Financial Report for 1st Quarter of FY2025.3

July 29, 2024
Osaka Gas Co., Ltd.

Securities code	9532

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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.

Management information is available on Osaka Gas websites.
Financial reports, integrated reports, fact books and road show materials can be accessed and downloaded at the following URL. https://www.osakagas.co.jp/en/ir/
Note regarding forward-looking statements: 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.
The impact of share buyback announced on May 8, 2024, is taken into account in the FY25.3 forecasts, except for DOE, payout ratio, earnings per share, and book value per share.
Note regarding gas sales volume: All gas sales volumes are indicated based on the standard heating value at 45 MJ/m^3. Nabari Kintetsu Gas and Shingu Gas's fiscal year ends on December 31.

I. Summary of FY2025.3 1Q Results and FY2025.3 Forecasts

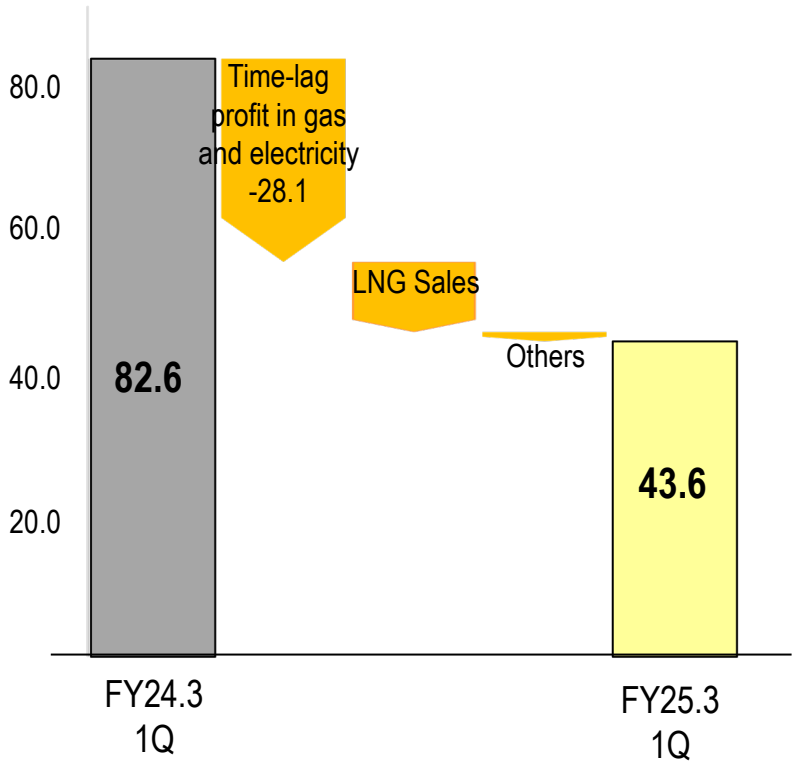
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Summary of FY2025.3 1Q Results

- ✓ Net sales decreased year on year mainly due to the lower gas selling prices in the Domestic Energy segment.
- ✓ Ordinary profit decreased year on year due to reduced time-lag profit and lower LNG sales in the Domestic Energy segment.

(billion yen)	FY25.3 1Q	FY24.3 1Q	YoY Difference
Net sales	**470.9**	**512.6**	**-41.6**
Ordinary profit	**43.6**	**82.6**	**-38.9**
Profit attributable to owners of the parent	**30.7**	**60.5**	**-29.7**

YoY difference: -38.9 billion yen



YoY Comparison of 1Q Results

YoY difference
-38.9 billion yen
82.6→43.6

- Crude oil price (USD/bbl): +3.4 (84.0→87.4)
- Exchange rate (JPY/USD): +18.4 (137.5→155.9)

1 Year-on-year change in segment profit

2 Including the impact of market valuation of derivatives: -0.5 (1.3→0.7)

Main factors of increase/decrease

Domestic Energy
-45.1 billion yen[1]
58.1→12.9

Time-lag profit/loss: -28.1(32.3→4.2)
Gas: -20.0(23.1→3.1), Electricity: -8.1 (9.2→1.0)
Gross profit of gas business: -1.4(52.8→51.3)
– Decrease in gas sales volume
Electricity: -1.5(10.3→8.7)
– Decrease in selling price due to market conditions, mainly the coal price
– Decrease in profits from sales in the reserve market
+ Increase in electricity sales volume and unit price
Others: -13.9 (-37.3→-51.2)
– Profit decrease in LNG sales
– Profit decrease in subsidiaries

