



Financial Report for 3rd Quarter of FY2020.3 (April 2019 – December 2019)

January 2020
Osaka Gas Co., Ltd.

Contents

I. Summary of Business Results for 3rd Quarter of FY2020.3 and Forecasts for FY2020.3

□ Summary of Business Results for 3 rd Quarter of FY2020.3 and Forecasts for FY2020.3	- 4	□ Forecasts for FY2020.3	- 15-19
□ YoY Comparison of 3 rd Quarter of FY2020.3	- 5	□ Sales-related results for 3 rd Quarter of FY2020.3	- 20
□ FY2020.3 Forecasts against Previous Forecasts	- 6	□ Sales-related forecasts for FY2020.3	- 21
□ YoY Comparison of FY2020.3 Forecasts	- 7	□ Residential Gas Sales	- 22
□ Results of Investment for growth for 3 rd Quarter of FY2020.3	- 8	□ Non-Residential Gas Sales	- 23
□ Main Topics in 3 rd Quarter of FY2020.3	- 9-10		

II. Business Results for 3rd Quarter of FY2020.3 and Forecasts for FY2020.3

□ Results for 3 rd Quarter of FY2020.3	- 12-14
---	---------

III. Facts and Figures

□ Variance for 3 rd Quarter of FY2020.3	- 25-26
□ Variance for FY2020.3 Forecasts	- 27-28
□ Risk Factors for Annual Earnings Results Forecasts	- 29

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/m³.

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 3rd Quarter of FY2020.3 and Forecasts for FY2020.3

Summary of Business Results for 3rd Quarter of FY2020.3 and Forecasts for FY2020.3



Year-on-Year Comparison of Results for 3rd Quarter of FY2020.3

Consolidated net sales	Increased by 3.3% (¥30.8 billion) to ¥974.5 billion due to an increase in the unit price of gas sales and electricity sales volume, etc.
Consolidated ordinary profit	Increased by 133.1% (¥33.9 billion) to ¥59.3 billion due to the impact of the time-lag effect and a decrease in operating expenses in the Gas business, etc. The time-lag effect totaled +¥7.7 billion (The time-lag effect* in previous year was ¥-16.1 billion).
Consolidated profit**	Increased by 569.2% (¥29.6 billion) to ¥34.8 billion due to the rebound from one-time amortization of goodwill, etc., although an impairment loss of upstream business in the International Energy business was recorded.

FY2020.3 Forecast against Previous Forecast

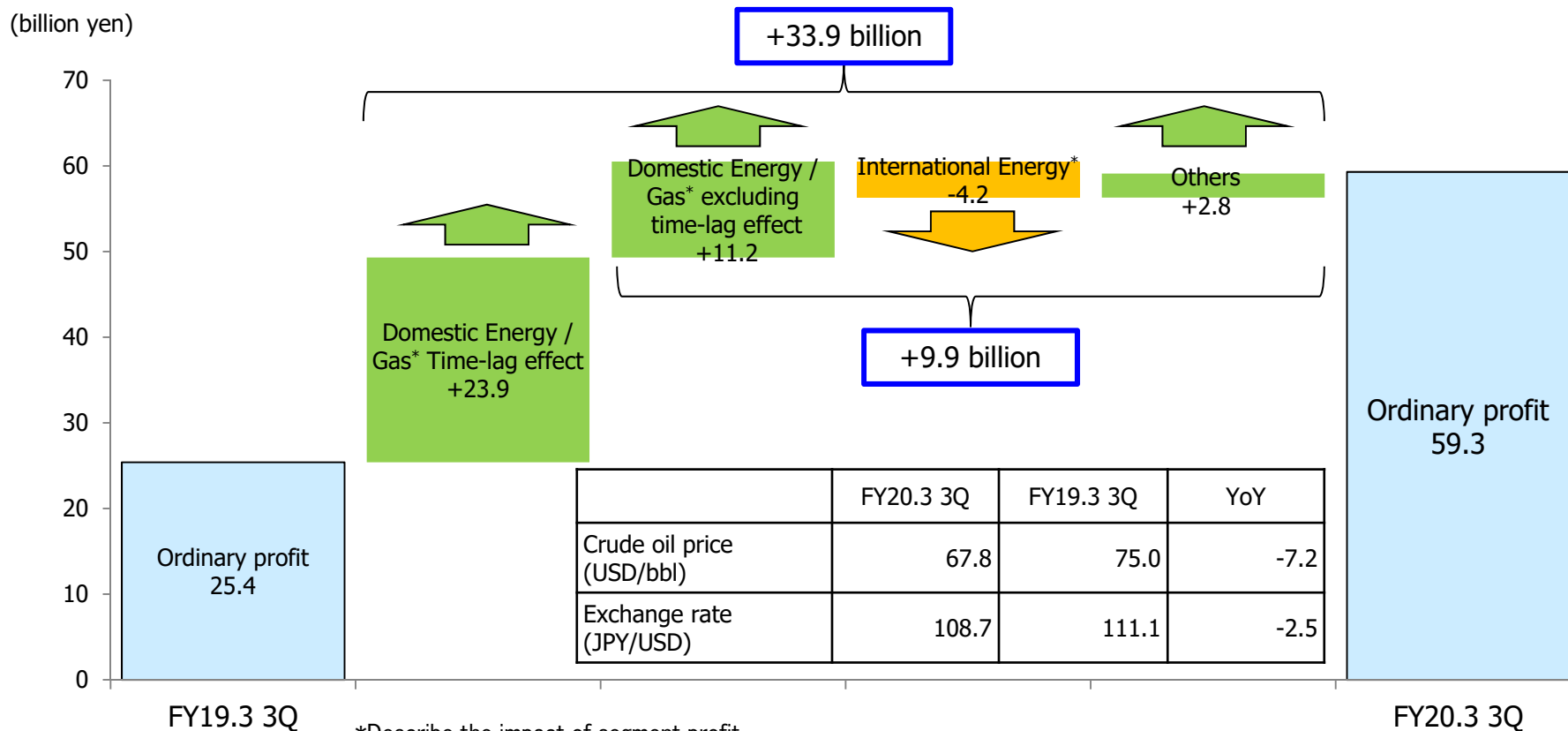
Consolidated Net sales	Expect to increase by 0.5% (¥7.0 billion) to ¥1,419.0 billion due to an increase in electricity sales volume, etc.
Consolidated ordinary profit	¥81.0 billion, unchanged from previous forecast Profit declines in the Electricity business, but operating expenses in the Gas business decrease and non-operating income increases. The time-lag effect totaled +¥6.9 billion (unchanged from previous forecasts).
Consolidated profit**	Expect to decrease by 7.3% (¥4.0 billion) to ¥51.0 billion due to an impairment loss of the International Energy business.

