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Please note that if there is any discrepancy, the Japanese version will take priority.



Summary of FY2023 2nd Quarter Earnings Results

2023/10/31

Electric Power Development Co., Ltd.

In accordance with the 'Summary of FY2023 2nd Quarter Earning Results' announced on 31 October 2023, we present the results for the second quarter of the year and the forecast for the full year.



1. Summary of FY2023 2nd Quarter Earnings Results

Summary of FY2023 2nd Quarter Earnings Results

(Unit: billion yen)

Decreased revenue and profit

- Main reason for decrease in consolidated operating revenue
 - Decreased due to lower electricity sales volume resulting from lower utilization of thermal power plants and lower electricity sales prices, etc.
- Main reasons for decrease in consolidated operating profit and ordinary profit
 - Decreased due to lower gross profit from JEPX sales
 - Decreased in profit of a subsidiary in Australia that owns coal mining interests

Consolidated		FY2022 2nd Quarter (Apr.-Sep.)	FY2023 2nd Quarter (Apr.-Sep.)	Year-on-year change	
Operating Revenue		839.7	631.5	(208.2)	(24.8)%
Operating Profit		86.3	44.9	(41.3)	(47.9)%
Ordinary Profit		86.1	42.4	(43.7)	(50.8)%
Profit attributable to owners of parent		58.4	27.7	(30.6)	(52.5)%
Non-consolidated		FY2022 2nd Quarter (Apr.-Sep.)	FY2023 2nd Quarter (Apr.-Sep.)	Year-on-year change	
Operating Revenue		630.9	392.2	(238.6)	(37.8)%
Operating Profit		19.4	(4.7)	(24.2)	-
Ordinary Profit		49.1	30.2	(18.8)	(38.4)%
Profit		43.6	30.6	(12.9)	(29.8)%

In the second quarter of FY2023, the financial results showed a decrease in revenues and profits.

Consolidated operating revenue was JPY 631.5 billion, a decrease of JPY 208.2 billion compared to the same period last year.

Consolidated operating profit was JPY 44.9 billion and consolidated ordinary profit was JPY 42.4 billion, a decrease of JPY 43.7 billion compared to the same period last year.

Key Data (Electric Power Sales)

	FY2022 2nd Quarter (Apr.-Sep.)	FY2023 2nd Quarter (Apr.-Sep.)	Year-on-year change	
Electric Power Sales (TWh)				
Electric Power Business	33.5	27.3	(6.1)	(18.3)%
Hydroelectric Power	5.3	5.2	(0.0)	(1.0)%
Thermal Power	21.5	16.1	(5.3)	(25.0)%
Wind Power	0.4	0.4	0.0	6.0 %
Other ^{*1}	6.2	5.5	(0.7)	(11.4)%
Overseas Business ^{*2}	5.7	11.3	5.6	98.2 %
Water supply rate				
Water supply rate	96%	92%	(4) points	
Load factor^{*3}				
Load factor ^{*3}	61%	46%	(15) points	

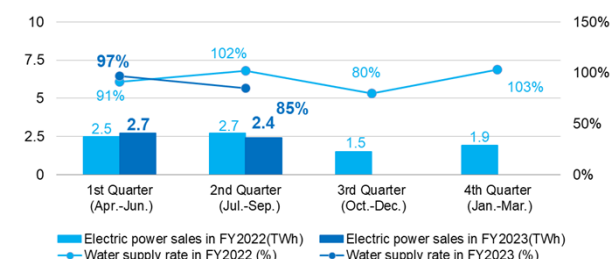
*1 Electric power sales volume of electricity procured from wholesale electricity market, etc.

*2 Electric power sales volume of overseas consolidated subsidiaries (Electric power sales volume of equity method affiliated companies is not included)

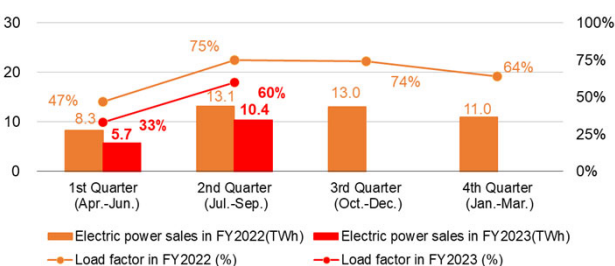
*3 Load factor of thermal power shows the results for non-consolidated only

Electric Power Sales for each Quarter

[Domestic Hydroelectric Power]



[Domestic Thermal Power]



Electricity sales in the thermal power business decreased by 25.0% to 16.1 billion kWh due to lower load factor of thermal power plants than in the previous year.

