



# Financial Report for 1<sup>st</sup> Quarter of FY2021.3 (April 2020 – June 2020)

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July 2020

Osaka Gas Co., Ltd.

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### Management information is available on Osaka Gas websites.

Financial reports, annual reports 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.

### 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. Summary of Business Results for 1<sup>st</sup> Quarter of FY2021.3 and Forecasts for FY2021.3

# Summary of Business Results for 1<sup>st</sup> Quarter of FY2021.3 and Forecasts for FY2021.3



## Year-on-Year Comparison of Results for 1<sup>st</sup> Quarter of FY2021.3

Consolidated net sales	Decreased by 5.3% (¥17.8 billion) to ¥317.2 billion due to the decrease in the gas sales volume and the gas sales unit price, etc.
Consolidated ordinary profit	Decreased by 22.6% (¥9.3 billion) to ¥32.0 billion due to the impact of the time-lag effect* and the decrease in the gas sales volume, etc. The time-lag effect totaled ¥-0.5 billion (The time-lag effect in the previous year was ¥+5.2 billion).
Consolidated profit**	Decreased by 24.5% (¥7.0 billion) to ¥21.6 billion.

## FY2021.3 Forecasts against Previous Forecasts

Consolidated Net sales	Expect to decrease by 7.6% (¥113.0 billion) to ¥1,380.0 billion due to the decrease in the gas sales unit price and the gas sales volume, etc.
Consolidated ordinary profit	¥100.0 billion, unchanged from the previous forecasts. Segment profit in the International Energy business is expected to decrease due to the decline in the crude oil prices and the interest rates of US, but segment profit in the Domestic Energy business is expected to increase due to the time-lag effect, etc. The time-lag effect is expected to total ¥+2.7 billion (The time-lag effect in the previous forecasts was ¥-3.5 billion).
Consolidated profit**	Expect to decrease by 2.1% (¥1.5 billion) to ¥71.5 billion.

\*The time-lag effect= Profit / loss on fuel cost adjustment system

\*\*Profit attributable to owners of parent

## Notes on Forecasts for FY2021.3

- Although there has been an influence of the global spread of Coronavirus Disease 2019 (COVID-19), it is extremely difficult to quantify the impact to the Daigas Group.
- Therefore, changes from the previous forecasts only reflect the impact that materialized in the first quarter and the impact arising from revisions of assumptions for the crude oil price.
- At the time when the impact on the Group's businesses can be rationally calculated, we will make appropriate revisions and announcements.

### Impact of the spread of COVID-19

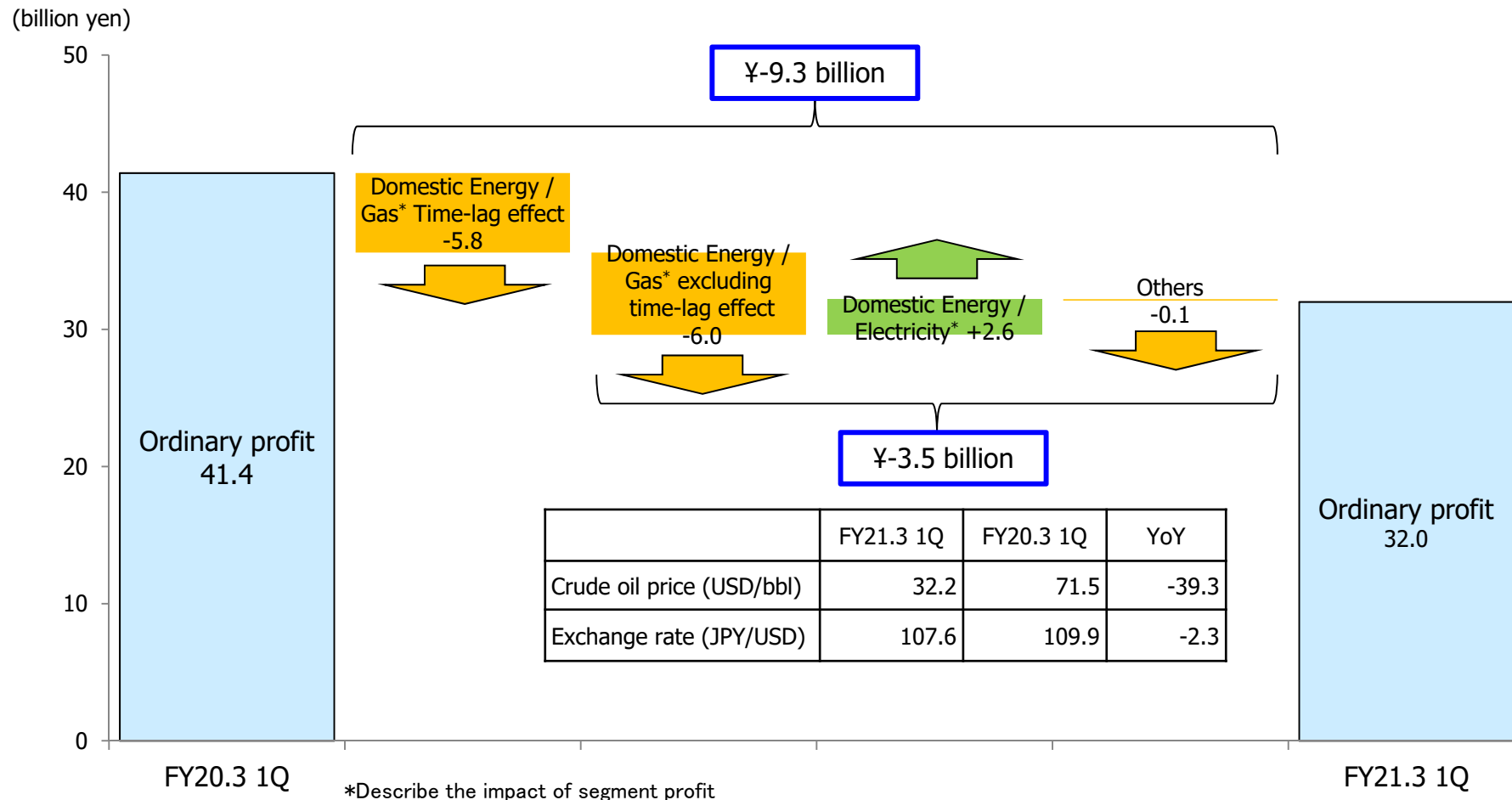
	FY21.3 1 Q	FY21.3 forecasts (Contents of forecasts and possible impact)
Domestic Energy business	<ul style="list-style-type: none"> <li>• Gas and electricity unit sales price and raw material prices are as expected</li> </ul>	<ul style="list-style-type: none"> <li>• Expect to increase due to time-lag effect by revisions of assumptions for the crude oil price* **</li> </ul>
	<ul style="list-style-type: none"> <li>• No significant impacts on residential gas and electricity retail sales volume</li> </ul>	-
	<ul style="list-style-type: none"> <li>• Non-residential gas sales volume decreased by 16.3% from the previous year</li> <li>• Decreased mainly in metals, chemicals, restaurants, and hotel industries</li> </ul>	<ul style="list-style-type: none"> <li>• Expect to decrease due to the impact of the spread of COVID-19 calculated based on the FY21.3 1Q result**</li> <li>• Further decline due to continuous recession</li> <li>• LNG resale loss due to continuous LNG supply/demand relaxation</li> </ul>
	<ul style="list-style-type: none"> <li>• The pace of gas and electricity switching slowed</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease in sales of equipment and services due to the reduction of sales activities</li> </ul>
	<ul style="list-style-type: none"> <li>• Maintain stable energy supply</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain stable energy supply by thoroughly implementing measures against infections and diversifying LNG procurement countries, etc.</li> </ul>
International Energy business	<ul style="list-style-type: none"> <li>• No significant impacts on the upstream business</li> <li>• Decreased due to the decline in the interest rates of US</li> </ul>	<ul style="list-style-type: none"> <li>• Expect to decrease in upstream business due to revisions of assumptions for the crude oil price* **</li> <li>• Expect to decrease due to the decline in the interest rates of US**</li> <li>• Energy price fluctuations in the mid- and downstream businesses</li> </ul>
Life & Business Solutions business	<ul style="list-style-type: none"> <li>• Decreased in the fitness business, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Expect to decrease due to FY21.3 1Q result of fitness business**</li> <li>• Decrease in sales due to the shrink of economic activity</li> </ul>
Investment for growth	<ul style="list-style-type: none"> <li>• Some construction work is delayed</li> </ul>	<ul style="list-style-type: none"> <li>• The delay in the progress of construction work may increase and the investment activity for new projects may be affected.</li> </ul>

