



# Financial Report for 1<sup>st</sup> Quarter of FY2022.3 (April 2021 – June 2021)

Creating Value for a Sustainable Future

July 2021  
Osaka Gas Co., Ltd.



I'm Matsui from Osaka Gas.

Thank you for taking time to participate in our conference call to discuss our financial results for the 1<sup>st</sup> quarter of FY2022.3.

On behalf of the company, I would like to express my gratitude for your continued support and understanding in regard to the Company's businesses.

I would now like to explain the financial results for the 1<sup>st</sup> quarter of FY2022.3 in accordance with the presentation materials disclosed on our website.

Please look at page 4.

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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/m<sup>3</sup>.

### Note regarding consolidated gas sales volume

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

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## **I . Summary of Business Results for 1<sup>st</sup> Quarter of FY2022.3 and Forecasts for FY2022.3**



## Summary of Business Results for 1<sup>st</sup> Quarter of FY2022.3

- ✓ Ordinary profit increased by 31.4% (¥10.0 billion) from the same period last year to ¥42.1 billion, due to the increase in the profit contribution from Freeport LNG Project and Sabine Shale Gas Project in the International Energy business and the increased profit in the Life & Business Solution business, including the information solutions business and the fitness business, due to the reduced impact of the COVID-19.

billion yen	A. FY22.3 1Q	B. FY21.3 1Q	A-B	(A-B)/B	Remarks
Net sales	314.3	317.2	-2.9	-0.9%	
Ordinary profit	42.1	32.0	+10.0	+31.4%	Increase in the International Energy business (Freeport, Sabine) and in the LBS* <sup>2</sup> (information, fitness), etc.
Time-lag effect (Gas and Electricity)* <sup>1</sup>	-11.0	0.4	-11.5	-	Breakdown of difference from previous year (-11.5) Gas -8.0, Electricity -3.5
Ordinary profit excluding time-lag effect	53.2	31.6	+21.6	+68.4%	
Profit attributable to owners of parent	31.5	21.6	+9.8	+45.8%	

\*1 Included in Domestic Energy

\*2 Life & Business Solutions

		A. FY22.3 1Q	B. FY21.3 1Q	A-B	Remarks
Crude oil price	USD/bbl	66.9	32.2	+34.7	A: Average of preliminary monthly data up to June 2021
Exchange rate	JPY/USD	109.5	107.6	+1.9	

Page 4 summarizes our financial results for the 1st quarter of FY2022.3.

Net sales decreased slightly from the same period last year to 314.3 billion yen, mainly due to the lower unit selling prices of gas in the Domestic Energy business under the fuel cost adjustment system, despite increased sales in the International Energy business from the Freeport LNG Project and the upstream business in the United States.

On the other hand, consolidated ordinary profit increased by 31.4% to 42.1 billion yen, mainly due to increased profits in International Energy businesses. I will explain the factors behind the increase in profit later.

## Summary of Forecasts for FY2022.3: Revision of Business Forecasts

- ✓ We have revised our business forecasts for FY2022.3 due to changes in the business environment, which is the basis of our business forecasts, such as rising crude oil prices.
- ✓ Net sales are expected to increase by ¥105.0 billion from the initial forecast to ¥1,510.0 billion, mainly due to the expected increase in unit sales prices in the gas and electric power businesses caused by the rise in crude oil prices.
- ✓ Ordinary profit is expected to remain unchanged from the initial forecast at ¥95.0 billion, partly due to increased profits in the International Energy businesses resulting from rising crude oil prices and U.S. interest rates, despite the negative time-lag effect in the Domestic Energy business.

billion yen	A. FY22.3 forecasts	B. FY22.3 previous forecasts	A-B	(A-B)/B	Remarks
<b>Net sales</b>	1,510.0	1,405.0	105.0	+7.5%	Increase in the unit selling prices due to rising crude oil price, etc.
<b>Ordinary profit</b>	95.0	95.0	±0.0	-	
Time-lag effect (Gas and Electricity)*1	-29.9	-11.9	-17.9	-	Breakdown of difference from previous year (-17.9) Gas -13.9, Electricity -3.9
Ordinary profit excluding time-lag effect	124.9	106.9	+17.9	+16.8%	Increase profit in the International Energy
<b>Profit attributable to owners of parent</b>	70.5	70.5	±0.0	-	

\*1 Included in Domestic Energy

Assumptions		A. FY22.3 forecasts	B. FY22.3 previous forecasts	A-B	Remarks
<b>Crude oil price</b>	USD/bbl	73.0	60.0	+13.0	July 2021 to March 2022 : 75.0 USD/bbl
<b>Exchange rate</b>	JPY/USD	109.9	105.0	+4.9	July 2021 to March 2022 : 110.0 JPY/USD

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Page 5 summarizes the main points of our forecasts for FY2022.3.

We have revised our assumptions for business forecasts for FY2022.3 due to changes in the business environment including current rising crude oil prices.

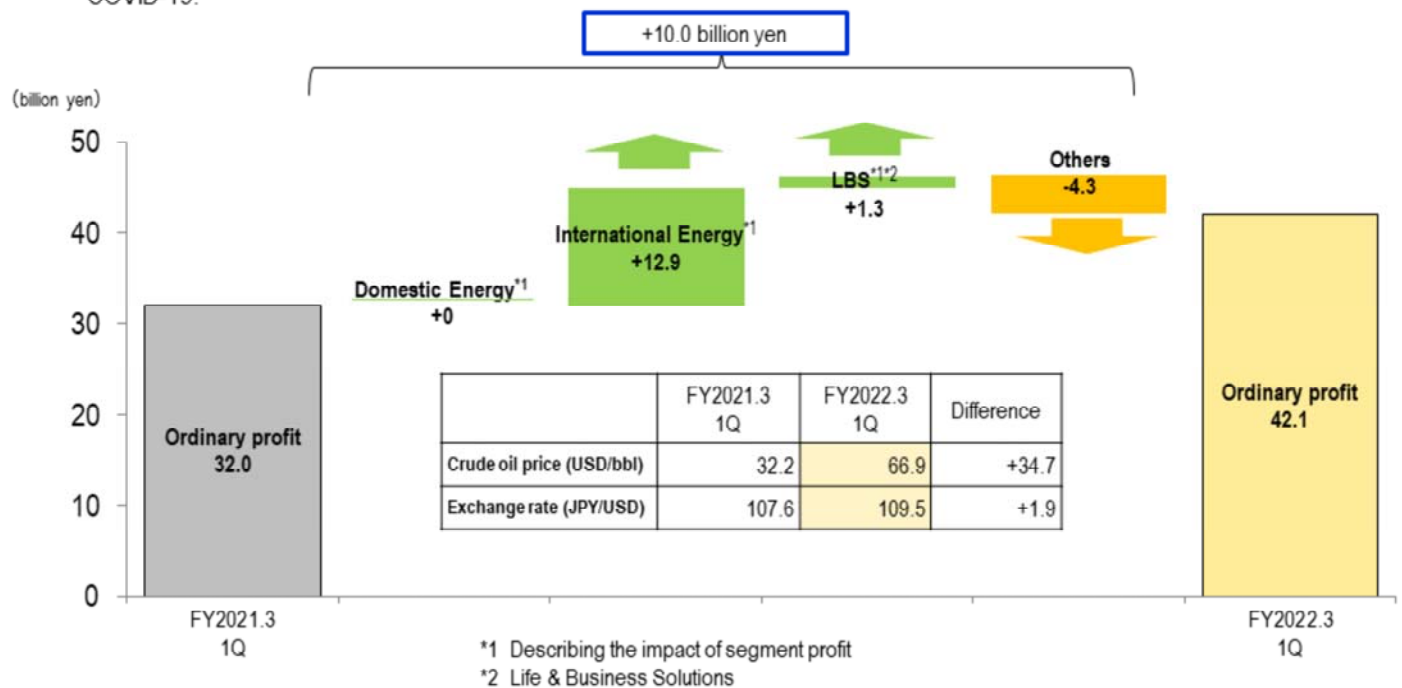
The crude oil price assumption for the 2<sup>nd</sup> and following quarters has been changed from 60\$/bbl to 75\$/bbl, and the foreign exchange rate assumption for the 2<sup>nd</sup> and following quarters has been changed from 105 yen/\$ to 110 yen/\$.