As for the thermal load factor, it stood at 46% cumulatively until the second quarter of the year, particularly due to the impact of the decline in the first quarter of the year.

Meanwhile, the volume of electricity sold in overseas business increased by 98.2% to 11.3 billion kWh, mainly due to an increase in the volume of electricity sold in Thailand.

Key Data (Operating Revenue)

- **Electric Power Business**
 - The revenue decreased due to lower electricity sales volume resulting from lower utilization of thermal power plants and lower electricity sales prices, etc.
- **Overseas Business**
 - The revenue increased due to increasing electricity sales volume in Thailand projects
- **Other Business**
 - The sales decreased due to falling coal prices at a subsidiary in Australia that owns coal mining interests

	FY2022	FY2023	Year-on-year change			FY2022	FY2023
	2nd Quarter (Apr.-Sep.)	2nd Quarter (Apr.-Sep.)				2nd Quarter (Apr.-Sep.)	2nd Quarter (Apr.-Sep.)
Operating Revenue (Billion yen)	839.7	631.5	(208.2)	(24.8)%	Foreign exchange rate		
Electric Power Business	650.9	417.9	(233.0)	(35.8)%	(Yen/USD) at the end of June	136.68	144.99
Electric Power Sales	624.3	392.3	(231.9)	(37.2)%	(Yen/THB) at the end of June	3.85	4.07
Renewables ^{*1}	76.0	71.2	(4.7)	(6.3)%	(Yen/AUD) at the end of June	93.90	95.77
Transmission / Transformation	24.5	23.8	(0.7)	(3.1)%	(THB/USD) at the end of June	35.30	35.59
Overseas Business ^{*2}	120.6	158.4	37.7	31.3%			
Other Business ^{*3}	68.1	55.2	(12.9)	(19.0)%			

*1 Hydroelectric, wind and geothermal power

*2 Sales for the overseas business segment (Sales from overseas consolidated subsidiaries and overseas consulting business, etc.)

*3 "Other Business" is composed of "Electric Power-Related Business" segment and "Other Business" segment. See Appendix p.40 for details.

This section provides an overview of operating revenues.

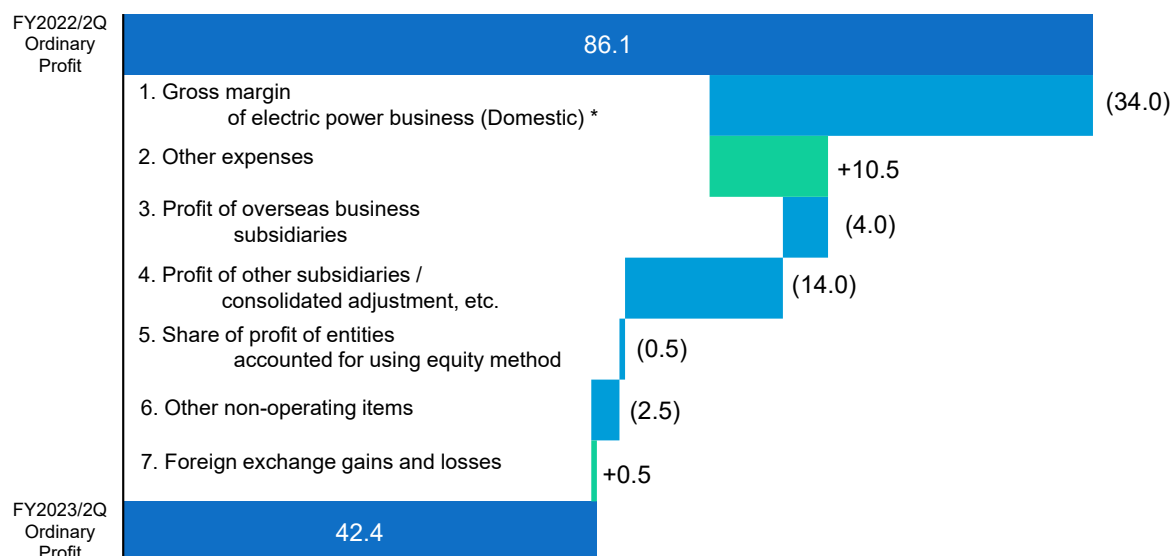
Operating revenue in the domestic electricity business decreased due to a decline in the volume of electricity sold and lower electricity sales prices.

