



# Daigas Group Financial Report for 1st Quarter of FY2024.3

July 31, 2023  
**Osaka Gas Co., Ltd.**

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## Disclaimer

This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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.osakagas.co.jp/en/ir/>

**Note regarding the results of FY2024.3 1Q:** As the Japanese group relief system will be applied starting in FY2024.3, our tax effect accounting as of the end of FY2023.3 was calculated on a group relief basis.

**Note regarding forward-looking statements:** 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:** Nabari Kintetsu Gas and Shingu Gas's fiscal year ends on December 31.

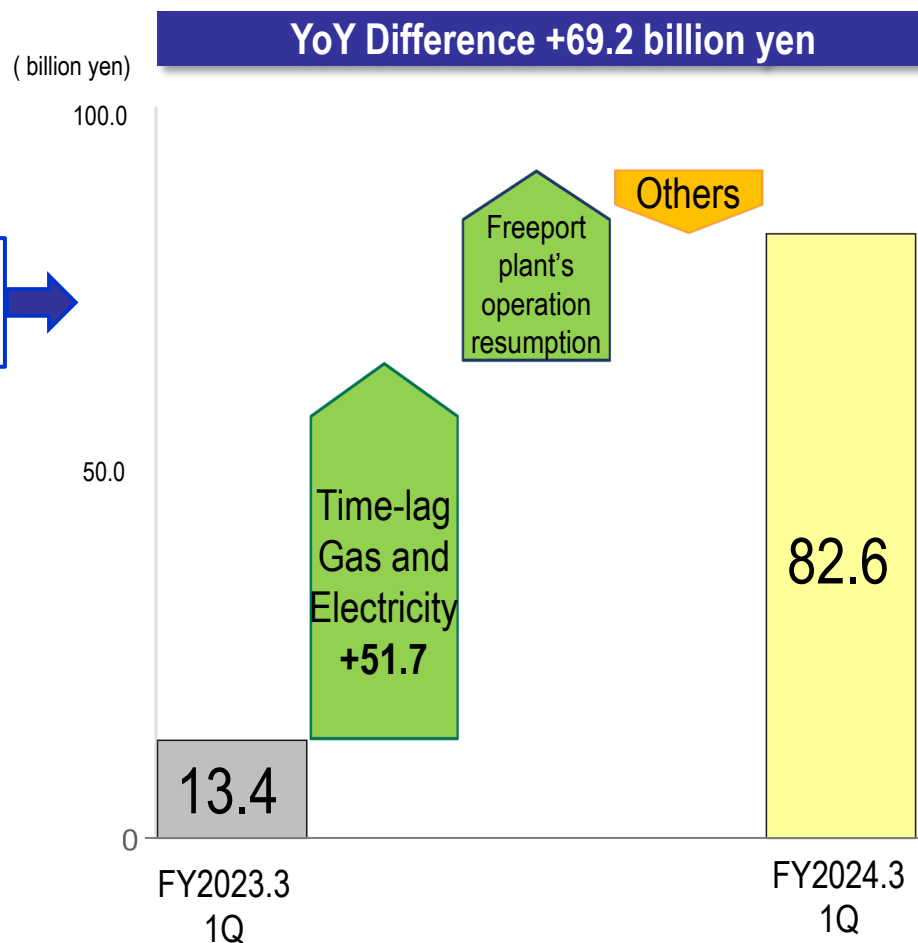
# I. Highlights of Business Results for 1st Quarter of FY2024.3 and Forecasts for FY2024.3

## FY2024.3 1Q Results vs FY2023.3 1Q Results

- ✓ Net sales increased year on year due to the higher unit selling prices of city gas in the Domestic Energy segment.
- ✓ Ordinary profit and profit attributable to owners of the parent increased year on year mainly due to the improvement of the time-lag impact and the Freeport plant's operation resumption.