As a result, net sales are expected to increase by ¥105.0 billion from the previous forecast to ¥1,510.0 billion, mainly due to the expected increase in unit selling prices in the gas and electricity businesses caused by the rise in crude oil prices.

Ordinary profit is expected to remain unchanged from the previous forecast, partly due to increased profits in the International Energy businesses despite the negative time-lag effect in the Domestic Energy business.

## YoY Comparison of 1<sup>st</sup> Quarter of FY2022.3

- ✓ Ordinary profit increased by ¥10.0 billion to ¥42.1 billion, due to the increase in the profit contribution from Freeport LNG Project and Sabine Shale Gas Project in the International Energy business and the increased profit in Life & Business Solutions segment, including the information solutions business and the fitness business, due to the reduced impact of the COVID-19.



Page 6 shows the breakdown of the consolidated ordinary profit difference between the 1<sup>st</sup> quarter of FY2022.3 and the same period of the previous fiscal year.

Consolidated ordinary profit increased by ¥10.0 billion to ¥42.1 billion.

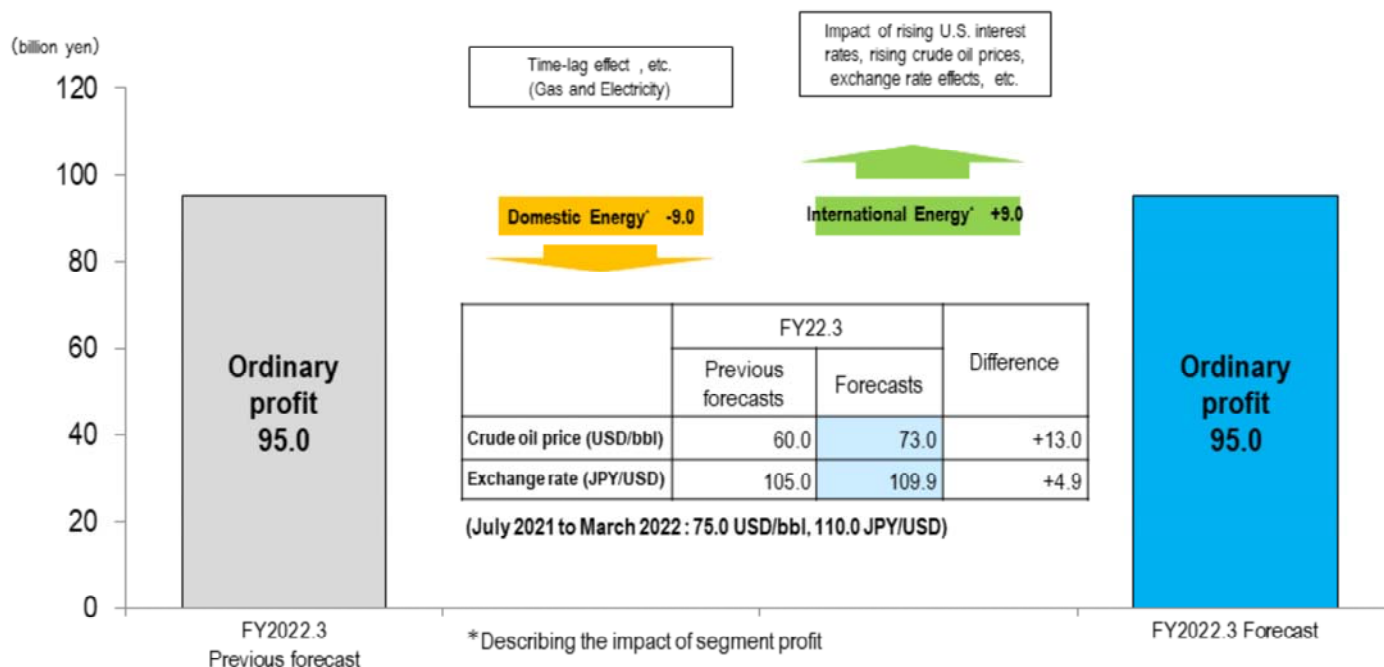
The main reason for the increase was in the International Energy business, where profits increased by 12.9 billion yen due to profit contributions from Freeport LNG project and the Sabine Shale Gas Project.

In the Life & Business Solutions business, profit increased by 1.3 billion yen due to the reduced impact of the COVID-19 in the information solutions and fitness businesses.

In the Domestic Energy business, the profit is almost the same level as the previous year, mainly due to the profit increased by temporary factors despite the negative time-lag effects of 11.5 billion yen.

## FY2022.3 Forecasts against Previous Forecasts

- ✓ We maintain our initial forecast for consolidated ordinary profit for FY2022.3 after revising upward our assumptions for the crude oil price and foreign exchange rate for the 2<sup>nd</sup> and following quarters, increasing the expected scale of the negative time-lag effect in the Domestic Energy business, and factoring in the effects of higher profits in the International Energy business, etc.



Page 7 shows the breakdown of the ordinary profit difference between revised full-year forecast and the previous forecast.

Consolidated ordinary profit of 95.0 billion yen remains unchanged, but the breakdown is expected to be a decrease of 9.0 billion yen in the Domestic Energy business and an increase of 9.0 billion yen in the International Energy business.