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

**Profit attributable to owners of parent

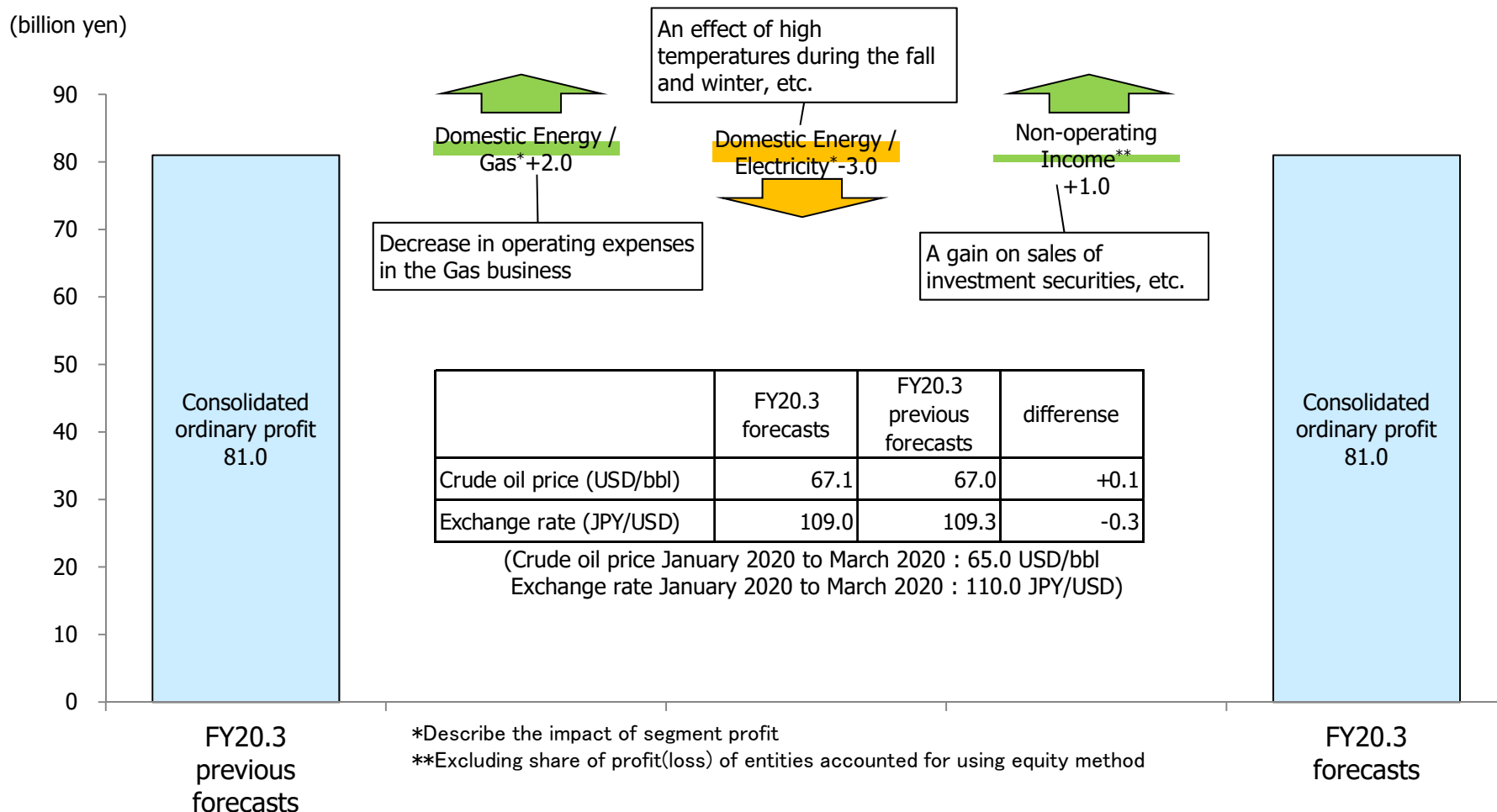
YoY Comparison of 3rd Quarter of FY2020.3

- Consolidated ordinary profit increased by ¥33.9 billion year-on-year to ¥59.3 billion due to the impact of the time-lag effect and the decrease in operating expenses in the Gas Business, etc.



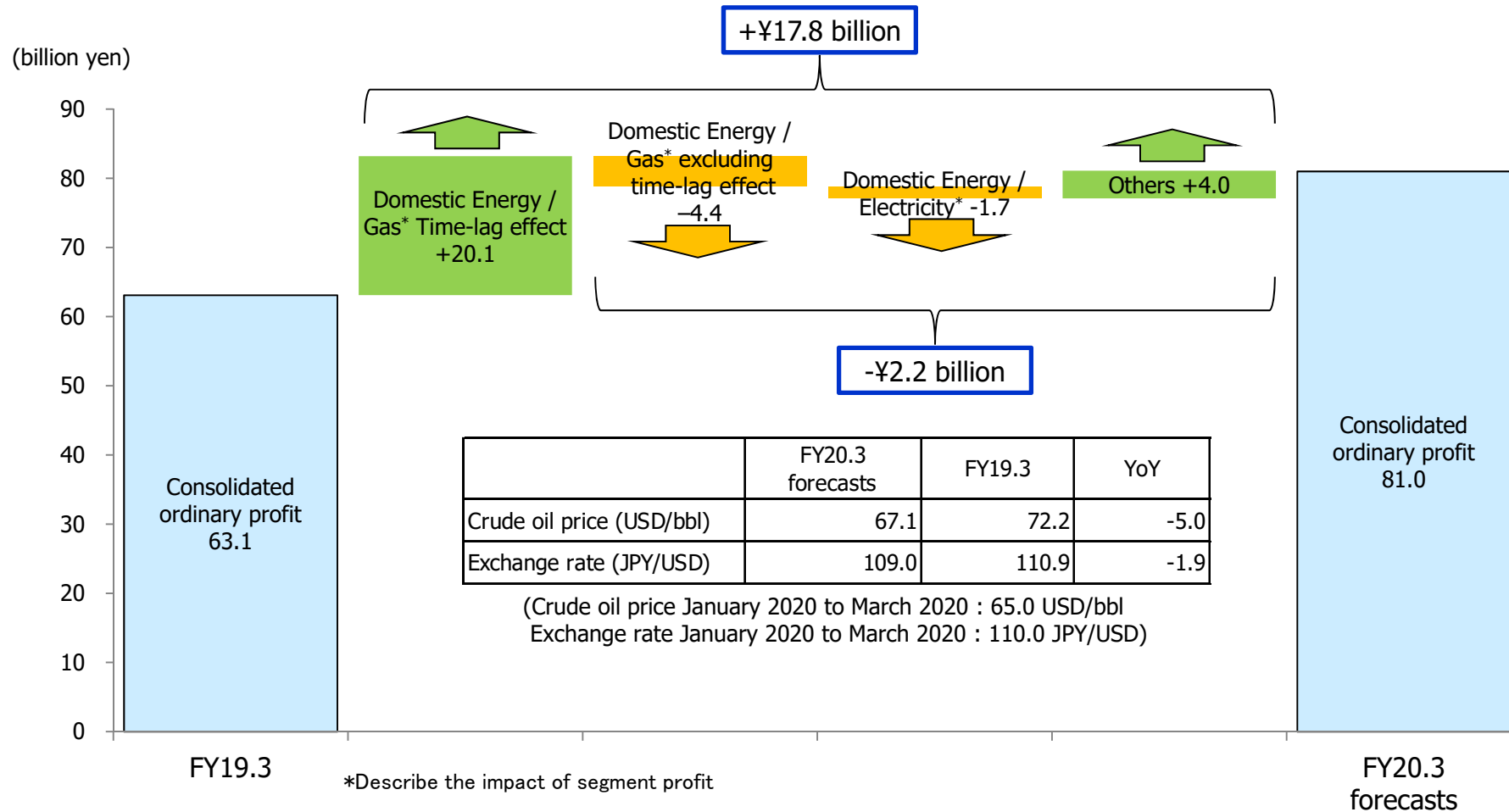
FY2020.3 Forecasts against Previous Forecasts

