

## **[General Q&A] INPEX Responds to Comprehensive Questions at INPEX Investor Day 2024 - Focus on Projects and Overall Company Strategy**

### **[Speakers]**

Mr. Takayuki Ueda, Representative Director, President & CEO, INPEX Corporation

Mr. Hitoshi Okawa, Director, Senior Managing Executive Officer, Senior Vice President, Oceania Projects, INPEX Corporation

Mr. Daisuke Yamada, Director, Senior Managing Executive Officer, Senior Vice President, Finance & Accounting, INPEX Corporation

Mr. Toshiaki Takimoto, Director, Senior Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning, INPEX Corporation

Mr. Akihiro Watanabe, Managing Executive Officer, Senior Vice President, Asia Projects, INPEX Corporation

Mr. Shoichi Kaganoi, Executive Officer, Senior Vice President, Hydrogen & CCUS Development, INPEX Corporation

### **Q&A: Future Response to Global Carbon Pricing**

**Participant:** Today, you explained your strategy for expanding the LNG business in the first half, and in the second half, you discussed the challenge of realizing a decarbonized society. I see the ultimate issue here as how greenhouse gas (GHG) emissions will be priced.

When thinking about your company's strategy and finances, while global pricing for GHG reduction and emissions might not settle into a single uniform price, I believe carbon pricing will lead to a unified price for emitting and absorbing one unit of GHG, allowing market forces to take effect. How do you plan to approach this in developing your business?

I see this as the ultimate concept. However, if we consider the support and regulations from various countries, as you mentioned in the first half of your presentation, the reality is that these supports and regulations are not aligned around a single price.

I find it odd that reducing one unit of GHG and emitting one unit are not treated as equal, but it doesn't seem like policies are moving towards making them equivalent. This may vary by region, but when thinking about your future strategy and investment decisions, how do you approach the possibility of a unified carbon price?

Alternatively, given the complexity of rules and regulations, are you planning for a future, say 20 years or 30 years from now, where you operate under different systems in various regions? Could you share how you and your division heads are digesting this financially within the Company?

**Takayuki Ueda (hereafter, Ueda):** I'm sure everyone here today has their take on this issue, but I'll go ahead and answer first.

This is an extremely important issue. Until now, CO<sub>2</sub> could essentially be emitted for free. If we think about carbon capture and storage (CCS) as a future business, it needs to have a price attached to it.

This is exactly what carbon pricing is, but the reality is that it's not clearly visible yet. As a company, we want to break the CO<sub>2</sub> issue down into two main phases.

The first phase is dealing with the CO<sub>2</sub> that we emit ourselves. For projects like the Ichthys LNG Project, the Abadi LNG Project, and the Nagaoka field, we aim to bury as much of the CO<sub>2</sub> we emit as possible. I see this as a social responsibility for those of us in the natural gas and oil business.

There's a term, "license to operate," and this is essentially what that refers to—the permission to continue operating. These are issues we must address, not just as a cost consideration, but as an essential responsibility.

There are also regulations in place. For example, we've already begun drilling wells for the Bonaparte CCS project, and for the Abadi LNG Project, we've announced that CCS will be introduced from the start of production. I believe this is a fundamental role for natural gas producers.

The second phase is the business of processing CO<sub>2</sub> for other companies through CCS, as seen in projects like the Tokyo Metropolitan Area CCS initiative. The sales of blue hydrogen and blue ammonia through CCS in the Tokyo metropolitan area and Akita Prefecture also fall under this category.

Since we're now applying costs to something that was previously emitted for free, there needs to be a corresponding benefit. In other words, in discussions about how much is the cost of CCS, there are various estimates, and we're calculating these as well, including for the Tokyo Metropolitan Area CCS project.

In Japan, CCS involves capturing and transporting CO<sub>2</sub>. For the Tokyo Metropolitan Area CCS project, we plan to use pipelines, but in many cases, CO<sub>2</sub> is transported by ship and then buried underground—that's how CCS functions.

The cost of burying one ton of CO<sub>2</sub> underground in Japan varies by project and scale, but it generally ranges between JPY20,000 and JPY35,000.

The question is, who will bear this cost? Whether steel manufacturers or chemical companies will cover it is exactly what the issue of carbon pricing revolves around.

