



Daigas Group Financial Report for 2nd Quarter of FY2024.3

October 27, 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 FY2023.3 :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.

The possible impact of share buyback planned for 2H FY24.3 is taken into account in FY24.3 forecasts, except for the payout ratio, earnings per share, and book-value per share.

Note regarding gas sales volume: All gas sales volumes are indicated based on the standard heating value at 45 MJ/m³.

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 2nd Quarter of FY2024.3 and Revised Forecasts for FY2024.3

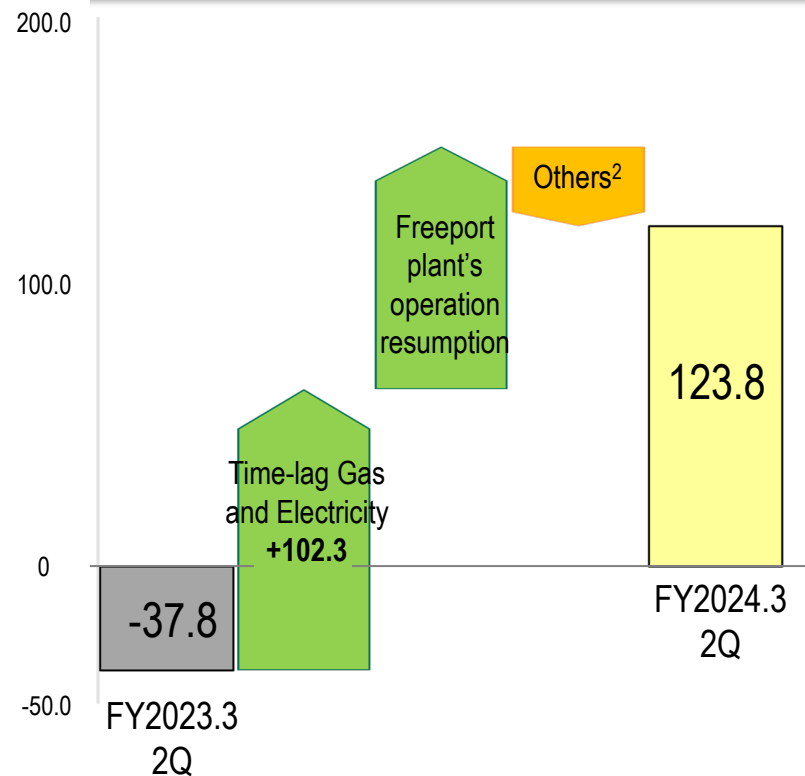
Summary of FY2024.3 2Q Results vs FY2023.3 2Q Results

- ✓ 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 2Q	FY2023.3 2Q	YoY Difference
Net sales	995.6	981.5	+14.1
Ordinary profit	123.8	-37.8	+161.7
Profit attributable to owners of parent	89.3	-29.7	+119.0
ROIC (%)¹	3.7%	-0.9%	+4.7%

(billion yen)

YoY Difference +161.7 billion yen



¹ ROIC = NOPAT / Invested capital (average of the beginning and the end of each fiscal year)
 NOPAT = Ordinary profit + Financial expenses (Interest expenses - Interest income) - Income taxes
 Invested capital = Shareholders' equity + Balance of interest-bearing debts (excluding risk-free leased Liabilities to us)

² Declined competitiveness of our long-term LNG contracts compared to JLC and other market conditions factors

YoY Comparison of 2Q Results

YoY Difference
+161.7 billion yen
 -37.8→123.8

- Crude oil price (USD/bbl) -28.4 (111.9→83.5)
- Exchange rate (JPY/USD)+7.0 (134.0→141.1)

Domestic Energy
+148.3 billion yen¹
 -90.3→57.9

International Energy
-5.7 billion yen^{1,2}
 37.2→31.4

Life & Business Solutions
+3.3 billion yen¹
 13.4→16.8

Others
+15.7 billion yen
 1.9→17.6

Main factors of increase/decrease

Time-lag: +102.3 (-64.1→38.1)
 Gas: +65.5 (-41.2→24.3) Electricity: +36.8 (-22.9→13.8)
Gross profit of gas business: -17.9(119.7→101.7)
 - Declined competitiveness of our long-term LNG contracts compared to JLC
 + Freeport plant's operation resumption (LNG for gas retail)³
Electricity: -0.3 (13.6→13.3)
 - Decrease in selling price due to market conditions, mainly the coal price
 + Increase in profits from sales in the reserve market
Others: +64.3 (-159.5→-95.3)
 + Freeport plant's operation resumption (LNG for wholesale)³
 - Profit decrease in LNG sales

Osaka Gas USA: -9.2 (26.7→17.4)
 - Profit decrease in upstream businesses
Osaka Gas Australia: -3.0 (8.8→5.7)
 - Profit decrease in upstream businesses
Others: +6.5 (1.6→8.1)
 + Profit increase in IPP business in North America

Osaka Gas Urban Development: +2.4 (5.9→8.4)
OGIS-RI: +0.6 (1.9→2.5)

Segment adjustments: +3.2(-1.7→1.4)
Non-operating profit/loss: +12.5 (3.6→16.2)

1 Describing the impact of segment profit
 2 Including profit on market valuation of derivatives: -0.3(2.4→2.0)
 3 Absence of losses related to Freeport LNG's plant shutdown, as we had in 2Q FY2023.3 +88.4

Summary of FY2024.3 Forecast Revision

- ✓ Due to changes in the business environment, such as an increase in the crude oil price, the forecasts for FY2024.3 have been revised.
- ✓ Net sales forecast was revised upward to 2.095 trillion yen, which is an increase of 78 billion yen from the previous forecast (May 8, 2023), mainly due to the expected increase in gas unit selling prices caused by the increase in the crude oil price.
- ✓ The forecasts for ordinary profit and profit attributable to owners of the parent remain unchanged, partly due to increased profits in the International Energy business and Life & Business Solutions business, despite the negative time-lag effect in the Domestic Energy business.