- Consolidated ordinary profit is unchanged
- Consolidated operating profit decreases in the Electricity business, but operating expenses in the Gas business decrease and non-operating income increases.



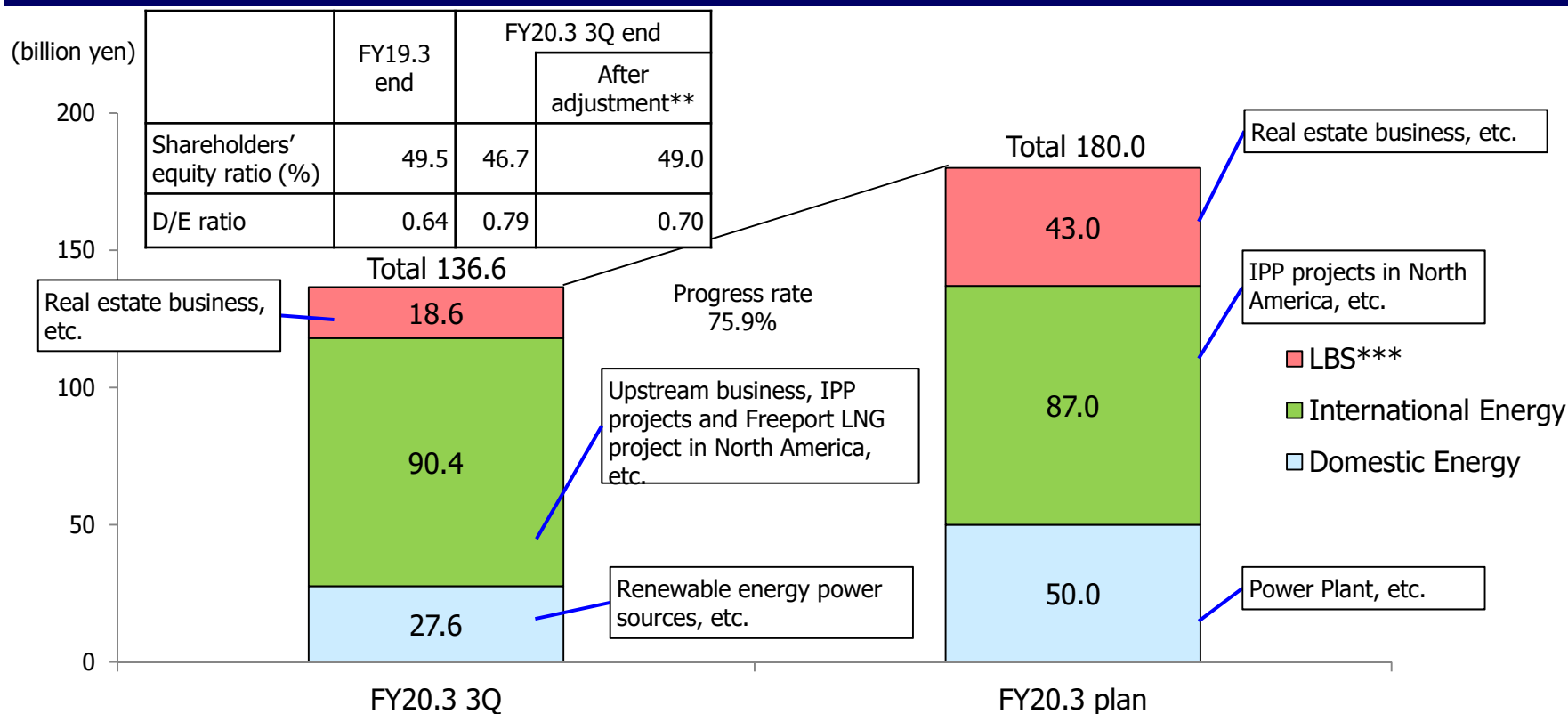
YoY Comparison of FY2020.3 Forecasts

- Consolidated ordinary profit is expected to increase by ¥17.8 billion year-on-year to ¥81.0 billion.
- This is primarily due to the impact of the time-lag effect in the Gas Business.



Results of Investment for growth for 3rd Quarter of FY2020.3

- In 3rd Quarter of FY2020.3, we invested ¥ 136.6 billion for growth mainly in the International Energy business, etc., accounting for 75.9% of the annual plan.
- The financial soundness indicator maintains a Shareholders' equity / Total assets ratio of around 50% and a D / E ratio of around 0.7 due to issue of hybrid bonds, etc.