(billion yen)	FY2024.3 1Q	FY2023.3 1Q	YoY Difference
<b>Net sales</b>	<b>512.6</b>	<b>467.1</b>	<b>+45.4</b>
<b>Ordinary profit</b>	<b>82.6</b>	<b>13.4</b>	<b>+69.2</b>
<b>Profit attributable to owners of parent</b>	<b>60.5</b>	<b>11.2</b>	<b>+49.3</b>
<b>ROIC (%)<sup>1</sup></b>	<b>2.6%</b>	<b>0.6%</b>	<b>+2.0%</b>

<sup>1</sup> ROIC (Return on invested capital) = NOPAT / Average Invested capital  
 Invested capital = Shareholders' equity + Balance of interest-bearing debts  
 (excluding risk-free leased Liabilities to us)



# YoY Comparison of 1Q Results

**YoY Difference**  
**+ 69.2 billion yen**  
 13.4→82.6

- Crude oil price (USD/bbl) -26.8 (110.8→84.0)
- Exchange rate (JPY/USD)+7.8 (129.7→137.5)

**Domestic Energy**  
**+ 70.5 billion yen<sup>1</sup>**  
 -12.4→58.1

**International Energy**  
**-7.3 billion yen<sup>1,2</sup>**  
 21.2→13.8

**Life & Business Solutions**  
**-0.1 billion yen<sup>1</sup>**  
 5.0→4.9

**Others**  
**+6.2 billion yen**  
 -0.5→5.7

Main factors of increase/decrease

**Time-lag: +51.7** (-19.4→32.3)  
 Gas: +35.1(-11.9→23.1) Electricity: +16.6(-7.4→9.2)  
**Gross profit of gas business: -14.1**(66.9 →52.8)  
 - Declined competitiveness of our long-term LNG contracts compared to JLC  
 + Freeport plant's operation resumption (LNG for gas retail)<sup>3</sup>  
**Electricity: +4.4** (5.8→10.3)  
 + Increase in profits from sales in the reserve market  
 - Decline of gas-based electricity competitiveness against coal-based electricity, whose cost has been dropping  
**Others: +28.3**(-65.6→-37.3)  
 + Freeport plant's operation resumption (LNG for wholesale)<sup>3</sup>  
 - Profit decrease in LNG sales

**Osaka Gas USA: -3.1**(11.1→7.9)  
 - Losses related to Freeport LNG's plant shutdown (owner's loss)<sup>4</sup>  
**Osaka Gas Australia: -3.3**(5.6→2.3)  
 - Profit decrease in upstream businesses  
**Others: -0.8** (4.5→3.6)  
 - Losses related to Freeport LNG's plant shutdown (owner's loss)<sup>4</sup>  
 + Profit increase in IPP business in North America

**Segment adjustments: +2.0**(-0.8→1.2)  
**Non-operating profit/loss: +4.1** (0.3→4.5)

1 Describing the impact of segment profit  
 2 Including profit on market valuation of derivatives: -1.7(3.0→1.3)  
 3 Absence of losses related to Freeport LNG's plant shutdown, as we had in 1Q FY2023.3 +31.4  
 4 Owner's losses related to Freeport LNG's plant shutdown in 1Q (January to March 2023)

## FY2024.3 Forecasts vs FY2023.3 Results

- ✓ No change from the forecast announced on May 8.
- ✓ Net sales are expected to decrease from FY23.3 due to the lower unit selling prices of city gas in the Domestic Energy segment in response to falling procurement prices of feedstock.
- ✓ Ordinary profit and profit attributable to owners of the parent are expected to increase from FY23.3 based on the assumption of the Freeport plant's operation resumption and the improvement of the time-lag impact.
- ✓ The dividends target is 65.0 yen/share, up 5.0 yen from FY23.3.

