

INTEGRATED REPORT

CHAPTER 2

Strategy and Business

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Photo credit:
Hibiki Wind
Energy Co., Ltd.

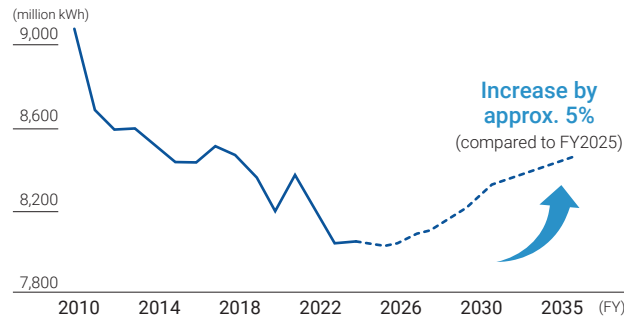
Environment Surrounding the Domestic Electric Power Business

Electric Power Demand in Japan: From a Period of Stagnation to a Growth Phase

Electric power consumption in Japan has expanded over the long term, driven by the country's postwar economic growth, industrial development, advances in information technology, and increasingly sophisticated lifestyles. However, following the Great East Japan Earthquake in 2011, electricity demand entered a downward trend due to the widespread adoption of energy conservation measures and population decline associated with Japan's aging society and declining birthrate. Accordingly, future demand was also expected to remain stagnant or decline.

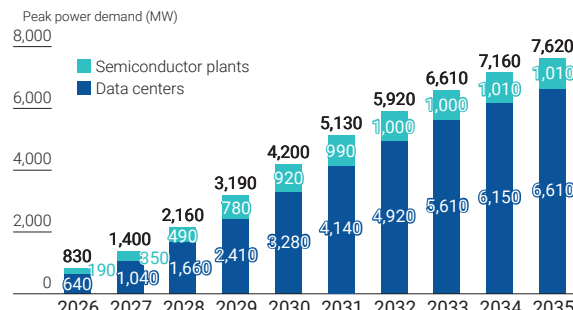
In recent years, however, the demand forecast released by the Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO) has indicated that electricity demand, particularly in the industrial sector, is expected to shift to a growth trajectory, driven by the construction and expansion of semiconductor plants and data centers.

Historical and projected electric power demand



Source: Created by J-Power based on OCCTO "Forecast on Electricity Demand Nationwide and by Regional Service-Area"

Projected demand from the construction and expansion of data centers and semiconductor plants

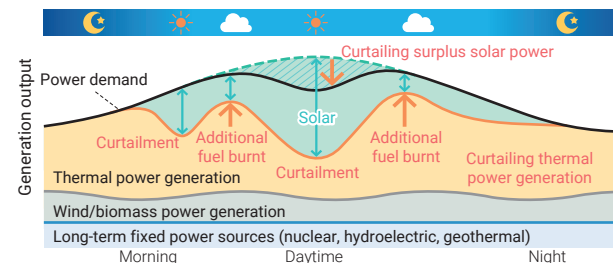


Source: Created by J-POWER based on OCCTO "Forecast on Electricity Demand Nationwide and by Regional Service-Area (FY2026)"

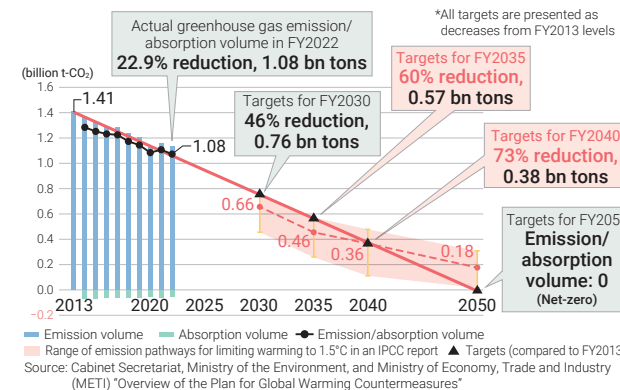
Power Supply in Japan: Changes in the Supply Structure and the Transition to Decarbonization

In Japan, power supply has traditionally relied on coal-fired thermal power, nuclear power, and general hydroelectric power, which can provide stable around-the-clock operation at relatively low generation costs, to serve as baseload power sources that supply the level of electricity required at all times. In contrast, LNG-fired thermal power, oil-fired thermal power, and pumped storage hydroelectric power generation, which can adjust their output in response to fluctuations in electricity demand, have served as intermediate-load and peak-load power sources by balancing electricity supply and demand.

In recent years, as renewable energy has come to account for a growing share of Japan's power supply due to its large-scale deployment, thermal power sources, including coal-fired thermal power, have operated as intermediate-load power sources with adjustment capability during periods when renewable energy output declines, such as during unfavorable weather conditions and at night, thereby playing a vital role in ensuring a stable supply of electricity in Japan.

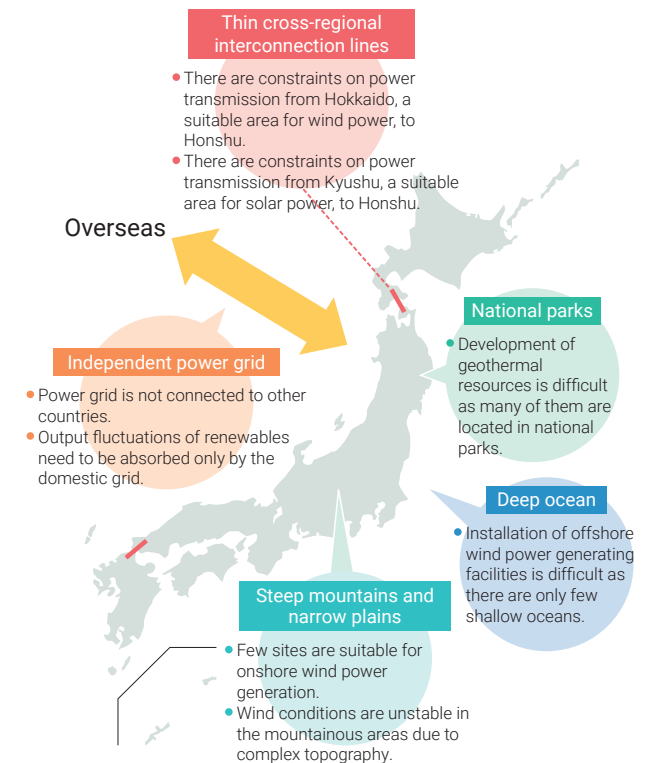


Against this backdrop, in February 2025, Japan submitted its new Nationally Determined Contribution (NDC) to the United Nations, setting an ambitious target consistent with the global 1.5°C target and aimed at achieving carbon neutrality by 2050.



To achieve a carbon-neutral society by 2050, future thermal power sources are required to gradually transition to zero CO₂-emission thermal power. As part of this initiative, the government has set out a policy to promote the phase-out of inefficient coal-fired thermal power generation facilities with supercritical (SC) or lower conditions by 2030.

Meanwhile, although Japan's policy is to maximize the deployment of renewable energy as a primary power source, its geographic characteristics—including a limited extent of shallow coastal waters and predominantly mountainous terrain—pose constraints on the siting of renewable energy facilities. Accordingly, the early development of promising sites, based on the understanding of local communities, and the effective use of existing facilities will be key to expanding renewable energy. Offshore wind power, which is expected to be a large-scale, stable power source, has limited development potential in the near term partly due to capacity constraints in the power grid that connects promising sites with large demand areas.

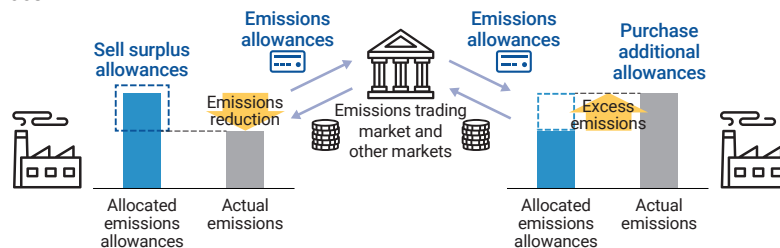


Trends in Policies to Achieve Carbon Neutrality

In Japan, policies aimed at achieving both decarbonization and industrial competitiveness have been gaining momentum toward the realization of carbon neutrality by 2050. Against this backdrop, under the framework of Japan's green transition (GX) policy, the emissions trading system (GX-ETS) and the Long-Term Decarbonization Power Source Auction have been introduced and developed as market-based mechanisms to promote investment in decarbonization. These mechanisms are designed to provide incentives for reducing greenhouse gas emissions while enhancing medium- to long-term business predictability for investments in decarbonized power sources. Accordingly, both mechanisms are expected to have a significant impact on the business environment and revenue opportunities of electric utility companies.

Overview of the GX-ETS

GX-ETS will be fully implemented from FY2026 for businesses with average direct CO₂ emissions of 100,000 tons or more over the three fiscal years from FY2023 to FY2025. Under the scheme, the government allocates emissions allowances to covered entities based on specified criteria, and they are required to hold emissions allowances equivalent to their actual emissions each fiscal year. Covered entities may trade emissions allowances in the emissions trading market and other markets to address any surplus or shortfall in their emissions allowances.



Source: Ministry of Economy, Trade and Industry (METI), "Overview of the Emissions Trading System"

The allocation of emissions allowances to the power generation sector under the GX-ETS is designed to be reviewed on a phased basis. For FY2026 through FY2028, emissions allowances will be allocated based on emissions intensity benchmarks established for each fuel type (coal, LNG, oil, etc.) From FY2029 onward, the fuel type-specific emissions intensity benchmarks will be gradually combined with the average emissions intensity for all thermal power generation.

Allocation formula

Allocation = Baseline activity level (average electricity generation over FY2023–FY2025) × Target emissions intensity (Power generation BM level)

Power generation BM level = All-thermal BM level × α% + Fuel-specific BM level × (100 – α)%

All-thermal BM level: Weighted average of the fuel-specific BM levels based on the power generation share of each fuel type

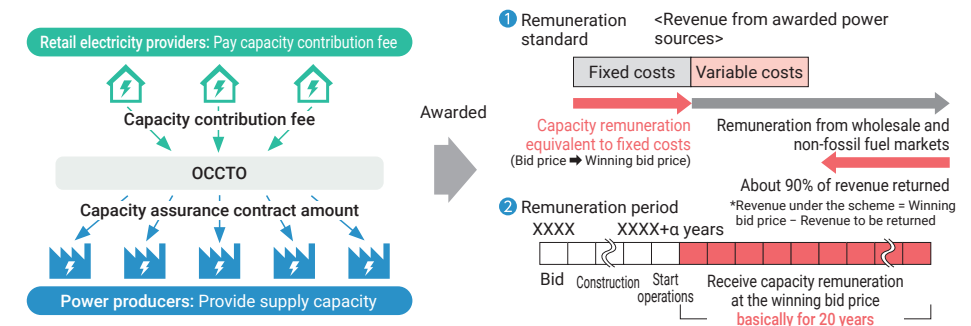
Fuel-specific BM level: top x%* of power producers' fuel-specific BM indicators

*Linearly reduced from the base-year level (equivalent to the top 50%) to the FY2030 level (equivalent to the top 32.5%)

FY	2026	2027	2028	2029	2030
α	0	0	0	20	40

Overview of Long-Term Decarbonization Power Source Auction

The Long-Term Decarbonization Power Source Auction was introduced against the backdrop of uncertainty over investment recovery for power sources requiring substantial upfront investment, such as renewable energy and nuclear power, as efforts to decarbonize the power sector progress. The scheme is expected to facilitate the transition of the future power supply mix while promoting both the expansion of decarbonized power sources and a stable power supply by enhancing long-term revenue visibility. Under the scheme, capacity contribution fee paid by retailers are used as the funding source to secure, in principle for 20 years, capacity remuneration equivalent to fixed costs for awarded power sources, thereby enhancing the long-term predictability of return on investment.