(billion yen)	FY24.3 Revised Forecasts	FY24.3 Previous Forecasts	Changes
Net sales	2,095.0	2,017.0	+78.0
Ordinary profit	159.0	159.0	±0.0
Domestic Energy	62.5	66.0	-3.5
International Energy	72.0	69.0	+3.0
Life & Business Solutions	27.5	27.0	+0.5
Others	-3.0	-3.0	±0.0
Profit attributable to owners of parent	116.0	116.0	±0.0

Comparison between Previous Forecasts (May 2023) and Revised Forecasts

Main factors of increase/decrease

Difference from Previous Forecast
±0.0 billion yen
 159.0 → 159.0

Domestic Energy
-3.5 billion yen¹
 66.0 → 62.5

Time-lag: -13.6 (36.6 → 23.0)
 Gas: -9.7 (23.7 → 14.0) Electricity: -3.9 (12.9 → 9.0)
Gross profit of gas business: +3.7 (239.1 → 242.8)
 + Improved competitiveness of our long-term LNG contracts compared to JLC
Electricity: +6.4 (10.6 → 17.0)
 + Increase in profits from sales in the reserve market

International Energy
+3.0 billion yen^{1,2}
 69.0 → 72.0

Osaka Gas USA: +1.0 (40.0 → 41.0)
Osaka Gas Australia: +1.0 (15.5 → 16.5)
Others: +1.0 (13.4 → 14.4)

Life & Business Solutions
+5 billion yen¹
 27.0 → 27.5

Osaka Gas Urban Development: +0.5 (9.7 → 10.2)

Others
±0.0 billion yen
 -3.0 → -3.0

- Crude oil price assumption from Oct. 2023: **90 USD/bbl**
 Previous assumption: 85 USD/bbl
- Exchange rate assumption from Oct. 2023: **145 JPY/USD**
 Previous assumption: 135 JPY/USD

¹ Describing the impact of segment profit
² Including profit on market valuation of derivatives

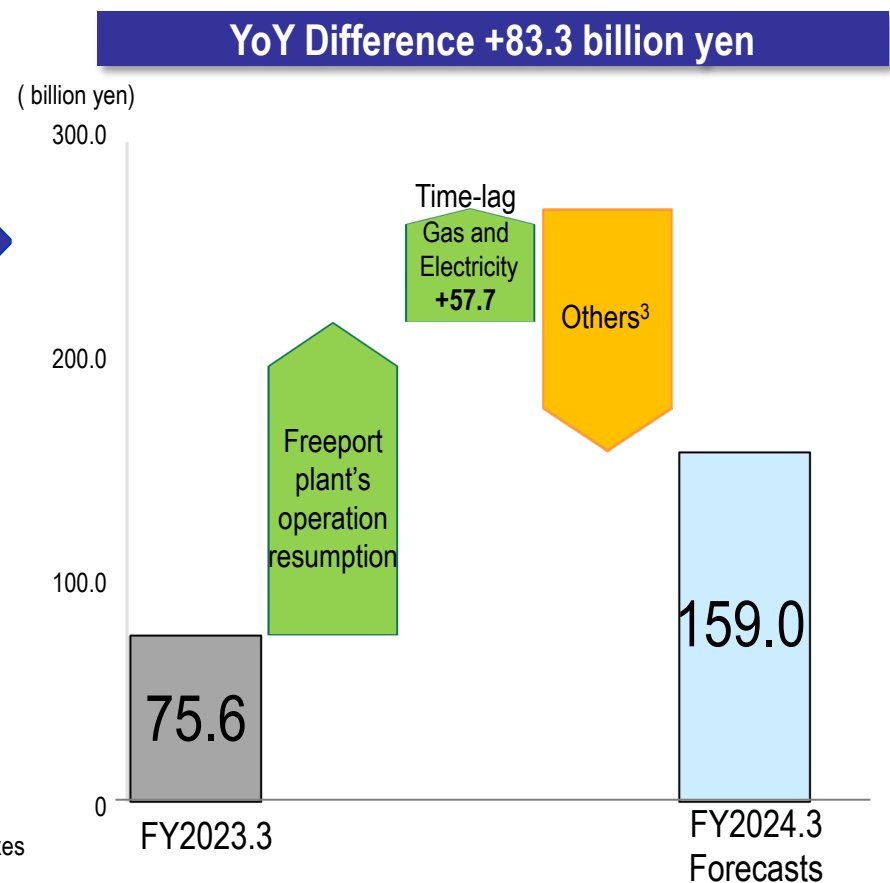
Summary of FY2024.3 Forecasts vs FY2023.3 Results

