

Operating Results for the First Quarter of the Fiscal Year Ending March 31, 2023 (205th Term)

August 1, 2022
Osaka Gas Co., Ltd.

1. Operating Results (April 1, 2022 – June 30, 2022)

(1) Overview of Operating Results

Consolidated net sales for the three months ended June 30, 2022 increased year-on-year primarily due to an increase in sales from a rise in LNG selling prices and the higher unit selling price of city gas under the fuel cost adjustment system in the Domestic Energy Business and an increase in sales from the upstream project in Australia and the USA in the International Energy Business. Consolidated ordinary profit decreased primarily due to increased costs for LNG procurement (*) and the impact of a time lag between fluctuations in raw material costs, etc. and their reflection in the unit selling prices in the Domestic Energy Business, despite an increase in profit from the International Energy Business and the Life & Business Solutions Business. Profit attributable to owners of parent decreased.

(*) A fire broke out at the liquefaction plant of the Freeport LNG Project (hereinafter the “Project”), one of the Daigas Group’s (hereinafter the “Group”) investments and LNG sources, and the Project’s operations at the plant have been suspended since. In response to the shutdown, we have been preparing to secure replacement LNG for the volumes the Group originally planned to procure from the Project during the shutdown period and have been arranging modification regarding the contracts related to our LNG procurement from the Project.

[billion yen]

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated	467.1 (+49.0%) [313.5]	7.3 (-79.9%) [36.7]	13.4 (-67.3%) [41.0]	11.2 (-63.5%) [30.6]

The figures in [] brackets in each box represent actual results for the same period of the previous fiscal year.

The percentage figures in () parentheses in each box represent the changes from the same period of the previous fiscal year.

(2) Overview by Segment

Segment profit of “Domestic Energy” decreased primarily due to increased costs for LNG procurement and the impact of a time lag between fluctuations in raw material costs, etc. and their reflection in the unit selling prices. Segment profit of “International Energy” increased primarily due to profit contributions from the upstream project in Australia and the USA. Segment profit of “Life & Business Solutions” increased primarily due to an increase in profit in the Materials Solutions Business.

[billion yen]

	Net sales	Segment profit (loss) (Note)
Domestic Energy	400.6 (+56.5%) [255.9]	-12.4 (–) [23.4]
International Energy	27.8 (+57.9%) [17.6]	21.2 (+68.9%) [12.5]
Life & Business Solutions	56.0 (+8.7%) [51.6]	5.0 (+13.3%) [4.4]

(Note) Segment profit (loss): Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method

The figures in [] brackets in each box represent actual results for the same period of the previous fiscal year.

The percentage figures in () parentheses in each box represent the changes from the same period of the previous fiscal year.

(3) Domestic Gas Sales Breakdown

Gas sales [45MJ/m³] increased year-on-year. Sales volume of residential gas decreased from the level of the same period of the previous fiscal year primarily due to high air and water temperatures. Sales volume of non-residential gas increased year-on-year primarily due to an increase in sales volume following a recovery from the impact of the COVID-19 pandemic and an increase in operation of specific customers' facilities.

Consolidated	Number of gas supply (thousands)	5,004 (-1.6%)
	Residential	390 (-3.6%)
	Non-residential	1,274 (+3.9%)
	Gas sales volume (million m ³)	1,664 (+2.0%)
Non-consolidated number of gas supply (thousands)		4,894 (-1.6%)

(4) Domestic Electricity Sales Breakdown

Sales volume of domestic electricity decreased year-on-year due to a decrease in wholesale sales volume.

Number of low-voltage electricity supply (thousands)		1,649 (+6.8%)
	Retail	1,216 (+6.6%)
	Wholesale, etc.	2,175 (-8.1%)
Electricity sales volume (million kWh)		3,391 (-3.3%)

2. Forecast for the Fiscal Year Ending March 31, 2023

After reflecting losses due to the fire at Freeport on our forecasts and considering recent trends in our performance and other factors such as change in assumptions for the crude oil price and exchange rate, forecasts of financial results for the fiscal year ending March 31, 2023 have been revised from the previous forecasts.

[New forecast]

[billion yen]

	Consolidated
Net sales	2,171.0 (+36.4%)
Operating profit	43.0 (-56.7%)
Ordinary profit	46.0 (-59.5%)
Profit attributable to owners of parent	31.5 (-75.8%)

The percentage figures in () parentheses in each box represent the changes from the fiscal year ended March 31, 2022.

(Reference) Assumptions for the crude oil price and exchange rate in the new forecast

	1Q accumulated results	Forecast for 2Q and beyond	Annual average
Crude oil price (All Japan CIF price) USD/bbl	110.8	110.0	110.2
Exchange rate (TTM rate) JPY/USD	129.7	135.0	133.6

[Previous forecast (released on April 26, 2022)]

[billion yen]

	Consolidated
Net sales	1,853.0
Operating profit	106.5
Ordinary profit	115.0
Profit attributable to owners of parent	82.0