International Energy
+3.6 billion yen[1,2]
13.8→17.5

Osaka Gas USA: +0.4 (7.9→8.4)
+ Profit increase in Freeport LNG project
– Absence of profit from selling a gas-fired power plant, which we had in 24.3
Osaka Gas Australia: +0.1 (2.3→2.5)
Others: +3.0(3.6→6.6)
+ Profit increase in electricity businesses in USA

Life & Business Solutions
+0.2 billion yen[1]
4.9→5.1

Osaka Gas Chemicals: +0.4 (0.1→0.5)
Jacobi: +0.2 (1.1→1.4)
OGIS-RI: -0.4 (0.9→0.4)

Others
+2.1 billion yen
5.7→7.9

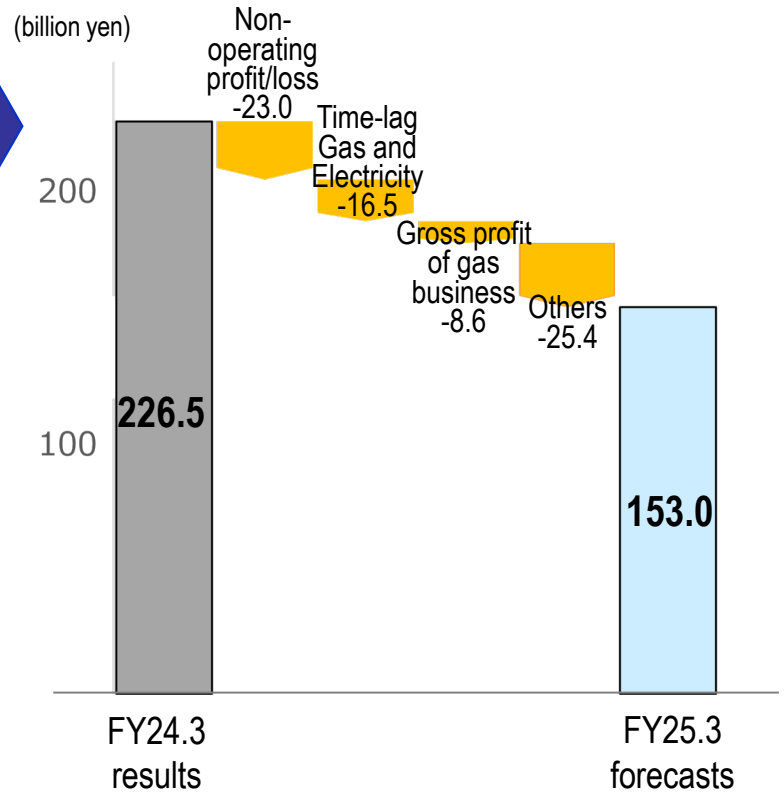
Segment adjustments: +1.1 (1.2→2.3)
Non-operating profit/loss: +1.0 (4.5→5.5)

Summary of FY2025.3 Forecasts

- ✓ FY2025.3 forecasts remain unchanged from those announced in May.
- ✓ Net sales are expected to decrease from FY24.3 mainly due to the lower gas and LNG selling prices in the Domestic Energy segment.
- ✓ Ordinary profit and profit attributable to owners of the parent are expected to decrease from FY24.3, 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 decrease in the time-lag profit.

