

Osaka Gas Co., Ltd. (9532)

Presentation script at the Analysts' Meeting held on February 3, 2025, on the financial results for the 3rd quarter of fiscal year ended March 31, 2025 (FY2025.3)

Speaker: Hiroki Matsui, General Manager of IR Department of Osaka Gas.

I am Hiroki Matsui, General Manager of the IR Department at Osaka Gas.

Thank you for taking the time today to participate in this meeting on the financial results for the 3rd quarter of the year ending March 31, 2025 (3Q FY2025.3).

On behalf of the company, I would like to express our gratitude for your continued support and understanding as we pursue our goals in our businesses.

I will refer to the slides of Financial Report for the 3rd Quarter of FY2025.3, which are available on our website.

Please look at page 3.

P3. Summary of FY2025.3 3Q results

- First, I will provide the overview of the financial results for 3Q FY2025.3.
- In 3Q, net sales were 1,444.1 billion yen, marking a decrease of 66.0 billion yen compared to the same period last year, mainly due to a decline in LNG sales volume and lower gas unit prices under the gas resource cost adjustment system, despite an increase in electricity sales volume in the Domestic Energy segment.
- Ordinary profit was 125.5 billion yen, marking a decrease of 49.0 billion yen compared to the same period last year, mainly due to a decrease in time-lag profit in the Domestic Energy segment.
- Profit attributable to owners of the parent was 90.8 billion yen, indicating that the company's performance is on track with our plan.
- The financial soundness indicators met the target levels, as set in the Medium-Term Management Plan 2026.

P4. Year-on-year comparison of 3Q results

- Page 4 summarizes the year-on-year comparison of consolidated ordinary profit.
- The primary factor behind the 49.0 billion yen decline in ordinary profit from the previous year is the Domestic Energy segment, mainly due to a 31.2 billion yen decrease in the time-lag profit.
- In the Domestic gas business, gross profit saw a slight decline of 0.9 billion yen, partly due to an 18 million m³ decrease in sales volume, primarily caused by high temperatures.
In the Domestic electricity business, profit increased by 7.3 billion yen due to increased earnings in the reserve market and an increase in sales volume of 1,061GWh.
In the Domestic others category, profit decreased by 17.0 billion yen due to heightened expenses at subsidiaries, Osaka Gas International Transport and Osaka Gas Network, along with a decrease in LNG sales volume after last year's high sales volume of LNG.
- In the International Energy segment, profit remained at a level similar to the same period last year.
- While Osaka Gas USA posted a decrease in earnings primarily due to the temporary suspension of the Freeport LNG plant, the upstream businesses of Osaka Gas Australia reported an increase in earnings, primarily benefitting from yen depreciation, which helped offset the decline in earnings from Osaka Gas USA.

- The losses from the Freeport LNG plant were compensated by profit growth in the upstream business in Australia and the electricity businesses in the USA.
- In the Life & Business Solutions segment, profit decreased by 2.5 billion yen compared to the same period last year, mainly due to a decrease in profit from the system development business at OGIS-RI.
- Lastly, in the Others category, the total of segment adjustments and non-operating profit decreased by 4.6 billion yen, mainly due to the absence of one-time gains recorded in the previous year.

P5. Summary of FY2025.3 revised forecasts

- Page 5 summarizes the key points from the revised forecasts for FY2025.3.
- The exchange rate assumption for 4Q has been updated from 145 yen/\$ to 150 yen/\$, reflecting the recent trends in the exchange rate.
- While there are no changes to the forecasts for net sales, ordinary profit, and profit attributable to owners of the parent from the previous forecasts announced on October 31, 2024, the segment profit breakdown for the Domestic Energy segment has been revised, on which I will provide details on the next page.
- Additionally, parts of B/S forecasts have been revised. Specifically, the forecasts for ROIC and ROE have been adjusted based on increased foreign currency translation adjustments resulting from yen depreciation, as well as a projected increase in shareholders' equity.

P6. Comparison between previous forecasts (October 2024) and revised forecasts

- Page 6 summarizes the comparison between the previous forecasts and the revised projections. On this page, I will outline the changes in the Domestic Energy segment forecasts.
- The forecast for time-lag effect has been adjusted downward by 3 billion yen due to lower-than-expected time-lag profits through 3Q affected by yen depreciation, as well as the change in the exchange rate assumption for 4Q.
- The forecast for gross profit of gas business has also been lowered by 3 billion yen, reflecting a decrease in gas sales volume resulting from high air and water temperatures.
- Conversely, the forecast for profit in the electricity business has been revised upward by 6 billion yen, reflecting increased profits from sales in the reserve market.
- Additionally, the full-year sales volume forecast has been updated based on the results through 3Q, with a decrease of 42 million m³ in gas sales volume and an increase of 616 GWh in electricity sales volume.

P7. Summary of FY2025.3 forecasts

- Page 7 provides a summary of FY2025.3 forecasts.
- In FY2025.3, net sales are expected to decrease by 97.0 billion yen from FY2024.3 to 1,986.0 billion yen, mainly due to a decline in LNG sales volume.
- As shown in the chart on the right side of the slide, ordinary profit is expected to decrease by 73.5 billion yen from FY2024.3 to 153.0 billion yen, mainly due to the absence of the temporary profit increase recorded in FY2024.3, such as the foreign exchange gains on LNG procurement, and a decrease in the time-lag profit.
- Profit attributable to owners of the parent is expected to decrease by 20.6 billion yen from FY2024.3 to 112.0 billion yen.

P8. Comparison between FY2024.3 results and FY2025.3 forecasts

- Page 8 shows an ordinary profit comparison between the FY2024.3 results and FY2025.3 forecasts.
- While there are no major changes from the forecasts announced in October, there are updates regarding the time-lag effect, gross profit of gas business, and electricity within the Domestic Energy segment, as previously mentioned.

P9. Results and forecasts for investment for growth and shareholder returns

- The results and forecasts of investments for business growth are shown on the left side of page 9.
- Through 3Q, our implemented investments for business growth have accumulated to 164.0 billion yen, making no change in forecast of 206.0 billion yen.
- The shareholder returns are shown on the right side of page 9. For FY2025.3, shareholder returns are planned to comprise a 40 billion yen share buyback and a 95 yen/share dividend, as previously announced.

Please refer to:

- pages 10 to 15 for the financial results for 3Q of FY2025.3,
- pages 16 to 21 for the FY2025.3 forecasts, and
- pages 22 to 27 for the FY2025.3 forecasts.

This concludes my presentation. Thank you.

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.

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.