



## Financial Report for FY2022.3 (April 2021 – March 2022)

April 26, 2022  
Osaka Gas Co., Ltd.



I am Masataka Fujiwara, President and Representative Director of Osaka Gas.

Thank you for taking the time to join us for this meeting on our financial results for FY2022.3. On behalf of the company, I would like to express our gratitude for your continued support and understanding in regard to the company's businesses.

I will refer to the slides of the financial results for FY2022.3, which are available on our website. Please look at page 3.

I would like to begin by reviewing three highlights of FY2022.3.

## I. Review of Major Activities in FY2022.3

- Major Activities for the Co-creation of Value for a Sustainable Future in 2H FY2022.3 - 3
- ROIC-Focused Growth Strategy - 4
- Growth of the Osaka Gas Chemicals Group - 5

## II. Summary of Business Results for FY2022.3 and Forecasts for FY2023.3

- Summary of Business Results for FY2022.3 and Forecasts for FY2023.3 - 7
- YoY Comparison of Results - 8
- Comparison between Forecasts (Jan. 31 2022) and Results - 9
- Comparison between FY2022.3 Results and FY2023.3 Forecasts - 10
- Results and Forecasts for Investment for Growth - 11

## III. Business Results for FY2022.3

- YoY Comparison of Results - 13-17
- FY2022.3 Segment Results - 18-20
- Comparison between Forecasts (Jan. 31 2022) and Results - 21-22

## IV. Forecasts for FY2023.3

- YoY Comparison of Forecasts - 24-28
- FY2023.3 Segment Forecasts - 29-31
- Sales Volume & Profit Sensitivity to External Factors for FY2023.3 - 32
- (Reference)Topics in 4th Quarter of FY2022.3 - 33

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/>

## 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. The forecast for FY23.3 is based on the forecast announced on March 10, 2022 and does not reflect the impact of OGUSA's deferred tax assets and income taxes - deferred (gain) recorded at the end of FY22.3, which was announced on April 18, 2022.

## 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.

## **I. Review of Major Activities in FY2022.3**



## Major Activities for the Co-creation of Value for a Sustainable Future in 2H FY2022.3

- ✓ Expanded activities for the co-creation of value for a sustainable future under the Medium-Term Management Plan.

### Low carbon/carbon neutral society

#### Gas

- Began joint demonstration with INPEX CORPORATION for the commercialization of one of the world's largest methanation operations
- Wide-area expansion, such as supplying natural gas to the Mishima Mill of Daio Paper Corporation and the Iwakuni Plant of Toyobo Co., Ltd.
- Participation in the City Gas Business in India

#### Electricity and Others

- Decided to issue transition bonds
- Increase in renewable capacity both in Japan and overseas (renewables development contribution: approx. 1.4GW, up approx. 0.35 GW from FY21.3, target for the FY24.3: 2.5 GW)

Wind	<ul style="list-style-type: none"> <li>● Started assessment of Karatsu City, Saga Pref. (offshore)</li> <li>● Started assessment of Aomori Pref. south of Japan Sea (offshore)</li> </ul>
Solar	<ul style="list-style-type: none"> <li>● Business Partnership with Hamacast Co., Ltd., and Yamazen Corporation about D-Solar</li> <li>● Alliances for joint development and ownership with Sky Solar Japan Co., Ltd.</li> <li>● Participation of rooftop solar power generation business in Vietnam</li> <li>● Investment in a small to medium-sized solar power plant developed by Takara Leben Group</li> </ul>
Biomass	<ul style="list-style-type: none"> <li>● Agreement with Green Power Fuel Corporation and Shiso City in Hyogo Pref. for utilization of fast growing trees</li> </ul>
Other	<ul style="list-style-type: none"> <li>● Started supplying renewable energy electricity to JR Kyushu's railway stations (Kyushu Railway Company)</li> <li>● Investment in JEDLIX B.V and participation in Electricity balancing services business in Europe</li> </ul>

### Lifestyles and businesses adjusted to the new normal

- Entered into the fixed-line telecommunications business and launch of "Sasuga Net" services
- Launched "Sumai LINK," a home services platform to provide an optimal individual customer experience

### Resilience of customers and society

- Joint research with Kyoto University on medium- to long-term weather forecasts

The first is our activities for the co-creation of value for a sustainable future, as outlined in our Medium-Term Management Plan.

As part of our efforts to realize a low-carbon/carbon neutral society, we have started a joint demonstration project with INPEX Corporation for the commercialization of a methanation system, for which we are planning to construct a CO<sub>2</sub>-methanation facility with the world's largest capacity at present to produce synthetic methane using carbon dioxide from the INPEX's Nagaoka gas field. We intend to later conduct a commercial-scale demonstration overseas. In the meantime, we are planning to launch a 25 billion yen national project of SOEC methanation, an even more highly efficient method to produce synthetic methane, which has been selected as a Green Innovation Fund project. As for renewables development contribution, we are accelerating several projects in Japan and overseas, adding to the 1.4 GW achieved at the end of March.

For the lifestyles and businesses adjusted to the new normal, we have launched



"Sasuga Net," a fixed-line telecommunications service, and "Sumai LINK," a digital platform that provides home-related products and services via PCs, smartphones, and other devices.

In order to improve the resilience of customers and society, we are working to further stabilize our energy supply through various efforts including the joint research we have begun with Kyoto University on medium- to long-term weather forecasting.

## ROIC-Focused Growth Strategy

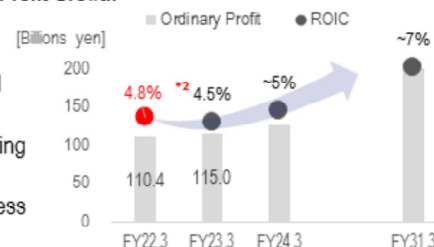
- ✓ Instill ROIC management by promoting understanding of business units<sup>\*1</sup> and fostering awareness of ROIC improvement
- ✓ Implement asset sales and investments with an awareness of ROIC and initiatives to improve asset efficiency.

<sup>\*1</sup> Business management units that formulate and execute business strategies, and the businesses of our group are organized into seven business units

### ROIC-focused management throughout the Group

- Organize and clarify roles of business units and group headquarters  
**Business Units:** Enhance business value through independent growth  
**Group Head Office:** Enhance corporate value through optimal investment allocation and risk management
- Promote understanding and raise awareness of ROIC throughout the Group by disseminating messages from management members and publishing articles in the in-house newsletters
- Set a ROIC target as a performance indicator of individual business units to foster awareness of ROIC improvement

### <Reference> Balancing ROIC Improvement and Profit Growth



<sup>\*2</sup> ROIC result for FY22.3 excludes the impact of OGUSA's reporting of ¥42.6 billion in income taxes - deferred (gain)..

### Initiatives to improve ROIC and achievements in FY2022.3

Promoting autonomous asset sales by business units	<ul style="list-style-type: none"> <li>■ Promoted sales of overseas assets that have completed fulfilling their roles (Idemitsu Snorre, 4 IPP projects with expiring PPAs<sup>*3</sup>)</li> <li>■ Continued sales of stocks of cross-shareholding (9 stocks sold in FY22.3) appropriately based on a result of reviewing the significance of holding for each stock</li> </ul>
Investing with ROIC target in mind	<ul style="list-style-type: none"> <li>■ Renewables in the Domestic Energy Business: Maximized investment efficiency through share-out to strategic partners, securing off-take more than investment, and devising financing schemes</li> <li>■ Renewables in the International Energy Business: Promoted development, improved investment efficiency, and reduced development risks through strategic alliances with multiple partners</li> <li>■ Reduced business risks and improved asset efficiency by utilizing leases in industrial energy services</li> </ul>
Improving asset efficiency	<ul style="list-style-type: none"> <li>■ Considered securitization of real estate and other assets held by our group companies</li> </ul>

■ Domestic Energy ■ International Energy ■ Life & Business Solutions

<sup>\*3</sup> Power Purchase Agreement

4

Second is the company's ROIC-focused management, which is set forth in the Medium-Term Management Plan. I would like to introduce our efforts over the past year.

In FY2022.3, the first year of ROIC-focused management, we promoted understanding among members and fostered awareness of the need to improve ROIC, with the clarified roles of business units and the Group headquarters, and the targets set for each business unit.

Each business unit worked autonomously to achieve the targeted ROIC level. Both improved ROIC and increased profits were pursued through business operations such as the sale of overseas assets that completed their roles, and the development of domestic renewable energy, where we secured share-outs to strategic partners and offtake more than our investment ratio.

We intend to continue our proactive activities in the current fiscal year to realize growth through ROIC improvement.