In the overseas business, operating revenues increased due to an increase in the volume of electricity sold at thermal power plants in Thailand.

In other businesses, revenues decreased due to lower coal sales prices at a subsidiary that owns coal mining interests in Australia.

FY2023 2nd Quarter Earnings Results (Main Factors for Change)

(Unit: billion yen)



* Gross margin of electric power business (Domestic) : Domestic electric power business revenue (hydro, thermal, wind and other) – fuel costs, etc.

This section provides a comparison of the main changes in consolidated ordinary profit in the second quarter compared with the previous year, based on a step chart.

Please refer to this section in conjunction with next page.

Breakdown of Increase / Decrease Factors of Consolidated Ordinary Profit

<p>1. Gross margin of electric power business (Domestic) (34.0)</p> <ul style="list-style-type: none"> Decrease in gross profit from JEPX sales due to lower JEPX prices and resource price impact, etc. Decrease in revenue of renewable energy (Reference) JEPX average price (Apr-Sep) FY2022: approx. 22 yen/kWh → FY2023: approx. 10 yen/kWh 	<p>5. Share of profit of entities accounted for using equity method (0.5)</p> <ul style="list-style-type: none"> Overseas... (0.5) Domestic... ±0.0 									
<p>2. Other expenses +10.5</p> <ul style="list-style-type: none"> Decrease in facilities maintenance costs... +6.5 Increase in labor costs... (2.5) Decrease in other expenses... +6.5 Decrease in waste disposal costs, etc. 	<p>6. Other non-operating items (2.5)</p> <ul style="list-style-type: none"> Increase in financing costs etc. Reactionary decrease in gain on valuation of derivatives 									
<p>3. Profit of overseas business subsidiaries (4.0)</p> <ul style="list-style-type: none"> Jackson Generation Power Plant in North America (3.0) Decrease in market selling price Increase in facilities maintenance costs due to start of operation, etc. Power generation projects in Thailand (1.0) Scheduled decrease in fixed revenue etc. 	<p>7. Foreign exchange gains and losses +0.5</p> <ul style="list-style-type: none"> Reduction of foreign exchange valuation loss on U.S. dollar denominated debt in the Thailand consolidation project +2.5 <p>Q2 Foreign exchange rate (THB/USD)</p> <table border="1"> <thead> <tr> <th></th> <th>At the end of December of the previous year</th> <th>2Q (At the end of June)*</th> </tr> </thead> <tbody> <tr> <td>FY2022</td> <td>33.42</td> <td>35.30</td> </tr> <tr> <td>FY2023</td> <td>34.56</td> <td>35.59</td> </tr> </tbody> </table> <p>* The fiscal year of overseas subsidiaries is from January to December</p>		At the end of December of the previous year	2Q (At the end of June)*	FY2022	33.42	35.30	FY2023	34.56	35.59
	At the end of December of the previous year	2Q (At the end of June)*								
FY2022	33.42	35.30								
FY2023	34.56	35.59								
<p>4. Profit of other subsidiaries / consolidated adjustment, etc. (14.0)</p> <ul style="list-style-type: none"> Decrease in profit from a subsidiary in Australia that owns coal mining interests due to the fall of coal prices (Reference) Australian thermal coal spot price (Jan-Jun) FY2022: approx. US\$320/t → FY2023: approx. US\$200/t 	<ul style="list-style-type: none"> Decrease in foreign exchange valuation gains on U.S. dollar-denominated receivables, etc. (2.0) 									

With regard to the gross margin of electric power business, 'Decrease in gross profit from JEPX sales due to lower JEPX prices and resource price impact', is explained on the following pages. Revenue from renewable energy sales also decreased against the backdrop of lower JEPX market prices.

In terms of other expenses, a decrease in facility maintenance costs due to differences in the completion time of periodic inspections and other factors, and a decrease in waste disposal costs due to the lower load factor at thermal power stations, contributed to ¥10.5 billion increase in ordinary profit.

In the overseas business, the decrease in profit was due to lower electricity sales prices at the Jackson Generation Power Plant in the US, which started operation last year, and higher facility maintenance costs.

Profit from other subsidiaries decreased by ¥14 billion year-on-year due to lower coal sales prices at a subsidiary that owns coal mining interests in Australia.