Source: Partially compiled from the Agency for Natural Resources and Energy, "Long-Term Decarbonization Power Source Auction"

Capital Cost Level Reflected in the Bid Price

Under the Long-Term Decarbonization Power Source Auction, the bid price is calculated based on the total fixed costs, including construction costs and operation and maintenance costs. In addition, bidders are permitted to incorporate the expected capital cost into the bid price, taking into account the long-term investment risks. The capital cost that may be incorporated into the bid price is specified for each power source according to its construction period and associated risks. For example, a pre-tax WACC of 5% is applied to solar, wind, and geothermal power projects that have not yet completed environmental impact assessments, while a pre-tax WACC of 6% is applied to nuclear power and hydroelectric power projects that have not yet completed environmental impact assessments.

Response to Inflation and Fixed Cost Increases

Because the scheme is based on long-term revenue over a period of 20 years in principle, it includes a mechanism under which the contract price is adjusted annually in line with a price index throughout the contract period to mitigate the decline in the real value of revenue due to inflation and ensure the predictability of fixed cost recovery.

In addition, for the construction or replacement of large-scale power sources with long construction lead times, even if additional costs arise due to regulatory compliance or other factors, such costs may be reflected in the contract price, up to 1.5 times the winning bid price. The scheme is therefore designed with due consideration for the certainty of long-term investment recovery.

J-POWER “BLUE MISSION 2050”

See P.32–P.37 for details of each initiative.

Three Action Plans

J-POWER “BLUE MISSION 2050” is a long-term strategy and roadmap for the J-POWER Group. We will advance the transition into a carbon neutral and hydrogen society, while solving social issues by stages concerning each of the three pillars of expansion of CO₂-free power sources, push for zero-emission power sources, and power network stabilization and enhancement.

Expansion of CO₂-free power sources

- Further expansion of renewable energy
- Steady promotion of nuclear power generation

Push for zero-emission power sources

- Conversion from thermal power generation to CO₂-free hydrogen power generation
- Production and supply of CO₂-free hydrogen
- CCS

Power network stabilization and enhancement

- Stabilizing power network
- Power network enhancement

Acceleration and Upcycling

We have set acceleration and upcycling as our priorities for implementation. Regarding acceleration, in addition to developing new renewable energies, we will also accelerate the expansion of renewable energy throughout Japan by providing power balancing capabilities through technologies such as hydrogen power generation, and by enhancing the power network. Upcycling refers to the transformation of existing management resources into high value-added assets through the application of new technologies. Specific initiatives include replacing hydroelectric and wind power facilities and introducing hydrogen, ammonia, and CCS technologies at thermal power plants.

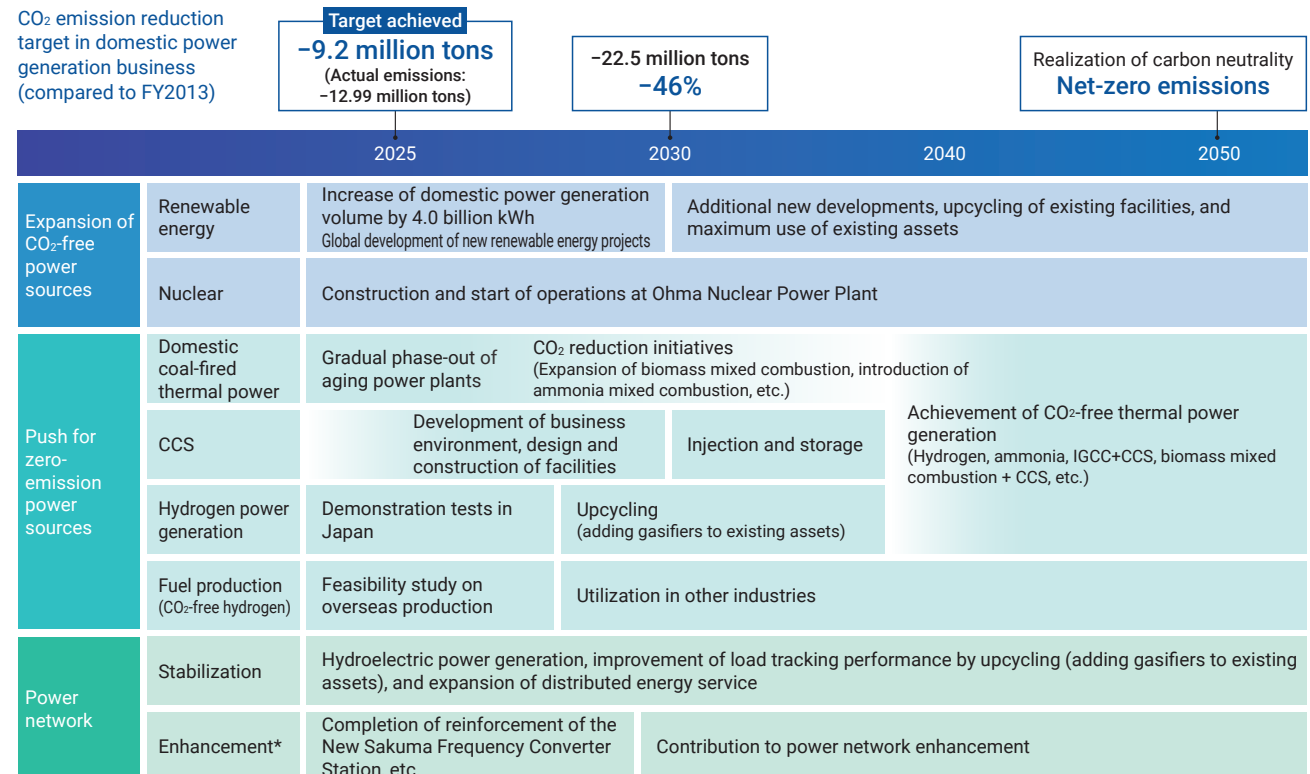
Roadmap and CO₂ Emissions Reduction Targets

As part of the short- and long-term goals toward achieving carbon neutrality by 2050, we have set goals for eliminating CO₂ emissions from the Group's domestic power generation business* by FY2025 and 2030.

This roadmap will be updated, reviewed, and refined as needed based on changes in the 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.

*Emissions from the J-POWER Group's domestic power generation business, which are covered by emissions reduction targets, account for approximately 80% of the Scope 1 emissions.

*Expansion of renewable energies and operation of Ohma Nuclear Power Plant do not directly contribute to the reduction of the Group's CO₂ emissions from thermal power plants, but they do contribute to reducing emissions intensity, as well as CO₂ reductions at power generators and consumers, who are our customers.



*The power network enhancement is to be implemented by J-POWER Transmission Network Co., Ltd.

[P.39 Capital allocation](#)

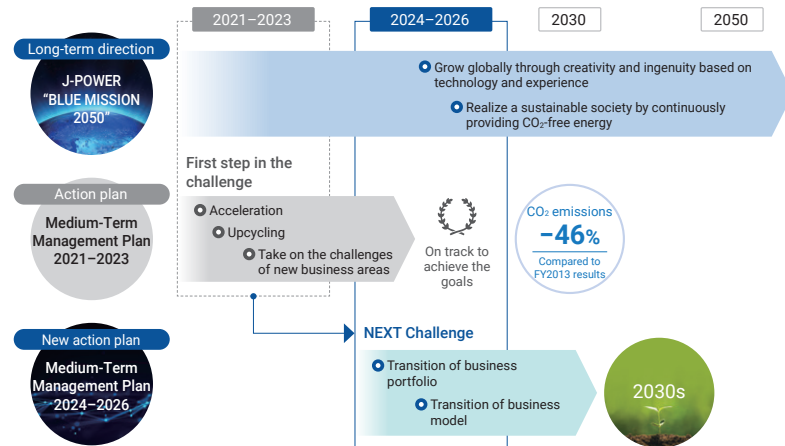
[P.19 Policy for initiatives in the overseas business](#)

[P.109 Scope 1–3 data](#)

[P.42 Changes in CO₂ emissions](#)

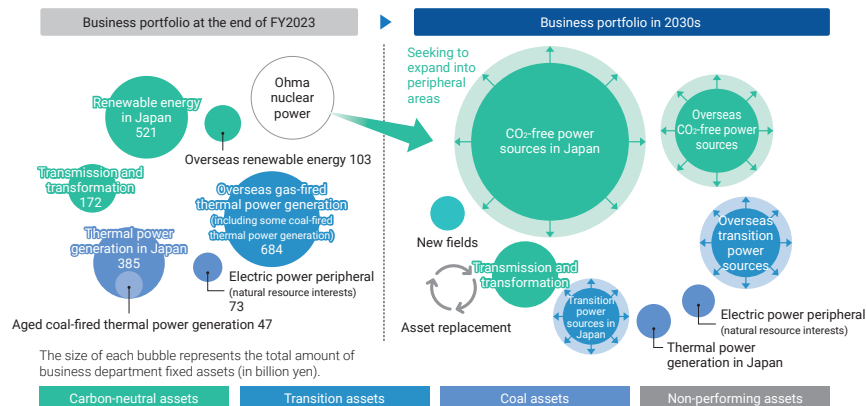
Medium-Term Management Plan 2024–2026

In pursuit of achieving carbon neutrality under J-POWER "BLUE MISSION 2050," we are implementing the Medium-Term Management Plan 2024–2026 "Next Challenge," which serves as the next step following the Medium-Term Management Plan 2021–2023 as the first step in the challenge. Based on our vision for the 2030s, we are steadily pursuing the transition of our business portfolio and business model.



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 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.

Power plant	Unit	Image of transition	Power plant	Unit	Image of transition
Isogo	1	Hydrogen	Matsushima	1	Discontinued at the end of FY2024
	2	Hydrogen		2	Addition of gasifier IGCC+CCS
Takasago	1	To be discontinued at the end of FY2028	Matsuura	1	To be suspended/discontinued or maintained as standby power sources
	2	To be discontinued at the end of FY2028		2	Ammonia/CCS
Takehara	1	Expansion of biomass mixed combustion + CCS	Ishikawa	1	IGCC+CCS
	3	To be suspended/discontinued or maintained as standby power sources		2	IGCC+CCS
Tachibanawan	1	Ammonia mixed combustion	Kashima	2	
	2	Ammonia mixed combustion			Hydrogen/Ammonia
		2030 2035			2030 2035
Coal assets			Transition assets		
			Carbon-neutral assets		

*The plan will be updated, reviewed, and refined as needed based on changes in the 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 our business portfolio and business model transitions.