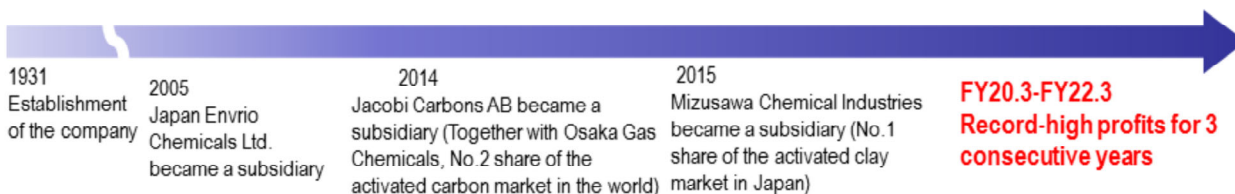
## Growth of the Osaka Gas Chemicals Group (Life & Business Solutions)

みつける、こたえる、かなえる ケミカル

- ✓ Continuing to grow through high-performance materials development and M&A, achieving record-high profits for 3 consecutive years.
- ✓ Aiming for further growth by expanding existing businesses and launching new businesses through technological development.

### Growth to date since establishment

- Developed materials and processed products with superior properties, starting with coal tar, a by-product of coal gas



### Initiatives for Further Growth

#### ■ Growth and expansion of existing businesses

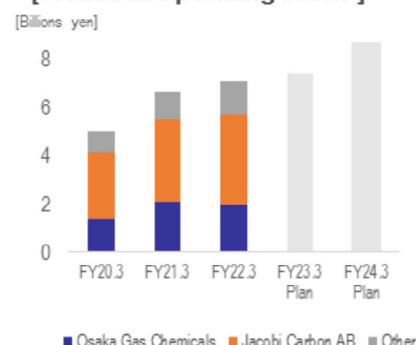
- Boost production capacity for activated carbon, whose demand is expected to increase at around 5% per year, to further expand the business through Jacobi's global sales network
- Develop fine materials for diverse needs and applications, such as optical, display and semiconductor devices, whose markets are expanding

#### ■ New business through technological development

- Currently conducting R&D on over 20 research themes, aiming at early commercialization (products for antibacterial and antiviral products, supplements, health foods, etc.)

#### ■ Growth through M&A

[Trends in Operating Profit\*]



\*Simple total of operating profit of Osaka Gas Chemicals Group companies

5

Third is the growth of the Osaka Gas Chemicals Group, one of the pillars of our Life & Business Solutions business.

With its origins stemming from the utilization of coal tar, a byproduct of coal gas we used to supply to the market, Osaka Gas Chemicals has grown into a business with technological capabilities to develop materials and processed products with superior properties and is continuing to grow through M&A, achieving record high profits for the last 3 consecutive years. As the activated carbon market is growing, we are increasing our production capacity, aiming to further expand the business by utilizing the Jacobi Group's global sales network. We are also developing fine material products to meet the diverse needs and applications in the growing market for optical, display, and semiconductor devices. We will also commercialize our products in new fields by leveraging the technological development capabilities we have cultivated, aiming for further growth.

## **II. Summary of Business Results for FY2022.3 and Forecasts for FY2023.3**



## Summary of Business Results for FY2022.3 and Forecasts for FY2023.3

- ✓ Ordinary profit for FY22.3 decreased mainly due to the time-lag loss caused by the impact of crude oil price hikes.
- ✓ However, ordinary profit excluding the time-lag effect increased mainly due to increased profit from the International Energy business and the Life & Business Solutions business.
- ✓ Profit attributable to owners of parent increased mainly due to recording of deferred tax assets and income taxes - deferred (gain) in OGUSA.

		FY21.3	FY22.3	Difference
<b>FY22.3 Results</b>	Ordinary profit	127.7 billion yen	110.4 billion yen	-17.2 billion yen
	Ordinary profit excluding time-lag effect	126.0 billion yen	172.7 billion yen	+46.7 billion yen
	Profit attributable to owners of parent	80.8 billion yen	128.2 billion yen	+47.3 billion yen

- ✓ FY23.3 ordinary profit is expected to increase due to the time-lag effect's significant shift to the positive side from FY22.3 level.
- ✓ On the other hand, ordinary profit excluding the time-lag effect is expected to be lower in FY23.3 than in the previous year due to the absence of the temporary profit-increasing factors we had in FY22.3 and the fact that the FY23.3 forecast includes costs and other items anticipated in light of the current price surge for raw materials and fuels and the tight supply-demand situation.

		FY22.3	FY23.3 forecasts	Difference
<b>FY23.3 Forecasts</b>	Ordinary profit	110.4 billion yen	115.0 billion yen	+4.5 billion yen
	Ordinary profit excluding time-lag effect	172.7 billion yen	111.9 billion yen	-60.8 billion yen
	Profit attributable to owners of parent	128.2 billion yen	82.0 billion yen	-46.2 billion yen

7

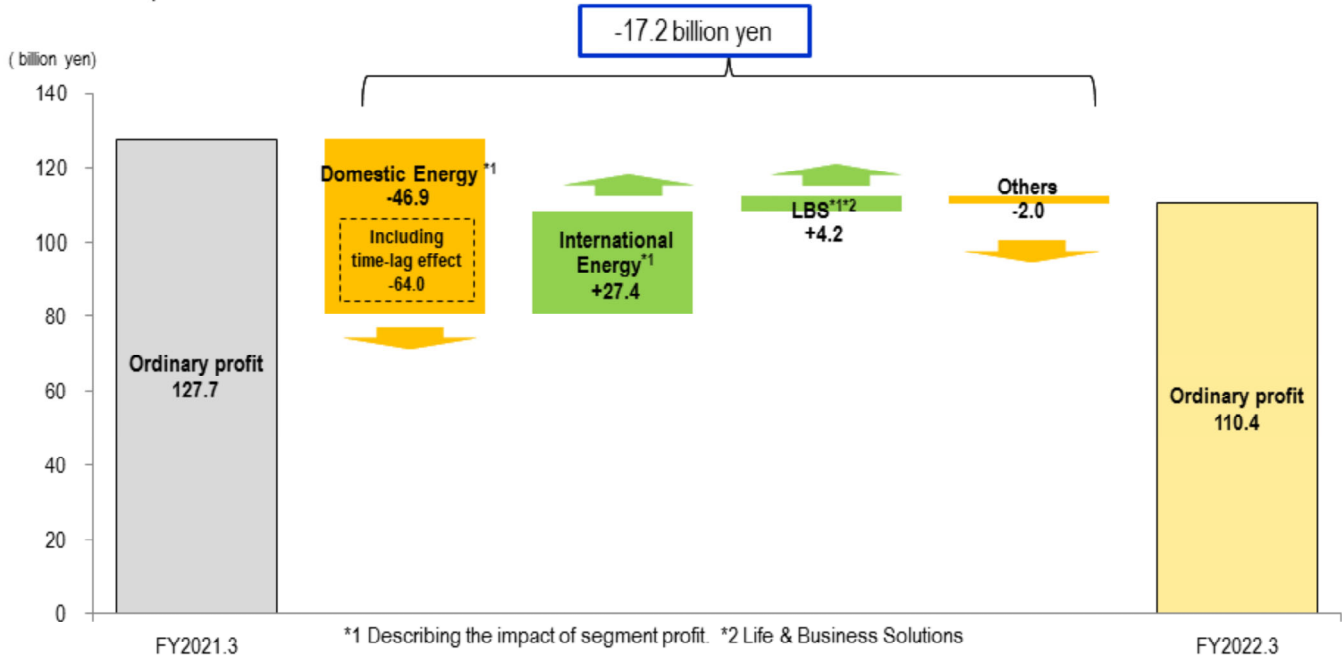
I will now explain the financial results for FY2022.3 and the outlook for FY2023.3. Page 7 summarizes key points of the financial results and outlook.

Ordinary profit for FY2022.3 decreased mainly due to the time-lag loss caused by the impact of crude oil price hikes. Excluding the time-lag effect, ordinary profit increased mainly due to higher profit in the International Energy business and the Life & Business Solutions business. Profit attributable to owners of parent increased due to the recognition of deferred tax assets in OGUSA.

For FY2023.3, ordinary profit is expected to increase, mainly due to the time-lag effect's significant shift to the positive side from FY22.3 level. Meanwhile, ordinary profit excluding the time-lag effect is expected to be lower in FY23.3 than in the previous year due to the absence of the temporary profit-increasing factors we had in FY22.3 and the fact that the FY23.3 forecast includes costs and other items anticipated in light of the current price surge for raw materials and fuels and tight supply-demand situation.