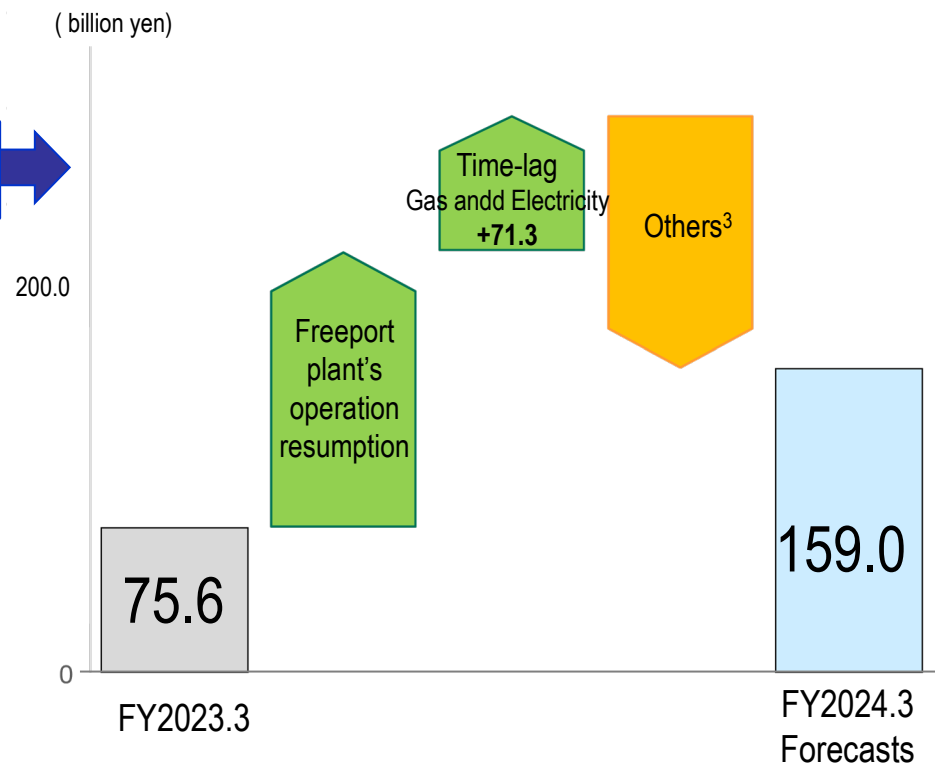
(billion yen)	FY24.3 Forecasts	FY2023.3	YoY Difference
<b>Net sales</b>	<b>2,017.0</b>	<b>2,275.1</b>	<b>-258.1</b>
<b>Ordinary profit</b>	<b>159.0</b>	<b>75.6</b>	<b>+83.3</b>
<b>Profit attributable to owners of parent</b>	<b>116.0</b>	<b>57.1</b>	<b>+58.8</b>
<b>ROIC (%)<sup>1</sup></b>	<b>5.4%</b>	<b>2.7%</b>	<b>+2.8%</b>
<b>Shareholders' equity ratio(%)<sup>2</sup></b>	<b>50.5%</b>	<b>52.5%</b>	<b>-1.9%</b>
<b>Debt/Equity ratio<sup>2</sup></b>	<b>0.59</b>	<b>0.60</b>	<b>-0.01</b>
<b>Annual dividends (yen/share)</b>	<b>65.0</b>	<b>60.0</b>	<b>+5.0</b>

<sup>1</sup> ROIC (Return on invested capital) = NOPAT / Average Invested capital

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

<sup>2</sup> Calculated with 50% of issued hybrid bonds as equity.