1 Establishment and growth of sustainable revenue streams	Renewable energy P.32 Overseas business P.19
2 Strategies for business portfolio in the 2030s	Hydrogen/ammonia P.36 Transmission and transformation P.18 Nuclear P.34 Promotion of Innovations P.45
3 Improvement of profitability and investment efficiency	Department management and investment efficiency P.38 P.59
4 Enhancement of the Group's competitiveness	Human resources P.78 DX P.43
5 Deepening of ESG management	Sustainability management P.21

Initiatives for Carbon Neutrality

Development of Renewable Energy



Integrated Strengths of the J-POWER Group

With a history of nearly 70 years in the development of renewable energy, the J-POWER Group boasts a wealth of equipment and human resources, as well as a wide range of expertise in everything from the siting and construction of power plants to maintenance, operation, and sales of electricity. In particular, as a domestic front runner in the fields of hydroelectric and onshore wind power plants in Japan, we have a track record of development of these technologies and has many facilities in promising water and wind-rich areas. Leveraging our advantage as one of Japan's leading renewable energy suppliers, we continuously aim to promote new development of onshore and offshore wind, hydroelectric, geothermal, and solar power, as well as maximize the use of renewable energy through upcycling of existing facilities.

Strategic Investments and Development Targets

We plan to make strategic investments of ¥700 billion from FY2023 to FY2030. From FY2024 to FY2026, we also plan to invest ¥250 billion in the development of global renewable energy and ¥95 billion in the expansion of the power network, which is essential for the development of renewable energy. We will utilize green bonds and green/transition finance to raise funds. The Medium-Term Management Plan includes a target to increase domestic power generation from renewable energy sources by 4.0 billion kWh per year by FY2030 (from the FY2022 level). To achieve development on a larger scale, at a faster pace, and with higher profitability, we will promote diversification of sales methods and other initiatives using alliances.



Okutadami Dam



K2-Hydro

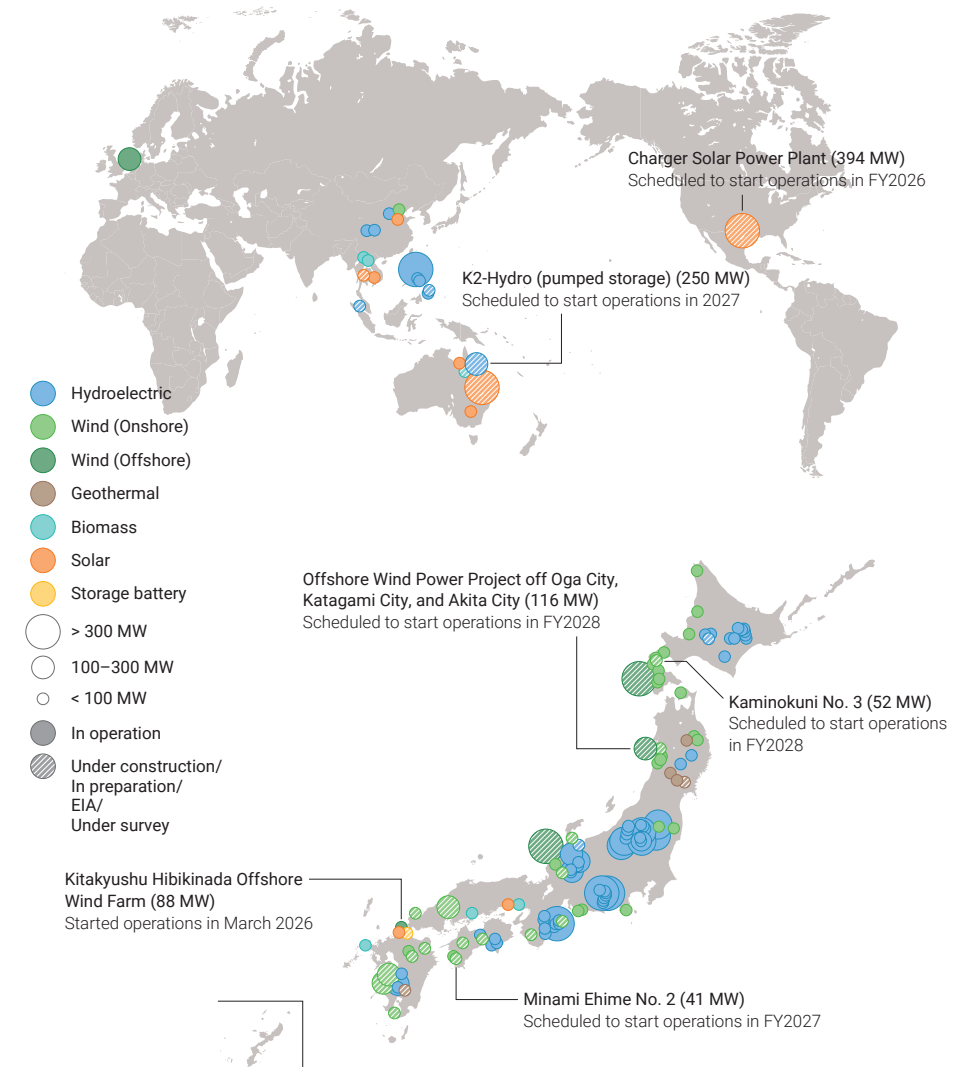


Kaminokuni Wind Farm



Charger

Development status of renewable energy (as of March 31, 2026)



- Generation capacity is calculated on owned capacity and, if capacity is not yet decided, on estimated maximum owned capacity.
- Wind power generation during the survey and construction phase includes replacement without an increase in generation output.
- In addition to the above, studies on the development of wind power in Japan's general offshore areas are in progress (for offshore wind power in general offshore areas, the operator is selected through bidding after designating the promotion area).

Initiatives for Carbon Neutrality

Development of Renewable Energy

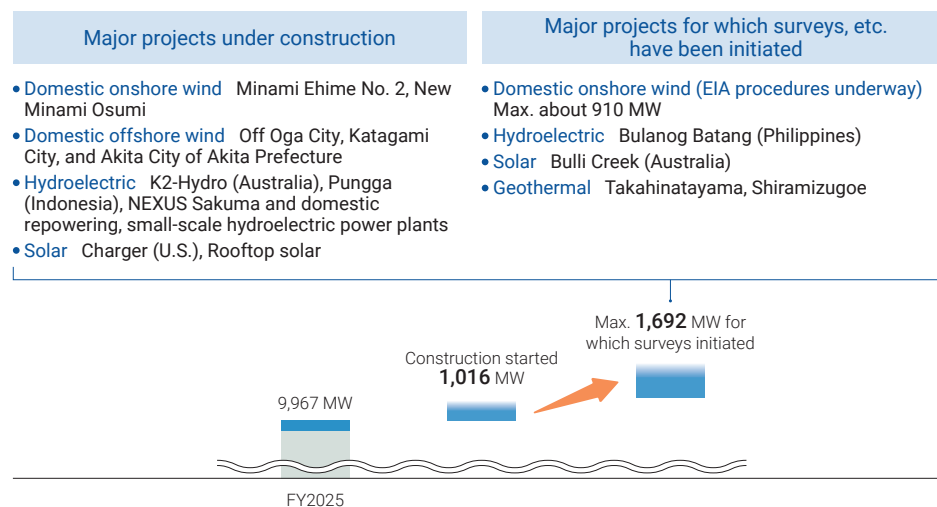


Development Results and Expansion Status

J-POWER has been steadily promoting the development of new renewable energies. Several projects focusing on construction and replacement of domestic onshore wind power plants are currently in progress, including the installation of offshore wind power, the repowering of small-scale hydroelectric power and existing hydroelectric power, and the installation of solar power. In FY2025, J-POWER started operating Kitakyushu Hibikinada Offshore Wind Farm, Japan's largest-class offshore wind farm located in a port area. In the same area, the Hibikinada Solar Power Station has also commenced operation, and construction of the Hibikinada Electricity Storage Station is currently underway. With respect to the refurbishment of existing hydroelectric power plants, repowering projects at Unit 1 of the Nagayama Hydroelectric Power Plant, Unit 3 of the Okutadami Power Plant, and other facilities were completed in FY2025, increasing output capacity and power generation. The Company also has focused on the NEXUS Sakuma Project to renovate the Sakuma Power Station, which has contributed to a reliable supply of electricity for more than 60 years, and make it a next-generation hydroelectric power plant. This power station, which can supply power to both 50 Hz and 60 Hz areas, is scheduled to increase its maximum capacity from 350 MW to 400 MW through a two-stage renovation construction from FY2026 to FY2035.

Overseas, we have also launched new initiatives, including participation in the WHEEL floating offshore wind demonstration project in the Canary Islands, Spain, to gain expertise in floating offshore wind power, as well as the start of construction of the large-scale Charger Solar Power Project in the United States. In September 2025, we established JH International B.V. to develop hydroelectric power projects in Southeast Asia. In April 2026, we also participated in the Pak Lay Hydropower Project, a large-scale hydroelectric power development project on the Mekong River in Laos. Currently, the overall quantity of renewable energy projects under construction or development is up to approximately 2,700 MW, including domestic onshore wind sites under construction or development (up to about 910 MW) and overseas projects in the planning stage.

Renewable energy development goals and progress

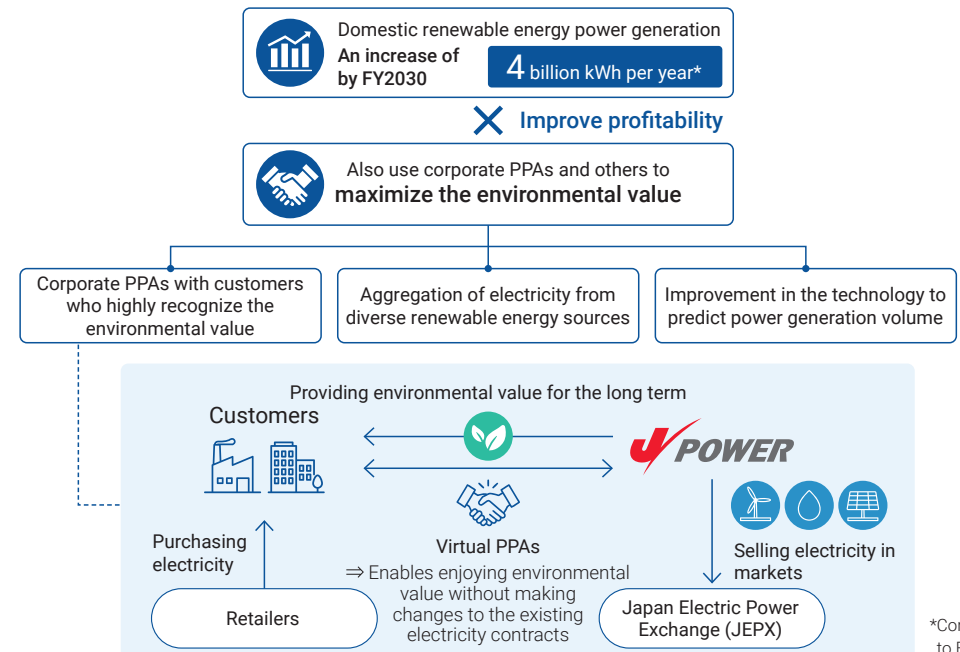


Diversification of Sales Methods and Development of Related Businesses

In the sale of electricity derived from renewable energy sources (renewable energy), which we are developing as a domestic front runner, we are promoting initiatives for direct sales to consumers, including the use of the FIT and FIP programs and corporate PPAs. We are also diversifying our sales methods by promoting the execution of corporate PPAs for newly developed wind and solar power plants and by concluding a long-term agreement in 2025 for the environmental value derived from hydroelectric power generation.