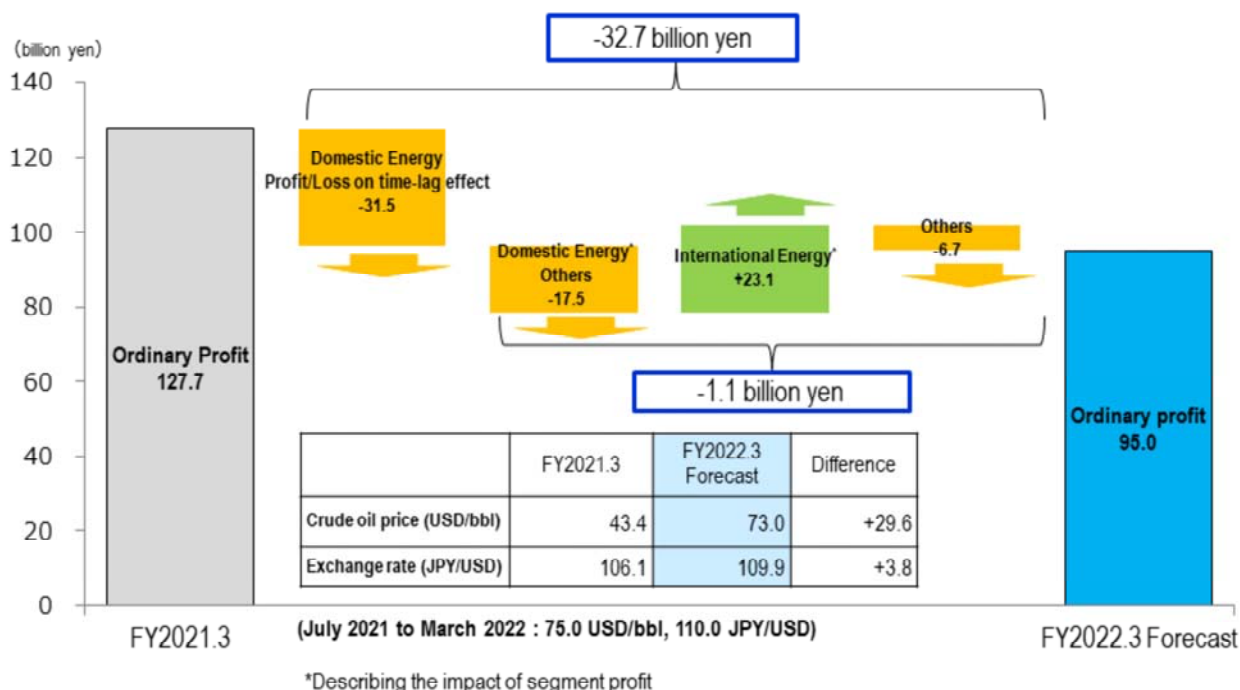
In the Domestic Energy business, the forecast reflects a decrease in profit due to the expansion of time-lag losses after raising crude oil price assumptions for the 2<sup>nd</sup> and following quarters.

On the other hand, the International Energy business reflects higher profits from Freeport LNG project due to higher interest rates in the U.S., and higher profits from overseas upstream businesses due to rising crude oil prices.



## YoY Comparison of FY2022.3 Forecasts

- ✓ Consolidated ordinary profit for FY2022.3 is expected to decrease by ¥32.7 billion to ¥95.0 billion in FY2022.3 from the previous year, due to the significant impact of the negative time-lag effect in the Domestic Energy business, despite the increase in the International Energy business.



Page 8 shows the breakdown of change in consolidated ordinary profit between FY2022.3 forecast and the previous year.

Consolidated ordinary profit for the previous year was 127.7 billion yen, and for FY2022.3, we expect to decrease by 32.7 billion yen to 95.0 billion yen.

The main reason for the decrease in profit is the time-lag effect, which is estimated to have a negative impact of 31.5 billion yen.

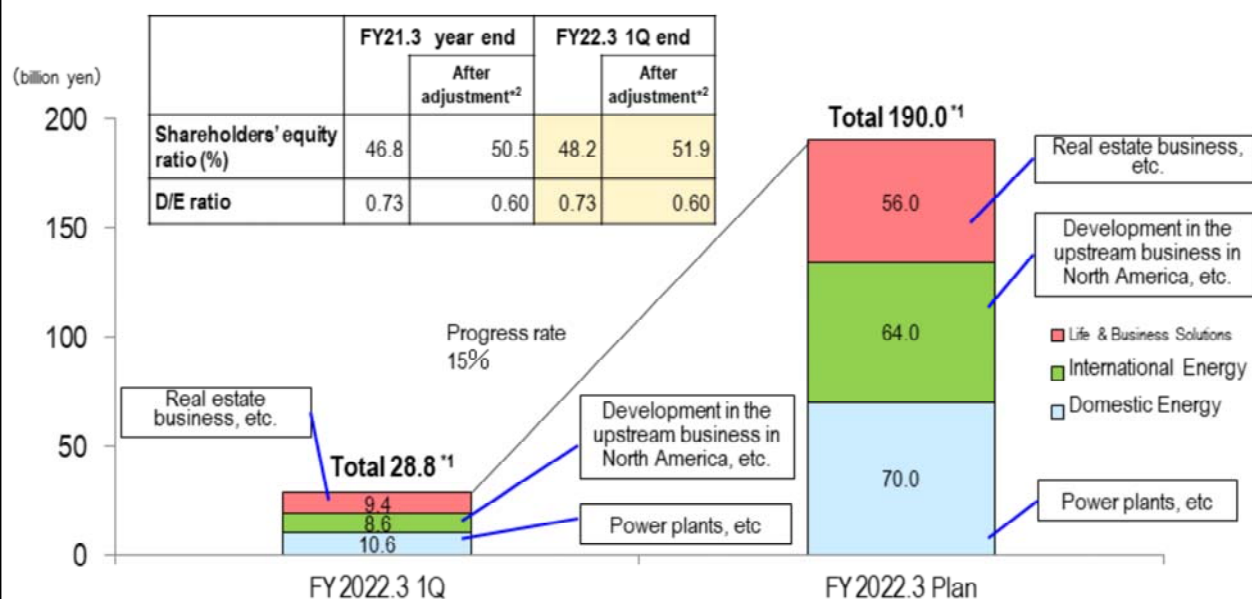
The Domestic Energy business is also expected to decrease by 17.5 billion yen due to a rebound from positive impact of lower winter temperatures in Japan and overseas in the previous year.

On the other hand, the International Energy business is expected to increase by 23.1 billion yen due to the increased profit contribution from Freeport LNG Project and the Sabine Shale Gas Project, as well as increased profit from the upstream business in Australia due to rising crude oil prices.



## Results of Investments for Growth for 1<sup>st</sup> Quarter of FY2022.3

- ✓ In 1<sup>st</sup> quarter of FY2022.3, we invested ¥28.8 billion for business growth, such as for the development of power plants in the Domestic Energy business and the upstream business in North America in the International Energy business.
- ✓ The financial soundness indicators were maintained at the target levels: around 50% in shareholders' equity ratio and around 0.7 in D/E ratio.



<sup>\*1</sup> 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.

<sup>\*2</sup> 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.

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Page 9 shows investments for growth.

During the 1<sup>st</sup> quarter of FY2022.3, we invested 28.8 billion yen in investments for growth in power plants in the Domestic Energy business and in the development of upstream businesses in North America in the International Energy business.

As for financial soundness indicators as of the end of June 2021, the shareholders' equity ratio was 48.2% and the D/E ratio was 0.73, maintaining our targets of shareholders' equity ratio of around 50% and a D/E ratio of around 0.7.

We will continue to make investments for business growth while ensuring a balance with our financial soundness.

Pages 10 to 18 provide details of the current quarterly results, and page 19 and following provide details of the forecast for FY2022.3.

This concludes my explanation of the 1<sup>st</sup> quarter results and the forecasts for FY2022.3.