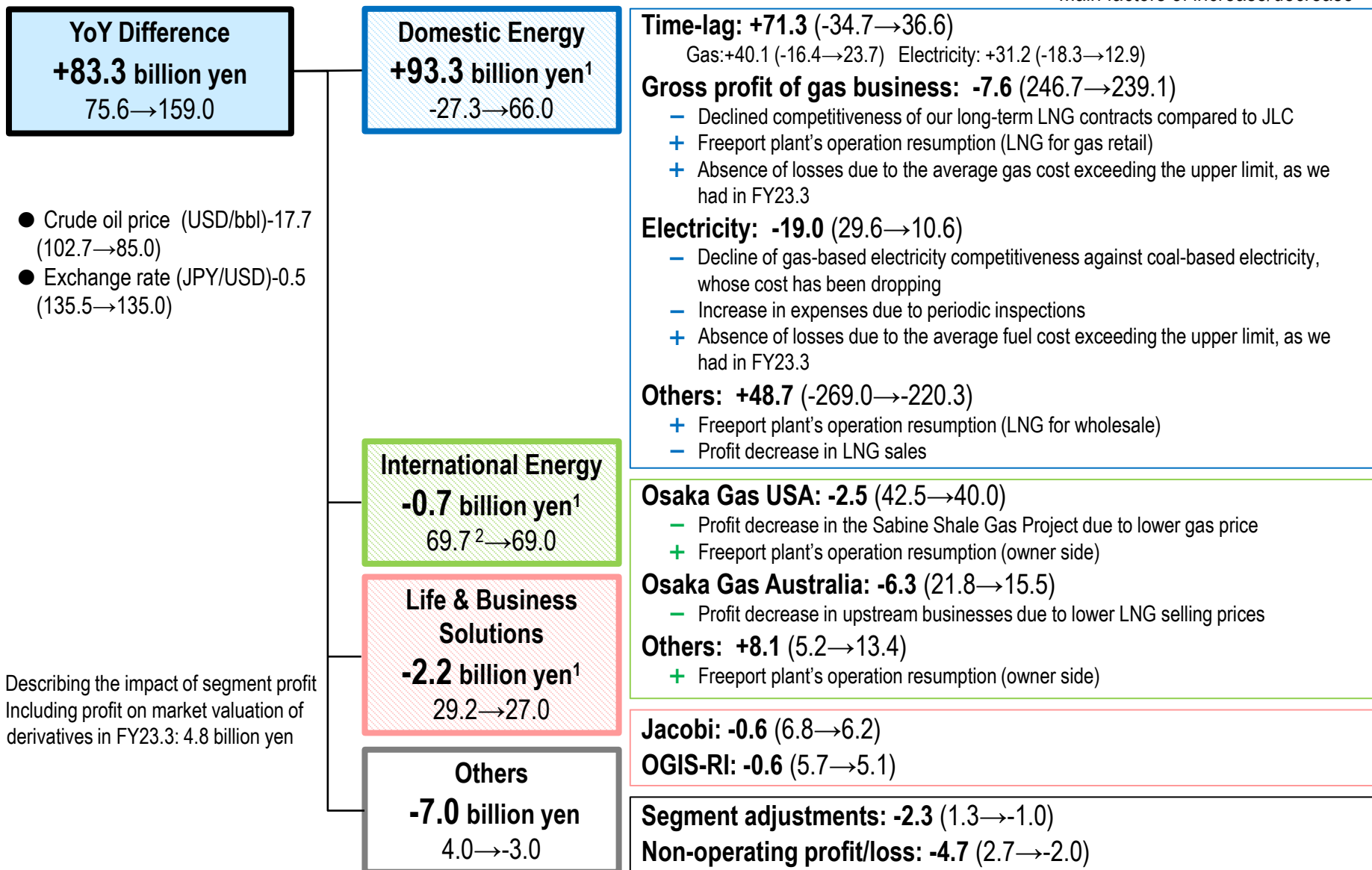
### YoY Difference +83.3 billion yen



<sup>3</sup> Declined competitiveness of our long-term LNG contracts compared to JLC and other market conditions factors

