Medium-Term Management Plan 2024–2026

Positioning of the New Medium-Term Management Plan

We implemented the Medium-Term Management Plan 2021–2023 as the first step in the challenge of realizing the carbon neutrality we are aiming for in J-POWER "BLUE MISSION 2050." As we have a prospect of achieving the milestones such as our 2030 CO_2 reduction target, we have formulated the new Medium-Term Management Plan 2024–2026 based on the outcomes and issues of the previous plan.

Under the new plan, we will work to advance the transition of our business portfolio and business models as "Next Challenge" based on our vision for 2030s.

Transition of business portfolio

We will expand the use of CO₂-free power sources including renewable energies and nuclear power as main power sources, while advancing the low carbonization and decarbonization of thermal power.

Transition of business model

Rather than limiting profit generation to the holding of long-term assets and the power generation business, we will transition to business models that enable profits to be generated even over the short to medium term, including replacing assets to capture developer's profits and providing a wide range of energy solutions.



Review of the Previous Medium-Term Management Plan (FY2021-2023)

We achieved the financial targets in the previous Medium-Term Management Plan, including consolidated ordinary profit of 90 billion yen and a consolidated equity ratio of 30% or more. We also have a prospect of achieving our target of generating at least 1,500 MW (compared to FY2017) of electricity from new developments by beginning the operation of onshore wind farms and geothermal power plants and by advancing new project development in Japan and overseas.

In regard to CO_2 emissions, although factors such as equipment problems had an impact in FY2023, we made steady reductions toward our 2025 and 2030 targets.

For shareholder returns, although we raised the dividend amount three times, a steep rise in resource prices drove profit upward so the consolidated payout ratio fell below 30%.



Medium-Term Management Plan 2024–2026

Vision for the Business Portfolio in the 2030s

The J-POWER Group is aiming to transform our business portfolio while remaining conscious of capital efficiency so that in the 2030s, our business in Japan and overseas will be centered on carbon neutral assets. We will work to replace assets by developing renewable energies and nuclear power from Ohma Nuclear Power Plant, while transitioning our thermal power business in Japan to CO₂-free thermal. We will also explore expansion into peripheral business areas in order to meet diverse needs related to the electric power business in a way that is not limited to electricity supply and asset ownership.



Direction for thermal power transition

We have set our direction for thermal power transition on a site and unit basis. We will phase out inefficient coal-fired power plants and select the most appropriate replacement technology, including biomass, hydrogen, ammonia, or CCS, based on factors such as the characteristics of each site and the status of equipment. In this way we will contribute to the stable supply of electricity while reducing CO₂ emissions.



*The plan will be updated, reviewed, and refined as needed based on changes in assumptions including the Japanese government's GX policy (Strategic Energy Plan, global warming countermeasures, NDC, etc.), power demand-supply situation, power system design, and progress of industry development, etc.

Priority Items

Under the Medium-Term Management Plan 2024–2026, we will advance initiatives based on five priority items that will guide both our business portfolio and business model transitions.

• Renewable energy [] P45 • Overseas Business [] P36	1	Establishment and growth of sustainable revenue streams	• Renewable energy 📋 <u>P45</u> • Overseas Business	<u>P.36</u>
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For renewable energy in Japan, we aim to increase the annual domestic power generation volume by 4.0 billion kWh by 2030 while also increasing revenue by maximizing environmental value through corporate PPA and other means.

Also, in the Overseas Business, we will enhance capital efficiency, primarily by capturing developer's profits associated with renewable and other energies, while aiming to expand in terms of business segment and area. We will advance a transition to business models that can generate profits over a wider range of time horizons.

2 Strategies for business portfolio in the 2030s

Hydrogen/ammonia <u>P.50</u> • Power transmission <u>P.52</u>
Nuclear <u>P.48</u> • Innovation/new business areas <u>P.42</u>

In addition to advancing the GENESIS Matsushima Plan for realizing CO₂-free hydrogen power generation, we will also work to secure a variety of decarbonizing technologies, including for the manufacture and utilization of hydrogen and ammonia to generate power, throughout the entire supply chain, from upstream to downstream, as well as CCS.

In the transmission and transformation business, we will contribute to the enhancement of wide-area power networks that support the growth of renewable energy, including by reinforcing Sakuma Frequency Converter Station. For the Ohma Nuclear Power Plant Project, we will advance the plan with safety as the highest priority. We will also aim to develop new profitable businesses through investment in and cooperation with startup companies.

Improvement of profitability and investment efficiency Department management and investment efficiency <u>P.24</u>

We will aim to realize the autonomous business management of each business department through the introduction of return on invested capital (ROIC) and to enhance the Group-wide ROIC by considering and implementing measures to improve capital efficiency based on the business characteristics of each department.

4 Enhancement of the Group's competitiveness

• Human resources 🛄 P.81 • DX 🛄 P.39

We will cultivate diverse human resources by respecting individuals, ensuring opportunities to gain a wide-ranging operational experience, and establishing and enhancing human resources systems that support employees in taking on challenges. We will also aim to enhance the Group's competitiveness through DX promotion to generate the 3Ps "Yoryoku" (powers of potentiality, productivity and predictivity*) in our human resources.

*Power of potentiality: The power of leeway created through the automation and streamlining of operations; power of productivity: The power of originality and ingenuity gained through the addition of senses and new functions; power of predictivity: The ability to predict and foresee based on data analysis

5 Deepening of ESG management

Sustainability management III P.09

We plan to use the ESG promotion structures we have established to date as a base for deepening ESG management, while implementing PDCA cycles.