

Main questions and answers at FY2024 2Q Financial Results Briefing

Q. What do you believe is the current level of actual profit?

A. After deducting one-time factors such as the upward swing in the transmission and distribution business, we believe the actual value of ordinary profit is in the mid-40 billion yen range. Until now, we had thought that the level would be slightly below 40 billion yen, excluding one-time factors, but if the conditions in the first half of this fiscal year continue, we think the targets in the current Medium-term Management Plan of 8% in ROE and 40 billion yen in ordinary profit will be exceeded. On the other hand, as a variety of variable factors may also have an impact in the second half of the fiscal year, we will remain vigilant and pay close attention to the business environment while working hard to achieve Medium-term Management Plan targets and considering the outlook for the future in the next Medium-term Management Plan.

Q. Given that the targets of the current Medium-term Management Plan may be achieved ahead of schedule, it is conceivable that the next Medium-term Management Plan could be launched early in fiscal 2025. What are your thoughts on this?

A. In considering the next Medium-term Management Plan, we are beginning wide-ranging discussions, including discussions on what we should do by backcasting while envisioning what the future will look like, and on what management indicators to set and how to achieve them. In addition, given that it is becoming increasingly difficult to recruit personnel, we are also beginning to consider how to pursue business with limited human resources while taking into account efficiency gains such as digital transformation (DX), and how to assign human resources to the business areas where we expect them to work. Also, we need to discuss these details with stakeholders, including employees of the Company and Group companies, as well as the Outside Directors, to organize the big picture one step at a time. Although we hope to let you know the details as soon as possible, we would like you to give us a little more time than early in fiscal 2025.

Q. Given the high rate of progress toward the targets in the current Medium-term Management Plan, and that the targets for profit and the equity ratio could be achieved ahead of schedule, please explain why the dividend has been left unchanged at 40 yen for the current fiscal year.

A. Although the profit level for this fiscal year is expected to exceed the Medium-term Management Plan target of 40 billion yen in ordinary profit, we recognize we have not yet reached the point where we have significantly exceeded the target level when evaluated on the actual base. In addition, we have not yet fully achieved the equity ratio target. After discussing the balance of allocations to each stakeholder based on these points, we have decided to leave the dividend unchanged for the current fiscal year.

Q. How do you plan to position ROE as a management indicator in the next Medium-term Management Plan?

A. In our discussions of the next Medium-term Management Plan, we are still in the process of considering management indicators. However, we believe that ROE should be positioned as an important indicator and hope to give it thorough consideration, taking into account the expectations of stakeholders and the requests of the Tokyo Stock Exchange.