## **II . Business Results for 1<sup>st</sup> Quarter of FY2022.3**



## 1. Net Sales and Profit

billion yen	A. FY22.3 1Q	B. FY21.3 1Q	A-B	(A-B)/B	Remarks
Net sales	314.3	317.2	-2.9	-0.9%	
Operating Profit	37.5	25.2	+12.2	+48.4%	
Ordinary profit	42.1	32.0	+10.0	+31.4%	Increase in the International Energy business (Freeport, Sabine) and in the LBS* <sup>3</sup> (information, fitness), etc.
Time-lag effect (Gas and Electricity) * <sup>1</sup>	-11.0	0.4	-11.5	-	
Ordinary profit excluding time-lag effect	53.2	31.6	+21.6	+68.4%	
Profit attributable to owners of parent	31.5	21.6	+9.8	+45.8%	
Earnings per share (EPS) (yen)	75.8	52.0	+23.8	+45.8%	
EBITDA* <sup>2</sup>	67.0	52.7	+14.3	+27.1%	

\*<sup>1</sup> Included in Domestic Energy.\*<sup>2</sup> EBITDA = Operating profit + share of profit/loss of entities accounted for using equity method + depreciation (including amortization of goodwill)\*<sup>3</sup> Life & Business Solutions

		A. FY22.3 1Q	B. FY21.3 1Q	A-B	Remarks
Crude oil price	USD/bbl	66.9	32.2	+34.7	A: Average of preliminary monthly data up to June 2021
Exchange rate	JPY/USD	109.5	107.6	+1.9	

# YoY Comparison of 1<sup>st</sup> Quarter of FY2022.3

## 2. Asset, Equity, and Debt

billion yen	A. FY22.3 1Q end	B. FY21.3 year end	FY21.3 1Q end	A-B	Remarks
Total assets	2,346.6	2,313.3	2,186.8	+33.2	Progress in the investment for growth, etc.
Shareholders' equity	1,130.2	1,081.8	988.8	+48.4	
Book value per share (BPS)(yen)	2,718.6	2,602.2	2,378.3	+116.5	
Interest-bearing debts	823.4	785.3	841.9	+38.0	Bond issue, etc.
Hybrid bonds	175.0	175.0	100.0	±0	

	A. FY22.3 1Q end	FY21.3 year end	B. FY21.3 1Q end	A-B	Remarks
ROIC	1.8%	6.2%	-	-	
ROE	2.8%	7.8%	2.2%	+0.7%	

	A. FY22.3 1Q end	B. FY21.3 year end	FY21.3 1Q end	A-B	Remarks
Shareholders' equity ratio	48.2%	46.8%	45.2%	+1.4%	
After adjustment*1	51.9%	50.5%	47.5%	+1.3%	
Debt/Equity ratio	0.73	0.73	0.85	+0.00	
After adjustment*1	0.60	0.60	0.76	+0.01	

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

## 3. Investment and Cash Flow

billion yen	A. FY22.3 1Q end	B. FY21.3 year end	A-B	Remarks
Investment for quality improvement	10.8	10.2	+0.6	
Investment for growth	28.8	26.0	+2.8	
Domestic Energy	10.6	10.6	+0.0	Power plants, etc.
International Energy	8.6	9.0	-0.3	Development in the upstream business in North America, etc.
Life & Business Solutions	9.4	6.3	+3.1	Real estate business, etc.
Capital expenditures	35.2	28.8	+6.4	
Depreciation	25.7	23.4	+2.2	
Free cash flow* <sup>1</sup>	-35.1	-19.5	-15.6	

\*1 Free cash flow = Cash flows from operating activities - Cash flows from investing activities

## 4. Customer Account and Sales Volume

	A. FY22.3 1Q end	B. FY21.3 year end	A-B	(A-B)/B	Remarks
Number of customer accounts (thousands)	9,497	9,401	+96	+1.0%	
	A. FY22.3 1Q	B. FY21.3 1Q	A-B	(A-B)/B	Remarks
Consolidated gas sales volume (million m <sup>3</sup> )	1,653	1,601	+51	+3.2%	
(Non-consolidated) Gas sales volume	1,641	1,588	+52	+3.3%	
Residential	427	467	-40	-8.7%	Impact of air and water temperatures and decreasing number of units for gas supply
Monthly gas sales volume per household (m <sup>3</sup> / month)	29.6	31.3	-1.7	-5.3%	
Non-residential	1,214	1,121	+93	+8.3%	Higher capacity of utilization of facilities
Electricity sales volume (GWh) *1	3,505	3,285	+221	+6.7%	
Residential	1,140	1,121	+19	+1.7%	
Non-residential	2,365	2,164	+201	+9.3%	
(Non-consolidated) Number of units for gas supply	4,972	5,153	-181	-3.5%	
Number of low-voltage electricity supply	1,544	1,375	+168	+12.2%	

\* 1 From FY2022.3 electricity sales reflects the estimated usage amount for the period between the last meter reading day in the account closing month and the account closing date, as the revenue for electricity sales is estimated and recorded based on the Implementation Guidance on Accounting Standard for Revenue Recognition.  
Electricity sales volume for the FY2021.3 is based on monthly meter readings.

	A. FY22.3 1Q	B. FY21.3 1Q	A-B	Remarks
Average temperature (°C)	19.8	19.8	±0	



## 5. Segment Sales and Profit

billion yen	A. FY22.3 1Q	B. FY21.3 1Q	A-B	(A-B)/B	Remarks
<b>Net Sales</b> <sup>*1</sup>	314.3	317.2	-2.9	-0.9%	
Domestic Energy	256.6	269.1	-12.4	-4.6%	Decreased in the lower unit selling price of city gas under the fuel cost adjustment system, etc.
International Energy	17.6	8.8	+8.7	+98.1%	Increased in Freeport and Sabine, etc.
Life & Business Solutions	51.6	49.7	+1.8	+3.7%	
Adjustments	-11.5	-10.5	-1.0	-	
<b>Segment profit</b> <sup>*1*2</sup>	41.3	29.2	+12.0	+41.1%	
Domestic Energy	23.9	23.8	+0.0	+0.3%	
Electricity <sup>*3</sup>	2.8	3.7	-0.8	-24.1%	
International Energy	12.5	-0.3	+12.9	-	Increased due to the profit contribution from Freeport LNG Project and Sabine shale gas project, etc.
Life & Business Solutions	4.4	3.1	+1.3	+43.1%	Increased due to the reduced impact of the COVID-19
Adjustments	0.3	2.6	-2.3	-	
<b>Profit/Loss on time-lag effect (Gas and Electricity)</b> <sup>*4</sup>	-11.0	0.4	-11.5	-	
<b>Profit/Loss on market value of derivative</b> <sup>*5</sup>	2.1	-4.0	+6.1	-	

\*1 From FY22.3, "Domestic Energy / Gas" and "Domestic Energy / Electricity" are integrated into the "Domestic Energy". Osaka Gas International Transport Inc. and its subsidiaries are transferred "Domestic Energy" from "International Energy". Osaka Gas' operating expenses for International Energy business, which was previously included in "Domestic Energy / Gas" are transferred into "International Energy." Results For FY2021.3 this page are calculated with consideration of the reclassification.