(billion yen)	FY25.3 forecasts	FY24.3	YoY Difference
Net sales	**1,986.0**	2,083.0	**-97.0**
Ordinary profit	**153.0**	226.5	**-73.5**
Profit attributable to owners of parent	**112.0**	132.6	**-20.6**
ROIC (%)[1]	**4.7%**	7.0%	**-2.2%**
ROE (%)	**7.0%**	8.9%	**-2.0%**
Shareholders' equity ratio(%)[2]	**54.5%**	55.9%	**-1.3%**
Debt/Equity ratio[2]	**0.58**	0.51	**+0.07**
Annual dividends (yen/share)	**95.0**	82.5	**+12.5**

YoY difference: -73.5 billion yen



1 ROIC = NOPAT / Invested capital (average of the beginning and the end of each fiscal year)
NOPAT = Ordinary profit + Interest expenses - Interest income - Income taxes
Invested capital = Shareholders' equity + Balance of interest-bearing debts (excluding risk-free leased liabilities)

2 Calculated with 50% of issued hybrid bonds as equity.

Breakdown of Change in Ordinary Profit

Comparison between FY2024.3 Results and FY2025.3 Forecasts

FY2025.3 forecasts remain unchanged from those announced in May.

YoY Difference
-73.5 billion yen
226.5→153.0

- Crude oil price (USD/bbl) -11.0 (86.0→75.0)
- Exchange rate (JPY/USD) +0.4 (144.6→145.0)

1 Year-on-year change in segment profit
2 Including profit on market valuation of derivatives (2.3 billion yen in FY24.3)

Main factors of increase/decrease

Domestic Energy
-39.7 billion yen[1]
92.2→52.5

Time-lag profit/loss: -16.5 (28.5→12.0)
Gas: -3.6 (14.6→11.0) Electricity: -12.9 (13.9→1.0)
Gross profit of gas business: -8.6 (252.9→244.3)
– Declined competitiveness of our long-term LNG contracts compared to JLC
Electricity: +1.4 (17.5→19.0)
+ Increase in electricity sales volume and unit price
– Absence of profits from sales in the reserve market, which we had in 24.3
Others: -16.1 (-206.6→-222.8)
– Profit decrease in LNG sales
– Profit decrease in subsidiaries

International Energy
-7.1 billion yen[1,2]
79.6→72.5

Osaka Gas USA: -4.2 (40.4→36.2)
– Absence of profit from selling a gas-fired power plant, which we had in 24.3
Osaka Gas Australia: -2.3 (15.9→13.5)
– Profit decrease in upstream businesses
Others : -0.5 (23.3→22.7)

Life & Business Solutions
-1.0 billion yen[1]
31.0→30.0

OGIS-RI: -1.2 (6.0→4.8)