For example, let's say a company in the steel industry wants to use CCS, and the cost to process their CO<sub>2</sub> emissions is JPY20,000 to JPY30,000 per ton. If this cost is cheaper than the carbon price, it's natural that companies would choose to continue emitting rather than adopting CCS.

However, if carbon pricing exceeds JPY20,000 to JPY35,000, companies that opt to emit would be forced to pay that price, which would then push them to adopt CCS.

Carbon pricing is just one example, and the same principle applies to blue hydrogen and blue ammonia.

In Australia, there's actually a regulation called the Safeguard Mechanism, which requires operators to reduce their CO<sub>2</sub> emissions by 4.9% every year until a certain point. If they exceed the allowed CO<sub>2</sub> emissions, they have to purchase Australian Carbon Credit Units (ACCUs), which are Australia's carbon credits.

It's possible to combine mechanisms like carbon pricing with CO<sub>2</sub> reduction regulations and subsidies. Ultimately, establishing a functioning market system for CO<sub>2</sub> reduction is essential for turning this into a viable business.

There have been questions like, "What's the plan if subsidies aren't available?" or "What's Plan B?" Of course, we need to think about cost reductions in various ways, but I believe it would be nearly impossible to develop this business without such market mechanisms in place.

Currently, we are covering the costs of the hydrogen demonstration project in Kashiwazaki City as part of our research and development efforts. However, building this as a full-scale social system could cost hundreds of billions, or even over a trillion yen. So, it will likely require the creation of a comprehensive societal framework.

In short, I believe we'll need to move these projects forward as a package. For example, as I mentioned earlier, the costs associated with the FEED phase of the Tokyo Metropolitan Area CCS project are currently being fully covered by the government.

As this project moves into the EPC and construction phases, it will become even more challenging to reach an FID without a proper societal system in place, which means the government will also need to put in the effort.

Keeping an eye on how the societal framework evolves, we as a private company cannot undertake economically unfeasible projects. So, we'll need to move forward, carefully considering the economic viability of each project.

**Toshiaki Takimoto:** It's often said that both incentives and regulations—"carrot and stick" policies—are necessary. While it's unclear whether we'll ever have a unified carbon price, it's essential to create a consensus that decarbonization comes with a cost. Balancing carbon pricing with government subsidies will be key.

Decarbonizing the world's energy systems is a realistic path forward. When assessing the economic viability of our projects, even in countries without regulations, we set an internal carbon price. This ensures that, even as we push forward with decarbonization, both new and existing projects remain economically feasible.

**Participant:** I believe the CEO mentioned that as a fossil fuel operator, we must do this. The profitability of Bonaparte CCS and Abadi may differ, but when it comes to reducing CO<sub>2</sub> associated with fossil fuels or implementing CCS, it was said that the cost ranges from JPY20,000 to JPY30,000.

Although the situation might differ between Japan and Australia, does your company see it as inevitable that you will have to bear some of these costs as long as you're producing and selling gas? While this could depend on what subsidies come later, to be blunt, do you think there's a possibility that the economic environment could make it difficult to continue producing LNG and gas?

**Ueda:** As I mentioned earlier, Australia already has environmental regulations in place, such as the Safeguard Mechanism. Not just for us, but for all LNG operators and large emitters, there is a mandatory requirement to reduce CO<sub>2</sub> emissions by 4.9% annually.

If emissions exceed this threshold, companies are required to purchase ACCUs, which are CO<sub>2</sub> credits traded in the Australian market. By implementing CCS, we should be able to meet the 4.9% reduction requirement. If not, we would need to purchase ACCUs for millions of tons of CO<sub>2</sub> emissions.

In Australia, using CCS is likely to be more economically rational than continually buying ACCUs. Moreover, from a reputation standpoint, there's the potential for criticism—"they're just buying credits,"—which makes it clear that we'd prefer to pursue CCS whenever possible.

However, there's no denying that CCS involves significant costs. While it may not be as expensive as in Japan, it still requires substantial investment. The key question is whether this will be appropriately recognized in international markets or whether the Australian government will provide subsidies.

At present, while the Australian government is promoting CCS as part of its strategy, they are not yet offering financial subsidies or other forms of support. It's also unclear whether natural gas or LNG processed with CCS will be valued more highly in international markets compared to those without CCS.

If we could implement something like an international single carbon price, it would result in costs regardless of where emissions are reduced or generated. I believe this issue should ideally be addressed within a globally harmonized market, but such a system does not exist at the moment.