\*crude oil price -1 USD/bbl → +0.6billion yen to consolidated ordinary profit

\*\*reflected to consolidated ordinary profit forecasts for FY21.3 (others are possible impact)

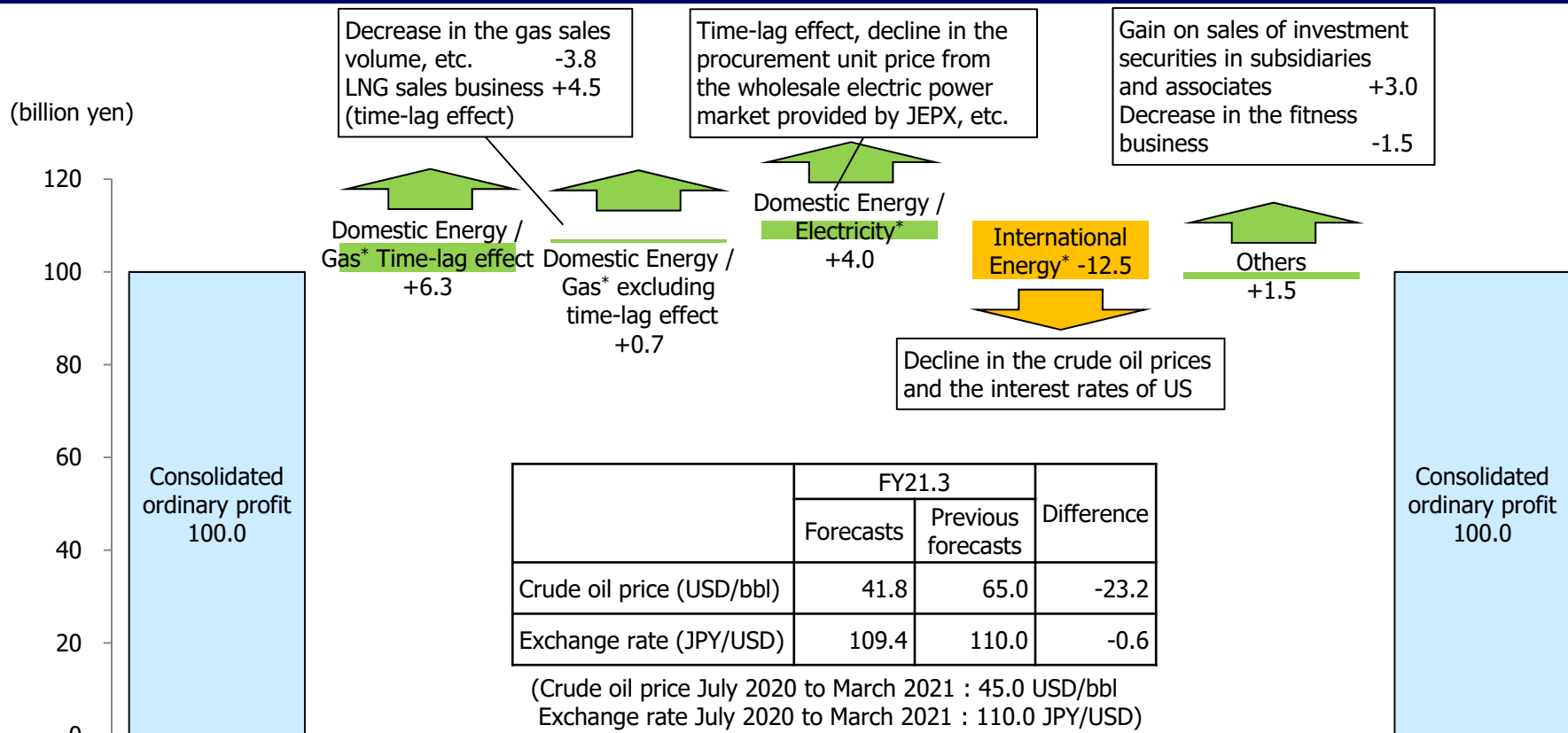
# YoY Comparison of 1<sup>st</sup> Quarter of FY2021.3

- Consolidated ordinary profit decreased by ¥9.3 billion year-on-year to ¥32.0 billion due to the impact of the time-lag effect and the decrease in the gas sales volume, etc.



# FY2021.3 Forecasts against Previous Forecasts

- Consolidated ordinary profit is unchanged.
- Consolidated ordinary profit decreases in the International Energy business due to the decline in the crude oil prices and the interest rates of US, and increases due to the time-lag effect in the Domestic Energy business, etc.