Besides, in order to implement the sale of renewable energy in a way other than the FIT program, we need to work on our own projections of the power output of renewable energy sources (renewable energy aggregation), whose power generation varies depending on the weather. Then, we are also working to accumulate the know-how and provide the renewable energy aggregation service to other power entities (the renewable energy aggregate service for onshore wind power plants started in March 2025, in addition to solar power plants). In addition, on behalf of our clients, we also sell and purchase non-fossil certificates, which virtually transform electricity into renewable energy. We also sell tracking information that discloses attribute details like the power source type and power plant location.

In November 2025, we entered into a basic agreement with Mitsubishi Heavy Industries regarding the acquisition of its onshore wind power business, and completed the business acquisition in April 2026. Through this business acquisition, we aim to further expand our business as a power producer by enhancing the reliability of our facilities and accelerating new project development, while also strengthening the foundation for expanding our maintenance and operation services.



Initiatives for Carbon Neutrality

Construction of Nuclear Power Plants



The Ohma Nuclear Power Plant Project

Plan overview and significance

The Ohma Nuclear Power Plant will be a CO₂-free energy source capable of steadily providing substantial amounts of electricity once it is operational. In addition, it will be the only power plant in Japan capable of using MOX fuel, made by recycling spent fuel, for the entire core.

For energy resource-scarce Japan, nuclear power is a power source that excels in terms of large-scale CO₂-free power, stable procurement and storage of fuel. The operation of the Ohma Nuclear Power Plant will promote the reprocessing of spent fuel in Japan, contributing to the stable operation of other nuclear power plants nationwide, which are CO₂-free power sources, helping to improve the energy self-sufficiency of Japan. The J-POWER Group is implementing the Ohma Nuclear Power Plant Project by ensuring safety as its top priority.

Overview of the Ohma Nuclear Power Plant construction plans

Location	Ohma-machi, Shimokita-gun, Aomori Prefecture
Capacity	1,383 MW
Type of nuclear reactor	Advanced boiling water reactor (ABWR)
Fuel	Enriched uranium and uranium-plutonium mixed oxide
Start of construction	May 2008
Start of operations	To be determined



Ohma's position in the pluthermal program

In July 2018, the Japanese government issued The Basic Principles on Japan's Utilization of Plutonium, a policy paper published by Japan's Atomic Energy Commission (JAEC), which stated that Japan will reduce the size of its plutonium stockpile. The Federation of Electric Power Companies of Japan (FEPC) unveiled in December 2020 its Pluthermal Program and a plan for the utilization of plutonium in February 2026. J-POWER also released its MOX Fuel Utilization Plan at the Ohma Nuclear Power Plant in February 2026. Approximately 1.7 tons of plutonium can be used annually at the stage of loading MOX fuel into all reactor cores, thereby helping to reduce the size of plutonium stockpiles.

Recovery of investment: Long-Term Decarbonization Power Source Auction and Basic Agreements

To recover our investment in this project, we submitted a bid in the FY2025 Long-Term Decarbonization Power Source Auction and were awarded the contract in May 2026. The auction was established to support the development of decarbonized power sources by improving the predictability of long-term recovery of investment. During the term of the scheme, while approximately 90% of revenue from other markets must be returned, stable long-term capacity remuneration equivalent to fixed costs, including capital costs, can be secured. In addition, the scheme includes a mechanism under which the winning bid price is automatically adjusted using price indices and other indicators to reflect changes in prices and interest rates after the contract award. As a result, the project can maintain the predictability of its recovery of investment even during periods of inflation and rising interest rates. The scheme also includes a mechanism under which, if additional costs that are beyond the control of the project developer and could not have been reasonably anticipated at the time of bidding are incurred after the contract award due to regulatory requirements, regulatory reviews, or compliance with administrative guidance, the approved amount may, upon application, be added to the fixed capacity remuneration.

In addition, for this project, we have already entered into Basic Agreements with the nine former general electric utility companies (EPCOs), excluding The Okinawa Electric Power Company, Incorporated. Under these agreements, the nine EPCOs have committed to purchase the project's entire output at cost-based prices and other appropriate charges. Going forward, we will continue discussions with the nine EPCOs while leveraging the Long-Term Decarbonization Power Source Auction.

Financing

For this project, which requires large-scale capital investment, securing financing for its construction is also an important challenge. Accordingly, in addition to conventional borrowings and bond issuances, we are considering measures such as the use of Green/Transition Finance (specified-purpose funding), debt guarantees provided by the GX Acceleration Agency, and direct loans from OCCTO.

Initiatives for Carbon Neutrality

Construction of Nuclear Power Plants



Ohma Nuclear Power Plant safety reinforcement measures

In the wake of the accident at the Fukushima Daiichi Nuclear Power Station, the new regulatory standards established by the Nuclear Regulation Authority are now thought to be the strictest safety standards in the world. At the Ohma Nuclear Power Plant, we are learning the lessons from the accident at the Fukushima Daiichi Nuclear Power Plant and incorporating measures to strengthen safety based on these new regulatory standards.

Examples include strengthening design standards to protect the functions of power plant safety equipment from natural disasters such as tsunamis and earthquakes, measures to respond promptly in the event of a severe accident, and measures to prevent serious accidents caused by terrorism and other causes. Furthermore, by not limiting ourselves to these measures and voluntarily and consistently improving safety based on the latest knowledge, we will continue to strive to make the Ohma Nuclear Power Plant the world's safest power plant so that we can contribute to the local community and Japan.

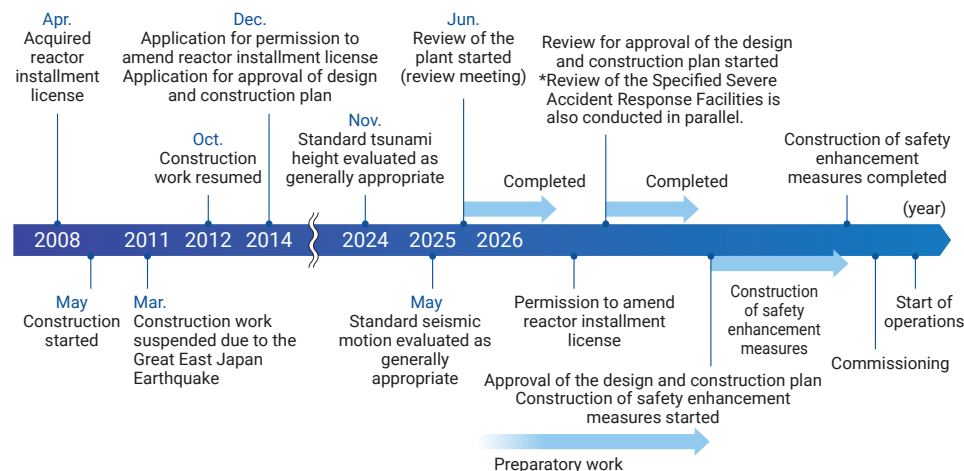
For details of safety enhancement measures, please refer to the J-POWER website. (available only in Japanese)

 https://www.ipower.co.jp/bs/nuclear/safety_measure/index.html

Status of Ohma Nuclear Power Plant review

The Nuclear Regulation Authority is currently reviewing the Ohma Nuclear Power Plant's compliance with the New Safety Standards for Nuclear Power Stations. Ninety-one review meetings have been held in connection with the application for approval of the amendment to the reactor installation license as of June 30, 2026. We will respond sincerely to the review so that our explanation can be understood by the authority.

Process (actual results and outlook)



At the review meeting held in November 2024, the plant was evaluated as generally appropriate given that the standard tsunami height was T.P+7.1m against the site elevation of T.P+12.0m. At the review meeting held in May 2025, the standard seismic motion at 957 gal was evaluated as generally appropriate. Following the completion of the review of the standard seismic motion, the review of the plant commenced in June 2025. As the business operator, we are unable to predict the progress of the compliance review. However, once the review has been passed, we aim to begin construction on facility safety reinforcement at the earliest possible date based on the review findings. Meanwhile, preparatory work, including site development, is being carried out on site to the extent that it is not subject to the New Safety Standards. To gain the community's understanding and trust, we shall keep working toward providing more detailed information and communication.

Enhancing disclosure on the Ohma Nuclear Power Plant

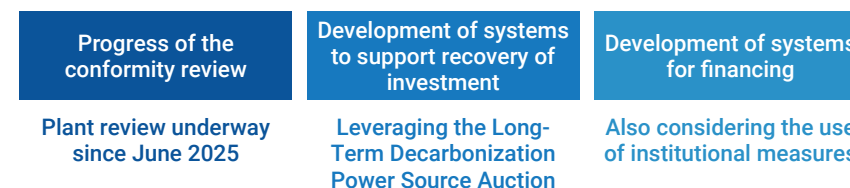
The investment made in this project to date is recorded on our balance sheet as construction in progress. On the other hand, we recognize that the absence of sufficient disclosure at this stage regarding the project's total investment, future investment outlook, and profitability has been perceived by the capital markets as a risk factor.

However, in FY2025–2026, the project made steady progress, including the finalization of the standard seismic motion, the start and progress of the plant review, and the successful bid in the Long-Term Decarbonization Power Source Auction.

In addition, to reduce uncertainty in the capital markets, we intend to provide, to the fullest extent practicable, comprehensive disclosure in our next management plan regarding this project, including its investment scale, construction period, financial impact during construction, and earnings contribution after the start of operation.

