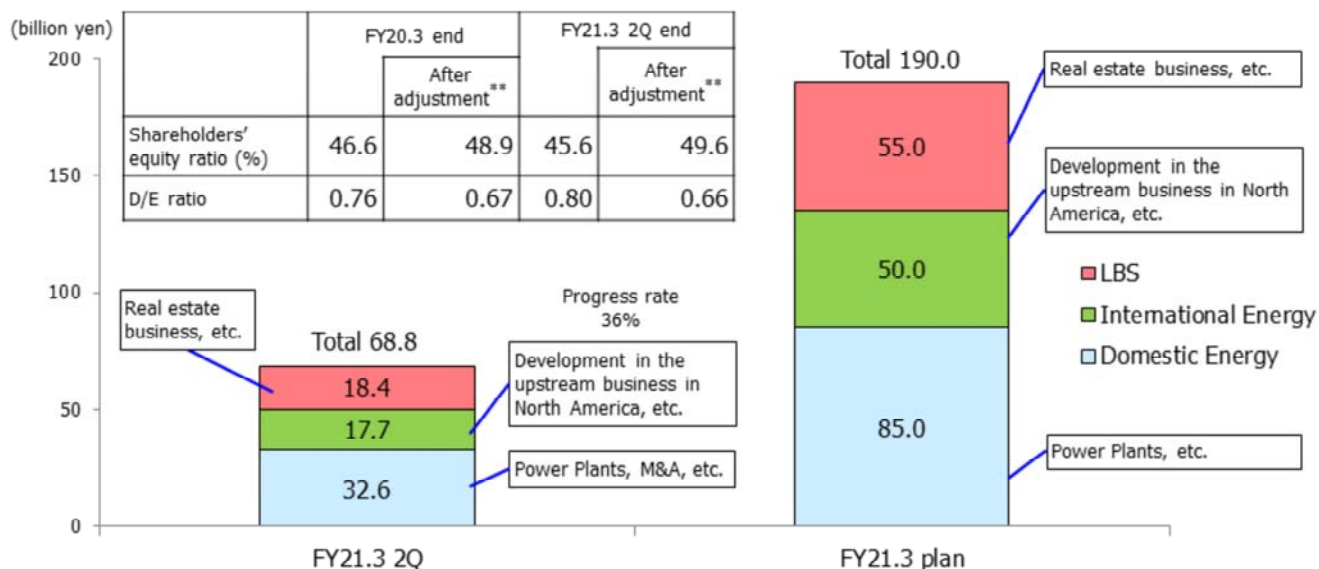
YoY Comparison of Forecasts for FY2021.3

- Consolidated ordinary profit is expected to increase by ¥13.9 billion year-on-year to ¥100.0 billion.
- This is due to the profit contribution from Freeport LNG Project and Sabine Shale Gas Project, etc.



Results of Investment for growth for 2nd Quarter of FY2021.3

- We invested ¥ 68.8 billion for growth in Power Plants, M&A, the development in the upstream business in North America and the real estate business, etc.
- The financial soundness indicator maintains the Shareholders' equity / Total assets ratio of around 50% and the D / E ratio of around 0.7 due to issue of hybrid bonds, etc.



* 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.

** Calculated with 50% of issued hybrid bonds of 100 billion yen as equity (It does not mean that shares will be diluted) (Issued : ¥ 100 billion in December 2019, ¥ 75 billion in September 2020)

In the second quarter of the fiscal year ending March 2021, we invested ¥ 68.8 billion for growth in the Power Plants, M&A, the development in the upstream business in North America, the real estate business and others.

Calculated with 50% issued hybrid bonds as equity, the shareholders' equity ratio was 49.6% and the D/E ratio was 0.66. We are maintaining the equity ratio of around 50% and the D/E ratio of around 0.7 outlined in the Medium-Term Management Plan.

Going forward, we will continue to invest in corporate growth while maintaining a balance with financial soundness.