Setana-Osato Onshore-wind Hokkaido

2. Revision of FY2023 Earnings Forecast

This is followed by an explanation of the revision to full-year earnings forecasts for the fiscal year ending March 31, 2024.

Summary of FY2023 Earnings Forecast

※Compared to initial forecast

We revised the earnings forecast released on May 10, 2023.

- Operating revenue is estimated to decrease due to the decrease in sales volume and the fall in sales prices in Electric power business, and the fall in sales prices in Overseas business
- Operating profit and ordinary profit is estimated to decrease due to the effect of unplanned thermal power plant outage and the decrease in gross profit from JEPX, despite the increase in profit from a subsidiary in Australia that owns coal mining interest

(Unit: billion yen)

Consolidated	FY2022 Result	FY2023 Forecast	Comparison with FY2022 Result		FY2023 Initial Forecast*	Comparison with Initial Forecast	Cash dividends per share			
							Interim	Year end	Annual	
							FY2022	40 yen	50 yen	90 yen
Operating Revenue	1,841.9	1,307.0	(534.9)	(29.0)%	1,513.0	(206.0)	FY2023	45 yen	45 yen	90yen
Operating Profit	183.8	87.0	(96.8)	(52.7)%	111.0	(24.0)		(forecast)	(forecast)	
Ordinary Profit	170.7	97.0	(73.7)	(43.2)%	110.0	(13.0)	※No change in dividend forecast			
Profit attributable to owners of parent	113.6	67.0	(46.6)	(41.1)%	76.0	(9.0)	* Initial Forecast: Earnings forecast released on May 10, 2023			
Non-consolidated	FY2022 Result	FY2023 Forecast	Comparison with FY2022 Result		FY2023 Initial Forecast*	Comparison with Initial Forecast				
Operating Revenue	1,370.7	863.0	(507.7)	(37.0)%	1,048.0	(185.0)				
Operating Profit	46.5	(3.0)	(49.5)	-	32.0	(35.0)				
Ordinary Profit	75.3	59.0	(16.3)	(21.7)%	62.0	(3.0)				
Profit	60.0	59.0	(1.0)	(1.8)%	55.0	4.0				

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The company has revised its full-year forecast, taking into account of the results up to the second quarter and the outlook for resource prices and other factors.

Operating Revenues are expected to be ¥1,307 billion, down ¥206 billion from the initial forecast, due to a decrease in the volume of electricity sold in the electricity business and lower electricity sales prices in overseas businesses.

Consolidated operating profit has been revised downward by ¥24 billion to ¥87 billion, due to the impact of equipment trouble at thermal power stations and lower profits in JEPX sales, while higher profits are expected due to higher coal sales volumes at a subsidiary that owns coal mining interests in Australia.

Consolidated ordinary profit has been revised down by ¥ 13 billion from the initial forecast to ¥ 97 billion, but we expect to achieve the target of consolidated ordinary profit of ¥ 90 billion set in the medium-term management plan.

The dividend remains unchanged from the initial forecast. The Company plans to pay an annual dividend of ¥ 90 per share, consisting of ¥ 45 for the interim period and ¥ 45 at the end of the fiscal year.

Key Data

※Compared to initial forecast

- Electric Power Business
Revenue is expected to decrease due to the decrease in electricity sales volume, and the fall in electricity sales prices
- Overseas Business
Revenue is expected to decrease due to the fall in sales prices in the Jackson Generation Power Plant in North America
- Other Business
Revenue is expected to increase due to the increase in coal sales volume etc. at a subsidiary in Australia that owns coal mining interests

