Osaka Gas Co., Ltd. (9532)
Presentation Script for the Second Quarter Financial Results Briefing for the Fiscal Year Ending March 31, 2027 (FY2027)
(Held on October 30, 2026)

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I am Masataka Fujiwara, Representative Director, President, and CEO of Osaka Gas. Thank you for taking the time to join our second-quarter financial results briefing for the fiscal year ending March 31, 2027. We also appreciate your continued support of our business. Today, I will explain our financial results using the presentation materials available on our website.

**Page 3: Executive Summary**

First, please turn to page 3 for the executive summary of our financial results.

Ordinary profit for the second quarter decreased by 22.7 billion yen year on year, mainly due to time-lag losses resulting from higher crude oil prices amid heightened tensions in the Middle East.

Meanwhile, ordinary profit excluding the time-lag effect increased by 22.2 billion yen year on year. This was mainly driven by the improved price competitiveness of our long-term LNG contracts relative to JLC and higher earnings in U.S. and Australia, etc.

In addition, profit attributable to owners of the parent excluding the time-lag effect was 85.0 billion yen, up 3.9 billion yen year on year.

The bottom section shows our full-year forecasts.

We have revised our assumptions for crude oil prices and exchange rates, reflecting recent market trends.

Ordinary profit including the time-lag effect remains unchanged from the previous forecast at 190.0 billion yen.

On the other hand, ordinary profit excluding the time-lag effect has been revised upward by 29.0 billion yen from the previous forecast to 226.0 billion yen.

As a result, we expect to achieve the targets for the final year of our Medium-Term Management Plan—a ROIC of 5.0% or more and a ROE of 8.0% or more—both including and excluding the time-lag effect.

**Page 4: Impact of Geopolitical Tensions in the Middle East**

On page 4, I will explain the impact of the situation in the Middle East.

First, regarding LNG procurement. We maintain a geographically diversified procurement portfolio that does not rely on any specific region. As we have stated previously, we have no long-term procurement contracts from countries that require transit through the Strait of Hormuz, and we secure LNG primarily through long-term contracts. Therefore, the direct impact on our LNG supply is limited. We also see no significant impact on sales volumes, and we continue to ensure a stable supply.

Amid ongoing uncertainty surrounding geopolitical risks, we are once again reminded that stable energy procurement is vital for fulfilling our responsibility to supply customers and for supporting our business foundation.

Next, regarding the impact on earnings. While we incur time-lag losses due to rising crude oil prices, the improved competitiveness of our long-term LNG contracts relative to JLC has relatively increased. Higher electricity market prices and other market fluctuations associated with the Middle East situation are serving as positive factors for profits in our Domestic Energy business, excluding the time-lag effect. In our International Energy business, rising crude oil prices are also contributing to higher earnings in our Australian upstream business. While these positive impacts on earnings fluctuate with market conditions and are not assumed to continue indefinitely, we will continue to prioritize stable supply while appropriately responding to changes in the business environment.

**Page 5: Progress on the Medium-Term Management Plan**

Our current Medium-Term Management Plan is entering the latter half of its final year. From here, I will review our progress and explain the basic direction of the next Medium-Term Management Plan currently under consideration.

**Page 6: Progress under the Current Medium-Term Plan: Profit, ROIC, and ROE**

Page 6 shows the trends in segment profit under the current Medium-Term Management Plan.

Driven by steady growth in underlying earnings across the Domestic Energy, International Energy, and LBS segments, we are on track to achieve our final-year targets for both ROIC and ROE.

First, in the Domestic Energy business, we expect an increase of 6.2 billion yen compared to the final year of the previous Medium-Term Management Plan. We have been solidifying our foundation by improving our earnings structure through the optimization of gas sales prices, expanding electricity sales volume, and securing power sources with the start-up of the Himeji Natural Gas Power Plant. Although we expect a temporary increase in depreciation costs associated with the start of operations at Himeji, we are strengthening our earnings base by leveraging our gas and electricity value chain—combining procurement capabilities, power generation assets, trading functions, and sales strength.

In the International Energy business, we expect an increase of 24.8 billion yen compared to the final year of the previous plan. Growth was primarily driven by gas-related businesses in North America. In the shale gas development business, we have steadily expanded profits through the use of hedging and increased production, while stabilized operations at the Freeport LNG terminal have also contributed to earnings. In the thermal power business, we have enhanced contributions by concentrating invested capital in highly efficient plants through partial divestments and capturing higher market prices driven by AI and data center demand.