## Breakdown of Change in Ordinary Profit YoY Comparison of Results

- ✓ Ordinary profit decreased by ¥17.2 billion from the previous year to ¥110.4 billion, mainly due to decreased income from the Domestic Energy business affected by the negative time-lag effect, while the International Energy business increased in profit from Freeport LNG and Sabine Oil & Gas.



	FY2021.3	FY2022.3	Difference
Crude oil price (USD/bbl)	43.4	77.2	+33.8
Exchange rate (JPY/USD)	106.1	112.4	+6.3

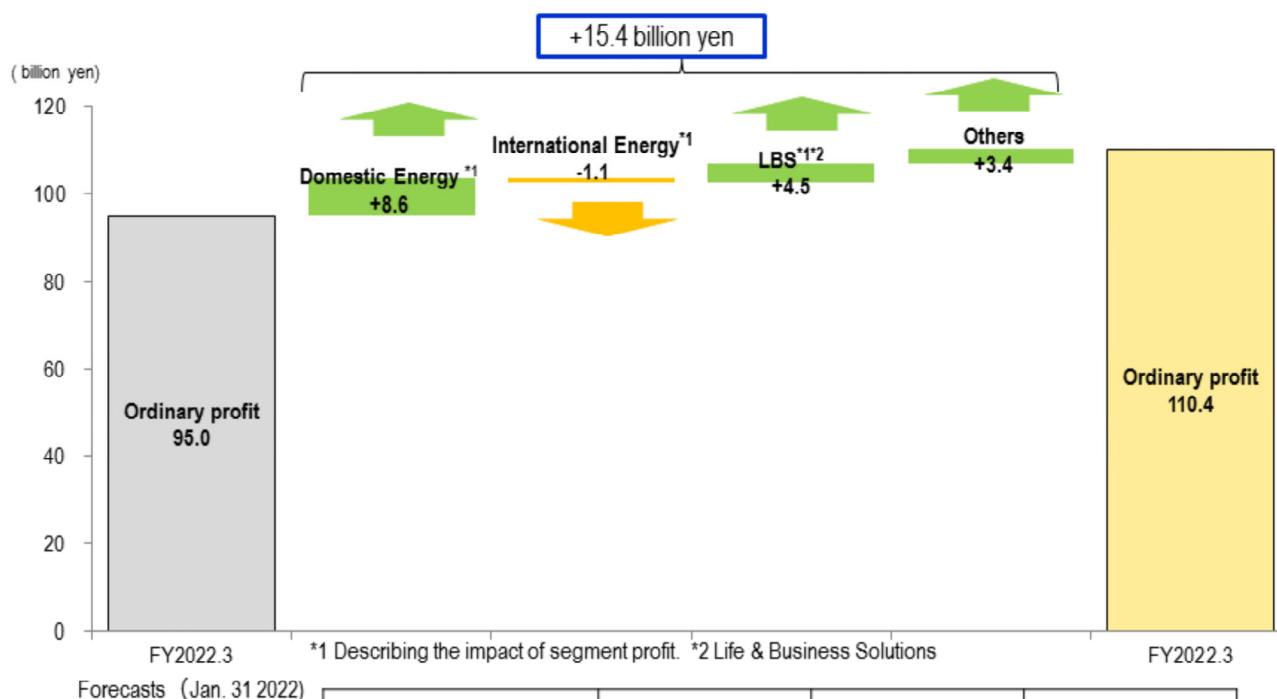
Page 8 summarizes the year-on-year comparison of consolidated ordinary profit.

Ordinary profit decreased by ¥17.2 billion from the previous year to ¥110.4 billion, mainly due to the decreased profit in the Domestic Energy business affected by the negative time-lag effect, while the International Energy business increased in profit from Freeport LNG and Sabine Oil & Gas.



## Comparison between Forecasts (Jan. 31 2022) and Results

- ✓ Increase of ¥15.4 billion from the forecast announced in January 2022 mainly due to increase in the Domestic Energy business resulting from higher residential gas sales volume in winter and increase in Life & Business Solutions business.



	FY2022.3 forecasts	FY2022.3	Difference
Crude oil price (USD/bbl)	76.7	77.2	+0.4
Exchange rate (JPY/USD)	112.1	112.4	+0.3

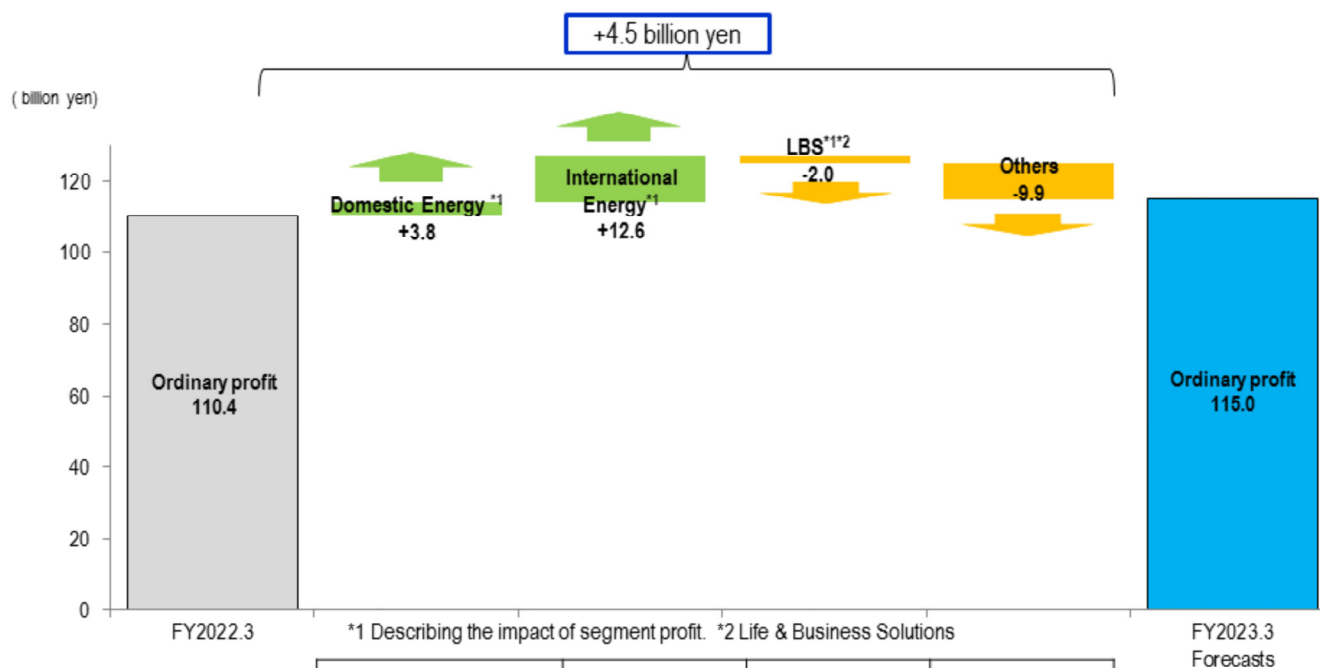
Page 9 shows the comparison between the consolidated ordinary profit forecast announced January 31 2022 and the results.

The profit result was ¥15.4 billion higher than the forecast announced in January 2022 mainly due to the increased profit in the Domestic Energy business from higher residential gas sales volume in winter and the increased profit in Life & Business Solutions business.



## Comparison between FY2022.3 Results and FY2023.3 Forecasts

- ✓ Ordinary profit for FY2023.3 is expected ¥115.0 billion, an increase of ¥4.5 billion from the previous year, mainly due to increased profits from the International Energy business such as upstream businesses in North America and Australia.