	FY2022 Result	FY2023 Forecast	Comparison with FY2022 Result		FY2023 Initial Forecast ⁵	Comparison with Previous Forecast		FY2022 Result	FY2023 Forecast	FY2023 Initial Forecast ⁵
Electric Power Sales (TWh)							Water supply rate	94%	95%	100%
							Load factor	65%	57%	68%
Electric Power Business	68.4	61.4	(7.0)	(10.2)%	71.4	(9.9)	Foreign exchange rate at term end			
Hydroelectric Power	8.8	9.0	0.1	1.8%	9.1	(0.1)	Yen/USD	132.70	145.00	130.00
Thermal Power	45.6	40.1	(5.5)	(12.2)%	48.5	(8.4)	Yen/THB	3.80	4.00	3.80
Wind Power	1.0	1.1	0.1	12.0%	1.2	(0.0)	Yen/AUD	89.57	95.00	90.00
Other ¹	12.8	11.2	(1.6)	(12.5)%	12.4	(1.2)	THB/USD	34.56	34.56	34.56
Overseas Business²	14.2	20.5	6.2	44.0%	19.0	1.5				
Operating Revenue (Billion yen)	1,841.9	1,307.0	(534.9)	(29.0)%	1,513.0	(206.0)				
Electric Power Business	1,417.9	921.0	(496.9)	(35.0)%	1,100.0	(179.0)				
Electric Power Sales	1,362.4	858.0	(504.4)	(37.0)%	1,022.0	(164.0)				
Renewables	146.0	135.0	(11.0)	(7.5)%	136.0	(1.0)				
Transmission/Transformation	49.5	48.0	(1.5)	(3.0)%	48.0	0.0				
Overseas Business³	277.5	291.0	13.5	4.9%	326.0	(35.0)				
Other Business⁴	146.4	95.0	(51.4)	(35.1)%	87.0	8.0				

*1 Electric power sales volume of electricity procured from wholesale electricity market, etc.

*2 Electric power sales volume of overseas consolidated subsidiaries (Electric power sales volume of equity method affiliated companies is not included.)

*3 Sales for the overseas business segment (Sales from overseas consolidated subsidiaries and overseas consulting business, etc.)

*4 "Other business" is composed of "Electric power-related business" segment and "Other business" segment.

*5 Earnings forecast released on May 10, 2023

The main assumptions underlying the revised forecasts are shown below.

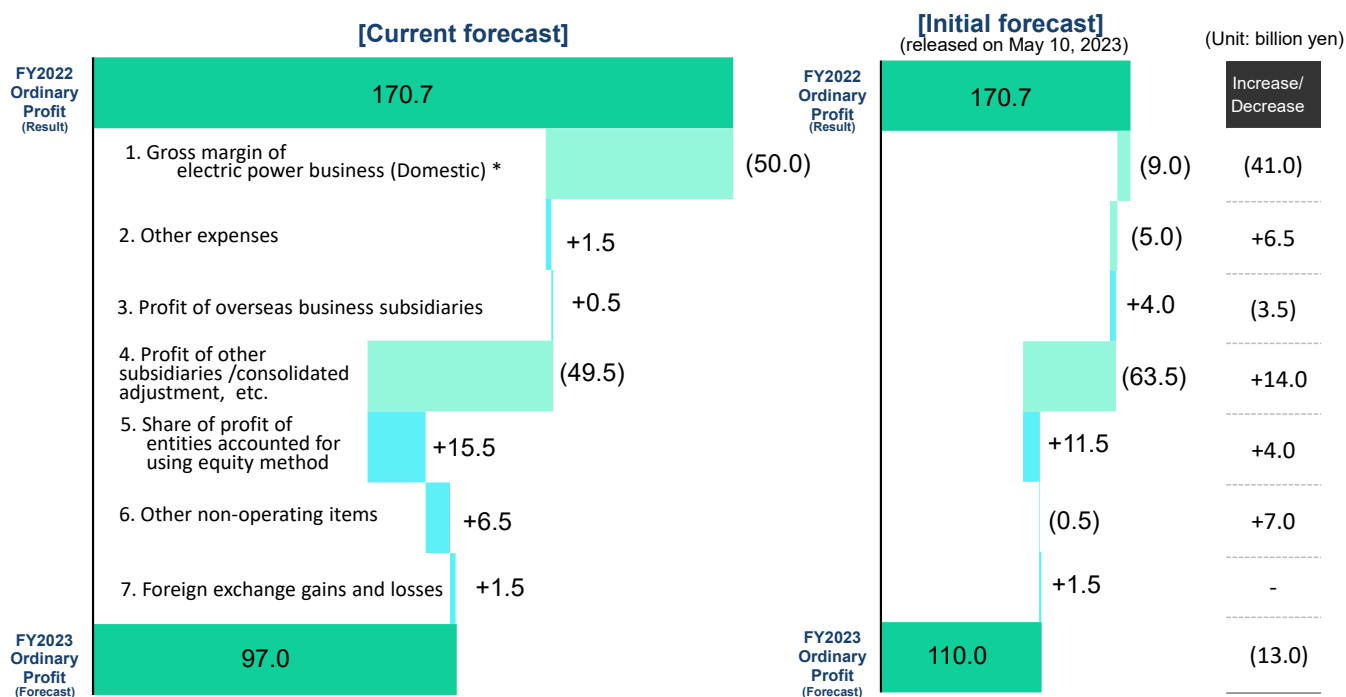
Electricity sales and revenues are expected to decrease in the electricity business, particularly in thermal power.