Whether Australian operators will have to bear the costs, receive subsidies to lighten the load, or see low-carbon LNG recognized with slightly higher pricing in the international market will depend on future frameworks and the progress of international discussions.

**Hitoshi Okawa:** To add to the discussion on the situation in Australia, we can't just keep emitting CO2 unchecked if we want to continue production at the Ichthys LNG Project. As I mentioned earlier, we need the support of stakeholders and other involved parties.

In order to keep production going, we need to have solid CO2 countermeasures in place. Whether it's profitable or not, we have no choice but to pursue CCS as a first step. That's the first point.

However, since we aren't in the business of charity, the next point is how we can turn this into a viable business.

As I mentioned earlier, we are emitting 6 million tons of CO2 annually. Now, the question is whether handling 6 million tons is economically feasible. If we need to increase the facility's processing capacity to 10 million tons, we'll have to bring in CO2 from other emitters.

However, there are still gaps in the legal framework. Ultimately, bilateral agreements between countries will be necessary, especially if we're going to import CO2 from other nations.

Considering the strong environmental movement in Australia, I think there will likely be opposition to bringing in CO2 from other countries. However, this is an important point: we are looking at a future where there will be countries that emit CO2 and others that provide solutions for CO2 management.

Our strategy, and what we are discussing with the Australian government, is to position Australia as a country that provides CO2 solutions to the world.

#### **Q&A: LNG Supply and Demand Relationship and Allocation of Operating Cash Flow**

**Participant:** I have two questions. First, regarding your two major projects: the existing Ichthys LNG Project and the future Abadi LNG Project. Considering the global LNG supply–demand balance, how do you view this from a medium- to long-term perspective?

It's generally said that when Qatar and the US bring new LNG capacity online in the late 2020s, there will be a temporary loosening of supply–demand tightness. For Ichthys, I assume you will need to renegotiate prices with buyers. Regardless of how frequently these reviews occur, do you see any risk of being at a disadvantage during these renegotiations? How are you assessing that risk?

For the new Abadi LNG Project, since the marketing timeline is different, should we worry less about this? Could you share your thoughts on this?

My second question is about your overall cash flow. Assuming that key market conditions, like oil prices and exchange rates, remain relatively stable, can we expect that your company's ability to generate operating cash flow won't change much over the next five years?

Or, when considering factors like PRRT and costs, should we be more mindful of potential risks? Alternatively, could we expect upside potential from increased production at other projects? How do you see the trend for operating cash flow?

Additionally, I'd like to ask about how you plan to allocate operating cash flow. Since you've made considerable progress in repaying interest-bearing debt, as mentioned in your previous briefing, I think a key

discussion point for the upcoming medium-term management plan in February will be how to allocate funds between growth investments and shareholder returns.

While I understand specifics are still to come, could you share your current thoughts on your cash inflow generation capacity and how you plan to distribute it?

**Ueda:** Regarding your two questions, I will address the one about LNG. For the question on cash flow, I'll first have Yamada provide some insight into the outlook, and then I'll share my thoughts on our future plans.

As for how we view the medium- to long-term supply and demand of LNG, there are various opinions. Many market experts predict that from around 2025 to 2030, several new LNG projects, including those in Qatar, will come online. This will likely tilt the supply–demand balance toward the supply side, meaning, prices might not be particularly high during this period.

On the other hand, the general consensus is that after 2030, the supply–demand balance will tighten significantly, and our view is aligned with that outlook.

However, what we've come to understand recently is that the energy transition isn't going to be a simple process. Natural gas and LNG will continue to play a central role for quite some time, likely extending beyond initial expectations. As a result, we believe that the demand for natural gas will remain more stable than we originally anticipated.

As you know, production for the Abadi LNG project is expected to start around 2030 at the earliest. We are basing our marketing discussions on predictions of the market environment after the 2030s.

In these discussions, as Watanabe mentioned earlier, although the current contracts are non-binding, we have received requests for volumes that exceed our expected supply capacity, and we have signed MOUs to that effect.

From next year onward, we will proceed with FEED work for the Abadi LNG project. As we move forward, we'll need to convert these non-binding agreements into binding long-term contracts, and the prices will be determined during that process.

In any case, regarding the LNG supply–demand balance post-2030, as I mentioned earlier, we expect stable demand in Europe and significant growth, particularly centered around Asia.