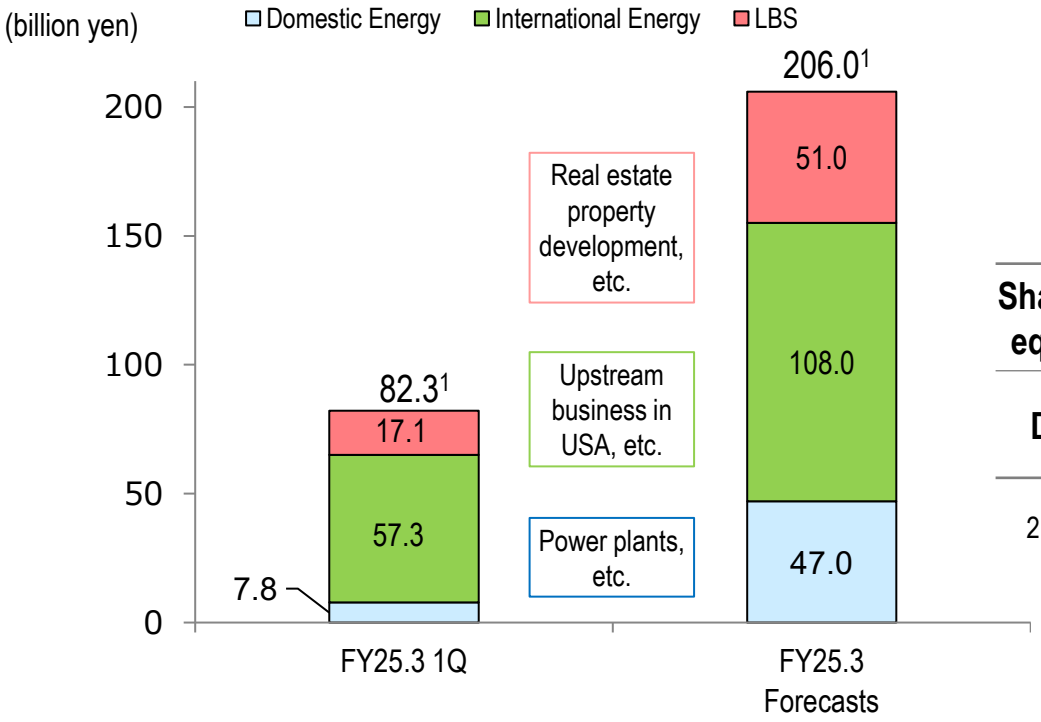
Others
-25.6 billion yen
23.6→-2.0

Segment adjustments: -2.5 (1.5→-1.0)
Non-operating profit/loss: -23.0 (22.0→-1.0)

Results and Forecasts for Investment for Growth

- ✓ In 1Q of FY25.3, we invested 82.3 billion yen for business growth.
- ✓ 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.

Investment for growth



1 The investment for business growth includes investments in plants and equipment, investments in equity shares, and business loans for projects and startups.

Financial soundness indicators

	FY24.3 year-end results	FY25.3 1Q end results	FY25.3 year-end forecasts
Shareholders' equity ratio[2]	55.9% (52.9%)	53.9% (51.2%)	54.5% (51.8%)
D/E ratio[2]	0.51 (0.59)	0.59 (0.67)	0.58 (0.66)

2 The figures are calculated with 50% of issued hybrid bonds (175 billion yen) as equity. The figures in parentheses are the numbers before the adjustment.

II. FY2025.3 1Q Results

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1. Net Sales and Profit

billion yen	A. FY25.3 1Q	B. FY24.3 1Q	A-B	(A-B)/B	Remarks
Net sales	470.9	512.6	-41.6	-8.1%	Decrease in sales from the lower unit selling price of city gas, etc.
Operating profit	28.7	73.6	-44.9	-61.0%	Time-lag effect, etc.
Ordinary profit	43.6	82.6	-38.9	-47.2%	Time-lag effect, etc.
Time-lag effect[1]	4.2	32.3	-28.1	-87.0%	
(Non-consolidated) Gas	3.1	23.1	-20.0	-86.6%	
(Non-consolidated) Electricity	1.0	9.2	-8.1	-88.1%	
Profit attributable to owners of the parent	30.7	60.5	-29.7	-49.2%	Time-lag effect, etc.
Earnings per share (EPS) (yen)	75.5	145.7	-70.2	-48.2%	
EBITDA[2]	68.3	106.7	-38.3	-35.9%	Time-lag effect, etc.
NOPAT[3]	32.5	62.6	-30.1	-48.1%	Time-lag effect, etc.

1 Included in Domestic Energy.

2 EBITDA = Operating profit + Depreciation (including amortization of goodwill) + Share of profit/loss of entities accounted for using equity method

3 NOPAT = Ordinary profit + Interest expenses - Interest income - Income taxes

	A. FY25.3 1Q	B. FY24.3 1Q	A-B	Remarks
Crude oil price (USD/bbl)	87.4	84.0	+3.4	Average of preliminary monthly data up to June 2024
Exchange rate (JPY/USD)	155.9	137.5	+18.4	

2. Asset, Equity, and Debt

billion yen	A. FY25.3 1Q end	B. FY24.3 year end	A-B	Remarks
Total assets	3,214.3	2,980.1	+234.1	
Shareholders' equity	1,645.1	1,577.5	+67.6	
Book value per share (BPS) (yen)	4,053.4	3,857.5	+195.9	
Shareholders' equity excluding accumulated other comprehensive income	1,245.9	1,246.3	-0.4	
Interest-bearing debts	1,102.8	938.2	+164.5	
Hybrid bonds	175.0	175.0	±0.0	

	A. FY25.3 1Q	B. FY24.3 1Q	A-B	Remarks
ROIC[1]	1.2%	2.6%	-1.4%	Time-lag effect, etc.
ROE	1.9%	4.2%	-2.3%	Time-lag effect, etc.