In the overseas business, sales are expected to decline due to lower sales prices, although the volume of electricity sold is expected to increase.

Sales in other businesses are expected to increase mainly due to higher coal sales volumes at a subsidiary that owns coal mining interests in Australia.

The year-end exchange rate shown on the right-hand side of the slide is the rate at which the Japanese yen has depreciated from the initial forecast.

FY2023 Earnings Forecast (Main Factors for Change)



* Domestic electric power business revenue (hydro, thermal, wind and other) – Fuel costs, etc.

The step chart shows consolidated ordinary profit, focusing on the difference between the initial forecast and the current forecast.

Please refer to this section in conjunction with next page.

Breakdown of Increase / Decrease Factors of Consolidated Ordinary Profit Forecast

(Unit: billion yen)

※Compared to initial forecast

<p>1. Gross margin of electric power business (Domestic) (41.0)</p> <ul style="list-style-type: none"> Decrease in gross profit from JEPX sales due to lower JEPX prices and resource price impact, etc. Increase in unplanned outages Decrease in revenue of renewable energy 	<p>4. Profit of other subsidiaries / consolidated adjustment, etc. +14.0</p> <ul style="list-style-type: none"> A subsidiary in Australia that owns coal mining interests Increase in sales volume, foreign exchange effects, etc.
<p>2. Other expenses +6.5</p> <ul style="list-style-type: none"> Decrease in other expenses Decrease in waste disposal costs, etc. 	<p>5. Share of profit of entities accounted for using equity method +4.0</p> <ul style="list-style-type: none"> Overseas...+4.0 Domestic...±0.0
<p>3. Profit of overseas business subsidiaries (3.5)</p> <ul style="list-style-type: none"> Jackson Generation Power Plant in North America (4.0) Decrease in electricity sales prices Power generation projects in Thailand +0.5 Foreign exchange effect, etc. 	<p>6. Other non-operating items +7.0</p> <ul style="list-style-type: none"> Gain on sales of fixed assets and sales of securities, etc. <p>7. Foreign exchange gains and losses -</p> <ul style="list-style-type: none"> No change from the initial forecast (Initial forecast: Decrease in foreign exchange losses...+1.5)

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The gross margin of electric power business is expected to fall by ¥ 41 billion from the initial forecast, factoring in the actual decline in gross profit from JEPX sales up to the second quarter and the impact of unplanned outages such as the equipment trouble at the Matsuura Thermal Power Station Unit 2 in Nagasaki Prefecture in October.

In the overseas business, profits are expected to fall by ¥4 billion, mainly due to lower electricity sales prices at the Jackson Generation Power Plant in the US.

In other subsidiary profits, an increase of ¥14 billion is forecast due to an increase in sales volumes at a subsidiary in Australian that owns coal mining interests and the impact of the yen's depreciation against the Australian dollar.

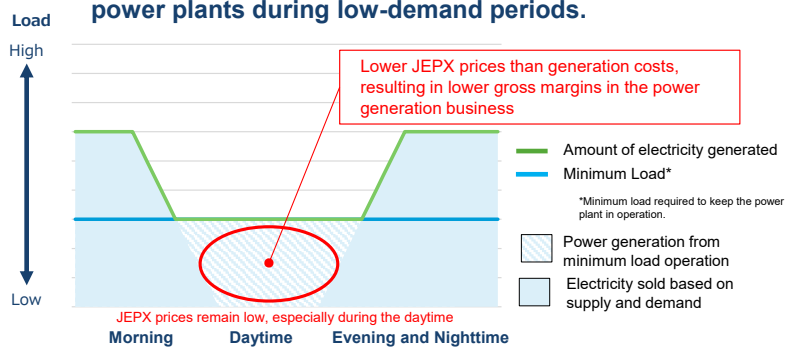
In addition, the forecast for consolidated ordinary income has been revised down by ¥ 13 billion from the initial forecast to ¥ 97 billion, after factoring in an increase in share of profit of entities accounted for using equity method and non-operating income such as gains on the sale of fixed assets.