- ✓ 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
Net sales	2,095.0	2,275.1	-180.1
Ordinary profit	159.0	75.6	+83.3
Profit attributable to owners of parent	116.0	57.1	+58.8
ROIC (%)¹	5.2%	2.7%	+2.5%
Shareholders' equity ratio(%)²	52.1%	52.5%	-0.4%
Debt/Equity ratio²	0.56	0.60	-0.04
Annual dividends (yen/share)	65.0	60.0	+5.0

1 ROIC = NOPAT / Invested capital (average of the beginning and the end of each fiscal year)
 NOPAT = Ordinary profit + Financial expenses (Interest expenses - Interest income) - Income taxes
 Invested capital = Shareholders' equity + Balance of interest-bearing debts (excluding risk-free leased Liabilities to us)

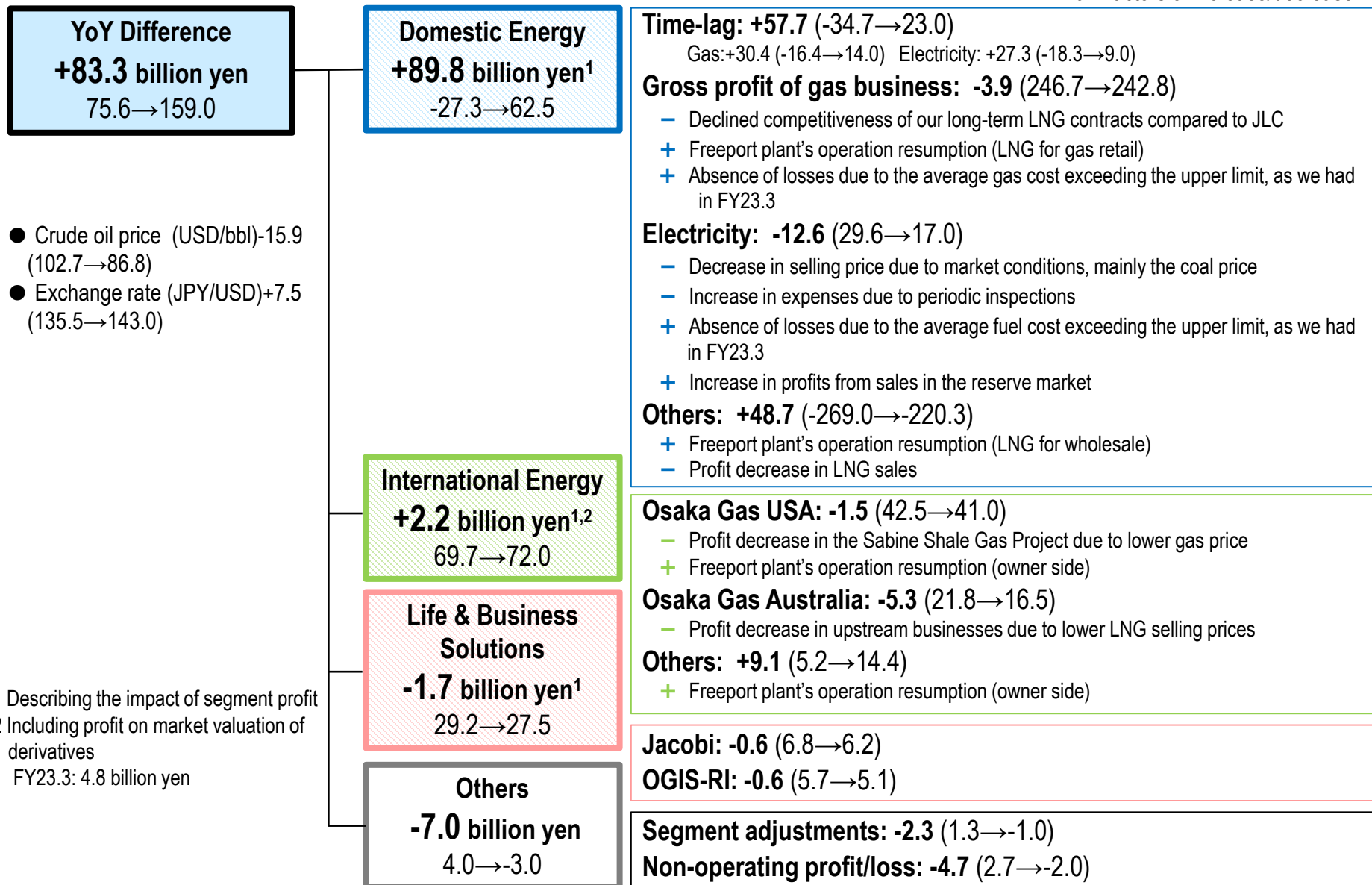
2 Calculated with 50% of issued hybrid bonds as equity.



