

Speaker: Masataka Fujiwara, Representative Director and President

- I am Masataka Fujiwara from Osaka Gas.
- Thank you for taking the time today to participate in this meeting on the financial results for the second quarter of the year ending March 31, 2025 (2Q 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 2nd Quarter of FY2025.3, which are available on our website.
- Please look at page 3.

## **I. Summary of FY2025.3 2Q results and FY2025.3 revised forecasts**

### **P3. Summary of FY2025.3 2Q results**

- First, I will provide the overview of the financial results for 2Q FY25.3.
- In 2Q, net sales were 950.1 billion yen, down 45.5 billion yen from the same period last year, mainly due to a decline in LNG sales volume in the Domestic Energy segment.
- Ordinary profit was 71.8 billion yen, down 51.9 billion yen from 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 50.7 billion yen, down 38.5 billion yen from the same period last year.

### **P4 Year-on-year comparison of 2Q results**

- Page 4 summarizes the year-on-year comparison of consolidated ordinary profit.
- In the Domestic Energy segment, profit decreased by 46.1 billion yen from last year, mainly due to a decrease in time-lag profit and reduced profits in subsidiaries.
- In the International Energy segment, profit increased by 4.0 billion yen, mainly due to the profit increase in upstream business in Australia and in electricity business in the USA.
- In the Life & Business Solutions segment, profit remained at a level similar to that of the same period last year.
- In Others, the total of segment adjustments and non-operating profit decreased by 10.5 billion yen, mainly due to the absence of one-time gains in the previous year, such as foreign exchange gains related to LNG procurement.

### **P5 Summary of FY2025.3 revised forecasts**

- Page 5 summarizes the key points from the revised forecasts for FY2025.3.
- The segment breakdown for ordinary profit has been revised, though there are no changes to net sales, ordinary profit, and profit attributable to owners of parent from the previous forecast announced on May 8, 2024.
- In the Domestic Energy segment, an increase in profit is expected due to the profit gained in the reserve market.
- In the International Energy segment, a decrease in profit is expected due to the extended unplanned shutdown of the Freeport LNG plant.

#### **P6 Comparison between previous forecasts and revised forecasts**

- Page 6 summarizes the comparison between the previous forecasts and the revised forecasts.
- We have revised the forecasts for each segment profit as follows:
- The Domestic Energy segment profit was revised upward by 2.0 billion yen, mainly due to an increase in profits from sales in the reserve market, despite a decrease in profits from LNG sales.
- The International Energy segment profit was revised downward by 2.0 billion yen, mainly due to decreased profits in Freeport LNG caused by unplanned plant shutdown because of technical issues and a hurricane, despite increased profits in electricity business in the USA.

#### **P7 Summary of FY2025.3 forecasts**

- Page 7 provides a summary of FY25.3 forecasts.
- In FY25.3, net sales are expected to decrease by 97.0 billion yen from FY24.3 to 1 trillion 986.0 billion yen, mainly due to the lower gas and LNG selling prices in the Domestic Energy segment.
- As shown in the chart on the right side of the slide, ordinary profit is expected to decrease by 73.5 billion yen from FY24.3 to 153.0 billion yen, mainly due to the absence of the temporary profit increase we had in FY24.3, 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 FY24.3 to 112.0 billion yen.

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

- Page 8 shows an ordinary profit comparison between the FY24.3 results and FY25.3 forecasts.
- We have revised the forecasts for each segment profit as follows:
- In the Domestic Energy segment, profit is expected to decrease, mainly due to a decrease in the time-lag profit.
- In the International Energy segment, profit is expected to decrease, mainly due to the impact of Freeport LNG plant shutdown and a profit decrease in the upstream businesses in Australia.
- In the Life & Business Solutions segment, profit is expected to remain at almost the same level as FY24.3.
- In Others, profit is expected to decrease by 25.6 billion yen, mainly due to a decrease in non-operating profit.

#### **P9 Results and forecasts for investment for growth**

- Page 9 shows the investments for business growth and the financial soundness indicators.
- In 2Q of FY25.3, we invested 123.9 billion yen for business growth, mainly in power generation in the Domestic Energy segment, upstream business development in the USA in the International Energy segment, and real estate property development in the Life & Business Solutions segment.
- The financial soundness indicators met the target levels, a shareholders' equity ratio of 45% or higher and a D/E ratio of 0.8 or lower, as set in the Medium-Term Management Plan 2026.

## **II. Management conscious of cost of capital and stock price**

Next, I would like to share our initiatives aimed at management conscious of cost of capital and stock price.

### **P11 Current status overview**

- Let me begin with an the overview of our current status.
- While our PBR has improved recently, it remains below 1.0x.
- To achieve sustainable growth in corporate value, we started to intensify our focus on improving ROE this fiscal year, while also maintaining financial soundness and pursuing ROIC-focused management.
- We aim to drive business growth and control shareholders' equity strategically to achieve our ROE target of 8% for FY2027.3, as outlined in the Medium-Term Management Plan 2026 announced in March this year.

### **P12 Strategies and initiatives to improve capital efficiency**

- We have decided to execute share buybacks totaling 20 billion yen in the second half of FY2025.3.1 to improve capital efficiency.
- As illustrated in the figure on the right side of the slide, we have recently increased both dividends and share buybacks. Through these measures, we intend to continue controlling shareholders' equity strategically.
- As indicated on the left side of the slide, we also plan to advance our asset-light management. In addition to maximizing the value of assets in each business field, we will steadily promote the sale of investment securities.
- To enhance the effectiveness of these measures, we introduced a new directors remuneration system in July 2024, incorporating ROE as one of the indicators used to determine performance-linked remuneration.
- We aim to improve capital efficiency through asset-light management and shareholders' equity control with a focus on the cost of capital.

### **P13 Focal points for driving sustainable growth**

- The second half of this fiscal year will be significant for energy businesses, highlighted by key events such as the announcement of the 7th Basic Energy Plan and the submission of Japan's NDC targets.
- Despite the uncertainties confronting energy businesses on the path to carbon neutrality, we remain committed to developing both immediate and long-term earnings drivers to ensure steady growth during the transition and in a carbon neutral society.
- I am pleased to report a strong start in the first six months of this fiscal year, which is the first year of our new Medium-Term Management Plan. We will continue to expand the businesses and advance the initiatives outlined on this slide to achieve sustainable growth toward our goals for FY2027.3 and FY2031.3. We appreciate your continued support and understanding.

Please refer to:

- pages 14 to 19 for the financial results for 2Q of FY25.3,
- pages 20 to 25 for the FY25.3 forecasts, and
- pages 26 to 31 for the FY25.3 forecasts.

This concludes my presentation. Thank you.

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