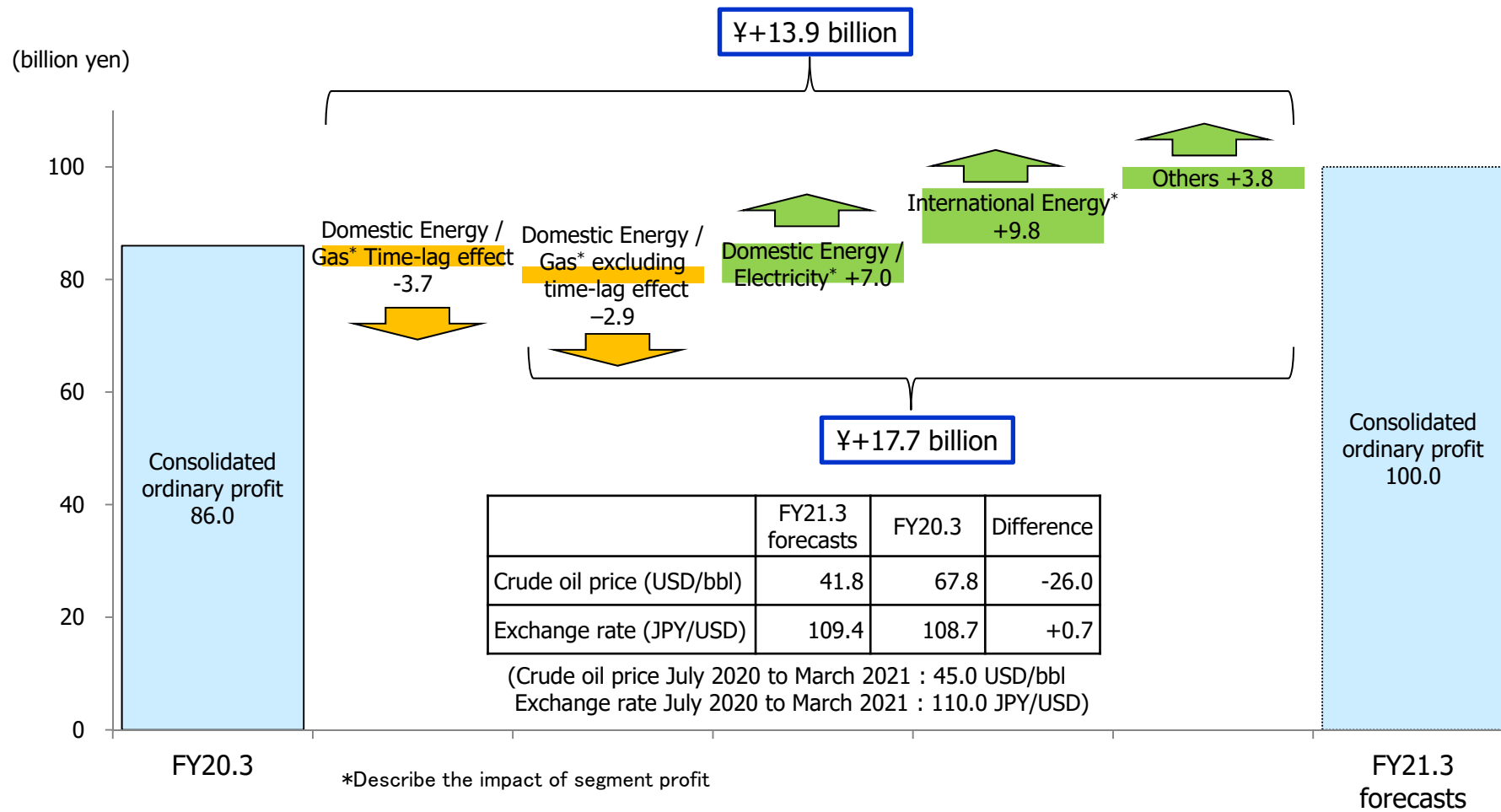
FY21.3 previous forecasts

\*Describe the impact of segment profit

FY21.3 forecasts

# YoY Comparison of FY2021.3 Forecasts

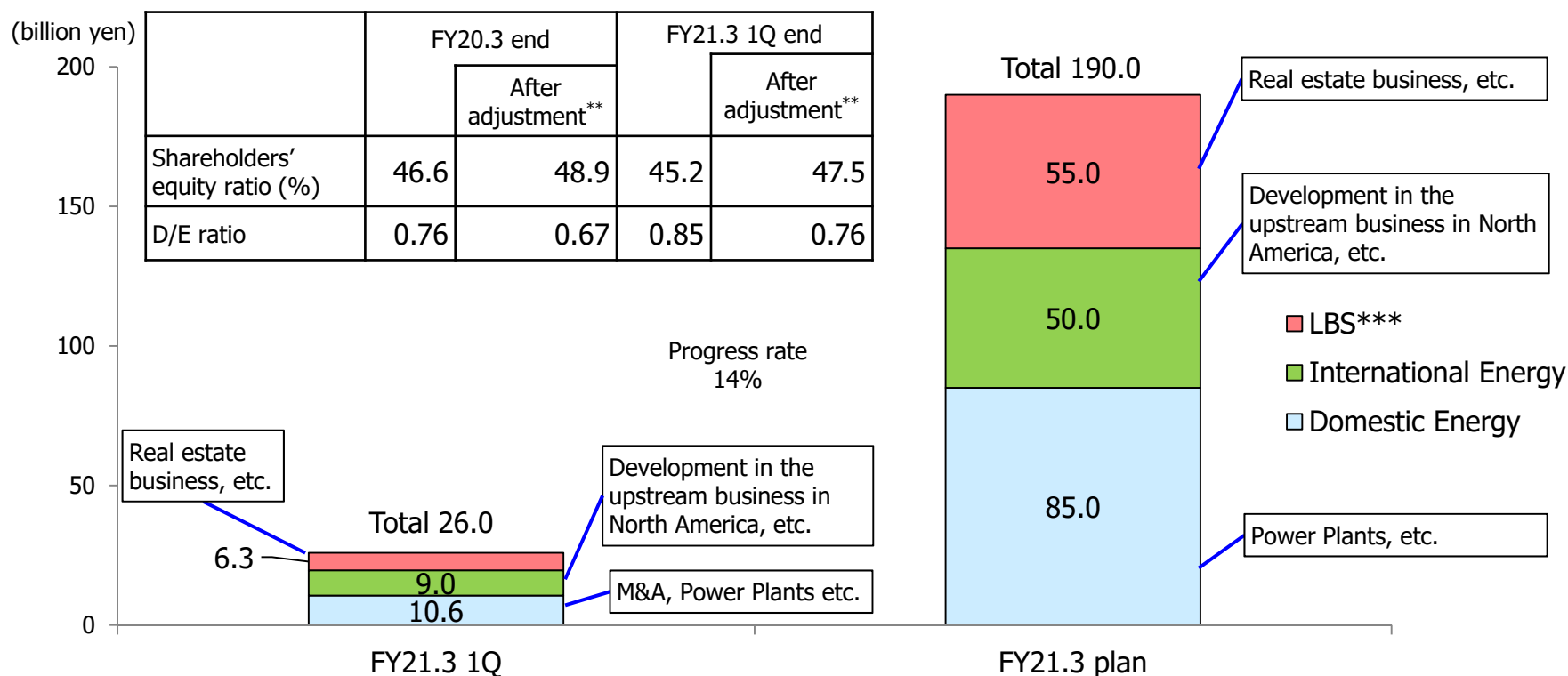
- Consolidated ordinary profit is expected to increase by ¥13.9 billion year-on-year to ¥100.0 billion.
- This is due to the profit contribution from Freeport LNG project and the upstream business in North America, etc.





# Results of Investment for growth for 1<sup>st</sup> Quarter of FY2021.3

- In 1<sup>st</sup> Quarter of FY2021.3, we invested ¥ 26.0 billion for growth in M&A and Power Plants in the Domestic Energy business and development in the upstream business in North America in International Energy business, etc.
- The financial soundness indicator temporarily declined due to financing, etc. in preparation for the spread of COVID-19.



