

Main Q&As
At the Results Presentation for 3Q FY2022 (FY Ending March 2023)

Q1: The adjusted ordinary profit in your FY2022 full-year outlook is high at ¥172.3 billion. Can we consider this to be the launching pad for your forecast for next year?

A1: We believe the main factors for the high profit level in our FY2022 forecast to be our competitive advantage in City gas (excluding Network) in terms of LNG procurement, the impact of economic framework assumptions in the electricity business, and the other conditions including the rise in crude oil prices and the depreciation of the yen in the overseas business. We consider it means our appropriate response to changes in the business environment also contributed. On the other hand, it is difficult for us to say for sure at this time whether we can maintain the same level of adjusted ordinary profit next year onward, since it is affected by market conditions. While we intend to aim for this year's profit level if the business environment remains the same next year, should the environment be negative for our earnings, we will make efforts to prevent earnings from deteriorating as much as possible.

Q2: Will you carry out shareholder returns in FY2022 in line with your current policy? Also, do you intend to continue the current policy next year?

A2: We will provide shareholder returns in FY2022 in accordance with our current policy of a total payout ratio (dividends and share buybacks as a percentage of consolidated net profit) of approximately 50%. Based on our new forecast, we will return approximately 50% (¥118.0 billion) of the profit attributable to owners of parent of ¥236.0 billion. Regarding our shareholder return policy for next year onward, we are currently considering it along with our next medium-term management plan.

Q3: Since your FY2022 profit forecast is high, there is a possibility that the capital efficiency for next year onward will decline due to an increase in shareholders' equity even if you provide returns in line with a total payout ratio of approximately 50%. Going forward, how do you intend to improve your capital efficiency, such as ROA and ROE?

A3: To improve capital efficiency, such as ROA and ROE, we must raise our profit level in line with the increase in total assets and shareholder's equity. The balance between profit and efficiency indicators is a point of focus in the formulation of our next medium-term management plan. To improve ROA, we will secure financial resources and invest in growth while containing the increase of total assets by implementing a policy of replacing and selling assets, which we have set forth in Compass Action. To improve ROE, we will continue to examine to what level we can raise our financial leverage.