\*2 Segment profit = Operating profit(loss) + Share of profit(loss) of entities accounted for using equity method

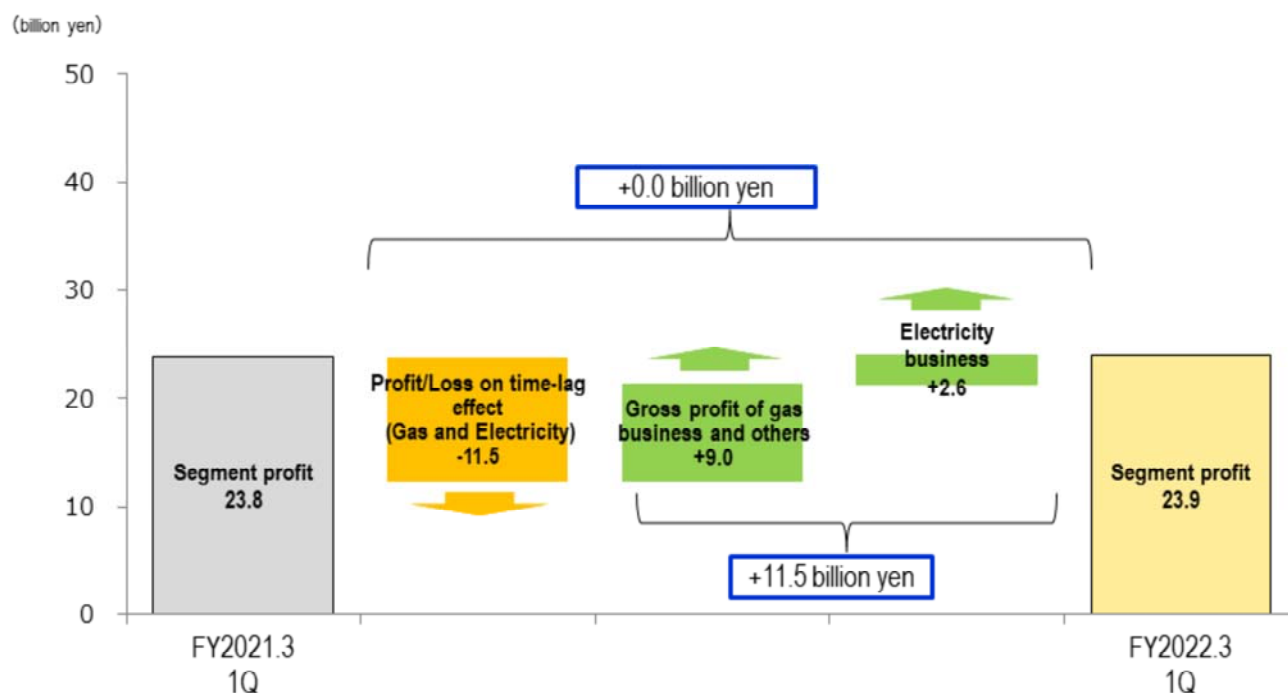
\*3 It is a simple total of the profit in Osaka Gas Co., Ltd.'s incidental electricity business and profits of its affiliated companies involved in electricity business, which is different from the profit in Domestic Energy / Electricity, which we used as a segment name before.

\*4 Included in Domestic Energy.

\*5 Included in International Energy.

## 1. Domestic Energy (Gas and Electricity)

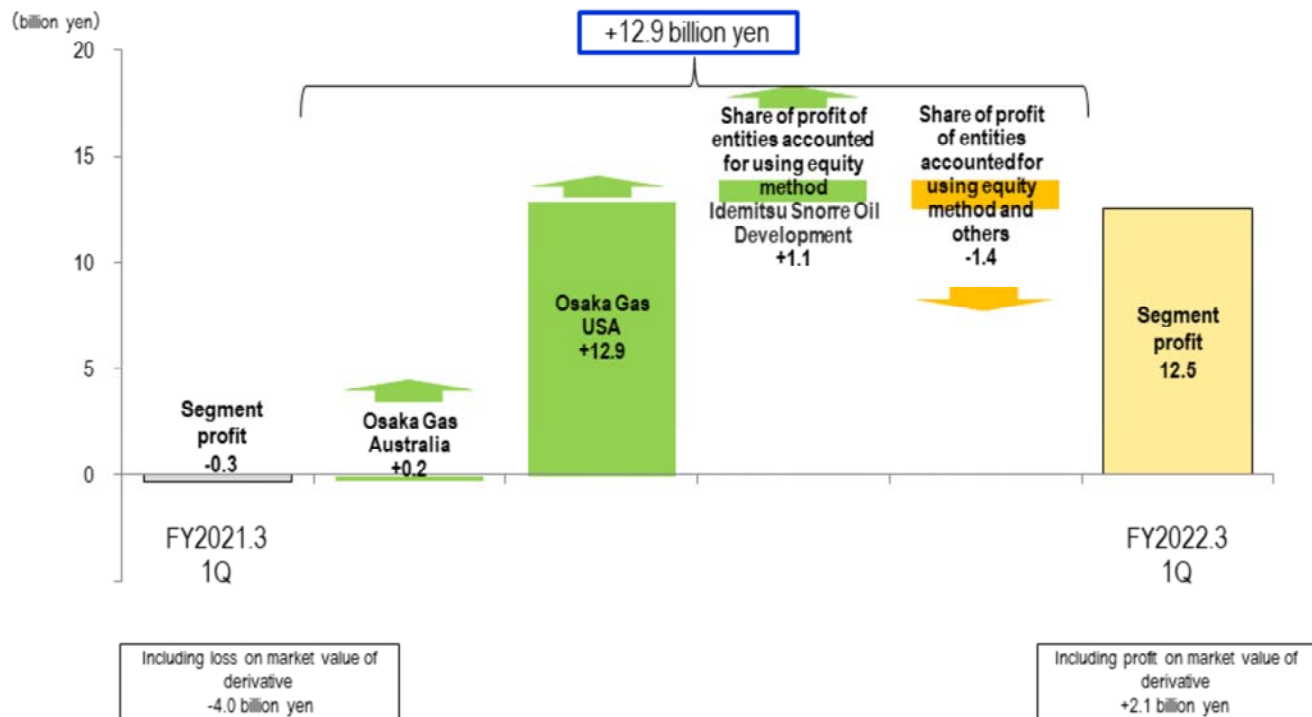
- ✓ Domestic Energy segment profit increased to ¥23.9 billion, which is almost the same level as the previous year, mainly due to the income increased by temporary factors despite the negative time-lag effects.