\* 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.

\*\* Calculated with 50% of issued hybrid bonds of 100 billion yen as equity (It does not mean that shareholders will be diluted)

\*\*\* LBS: Life & Business Solutions

## Main Topics in 1<sup>st</sup> Quarter of FY2021.3

April	<p>Ohgishima City Gas Supply, Ltd. Begins Commercial Operation of City Gas Production and Supply Facility</p> <p>Osaka Gas to Partner with NTT Com to Launch an AI-automated Voice Response Service at Its Contact Center</p> <p>Osaka Gas Invests in Japan Infra Waymark, Which Offers Infrastructure Inspection Solutions Using Drones</p> <p>Osaka Gas Invests in HACARUS INC., a Venture Company with Superb AI Technologies Including Image Analysis</p>
May	<p>Osaka Gas Starts Commercial Operation of Unit 1 of Fukushima Natural Gas Power Plant</p> <p>Osaka Gas Acquires Shares of Global Base</p> <p>Osaka Gas Begins Collaboration with Sharp in Providing Equipment Utilizing an IoT Platform -Mobile App Provided by Sharp Enables Remote Control of IoT-connected Gas Equipment-</p>
June	<p>Osaka Gas to Start a Verification Project to Establish a Virtual Power Plant (VPP) Using a residential Fuel Cell, ENE-FARM -VPP Verification Project Connecting 1,500 Units-</p> <p>Osaka Gas Liquid to Invest in Singapore SSB Group's Associate Company to Participate in the Industrial Gas Production and Sales Business in Vietnam</p>
July	<p>Osaka Gas Launches its Third With Plan, "With ABEMA Plan" and Starts Accepting Applications</p> <p>Improvement of On-site Work Efficiency by Promoting DX Using a Private BWA System -Upgrading Osaka Gas Senboku Plant to a Smart Factory-</p> <p>Launch of IoT-compatible Alarm Device "Sumapiko" and Cooperation with the Osaka City Government and the Osaka Prefectural Police Regarding Provision of Disaster and Crime Prevention Information</p> <p>"Heartful Bento Project"-Supporting medical professionals fighting the COVID-19-</p>

\* Press releases were issued in the above indicated months.

## II. Business Results for 1<sup>st</sup> Quarter of FY2021.3 and Forecasts for FY2021.3

## Results for 1<sup>st</sup> Quarter of FY2021.3-I

Figures in ( ) are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY21.3 1Q		B. FY20.3 1Q		A-B	(A-B) /B(%)	Remarks
Net sales	(1.27)	317.2	(1.24)	335.0	-17.8	-5.3	Decreased due to the decrease in the gas sales volume and the gas sales unit price, etc.
Operating profit	(1.61)	25.2	(1.28)	36.6	-11.4	-31.1	Decreased due to the time-lag effect and the decrease in the gas sales volume, etc.
Ordinary profit	(1.40)	32.0	(1.10)	41.4	-9.3	-22.6	
Profit*	(1.20)	21.6	(0.98)	28.6	-7.0	-24.5	
EBITDA **		52.7		60.4	-7.7	-12.8	
The time-lag effect		-0.5		5.2	-5.8	-	
Ordinary profit excluding time-lag effect		32.6		36.1	-3.5	-9.8	
Crude oil price*** USD/bbl		32.2		71.5	-39.3		
Exchange rate JPY/USD		107.6		109.9	-2.3		

\* Profit attributable to owners of parent

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

\*\*\* Average of preliminary monthly data up to June 2020

## Results for 1<sup>st</sup> Quarter of FY2021.3-II

billion yen	Net sales			Segment Profit*			Remarks
	A.FY21.3 1Q	B.FY20.3 1Q	A-B	A.FY21.3 1Q	B.FY20.3 1Q	A-B	
Domestic Energy / Gas	225.1	252.0	-26.9	19.0	30.9	-11.9	Profit : Decreased due to the time-lag effect and the decrease in the gas sales volume, etc.
Domestic Energy / Electricity	46.3	41.1	+5.1	3.7	1.1	+2.6	Profit : Increased due to the decline in the procurement unit price from the wholesale electric power market provided by JEPX, etc.
International Energy	14.5	11.1	+3.3	0.6	0.9	-0.3	Profit : Almost same level Excluding the effect of market value of derivative, increased due to the profit contribution from Freeport LNG project and the upstream business in North America, etc.
Life & Business Solutions	49.7	49.0	+0.6	3.1	3.5	-0.4	Profit : Almost same level
Adjustments	-18.4	-18.4	-0.0	2.6	1.8	+0.8	
Consolidated	317.2	335.0	-17.8	29.2	38.5	-9.2	

\* Segment profit=operating profit(loss) + share of profit(loss) of entities accounted for using equity method

\*\* In April 2020, Gas and Power Co., Ltd.("Domestic Energy / Electricity") was merged into Daigas Gas and Power Solution Co., Ltd.("Domestic Energy / Gas" segment).  
Results for FY20.3 1Q are calculated based on this change.

Including profit/loss on market value of derivative  
A.FY21.3 1Q -4.0, B.FY20.3 1Q -0.4, A-B -3.5

## Results for 1<sup>st</sup> Quarter of FY2021.3-III

Consolidated, billion yen	A. FY21.3	FY20.3		A-B	Remarks
	1Q end	1Q end	B. year end		
Total assets	2,186.8	2,042.3	2,140.4	+46.4	Increased in the cash and deposits, etc.
Shareholders' equity	988.8	1,014.2	997.4	-8.6	
Interest-bearing debts	841.9	689.1	754.0	+87.9	Increased due to the new borrowing, etc.
Number of employees	20,942	20,689	20,543	+399	Increased in Osaka Gas Information System Research Institute Group, etc.
Shareholders' equity / Total assets	45.2%	49.7%	46.6%	-1.4%	
(After adjustment*)	(47.5%)	(49.7%)	(48.9%)	(-1.4%)	
D/E ratio	0.85	0.68	0.76	+0.10	
(After adjustment*)	(0.76)	(0.68)	(0.67)	(+0.09)	

\*Calculated with 50% of issued hybrid bonds of 100 billion yen as equity (It does not mean that shareholders will be diluted)

Consolidated, billion yen	A. FY21.3 1Q	B. FY20.3 1Q	A-B	Remarks
Capital expenditure	28.8	25.7	+3.0	
Depreciation	23.4	21.9	+1.4	
Free cash flow**	14.6	45.9	-31.3	

\*\* Free cash flow = cash flows from operating activities - capital expenditures for upgrading existing businesses