* 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 the 3rd Quarter of FY2020.3

April	Osaka Gas Withdraws from Construction Plan for Nishiokinoyama Power Plant (provisional name)
May	Osaka Gas Releases AVANCE Built-in Stove Equipped with Area Sensors, an Industry-First Technology Osaka Gas to Start Service to Purchase Surplus Electricity Generated by Photovoltaic Systems (for customers whose feed-in tariff period for renewable energy will end) Osaka Gas to Issue the 36th and 37th Series of Unsecured Straight Bonds of 20 Billion Yen Each (Domestic Bonds)
June	Conclusion of comprehensive cooperation agreement between National Research Institute for Earth Science and Disaster Resilience and Osaka Gas Establishing a Natural Gas Supply Company in Vietnam
July	Establishment of Solar Power Company in Thailand Cook Delicious Food with Less Time and Effort Our New Class S Built-in Stoves with New Functions Will Expand Your Cooking Osaka Gas Co., Ltd.: Investments and a Conclusion of Collaboration Agreement with AGP International Holdings Pte. Ltd., as Development of Natural Gas Infrastructure Proceeds Osaka Gas Increases Upstream Presence with Agreement to Acquire Sabine Oil & Gas in Texas, USA
August	LNG Production Starts at the Freeport LNG Project in Texas Osaka Gas to Revise Gas Charges Due to Partial Amendments to the Consumption Tax and Local Tax Acts Osaka Gas and the Cities of Kyoto and Kobe Conclude an Agreement on Cooperative Educational Activities on Fire Prevention Osaka Gas to Issue the 38th, 39th , and 40th Series of Unsecured Straight Bonds (Domestic Bonds) of 20 Billion Yen, 5 Billion Yen, and 10 Billion Yen, Respectively
September	Osaka Gas to Revise Electricity Charges Due to Partial Amendments to the Consumption Tax and Local Tax Acts Implementation of companywide disaster prevention drills in fiscal 2019 Formulated the concept of "Suita SST", a multi-generation, residential healthy community that continues to change to the best of each individual Osaka Gas selected for the DJSI World Index for the second consecutive year LNG Bunkering Trial for the LNG-fueled Tugboat Ishin at Kobe Port Osaka Gas establishes new electricity service menus, With Plans, to help customers lead more enjoyable and active lives, and starts accepting new customers for With radiko Plan Investment Decision on the Power Generation Business in Himeji City, Hyogo Prefecture Establishment of New Affiliates in the Energy Sector and Restructuring of Osaka Gas: Striving for Speedier Customer-Oriented Business Operations Accelerate collaborative creation for commercialization of information linkage platform between companies that streamlines leasing contracts

* Press releases were issued in the above indicated months.

Main Topics in the 3rd Quarter of FY2020.3

October	<p>Start of demonstration for realization of a service for forecasting the amount of photovoltaic power generation in anticipation of independence from FIT</p> <p>First Exhibition at CEATEC 2019 - Future Living in 2030 Pictured by Daigas Group –</p> <p>Improper work by a maintenance company to which we outsource periodic inspection of gas heat pump air conditioners (Survey results for all maintenance companies)</p> <p>Outsourcing of regular inspection work improper management of unused gas pipes</p>
November	<p>Osaka Gas Announces Its Decision to Issue Publicly Offered Hybrid Corporate Bonds(Publicly Offered Subordinated Corporate Bonds)</p> <p>Efficiency Improvement Project at Cogeneration Facility in Thailand Selected for Financing Programme Based on Joint Crediting Mechanism</p> <p>Cease and Desist Orders and Surcharge Payment Orders from Japan Fair Trade Commission</p> <p>Osaka Gas Launches its Second With Plan, "With Yoshimoto Plan," a Highly Entertaining Electricity Rate Plan, and Starts Accepting Applications</p>
December	<p>Osaka Gas Announces Its Decision of Terms and Conditions of the Publicly Offered Hybrid Corporate Bonds (Subordinated Corporate Bonds)</p> <p>Start of Commercial Operation at the Freeport LNG Project in Texas</p> <p>CPV Fairview starts commercial operation</p> <p>Osaka Gas to Participate in Household Energy Supply Business in UK</p> <p>Notice on the Acquisition of All Shares in JGC Mirai Solar Co., Ltd.</p>

* Press releases were issued in the above indicated months.

II. Business Results for 3rd Quarter of FY2020.3 and Forecasts for FY2020.3

Results for 3rd Quarter of FY2020.3-I

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

Consolidated, billion yen	A. FY20.3 3Q	B. FY19.3 3Q	A-B	(A-B) /B(%)	Remarks
Net sales	(1.26) 974.5	(1.25) 943.6	+30.8	+3.3	Increased in the unit price of gas sales and the sales volume of electricity, etc.
Operating profit	(1.92) 54.2	(-) 23.3	+30.9	+132.8	Increased due to the impact of the time-lag effect and the decrease in operating expenses in the Gas Business, etc.
Ordinary profit	(1.49) 59.3	(7.67) 25.4	+33.9	+133.1	
Profit*	(1.12) 34.8	(-) 5.2	+29.6	+569.2	The rebound from one-time amortization of goodwill, etc., and an impairment loss of upstream business in the International Energy business.
EBITDA **	126.2	101.0	+25.2	+25.0	
The time-lag effect	+7.7	-16.1	+23.9	-	
Ordinary profit excluding time-lag effect	51.5	41.6	+9.9	+23.8	
Crude oil price*** USD/bbl	67.8	75.0	-7.2		
Exchange rate JPY/USD	108.7	111.1	-2.5		

* Profit attributable to owners of parent

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

*** Average of preliminary monthly data up to December

Results for 3rd Quarter of FY2020.3-II

billion yen	Net sales			Segment Profit*			Remarks
	A.FY20.3 3Q	B.FY19.3 3Q	A-B	A.FY20.3 3Q	B.FY19.3 3Q	A-B	
Domestic Energy / Gas	691.8	687.4	+4.4	34.4	-0.8	+35.2	Profit : Increased due to the impact of the time-lag effect and the decrease in operating expenses, etc.
Domestic Energy / Electricity	145.4	131.4	+13.9	4.5	5.2	-0.6	Profit : Decreased in the sales unit price and due to the effect of the unplanned outage of power plant, etc.
International Energy	43.2	27.0	+16.2	3.5	7.7	-4.2	Profit : Decreased due to the impact from Freeport LNG project, etc.
Life & Business Solutions	156.8	149.5	+7.3	13.4	12.0	+1.3	Profit : Increased in profits in materials solutions business, etc.
Adjustments	-62.9	-51.8	-11.1	2.2	1.3	+0.9	
Consolidated	974.5	943.6	+30.8	58.3	25.6	+32.7	

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

Including profit/loss on market value of derivative
A.FY20.3 3Q -3.6, B.FY19.3 3Q +1.0, A-B -4.6

Results for 3rd Quarter of FY2020.3-III

Consolidated, billion yen	A. FY20.3	FY19.3		A-B	Remarks
	3Q end	3Q end	B. year end		
Total assets	2,125.5	2,032.4	2,029.7	+95.8	Acquisition of new subsidiaries overseas, etc.
Shareholders' equity	992.5	982.4	1,004.3	-11.7	
Interest-bearing debts	781.4	688.4	647.4	+133.9	Bond issue, etc.
Number of employees	20,519	20,420	20,224	+295	Increased in Osaka Gas Information System Research Institute Group, Jacobi Carbons AB, etc.
Shareholders' equity / Total assets	46.7%	48.3%	49.5%	-2.8%	
(After adjustment*)	(49.0%)	(48.3%)	(49.5%)	(-0.5%)	Bond issue, etc.
D/E ratio	0.79	0.70	0.64	+0.14	
(After adjustment*)	(0.70)	(0.70)	(0.64)	(+0.06)	

*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. FY20.3 3Q	B. FY19.3 3Q	A-B	Remarks
Capital expenditure	80.7	81.0	-0.2	
Depreciation	67.9	75.4	-7.4	The rebound from one-time amortization of goodwill, etc.
Free cash flow**	54.9	-47.2	+102.2	Decreased in working capital, etc.