In the LBS business, we expect an increase of 9.4 billion yen compared to the final year of the previous plan. In particular, the strengthening of our flow-type business model in real estate development has driven profit growth during this period. We have expanded earnings and improved capital efficiency through property development, value enhancement, and sales.

As such, the strengthening of our earnings foundation across all segments has led to steady profit growth. However, considering that the recent profits in our Domestic and International Energy businesses include market-driven upsides as explained earlier, we remain committed to further strengthening our medium- to long-term earnings foundation.

**Page 7: Progress under the Current Medium-Term Plan: Investment**

Page 7 outlines the progress of investments supporting this growth.

Cumulative investments over the three years of the current Medium-Term Management Plan are expected to total 886.4 billion yen, compared to our initial plan of 830.0 billion yen.

We have steadily allocated funds to growth drivers, such as the Himeji Power Plant, U.S. shale gas development, and real estate development. For future growth, we have invested in infrastructure for India's city gas business and renewable energy projects. We have also proceeded with quality improvement investments, including the construction of high-pressure trunk lines, to enhance stable supply and safety.

**Page 8: Progress under the Current Medium-Term Plan: Shareholder Returns**

Page 8 shows the trends in shareholder returns.

Alongside investments for growth, we have also enhanced returns to our shareholders. Based on steady improvements in underlying earnings, we raised our DOE target from 3.0% to 3.5% a year ago and have continued to increase dividends under a progressive dividend policy. The annual dividend for the current fiscal year is planned to be 130 yen, a steady increase from 82.5 yen in the final year of the previous plan, marking the seventh consecutive year of dividend increases.

To improve capital efficiency, we have also flexibly executed share buybacks multiple times. This fiscal year, we are implementing a share buyback program of up to 80.0 billion yen, bringing the cumulative total for the three years of the

current plan to an expected 190.0 billion yen.

**Page 9: Progress under the Current Medium-Term Plan: Cash Allocation**

Page 9 shows the cash allocation under the current Medium-Term Management Plan.

On the cash-in side, operating cash flows are expected to exceed the initial plan due to profit growth across our businesses. We have also steadily executed planned asset recycling, including the divestment of equity interests in U.S. thermal power plants.

The generated cash has been allocated to investments for growth and shareholder returns. By simultaneously achieving profit growth and improving capital efficiency, we have worked to raise ROIC and ROE. Through this series of initiatives, we believe we have built a solid foundation for sustainable corporate value enhancement.

**Page 10: Direction of the Next Medium-Term Plan**

From here, I will explain the direction of the next Medium-Term Management Plan.

While we are currently discussing specific management targets and measures, today I will share our basic approach and key focus areas.

**Page 11: Direction of the Next Medium-Term Plan (1): Business Strategy**

Page 11 outlines our basic approach to business strategy in the next Medium-Term Management Plan.

Our policy of aiming for sustainable enhancement of corporate value through the dual pillars of profit growth and improved capital efficiency remains unchanged. We also intend to maintain our goal of achieving an ROIC of around 6% and an ROE of around 10% in the early 2030s.

While market volatility related to the Middle East situation is currently boosting profits, the next Medium-Term Management Plan will focus on enhancing our ability to generate sustainable profits independently of such one-off factors. In addition to the domestic electricity business, U.S. shale gas development, and real estate development that drove the current plan, we will work to nurture new pillars, such as our business in India. Through the organic growth of each segment, we aim to further expand our profit scale.

Particularly, improving the profitability and capital efficiency of the Domestic Energy business is a key priority, and I will explain our direction for this shortly.

Concurrently, we will invest in nurturing post-2030 growth drivers and enhancing business resilience. Our strategy is to establish a virtuous cycle where cash generated through business growth is reinvested into further growth and foundation strengthening, ultimately leading to the achievement of our targets.

The next Medium-Term Management Plan will cover a four-year period from FY2028 to FY2031, aligning with our long-term vision.

**Page 12: Direction of the Domestic Energy Business: Gas & Electricity Sales Volumes, Supply Points, and Customer Accounts**

On page 12, I will explain the sales trends and future growth direction of our Domestic Energy business.

First, regarding the gas business. While we faced a severe competitive environment following full retail liberalization, we recognize that the situation is recently showing signs of stabilization. In response to these changes, we aim to maintain and expand our customer base by acquiring contracts when residential customers move, capturing opportunities during contract renewals or fuel conversion for commercial and industrial customers, and proposing solution businesses that contribute to higher ROIC.

In the electricity business, we have steadily increased our sales volume and supply points since full retail liberalization.