Current status

Steadily advancing the Ohma Nuclear Power Project while leveraging available institutional measures



Future direction

Planning comprehensive disclosure to the fullest extent possible in the next management plan on the following matters concerning the Ohma Nuclear Power Plant



Initiatives for Carbon Neutrality

Push for Zero-Emission Power Sources



Thermal Power Transition Strategy

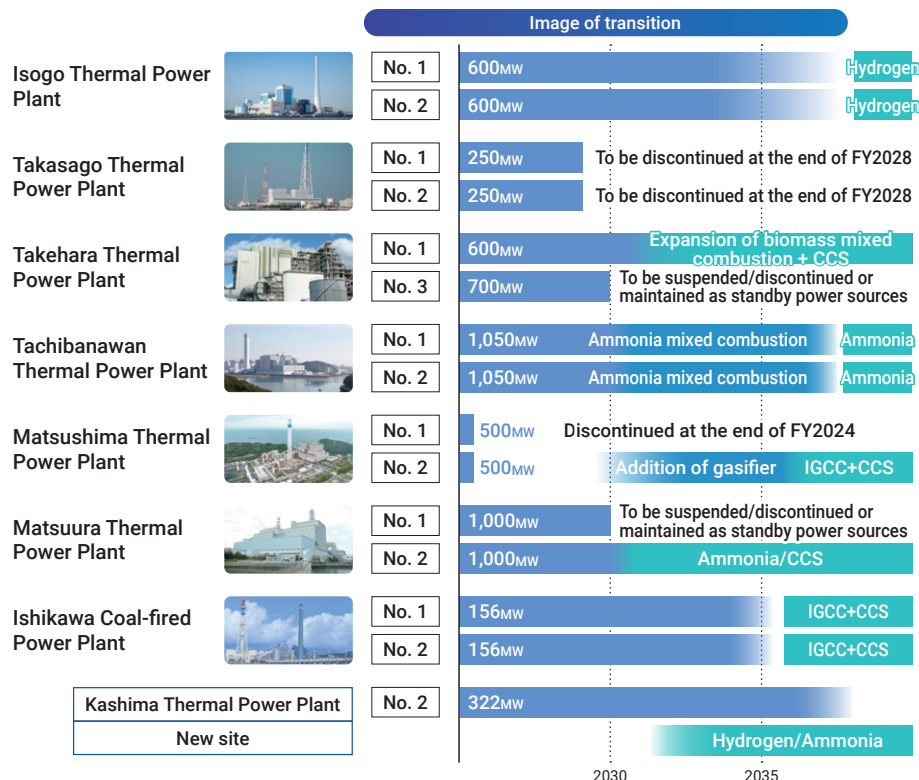
In order to achieve both stable power supply and carbon neutrality in Japan, it is necessary to utilize thermal power sources that can provide supply regulation, in addition to renewable energy and nuclear power, while reducing or eliminating their carbon content.

The J-POWER Group has announced the direction of coal-fired power plants at eight locations (15 plants) to achieve zero-emission thermal power in the Medium-Term Management Plan 2024–2026. By using hydrogen, ammonia, and biomass, the Group aims to gradually achieve zero-emission thermal power, taking into account plant characteristics.

The Group will also secure a variety of decarbonization technologies from the upstream to downstream in the supply chain, including hydrogen/ammonia production and CCS, with the goal of achieving a reliable transition from thermal power.

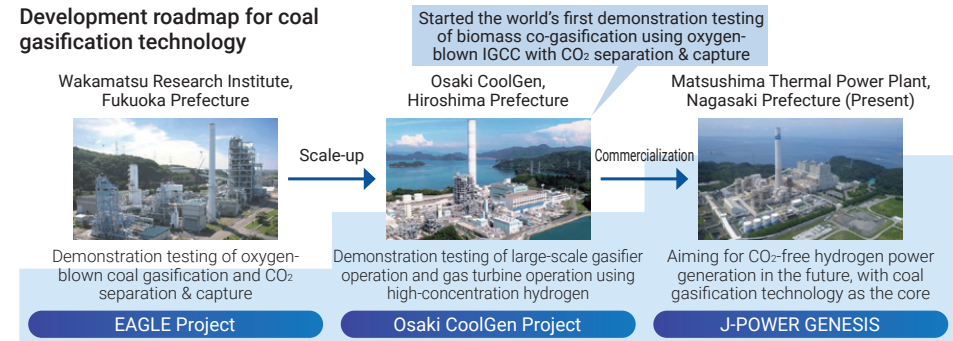
[P.31 Medium-Term Management Plan](#)

[P.54 Direction for Thermal Power Transition in Japan](#)



*The plan will be updated, reviewed, and refined as needed based on changes in the 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.

Development roadmap for coal gasification technology



Government policy trends

Hydrogen and ammonia are expected to contribute to carbon neutrality not only in the power generation sector, but also in various other industries. Since they can also be produced from various energy sources, hydrogen and ammonia are also important from the perspective of Japan's energy security. The Japanese government has announced its Basic Hydrogen Strategy and enacted the Hydrogen Society Promotion Act in 2024, which provided for support for the supply chain by compensating for the price difference between hydrogen and ammonia and support for site development. Regarding CCS, the government aims to launch projects in the early 2030s and expects to invest approximately ¥4 trillion in the public and private sectors over the next 10 years to establish an advanced CCUS value chain. The CCS Business Law enacted in 2024 provided for a licensing system for exploratory drilling and storage projects necessary for commercialization, as well as the regulations for storage business operators.

Ammonia power generation

We are considering transitioning to ammonia-based power generation at our thermal sites. In this consideration, sites will be selected taking into account the conditions of plant equipment and port facilities as well as the surrounding environment. In addition, we will work with various stakeholders to establish a stable ammonia supply chain in Japan, as large-scale mixed/mono combustion requires bulk procurement of ammonia.

CCS

J-POWER established a joint venture, West Japan Carbon dioxide Storage Survey Co., Ltd., with ENEOS Xplora Inc., with the aim of starting a CO₂ separation, capture, transportation, and storage project in western Japan in the early 2030s. This project has been selected as a JOGMEC* public offering project related to "Advanced CCS Projects." We are now preparing for commercialization, including exploration and evaluation of the selection of candidate storage sites (storage volume: approx. 1.6 million tons/year). In addition, the Southern Offshore of Peninsular Malaysia CCS project in Malaysia, in which several companies including J-POWER participate, has been selected as a JOGMEC public offering project related to "Advanced CCS Projects" (storage volume: approx. 5 million tons/year).

*JOGMEC: Japan Organization for Metals and Energy Security

Initiatives for Carbon Neutrality

Power Network Stabilization and Enhancement

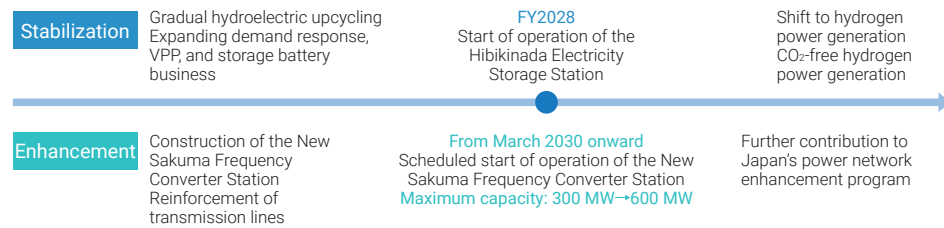


Supporting Mass Introduction of Renewable Energies

Renewable energies like solar and wind power are vulnerable to sudden fluctuations in output depending on weather conditions. When they are introduced in large amounts, the need to be able to adjust to control the supply-demand balance becomes even more critical. In addition, the power network must be strengthened to deliver electricity from renewable energy-rich power production sites (such as Hokkaido, Tohoku, and Kyushu) to distant consumption areas.

The J-POWER Group plans to aid in the widespread use of renewable energy by stabilizing and enhancing the power grid.

Roadmap



*Strengthening the power network is an initiative of J-POWER Transmission Network Co., Ltd.

Stabilization

Hydroelectric power and hydrogen power generation

The Group has large-scale general hydroelectric power plants and pumped storage hydropower plants to generate power according to seasons and time frames and to absorb surplus power. It also aims to realize hydrogen power generation, which enables flexible load adjustment. By using these as regulated power sources, we contribute to the stabilization of the power network.

Distribution network system

The Group uses its expertise in supply and demand forecasting to act as an intermediary between electric power companies and consumers, providing services to manage the supply-demand balance. For instance, we are developing Demand Response and VPPs, which balance supply and demand by combining customer-owned demand facilities, requiring power conservation to avoid power outages, and methodically managing the recharge/discharge of storage batteries.

Enhancement

Expansion of trunk transmission lines and inter-regional connection lines

The J-POWER Group has trunk transmission lines and inter-regional connection lines that enable flexible transmission between regions. In order to enhance the capability to interchange electric power between 50Hz in eastern Japan and 60Hz in western Japan, the Group is promoting the new construction of the New Sakuma Frequency Converter Station and the replacement/expansion of related transmission lines.

Expansion of wide-area interconnected grid

To deliver electricity from sites suitable for renewable energy to major consumption areas, the construction of submarine ultra-high-voltage DC transmission facilities using submarine cables is being planned. The Group successfully built ultra-high-voltage DC power transmission facilities and developed ultra-high-voltage DC CV cables for the first time in Japan. It also owns and maintains cross-regional interconnection facilities, contributing to the development of Japan's enhanced power network based on the Master Plan for Wide-Area Interconnected Grid with a view to realizing a decarbonized society and making renewable energy a major power source.

Overview of the cross-regional interconnection facilities connecting the Chugoku region and Kyushu

The Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO) announced a plan to reinforce the transmission lines connecting Kyushu and Honshu. The plan calls for the installation of a new submarine DC cables across the Kanmon Strait, with the aim of increasing transmission capacity by 1 million kW. J-POWER Transmission Network has been selected, together with Kyushu Electric Power Transmission and Distribution, and Chugoku Electric Power Transmission & Distribution, as one of the project operators for the plan and is advancing the project with the aim of commencing operation in FY2038.

Overview of the cross-regional interconnection facilities connecting Hokkaido and Honshu (the Japan Sea route)	
Estimated construction cost* ¹	¥1.5–1.8 trillion
Estimated construction period* ¹	About 6 to 10 years
Major operating entities	Hokkaido Electric Power Network, Tohoku Electric Power Network, TEPCO Power Grid, and J-POWER Transmission Network are four qualified operators.
Schedule* ²	April 2024 Determination of basic requirements December 2024 Deadline to express an intention to apply* ³ February 2025 Announcement of qualified operators December 2026 Deadline to submit implementation plans End of FY2026 (prospect) Finalization of the plan

*¹ Estimated construction costs and construction periods are included in the basic requirements.

*² Schedule refers to the schedule described in public offering guidelines (partially revised on December 24, 2025).

*³ When expressing their intention to apply, Hokkaido Electric Power Network, Tohoku Electric Power Network, TEPCO Power Grid, and J-POWER Transmission Network have listed 12 preconditions, including the following.