3 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

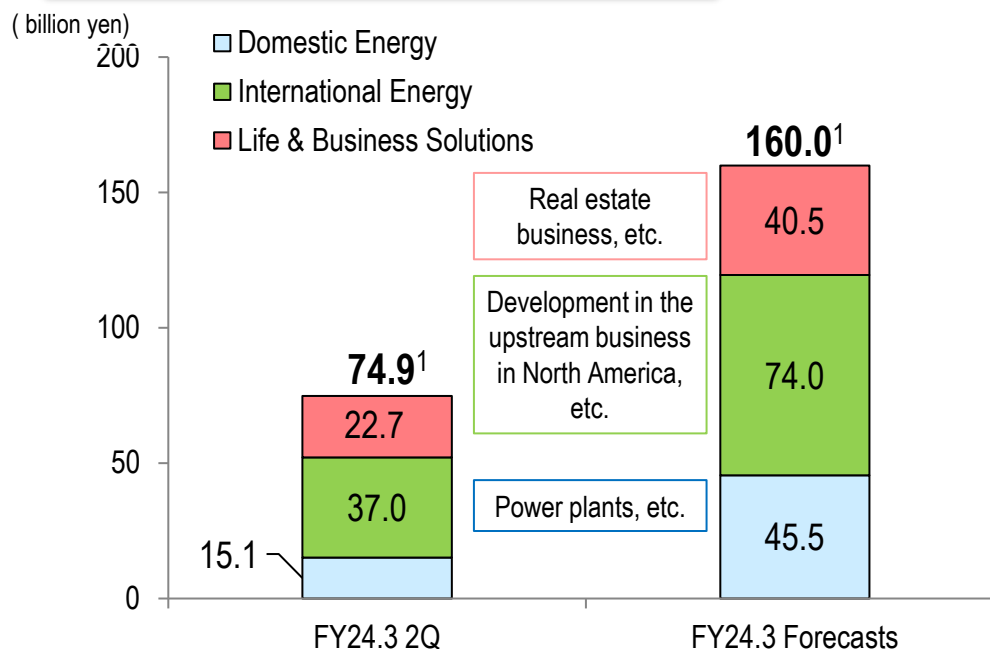
Main factors of increase/decrease



Results and Forecasts for Investment for Growth

- ✓ In 2Q of FY2024.3, we invested 74.9 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



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

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 2Q end	FY24.3 year-end forecasts ²
Shareholders' equity ratio	52.5% (49.3%)	55.1% (52.1%)	52.1% (49.2%)
D/E ratio	0.60 (0.71)	0.56 (0.65)	0.56 (0.65)

2 On October 27, 2023, the forecasts for asset-related figures as of the end of FY24.3, such as shareholders' equity, have been revised (see page 22).

II. Achieving sustainable growth and medium-to long-term enhancement of corporate value

Current strategy and status

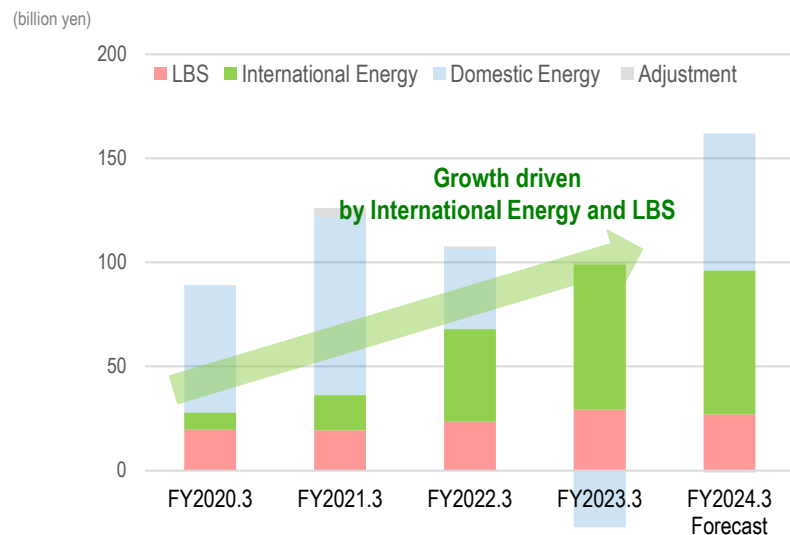
- ✓ In response to the risk of decreasing gas sales volume, mainly due to population decline and market liberalization, we **have focused on strategic investments to drive growth based on enhanced financial footing with accumulated shareholder's equity¹** in the past ten years.
- ✓ This strategy has allowed us to achieve advancement in the Group's international and Life & Business Solutions² businesses and growth in consolidated profit, **improving cash-flow generation capabilities, business portfolio, and business foundation stability.**
- ✓ Concurrently, we have progressed our renewable energy development contribution and e-methane technology research for the carbon neutrality of energy, **advancing our transformation into a low-carbon and carbon-neutral energy supplier.**
- ✓ Meanwhile, growing income has increased shareholders' equity, resulting in **underperforming ROE.**

1 In March 2014, the medium-term management plan (FY15.3-FY17.3) announced a revised target for the shareholder's equity ratio, raising it from 40% or more to 50% or more

2 Hereinafter referred to as LBS

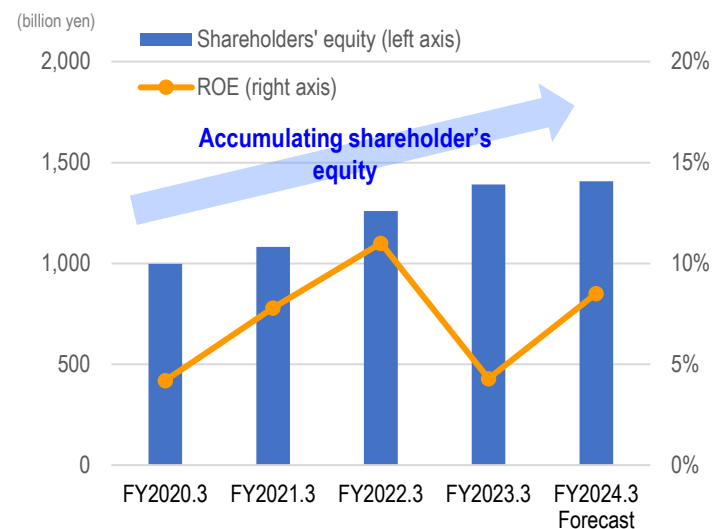
Segment Profit

- International Energy and LBS earned a combined total of ~100 billion yen in FY23.
- International Energy and LBS has increased their share in our business portfolio.