For other details, please see the materials posted on the website.
This is the end of my explanation.

A horizontal bar with a blue-to-white gradient, starting with a solid blue square on the left and fading to white on the right.

III. Business Results and Forecasts

Results for 2nd Quarter of FY2021.3-I

Figures in () are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY21.3 2Q	B. FY20.3 2Q	A-B	(A-B) /B(%)	Remarks
Net sales	(1.28) 638.9	(1.27) 652.9	-14.0	-2.2	
Operating profit	(1.66) 51.9	(1.70) 44.3	+7.5	+17.1	Increased due to the increase in the electricity business and the impact of the time-lag effect in the gas business, etc.
Ordinary profit	(1.45) 54.8	(1.42) 49.8	+4.9	+9.9	
Profit*	(1.30) 36.7	(1.23) 33.4	+3.3	+10.0	
EBITDA **	105.5	93.4	+12.1	+13.0	
* Profit attributable to owners of parent					
** EBITDA=operating profit(loss) + depreciation + amortization of goodwill + Share of profit(loss) of entities accounted for using equity method					
The time-lag effect	9.8	5.5	+4.2	-	
Ordinary profit excluding time-lag effect	44.9	44.2	+0.6	+1.6	
Crude oil price*** USD/bbl	35.7	68.9	-33.2		
Exchange rate JPY/USD	106.9	108.6	-1.7		

*** Average of preliminary monthly data up to September 2020

Results for 2nd Quarter of FY2021.3-II

billion yen	Net sales			Segment Profit*			Remarks
	A.FY21.3 2Q	B.FY20.3 2Q	A-B	A.FY21.3 2Q	B.FY20.3 2Q	A-B	
Domestic Energy / Gas	438.0	464.1	-26.1	31.7	28.9	+2.7	Profit : Increased due to the impact of the time-lag effect in the gas business, etc.
Domestic Energy / Electricity	111.1	97.7	+13.3	11.6	4.8	+6.8	Profit : Increased due to the increase in the sales volume and the impact of the time-lag effect, etc.
International Energy	30.0	25.4	+4.5	2.5	4.0	-1.4	Profit : Decreased due to the impact of the market value of derivative, etc. Excluding the impact of the market value, increased due to the profit contribution from the Freeport LNG Project and the Sabine Shale Gas Project, etc.
Life & Business Solutions	99.5	105.1	-5.5	7.2	9.0	-1.7	Profit : Decreased in the information solutions business and the fitness business, etc.
Adjustments	-39.9	-39.6	-0.2	3.6	1.7	+1.8	
Consolidated	638.9	652.9	-14.0	56.8	48.6	+8.1	

* Segment profit = operating profit(loss) + share of profit(loss) of entities accounted for using equity method

** In April 2020, Gas and Power Co., Ltd. ("Domestic Energy / Electricity") was merged into Daigas Gas and Power Solution Co., Ltd. ("Domestic Energy / Gas" segment). Results for FY20.3 are calculated based on this change.

Including profit/loss on market value of derivative
A.FY21.3 2Q -6.8, B.FY20.3 2Q -0.7, A-B -6.0

Results for 2nd Quarter of FY2021.3-III

Consolidated, billion yen	A. FY21.3	FY20.3		A-B	Remarks
	2Q end	2Q end	B. year end		
Total assets	2,199.5	2,029.1	2,140.4	+59.0	Increased in the investment for growth and the cash and deposits, etc.
Shareholders' equity	1,004.0	1,004.2	997.4	+6.5	
Interest-bearing debts	803.8	679.9	754.0	+49.8	Increased due to the issuance of corporate bonds, etc.
Number of employees	21,044	20,628	20,543	+501	Increased in Osaka Gas Information System Research Institute Group and a new consolidation, etc.
Shareholders' equity / Total assets	45.6%	49.5%	46.6%	-1.0%	
(After adjustment*)	(49.6%)	(49.5%)	(48.9%)	(+0.7%)	
D/E ratio	0.80	0.68	0.76	+0.04	
(After adjustment*)	(0.66)	(0.68)	(0.67)	(-0.02)	

