

Q&A at Investor Meeting for FY2022 Financial Results

Outlook of FY2023 Business Environment

Q: What is your current perspective on the FY2023 business environment, especially regarding the revenue environment? Is it also correct to say that the profit goals of the Vision have not changed?

A: We expect that there will not be a time-lag loss in FY2023 as was experienced in FY2022 even if the dramatic increase in fuel prices continues as long as it starts trending sideways. In regards to other causes of fluctuations in financial results, Unit 2 of Misumi Power Station is scheduled to start operations in November 2022. While currently at the trial operations phase, we believe that it will contribute to increasing our profit level.

As far as the profit goals of our Vision, although the situation of our financial results is currently quite severe, taking into consideration of the new operation of Unit 2 of Misumi, the restart of operation of Unit 2 of Shimane and the new operation of Unit 3 of Shimane, which will serve to expand fuel costs savings, we have no plans currently to change the target ordinary income level of 60 billion yen by FY2031.

Supply/Demand Balance (After Operation of Large-Scale Power Stations)

Q: As you gradually start to implement these large-scale power stations, will you reduce dependency on the wholesale power transaction market little by little?

Additionally, together with the operation of large-scale power stations, you are planning to decommission aged thermal power plants but amid the severe conditions of the supply and demand of power all throughout Japan, do you feel there is a social necessity to also increase sales outside of your region?

A: Although one role Unit 2 of Misumi Power Station was developed for is to replace aged thermal power plants, the amount of power generated by Unit 2 of Misumi will exceed that of discontinuation aged thermal power plants, thereby contributing to reducing our dependency on the wholesale power transaction market. We believe that there will be surplus capacity of energy by starting operation of Unit 2 of Shimane.

We are linking operations of these large-scale power plants to improving our revenue as a business, while at the same time we believe that they will contribute to aiding the supply and demand balance in consideration of the current tight situation in supply and demand all across Japan.

Competitiveness in Coal-Fired Power

Q: Assuming that the current level of coal priced in the mid 300-dollar range, what are your thoughts on your competitiveness in coal-fired power?

A: Given the current fuel prices we are facing, we feel that coal-fired power has relatively good competitiveness.

Perspective on Dividends

Q: Although short-term financial results are currently severe, the perspective on the operation of large-scale power stations definitely provides a brighter outlook in the medium to long term. However, amid this you have reduced the year-end dividend for FY2022 from 25 yen to 15 yen. Although you stated there is no change in the stable dividends policy, I would like to hear again about your perspective on dividends.

A: Looking back at our company's dividends in the past, we have once paid out of 30 yen for the year during the Oil Shock. Naturally, we want to satisfy our stockholders' expectations but taking overall account of our historic loss and the financial conditions, we are to pay out a year-end dividend of 15 yen and an annual dividend of 40 yen in FY2022. We are considering to maintain stable dividends moving forward and will be considering how to handle dividends in FY2023 within this policy.

* Questions and answers have been edited in order to make them easier to understand.

* In this document, the term "Fiscal Year 2022" refers to the period between April 1, 2021 and March 31, 2022.

End