Shareholders' Equity and ROE

- Shareholders' equity has continued increasing and reached ~1.5 trillion yen.
- ROE averaged 6.8% over the last four years, below capital-market expectations



Focal points for driving sustainable growth

- ✓ Promote the **E&P, power generation, and advanced utilization** of natural gas, a **transition** fuel with growing importance, to **ensure continued earnings growth**
Develop the next-generation core businesses and execute plans to **invest in clean assets, including renewables**, aiming to achieve sustainable growth and contribute to **decarbonization**

Current growth drivers (in transition period)

- ◆ **Advanced utilization of natural gas**
 Promote fuel conversion to natural gas and introduction of cogeneration (CHP) across Japan to meet low-carbon needs
- ◆ **Highly efficient natural gas power plant**
 Expand electricity marketing in anticipation of the commencement of the Himeji Natural Gas Power Plant (approx. 1.2 GW) in 2026
- ◆ **Sabine Oil & Gas shale gas development in USA**
 Expand production and reduce GHG emissions through hands-on management in producing natural gas, a transition fuel with growing importance
- ◆ **LBS businesses**
 Ensure steady growth in real estate, materials, and information solutions businesses



Future (carbon neutral) businesses in the pipeline

- ◆ **e-methane**
 Develop multiple projects in Japan and overseas to introduce e-methane to the Japanese market and achieve the 1% target in 2030
- ◆ **Renewable energy**
 Aim to achieve 5GW by 2030 as the target of our renewable energy development contribution, including own capacity and procurement from others and the market
 (As of Sep. 2023, 2.47GW globally and 2.20GW in Japan, having reached the highest level in Japanese energy industry, excluding hydro)



Direction of new capital policy

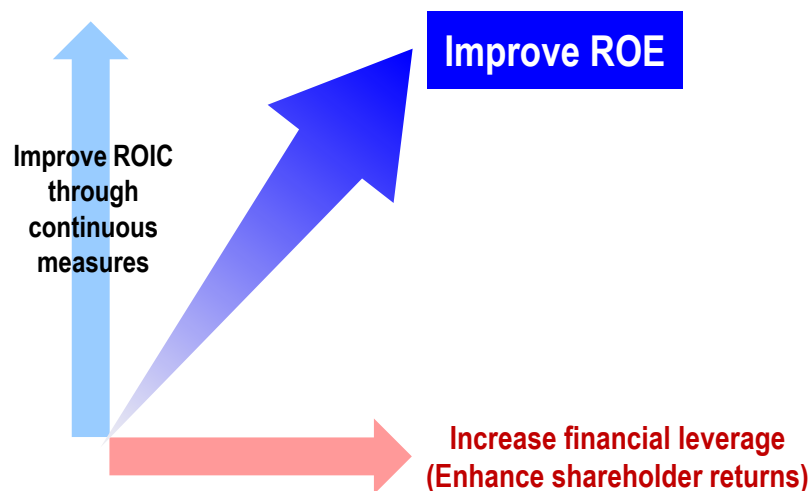
- ✓ Pursue the **continued improvement of ROIC**, a management indicator introduced in the current Medium-Term Management plan
- ✓ **Increase financial leverage** with a **greater focus on ROE** as the **Group's business foundation stability has improved** due to growing cash flow and enhanced business portfolio
- ✓ **Implement share buybacks totaling 20 billion yen¹ in the second half of FY2024.3²** as a corporate value enhancement measure prior to the execution of the next Medium-Term Management plan, which is scheduled to be announced in March 2024
- ✓ Aim to **improve ROE and PBR** by implementing shareholder returns that contribute to the **appropriate control of shareholders' equity in balance with financial soundness**

¹ The largest amount we consider in view of the market impact (amount equivalent to 10% of the trading volume of our shares)

² Acquisition period: from October 30, 2023, to February 29, 2024

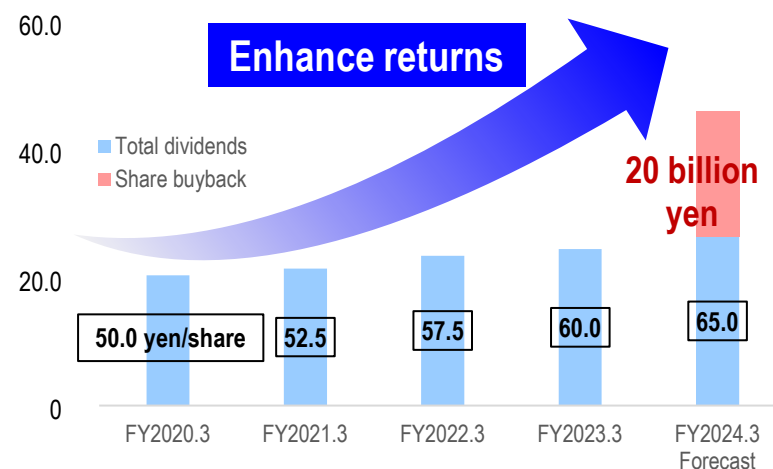
■ Improve ROE (= ROIC x Financial Leverage)