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

Forecasts for FY2020.3 – I

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

Consolidated, billion yen	A. FY20.3 forecasts	B. FY20.3 previous forecasts	A-B	(A-B)/B(%)	Remarks
Net sales	(1.25) 1,419.0	(1.26) 1,412.0	+7.0	+0.5	Increase in the sales volume of electricity, etc.
Operating profit	(1.83) 84.0	(1.81) 85.0	-1.0	-1.2	Decrease due to an effect of high temperatures during the fall and winter, etc. in the Electricity business
Ordinary profit	(1.43) 81.0	(1.43) 81.0	-	-	Increase due to a decrease in operating expenses in the Gas business and a gain on sales of investment securities, etc.
Profit [*]	(1.19) 51.0	(1.28) 55.0	-4.0	-7.3	Decrease due to an impairment loss of upstream business in the International Energy business.
EBITDA ^{**}	173.2	174.2	-1.0	-0.6	
The time-lag effect	6.9	6.9	-	-	
Ordinary profit excluding time-lag profit	74.0	74.0	-	-	
Crude oil price ^{***} USD/bbl	67.1	67.0	+0.1		January 2020 to March 2020 : 65.0 USD/bbl
Exchange rate JPY/USD	109.0	109.3	-0.3		January 2020 to March 2020 : 110.0 JPY/USD

* 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 December

Forecasts for FY2020.3 – II

billion yen	Net sales			Segment Profit [*]			Remarks
	A. FY20.3 forecasts	B. FY20.3 previous forecasts	A-B	A. FY20.3 forecasts	B. FY20.3 previous forecasts	A-B	
Domestic Energy / Gas	1,015.5	1,015.5	-	51.5	49.5	+2.0	Profit: Increase due to a decrease in operating expenses in the Gas business.
Domestic Energy / Electricity	211.0	204.0	+7.0	7.0	10.0	-3.0	Profit: Decrease due to an effect of high temperatures during the fall and winter, etc.
International Energy	55.5	55.5	-	6.5	6.5	-	
Life & Business Solutions	216.0	216.0	-	20.0	20.0	-	
Adjustments	-79.0	-79.0	-	1.5	1.5	-	
Consolidated	1,419.0	1,412.0	+7.0	86.5	87.5	-1.0	

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

Forecasts for FY2020.3 – III

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

Consolidated, billion yen	A. FY20.3 forecasts	B. FY19.3 results	A-B	(A-B)/B(%)	Remarks
Net sales	(1.25) 1,419.0	(1.24) 1,371.8	+47.1	+3.4	Increase in the sales volume of electricity, etc.
Operating profit	(1.83) 84.0	(2.43) 67.9	+16.0	+23.6	Increase due to the time-lag effect in gas business, etc.
Ordinary profit	(1.43) 81.0	(1.56) 63.1	+17.8	+28.4	
Profit [*]	(1.19) 51.0	(1.34) 33.6	+17.3	+51.8	Increase due to the rebound from one-time amortization of goodwill and loss on disaster, etc.
EBITDA ^{**}	173.2	159.9	+13.2	+8.3	
The time-lag effect	6.9	-13.2	+20.1	-	
Ordinary profit excluding time-lag profit	74.0	76.3	-2.2	-3.0	
Crude oil price ^{***} USD/bbl	67.1	72.2	-5.0		January 2020 to March 2020 : 65.0 USD/bbl
Exchange rate JPY/USD	109.0	110.9	-1.9		January 2020 to March 2020 : 110.0 JPY/USD

* Profit attributable to owners of parent

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

*** Average of preliminary monthly data up to December

Forecasts for FY2020.3 – IV

billion yen	Net sales			Segment Profit [*]			Remarks
	A. FY20.3 forecasts	B. FY19.3 results	A-B	A. FY20.3 forecasts	B. FY19.3 results	A-B	
Domestic Energy / Gas	1,015.5	1,012.6	+2.8	51.5	35.8	+15.6	Profit : Increase due to the time-lag effect, etc.
Domestic Energy / Electricity	211.0	184.3	+26.6	7.0	8.7	-1.7	Profit: Decrease in the sales unit price and due to the effect of the unplanned outage of power plant, etc.
International Energy	55.5	40.4	+15.0	6.5	5.9	+0.5	Profit : Almost same level as the previous year
Life & Business Solutions	216.0	210.9	+5.0	20.0	17.7	+2.2	Profit : Increase in materials solution business, etc
Adjustments	-79.0	-76.4	-2.5	1.5	0.8	+0.6	
Consolidated	1,419.0	1,371.8	+47.1	86.5	69.0	+17.4	

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

Forecasts for FY2020.3 – V

Consolidated, billion yen	A.FY 20.3 end forecasts	B. FY 19.3 end	A-B	Remarks
Total assets	2,234.6	2,029.7	+204.8	Increase in the investment for growth, etc.
Shareholders' equity	1,038.6	1,004.3	+34.2	
Interest-bearing debts	792.0	647.4	+144.5	Increase due to new borrowing, etc.
Number of employees	20,788	20,224	+564	Increase in Osaka Gas Information System Research Institute Group, Jacobi Carbons AB, etc.
Shareholders' equity / Total assets	46.5%	49.5%	-3.0%	
(After adjustment*)	(48.7%)	(49.5%)	(-0.8%)	Increase in interest-bearing debts, etc.
D/E ratio	0.76	0.64	+0.12	
(After adjustment*)	(0.68)	(0.64)	(+0.04)	

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

	A.FY 20.3 forecasts	B. FY19.3 results	A-B	
Capital expenditure	145.0	107.2	+37.7	Increase in the investment for growth, etc.
Depreciation	86.6	99.7	-13.0	
Free cash flow**	81.6	20.9	+60.7	Decrease in working capital, etc.
ROA	2.4%	1.7%	+0.7%	
ROE	5.0%	3.4%	+1.6%	
EPS (yen/share)	122.7	80.8	+41.8	
BPS (yen/share)	2,497.7	2,415.4	+82.4	