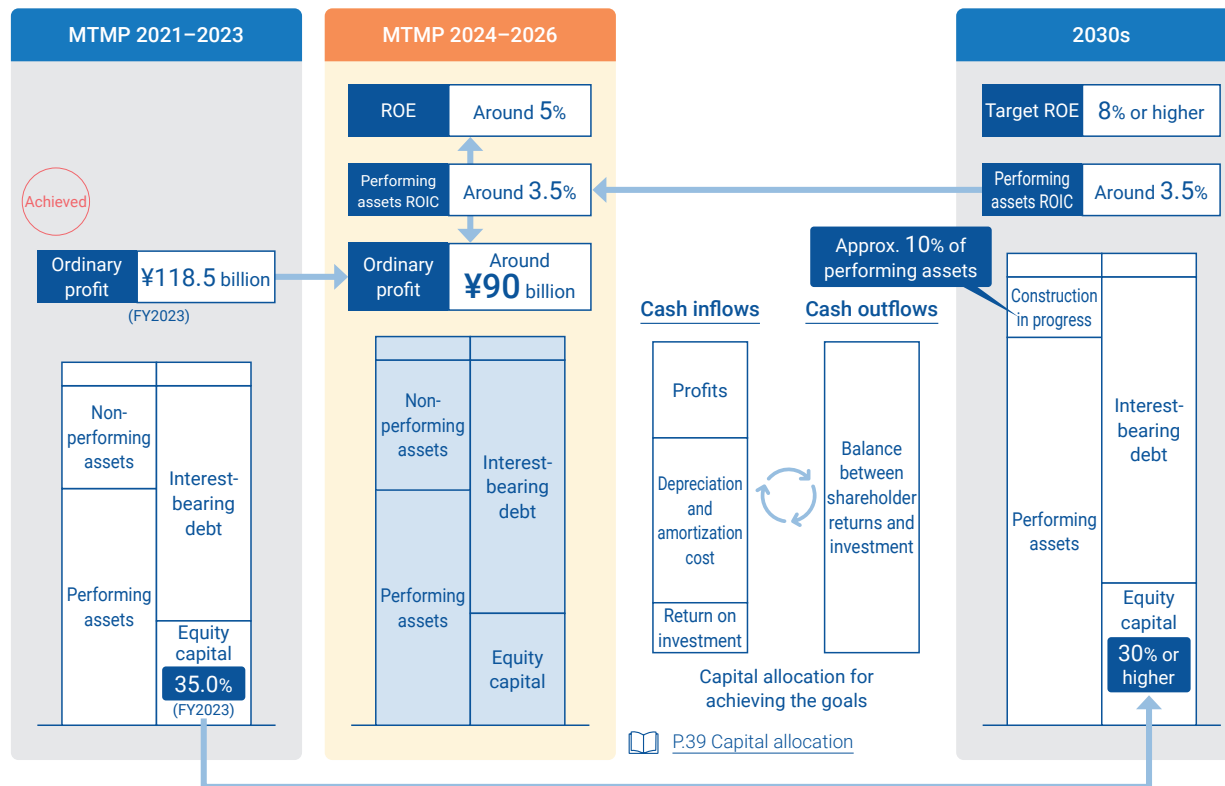
- It can be determined that there are no unacceptable risks in terms of technical or business feasibility.
- It is likely that loans from Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO) and guarantees from public institutions for loans are available.
- The government publicly discloses an appropriate rate of return on each project in line with the level of risks involved and its rationale.

They will postpone or withdraw from the submission of implementation plans if these preconditions are not met.

Financial Initiatives

Management Goals

- ✓ While the impact of climate change response on our business performance is unavoidable to a certain extent, we have set a future ROE target of 8% or higher.
- ✓ Based on the earnings forecasts for FY2026 announced on May 12, 2026, we expect to achieve the targets set out in the Medium-Term Management Plan 2024–2026 of approximately ¥90 billion in ordinary profit and an ROE of around 5%.



$$\text{Performing assets ROIC} = \frac{\text{NOPAT} + \text{Investment gain (loss) on equity method}}{\text{Interest-bearing debt} + \text{Shareholders' equity} - \text{Non-performing assets}}$$

*1 NOPAT includes non-operating income/loss and extraordinary income/loss which can be directly charged to business departments.

*2 Non-performing assets = Construction in progress + Nuclear fuel, etc.

In the Medium-Term Management Plan ("MTMP") 2024–2026, we have set a management goal to achieve an ROE of 8% or higher in the 2030s, after the start of operation of the Ohma Nuclear Power Plant.

The ratio of non-performing assets to performing assets (non-performing asset ratio) is expected to drop from the current 30% level to around 10% once the business portfolio transition, including operational start-up of the Ohma Nuclear Power Plant, will have made a certain progress. With this level of non-performing asset ratio, the ROIC of performing assets needed to achieve an ROE of 8% or higher is calculated to be around 3.5%.

Currently, electricity market prices are highly volatile due to resource price fluctuations and the massive introduction of renewable energy. Even under such circumstances, to achieve a performing assets ROIC of 3.5%, which is required in the 2030s, we have set target levels of ordinary profit and ROE for FY2026 at about ¥90 billion and 5%, respectively, as targets for the period covered by the MTMP.

According to the earnings forecasts for FY2026 announced on May 12, 2026, ordinary profit is expected to reach ¥125 billion, exceeding the target of approximately ¥90 billion. Furthermore, based on the same earnings forecasts, we also expect to achieve the target ROE of around 5%.

We are not yet planning any significant reduction of equity capital, which is the denominator of ROE, because it is still difficult to foresee the absolute amounts of risk buffer and appropriate equity capital required for the Ohma nuclear power and thermal power transition at this stage. Meanwhile, we consider the equity ratio can be adjusted to about 30% as the required risk buffer is expected to decrease in the 2030s, when the aforementioned business portfolio transition will have made certain progress.

Under the MTMP 2024–2026, we will promote the transformation of our business and profit structure toward the 2030s, while practicing management that is conscious of capital efficiency.

Financial Initiatives

Capital Allocation and Shareholder Returns

- ✓ We disclosed an update to the capital allocation plan on May 12, 2026.
- ✓ Given our expectation of achieving the management goals set out in the Medium-Term Management Plan 2024–2026, we plan to increase the annual dividend for FY2026 by ¥5 to ¥105 per share.

Capital allocation

Allocation plan 2024–2026 Updated on May 9, 2025		Updated		Breakdown of cash flows from investing activities				
Cash inflows	Cash outflows	Cash inflows	Cash outflows	Strategic investment			Replacement investment in hydroelectric power, thermal power, transmission and transformation*, etc.	Nuclear
	Shareholder returns		Shareholder returns 75 (±0)	Global renewable energy development	Power network enhancement*1	Thermal power transition		
Cash flows from operating activities 720 [Incl. a gain on the sale of interests in gas-fired power plants in North America]	Cash flows from investing activities 685	Cash flows from operating activities 690 [Incl. a gain on the sale of interests in gas-fired power plants in North America]	Cash flows from investing activities 705 (+20)	250 (+20)	95 (+30)	5 (-25)	240 (±0)	115 (-5)
Financing, etc. 40		Financing, etc. 90 (+50)						

*1 The transmission and transformation business is handled by J-POWER Transmission Network Co., Ltd.

We have updated the capital allocation plan for FY2024–2026 in light of the financial results for FY2025 and progress of investment.

We have updated the plan to reflect the progress of our global renewable energy investments, including the Charger Solar Power Project in the United States, as well as investments in power network reinforcement and the thermal power transition. For nuclear power, while full-scale safety enhancement work for the Ohma Nuclear Power Plant will commence after completion of the conformity review, the plan includes engineering costs and preparatory expenses for the full-scale construction work.

We are considering financing funds in excess of operating cash flows by using the Green/Transition Finance Framework.

Shareholder returns

Shareholder return policy

In May 2025, we updated our shareholder return policy by introducing a total payout ratio, in addition to our previous policy of providing stable dividends, enabling us to maintain stable dividends while implementing flexible shareholder returns.

Basic approach to shareholder returns

Strive to enhance stable and continuous return with 30% total payout ratio as a guide, taking into consideration the profit level, earnings estimates, and financial conditions, etc.

+

During the period of the MTMP 2024–2026, the minimum dividend is ¥100 per share.

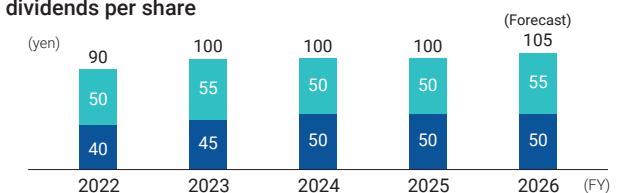
Share buyback

Based on the above shareholder return policy, we decided in May 2025 to repurchase ¥20.0 billion of treasury shares. Reflecting stronger-than-expected financial results for FY2024 and the earnings forecasts for FY2025, we brought forward our decision on additional shareholder returns for the cumulative three-year period from FY2024 to FY2026 and completed the treasury share repurchase within FY2025.

Dividend increase

For FY2026, given our expectation of achieving the management goals set out in the Medium-Term Management Plan 2024–2026, we plan to increase the annual dividend by ¥5 to ¥105 per share.

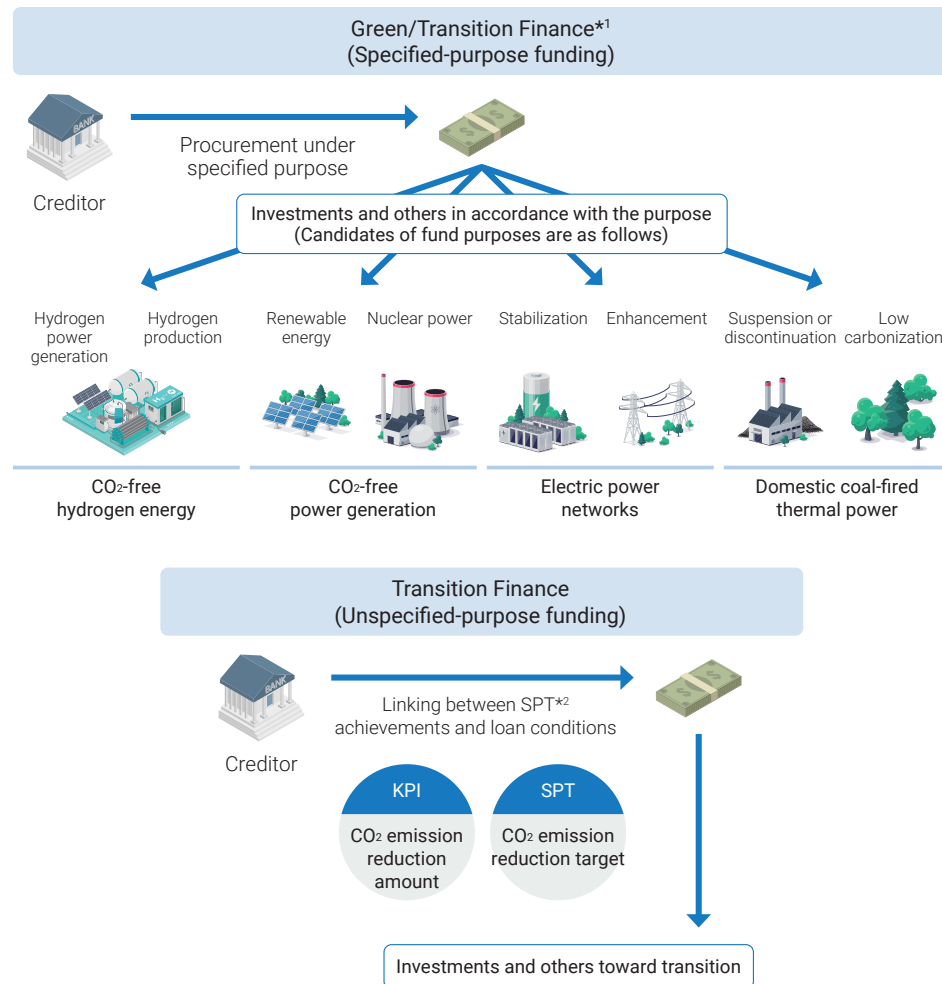
Trend in dividends per share



Financial Initiatives

Diversifying Methods of Fundraising toward Transition

We have formulated a new framework called “Green/Transition Finance Framework” for fundraising toward transition to a carbon-neutral society. This framework has been evaluated for its eligibility to various finance standards by a third-party evaluation organization called DNV BUSINESS ASSURANCE JAPAN.