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

Consolidated, billion yen	A. FY21.3	FY20.3		A-B	Remarks
	2Q	B. 2Q	full year		
Capital expenditure	82.6	51.4	131.0	+31.2	
Depreciation	48.6	44.7	91.9	+3.9	
Free cash flow**	56.4	64.8	125.3	-8.3	
ROA	1.7%	1.6%	2.0%	+0.0%	
ROE	3.7%	3.3%	4.2%	+0.3%	
EPS(yen/share)	88.5	80.4	100.5	+8.1	
BPS(yen/share)***	2,414.9	2,415.3	2,399.1	+15.9	

** Free cash flow = cash flows from operating activities - capital expenditures for upgrading existing businesses

*** Changes are differences from the results for the full year of FY20.3 results.

Forecasts for FY2021.3 – I

Figures in () are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY21.3 forecasts		B. FY21.3 previous forecasts		A-B	(A-B)/B(%)	Remarks
Net sales	(1.30)	1,336.5	(1.30)	1,380.0	-43.5	-3.2	Decrease due to the decrease in the sales unit price in the Domestic Energy business, etc.
Operating profit	(1.95)	93.5	(2.14)	90.0	+3.5	+3.9	Increase in the gas business and LNG sales business, etc.
Ordinary profit	(1.69)	100.0	(1.89)	100.0	-	-	Decrease in the fitness business and the International Energy business
Profit*	(1.59)	71.5	(1.74)	71.5	-	-	
EBITDA**		200.0		197.5	+2.5	+1.3	
The time-lag effect		4.2		2.7	+1.5	-	
Ordinary profit excluding time-lag effect		95.7		97.2	-1.5	-1.5	
Crude oil price*** USD/bbl		40.4		41.8	-1.5		October 2020 to March 2021 : 45.0 USD/bbl
Exchange rate JPY/USD		108.5		109.4	-0.9		October 2020 to March 2021 : 110.0 JPY/USD

* Profit attributable to owners of parent

** EBITDA=operating profit (loss) + depreciation + amortization of goodwill + share of profit (loss) of entities accounted for using equity method

*** Average of preliminary monthly data up to September 2020

Forecasts for FY2021.3 – II

billion yen	Net sales			Segment Profit*			Remarks
	A.FY21.3 forecasts	B.FY21.3 previous forecasts	A-B	A.FY21.3 forecasts	B.FY21.3 previous forecasts	A-B	
Domestic Energy / Gas	870.0	897.5	-27.5	52.5	46.5	+6.0	Profit : Increase in the gas business and LNG sales business
Domestic Energy / Electricity	221.0	231.0	-10.0	15.0	15.0	-	
International Energy	79.0	79.0	-	17.0	18.0	-1.0	Profit : Decrease in the IPP projects in North America, etc.
Life & Business Solutions	217.5	223.5	-6.0	19.0	21.5	-2.5	Profit : Decrease in the fitness business and the information solutions business
Adjustments	-51.0	-51.0	-	-	-	-	
Consolidated	1,336.5	1,380.0	-43.5	103.5	101.0	+2.5	

* Segment profit=operating profit(loss) + share of profit(loss) of entities accounted for using equity method

Forecasts for FY2021.3 – III

Figures in () are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY21.3 forecasts	B. FY20.3 results	A-B	(A-B)/B(%)	Remarks
Net sales	(1.30) 1,336.5	(1.26) 1,368.6	-32.1	-2.4	
Operating profit	(1.95) 93.5	(1.83) 83.7	+9.7	+11.6	Increase in the International Energy business, etc.
Ordinary profit	(1.69) 100.0	(1.47) 86.0	+13.9	+16.3	
Profit*	(1.59) 71.5	(0.93) 41.7	+29.7	+71.1	Increase due to the rebound from the impairment loss of the upstream projects in the International Energy business
EBITDA **	200.0	180.9	+19.0	+10.5	
The time-lag effect	4.2	6.5	-2.2	-	
Ordinary profit excluding time-lag effect	95.7	79.5	+16.1	+20.4	Increase in the International Energy business, etc.
Crude oil price*** USD/bbl	40.4	67.8	-27.4		October 2020 to March 2021 : 45.0 USD/bbl
Exchange rate JPY/USD	108.5	108.7	-0.2		October 2020 to March 2021 : 110.0 JPY/USD