Going forward, we will capitalize on the rising electricity demand from AI and data centers to expand sales, leveraging the supply capacity of our in-house generation assets.
As for customer accounts, we have been successfully expanding in the Kansai region by combining our city gas customer base with electricity and diverse services. Outside of Kansai, primarily in the Greater Tokyo area, we hold a customer base of over 1.2 million accounts. Moving forward, we will fully scale our nationwide expansion, utilizing the experience and know-how cultivated in Kansai.

**Page 13: Domestic Energy: Profit Growth across Operations and ROIC Improvement**

Page 13 covers our initiatives to improve profitability and capital efficiency in the Domestic Energy business.
As shown on the left, the Daigas Group possesses an integrated energy value chain spanning LNG procurement, gas manufacturing and power generation, wholesale and retail, and solutions.
Amid rising uncertainty surrounding energy, our ability to reliably deliver energy to customers through this value chain is a key strength, and we recognize that its value has never been higher.
Building on the assets we have accumulated domestically and internationally, we will fulfill our role in stable supply while enhancing the profit scale and profitability of each domain. Furthermore, we will generate additional profit through collaboration across the value chain, driving ROIC improvement for the entire Domestic Energy business.
In LNG procurement, we will maintain a stable foundation while expanding our handling volume and strengthening optimization efforts aligned with supply and demand and market conditions to expand our profit scale.
In electricity, we will expand sales volume to capture growing demand. Concurrently, we will effectively utilize in-house generation sources, such as the highly efficient Himeji Natural Gas Power Plant, to improve profitability. For renewable energy PPAs, we will expand sales by proposing optimal models, such as on-site and off-site PPAs, tailored to customer needs.
In solutions, we will expand our customer accounts and revenue base by deploying high-value-added proposals nationwide, leveraging the business foundation and know-how developed in Kansai.
While external changes such as cost inflation, population decline, and rising interest rates remain significant challenges, we will boost profitability through diversified tariff plans and solution business proposals.
In addition to growth in these individual domains, we aim to improve the ROIC of the Domestic Energy business by managing procurement, generation, and sales in an integrated manner and responding flexibly to changes in supply and demand and market conditions to enhance the profitability of the entire value chain.

**Page 14: Direction of the Next Medium-Term Plan (2): Financial Strategy**

Page 14 explains our basic approach to financial strategy.
As shown on the left, we believe it is crucial not only to improve short-term capital efficiency but also to focus on the spread between ROIC and WACC, appropriately allocating capital to growth areas expected to yield returns exceeding capital costs.
In particular, as our businesses require a certain amount of time from investment to profit contribution, we will steadily execute investments that enhance future profit and cash generation capabilities while maintaining an awareness of near-term capital efficiency.
The right side outlines the basic direction of our cash allocation.
There are no major changes to our fundamental approach for the next Medium-Term Management Plan.
For strategic investments, we will prioritize areas where we can leverage our expertise and expect synergies with existing businesses, focusing on investments that strengthen our value chain and competitiveness to boost profit and cash generation capabilities.
Regarding dividends, we will continue a progressive dividend policy based on DOE, aiming for highly predictable returns

regardless of short-term profit fluctuations.
Additionally, we will secure a certain amount as a flexible capital allocation buffer to prepare for additional growth opportunities.
Based on these principles, and considering investment opportunities, financial conditions, and market evaluations, we will flexibly control our equity capital to achieve our ROE targets.

**Page 15: FY2027 Q2 Results**

From here, I will explain the results for the second quarter of the fiscal year ending March 31, 2027, and our full-year forecasts.

**Page 16: FY2027 Q2 Results | Overview**

Page 16 is an overview of the second-quarter results.
The left side of the table shows figures including the time-lag effect, and the right side shows figures excluding the time-lag effect.
Net sales were 1,025.3 billion yen, up 66.1 billion yen year on year, driven by an increase in electricity sales volume.
Ordinary profit including the time-lag effect was 82.7 billion yen, down 22.7 billion yen year on year, mainly due to time-lag losses in the Domestic Energy business.
Conversely, ordinary profit excluding the time-lag effect was 108.5 billion yen, up 22.2 billion yen. This was driven by the relatively improved price competitiveness of our long-term LNG contracts, as well as profit increases in the International Energy and LBS businesses.
Profit attributable to owners of the parent excluding the time-lag effect was 85.0 billion yen, up 3.9 billion yen.