1 ROIC = NOPAT / Invested capital (average of the beginning and the end of each fiscal year)
NOPAT = Ordinary profit + Interest expenses - Interest income - Income taxes
Invested capital = Shareholders' equity + Balance of interest-bearing debts (excluding risk-free leased liabilities)

	A. FY25.3 1Q end	B. FY24.3 year end	A-B	Remarks
Shareholders' equity ratio	51.2%	52.9%	-1.8%	
After adjustment[2]	53.9%	55.9%	-2.0%	
Debt/Equity ratio	0.67	0.59	+0.08	
After adjustment[2]	0.59	0.51	+0.08	

2 Calculated with 50% of issued hybrid bonds as equity.

3. Investment and Cash Flow

billion yen	A. FY25.3 1Q	B. FY24.3 1Q	A-B	Remarks
Investment for quality improvement	13.3	12.5	+0.8	
Investment for growth	82.3	40.2	+42.1	
Domestic Energy	7.8	7.5	+0.2	
International Energy	57.3	19.9	+37.4	
Life & Business Solutions	17.1	12.6	+4.4	
Capital expenditures	53.5	45.3	+8.2	
Depreciation (including amortization of goodwill)	30.3	28.6	+1.6	

billion yen	A. FY25.3 1Q	B. FY24.3 1Q	A-B	Remarks
Free cash flow[1]	-73.2	57.7	-130.9	

1 Free cash flow = Cash flows from operating activities - Cash flows from investing activities

4. Customer Accounts and Sales Volume

thousands	A. FY25.3 year end	B. FY24.3 year end	A-B	(A-B)/B	Remarks
Number of customer accounts	10,426	10,101	+325	+3.2%	
Gas[1]	5,350	5,311	+40	+0.7%	
Electricity[2]	2,297	2,096	+201	+9.6%	
Others	2,779	2,694	+85	+3.1%	

1 Total of number of units for gas supply on consolidated basis and supply by equity-method affiliates (excluding supplies by one-touch wholesale customers)

2 Total number of low-voltage electricity supply on consolidated basis and supply by equity-method affiliates, etc.

	A. FY25.3 1Q	B. FY24.3 1Q	A-B	(A-B)/B	Remarks
Consolidated gas sales volume (million m^3)[3,4]	1,463	1,535	-72	-4.7%	
Residential	344	376	-32	-8.5%	
Non-residential	1,119	1,160	-40	-3.5%	
Number of units for gas supply (thousands)	5,084	5,024	+60	+1.2%	
Electricity sales volume (GWh)[4]	3,131	2,860	+272	+9.5%	
Residential	1,343	1,272	+72	+5.6%	
Non-residential	1,788	1,588	+200	+12.6%	
Number of low-voltage electricity supply (thousands)	1,848	1,743	+105	+6.0%	

	A. FY25.3 1Q	B. FY24.3 1Q	A-B	Remarks
Average temperature (℃)	20.4	19.9	+0.5	

3 45MJ/m^3

4 Gas sales volume and electricity sales volume reflect the estimated usage amount for the period between the last meter reading day in the account closing month and the account closing date, as the revenue for gas sales and electricity sales are estimated and recorded based on the Implementation Guidance on Accounting Standard for Revenue Recognition.

5. Segment Sales and Profit

billion yen	A. FY25.3 1Q	B. FY24.3 1Q	A-B	(A-B)/B	Remarks
Net Sales	470.9	512.6	-41.6	-8.1%	
Domestic Energy	395.7	444.6	-48.9	-11.0%	Decrease in sales from the lower unit selling price of city gas, etc.
International Energy	25.5	22.0	+3.4	+15.8%	
Life & Business Solutions	63.0	59.0	+3.9	+6.7%	
Adjustments	-13.3	-13.1	-0.1	-	
Segment profit[1]	38.0	78.1	-40.0	-51.3%	
Domestic Energy	12.9	58.1	-45.1	-77.7%	Time-lag effect, etc.
Electricity	9.8	19.5	-9.6	-49.6%	Time-lag effect, etc.
International Energy	17.5	13.8	+3.6	+26.6%	Increase in electricity businesses in USA, etc.
Life & Business Solutions	5.1	4.9	+0.2	+4.9%	
Adjustments	2.3	1.2	+1.1	+93.4%	
Profit/loss on time-lag effect[2]	4.2	32.3	-28.1	-87.0%	
(Non-consolidated) Gas	3.1	23.1	-20.0	-86.6%	
(Non-consolidated) Electricity	1.0	9.2	-8.1	-88.1%	
Profit/loss on market valuation of derivatives[3]	0.7	1.3	-0.5	-45.6%	

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

2 Included in the Domestic Energy.

3 Included in the International Energy.

III. FY2025.3 Forecasts

Note: FY2025.3 forecasts remain unchanged from those announced in May.

