

Main Q&A

At the Results Presentation for 2Q of FY2020 (FY Ending March 2021)

Q1: Amid substantial fluctuation of demand due to the impact of COVID-19, it might be necessary to switch to a flexible LNG procurement strategy that enables flexible LNG spot procurement.

A1: We have adopted a strategy that places priority on long-term contracts since LNG spot prices fluctuate significantly and pose high risk in terms of procurement stability. We intend to continue seeking stable and cheap LNG procurement by promoting three types of diversification (diversification of supply sources, contract terms and conditions, and LNG network) as a procurement policy.

Q2: The move toward decarbonization and low carbonization has accelerated following the Japanese government's announcement of its goal to achieve zero net CO2 emissions by 2050. How do you think you should change Net-Zero CO2 initiative in your management vision?

A2: Net-Zero CO2 initiative in our management vision will not change significantly. As the launch of new projects for offshore wind power generation and photovoltaic power generation in Japan is expected to accelerate, we will increase such projects based on judgments of profitability. We will also accelerate the development of technologies such as hydrogen and methanation toward the future.

Q3: With current profit levels under ¥100 billion, how do you intend to overcome the negative impact of the irreversible changes in economic activities and behavioral patterns under the COVID-19 crisis and achieve the ¥140 billion profit target of your medium-term plan? Please indicate specific initiatives.

A3: The corona crisis will not cause a significant change to the directions of the "4D" changes in the market environment. However, the speed of change is accelerating. Viewing this as an opportunity, we intend to expand our renewable energy business both in Japan and abroad, accelerate nationwide expansion of electricity sales using digital means, expand our LNG trading business, promote the LNG infrastructure business abroad and carry out further cost reforms as an effort toward achieving our ¥140 billion profit target.