# Comparison between FY2023.3 Results and FY2024.3 Forecasts

Main factors of increase/decrease

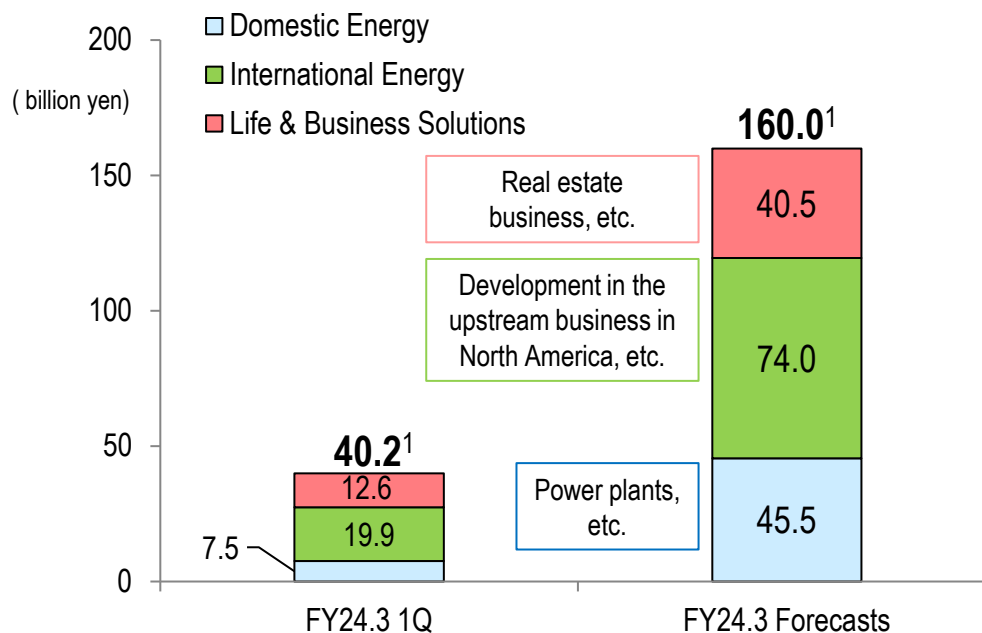


<sup>1</sup> Describing the impact of segment profit  
<sup>2</sup> Including profit on market valuation of derivatives in FY23.3: 4.8 billion yen

## Results and Forecasts for Investment for Growth

- ✓ In 1Q of FY2024.3, we invested 40.2 billion yen for business growth.
- ✓ The financial soundness indicators were maintained at the target levels: around 50% in shareholders' equity ratio and around 0.7 in D/E ratio.

### Investment for Growth



### Financial soundness indicators

The figures are calculated with 50% of issued hybrid bonds (175 billion yen) as equity. The figures in parentheses are original before adjustment above.

	FY23.3 year-end results	FY24.3 1Q end	FY24.3 year-end forecasts
<b>Shareholders' equity ratio</b>	52.5% (49.3%)	54.8% (51.7%)	50.5% (47.6%)
<b>D/E ratio</b>	0.60 (0.71)	0.58 (0.67)	0.59 (0.69)

<sup>1</sup> The investment for business growth includes investments in plants and equipment, investments in equity shares, and business loans for projects and startups.



## II. YoY Comparison of 1st Quarter of FY2024.3

## 1. Net Sales and Profit

billion yen	A. FY24.3 1Q	B. FY23.3 1Q	A-B	(A-B)/B	Remarks
Net sales	512.6	467.1	+45.4	+9.7%	Increase in sales from the higher unit selling price of city gas, etc.
Operating profit	73.6	7.3	+66.2	+900.0%	Time-lag effect, etc.
Ordinary profit	82.6	13.4	+69.2	+516.3%	Time-lag effect, etc.
Time-lag effect <sup>1</sup>	32.3	-19.4	+51.7	-	
(Non-consolidated) Gas	23.1	-11.9	+35.1	-	
(Non-consolidated) Electricity	9.2	-7.4	+16.6	-	
Profit attributable to owners of parent	60.5	11.2	+49.3	+440.7%	Time-lag effect, etc.
Earnings per share (EPS) (yen)	145.7	26.9	+118.7	+440.7%	
EBITDA <sup>2</sup>	106.7	40.6	+66.1	+162.5%	Time-lag effect, etc.
NOPAT <sup>3</sup>	62.6	13.9	+48.6	+348.3%	Time-lag effect, etc.