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FY2025.3 Forecasts

1. Net Sales and Profit

billion yen	A. FY25.3 Forecasts	B. FY24.3	A-B	(A-B)/B	Remarks
Net sales	1,986.0	2,083.0	-97.0	-4.7%	Decrease in sales from the lower unit selling price of city gas, etc.
Operating profit	123.5	172.5	-49.0	-28.4%	Time-lag effect, etc.
Ordinary profit	153.0	226.5	-73.5	-32.5%	Time-lag effect, etc.
Time-lag effect[1]	12.0	28.5	-16.5	-57.9%	
(Non-consolidated) Gas	11.0	14.6	-3.6	-24.7%	
(Non-consolidated) Electricity	1.0	13.9	-12.9	-92.8%	
Profit attributable to owners of the parent	112.0	132.6	-20.6	-15.6%	Time-lag effect, etc.
Earnings per share (EPS) (yen)[2]	273.9	320.6	-46.7	-14.6%	
EBITDA[3]	278.0	328.1	-50.1	-15.3%	Time-lag effect, etc.
NOPAT[4]	122.2	168.8	-46.6	-27.6%	Time-lag effect, etc.

1 Included in Domestic Energy.

2 The impact of share buyback announced in May is not taken into account in regards to “Earnings per share” in the forecasts for FY25.3.

3 EBITDA = Operating profit + Depreciation (including amortization of goodwill) + Share of profit/loss of entities accounted for using equity method

4 NOPAT = Ordinary profit + Interest expenses - Interest income - Income taxes

	A. FY25.3 Forecasts	B. FY24.3	A-B	Remarks
Crude oil price (USD/bbl)	75.0	86.0	-11.0	April 2024 to March 2025 : 75 USD/bbl
Exchange rate (JPY/USD)	145.0	144.6	+0.4	April 2024 to March 2025 : 145 JPY/USD

FY2025.3 Forecasts

2. Asset, Equity, and Debt

billion yen	A. FY25.3 Forecasts	B. FY24.3 year end	A-B	Remarks
Total assets	3,151.5	2,980.1	+171.3	
Shareholders' equity	1,631.0	1,577.5	+53.4	
Book value per share (BPS) (yen)[1]	3,988.3	3,857.5	+130.8	
Shareholders' equity excluding accumulated other comprehensive income	1,298.5	1,246.3	+52.1	
Interest-bearing debts	1,078.0	938.2	+139.7	

1 The impact of share buyback announced in May is not taken into account in regards to "Book-value Per Share" in the forecasts for FY25.3.

	A. FY25.3 Forecasts	B. FY24.3	A-B	Remarks
ROIC[2]	4.7%	7.0%	-2.2%	Time-lag effect, etc.
ROE	7.0%	8.9%	-2.0%	Time-lag effect, etc.

2 ROIC = NOPAT / Invested capital (average of the beginning and the end of each fiscal year)
NOPAT = Ordinary profit + Interest expenses - Interest income - Income taxes
Invested capital = Shareholders' equity + Balance of interest-bearing debts (excluding risk-free leased liabilities)

	A. FY25.3 Forecasts	B. FY24.3 year end	A-B	Remarks
Shareholders' equity ratio	51.8%	52.9%	-1.2%	
After adjustment[3]	54.5%	55.9%	-1.3%	
Debt/Equity ratio	0.66	0.59	+0.07	
After adjustment[3]	0.58	0.51	+0.07	
DOE[4]	3.1%	2.8%	0.2%	

3 Calculated with 50% of issued hybrid bonds as equity.

4 DOE = Annual dividends per share (DPS) / Shareholders' equity excluding accumulated other comprehensive income per share (average of the beginning and the end of each fiscal year)
The impact of share buyback announced in May is not taken into account in regards to "DOE" in the forecasts for FY25.3.