*1 Green Finance only applies to those accepted as eligible green projects.

*2 An abbreviation of Sustainability Performance Target, representing a target that should be achieved to fulfill KPI

Examples of transition-linked loan financing

Date borrowed	Sep. 29, 2023	Sep. 29, 2023	Feb. 29, 2024
Borrowed amount of money	¥10.0 billion	¥10.0 billion	¥10.0 billion
Borrowing period	7 years	10 years	7 years
Creditor	Domestic financial institutions (joint financing)	Domestic financial institutions (joint financing)	Domestic financial institutions (joint financing)

Name and issue number of corporate bonds	The 93rd issuance of unsecured corporate bonds of J-POWER (with inter-bond pari-passu clause) (Green Bond)
Maturity period	10 years
Amount issued	¥16.5 billion
Interest rate	2.015%/year
Issue price	¥100 per face value of ¥100
Date issued	Aug. 14, 2025

The fund-purpose, reporting, and environmental improvement effects related to Green Bonds issued in the past are posted on the Company's website:

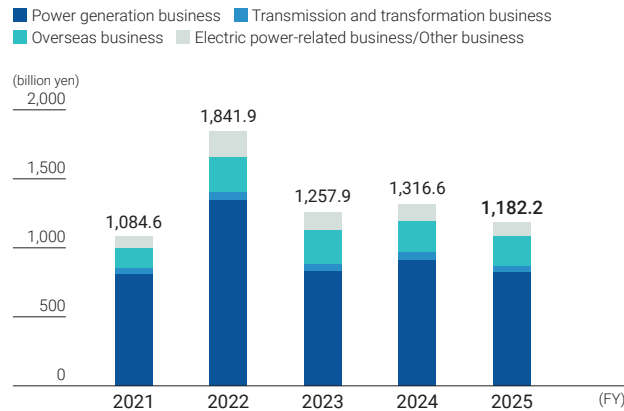
<https://www.jpower.co.jp/sustainability/finance/> (available only in Japanese)

Financial and Non-Financial Highlights

These are key indicators of the Company's financial and non-financial performance.

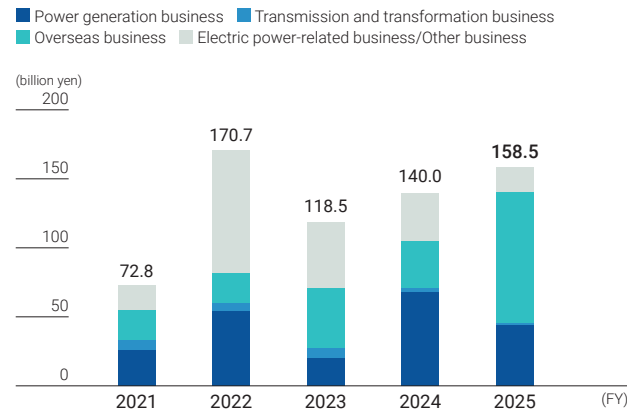
Financial Highlights

Consolidated Operating Revenue



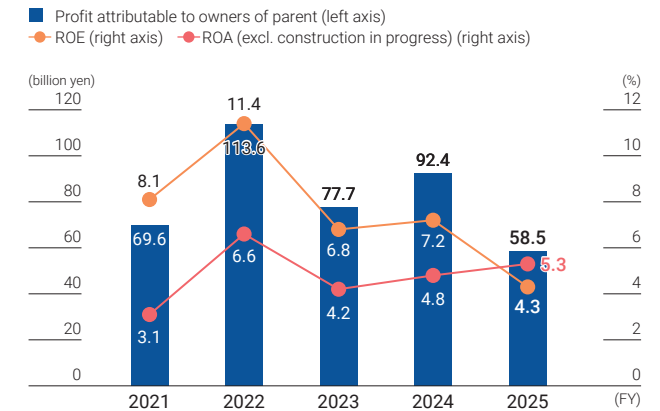
In FY2025, consolidated operating revenue decreased by 10.2% year on year to ¥1,182.2 billion. This was mainly due to lower electric power sales volume in Thailand, the suspension and discontinuation of the Matsushima Thermal Power Plant, and lower capacity market prices.

Consolidated Ordinary Profit



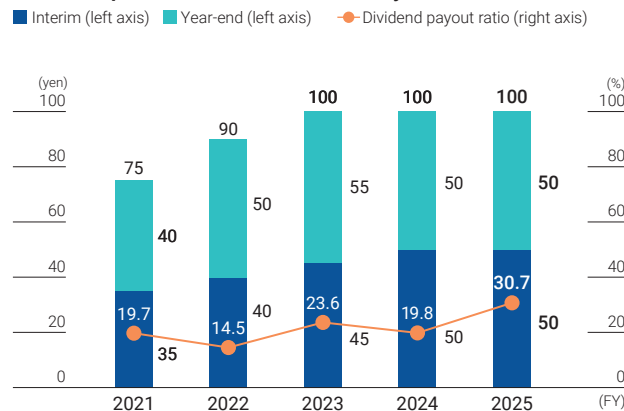
In FY2025, consolidated ordinary profit increased by 13.2% year on year to ¥158.5 billion. This was mainly due to gains on the sale of interests in gas-fired power plants in North America, despite the impact of the suspension and discontinuation of the Matsushima Thermal Power Plant and a decrease in profit from an Australian consolidated subsidiary that owns coal mining interests due to a decline in coal sales prices. This is higher than the ordinary profit target of ¥90.0 billion set forth in the J-POWER Group's Medium-Term Management Plan 2024–2026.

Profit Attributable to Owners of Parent, ROE, ROA



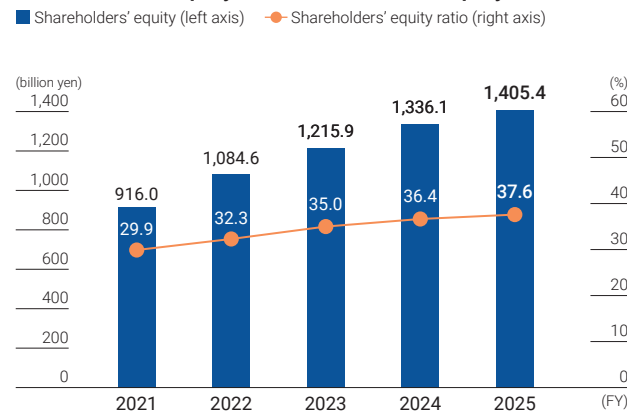
In FY2025, profit attributable to owners of parent decreased by 36.7% year on year to ¥58.5 billion. This was mainly due to impairment losses recognized on renewable energy power generation facilities in Australia and the Takasago Thermal Power Plant, as well as extraordinary losses on the retirement of non-current assets resulting from the removal of certain equipment at the Ohma Nuclear Power Plant Project to ensure the quality and reliability of instrumentation and control equipment, despite the increase in consolidated ordinary profit.

Dividend per Share and Dividend Payout Ratio



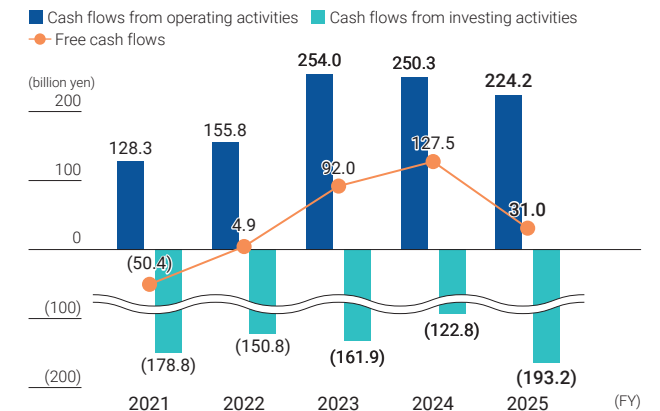
We set the dividend of ¥100 per share as the lower limit during the period covered by the J-POWER Group's Medium-Term Management Plan 2024–2026. We announced the revision to our shareholder return policy on May 9, 2025 and set the new policy as follows: J-POWER will strive to enhance stable, ongoing returns to shareholders considering the level of profit, earnings forecasts, and its financial condition with a total payout ratio of 30%. Based on the above policy, we repurchased treasury shares of up to ¥20 billion by bringing forward the decision on additional shareholder returns for the period covered by the Medium-Term Management Plan.

Shareholders' Equity and Shareholders' Equity Ratio



Shareholders' equity ratio for FY2025 was 37.6%, due to the recording of consistent profit attributable to owners of parent.

Cash Flows



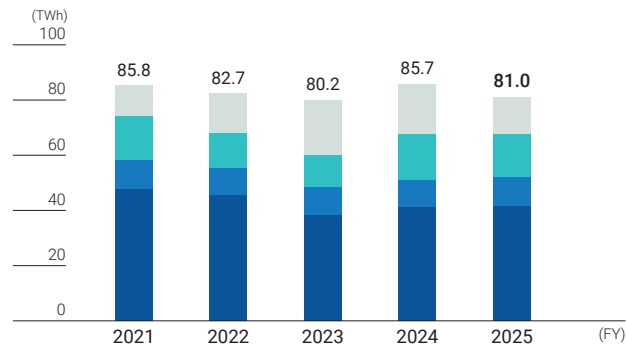
Free cash flows for FY2025 decreased by ¥96.5 billion year on year to ¥31.0 billion. This was due to lower operating cash flow and higher investing cash outflows, mainly as a result of increased purchases of non-current assets.

Financial and Non-Financial Highlights

Non-Financial Highlights

Electric Power Sales Volume

■ Thermal ■ Renewable energy ■ Other ■ Overseas

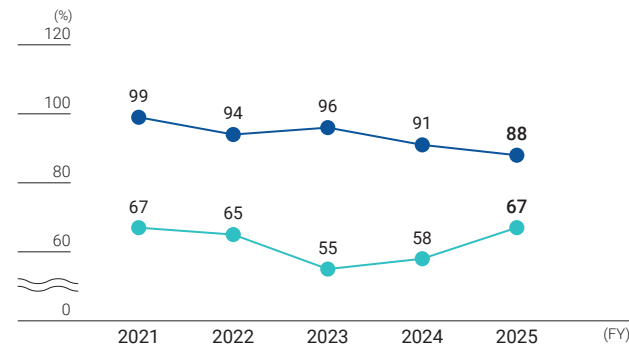


In FY2025, electric power sales volume decreased due to a decrease in electric power sales volume in the overseas business, as well as a decrease in electric power sales volume from the power generation business following the suspension and discontinuation of the Matsushima Thermal Power Plant and other factors. "Other" represents the sales volume of electricity procured from JEPX, etc.