- Continued focus on ROIC improvement
- Increase financial leverage



■ Enhance shareholder returns

- Raise dividends (plan) for four consecutive years since FY21.3
- FY24.3 total return ratio (forecast, excl. time-lag impact): ~51%
- Aim for continued enhancement of shareholder returns (dividend increase and share buybacks)



III. YoY Comparison of 2nd Quarter of FY2024.3

1. Net Sales and Profit

billion yen	A. FY24.3 2Q	B. FY23.3 2Q	A-B	(A-B)/B	Remarks
Net sales	995.6	981.5	+14.1	+1.4%	
Operating profit	96.7	-45.6	+142.4	-	Time-lag effect, etc.
Ordinary profit	123.8	-37.8	+161.7	-	Time-lag effect, etc.
Time-lag effect ¹	38.1	-64.1	+102.3	-	
(Non-consolidated) Gas	24.3	-41.2	+65.5	-	
(Non-consolidated) Electricity	13.8	-22.9	+36.8	-	
Profit attributable to owners of parent	89.3	-29.7	+119.0	-	Time-lag effect, etc.
Earnings per share (EPS) (yen)	214.9	-71.6	+286.5	-	
EBITDA ²	165.7	15.4	+150.3	+975.2%	Time-lag effect, etc.
NOPAT ³	91.5	-21.0	+112.6	-	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 2Q	B. FY23.3 2Q	A-B	Remarks
Crude oil price (USD/bbl)	83.5	111.9	-28.4	Average of preliminary monthly data up to September 2023
Exchange rate (JPY/USD)	141.1	134.0	+7.0	

2. Asset, Equity, and Debt

billion yen	A. FY24.3 2Q end	B. FY23.3 year end	A-B	Remarks
Total assets	2,973.4	2,819.5	+153.9	
Shareholders' equity	1,549.8	1,391.4	+158.4	
Book value per share (BPS) (yen)	3,728.0	3,347.3	+380.7	
Interest-bearing debts	1,007.4	981.5	+25.9	
Hybrid bonds	175.0	175.0	±0.0	

	A. FY24.3 2Q	B. FY23.3 2Q	A-B	Remarks
ROIC¹	3.7%	-0.9%	+4.7%	Time-lag effect, etc.
ROE	6.1%	-2.3%	+8.4%	Time-lag effect, etc.

1 ROIC = NOPAT / Invested capital (average of the beginning and the end of each fiscal year)

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

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

	A. FY24.3 2Q end	B. FY23.3 year end	A-B	Remarks
Shareholders' equity ratio	52.1%	49.3%	+2.8%	
After adjustment ²	55.1%	52.5%	+2.6%	
Debt/Equity ratio	0.65	0.71	-0.06	
After adjustment ²	0.56	0.60	-0.04	

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

3. Investment and Cash Flow

billion yen	A. FY24.3 2Q	B. FY23.3 2Q	A-B	Remarks
Investment for quality improvement	25.5	24.0	+1.4	
Investment for growth	74.9	87.2	-12.2	
Domestic Energy	15.1	28.6	-13.5	
International Energy	37.0	38.5	-1.4	
Life & Business Solutions	22.7	20.0	+2.6	
Capital expenditures	88.3	87.5	+0.7	
Depreciation (including amortization of goodwill)	58.1	56.9	+1.1	

billion yen	A. FY24.3 2Q	B. FY23.3 2Q	A-B	Remarks
Cash flows from operating activities	214.3	-55.9	+270.2	
Cash flows from investing activities	106.8	109.4	-2.6	
Free cash flow ¹	107.4	-165.3	+272.8	

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

4. Customer Accounts and Sales Volume

thousands	A. FY24.3 2Q end	B. FY23.3 2Q end	A-B	(A-B)/B	Remarks
Number of customer accounts	10,143	9,905	+238	+2.4%	
Number of units for gas supply	5,020	4,989	+32	+0.6%	
Number of low-voltage electricity supply	1,761	1,670	+91	+5.4%	

	A. FY24.3 2Q	B. FY23.3 2Q	A-B	(A-B)/B	Remarks
Consolidated gas sales volume (million m ³) ^{1,2}	3,041	3,220	-179	-5.5%	
Residential	583	589	-7	-1.1%	
Non-residential	2,459	2,630	-172	-6.5%	
Electricity sales volume (GWh) ²	7,001	7,668	-666	-8.7%	
Residential	3,291	3,082	+209	+6.8%	
Non-residential	3,710	4,585	-875	-19.1%	