## Forecasts for FY2021.3 – I

Figures in ( ) are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY21.3 forecasts	B. FY21.3 previous forecasts	A-B	(A-B)/B(%)	Remarks
Net sales	(1.30) 1,380.0	(1.28) 1,493.0	-113.0	-7.6	
Operating profit	(2.14) 90.0	(2.94) 91.0	-1.0	-1.1	
Ordinary profit	(1.89) 100.0	(2.56) 100.0	-	-	
Profit*	(1.74) 71.5	(2.43) 73.0	-1.5	-2.1	
EBITDA **	197.5	200.0	-2.5	-1.2	
The time-lag effect	2.7	-3.5	+6.3	-	
Ordinary profit excluding time-lag effect	97.2	103.5	-6.3	-6.1	
Crude oil price*** USD/bbl	41.8	65.0	-23.2		July 2020 to March 2021 : 45.0 USD/bbl
Exchange rate JPY/USD	109.4	110.0	-0.6		July 2020 to March 2021 : 110.0 JPY/USD

\*\*\* Average of preliminary monthly data up to June 2020

## Forecasts for FY2021.3 – II

billion yen	Net sales			Segment Profit*			Remarks
	A.FY21.3 forecasts	B.FY21.3 previous forecasts	A-B	A.FY21.3 forecasts	B.FY21.3 previous forecasts	A-B	
Domestic Energy / Gas	897.5	993.5	-96.0	46.5	39.5	+7.0	Profit : Increase due to the time-lag effect, etc.
Domestic Energy / Electricity	231.0	241.0	-10.0	15.0	11.0	+4.0	Profit : Increase due to the time-lag effect, etc.
International Energy	79.0	87.5	-8.5	18.0	30.5	-12.5	Profit : Decrease due to the decline in the crude oil prices and the interest rates of US
Life & Business Solutions	223.5	226.0	-2.5	21.5	22.5	-1.0	Profit : Decrease in the fitness business
Adjustments	-51.0	-55.0	+4.0	-	-	-	
Consolidated	1,380.0	1,493.0	-113.0	101.0	103.5	-2.5	

\* Segment profit=operating profit(loss) + share of profit(loss) of entities accounted for using equity method



## Forecasts for FY2021.3 – III

Figures in ( ) are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY21.3 forecasts	B. FY20.3 results	A-B	(A-B)/B(%)	Remarks
Net sales	(1.30) 1,380.0	(1.26) 1,368.6	+11.3	+0.8	
Operating profit	(2.14) 90.0	(1.83) 83.7	+6.2	+7.4	Increase in the International Energy business, etc.
Ordinary profit	(1.89) 100.0	(1.47) 86.0	+13.9	+16.3	
Profit*	(1.74) 71.5	(0.93) 41.7	+29.7	+71.1	Increase due to the rebound from the impairment loss of the upstream projects in the International Energy business
EBITDA **	197.5	180.9	+16.5	+9.2	
* Profit attributable to owners of parent					
** EBITDA=operating profit (loss) + depreciation + amortization of goodwill + share of profit (loss) of entities accounted for using equity method					
The time-lag effect	2.7	6.5	-3.7	-	
Ordinary profit excluding time-lag effect	97.2	79.5	+17.6	+22.3	Increase in the International Energy business, etc.
Crude oil price*** USD/bbl	41.8	67.8	-26.0		July 2020 to March 2021 : 45.0 USD/bbl
Exchange rate JPY/USD	109.4	108.7	+0.7		July 2020 to March 2021 : 110.0 JPY/USD

\*\*\* Average of preliminary monthly data up to June 2020

## Forecasts for FY2021.3 – IV

billion yen	Net sales			Segment Profit*			Remarks
	A.FY21.3 forecasts	B.FY20.3 results	A-B	A.FY21.3 forecasts	B.FY20.3 results	A-B	
Domestic Energy / Gas	897.5	973.7	-76.2	46.5	53.1	-6.6	Profit : Decrease due to the time-lag effect and the decrease in the gas sales volume, etc.
Domestic Energy / Electricity	231.0	204.8	+26.1	15.0	7.9	+7.0	Profit : Increase due to the increase in the electricity sales volume and the decline in the procurement unit price from the wholesale electric power market provided by JEPX, etc.
International Energy	79.0	61.2	+17.7	18.0	8.1	+9.8	Profit : Increase due to the profit contribution from Freeport LNG project and the upstream business in North America, etc.
Life & Business Solutions	223.5	219.4	+4.0	21.5	19.6	+1.8	Profit : Increase in the materials solutions business, etc.
Adjustments	-51.0	-90.6	+39.6	-	0.1	-0.1	
Consolidated	1,380.0	1,368.6	+11.3	101.0	89.0	+11.9	

\* Segment profit=operating profit(loss) + share of profit(loss) of entities accounted for using equity method

## Forecasts for FY2021.3 – V

Consolidated, billion yen	A. FY21.3 end forecasts	B. FY20.3 end	A-B	Remarks
Total assets	2,285.2	2,140.4	+144.7	Increase in the investment for growth, etc.
Shareholders' equity	1,056.8	997.4	+59.3	
Interest-bearing debts	834.4	754.0	+80.4	Increase due to the new borrowing, etc.
Number of employees	21,450	20,543	+907	Increase in Jacobi Carbons AB and Osaka Gas Information System Research Institute Group, etc.
Shareholders' equity / Total assets	46.2%	46.6%	-0.4%	
(After adjustment*)	(48.4%)	(48.9%)	(-0.5%)	
D/E ratio	0.79	0.76	+0.03	
(After adjustment*)	(0.71)	(0.67)	(+0.04)	

\*Calculated with 50% of issued hybrid bonds of 100 billion yen as equity (It does not mean that shareholders will be diluted)

Consolidated, billion yen	A. FY21.3 forecasts	B. FY20.3 results	A-B	Remarks
Capital expenditure	203.0	131.0	+71.9	Increase in the investment for growth, etc.
Depreciation	95.6	91.9	+3.7	
Free cash flow**	86.3	125.3	-39.0	Increase in the working capital, etc.
ROA	3.2%	2.0%	+1.2%	
ROE	7.0%	4.2%	+2.8%	
EPS (yen/share)	172.0	100.5	+71.5	
BPS (yen/share)	2,541.7	2,399.1	+142.7	

\*\* Free cash flow = cash flows from operating activities - capital expenditures for upgrading existing businesses

## Sales-related results for 1<sup>st</sup> Quarter of FY2021.3

\* Number of units for gas supply = number of meters installed – number of meters unused (unoccupied houses, etc.)  
– number of units for gas supply from other companies

\*\* The difference factors are described on pages 22 and 23

### ■ Gas sales volume

45MJ/m <sup>3</sup>	A.FY21.3 1Q	B.FY20.3 1Q	A-B	(A-B)/B(%)
Number of units for gas supply* (thousands)	5,153	5,430	-277	-5.1%
Installation of new meters (thousands)	25	23	+1	+5.8%
Monthly gas sales volume per household (m <sup>3</sup> /month)	31.3	29.1	+2.2	+7.4%
Residential**	467	459	+8	+1.8%
Non-Residential**	1,121	1,340	-219	-16.3%
Non-consolidated gas sales volume (million m <sup>3</sup> )	1,588	1,799	-211	-11.7%
Consolidated gas sales volume (million m <sup>3</sup> )	1,601	1,812	-211	-11.6%

### ■ Electricity sales volume (Consolidated)

	A.FY21.3 1Q	B.FY20.3 1Q	A-B	(A-B)/B(%)
Retail	1,121	869	+252	+29.0%
Wholesale, etc.	2,164	1,914	+249	+13.0%
Electricity Sales Volume(GWh)	3,285	2,783	+501	+18.0%
Number of low-voltage electricity supply (thousands)	1,375	1,077	+298	+27.7%

### ■ Customer Accounts (Consolidated)

	A.FY21.3 1Q end	B.FY20.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (ten thousands)	911	910	+0	+0.0%

## Sales-related forecasts for FY2021.3

### ■ Gas sales volume

45MJ/m<sup>3</sup>

\* The difference factors are described on pages 22 and 23.