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

Sales-related results for 3rd Quarter of FY2020.3

* 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 ³	A.FY20.3 3Q	B.FY19.3 3Q	A-B	(A-B)/B(%)
Number of units for gas supply* (thousands)	5,287	5,626	-339	-6.0
Installation of new meters (thousands)	73	67	+6	+8.8
Monthly gas sales volume per household (m ³ /month)	23.2	22.2	+1.0	+4.6
Residential**	1,077	1,105	-28	-2.5
Non-Residential**	4,114	4,471	-357	-8.0
Non-consolidated gas sales volume (million m ³)	5,191	5,576	-385	-6.9
Consolidated gas sales volume (million m ³)	5,220	5,602	-381	-6.8

■ Electricity sales volume (Consolidated)

	A.FY20.3 3Q	B.FY19.3 3Q	A-B	(A-B)/B(%)
Retail	3,137	2,299	+838	+36.5
Wholesale, etc.	6,268	6,203	+65	+1.0
Electricity Sales Volume(GWh)	9,405	8,502	+903	+10.6
Number of low-voltage electricity supply (thousands)	1,241	857	+384	+44.8

■ Customer Accounts (Consolidated)

	A.FY20.3 3Q end	B.FY19.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (thousands)	9,020	8,750	+280	+3.2

Sales-related forecasts for FY2020.3

■ Gas sales volume

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

45MJ/m ³	A. FY20.3 forecasts	B. FY19.3 results	A-B	(A-B)/B(%)
Residential*	1,824	1,892	-67	-3.6
Non-Residential*	5,736	6,010	-274	-4.6
Non-consolidated gas sales volume (million m ³)	7,560	7,901	-341	-4.3
Consolidated gas sales volume (million m ³)	7,599	7,935	-336	-4.2

■ Electricity sales volume (Consolidated)

	FY20.3 forecasts		B. FY19.3 results	A-B	(A-B)/B(%)
	Previous forecasts	Forecasts			
Electricity Sales Volume(GWh)	12,148	13,172	11,653	+1,519	+13.0

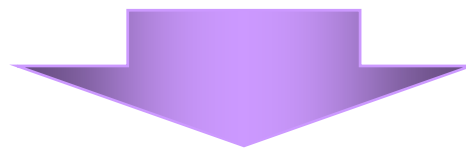
■ Customer Accounts (Consolidated)

	A. FY20.3 end forecasts	B. FY19.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (thousands)	9,000	8,750	+260	+2.9

Residential Gas Sales

FY20.3 3Q

	YoY change	Remarks
Number of customers	-4.7%	Switching to another company, etc.
Impact of temperature	+4.3%	3 rd quarter average temperature: 20.7 degrees Celsius (-0.2 degrees Celsius from the previous year)
Others	-2.1%	High-efficiency of gas appliances, decrease in household size, etc.
Total	-2.5%	



FY20.3 forecasts

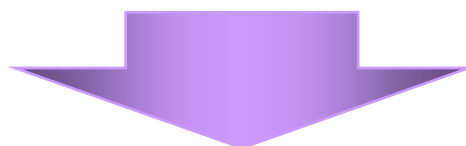
Unchanged from October 2019 forecasts

- Residential gas sales volume is expected to decrease by 67 million m³ (3.6%) from the previous year to 1,824million m³, due to the impact of gas switching and the rebound from high air and water temperatures of the previous fiscal year, etc.

Non-Residential Gas Sales

FY20.3 3Q

	YoY change	Remarks
Demand development	+1.2%	Equipment introduction, fuel conversion, etc.
Impact of temperature	+0.1%	
Capacity utilization of facilities	-1.9%	
Individual factor	-7.2%	Decreased due to switching to another company and decrease in capacity utilization at specific customers, etc.
Others	-0.2%	
Total	-8.0%	



FY20.3 forecasts

Unchanged from October 2019 forecasts

- Non-residential gas sales volume is expected to decrease by 274 million m³ (4.6%) from the previous year to 5,736 million m³, due to the impact of gas switching and certain customers' factor, etc.

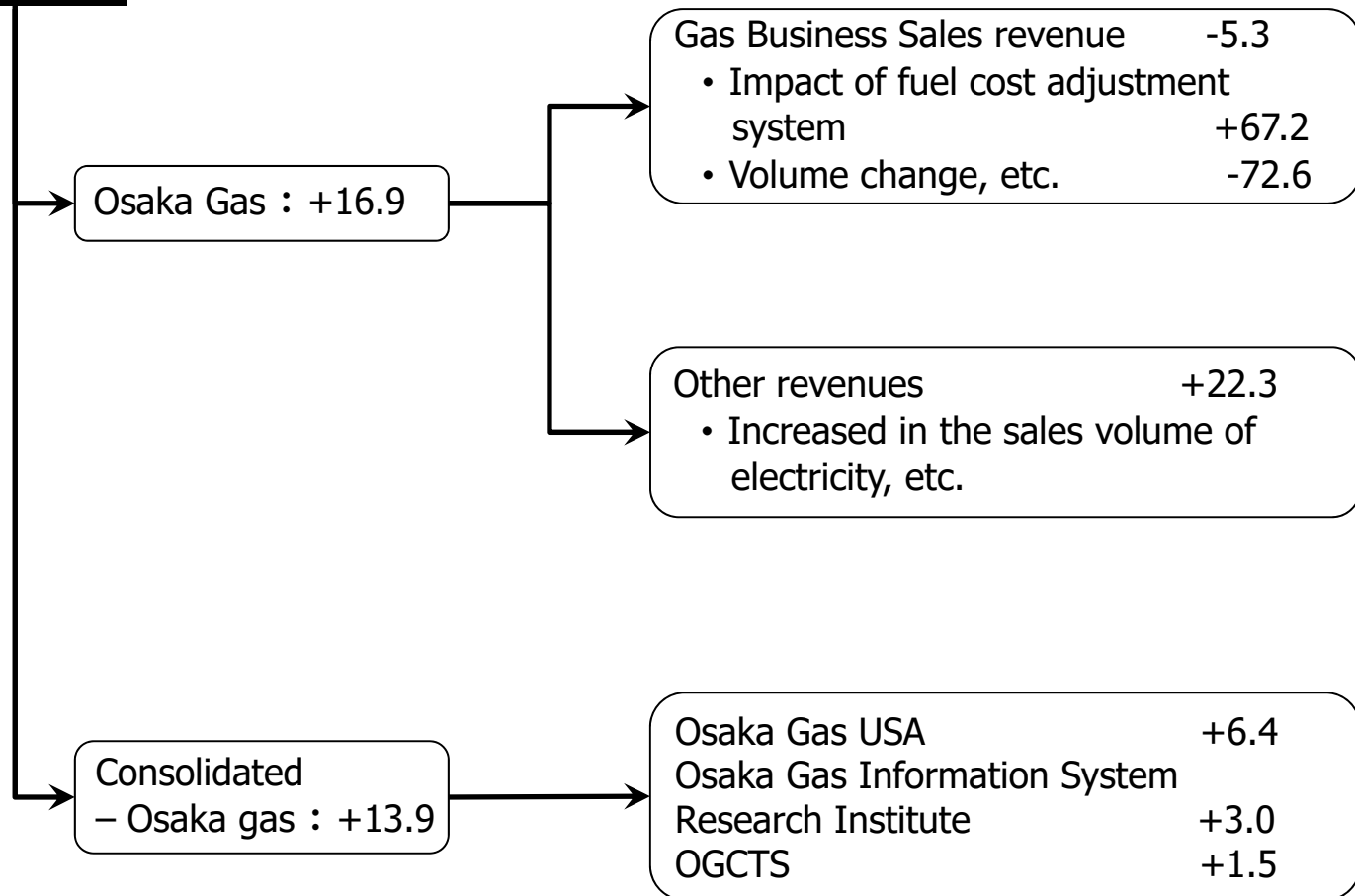
III. Facts and Figures

Sales variance for 3rd Quarter of FY2020.3 (Year-on-Year)