	A. FY24.3 2Q	B. FY23.3 2Q	A-B	Remarks
Average temperature (°C)	24.4	24.2	+0.2	

¹ 45MJ/m³

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 2Q	B. FY23.3 2Q	A-B	(A-B)/B	Remarks
Net Sales	995.6	981.5	+14.1	+1.4%	
Domestic Energy	846.2	831.2	+15.0	+1.8%	Increase in sales from the higher unit selling price of city gas, etc.
International Energy	49.1	59.3	-10.2	-17.3%	
Life & Business Solutions	133.1	122.5	+10.6	+8.7%	
Adjustments	-32.8	-31.6	-1.2	-	
Segment profit¹	107.6	-41.5	+149.1	-	
Domestic Energy	57.9	-90.3	+148.3	-	Time-lag effect, etc.
Electricity	27.1	-9.2	+36.4	-	Time-lag effect, etc.
International Energy	31.4	37.2	-5.7	-15.5%	Decrease in income from upstream businesses in the U.S. and Australia, etc.
Life & Business Solutions	16.8	13.4	+3.3	+25.3%	Increase in income from real estate business, etc.
Adjustments	1.4	-1.7	+3.2	-	
Profit/loss on time-lag effect²	38.1	-64.1	+102.3	-	
(Non-consolidated) Gas	24.3	-41.2	+65.5	-	
(Non-consolidated) Electricity	13.8	-22.9	+36.8	-	
Profit/loss on market valuation of derivatives³	2.0	2.4	-0.3	-14.4%	

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.

IV. FY2024.3 Forecasts against Previous Forecasts

1. Net Sales and Profit

billion yen	A. FY24.3 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	(A-B)/B	Remarks
Net sales	2,095.0	2,017.0	+78.0	+3.9%	Increase in sales from the higher unit selling price of city gas, etc.
Operating profit	139.5	139.5	±0.0	±0%	
Ordinary profit	159.0	159.0	±0.0	±0%	
Time-lag effect ¹	23.0	36.6	-13.6	-37.2%	
(Non-consolidated) Gas	14.0	23.7	-9.7	-40.9%	
(Non-consolidated) Electricity	9.0	12.9	-3.9	-30.2%	
Profit attributable to owners of parent	116.0	116.0	±0.0	±0%	
Earnings per share (EPS) (yen) ²	279.1	279.1	±0.0	±0%	
EBITDA ³	281.0	281.0	±0.0	±0%	Revised from the previous forecast (264.5 billion yen) on July 31.
NOPAT ⁴	126.7	126.7	±0.0	±0%	

1 Included in Domestic Energy.

2 The possible impact of share buyback is not taken into account in regards to "Payout ratio", "Earnings per share" and "Book-value Per Share" in the forecasts for FY24.3.

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

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

	A. FY24.3 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	Remarks
Crude oil price (USD/bbl)	86.8	85.0	+1.8	October 2023 to March 2024 : 90 USD/bbl
Exchange rate (JPY/USD)	143.0	135.0	+8.0	October 2023 to March 2024 : 145 JPY/USD

2. Asset, Equity, and Debt

billion yen	A. FY24.3 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	Remarks
Total assets	3,091.8	2,956.8	+135.0	
Shareholders' equity	1,522.1	1,407.1	+115.0	Impact of weak yen, etc.
Book value per share (BPS) (yen) ¹	3,661.8	3,385.1	+276.7	
Interest-bearing debts	992.6	972.6	+20.0	

1 The possible impact of share buyback is not taken into account in regards to "Payout ratio", "Earnings per share" and "Book-value Per Share" in the forecasts for FY24.3.

	A. FY24.3 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	Remarks
ROIC ²	5.2%	5.4%	-0.2%	
ROE	8.0%	8.5%	-0.6%	

2 ROIC = NOPAT / Invested capital (average of the beginning and the end of each fiscal year)

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

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

	A. FY24.3 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	Remarks
Shareholders' equity ratio	49.2%	47.6%	+1.6%	
After adjustment ³	52.1%	50.5%	+1.5%	
Debt/Equity ratio	0.65	0.69	-0.04	
After adjustment ³	0.56	0.59	-0.03	

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

3. Cash Flow and Investment

billion yen	A. FY24.3 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	Remarks
Investment for quality improvement	90.0	90.0	±0.0	
Investment for growth	160.0	160.0	±0.0	
Capital expenditures	214.0	214.0	±0.0	
Depreciation	120.0	120.0	±0.0	Revised from the previous forecast (103.5 billion yen) on July 31.

billion yen	A. FY24.3 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	Remarks
Cash flows from operating activities	282.0	282.0	±0.0	
Cash flows from investing activities ¹	250.0	250.0	±0.0	
Free cash flow ²	32.0	32.0	±0.0	

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 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	(A-B)/B	Remarks
Number of customer accounts (thousands)	10,156	10,156	±0	±0%	

	A. FY24.3 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	(A-B)/B	Remarks
Consolidated gas sales volume (million m ^{3,1,2})	6,778	6,778	±0	±0%	
Residential	1,715	1,715	±0	±0%	
Non-residential	5,063	5,063	±0	±0%	
Electricity sales volume (GWh) ²	15,620	15,620	±0	±0%	

	A. FY24.3 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	Remarks
Average temperature (°C)	17.7	17.3	+0.4	

1 45MJ/m³

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 Revised Forecasts	B. FY24.3 Previous Forecasts	A-B	(A-B)/B	Remarks
Net Sales	2,095.0	2,017.0	+78.0	+3.9%	
Domestic Energy	1,763.5	1,688.0	+75.5	+4.5%	Increase in sales from the higher unit selling price of city gas, etc.
International Energy	127.0	125.0	+2.0	+1.6%	
Life & Business Solutions	277.5	277.0	+0.5	+0.2%	
Adjustments	-73.0	-73.0	±0.0	-	