**Page 17: FY2027 Q2 Results | Ordinary Profit YoY Change (vs. Previous Year)**

Page 17 provides a segment-by-segment analysis of the year-on-year changes in ordinary profit.
Ordinary profit including the time-lag effect decreased by 42.3 billion yen in the Domestic Energy business due to time-lag losses. As a result, overall profit was down 22.7 billion yen.
However, excluding the time-lag effect, the Domestic Energy business recorded a 2.6 billion yen increase, the International Energy business a 15.4 billion yen increase, and the LBS business a 3.6 billion yen increase, resulting in a total increase of 22.2 billion yen.
In the Domestic Energy business, while the gas business saw increased profits, the electricity business experienced a profit decline due to higher fixed costs associated with the start of operations at the Himeji Natural Gas Power Plant.
In the International Energy business, the U.S. shale gas development business,and the Australian upstream business all contributed to the profit increase.

**Page 19: FY2027 Full-Year Forecasts**

Next, I will explain the full-year forecasts for the fiscal year ending March 31, 2027.

**Page 20: FY2027 Full-Year Forecasts | Revision Overview (vs. July 30 Forecasts)**

We have revised our full-year forecasts based on recent market conditions and business performance.
Net sales are expected to be 2,254.0 billion yen, up 84.0 billion yen from the previous forecast, primarily driven by higher unit selling prices of gas under the gas rate adjustment system.
Ordinary profit including the time-lag effect remains unchanged at 190.0 billion yen.
On the other hand, ordinary profit excluding the time-lag effect has been revised upward by 29.0 billion yen to 226.0 billion

yen.
As a result, we expect profit attributable to owners of the parent excluding the time-lag effect to be 170.5 billion yen, with a ROIC of 6.2% and a ROE of 9.4%.

**Page 21: FY2027 Full-Year Forecasts | Ordinary Profit Variance (vs. July 30 Forecasts)**

Page 21 breaks down the 29.0 billion yen upward revision in ordinary profit excluding the time-lag effect by segment.
In the Domestic Energy business, we have revised the gas business upward by 13.5 billion yen, mainly due to the relatively improved price competitiveness of our long-term LNG contracts.
In the International Energy business, we revised the U.S. business upward by 5.5 billion yen, driven by increased profits at the Freeport LNG terminal, and the Australian business upward by 10.0 billion yen, due to higher profits in the upstream business reflecting higher crude oil prices.
Meanwhile, because we expect time-lag losses to expand due to rising crude oil prices, the forecast for ordinary profit including the time-lag effect remains unchanged from the previous 190.0 billion yen.

**Page 23: FY2027 Full-Year Forecasts | Revision Overview (vs. Previous Year)**

Page 23 compares the revised full-year forecasts with the results of the previous fiscal year.
Net sales are expected to be 2,254.0 billion yen, up 223.6 billion yen year on year, due to factors such as higher unit selling prices of gas under the gas rate adjustment system.
Ordinary profit including the time-lag effect is expected to decrease by 14.5 billion yen year on year to 190.0 billion yen due to time-lag losses.
However, ordinary profit excluding the time-lag effect is projected to be 226.0 billion yen, an increase of 30.6 billion yen year on year.
Profit attributable to owners of the parent is forecast at 145.0 billion yen including the time-lag effect, and 170.5 billion yen excluding the time-lag effect.

**Page 24: FY2027 Full-Year Forecasts | Ordinary Profit Variance (vs. Previous Year)**

Page 24 explains the year-on-year changes in ordinary profit by segment.
First, on the left, ordinary profit including the time-lag effect is expected to decline overall due to time-lag losses in the Domestic Energy business.
Conversely, on the right, ordinary profit excluding the time-lag effect is expected to increase by 30.6 billion yen.
The Domestic Energy business is expected to see a 7.1 billion yen increase, driven by the expansion of gross profit in the gas business.
The International Energy business is expected to see a 16.1 billion yen increase, centered on the Australian upstream business.
Additionally, the LBS business is projected to increase by 3.0 billion yen, and Others by 4.2 billion yen.

**Page 26: Investment for Growth: Results and Forecasts**

Page 26 covers our growth investments and financial soundness.
Investments for growth up to the second quarter totaled 92.0 billion yen. We have advanced investments primarily in power plants for the Domestic Energy business, U.S. upstream for the International Energy business, and urban development for the LBS business.
Regarding financial soundness, we have maintained a shareholders' equity ratio of 45% or higher and a D/E ratio of 0.8 or lower, which are the targets set in our Medium-Term Management Plan.

We will continue to advance growth investments that lead to sustainable improvements in profit and cash generation while maintaining financial soundness.

I will omit detailed explanations for the remaining slides, but we have included supplementary information and business overviews for your reference.

This concludes my presentation.

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