# Results for 1<sup>st</sup> Quarter of FY2022.3 in Each Segment

## 2. International Energy

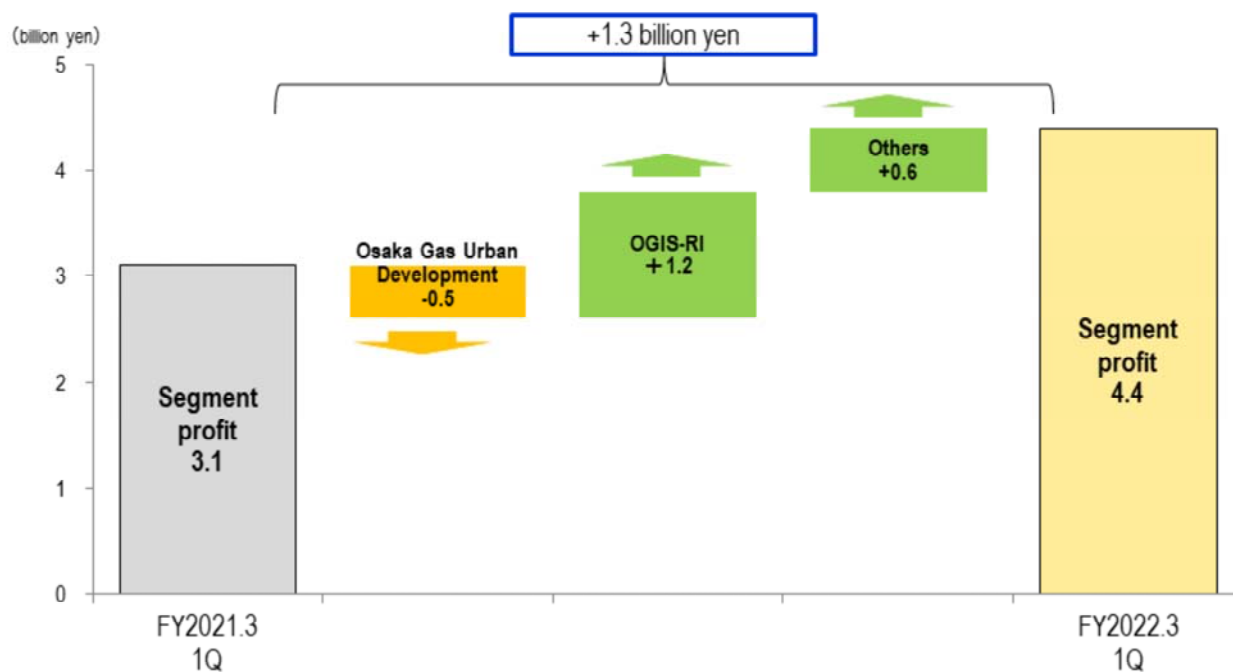
- ✓ International Energy segment profit increased by ¥12.9 billion to ¥12.5 billion, mainly due to the increase in the profit contribution from Freeport LNG Project and Sabine Shale Gas Project.



## Results for 1<sup>st</sup> Quarter of FY2022.3 in Each Segment

### 3. Life & Business Solutions

- ✓ Life & Business Solutions segment profit increased by ¥1.3 billion to ¥4.4 billion, due to the reduced impact of the COVID-19 in the information solutions business and the fitness business.



### Ⅲ. Forecasts for FY2022.3



## 1. Net Sales and Profit

- ✓ We revised forecasts for net sales and profit/loss on time-lag effect in light of changes in assumptions for crude oil prices, exchange rates, etc.

billions yen	A. FY22.3 forecasts	B. FY21.3	A-B	(A-B)/B	Remarks
Net sales	1,510.0	1,364.1	+145.8	+10.7%	Increase in the unit selling prices due to the rise in crude oil price, etc.
Operating Profit	80.5	112.4	-31.9	-28.4%	
Ordinary profit	95.0	127.7	-32.7	-25.6%	The loss of time-lag effect in the Domestic Energy business, etc.
Time-lag effect (Gas and Electricity) <sup>*1</sup>	-29.9	1.6	-31.5	-	
Ordinary profit excluding time-lag effect	124.9	126.0	-1.1	-0.9%	
Profit attributable to owners of parent	70.5	80.8	-10.3	-12.8%	
Earnings per share (EPS) (yen)	169.6	194.5	-24.9	-12.8%	
EBITDA <sup>*2</sup>	200.0	227.5	-27.5	-12.1%	
NOPAT <sup>*3</sup>	83.5	111.5	-28.0	-25.1%	

<sup>\*1</sup> Included in non-consolidated gas business and electricity business.

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

<sup>\*3</sup> NOPAT = Ordinary profit + Financial expenses (Interest expenses - Interest income) - Income taxes

	A. FY22.3 forecasts	B. FY21.3	A-B	Remarks
Crude oil price USD/bbl	73.0	43.4	+29.6	July 2021 to March 2022 : 75 USD/bbl
Exchange rate JPY/USD	109.9	106.1	+3.8	July 2021 to March 2022 : 110 JPY/USD



## 2. Asset, Equity, and Debt

✓ No change from initial forecast

billion yen	A. FY22.3 forecasts	B. FY21.3 year end	A-B	Remarks
Total assets	2,444.4	2,313.3	+131.0	Progress in the investment for growth, etc.
Shareholders' equity	1,116.6	1,081.8	+34.8	
Book value per share (BPS) (yen)	2,685.7	2,602.2	+83.6	
Interest-bearing debts	882.8	785.3	+97.4	Increase due to a new financing, etc.
Invested capital*1	1,987.9	1,856.8	+131.0	

\*1 Invested capital = Shareholders' equity + Balance of interest-bearing debts (excluding risk-free leased liabilities to us)

	A. FY22.3 forecasts	B. FY21.3 year end	A-B	Remarks
ROIC	4.4%	6.2%	-1.8%	
ROE	6.6%	7.8%	-1.2%	

	A. FY22.3 forecasts	B. FY21.3 year end	A-B	Remarks
Shareholders' equity ratio	45.7%	46.8%	-1.1%	
After adjustment*1	49.3%	50.5%	-1.3%	
Debt/Equity ratio	0.79	0.73	+0.06	
After adjustment*1	0.66	0.60	+0.06	

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

## 3. Cash Flow and Investment

✓ No change from initial forecast

billion yen	A. FY22.3 forecasts	B. FY21.3	A-B	Remarks
Cash flows from operating activities	165.1	219.7	-54.6	
Cash flows from investing activities*1	-259.0	-198.3	-60.6	
Free cash flow*2	-93.8	21.4	-115.2	

\*1 Forecasts are amount of investment.

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

billion yen	A. FY22.3 forecasts	B. FY21.3	A-B	Remarks
Investment for quality improvement	69.0	68.8	+0.1	
Investment for growth	190.0	152.5	+37.4	
Domestic Energy	70.0	80.7	-10.7	
International Energy	64.0	32.6	+31.3	
Life & Business Solutions	56.0	39.0	+16.9	
Capital expenditures	196.0	189.4	+6.5	
Depreciation	105.5	101.4	+4.0	

## 4. Customer Account and Sales Volume

✓ No change from initial forecast

	A. FY22.3 forecasts	B. FY21.3	A-B	(A-B)/B	Remarks
Number of customer accounts (thousands)	9,680	9,401	+279	+3.0%	
Consolidated gas sales volume (million m <sup>3</sup> )	6,987	7,157	-169	-2.4%	
(Non-consolidated) gas sales volume	6,956	7,121	-165	-2.3%	
Residential	1,695	1,862	-167	-9.0%	Rebound from the impact of air and water temperature, etc.
Non-Residential	5,261	5,259	+2	+0.0%	
Electricity Sales Volume (GWh)*1	18,024	16,133	+1,891	+11.7%	

\*1 From FY2022.3 electricity sales reflects the estimated usage amount for the period between the last meter reading day in the account closing month and the account closing date, as the revenue for electricity sales is estimated and recorded based on the Implementation Guidance on Accounting Standard for Revenue Recognition. Electricity sales volume for the FY2021.3 is based on monthly meter readings.