FY19.3 3Q → FY20.3 3Q (differences)

943.6 974.5 **(+30.8)**

(billion yen)

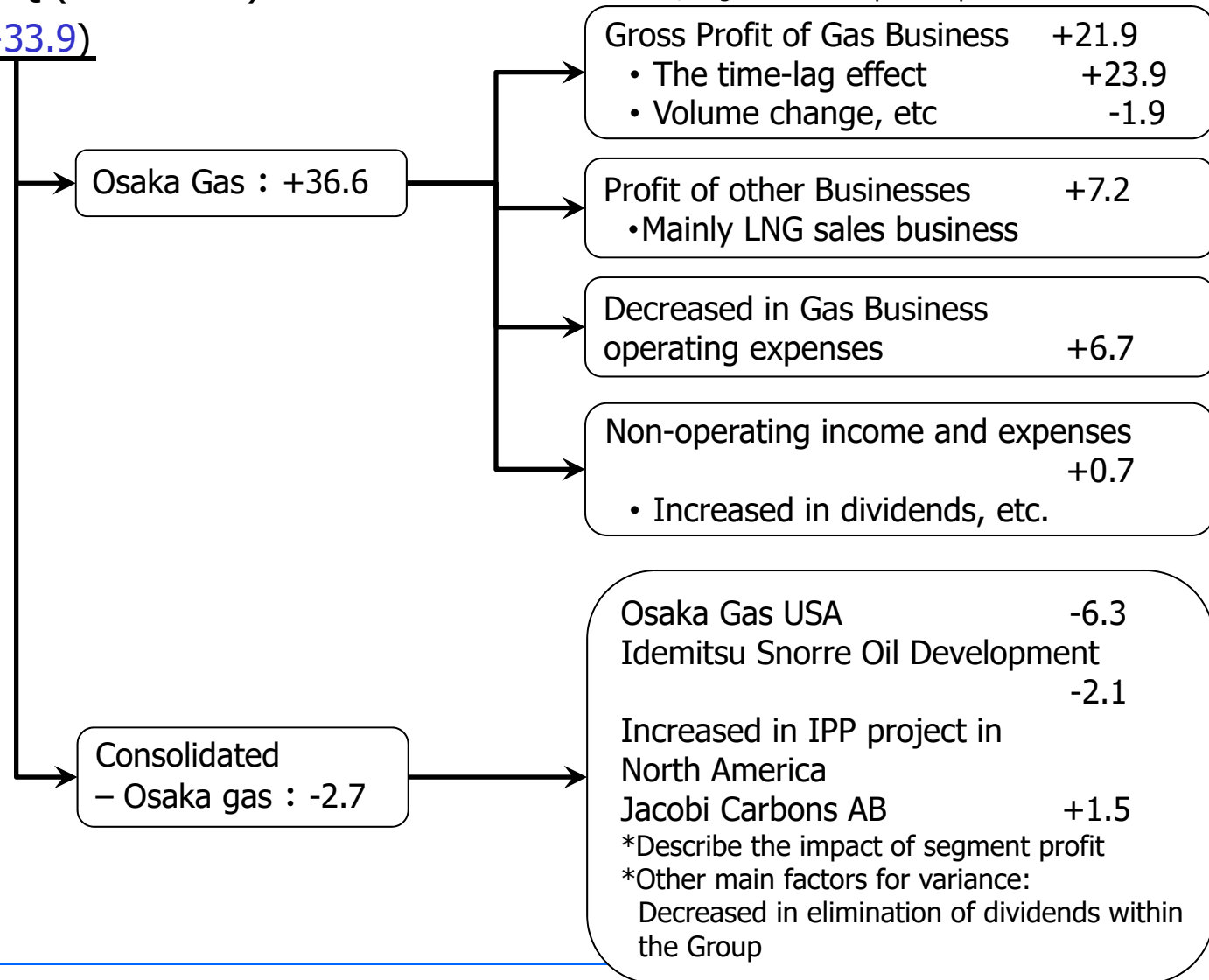


Ordinary profit variance for 3rd Quarter of FY2020.3 (Year-on-Year)

FY19.3 3Q → FY20.3 3Q (differences)

25.4
(billion yen)

59.3 (+33.9)