* Profit attributable to owners of parent

** EBITDA=operating profit (loss) + depreciation + amortization of goodwill + share of profit (loss) of entities accounted for using equity method

*** Average of preliminary monthly data up to September 2020

Forecasts for FY2021.3 – IV

billion yen	Net sales			Segment Profit*			Remarks
	A.FY21.3 forecasts	B.FY20.3 results	A-B	A.FY21.3 forecasts	B.FY20.3 results	A-B	
Domestic Energy / Gas	870.0	973.7	-103.7	52.5	53.1	-0.6	Profit : Almost the same level as the previous year
Domestic Energy / Electricity	221.0	204.8	+16.1	15.0	7.9	+7.0	Profit : Increase due to the increase in the sales volume, etc.
International Energy	79.0	61.2	+17.7	17.0	8.1	+8.8	Profit : Increase due to the profit contribution from Freeport LNG Project and Sabine Shale Gas Project, etc.
Life & Business Solutions	217.5	219.4	-1.9	19.0	19.6	-0.6	Profit : Almost the same level as the previous year
Adjustments	-51.0	-90.6	+39.6	-	0.1	-0.1	
Consolidated	1,336.5	1,368.6	-32.1	103.5	89.0	+14.4	

* Segment profit=operating profit(loss) + share of profit(loss) of entities accounted for using equity method

Forecasts for FY2021.3 – V

Consolidated, billion yen	A. FY21.3 end forecasts	B. FY20.3 end	A-B	Remarks
Total assets	2,285.2	2,140.4	+144.7	Increase in the investment for growth, etc.
Shareholders' equity	1,056.8	997.4	+59.3	
Interest-bearing debts	834.4	754.0	+80.4	Increase due to the new borrowing, etc.
Number of employees	21,450	20,543	+907	Increase in Jacobi Carbons AB and Osaka Gas Information System Research Institute Group, etc.
Shareholders' equity / Total assets	46.2%	46.6%	-0.4%	
(After adjustment*)	(50.1%)	(48.9%)	(+1.1%)	
D/E ratio	0.79	0.76	+0.03	
(After adjustment*)	(0.65)	(0.67)	(-0.02)	

*Calculated with 50% of issued hybrid bonds as equity (It does not mean that shares will be diluted)

Consolidated, billion yen	A. FY21.3 forecasts	B. FY20.3 results	A-B	Remarks
Capital expenditure	203.0	131.0	+71.9	Increase in the investment for growth, etc.
Depreciation	94.6	91.9	+2.7	
Free cash flow**	85.3	125.3	-40.0	Increase in the working capital, etc.
ROA	3.2%	2.0%	+1.2%	
ROE	7.0%	4.2%	+2.8%	
EPS (yen/share)	172.0	100.5	+71.5	
BPS (yen/share)	2,541.7	2,399.1	+142.7	

** Free cash flow = cash flows from operating activities - capital expenditures for upgrading existing businesses

Sales-related results for 2nd Quarter of FY2021.3

* Number of units for gas supply = number of meters installed - number of meters unused (unoccupied houses, etc.)
 - number of units for gas supply from other companies
 ** The difference factors are described on pages 31 and 32

