

Q1: What factors contributed to the decision to allocate 70 billion yen for the share repurchase, and what determined the duration of the repurchase period?

A1: The key factor driving this decision is our goal of achieving an 8% ROE by FY2027.3. As we have accumulated profits through FY2024.3 and FY2025.3, we aim to maintain an appropriate equity ratio while strategically investing for business growth. We have set the repurchase amount at 70 billion yen, which represents the maximum possible return to shareholders without causing a temporary spike in our share price, given the current trading volume of our shares in the market. This figure is aligned with our objective of reaching an 8% ROE, based on a comprehensive assessment of financial metrics and other relevant factors. Furthermore, we have deemed a one-year repurchase period appropriate, taking into account the potential impact on supply and demand in the stock market.

Q2: Will controls on shareholders' equity remain in effect? Given that the current shareholders' equity ratio is off the mark from the 45% target, do you plan to work toward achieving that goal?

A2: Our financial objective is to reach a shareholders' equity ratio of 45% or higher. Controlling shareholder's equity is essential for achieving an ROE of 8%. While we are still in the process of defining our next strategy for managing shareholder's equity, we recognize that it is crucial to pursue a lower shareholders' equity ratio alongside increased profits to achieve this 8% ROE. We face the challenge of striking a right balance between reducing shareholders' equity to increase leverage, meeting our ROE and ROIC targets, and maintaining financial soundness while increasing profits. We anticipate that lowering the shareholder's equity ratio to 45% will be difficult during the course of this Medium-Term Management Plan period.

Q3: To aim for a 10% ROE in the early 2030s, wouldn't it be sensible to start discussing a target of a 9% ROE soon?

A3: While I cannot comment on the specifics of the next medium-term plan at this time, it is necessary to set our sights on a 9% ROE as a steppingstone toward our 10% goal for the early 2030s. To reach this target, we are exploring various initiatives to enhance profitability. In the power sector, we aim to boost profits by utilizing our value chain as we ramp up power generation with the commissioning of the Himeji Power Plant. In Sabine's shale gas business in the U.S., we are focusing on asset replacement and capitalizing on the rising price trends to drive profit growth. Meanwhile, in the real estate sector, we are improving our performance while carefully managing our balance sheet. Through these strategies aimed at enhancing profits and managing shareholders' equity, we are dedicated to improving our ROE.

Q4: What do you consider the current level of normalized profit to be?

A4: We project the normalized ordinary profit, which excludes time-lag profit, to be around 160 billion yen.

Q5: What is the current status of Sabine's shale gas business in the U.S.?

A5: At Sabine, we are actively acquiring new acreage while strategically replacing lower-value assets by divesting them. We are maintaining solid management of the business and implementing price hedges for the sales of gas and other products. Additionally, there have been recent moves to reassess the previous U.S. administration's restrictions on the construction of new LNG terminals and exports, and we believe this signals an improving business environment for natural gas.

Q6: What is the background for the strong profits from power market transactions, and how will they influence your future projections?

A6: Our market sales volume exceeded expectations, contributing to strong profits in FY2025.3. However, given ongoing discussions regarding future system revisions and the uncertainties within market conditions, we believe it is prudent to take a conservative approach when incorporating various expectations into our profit forecasts.

Q7: What is the context of "Improved competitiveness of our long-term LNG contracts compared to JLC," and what is the outlook for their competitiveness?

A7: A significant portion of our LNG procurements consists of long-term contracts. When spot prices rise, the price difference between JLC and our procured LNG tends to benefit us. However, with the recent decline in spot prices, we do not expect this price difference to be as substantial as initially projected. On a positive note, we anticipate a favorable effect on our time-lag profit/loss.

Q8: What risks do you see regarding the impact of reciprocal tariffs imposed by the U.S.?

A8: The Domestic Energy segment may experience a decline in profits for gas and power sales due to the economic downturn. Specifically, there is a risk of decreased demand from customers in the automobile and machinery industries, which are significantly affected by U.S. tariffs. However, it is challenging to predict the overall impact at this time, as these customers may opt to strengthen their sales in Europe and Asia as potential alternatives.

Q9: What are your thoughts on improving the profit margin of the network business?

A9: The network business operates within a regulated framework and follows a gas rate system that adjusts the rate by reducing the pipeline tariff and lowering the rate for consumers once a certain profit margin is achieved. Currently, we are facing challenges due to changes in industrial structure and other factors, leading to a decline in gas consumption and a subsequent decrease in pipeline tariff revenues. At the same time, costs have risen across the board, including expenses for gas construction and labor associated with commissioning. To avoid increasing the pipeline tariff while prioritizing sustainable safety and security, we will continue to pursue cost reductions, such as leveraging smart meter technology to increase efficiency.

Q10: **What does the “Change in the allocation of profits in the U.S. renewable energy business” imply in the comparison between FY2025.3 results and FY2026.3 forecasts?**

A10: It indicates that profits from certain transactions in the U.S. renewable energy business, which have previously been recorded as ordinary profit, are now recognized as part of profit attributable to owners of the parent.

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