Changes in the Operational Pattern of Thermal Power Plants and Impact on Gross margin of electric power business (Domestic) in the Current Fiscal Year

Change in Operational Pattern

- Increased generation from renewable energy sources in western Japan and the restart of nuclear power plants have led to lower generation from thermal power plants, especially during the daytime during low-demand periods
- On the other hand, solar power generation decreases during the evening and nighttime hours, which must be supplemented by load-following middle power sources.
- In the case of our coal-fired thermal power plants, the output is reduced to the minimum load during the daytime, and the load is increased to meet the increase in demand mainly from the evening to nighttime hours.
(The role of coal-fired power is changing from a traditional base power source to a middle power source.)

Image of the daily operating pattern of thermal power plants during low-demand periods.



Our Initiatives

- Implementing initiatives to improve operational performance, including lowering minimum loads.
- Operational shutdowns on a weekly basis, based on forecasts of electricity supply and demand and market prices.
- Implement initiatives to reduce fuel costs, such as coal blending.

Relation to resource price trends

Fluctuations in resource prices



- Fuel price difference between LNG and coal affects gross margins of coal-fired power generation
- From the end of 2022 to mid-2023, the fuel price difference between LNG and coal narrowed and reversed, making it difficult to secure gross margins for coal-fired power generation.
- Generation costs calculated from futures prices after the second half of 2023 are LNG-fired > Coal-fired

As a supplement, we will now explain the changes in the operational pattern of thermal power plants and their impact on the gross margin of electric power business in the current fiscal year. Please see page 43.

Mainly in western Japan, the increase in renewable energy generation and the restart of nuclear power plants has led to a decline in thermal power generation during the daytime, especially in low-demand periods such as spring and autumn.

On the other hand, solar power generation declines in the evening and at night, so it is necessary to supplement electricity demand with middle power sources that can cope with load fluctuations.

For this reason, as shown in the diagram on the left, our coal-fired power plants have also increased their operations by lowering their output to minimum load during the daytime and raising the load in response to increased demand during the evening and nighttime zones.

Gross margins on electricity generated at this minimum load output decreased due to the impact of lower JEPX prices.

In addition, JEPX prices are usually formed by the generation costs of LNG-fired power plants (marginal costs consisting of fuel prices).

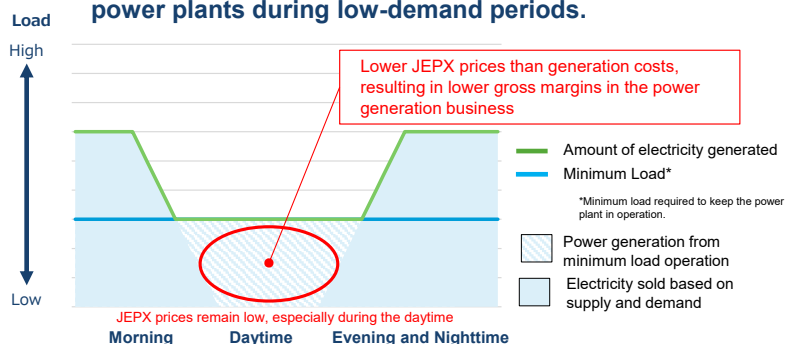
However, as shown in the diagram on the right, resource prices fluctuated significantly from the end of 2022 to mid-2023, causing the difference in generation costs between LNG- and coal-fired power plants to narrow and reverse, making it difficult to secure gross margins.

Changes in the Operational Pattern of Thermal Power Plants and Impact on Gross margin of electric power business (Domestic) in the Current Fiscal Year

Change in Operational Pattern

- Increased generation from renewable energy sources in western Japan and the restart of nuclear power plants have led to lower generation from thermal power plants, especially during the daytime during low-demand periods
- On the other hand, solar power generation decreases during the evening and nighttime hours, which must be supplemented by load-following middle power sources.
- In the case of our coal-fired thermal power plants, the output is reduced to the minimum load during the daytime, and the load is increased to meet the increase in demand mainly from the evening to nighttime hours.
(The role of coal-fired power is changing from a traditional base power source to a middle power source.)