	FY2022.3	FY2023.3 forecasts	Difference
Crude oil price (USD/bbl)	77.2	95.0	+17.9
Exchange rate (JPY/USD)	112.4	115.0	+2.6

10

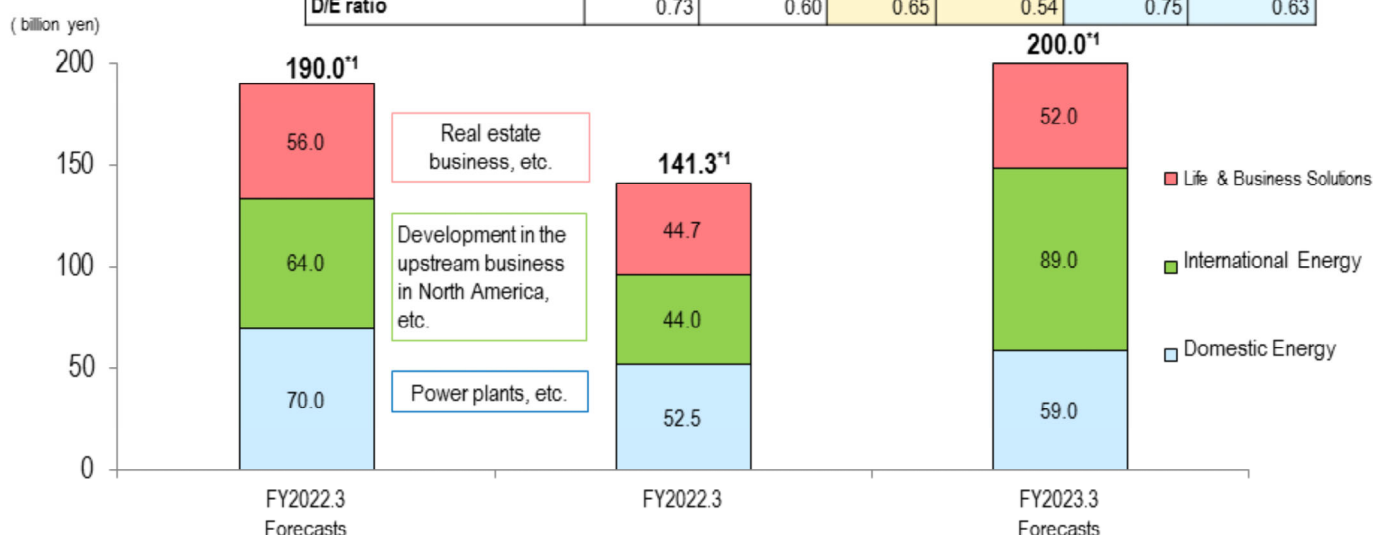
Page 10 shows the comparison between the consolidated ordinary profit forecast for FY2023.3 and the results.

The ordinary profit for FY2023.3 is expected to be ¥115.0 billion, a ¥4.5 billion increase from the previous year, mainly due to the increasing profits in the International Energy business such as upstream businesses in North America and Australia.

## Results and Forecasts for Investment for Growth

- ✓ In FY22.3, we invested ¥141.3 billion for business growth in power plants in the Domestic Energy business, upstream business development in North America in the International Energy business, and real estate business in the Life & Business Solutions business, etc.
- ✓ The financial soundness indicators were maintained at the target levels: around 50% in shareholders' equity ratio and around 0.7 in D/E ratio.

	FY21.3 year end		FY22.3 year end		FY23.3 year end	
		After adjustment*2		After adjustment*2	forecasts	After adjustment*2
Shareholders' equity ratio(%)	46.8	50.5	49.0	52.4	47.4	50.7
D/E ratio	0.73	0.60	0.65	0.54	0.75	0.63



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

\*2 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.

11

Page 11 shows the results of investments for growth.

In FY22.3, we invested ¥141.3 billion for business growth in power plants in the Domestic Energy business, upstream business development in North America in the International Energy business, and real estate business in the Life & Business Solutions business, etc.

As for the financial soundness indicators, the shareholder equity ratio was 46.8%, and the D/E ratio was 0.74, maintaining our targets of shareholder equity ratio of around 50% and a D/E ratio of around 0.7.

Pages 12 and following provide details of the results for FY2022.3 and the forecasts for FY2023.3.

This concludes my presentation. Thank you.

### **III. Business Results for FY2022.3**



# YoY Comparison of Results

## 1. Net Sales and Profit

billion yen	A. FY22.3	B. FY21.3	A-B	(A-B)/B	Remarks
Net sales	1,586.8	1,364.1	+222.7	+16.3%	Increased due to a rise in LNG prices and increase in the unit selling prices, etc.
Operating Profit	94.9	112.4	-17.5	-15.6%	
Ordinary profit	110.4	127.7	-17.2	-13.5%	Negative time-lag effect, etc.
Time-lag effect (Gas and Electricity) *1	-62.3	1.6	-64.0	-	
Ordinary profit excluding time-lag effect	172.7	126.0	+46.7	+37.1%	
Profit attributable to owners of parent	128.2	80.8	+47.3	+58.6%	Income taxes - deferred (gain) in OGUSA, etc.
Earnings per share (EPS) (yen)	308.5	194.5	+114.0	+58.6%	
EBITDA*2	216.6	227.5	-10.9	-4.8%	
NOPAT*3	136.5	111.5	+24.9	+22.4%	Affected by income taxes - deferred (gain), etc.

\*1 Included in Domestic Energy.

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

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

		A. FY22.3	B. FY21.3	A-B	Remarks
Crude oil price	USD/bbl	77.2	43.4	+33.8	A: Average of preliminary monthly data up to March 2022
Exchange rate	JPY/USD	112.4	106.1	+6.3	

billion yen	A. FY22.3 year end	B. FY21.3 year end	A-B	Remarks
Total assets	2,569.8	2,313.3	+256.4	Progress made in the investment for business growth, etc.
Shareholders' equity	1,259.6	1,081.8	+177.7	
Book value per share (BPS)(yen)	3,030.6	2,602.2	428.5	
Interest-bearing debts	815.0	785.3	+29.6	Bond issuance, etc.
Hybrid bonds	175.0	175.0	±0	

	A. FY22.3	B. FY21.3	A-B	Remarks
ROIC	7.0%	6.2%	+0.8%	
Reference ROIC*1	4.8%	-	-	
ROE	11.0%	7.8%	+3.2%	

\*1 Reference value excluding the effect of income taxes - deferred (gain), as a temporary profit-increasing factor

	A. FY22.3 year end	B. FY21.3 year end	A-B	Remarks
Shareholders' equity ratio	49.0%	46.8%	+2.3%	
After adjustment*2	52.4%	50.5%	+1.9%	
Debt/Equity ratio	0.65	0.73	-0.08	
After adjustment*2	0.54	0.60	-0.06	

\*2 Calculated with 50% of issued hybrid bonds as equity. It does not mean that shareholders will be diluted.

billion yen	A. FY22.3	B. FY21.3	A-B	Remarks
Investment for quality improvement	67.9	68.8	-0.9	
Investment for growth	141.3	152.5	-11.1	
Domestic Energy	52.5	80.7	-28.2	
International Energy	44.0	32.6	+11.4	
Life & Business Solutions	44.7	39.0	+5.6	
Capital expenditures	189.3	189.4	-0.1	
Depreciation	108.9	101.4	+7.4	

billion yen	A. FY22.3	B. FY21.3	A-B	Remarks
Cash flows from operating activities	145.3	219.7	-74.4	
Cash flows from investing activities	152.1	198.3	-46.1	
Free cash flow*1	-6.8	21.4	-28.2	

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

## 4. Customer Accounts and Sales Volume

	A. FY22.3 year end	B. FY21.3 year end	A-B	(A-B)/B	Remarks
Number of customer accounts (thousands)	9,812	9,401	+411	+4.4%	
	A. FY22.3	B. FY21.3	A-B	(A-B)/B	Remarks
Consolidated gas sales volume (million m <sup>3</sup> )	7,096	7,157	-61	-0.9%	
(Non-consolidated) Gas sales volume	7,062	7,121	-59	-0.8%	
Residential	1,814	1,862	-49	-2.6%	Decreased in the number of effective gas meters, etc.
Monthly gas sales volume per household (m <sup>3</sup> / month)	31.8	31.6	+0.2	+0.5%	
Non-residential	5,248	5,259	-11	-0.2%	
Electricity sales volume (GWh) <sup>*1</sup>	16,760	16,133	+627	+3.9%	
Residential	6,189	5,721	+468	+8.2%	
Non-residential	10,571	10,412	+159	+1.5%	
(Non-consolidated) Number of units for gas supply	4,915	5,031	-115	-2.3%	
Number of low-voltage electricity supply	1,613	1,510	+103	+6.8%	

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



## 5. Segment Sales and Profit

billion yen	A. FY22.3	B. FY21.3	A-B	(A-B)/B	Remarks
<b>Net Sales<sup>*1</sup></b>	1,586.8	1,364.1	+222.7	+16.3%	
Domestic Energy	1,336.1	1,158.3	+177.7	+15.3%	Increased due to a rise in LNG prices and in the unit selling prices, etc.
International Energy	80.7	44.2	+36.4	+82.4%	Increased in sales from business in North America (Sabine, Freeport, etc.) and from upstream business in Australia, etc.
Life & Business Solutions	237.0	216.5	+20.5	+9.5%	Increased in sales from materials solutions business and information solutions business, etc.
Adjustments	-67.0	-55.1	-11.9	-	
<b>Segment profit<sup>*1*2</sup></b>	107.7	126.1	-18.3	-14.6%	
Domestic Energy	38.6	85.5	-46.9	-54.8%	Negative time-lag effects, etc.
Electricity <sup>*3</sup>	14.0	14.8	-0.7	-5.1%	
International Energy	44.3	16.8	+27.4	+162.5%	Increased in profit from business in North America (Freeport, Sabine, etc.) and upstream business in Australia, etc.
Life & Business Solutions	23.5	19.2	+4.2	+21.9%	Increased in profit from information solutions business, etc.
Adjustments	1.2	4.3	-3.1	-	
<b>Profit/Loss on time-lag effect (Gas and Electricity)<sup>*4</sup></b>	-62.3	1.6	-64.0	-	
<b>Profit/Loss on market value of derivative<sup>*5</sup></b>	-1.5	-7.0	+5.4	-	