	A. FY22.3 forecasts	B. FY21.3	A-B	Remarks
Average temperature (°C)	17.2	17.6	-0.4	

## 5. Segment Sales and Profit

✓ We revised net sales and segment profit forecasts for the Domestic Energy and the International Energy businesses.

billions yen	A. FY22.3 forecasts	B. FY21.3	A-B	(A-B)/B	Remarks
<b>Net Sales<sup>*1</sup></b>	1,510.0	1,364.1	+145.8	+10.7%	
Domestic Energy	1,265.0	1,158.3	+106.6	+9.2%	Increase in the unit selling prices due to the rise in crude oil price, etc.
International Energy	70.0	44.2	+25.7	+58.0%	Sales increase in business in North America, etc.
Life & Business Solutions	230.0	216.5	+13.4	+6.2%	Sales increase in the material business, etc.
Adjustments	-55.0	-55.1	+0.1	-	
<b>Segment profit<sup>*1*2</sup></b>	94.5	126.1	-31.6	-25.1%	
Domestic Energy	36.5	85.5	-49.0	-57.4%	Decrease due to the loss on time-lag effect, etc.
Electricity <sup>*3</sup>	13.0	14.8	-1.8	-12.4%	
International Energy	40.0	16.8	+23.1	+136.9%	Increase in the profit contribution from Freeport, profit increase in the upstream business in Australia due to the crude oil price hike, etc.
Life & Business Solutions	19.0	19.2	-0.2	-1.3%	
Adjustments	-1.0	4.3	-5.3	-	
<b>Profit/Loss on time-lag effect<sup>*4</sup></b>	-29.9	1.6	-31.5	-	
(Non-consolidated) Gas business	-23.8	-1.6	-22.1	-	
Electricity business	-6.1	3.3	-9.4	-	

\*1 From FY22.3, "Domestic Energy / Gas" and "Domestic Energy / Electricity" are integrated into the "Domestic Energy". Osaka Gas International Transport Inc. and its subsidiaries are transferred "Domestic Energy" from "International Energy". Osaka Gas' operating expenses for International Energy business, which was previously included in "Domestic Energy / Gas" are transferred into "International Energy." Results For FY2021.3 this page are calculated with consideration of the reclassification.

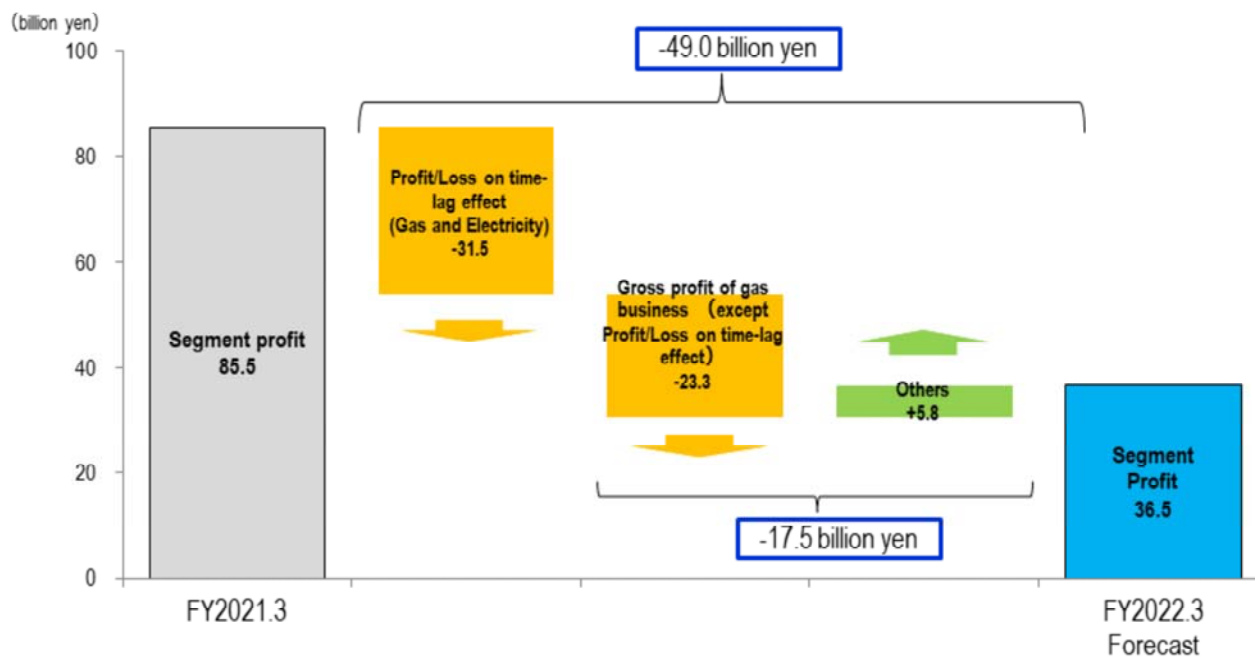
\*2 Segment profit = Operating profit(loss) + Share of profit(loss) of entities accounted for using equity method

\*3 It is a simple total of the profit in Osaka Gas Co., Ltd.'s incidental electricity business and profits of its affiliated companies involved in electricity business, which is different from the profit in Domestic Energy / Electricity, which we used as a segment name before.

\*4 Included in Domestic Energy.

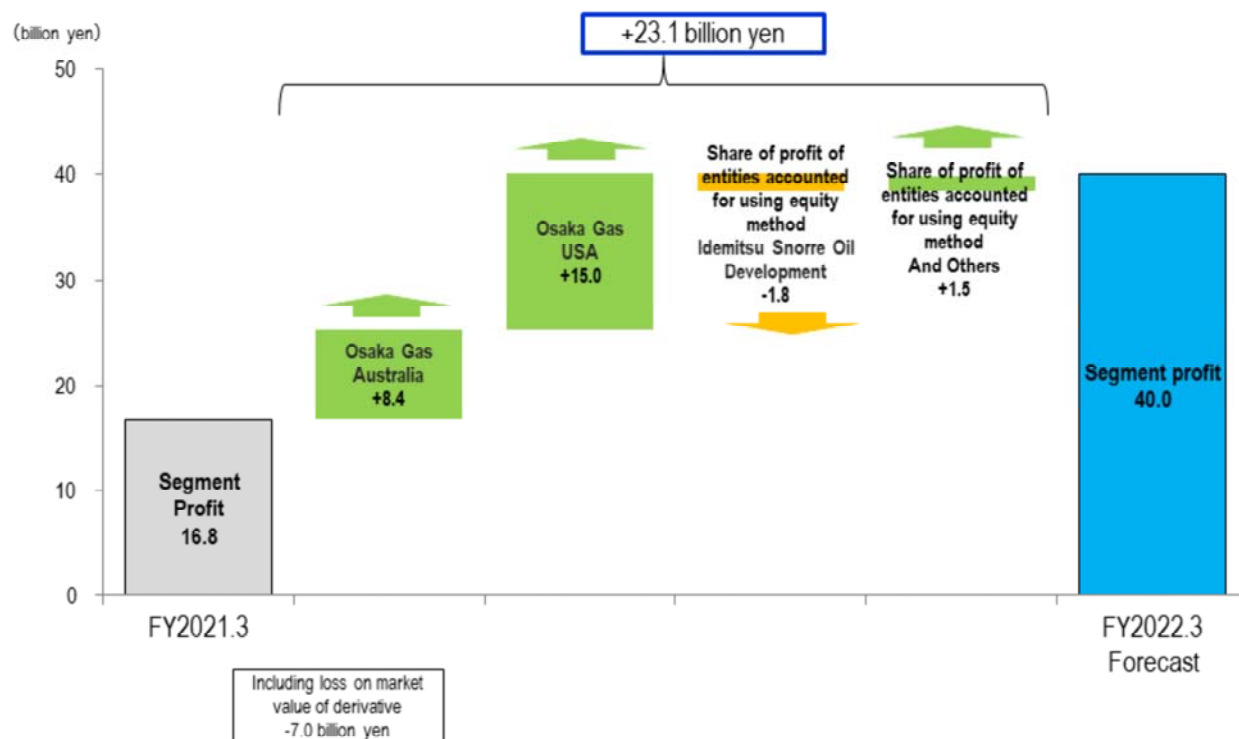
## 1. Domestic Energy (Gas and Electricity)

- ✓ Domestic Energy segment profit is expected to decrease by ¥49.0 billion to ¥36.5 billion due to the negative time-lag effect and the loss of low temperature effect in winter FY2021.3.