1 Included in Domestic Energy.

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

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

	A. FY24.3 1Q	B. FY23.3 1Q	A-B	Remarks
Crude oil price (USD/bbl)	84.0	110.8	-26.8	Average of preliminary monthly data up to June 2023
Exchange rate (JPY/USD)	137.5	129.7	+7.8	

## 2. Asset, Equity, and Debt

billion yen	A. FY24.3 1Q end	B. FY23.3 year end	A-B	Remarks
Total assets	2,839.2	2,819.5	+19.6	
Shareholders' equity	1,469.2	1,391.4	+77.7	
Book value per share (BPS) (yen)	3,534.5	3,347.3	+187.2	
Interest-bearing debts	989.9	981.5	+8.4	
Hybrid bonds	175.0	175.0	±0.0	

	A. FY24.3 1Q	B. FY23.3 1Q	A-B	Remarks
ROIC <sup>1</sup>	2.6%	0.6%	+2.0%	Time-lag effect, etc.
ROE	4.2%	0.9%	+3.4%	Time-lag effect, etc.

<sup>1</sup> ROIC (Return on invested capital) = NOPAT / Average Invested capital

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

	A. FY24.3 1Q end	B. FY23.3 year end	A-B	Remarks
Shareholders' equity ratio	51.7%	49.3%	+2.4%	
After adjustment <sup>1</sup>	54.8%	52.5%	+2.4%	
Debt/Equity ratio	0.67	0.71	-0.03	
After adjustment <sup>1</sup>	0.58	0.60	-0.02	

<sup>1</sup> Calculated with 50% of issued hybrid bonds as equity.

## 3. Investment and Cash Flow

billion yen	A. FY24.3 1Q	B. FY23.3 1Q	A-B	Remarks
Investment for quality improvement	12.5	11.4	+1.0	
Investment for growth	40.2	34.8	+5.3	
Domestic Energy	7.5	8.2	-0.6	
International Energy	19.9	17.6	+2.3	
Life & Business Solutions	12.6	8.9	+3.7	
Capital expenditures	45.3	36.9	+8.3	
Depreciation (including amortization of goodwill)	28.6	27.5	+1.0	

billion yen	A. FY24.3 1Q	B. FY23.3 1Q	A-B	Remarks
Free cash flow <sup>1</sup>	57.7	-80.6	+138.3	

<sup>1</sup> Free cash flow = Cash flows from operating activities - Cash flows from investing activities

## 4. Customer Accounts and Sales Volume

thousands	A. FY24.3 1Q end	B. FY23.3 1Q end	A-B	(A-B)/B	Remarks
Number of customer accounts	10,101	9,899	+202	+2.0%	
Number of units for gas supply	5,024	5,004	+20	+0.4%	
Number of low-voltage electricity supply	1,743	1,649	+94	+5.7%	

	A. FY24.3 1Q	B. FY23.3 1Q	A-B	(A-B)/B	Remarks
Consolidated gas sales volume (million m <sup>3</sup> ) <sup>1,2</sup>	1,535	1,664	-129	-7.7%	
Residential	376	390	-14	-3.7%	
Non-residential	1,160	1,274	-115	-9.0%	
Electricity sales volume (GWh) <sup>2</sup>	2,860	3,391	-531	-15.7%	
Residential	1,272	1,216	+56	+4.6%	
Non-residential	1,588	2,175	-587	-27.0%	

	A. FY24.3 1Q	B. FY23.3 1Q	A-B	Remarks
Average temperature (°C)	19.9	20.4	-0.5	

1 45MJ/m<sup>3</sup>

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.

## 5. Segment Sales and Profit

billion yen	A. FY24.3 1Q	B. FY23.3 1Q	A-B	(A-B)/B	Remarks
<b>Net Sales</b>	512.6	467.1	+45.4	+9.7%	
<b>Domestic Energy</b>	444.6	400.6	+44.0	+11.0%	Increase in sales from the higher unit selling price of city gas, etc.
<b>International Energy</b>	22.0	27.8	-5.7	-20.7%	
<b>Life &amp; Business Solutions</b>	59.0	56.0	+2.9	+5.3%	
<b>Adjustments</b>	-13.1	-17.4	+4.2	-	