Considering this LNG supply–demand balance, we believe there is ample opportunity for the Abadi project to succeed as a commercial venture. This view is also supported by our ongoing discussions with the market.

**Daisuke Yamada (hereafter, Yamada):** Let me address the question about operating cash flow.

When we released our full-year forecast in August, we assumed an exchange rate of JPY147 to JPY148 to US dollar and an oil price of around USD80 per barrel. Based on those assumptions, we projected our operating cash flow to be around JPY900 billion.

Looking ahead to the next few years, before the Abadi project comes online during the upcoming medium-term management plan period, the outlook changes significantly depending on the exchange rate and oil prices. For example, if we assume an exchange rate of JPY135 to the US dollar and oil price at USD70 per barrel, I estimate that our annual operating cash flow would be just over JPY700 billion.

There are both positive and negative factors. As Okawa explained earlier, the PRRT in Australia increases our tax burden, which pulls the figure down. On the other hand, increased production in Abu Dhabi serves as a

positive factor, offsetting those negatives, so we expect operating cash flow to remain stable at around JPY700 billion.

After that, as investment cash flow increases, the idea is that once Abadi starts up after 2030, operating cash flow will help balance things out.

As for how we plan to use that cash, as we've explained previously, we're no longer in the stage of repaying debt. Instead, we're focusing on how to invest up to the point when Abadi goes live, or how we can enhance shareholder returns.

We plan to discuss the specifics with you in more detail when we release our new medium-term management plan in February 2025.

### **Q&A: Investment Environment and Additional Support for Realizing a Decarbonized Society**

**Participant:** I have two questions. First, you mentioned earlier about how you're thinking about how to invest your cash flow. I understand you're currently actively investing in the Ichthys project, but what is the situation with investments in your other core areas? Is it a favorable environment to proceed with these investments? Could you share your thoughts on the current investment environment?

Second, regarding your efforts to realize a decarbonized society. You've explained quite a bit, and I assume you're already receiving a fair amount of government support. But if there is any additional support you need, what would it be?

**Ueda:** Regarding your questions on how we invest and what the investment environment looks like, we have identified five core areas. As I mentioned earlier, Ichthys and Abadi are two of them, but we intend to maintain our fundamental approach of focusing on selection and concentration across all core areas.

For example, in Abu Dhabi, the UAE government has a plan to increase production from the current 4 million barrels per day (BD) to 5 million barrels per day by around 2027. As one of the major foreign investors in Abu Dhabi, second only to Total, we will cooperate with UAE's oil and gas production increase plan and actively invest in this effort.

In terms of our assets, we have the Lower Zakum oil field, the Upper Zakum oil field, and recently acquired Block 4, among others. We believe we've made discoveries in Block 4 that could lead to commercial oil and gas production.

Currently, we're discussing with Abu Dhabi's national oil company, ADNOC, how to move forward with commercial production. In this core area of Abu Dhabi, we are committed to investing not only in oil and natural gas but also in new areas if needed, aiming to increase production and contribute to profits.

Beyond Abadi, for example, we are in the exploration phase for a block we acquired in Malaysia in Southeast Asia. We are also conducting various activities, such as acquiring exploration concessions in Norway in Europe.

In the net-zero space, we're also pushing forward with discussions on projects like the Ship Channel project in Houston, United States, and new projects in Abu Dhabi.

It's hard to give a simple answer on whether the investment environment is good or bad, but from both my perspective and the Company's strategy, we have no choice but to focus on natural gas, and make it as low-carbon as possible, in terms of profit and cash flow.

Therefore, when it comes to hydrogen, CCS, and similar areas, I believe that if the right environmental conditions are put in place, these fields have the potential to grow into significant businesses. That's why we're preparing to move in that direction.

**Shoichi Kaganoi:** Regarding your question, "Is there any additional government support needed for decarbonization?"—I believe there are two more areas where the government's help will be crucial.

The first, as I mentioned earlier, is financial support. The second area I'd like to request from the government is what we call public acceptance—the idea that these new initiatives are a good thing.

For example, if CO<sub>2</sub> is transported from prefecture A to prefecture B, and a debate arises in prefecture B about why we should accept CO<sub>2</sub> from prefecture A, then the entire discussion could come to a halt.