## 2. International Energy

- ✓ International Energy segment profit is expected to increase by ¥ 23.1 billion to ¥ 40.0 billion mainly due to the profit increase in Freeport LNG Project and the upstream business in Australia\*.
- ✓ \*due to crude oil price increase.

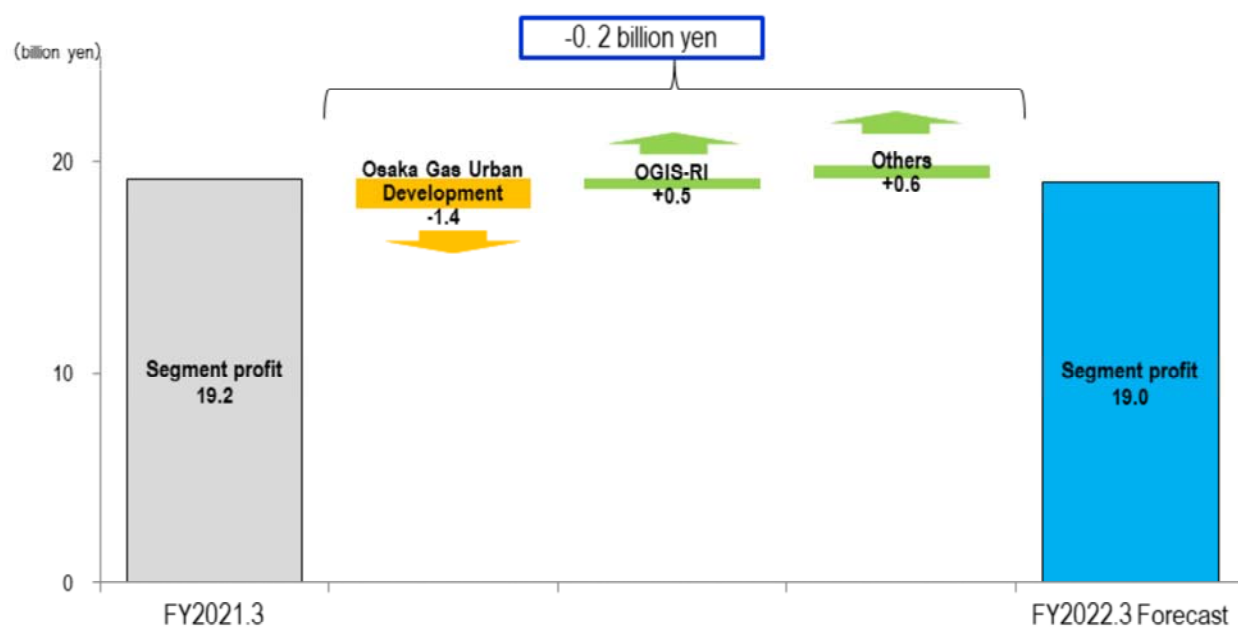




## Forecasts for FY2022.3 in Each Segment

### 3. Life & Business Solutions

- ✓ Life & Business Solutions segment profit is expected to remain at almost the same level as the previous year.



## 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. -0.8 billion yen on annual ordinary profit.
- **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 on annual ordinary profit.
- **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. +1.6 billion yen on annual consolidated non-operating expenses.

## (Reference) Topics in 1<sup>st</sup> Quarter of FY2022.3

Apr.	<ul style="list-style-type: none"> <li>■ <a href="#">Commencement of an On-Site Utility Services Business for Spiber Inc. in Thailand</a></li> <li>■ <a href="#">Osaka Gas USA invests in US start-up Starfire Energy Inc., to develop a "Green Ammonia" synthesis system and technology for cracking ammonia to hydrogen</a></li> <li>■ <a href="#">Osaka Gas Decides to Build a Biomass Power Plant That aims for Harmony with the Local Community in Hyuga City, Miyazaki Prefecture - By utilizing domestically grown wood chips supplied by Green Power Fuel, a subsidiary of Osaka Gas -</a></li> <li>■ <a href="#">Notice Regarding the Conclusion of an Absorption-type Split Agreement for Spin-off of the Gas Pipeline Service Business</a></li> <li>■ <a href="#">Notice Regarding Commencement of Business Related to Radiative Cooling Material, a New Product, by SPACECOOL - Also contributing to realizing a decarbonized society with world-class cooling performance -</a></li> </ul>
May	<ul style="list-style-type: none"> <li>■ <a href="#">Osaka Gas to Issue the 41st, 42nd, and 43rd Series of Unsecured Straight Bonds (Domestic Bonds) of 20 Billion Yen, 10 Billion Yen, and 10 Billion Yen, Respectively</a></li> <li>■ <a href="#">Osaka Gas to Start Gas Pipe Patrols on a Trial Basis Using "an In-vehicle Camera Capable of AI-based Automatic Recognition of Construction Sites" - To monitor the status of construction work of other business operators on roads where gas pipes are buried -</a></li> </ul>
Jun.	<ul style="list-style-type: none"> <li>■ <a href="#">Notice of the Establishment of the Association for Reciprocal Revitalization of Renewable Energy and Regions -Aiming for the Coexistence and Mutual Development of Communities and Renewable Energy-</a></li> <li>■ <a href="#">Osaka Gas Invests in WiL Ventures III, L.P., a U.S.-based Venture Fund</a></li> <li>■ <a href="#">Japan's First Consortium Selected Based on Public Offering Guidelines Towards Realization of Floating Offshore Wind Power Generator in Marine Renewable Energy Power Generation Facility Maintenance Promotion Area Offshore Goto City, Nagasaki Prefecture, Japan</a></li> <li>■ <a href="#">Osaka Gas and GPSS Holdings Sign an Agreement on the Joint Development of Medium- and Small-sized Photovoltaic Power Plants</a></li> <li>■ <a href="#">Acquisition of Mega-solar Power Plants Owned by Etrion</a></li> <li>■ <a href="#">Osaka Gas Signs an Agreement on the D-Green Series, Its New Electricity Rate Plans, with Shimadzu Corporation</a></li> <li>■ <a href="#">Osaka Gas USA to Participate in Distributed Solar Power Projects in Maine, US</a></li> <li>■ <a href="#">Sakai City, Osaka Gas, and NTT West to Jointly Conduct a Trial of Online Acceptance of Applications for Exploration for Buried Objects and Consultation about Construction</a></li> </ul>

\* Press releases were issued in the above indicated months.

■ Domestic Energy ■ International Energy ■ Life & Business Solutions ■ Others