	FY21.3		B. FY20.3 results	A-B	(A-B) /B(%)
	Previous forecasts	A. Forecasts			
Residential*	1,770	1,798	1,798	-0	-0.0
Non-Residential*	5,552	5,200	5,526	-326	-5.9
Non-consolidated gas sales volume (million m3)	7,322	6,998	7,324	-327	-4.5
Consolidated gas sales volume (million m3)	7,358	7,034	7,362	-329	-4.5

### ■ Electricity sales volume (Consolidated)

	FY21.3		B. FY20.3 results	A-B	(A-B) /B(%)
	Previous forecasts	A. Forecasts			
Electricity Sales Volume(GWh)	16,567	16,567	13,189	+3,378	+25.6

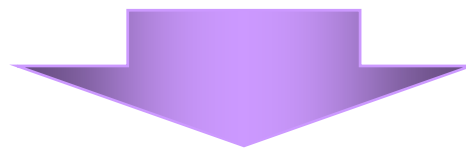
### ■ Customer Accounts (Consolidated)

	FY21.3		B. FY20.3 end	A-B	(A-B) /B(%)
	Previous end forecasts	A. End forecasts			
Number of customer Accounts (ten thousands)	930	930	910	+20	+2.2

# Residential Gas Sales

FY21.3 1Q

	YoY change	Remarks
Number of customers	-3.8%	Switching to another company, etc.
Impact of temperature	+5.6%	1 <sup>st</sup> quarter average temperature: 19.8 degrees Celsius (+0.0 degrees Celsius from the previous year)
Others	-0.0%	High-efficiency of gas appliances, decrease in household size, etc.
Total	+1.8%	



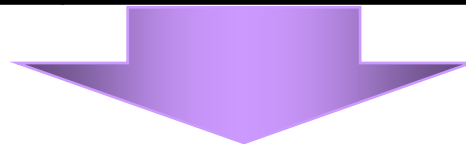
FY21.3 forecasts

- Residential gas sales volume is expected to almost same level from the previous year to 1,798 million m<sup>3</sup>, due to the rebound from high air and water temperatures of the previous fiscal year and the impact of the gas switching, etc.

## Non-Residential Gas Sales

FY21.3 1Q

	YoY change	Remarks
Demand development	+0.6%	Equipment introduction, fuel conversion, etc.
Impact of temperature	+0.1%	
Capacity utilization of facilities	-10.6%	The impact of the spread of COVID-19, etc.
Individual factor	-5.9%	Decreased due to the decline in the capacity utilization at the specific customers and the switching to another company, etc.
Others	-0.5%	
Total	-16.3%	



FY21.3 forecasts

- Non-residential gas sales volume is expected to decrease by 326 million m<sup>3</sup> (5.9%) from the previous year to 5,200 million m<sup>3</sup>, due to the impact of the spread of COVID-19 calculated based on the FY21.3 1Q result, etc.

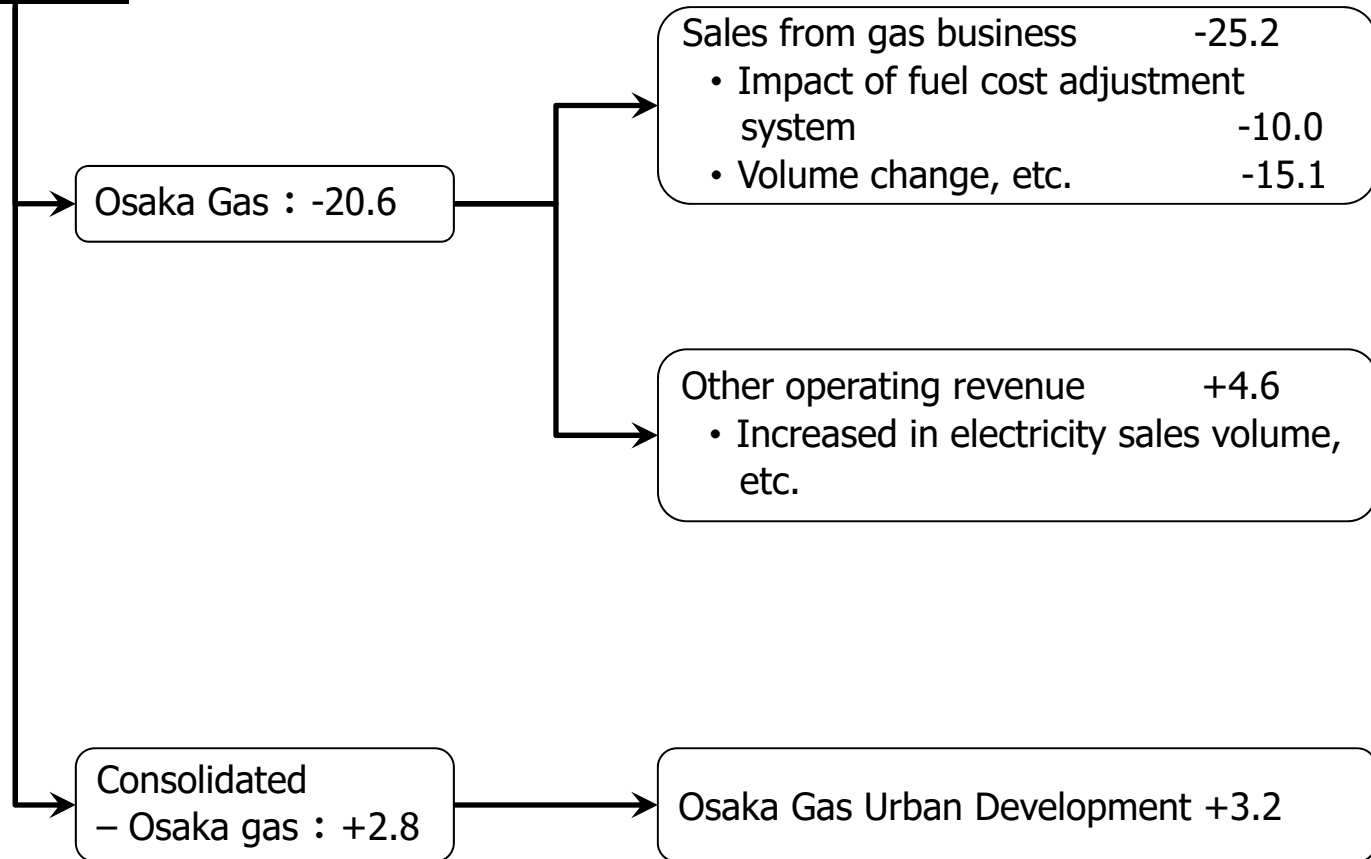
## III. Facts and Figures



# Sales variance for 1<sup>st</sup> Quarter of FY2021.3 (Year-on-Year)

FY20.3 1Q → FY21.3 1Q (differences)