<b>Segment profit<sup>1</sup></b>	78.1	13.0	+65.0	+497.7%	
<b>Domestic Energy</b>	58.1	-12.4	+70.5	-	Time-lag effect, etc.
<b>Electricity</b>	19.5	-1.6	+21.1	-	Time-lag effect, etc.
<b>International Energy</b>	13.8	21.2	-7.3	-34.7%	Decrease in income from Freeport LNG project, etc.
<b>Life &amp; Business Solutions</b>	4.9	5.0	-0.1	-2.7%	
<b>Adjustments</b>	1.2	-0.8	+2.0	-	

<b>Profit/loss on time-lag effect<sup>2</sup></b>	32.3	-19.4	+51.7	-	
<b>(Non-consolidated) Gas</b>	23.1	-11.9	+35.1	-	
<b>(Non-consolidated) Electricity</b>	9.2	-7.4	+16.6	-	
<b>Profit/loss on market valuation of derivatives<sup>3</sup></b>	1.3	3.0	-1.7	-57.8%	

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.

### III. Comparison between Forecasts and Results

No change from the forecast announced on May 8 except 2 columns below

EBITDA (P15)    Depreciation (including amortization of goodwill) (P17)

## 1. Net Sales and Profit

billion yen	A. FY24.3 Forecasts	B. FY23.3	A-B	(A-B)/B	Remarks
Net sales	2,017.0	2,275.1	-258.1	-11.3%	Decrease in sales from the lower unit selling price of city gas, etc.
Operating profit	139.5	60.0	+79.4	+132.5%	Decreased costs for LNG procurement, etc.
Ordinary profit	159.0	75.6	+83.3	+110.2%	Decreased costs for LNG procurement, etc.
Time-lag effect <sup>1</sup>	36.6	-34.7	+71.3	-	
(Non-consolidated) Gas	23.7	-16.4	+40.1	-	
(Non-consolidated) Electricity	12.9	-18.3	+31.2	-	
Profit attributable to owners of parent	116.0	57.1	+58.8	+103.1%	Decreased costs for LNG procurement, etc.
Earnings per share (EPS) (yen)	279.1	137.4	+141.7	+103.1%	
EBITDA <sup>2</sup>	281.0	192.7	+88.2	+45.8%	Revised from the forecast (264.5 billion yen) announced in May
NOPAT <sup>3</sup>	126.7	59.3	+67.4	+113.6%	Decreased costs for LNG procurement, etc.

1 Included in Domestic Energy.

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

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

	A. FY24.3 Forecasts	B. FY23.3	A-B	Remarks
Crude oil price (USD/bbl)	85.0	102.7	-17.7	
Exchange rate (JPY/USD)	135.0	135.5	-0.5	



## 2. Asset, Equity, and Debt

billion yen	A. FY24.3 Forecasts	B. FY23.3 year end	A-B	Remarks
Total assets	2,956.8	2,819.5	+137.2	
Shareholders' equity	1,407.1	1,391.4	+15.7	
Book value per share (BPS) (yen)	3,385.1	3,347.3	+37.8	
Interest-bearing debts	972.6	981.5	-8.9	

	A. FY24.3 Forecasts	B. FY23.3 year end	A-B	Remarks
ROIC <sup>1</sup>	5.4%	2.7%	+2.8%	Decreased costs for LNG procurement, etc.
ROE	8.5%	4.3%	+4.2%	Decreased costs for LNG procurement, etc.

