

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

October 31, 2022
Osaka Gas Co., Ltd.

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

(1) Overview of Operating Results

Consolidated net sales for the six months ended September 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 projects in the USA and Australia 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 year-on-year. Impairment losses of ¥3.5 billion incurred by the upstream project in Australia were recorded as extraordinary losses.

(*) 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	981.5 (+51.0%) [649.8, +331.7]	-45.6 (–) [39.9, -85.6]	-37.8 (–) [46.2, -84.0]	-29.7 (–) [35.9, -65.6]

The figures in [] brackets in each box represent actual results for and differences from 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 projects in the USA and Australia. Segment profit of “Life & Business Solutions” increased primarily due to an increase in profit in the Real Estate Business and the Materials Solutions Business.

[billion yen]

	Net sales	Segment profit (Note)
Domestic Energy	831.2 (+54.7%) [537.3, +293.9]	-90.3 (–) [17.2, -107.6]
International Energy	59.3 (+73.9%) [34.1, +25.2]	37.2 (+89.2%) [19.6, +17.5]
Life & Business Solutions	122.5 (+15.2%) [106.3, +16.1]	13.4 (+36.8%) [9.8, +3.6]

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

The figures in [] brackets in each box represent actual results for and differences from 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 and competition. 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)	4,989 (-1.2%)
	Residential	589 (-7.6%)
	Non-residential	2,630 (+2.3%)
	Gas volume sale (million m ³)	3,220 (+0.3%)
Non-consolidated number of gas supply (thousands)		4,878 (-1.2%)

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

(4) Domestic Electricity Sales Breakdown

Sales volume of domestic electricity decreased year-on-year due to a decrease in wholesale sales volume, despite an increase in retail sales volume.

Number of low-voltage electricity supply (thousands)		1,670 (+6.6%)
	Retail	3,082 (+11.8%)
	Wholesale, etc.	4,585 (-13.3%)
Electricity sales volume (million kWh)		7,668 (-4.7%)

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

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

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.

[Revision of forecasts of consolidated financial results for the fiscal year ending March 31, 2023]

[billion yen]

	New forecast		Previous forecast (released on August 1, 2022)
Net sales	2,250.0	[+79.0] (+41.4%)	2,171.0
Operating profit	43.0	[±0.0] (-56.7%)	43.0
Ordinary profit	46.0	[±0.0] (-59.5%)	46.0
Profit attributable to owners of parent	29.0	[-2.5] (-77.8%)	31.5

The figures in [] brackets in each box represent differences from the previous forecasts.

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

		2Q accumulated results	Forecast for 3Q and beyond	Annual average
Crude oil price (All Japan CIF price)	USD/bbl	111.9	100.0	106.0
Exchange rate (TTM)	JPY/USD	134.0	145.0	139.5

· Assumptions for 2Q and beyond in the previous forecasts

Crude oil price (All Japan CIF price) at 110 USD/bbl

Exchange rate (TTM) at 135 JPY/USD