335.0            317.2 **(-17.8)**  
 (billion yen)

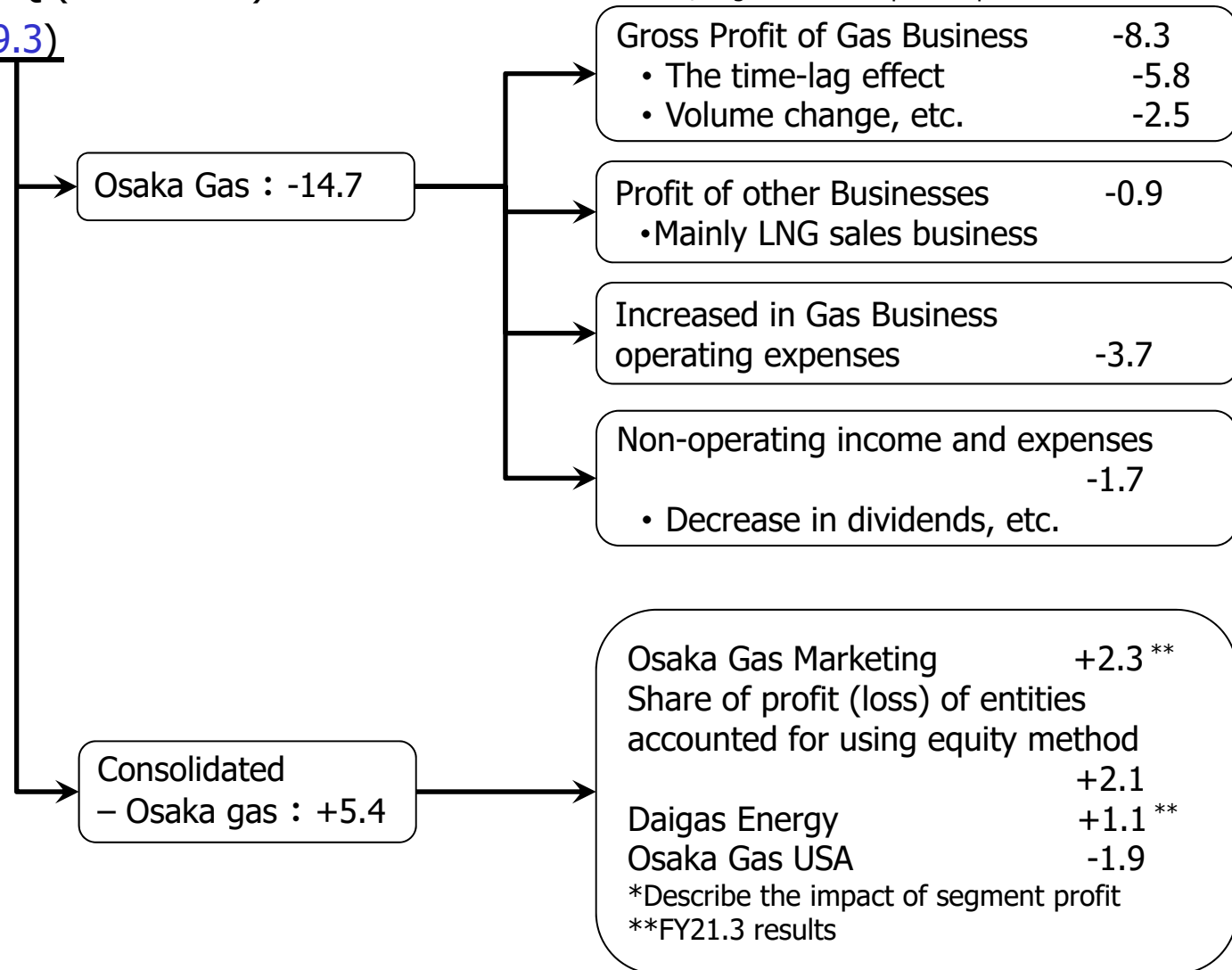


# Ordinary profit variance for 1<sup>st</sup> Quarter of FY2021.3 (Year-on-Year)

FY20.3 1Q → FY21.3 1Q (differences)

41.4  
(billion yen)