1 ROIC (Return on invested capital) = NOPAT / Average Invested capital

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

	A. FY24.3 Forecasts	B. FY23.3 year end	A-B	Remarks
Shareholders' equity ratio	47.6%	49.3%	-1.8%	
After adjustment <sup>2</sup>	50.5%	52.5%	-1.9%	
Debt/Equity ratio	0.69	0.71	-0.01	
After adjustment <sup>2</sup>	0.59	0.60	-0.01	

2 Calculated with 50% of issued hybrid bonds as equity.

## 3. Cash Flow and Investment

billion yen	A. FY24.3 Forecasts	B. FY23.3	A-B	Remarks
Investment for quality improvement	90.0	65.0	+24.9	
Investment for growth	160.0	172.2	-12.2	
Domestic Energy	45.5	53.6	-8.1	
International Energy	74.0	76.2	-2.2	
Life & Business Solutions	40.5	42.2	-1.7	
Capital expenditures	214.0	195.3	+18.6	
Depreciation (including amortization of goodwill)	120.0	119.8	+0.1	Revised from the forecast (103.5 billion yen) announced in May

billion yen	A. FY24.3 Forecasts	B. FY23.3	A-B	Remarks
Cash flows from operating activities	282.0	33.5	+248.4	
Cash flows from investing activities <sup>1</sup>	250.0	203.9	+46.0	
Free cash flow <sup>2</sup>	32.0	-170.3	+202.3	

1 Forecasts are amount of investment.

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

## 4. Customer Accounts and Sales Volume

	A. FY24.3 Forecasts	B. FY23.3 year end	A-B	(A-B)/B	Remarks
Number of customer accounts (thousands)	10,156	10,021	+135	+1.4%	

	A. FY24.3 Forecasts	B. FY23.3	A-B	(A-B)/B	Remarks
Consolidated gas sales volume (million m <sup>3</sup> ) <sup>1,2</sup>	6,778	6,845	-67	-1.0%	
Residential	1,715	1,697	+18	+1.0%	
Non-residential	5,063	5,148	-85	-1.6%	
Electricity sales volume (GWh) <sup>2</sup>	15,620	15,883	-263	-1.7%	

	A. FY24.3 Forecasts	B. FY23.3	A-B	Remarks
Average temperature (°C)	17.3	17.8	-0.5	

<sup>1</sup> 45MJ/m<sup>3</sup>

<sup>2</sup> 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.

## 5. Segment Sales and Profit

billion yen	A. FY24.3 Forecasts	B. FY23.3	A-B	(A-B)/B	Remarks
<b>Net Sales</b>	2,017.0	2,275.1	-258.1	-11.3%	
<b>Domestic Energy</b>	1,688.0	1,971.6	-283.6	-14.4%	Decrease in sales from the lower unit selling price of city gas, etc.
<b>International Energy</b>	125.0	123.2	+1.7	+1.4%	
<b>Life &amp; Business Solutions</b>	277.0	258.5	+18.4	+7.1%	
<b>Adjustments</b>	-73.0	-78.4	+5.4	-	

<b>Segment profit<sup>1</sup></b>	161.0	72.9	+88.0	+120.8%	
<b>Domestic Energy</b>	66.0	-27.3	+93.3	-	Decreased costs for LNG procurement, etc.
<b>Electricity</b>	23.5	11.3	+12.1	+106.8%	Time-lag effect, etc.
<b>International Energy</b>	69.0	69.7	-0.7	-1.0%	
<b>Life &amp; Business Solutions</b>	27.0	29.2	-2.2	-7.7%	
<b>Adjustments</b>	-1.0	1.3	-2.3	-	

<b>Profit/loss on time-lag effect<sup>2</sup></b>	36.6	-34.7	+71.3	-	
<b>(Non-consolidated) Gas</b>	23.7	-16.4	+40.1	-	
<b>(Non-consolidated) Electricity</b>	12.9	-18.3	+31.2	-	

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

2 Included in the Domestic Energy.

## IV. Reference

# Sales Volume & Profit Sensitivity to External Factors

## 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

Impact after July 2023  
 under the following assumptions  
 Crude oil price: 85 USD/bbl  
 Exchange: 135 JPY/USD

Range of fluctuation		Segment	Segment Impact	Net impact on consolidated ordinary profit
Crude oil price	+1USD/bbl	International Energy	Positive	-1.11 billion yen
		Domestic Energy	Negative	
Exchange rate	+1JPY/USD	International Energy	Positive	-0.44 billion yen
		Domestic Energy	Negative	