■ Gas sales volume

45MJ/m ³	A.FY21.3 2Q	B.FY20.3 2Q	A-B	(A-B)/B(%)
Number of units for gas supply* (thousands)	5,096	5,332	-236	-4.4
Installation of new meters (thousands)	48	48	-1	-1.1
Monthly gas sales volume per household (m ³ /month)	23.3	21.9	+1.5	+6.8
Residential**	693	682	+11	+1.6
Non-Residential**	2,465	2,821	-356	-12.6
Non-consolidated gas sales volume (million m ³)	3,158	3,504	-345	-9.9
Consolidated gas sales volume (million m ³)	3,178	3,525	-348	-9.9

■ Electricity sales volume (Consolidated)

	A.FY21.3 2Q	B.FY20.3 2Q	A-B	(A-B)/B(%)
Retail	2,715	2,095	+620	+29.6
Wholesale, etc.	4,879	4,255	+624	+14.7
Electricity Sales Volume(GWh)	7,594	6,349	+1,244	+19.6
Number of low-voltage electricity supply (thousands)	1,424	1,160	+265	+22.8

■ Customer Accounts (Consolidated)

	A.FY21.3 2Q end	B.FY20.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (ten thousands)	923	910	+13	+1.4

Sales-related forecasts for FY2021.3

■ Gas sales volume

* The difference factors are described on pages 31 and 32

45MJ/m ³	FY21.3		B. FY20.3 results	A-B	(A-B) /B(%)
	Previous forecasts	A. Forecasts			
Residential*	1,798	1,817	1,798	+19	+1.1
Non-Residential*	5,200	5,100	5,526	-427	-7.7
Non-consolidated gas sales volume (million m ³)	6,998	6,917	7,324	-408	-5.6
Consolidated gas sales volume (million m ³)	7,034	6,953	7,362	-410	-5.6

■ Electricity sales volume (Consolidated)

	FY21.3		B. FY20.3 results	A-B	(A-B) /B(%)
	Previous forecasts	A. Forecasts			
Electricity Sales Volume(GWh)	16,567	16,567	13,189	+3,378	+25.6

■ Customer Accounts (Consolidated)

	FY21.3		B. FY20.3 end	A-B	(A-B) /B(%)
	Previous end forecasts	A. End forecasts			
Number of customer Accounts (ten thousands)	930	930	910	+20	+2.2

Residential Gas Sales

FY21.3 2Q

	YoY change	Remarks
Number of customers	-3.5%	Switching to another company, etc.
Impact of temperature	+5.4%	2 nd quarter average temperature: 23.7 degrees Celsius (+0.1 degrees Celsius from the previous year)
Others	-0.3%	High-efficiency of gas appliances, decrease in household size, etc.
Total	+1.6%	



FY21.3 forecasts

- Residential gas sales volume is expected to increase by 19 million m³ (1.1%) from the previous year to 1,817million m³, due to the impact of the rebound from high air and water temperatures of the previous year, etc.

Non-Residential Gas Sales

FY21.3 2Q

	YoY change	Remarks
Demand development	+0.6%	Equipment introduction, fuel conversion, etc.
Impact of temperature	+0.3%	
Capacity utilization of facilities	-8.3%	The impact of the spread of COVID-19, etc.
Individual factor	-4.1%	Decreased in the capacity utilization at specific customers and due to the switching to another company, etc.
Others	-1.1%	
Total	-12.6%	



FY21.3 forecasts

- Non-residential gas sales volume is expected to decrease by 427 million m³ (7.7%) from the previous year to 5,100 million m³, due to the impact of the spread of COVID-19, etc.

