

Revision of the financial forecasts for FY2023.3

August 1, 2022

Osaka Gas Co., Ltd. announced today that it has revised its financial forecasts for the fiscal year ending March 31, 2023, which was announced on April 26, 2022.

1. Revision of forecasts of consolidated financial results for the fiscal year ending March 31, 2023

[Consolidated]

(million yen, %)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (yen)
Previous forecast (A)	1,853,000	106,500	115,000	82,000	197.22
Revised forecast (B)	2,171,000	43,000	46,000	31,500	75.76
Changes (B-A)	+318,000	-63,500	-69,000	-50,500	
Changes (%)	+17.2%	-59.6%	-60.0%	-61.6%	
(Reference) Actual results of fiscal year ended March 31, 2022*	1,591,120	99,201	113,525	130,421	313.69

* Figures for the previous year were calculated retroactively in accordance with the Regulation on Consolidated Financial Statements ("Regulation"). Starting from this fiscal year, we prepare consolidated financial statements by following the Regulation. Until the previous fiscal year, our consolidated financial statements followed the Accounting Rules for Gas Utility as well as the Regulation.

2. Reason for revising the financial forecasts for the fiscal year ending March 31, 2023

We have revised our forecasts for the fiscal year ending March 31, 2023, as shown above, mainly due to the suspension of the Freeport LNG Project's (the "Project") operations.

On June 8, 2022 U.S. CT (June 9, 2022 JST), a fire broke out at the liquefaction plant of the Project, one of the Daigas Group's (the "Group") investments and LNG sources. The Project's operations at the plant have been suspended since. On June 30, the Project announced that it expects to partially resume operations in early October 2022, which is an extension of its initially estimated plant shutdown period.

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 has been arranging modification regarding the contracts related to its LNG procurement from the Project. In addition, as the Project may incur losses due to restoration costs of facilities, etc., we may record the losses in an amount proportionate to our equity interest in the Project.

In light of the expected revenue decrease, costs and losses associated with the above, the recent crude oil price and exchange rate, and other factors under certain assumptions, we have estimated their impact and revised our financial forecasts for the fiscal year ending March 31, 2023.

** The Group's annual LNG offtake volume from the Project under the liquefaction tolling agreement is approximately 2.32 million tons, which is approximately 19% of the Group's total annual LNG handling volume.

The assumptions used in the forecast are as follows.

	Crude oil price (All Japan CIF price)	Exchange rate (TTM)
Previous forecast (A)	95 USD/bbl	115 JPY/USD
Revised forecast (B)	110 USD/bbl	135 JPY/USD

The business segment performance forecasts for the fiscal year ending March 31, 2023, are shown below. The revised forecasts include approximately 79.5 billion yen*** of the expected revenue decrease, costs and losses related to the fire of the Project (the “Expenses”). The Expenses recorded in the FY2023 1Q consolidated financial results were 31.4 billion yen.

(billion yen)

	Previous forecast	Revised forecast	Difference	Major factor
Domestic Energy	42.5	-36.5	-79.0	Costs and losses related to the fire of the Project, etc.: -65.0 Changes in energy prices, exchange rate, etc.: -14.0
(Electricity business)	17.5	4.5	-13.0	Changes in energy prices, exchange rate, etc.: -13.0
International Energy	57.0	67.0	+10.0	Changes in energy prices, exchange rate changes, etc.: +24.5 Revenue decrease in an amount proportionate to our equity interest related to the fire of the Project, etc.: -14.5
Life & Business Solutions	21.5	21.5	—	
Adjustment	-1.0	-1.0	—	
Segment profit (loss)	120.0	51.0	-69.0	

*** It includes the estimated figure calculated under a certain assumption based on information available as of the date of this announcement.

Actual results may differ from the above forecasts due to various factors.