\*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

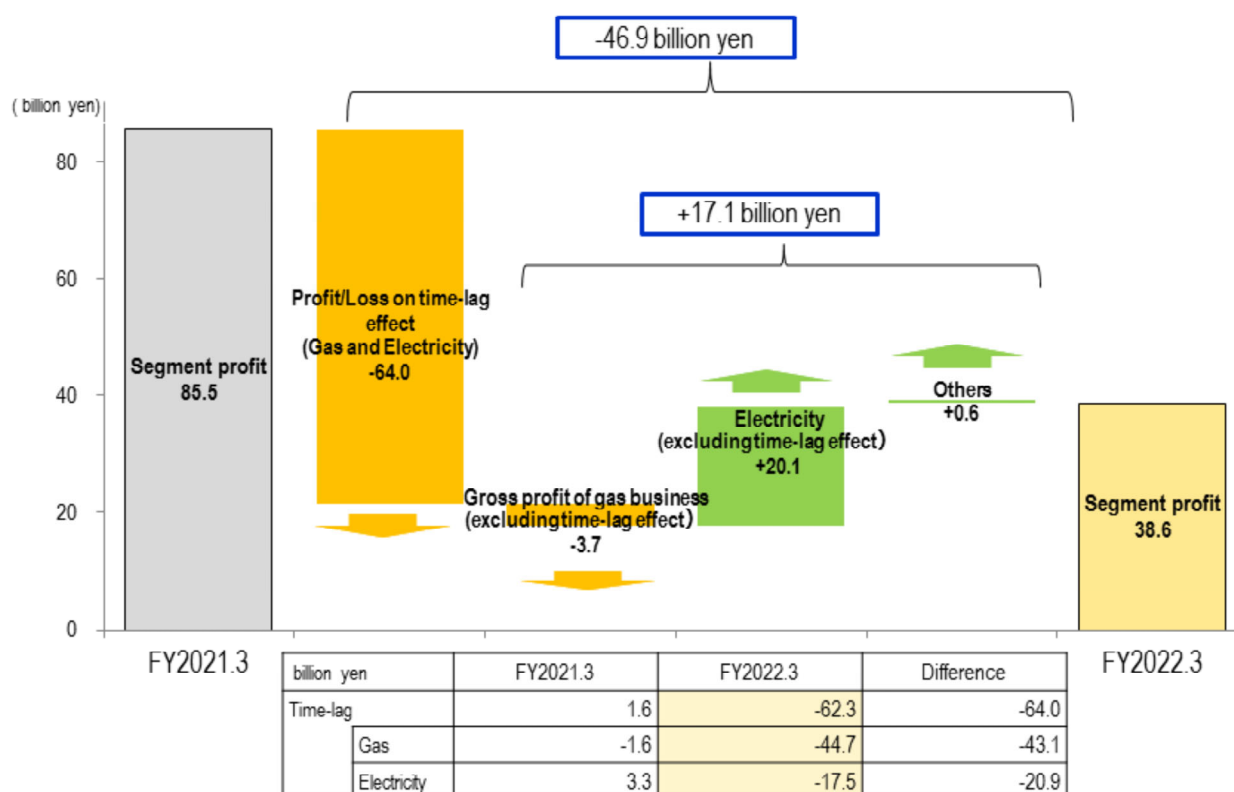
\*3 It is a simple total of the profit in Osaka Gas Co., Ltd.'s incidental electricity business and profits of its affiliated companies involved in electricity business, which is different from the profit in the Domestic Energy / Electricity, which we used as a segment name before.

\*4 Included in the Domestic Energy.

\*5 Included in the International Energy.

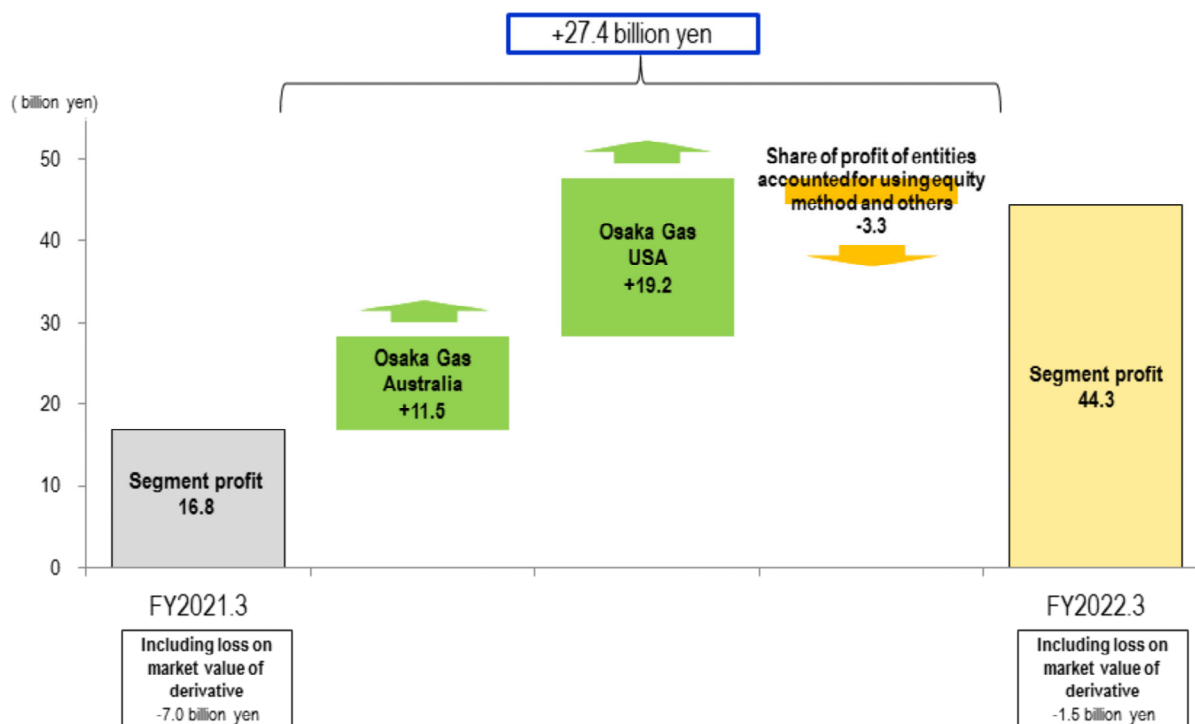
## 1. Domestic Energy (Gas and Electricity)

- ✓ Domestic Energy segment profit decreased by ¥46.9 billion to ¥38.6 billion mainly due to the negative time-lag effect.