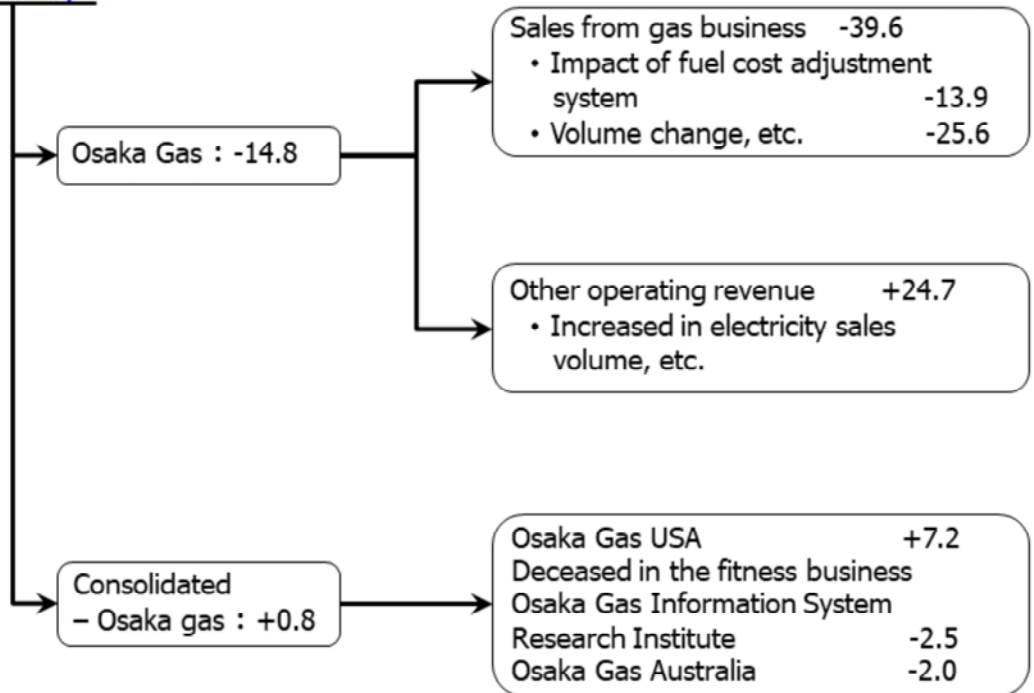
IV. Facts and Figures

Sales variance for 2nd Quarter of FY2021.3 (Year-on-Year)

FY20.3 2Q → FY21.3 2Q (differences)

652.9 638.9 (-14.0)

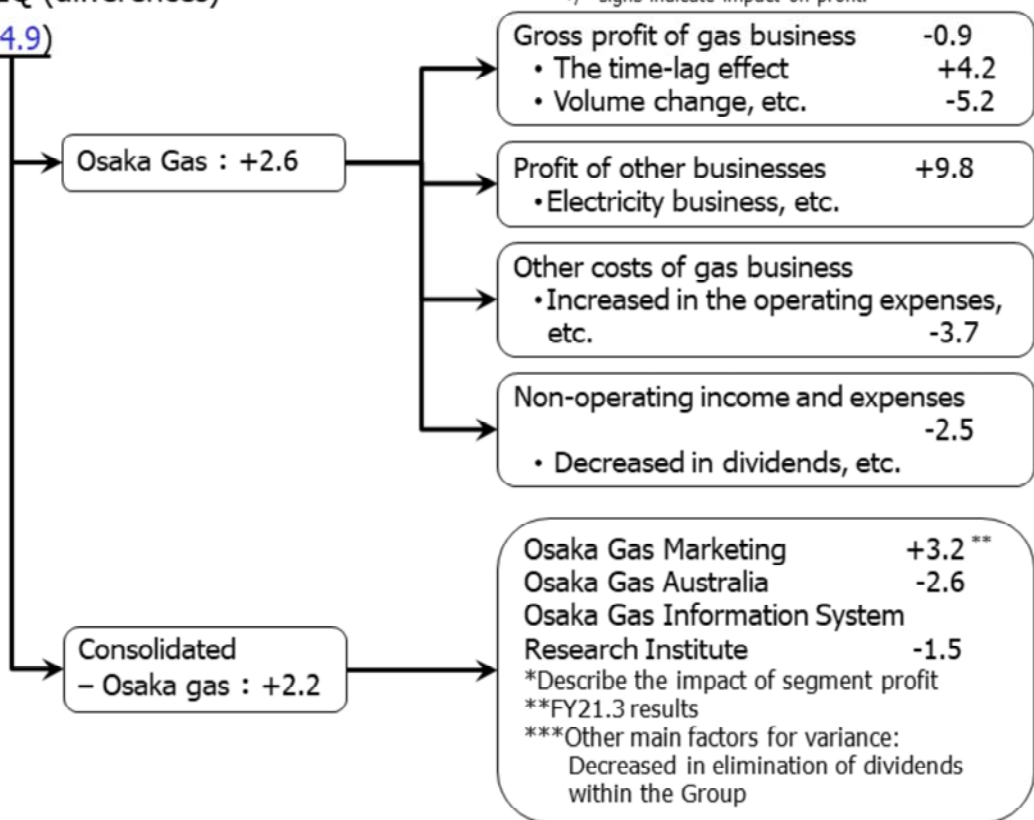
(billion yen)