32.0 **(-9.3)**

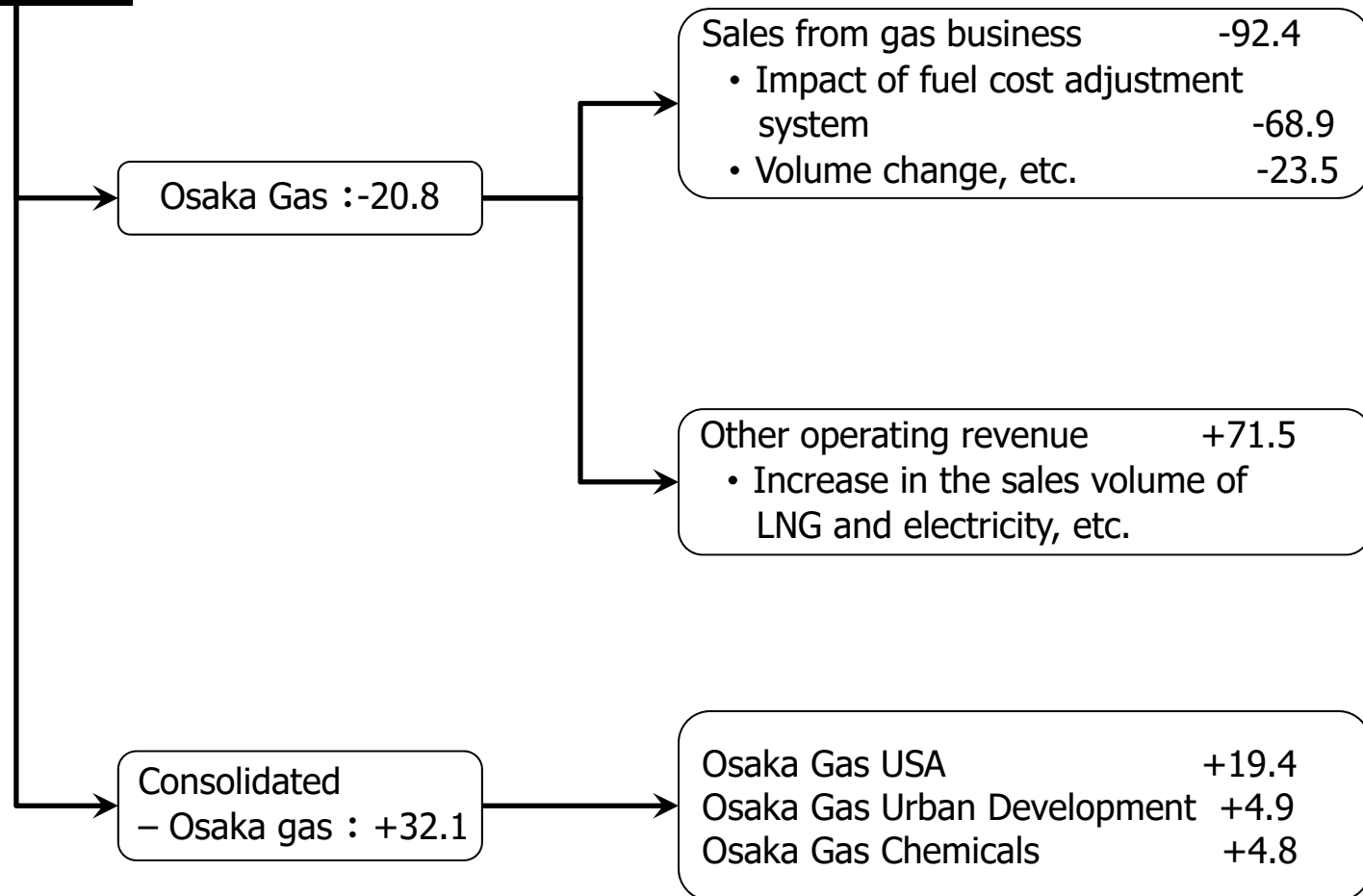


## Sales variance for FY2021.3 Forecasts (Year-on-Year)

FY20.3 → FY21.3 forecasts (differences)

1,368.6    1,380.0 **(+11.3)**

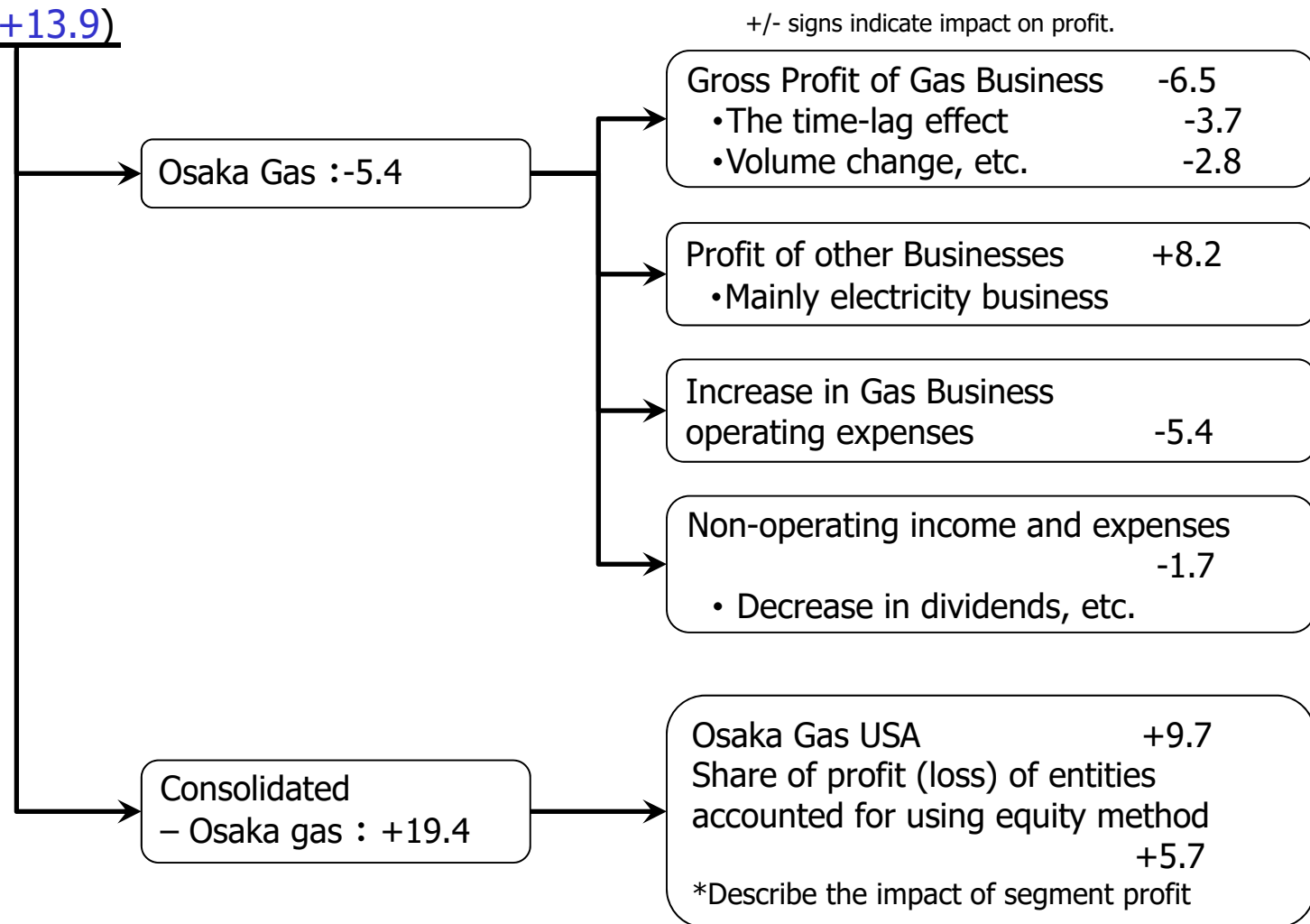
(billion yen)



# Ordinary profit variance for FY2021.3 Forecasts (Year-on-Year)

FY20.3 → FY21.3 forecasts (differences)

86.0      100.0 **(+13.9)**  
(billion yen)



## Risk Factors for Annual Earnings Results Forecasts

- Atmospheric and water temperatures
  - A +1 degree Celsius change in atmospheric and water temperatures will affect the residential gas sales volume: increase/decrease of approx. -7% in spring and autumn, approx. -8% in summer, and approx. -6% in winter.
  
- Crude oil prices
  - LNG prices are linked to crude oil prices. A +1USD/bbl. change in crude oil prices will have an effect of approx. -0.6 billion yen on ordinary profit since the 2<sup>nd</sup> quarter (Jul. thru. Mar.) of this fiscal year.
  
- Foreign exchange rate
  - LNG prices are affected by fluctuations in the USD/JPY exchange rate. A +1 yen fluctuation in the USD/JPY exchange rate will have an effect of approx. -0.5 billion yen on ordinary profit since the 2<sup>nd</sup> quarter (Jul. thru. Mar.) of this fiscal year.
  
- Materials costs
  - Although the fuel cost adjustment system allows us to reflect changes in fuel costs in gas rates in the medium- and long-term, an increase in fuel costs is likely to affect the business results due to a time lag in reflecting cost fluctuations, and also depends on the composition of fuel suppliers.
  
- Interest rate
  - A +1% change in the interest rate will have an effect of approx. +1.9 billion yen on annual consolidated non-operating expenses.

Thank you