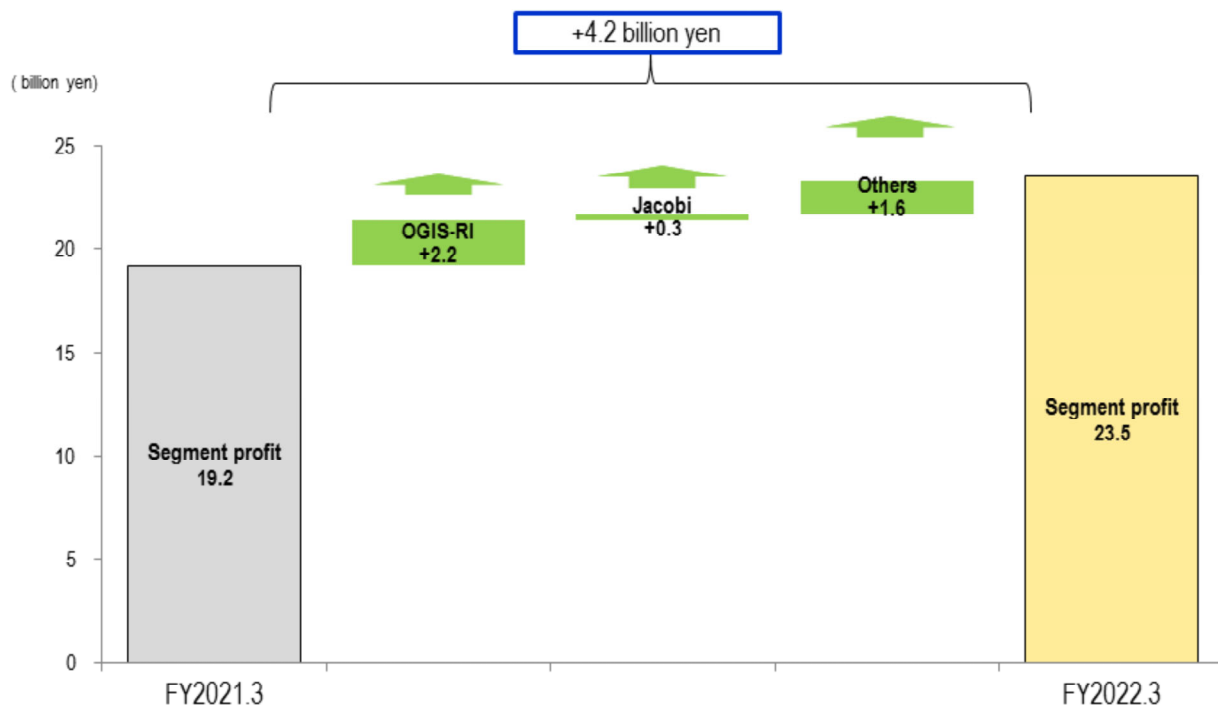
## 2. International Energy

- ✓ International Energy segment profit increased by ¥27.4 billion to ¥44.3 billion, mainly due to increased profit from Freeport LNG, Sabine Oil & Gas, and upstream business in Australia resulting from higher crude oil prices, etc.



## 3. Life &amp; Business Solutions

- ✓ Life & Business Solutions segment profit increased by ¥4.2 billion to ¥23.5 billion, mainly due to increased scale of development projects for the Group in the information solutions business.



# Comparison between Forecasts (Jan. 31 2022) and Results

## 1. Net Sales and Profit

billion yen	A. FY22.3	B. FY22.3 forecasts	A-B	(A-B)/B	Remarks
Net sales	1,586.8	1,547.0	+39.8	+2.6%	
Operating Profit	94.9	80.5	+14.4	+17.9%	
Ordinary profit	110.4	95.0	+15.4	+16.3%	
Time-lag effect (Gas and Electricity)*1	-62.3	-46.2	-16.1	-	
Ordinary profit excluding time-lag effect	172.7	141.2	+31.5	+22.4%	Increased in residential sales volume in winter, etc.
Profit attributable to owners of parent	128.2	77.5	+50.7	+65.5%	Income taxes - deferred (gain) in OGUSA, etc.
Earnings per share (EPS) (yen)	308.5	186.4	+122.1	+65.5%	
EBITDA*2	216.6	200.0	+16.6	+8.3%	
NOPAT*3	136.5	83.5	+53.0	+63.4%	Affected by income taxes - deferred (gain), etc.

\*1 Included in the Domestic Energy.

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

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

	A. FY22.3	B. FY22.3 forecasts	A-B	Remarks
Crude oil price USD/bbl	77.2	76.7	+0.4	A: Average of preliminary monthly data up to March 2022
Exchange rate JPY/USD	112.4	112.1	+0.3	

## 2. Segment Sales and Profit

billion yen	A. FY22.3	B. FY22.3 forecasts	A-B	(A-B)/B	Remarks
<b>Net Sales<sup>*1</sup></b>	1,586.8	1,547.0	+39.8	+2.6%	
Domestic Energy	1,336.1	1,296.5	+39.6	+3.1%	Increased in LNG prices, etc.
International Energy	80.7	75.5	+5.2	+7.0%	
Life & Business Solutions	237.0	230.0	+7.0	+3.1%	
Adjustments	-67.0	-55.0	-12.0	-	
<b>Segment profit<sup>*1*2</sup></b>	107.7	94.5	+13.2	+14.0%	
Domestic Energy	38.6	30.0	+8.6	+29.0%	Increased in residential sales volume in winter, etc.
Electricity <sup>*3</sup>	14.0	12.0	+2.0	+17.3%	
International Energy	44.3	45.5	-1.1	-2.6%	
Life & Business Solutions	23.5	19.0	+4.5	+23.8%	
Adjustments	1.2	0.0	+1.2	-	
<b>Profit/Loss on time-lag effect<sup>*4</sup></b>	-62.3	-46.2	-16.1	-	
(Non-consolidated) Gas business	-44.7	-31.0	-13.7	-	
Electricity business	-17.5	-15.2	-2.3	-	

\*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 the Domestic Energy / Electricity, which we used as a segment name before.

\*4 Included in the Domestic Energy.

## **IV. Forecasts for FY2023.3**





## 1. Net Sales and Profit

✓ Forecast for FY2023.3 remains unchanged from the forecasts in Business Plan announced on March 10, 2022.\*1

billion yen	A. FY23.3 forecasts	B. FY22.3	A-B	(A-B)/B	Remarks
Net sales	1,853.0	1,586.8	+266.1	+16.8%	Increase in the unit selling prices due to the rise in crude oil price, etc.
Operating Profit	106.5	94.9	+11.5	+12.2%	
Ordinary profit	115.0	110.4	+4.5	+4.1%	Increase in profit from the International Energy business, etc.
Time-lag effect (Gas and Electricity) <sup>*2</sup>	3.1	-62.3	+65.4	-	
Ordinary profit excluding time-lag effect	111.9	172.7	-60.8	-35.2%	
Profit attributable to owners of parent	82.0	128.2	-46.2	-36.1%	
Earnings per share (EPS) (yen)	197.2	308.5	-111.3	-36.1%	
EBITDA <sup>*3</sup>	230.0	216.6	+13.3	+6.2%	
NOPAT <sup>*4</sup>	92.8	136.5	-43.7	-32.0%	

\*1 The forecast for FY2023.3 does not reflect the impact of deferred tax assets and income taxes - deferred (gain) in OGUSA at the end of FY2022.3

\*2 Included in non-consolidated gas business and electricity business.

\*3 EBITDA = Operating profit + share of profit/loss of entities accounted for using equity method + depreciation (including amortization of goodwill)

\*4 NOPAT = Ordinary profit + Financial expenses (Interest expenses - Interest income) - Income taxes

	A. FY23.3 forecasts	B. FY22.3	A-B	Remarks
Crude oil price USD/bbl	95.0	77.2	+17.9	B: Average of preliminary monthly data up to March 2022
Exchange rate JPY/USD	115.0	112.4	+2.6	

## 2. Asset, Equity, and Debt

billion yen	A. FY23.3 forecasts	B. FY22.3 year end	A-B	Remarks
Total assets	2,615.7	2,569.8	+45.9	Progress made in the investment for business growth, etc.
Shareholders' equity	1,238.6	1,259.6	-21.0	
Book value per share (BPS) (yen)	2,979.0	3,030.6	-51.6	
Interest-bearing debts	927.3	815.0	+112.2	Increase due to new financing, etc.
Invested capital <sup>*1</sup>	2,154.6	2,061.7	+92.8	

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

	A. FY23.3 forecasts	B. FY22.3	A-B	Remarks
ROIC	4.5%	7.0%	-2.5%	Affected by income taxes - deferred (gain) in FY22.3
ROE	6.8%	11.0%	-4.2%	

	A. FY23.3 forecasts	B. FY22.3 year end	A-B	Remarks
Shareholders' equity ratio	47.4%	49.0%	-1.7%	
After adjustment <sup>*2</sup>	50.7%	52.4%	-1.7%	
Debt/Equity ratio	0.75	0.65	+0.10	
After adjustment <sup>*2</sup>	0.63	0.54	+0.09	

<sup>\*2</sup> Calculated with 50% of issued hybrid bonds as equity. It does not mean that shareholders will be diluted.

## 3. Cash Flow and Investment

billion yen	A. FY23.3 forecasts	B. FY22.3	A-B	Remarks
Cash flows from operating activities	173.7	145.3	+28.4	
Cash flows from investing activities <sup>*1</sup>	274.0	152.1	+121.8	
Free cash flow <sup>*2</sup>	-100.2	-6.8	-93.4	

<sup>\*1</sup> Forecasts are amount of investment.