Ordinary profit variance for 2nd Quarter of FY2021.3 (Year-on-Year)

FY20.3 2Q → FY21.3 2Q (differences)

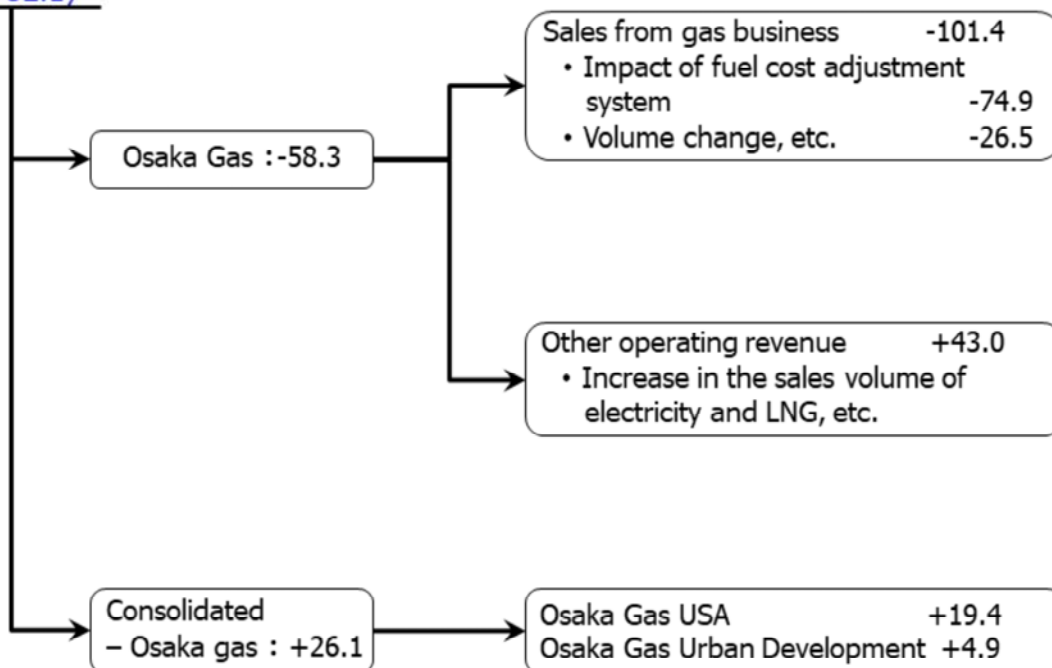
49.8 54.8 (+4.9)
(billion yen)



Sales variance for FY2021.3 Forecasts (Year-on-Year)

FY20.3 → FY21.3 forecasts (differences)

1,368.6 1,336.5 (-32.1)
 (billion yen)