We've been making efforts to communicate this in various forums, but we'd like the government to also actively promote the message that Japan is seriously working on new initiatives like hydrogen, ammonia, and CCS to gain broader public understanding and support.

While the government may be providing financial backing, there are naturally some local governments that will see benefits as well—for example, when a CO<sub>2</sub> pipeline is planned to pass through their town.

To give an extreme example, if the pipeline has a tap that allows CO<sub>2</sub> to be injected at any time, it could attract factories looking for land where they can immediately emit CO<sub>2</sub>.

So, local governments should also consider their own development while recognizing that this is something that must be done for the future of their town, their prefecture, and the country as a whole. We'd like to see them demonstrate leadership in this, even if they don't have the financial resources.

Additionally, while it's not entirely up to others, hydrogen and ammonia will have supply chains similar to LNG. On the other hand, CCS involves the reverse supply chain, where CO<sub>2</sub> is collected and transported to storage sites. No matter how much we say, "We'll produce hydrogen" or "We'll bury a lot of CO<sub>2</sub>," it won't work as a business on its own.

Therefore, when it comes to building this supply chain, it's not just about government support, but we also need to ensure close collaboration with other companies involved in this space.

## **Q&A: Status of Abadi LNG Project and Issuance of Transition Bonds**

**Participant:** I have two questions. First, regarding the Abadi LNG Project. Compared to the time when you reached FID for the Ichthys LNG project, it seems that the options for contractors, including the number of companies, have become more limited for Abadi.

Additionally, it appears that companies involved in LNG-related work today are demanding significantly higher contingencies. How do you view this situation?

Earlier, you mentioned that if costs or investments exceed expectations, you would seek support from the Indonesian government. Is that something you're considering in this context, or do you have a different outlook on the LNG contractor market? I'd like to hear your thoughts on this.

My second question is about transition bonds. Could you tell us how your company views green bonds or transition bonds?

I understand that you issued a green bond in 2021, but since then, I don't believe you've conducted any significant green financing.

If CCS, hydrogen, and LNG are critical transition energies, then regardless of the level of interest-bearing debt, wouldn't it be worthwhile to issue a transition bond, even as a symbolic gesture, to demonstrate your commitment to the market? What are your thoughts on this?

This approach is relatively well-supported by Japan's public, private, and academic sectors, as well as the financial sector, so I think it would be very interesting if your company participated in this. I'd appreciate it if you could share your thoughts on this.

**Ueda:** For the first question about the Abadi LNG project, this is an area where we are currently facing significant challenges. I'll have Watanabe explain the details. As for the second question about green bonds, I'll leave that to Yamada to explain.

**Akihiro Watanabe:** Let me explain the situation regarding contractors and the bidding environment for the Abadi project.

As Ueda mentioned earlier, this is an area we are currently facing significant challenges with, and it's a matter that I personally spend a great deal of time on.

For better or worse, the market for engineering companies and contractors has become extremely tight. On top of that, there are numerous projects happening globally, which has led to a substantial backlog for these companies.

While we mentioned earlier that if costs escalate, we can discuss this with the Indonesian government, I certainly don't believe that alone will suffice.

Maintaining the project's competitiveness is crucial. We need to manage costs and enhance the project's economic viability, while turning to the Indonesian government for support only as a last resort.

I recognize this as the very market environment you referred to in your question, and I'm constantly thinking about how we can carry out the FEED process and the next stage of EPC bidding, and ultimately how to reach FID.

There are limits to what we can do within our scope. Ultimately, it's up to the contractors and engineering companies to decide how they view the project.



What we can do, however, is make the Abadi LNG project as attractive as possible for them, and we're actively thinking about what steps we need to take to increase that attractiveness.

We're well aware that taking on EPC work in a remote area of eastern Indonesia is a significant burden from the perspective of the contractors.

Given that, we need to consider how to share risks appropriately between the client (us), the contractors, and the Indonesian government.

In Indonesia, traditionally, EPC projects have been contracted on a lump-sum basis, where contractors take on the full risk. However, with that kind of approach, it's hard to find contractors willing to say that they would like to take on the Abadi project.

Since the Abadi LNG project operates within a cost-recovery framework, it's crucial to determine what risks we (the client) can take, what risks the contractors can bear, and what risks the Indonesian government can shoulder. Ultimately, how much cost the Indonesian government can reimburse will be a critical factor.