3. Cash Flow and Investment

billion yen	A. FY25.3 Forecasts	B. FY24.3	A-B	Remarks
Investment for quality improvement	94.0	73.3	+20.6	
Investment for growth	206.0	166.2	+39.7	
Domestic Energy	47.0	32.7	+14.2	
International Energy	108.0	83.8	+24.1	
Life & Business Solutions	51.0	49.5	+1.4	
Capital expenditures	248.0	198.4	+49.5	
Depreciation (including amortization of goodwill)	124.0	123.5	+0.4	

billion yen	A. FY25.3 Forecasts	B. FY24.3	A-B	Remarks
Cash flows from operating activities	243.0	312.6	-69.6	
Cash flows from investing activities[1]	300.0	215.9	+84.0	
Free cash flow[2]	-57.0	96.6	-153.6	

1 Forecasts are amount of investment.

2 Free cash flow = Cash flows from operating activities - Cash flows from investing activities

4. Customer Accounts and Sales Volume

	A. FY25.3 Forecasts	B. FY24.3 year end	A-B	(A-B)/B	Remarks
Number of customer accounts (thousands)	10,530	10,384	+146	+1.4%	

	A. FY25.3 Forecasts	B. FY24.3	A-B	(A-B)/B	Remarks
Consolidated gas sales volume (million m^3)[1,2]	6,659	6,646	+13	+0.2%	
Residential	1,707	1,721	-14	-0.8%	
Non-residential	4,952	4,925	+27	+0.6%	
Electricity sales volume (GWh)[2]	15,964	15,308	+656	+4.3%	

	A. FY25.3 Forecasts	B. FY24.3	A-B	Remarks
Average temperature (℃)	17.4	17.9	-0.5	

1 45MJ/m^3

2 Gas sales volume and electricity sales volume reflect the estimated usage amount for the period between the last meter reading day in the account closing month and the account closing date, as the revenue for gas sales and electricity sales are estimated and recorded based on the Implementation Guidance on Accounting Standard for Revenue Recognition.

5. Segment Sales and Profit

billion yen	A. FY25.3 Forecasts	B. FY24.3	A-B	(A-B)/B	Remarks
Net Sales	1,986.0	2,083.0	-97.0	-4.7%	
Domestic Energy	1,640.0	1,770.6	-130.6	-7.4%	Decrease in sales from the lower unit selling price of city gas, etc.
International Energy	125.0	116.4	+8.5	+7.3%	Increase in sales from upstream businesses in USA, etc.
Life & Business Solutions	286.0	274.0	+11.9	+4.4%	
Adjustments	-65.0	-78.0	+13.0	-	

Segment profit[1]	154.0	204.5	-50.5	-24.7%	
Domestic Energy	52.5	92.2	-39.7	-43.1%	Time-lag effect, etc.
Electricity	20.0	31.4	-11.4	-36.4%	Time-lag effect, etc.
International Energy	72.5	79.6	-7.1	-9.0%	
Life & Business Solutions	30.0	31.0	-1.0	-3.3%	
Adjustments	-1.0	1.5	-2.5	-	

Profit/loss on time-lag effect[2]	12.0	28.5	-16.5	-57.9%	
(Non-consolidated) Gas	11.0	14.6	-3.6	-24.7%	
(Non-consolidated) Electricity	1.0	13.9	-12.9	-92.8%	

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

2 Included in the Domestic Energy.

IV. Reference

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Sales Volume & Profit Sensitivity to External Factors

Atmospheric and water temperatures

Range of fluctuation		Impact on residential gas sales volume
Atmospheric and water temperatures	+1 degree Celsius	-7%

Crude oil price and exchange rate

Range of fluctuation (for the rest of the fiscal year)		Segment	Segment Impact	Net impact on consolidated ordinary profit
Crude oil price	+1USD/bbl	International Energy	Positive	-1.01 billion yen
		Domestic Energy	Negative	
Exchange rate	+1JPY/USD	International Energy	Positive	-0.32 billion yen
		Domestic Energy	Negative	



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