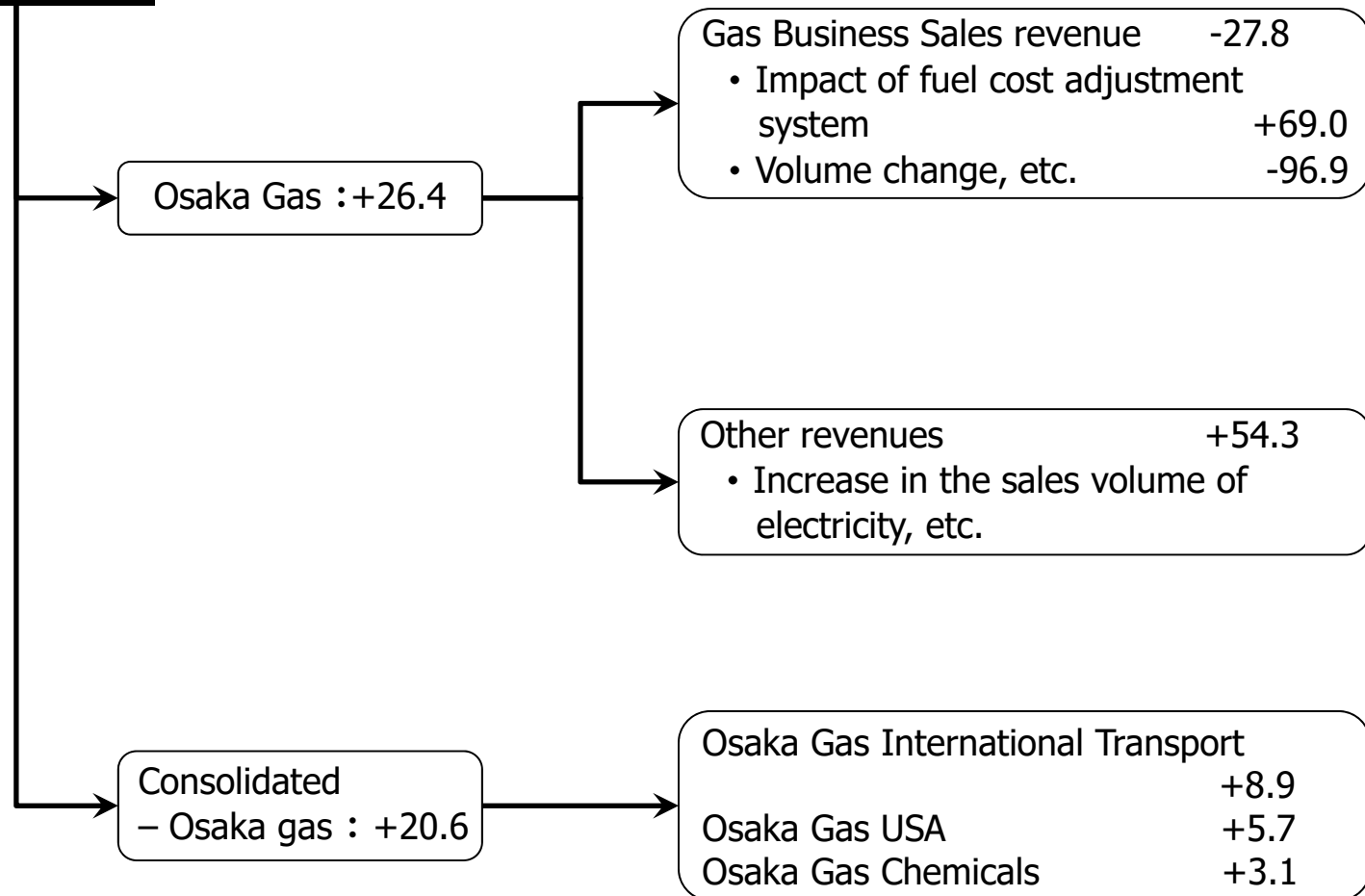


Sales variance for FY2020.3 Forecasts (Year-on-Year)

FY19.3 → FY20.3 forecasts (differences)

1,371.8 1,419.0 (+47.1)

(billion yen)

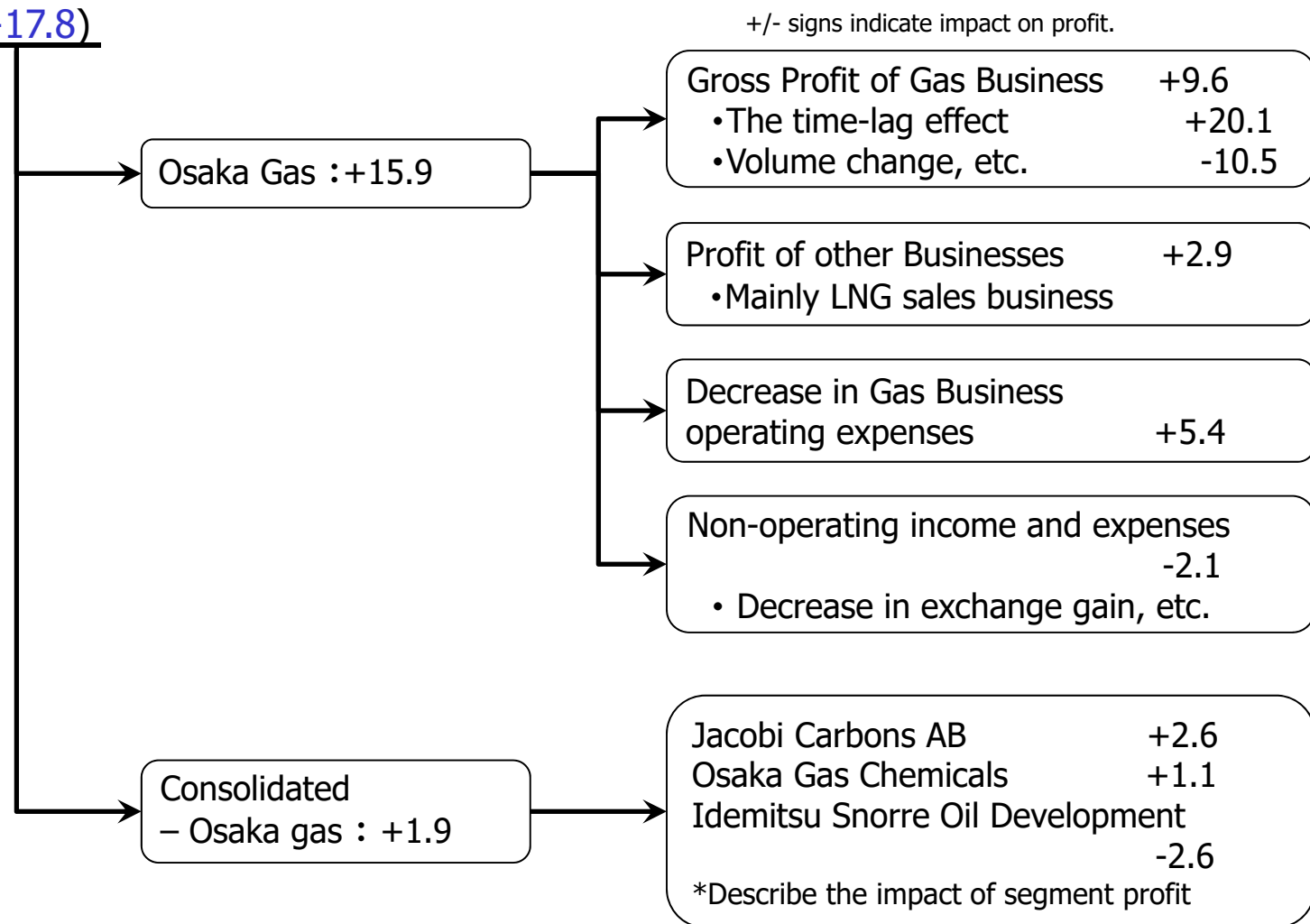


Ordinary profit variance for FY2020.3 Forecasts (Year-on-Year)

FY19.3 → FY20.3 forecasts (differences)

63.1 81.0 **(+17.8)**

(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. -0.0 billion yen on ordinary profit since the 4th quarter (Jan. 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. -0.9 billion yen on ordinary profit since the 4th quarter (Jan. 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