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Relation to resource price trends

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- Fuel price difference between LNG and coal affects gross margins of coal-fired power generation
- From the end of 2022 to mid-2023, the fuel price difference between LNG and coal narrowed and reversed, making it difficult to secure gross margins for coal-fired power generation.
- Generation costs calculated from futures prices after the second half of 2023 are LNG-fired > Coal-fired

For the second half of the year, estimates of generation costs based on resource futures prices show that coal-fired power generation has remained below LNG-fired power generation.

As a countermeasure to these events, in addition to continuing procurement efforts such as lowering the minimum load and coal blending, efforts are being made to limit the reduction in gross margins by adopting measures to suspend operations for a certain period if the JEPX price is expected to remain low, while observing supply and demand trends.

A close-up, artistic photograph of a molecular model. It consists of numerous bright blue, glossy spheres of varying sizes, connected by thin, transparent, cylindrical rods. The spheres are arranged in a complex, interconnected network, with some in sharp focus and others blurred in the background, creating a sense of depth and movement. The lighting is dramatic, highlighting the reflective surfaces of the spheres.

3. Initiatives Aimed at Enhancing Corporate Value

Initiatives Aimed at Enhancing Corporate Value

- J-POWER is working to improve capital efficiency by replacing its business portfolio and considering the introduction of indicators for capital efficiency management.
- We recognize that our stock price incorporates risks inherent in our business, in addition to the growing uncertainty of the electric power business. We will consider measures to improve capital efficiency while appropriately responding to these risks, and plan to reflect them in the new medium-term management plan to be announced in FY2024.

Analysis/ Valuation

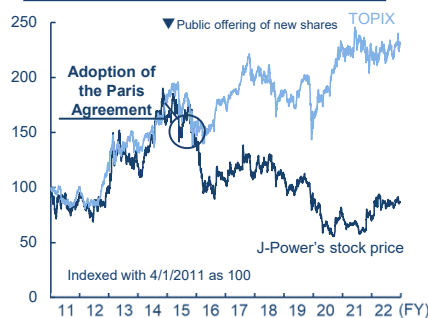
1 Return on capital Cost of capital

- ✓ ROE in the last two years has remained above CAPM-based cost of Shareholders Capital, while PBR has been stagnant.
- ✓ In comparison with other companies in the same industry, we confirmed the trend that the higher the ROE, the higher the PBR.

	2019	2020	2021	2022
ROE	5.3%	2.8%	8.1%	11.4%
Shareholders Capital Cost	6% CAPM-based			
PBR				
At the end of fiscal year	0.5x	0.4x	0.3x	0.4x

2 Market Valuation

- ✓ We understand that the market is looking for a higher return than the above cost of Shareholders Capital, incorporating as risk the progress of thermal power transitions in the face of the expected decline in coal-fired power business, Ohma nuclear power plan, and uncertainty about the contribution of renewable energy projects to earnings.
- ✓ Our stock price deviated significantly from TOPIX around the time of adoption of the Paris Agreement, reflecting concerns about the future of the coal-fired power business.



Direction for Improvement

- ✓ Aggressively invest management resources in renewable energy and overseas businesses, positioning them as growth areas
 - Renewable energy business will strengthen profitability through diversification of sales, etc.
- ✓ Improve predictability of medium- and long-term issues such as thermal power transitions and Ohma nuclear power plan.
 - Clear path for thermal power transitions and future conversion to hydrogen power generation
- ✓ Establish a system to measure capital efficiency and take appropriate improvement measures by introducing indicators for capital efficiency management
- ✓ Continuous efforts to enhance disclosure and engage in active dialogue with the capital market

Date of disclosure of improvement initiatives, etc.

- ✓ The new medium-term management plan for FY2024 and beyond, which is currently under consideration, will reflect and disclose specific initiatives based on the direction of improvement described above.

On page 18, we disclose our current analysis of our capital efficiency and market valuation and the direction of improvement.

In order to move to carbon neutrality while maintaining profitability, the company is working to improve capital efficiency by replacing its business portfolio and considering the introduction of capital efficiency management indicators.

The analysis also shows that market valuations have been affected by the growing uncertainty in the electricity business, as well as the uncertainty inherent in our business, such as fade-out of coal-fired power plants, the Ohma nuclear power and the contribution to earnings from renewable energy sources.

To improve these capital efficiency and market valuations, we have provided four directions.

The Board of Directors is currently discussing specific measures to eliminate the uncertainty inherent in our business and the introduction of indicators for capital efficiency management, which we hope to present in the new medium-term management plan to be published next spring.



<https://www.jpowers.co.jp/english/>