Segment profit¹	161.0	161.0	±0.0	±0%	
Domestic Energy	62.5	66.0	-3.5	-5.3%	Time-lag effect, etc.
Electricity	26.0	23.5	+2.5	+10.6%	Increase in profits from sales in reserve market
International Energy	72.0	69.0	+3.0	+4.3%	Increase in income from upstream businesses in Australia, etc.
Life & Business Solutions	27.5	27.0	+0.5	+1.9%	
Adjustments	-1.0	-1.0	±0.0	-	

Profit/loss on time-lag effect²	23.0	36.6	-13.6	-37.2%	
(Non-consolidated) Gas	14.0	23.7	-9.7	-40.9%	
(Non-consolidated) Electricity	9.0	12.9	-3.9	-30.2%	

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

2 Included in the Domestic Energy.

V. YoY Comparison of FY2024.3 Forecasts

1. Net Sales and Profit

billion yen	A. FY24.3 Forecasts	B. FY23.3	A-B	(A-B)/B	Remarks
Net sales	2,095.0	2,275.1	-180.1	-7.9%	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 ¹	23.0	-34.7	+57.7	-	
(Non-consolidated) Gas	14.0	-16.4	+30.4	-	
(Non-consolidated) Electricity	9.0	-18.3	+27.3	-	
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) ²	279.1	137.4	+141.7	+103.1%	
EBITDA ³	281.0	192.7	+88.2	+45.8%	
NOPAT ⁴	126.7	59.3	+67.4	+113.6%	Decreased costs for LNG procurement, etc.

1 Included in Domestic Energy.

2 The possible impact of share buyback is not taken into account in regards to "Payout ratio", "Earnings per share" and "Book-value Per Share" in the forecasts for FY24.3.

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

4 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)	86.8	102.7	-15.9	
Exchange rate (JPY/USD)	143.0	135.5	+7.5	

2. Asset, Equity, and Debt

billion yen	A. FY24.3 Forecasts	B. FY23.3 year end	A-B	Remarks
Total assets	3,091.8	2,819.5	+272.2	
Shareholders' equity	1,522.1	1,391.4	+130.7	
Book value per share (BPS) (yen) ¹	3,661.8	3,347.3	+314.4	
Interest-bearing debts	992.6	981.5	+11.0	

1 The possible impact of share buyback is not taken into account in regards to "Payout ratio", "Earnings per share" and "Book-value Per Share" in the forecasts for FY24.3.

	A. FY24.3 Forecasts	B. FY23.3	A-B	Remarks
ROIC²	5.2%	2.7%	+2.5%	Decreased costs for LNG procurement, etc.
ROE	8.0%	4.3%	+3.7%	Decreased costs for LNG procurement, etc.

2 ROIC = NOPAT / Invested capital (average of the beginning and the end of each fiscal year)

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

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	49.2%	49.3%	-0.1%	
After adjustment ³	52.1%	52.5%	-0.4%	
Debt/Equity ratio	0.65	0.71	-0.05	
After adjustment ³	0.56	0.60	-0.04	

3 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	

billion yen	A. FY24.3 Forecasts	B. FY23.3	A-B	Remarks
Cash flows from operating activities	282.0	33.5	+248.4	Rebound of increase in working capital in FY2023.3, etc.
Cash flows from investing activities ¹	250.0	203.9	+46.0	
Free cash flow ²	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 m³)^{1,2}	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)²	15,620	15,883	-263	-1.7%	

	A. FY24.3 Forecasts	B. FY23.3	A-B	Remarks
Average temperature (°C)	17.7	17.8	-0.1	

¹ 45MJ/m³

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 Forecasts	B. FY23.3	A-B	(A-B)/B	Remarks
Net Sales	2,095.0	2,275.1	-180.1	-7.9%	
Domestic Energy	1,763.5	1,971.6	-208.1	-10.6%	Decrease in sales from the lower unit selling price of city gas, etc.
International Energy	127.0	123.2	+3.7	+3.0%	
Life & Business Solutions	277.5	258.5	+18.9	+7.3%	
Adjustments	-73.0	-78.4	+5.4	-	

Segment profit¹	161.0	72.9	+88.0	+120.8%	
Domestic Energy	62.5	-27.3	+89.8	-	Decreased costs for LNG procurement, etc.
Electricity	26.0	11.3	+14.6	+128.8%	Time-lag effect, etc.
International Energy	72.0	69.7	+2.2	+3.3%	
Life & Business Solutions	27.5	29.2	-1.7	-5.9%	Decrease in income in material solution business, etc.
Adjustments	-1.0	1.3	-2.3	-	

Profit/loss on time-lag effect²	23.0	-34.7	+57.7	-	
(Non-consolidated) Gas	14.0	-16.4	+30.4	-	
(Non-consolidated) Electricity	9.0	-18.3	+27.3	-	

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

2 Included in the Domestic Energy.

VI. 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 October 2023
 under the following assumptions
 Crude oil price: 90 USD/bbl
 Exchange rate: 145 JPY/USD

Range of fluctuation		Segment	Segment Impact	Net impact on consolidated ordinary profit
Crude oil price	+1USD/bbl	International Energy	Positive	-1.42 billion yen
		Domestic Energy	Negative	
Exchange rate	+1JPY/USD	International Energy	Positive	-1.14 billion yen
		Domestic Energy	Negative	