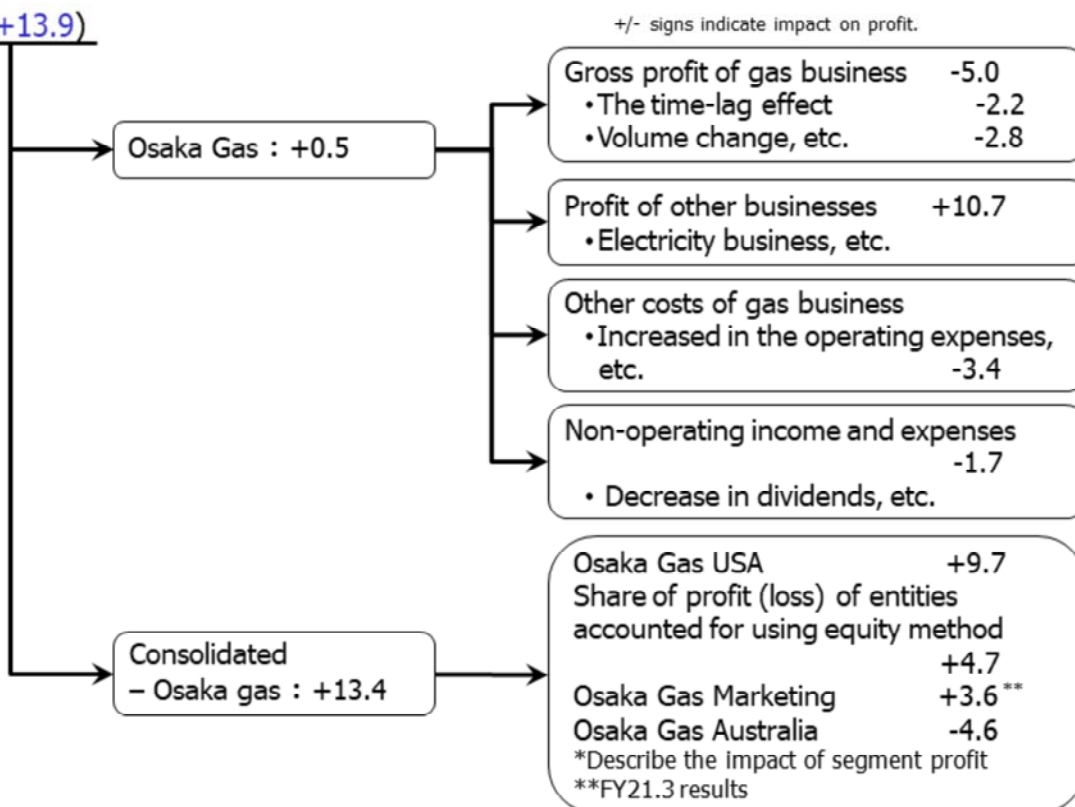


Ordinary profit variance for FY2021.3 Forecasts (Year-on-Year)

FY20.3 → FY21.3 forecasts (differences)

86.0 100.0 (+13.9)

(billion yen)



Risk Factors for Annual Earnings Results Forecasts

- Atmospheric and water temperatures
 - A +1 degree Celsius change in atmospheric and water temperatures will affect the residential gas sales volume: increase/decrease of approx. -7% in spring and autumn, approx. -8% in summer, and approx. -6% in winter.

- Crude oil prices
 - LNG prices are linked to crude oil prices. A +1USD/bbl. change in crude oil prices will have an effect of approx. -0.5 billion yen on ordinary profit since the 3rd quarter (Oct. thru. Mar.) of this fiscal year.

- Foreign exchange rate
 - LNG prices are affected by fluctuations in the USD/JPY exchange rate. A +1 yen fluctuation in the USD/JPY exchange rate will have an effect of approx. -0.7 billion yen on ordinary profit since the 3rd quarter (Oct. thru. Mar.) of this fiscal year.

- Materials costs
 - Although the fuel cost adjustment system allows us to reflect changes in fuel costs in gas rates in the medium- and long-term, an increase in fuel costs is likely to affect the business results due to a time lag in reflecting cost fluctuations, and also depends on the composition of fuel suppliers.

- Interest rate
 - A +1% change in the interest rate will have an effect of approx. +1.9 billion yen on annual consolidated non-operating expenses.

Thank you