We're thinking about how to adjust the way risks are handled and how costs are paid among these three parties. Of course, we want to maintain the project's economic viability, and we can't afford for costs to keep escalating.

In this context, our challenge is to design contracts creatively, including considering payment methods and frameworks that haven't been widely used in Indonesia before, to attract more EPC contractors and ensure competitive bidding.

While I can't give you a concrete answer today, we're holding daily discussions with contractors and the Indonesian government. In fact, later today, we have another meeting scheduled with the Indonesian government. Although I might not have fully answered your question, please know that this is a pressing issue, and we're dedicating a great deal of time and effort to it.

**Ueda:** As you can see, the current market is filled with projects, and it's become a bullish market for EPC contractors. They're in a position where they don't need to take on undesirable or high-risk projects.

The question for us is how we can move forward with the Abadi LNG project, which is both high-risk and located in a remote area, under such market conditions. We've received feedback from various contractors that certain aspects of the system in Indonesia are problematic, so it's crucial for us to navigate and adjust these issues skillfully.

For example, one issue is how to adjust the local content requirements. From the contractors' perspective, they might say, "Why can't we build this anywhere we want?" or "Let us build it where we prefer." Meanwhile, the Indonesian side might argue, "For Indonesia's development, we need a certain level of local content." These kinds of discussions are common in every country.

How we handle such issues is where we need to apply some ingenuity. To be frank, this is one area where we are struggling.

**Yamada:** I believe your second question was about green bonds and transition bonds.

It's been a while since we last issued a green bond. While we don't track the green bond and transition bond markets on a daily basis, I'd like to share some thoughts based on our previous issuance and my current impressions.

Despite the relatively extensive follow-up required after issuance, we didn't find that green bonds necessarily offered significantly better yields. So, we need to carefully consider the true value of issuing green bonds.

Of course, having both the asset side and the liability side be "green" provides a double opportunity to showcase our commitment, which is definitely attractive. However, when it comes to raising debt, what really matters are volume and term. And in terms of interest rates, it seems that investors don't necessarily offer special rates or extended terms just because it's a green bond.

Looking at the bigger picture, as we'll need to raise debt for projects like Abadi as well, we're thinking about a financing strategy that best fits our portfolio.

That said, it's not that we're ruling out the issuance of green bonds. Our company has made considerable investments in renewable energy, and we have plenty of eligible projects. So, issuing green bonds is certainly an option.

Moving forward, we'll make a comprehensive decision on whether to issue green bonds or go with standard straight bonds.

#### **Q&A: Future Shareholder Returns and Discussions on the Next Medium-Term Management Plan**

**Participant:** Earlier, in response to a question about the medium-term cash flow outlook, Mr. Yamada mentioned considerations on how you can enhance shareholder returns.

While the specifics of the next medium-term management plan will be announced after February, could you tell us what kind of discussions are currently taking place as you prepare for it?

**Ueda:** Yes, we are, of course, having various discussions. However, we're still at the stage of figuring out the specifics.

For example, as you mentioned, we do expect to have a certain level of operating cash flow, and within the Company, there's almost a consensus that repaying interest-bearing debt is not necessarily a priority. The key question then becomes, do we allocate these funds toward shareholder returns, or do we channel them into growth investments? And how do we balance that allocation?

When it comes to shareholder returns, there are different methods—dividends or share buybacks, for example. We've received various ideas and suggestions from all of you, like "it should be based on cash flow" or "you should do more share buybacks."

We're discussing these topics, considering what direction our company should take. Right now, it's a bit early to make any clear statements, and I don't think it's appropriate to provide specifics at this point, so I'll leave it at that for today.

That being said, when it comes to shareholder returns, as you know, we made a fairly bold decision in our August announcement. Our dividend was JPY86 per share. Additionally, we added JPY80 billion in share buybacks, bringing the total to JPY130 billion, with a combined shareholder return of approximately JPY230 billion. This is a level we are fully capable of delivering, considering our company's financial strength, cash flow, and profits.

I believe we were able to meet investors' expectations to a certain extent. It's a bit disappointing that market conditions have worsened since then and our stock price has dropped, but we plan to carry forward the basic principles of these dividends and shareholder returns in our medium-term management plan.

We're having discussions with the goal of presenting a new return policy that will meet investor expectations and avoid a scenario where, after the medium-term management plan is announced, returns drop significantly.

[END]