<sup>\*2</sup> Free cash flow = Cash flows from operating activities - Cash flows from investing activities

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

<sup>\*3</sup> Investment in quality improvement of Osaka Gas Co., Ltd. and Osaka Gas Network Co., Ltd. in FY23.3

## 4. Customer Accounts and Sales Volume

- ✓ Gas sales volume is announced on a domestically consolidated basis, starting from FY23.3

	A. FY23.3 forecasts	B. FY22.3	A-B	(A-B)/B	Remarks
Number of customer accounts (thousands)	10,202	9,812	+390	+4.0%	
Consolidated gas sales volume (million m <sup>3</sup> )	6,834	7,096	-262	-3.7%	
Residential	1,732	1,854	-122	-6.6%	
Non-Residential	5,102	5,242	-140	-2.7%	
Electricity Sales Volume (GWh)	18,201	16,760	+1,441	+8.6%	

	A. FY23.3 forecasts	B. FY22.3	A-B	Remarks
Average temperature (°C)	17.3	17.2	+0.1	

## 5. Segment Sales and Profit

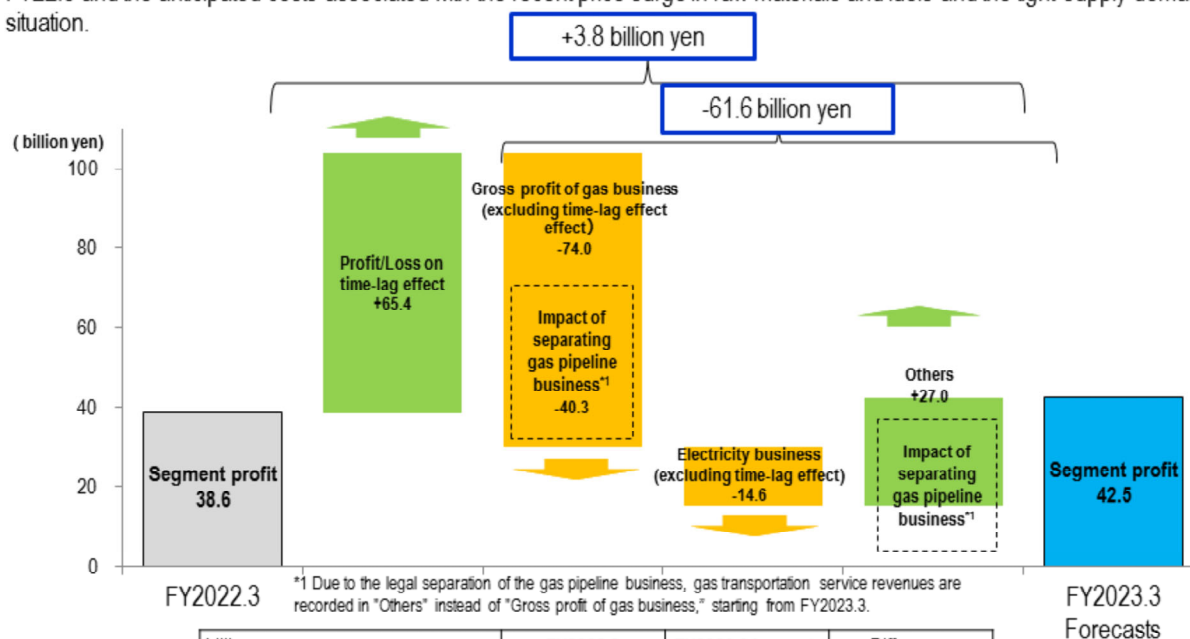
billion yen	A. FY23.3 forecasts	B. FY22.3	A-B	(A-B)/B	Remarks
<b>Net Sales</b>	1,853.0	1,586.8	+266.1	+16.8%	
Domestic Energy	1,580.0	1,336.1	+243.8	+18.3%	Increase in the unit selling prices due to the rise in crude oil price, etc.
International Energy	98.0	80.7	+17.2	+21.3%	Increase in sales from upstream business in North America and Australia, etc.
Life & Business Solutions	250.0	237.0	+12.9	+5.4%	Increase in sales from material solutions business, etc.
Adjustments	-75.0	-67.0	-7.9	-	
<b>Segment profit<sup>*1</sup></b>	120.0	107.7	+12.2	+11.4%	
Domestic Energy	42.5	38.6	+3.8	+9.8%	
Electricity	17.5	14.0	+3.4	+24.4%	
International Energy	57.0	44.3	+12.6	+28.6%	Increase in profit from upstream business in North America and Australia, etc.
Life & Business Solutions	21.5	23.5	-2.0	-8.6%	
Adjustments	-1.0	1.2	-2.2	-	
<b>Profit/Loss on time-lag effect<sup>*2</sup></b>	3.1	-62.3	+65.4	-	
(Non-consolidated) Gas business	2.6	-44.7	+47.3	-	
Electricity business	0.5	-17.5	+18.0	-	

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

\*2 Included in the Domestic Energy.

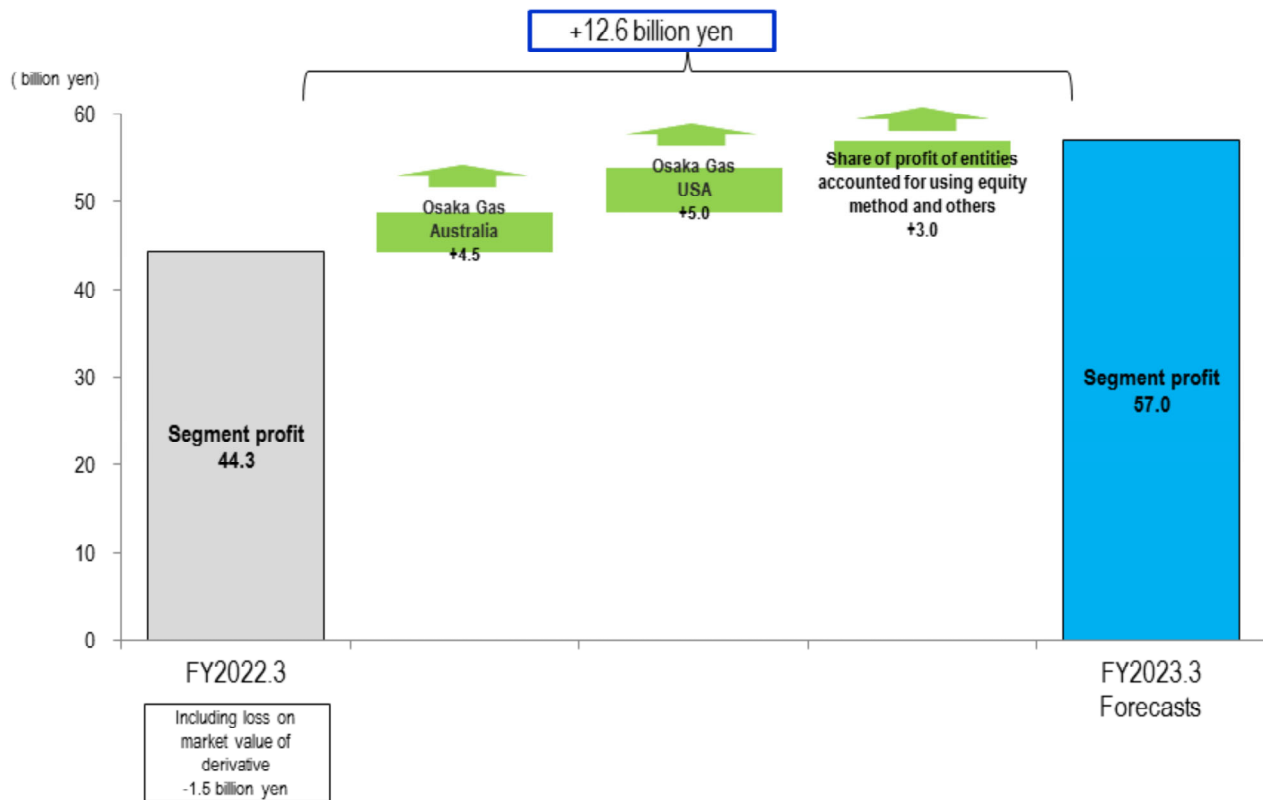
## 1. Domestic Energy (Gas and Electricity)

- ✓ Domestic Energy segment profit is expected to increase by ¥3.8 billion from the previous year to ¥42.5 billion, partly due to the time-lag effect's significant shift to the positive side from FY22.3 level, despite the absence of temporary profit-increasing factors we had in FY22.3 and the anticipated costs associated with the recent price surge in raw materials and fuels and the tight supply-demand situation.



billion yen	FY2022.3	FY2023.3 forecasts	Difference
Profit/Loss on time-lag effect	-62.3	3.1	+65.4
Gas	-44.7	2.6	+47.3
Electricity	-17.5	0.5	+18.0

