

Operating Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (206th Term)

October 27, 2023
Osaka Gas Co., Ltd.

1. Operating Results (April 1, 2023 – September 30, 2023)

(1) Overview of Operating Results

Consolidated net sales for the six months ended September 30, 2023 increased year-on-year primarily due to the higher unit selling price of city gas under the fuel cost adjustment system in the Domestic Energy Business. Consolidated ordinary profit increased due to the positive impact of a time lag (*1) between fluctuations in raw material costs, etc., and their reflection in the unit selling prices in the Domestic Energy Business, as well as the absence of increased costs for LNG procurement following the suspension of operations at the liquefaction plant of the Freeport LNG Project in the previous fiscal year. Profit attributable to owners of parent increased.

(*1) There is a time lag between fluctuations in raw material costs and fuel costs and their reflection in the unit selling prices under the raw material adjustment system and the fuel costs adjustment system, which causes a temporary increase/decrease in profit.

[billion yen]

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated	995.6 (+1.4%) [981.5, +14.1]	96.7 (–) [-45.6, +142.4]	123.8 (–) [-37.8, +161.7]	89.3 (–) [-29.7, +119.0]

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” increased primarily due to the positive impact of a time lag in the gas business between fluctuations in raw material costs and their reflection in the unit selling prices, as well as the absence of increased costs for LNG procurement following the suspension of operations at the liquefaction plant of the Freeport LNG Project in the previous fiscal year. Segment profit of “International Energy” decreased due to lower profit contributions mainly 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 Information Solutions Business.

[billion yen]

	Net sales	Segment profit (Note)
Domestic Energy	846.2 (+1.8%) [831.2, +15.0]	57.9 (–) [-90.3, +148.3]
International Energy	49.1 (-17.3%) [59.3, -10.2]	31.4 (-15.5%) [37.2, -5.7]
Life & Business Solutions	133.1 (+8.7%) [122.5, +10.6]	16.8 (+25.3%) [13.4, +3.3]

(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

Consolidated domestic gas sales [45MJ/m³] decreased 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 in the summer. Sales volume of non-residential gas decreased year-on-year primarily due to a decrease in operation of specific customers' facilities.

Consolidated number of gas supply (thousands)	5,020 (+0.6%)
Consolidated gas sales volume (million m ³)	3,041 (-5.5%)
Residential	583 (-1.1%)
Non-residential	2,459 (-6.5%)

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 from the same period of the previous fiscal year due to a decline in wholesale sales volume.

Number of low-voltage electricity supply (thousands)	1,761 (+5.4%)
Electricity sales volume (million kWh)	7,001 (-8.7%)
Retail	3,291 (+6.8%)
Wholesale, etc.	3,710 (-19.1%)

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, 2024

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, 2024 have been revised from the previous forecasts.

[Revision of forecasts of consolidated financial results for the fiscal year ending March 31, 2024]

[billion yen]

	New forecast	Previous forecast (released on May 8, 2023)	Differences from previous forecasts
Net sales	2,095.0	2,017.0	+78.0
Operating profit	139.5	139.5	-
Ordinary profit	159.0	159.0	-
Profit attributable to owners of parent	116.0	116.0	-

[Changes from the previous fiscal year in forecasts of consolidated financial results for the fiscal year ending March 31, 2024]

	New forecast	Changes from the previous fiscal year
Net sales	2,095.0	-7.9%
Operating profit	139.5	+132.5%
Ordinary profit	159.0	+110.2%
Profit attributable to owners of parent	116.0	+103.1%

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

[billion yen]

	2Q accumulated results	Forecast for 3Q and beyond	Annual average
Crude oil price (All Japan CIF price) USD/bbl	83.5	90.0	86.8
Exchange rate (TTM) JPY/USD	141.1	145.0	143.0

· Assumptions for 2Q and beyond in the previous forecasts

Crude oil price (All Japan CIF price) at 85 USD/bbl

Exchange rate (TTM) at 135 JPY/USD