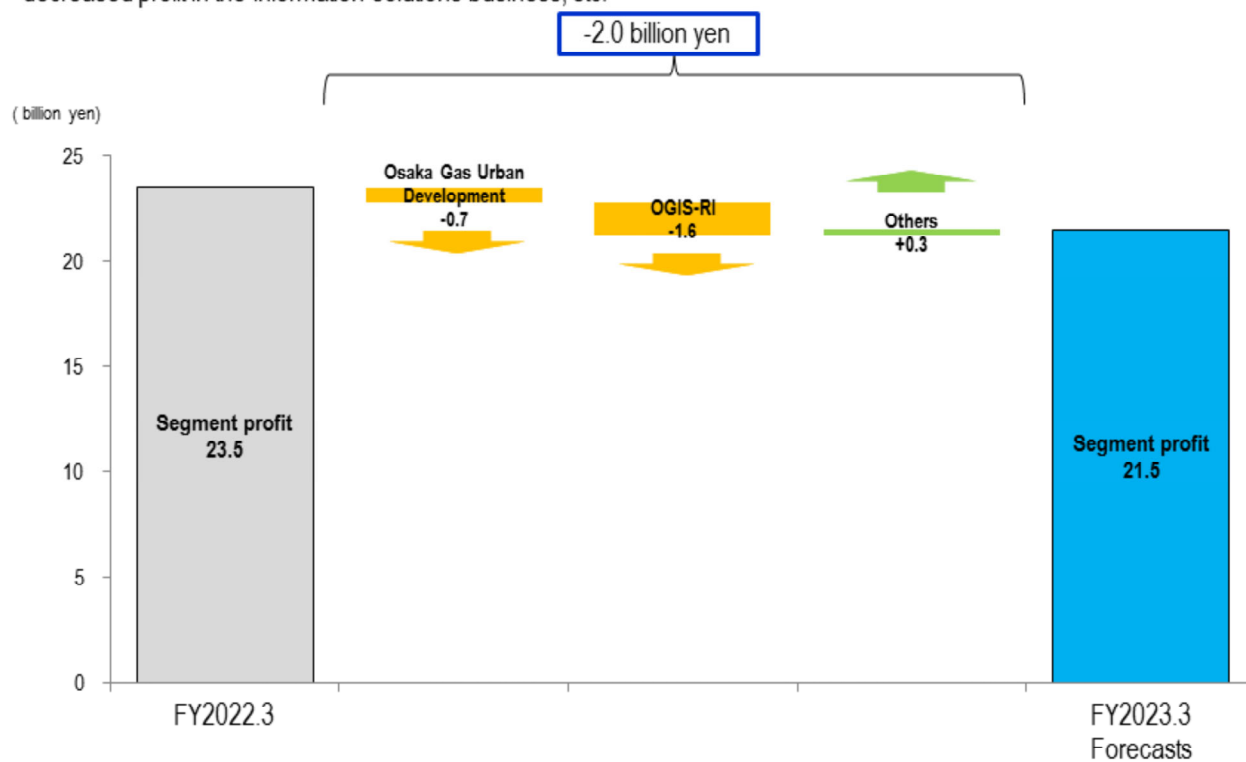
- ✓ International Energy segment profit is expected to increase by ¥12.6 billion from the previous year to ¥57.0 billion, mainly due to increased profits from Sabine Oil & Gas and Australian upstream business resulting from higher crude oil prices, etc.





## 3. Life &amp; Business Solutions

- ✓ Life & Business Solutions segment profit is expected to decrease by ¥2.0 billion from the previous year to ¥21.5 billion due to decreased profit in the information solutions business, etc.



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

### ■ Atmospheric and water temperatures

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

### ■ Crude oil price and exchange rate

Range of fluctuation		Segment	Segment Impact	Net impact on consolidated ordinary profit
Crude oil price	+1USD/bbl	International Energy	Positive	-0.67 billion yen In total
		Domestic Energy	Negative	
Exchange rate	+1JPY/USD	International Energy	Positive	-0.66 billion yen In total
		Domestic Energy	Negative	

Note: Additional impact from crude oil price fluctuation for the below price bands

Range of fluctuation		Average fuel price (Upper price band)	Impact on consolidated ordinary profit
Electricity business	+1USD/bbl in crude oil price	higher than 40,700 yen/kl*1	-0.1 billion yen
Gas business		102,540 to 136,080 yen/ton	-0.14 billion yen
		higher than 136,080 yen/ton	-0.46 billion yen

<sup>\*1</sup> Average fuel price<sup>\*</sup> =  $A \times \alpha + B \times \beta + C \times \gamma$  (\*rounded to the nearest 100 yen)  
A: Average crude oil price per kl for each average fuel price calculation period,  
B: Average LNG price per ton for each average fuel price calculation period,  
C: Average coal price per ton for each average fuel price calculation period  
( $\alpha$ : 0.0140,  $\beta$ : 0.3483,  $\gamma$ : 0.7227;  $\alpha$ ,  $\beta$ , and  $\gamma$  are calculated by multiplying the crude oil conversion rate by the heat composition ratio of each fuel type)

## (Reference) Topics in 4th Quarter of FY2022.3

Jan.	<ul style="list-style-type: none"> <li>■ <a href="#">Osaka Gas agreed Renewable Electricity Supply fitting RE100 Criteria to 10 Railway Stations in Saga Prefecture owned JR Kyushu</a></li> <li>■ <a href="#">Operating Results for the Third Quarter of the Fiscal Year Ending March 31, 2022 (204th Term)</a></li> </ul>
Feb.	<ul style="list-style-type: none"> <li>■ <a href="#">Osaka Gas Urban Development to introduce TukTuk, unmanned store service, to the common areas of 13 Urbanex buildings, Osaka Gas Urban Development's rental condominium series, in the Tokyo metropolitan area</a></li> <li>■ <a href="#">Start of Demonstration to Develop a New Service Using EVs —Realization of Multi-Use Service That Can Provide Three Benefits: (1) Reduction of Electricity Charge, (2) Resources for Car Sharing, and (3) Resources for BCP—</a></li> <li>■ <a href="#">Conclusion of Partnership Agreement with Toyonaka City to Improve Disaster Resilience and Foster Community Empowerment in the Senri-chuo District</a></li> <li>■ <a href="#">Osaka Gas Celebrates Commercial Operation of the Brighter Future Solar Project in North Carolina</a></li> <li>■ <a href="#">Notice of Changes of Directors at Osaka Gas Network Co., Ltd.</a></li> <li>■ <a href="#">Osaka Gas to Offer New Gas Rate Plans for Household Use</a></li> <li>■ <a href="#">Osaka Gas to Launch "Sasuga Net" Internet Services -A Wide Variety of Service Plans to Meet the Needs of Individual Customers-</a></li> <li>■ <a href="#">Osaka Gas to Start Sumai LINK, a Digital Platform Offering One-stop Everyday</a></li> </ul>
Mar.	<ul style="list-style-type: none"> <li>■ <a href="#">Development of an abnormality sign detection system using AI and start of provision of an AI system construction service tailored to the equipment -Early detection of inexperienced troubles and relearning of AI by customers—(Ube Information Systems, Inc)</a></li> <li>■ <a href="#">Notice Regarding Issuance of Transition Bonds</a></li> <li>■ <a href="#">Notice of Changes of Directors and Officers, and Organizational Changes</a></li> <li>■ <a href="#">Notice of revision of the year end dividend forecast for FY2022.3 and announcement of the annual dividend forecast for FY2023.3</a></li> <li>■ <a href="#">Daigas Group Business Plan for FY2023.3</a></li> <li>■ <a href="#">Spin-off of the gas pipeline segment approved by the Minister of Economy, Trade and Industry, and the logo of Osaka Gas Network Co., Ltd. Decided</a></li> <li>■ <a href="#">Notice of Transfer of Shares of OG SPORTS CO., LTD.</a></li> <li>■ <a href="#">Osaka Gas Singapore to Undertake Joint Methanation Study in Singapore</a></li> <li>■ <a href="#">Launch of "Sumai Roof" and "Sumai Roof Plus." Free Solar Power Generation System Installation Services That Contribute to the Realization of a Low-Carbon/Carbon-Neutral Society</a></li> <li>■ <a href="#">Demonstration of Energy Management Using Three Types of Batteries Conclusion of a partnership agreement for energy management demonstration with Kobe City toward the realization of a decarbonized city</a></li> <li>■ <a href="#">Methanation Field Tests Begin at Sewage Treatment Plants: Selected for FY2022 Sewage Application Research by the Ministry of Land, Infrastructure, Transport and Tourism</a></li> <li>■ <a href="#">Osaka Gas to Participate in Small and Medium-Sized Solar Power Plants (82 locations) Developed by Takara Leben Group</a></li> <li>■ <a href="#">Osaka Gas to Participate in 6 Solar Power Plants Developed by Sky Solar Japan</a></li> <li>■ <a href="#">Joint Development of High-Efficiency Gas Cogeneration System</a></li> </ul>

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