Water Supply Rate/Thermal Power Load Factor*

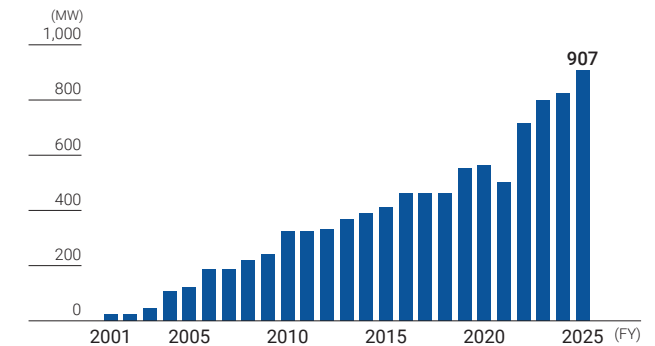
● Water supply rate ● Thermal power load factor

*Thermal power load factor is calculated on a non-consolidated basis.



Water supply rate depends on factors such as weather conditions. In FY2025, the water supply rate was 88% due to drought conditions. Meanwhile, the competitiveness of our coal-fired power plants improved, resulting in a higher load factor of our thermal power plants, from 58% to 67%.

Owned Capacity of Wind Power Generation Facilities (Onshore and Offshore, Domestic and Overseas)



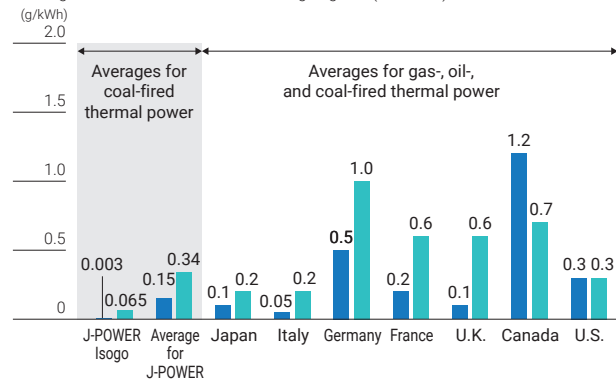
The replacement of existing sites started in FY2021. In FY2025, the Kitakyushu Hibikinada Offshore Wind Farm started operation.

International Comparison of SOx and NOx Emissions Intensity for Thermal Power Generation

■ SOx ■ NOx

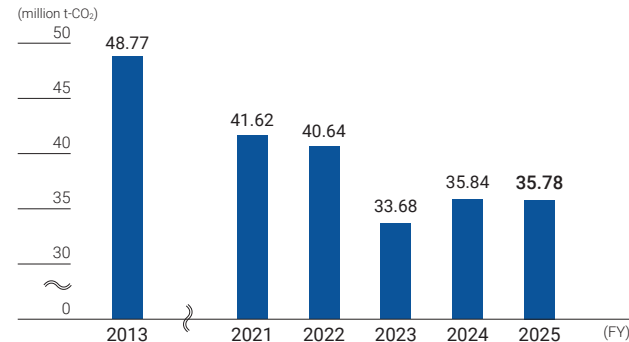
*Emissions are based on OECD StatExtracts, and power generated is based on IEA "Data and statistics."

*Average for J-POWER and J-POWER Isogo figures (coal-fired) are FY2025 results.



CO₂ Emissions from Domestic Electric Power Business

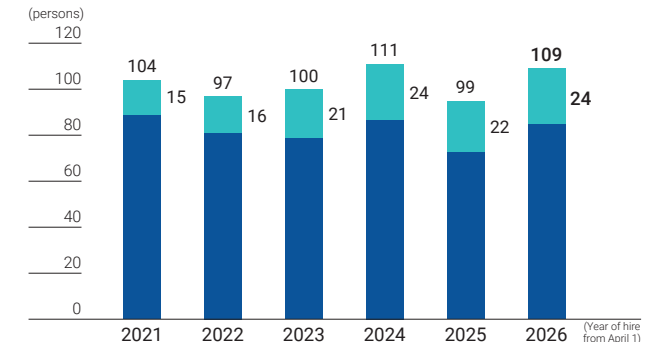
*Aggregates CO₂ emissions generated from the Group's domestic power plants. Subsidiaries and affiliates are aggregated according to their investment ratios.



Compared to FY2013, we aim to reduce CO₂ emissions by 9.2 million tons by FY2025 and 22.5 million tons by 2030. Actual CO₂ emissions in FY2025 totaled 35.78 million tons, achieving the above target.

Number of New Graduates Hired by J-POWER

■ Male ■ Female



In addition to steady hiring for the purpose of sustainable growth, the Company is taking on the challenge of ensuring diversity in order to create a workplace that promotes continuous innovation. In light of the fact that we achieved the previous target ratio of women in new graduate hires of 20%, we have revised upward the target to 25% or more (average between FY2025 and FY2027) with the aim of further promoting diversity.

Promotion of DX

Realization of DX 3S x AI and Enhancement of Corporate Value

The J-POWER Group strives to draw Yoryoku* powers from our employees through the promotion of digital transformation (DX), thereby driving business and organizational transformation and enhancing corporate value. Through FY2025, the J-POWER Group has advanced the development of a data utilization platform, human resource development, and business process transformation based on "DX 3S+D," which is centered on "Data (data driven)" and aims to enhance "Safety (safety and security)," "Smartness (efficiency and immediate response)," and "Strength (earning power)," while creating new value.

From FY2026, while continuing to strengthen these foundations, we will evolve our DX promotion vision to "DX 3S x AI" based on an AI-first approach, in which AI serves as employees' "partner," and accelerate the transformation of our business processes and organization. The realization of "DX 3S x AI" is an objective that will contribute to achieving a carbon-neutral society by 2050, in addition to resolving material issues such as enhancement of our business foundation and respect for people, and will lead to the creation of financial and social corporate value.



*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

Status of Promotion

In promoting DX, we have been carrying out various initiatives guided by the DX Roadmap for 2030 and the Medium-Term Plan for DX Promotion (DX Medium-Term Plan), a two-year rolling plan that lays out specific measures to achieve the roadmap. Since 2022, under the DX Medium-Term Plan, we have promoted greater efficiency and sophistication in internal operations, while also advancing DX human resource development and the establishment of a data utilization platform. Under the Phase III DX Medium-Term Plan, which begins in FY2026, we will further deepen our DX initiatives.

Phase II DX Medium-Term Plan: Targets and Results

Targets (for the end of FY2025)	Results
Qualitative impact Creating the three Yoryoku powers to promote work-in-life and enhance labor productivity Quantitative target (guideline) *vs. FY2021 Time savings: 300,000 hours per year Financial impact: ¥3 billion per year	Qualitative impact Employees' perceived improvement in the three Yoryoku powers has steadily increased. Quantitative impact Indicative targets for both time savings and financial impact were largely achieved.

Phase III DX Medium-Term Plan Initiatives

Focus areas	Initiatives
① Corporate business area	- Upgrade of the financial accounting system, including major Group companies - Promotion of work management tools and RPA implementation
② Existing business area	- Verification, implementation, and promotion of the use of AI and advanced technologies - Operation of the Smart Safety Promotion Committee by relevant departments to strengthen safety x DX initiatives
③ New business area	- Promotion of technology verification and business feasibility studies for AI data centers for critical social infrastructure operators - Verification of an environmental value platform and AI for unsafe condition detection
④ Data driven and AI platform	- Development of an AI and data platform for the use of AI agents - Development of our own generative AI environment in addition to the use of general-purpose AI tools - Measures to enhance cybersecurity level and cybersecurity literacy, and establish incident response procedures
⑤ Group DX human resource foundation	- Continued implementation of DX training programs (e-learning for all Group employees and training for DX core/highly specialized human resources) - Promotion of DX momentum and the use of generative AI and other tools through DX forums, networking events, consultation sessions, and community activities



In January 2024, we were certified as a "DX-certified Operator" under the certification initiative established by the Ministry of Economy, Trade and Industry (METI).

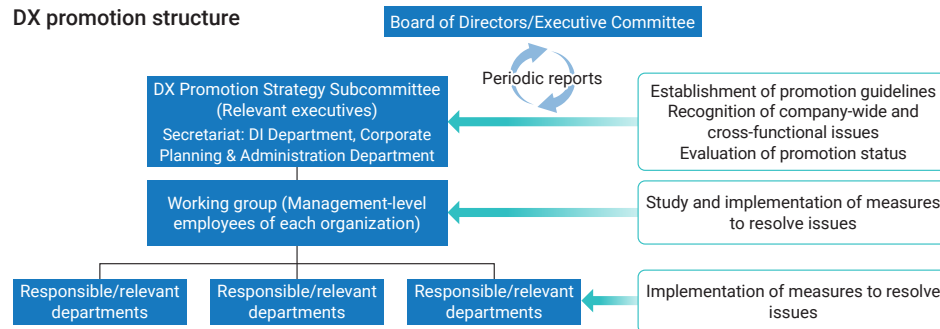
(Certification renewed on January 1, 2026)

Promotion of DX

Promotion Structure

The DX Promotion structure consists of two levels: the DX Promotion Strategy Subcommittee and a working group. The DX Promotion Strategy Subcommittee discusses the direction of Group-wide DX promotion, recognition on cross-sectional issues and measures to resolve such issues, and formulates roadmaps and medium-term plans. The working group discusses how to materialize and implement these measures. The status of DX promotion is periodically reported to the Board of Directors and the Executive Committee for discussion to identify issues and revising existing strategies, which will be then incorporated into the new direction of promotion. As such, this cycle enables flexible responses to changes.

DX promotion structure



DX Human Resource Development

We define DX human resources in accordance with the Digital Skill Standards established by Ministry of Economy, Trade and Industry (METI) and the Information-technology Promotion Agency, Japan (IPA), and have a DX training system in place to meet the needs, experience, and roles of each employee, from executives to general employees.



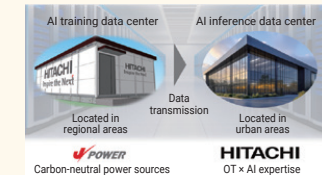
Case Examples

AI data center initiatives

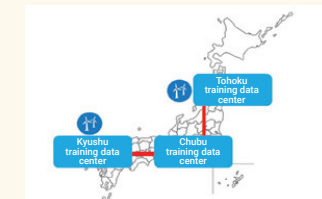
In collaboration with Hitachi, Ltd., we are advancing technology verification and business feasibility studies for an AI data center (AI-DC) for critical social infrastructure operators that provides a highly reliable and secure environment for the safe handling of highly confidential OT data. We aim to separate AI training from inference by adopting a distributed architecture in which training data centers are powered by carbon-neutral power sources in regional areas, while inference data centers are located primarily in urban areas.

These initiatives support the "watt-bit collaboration" policy, which promotes the location dispersion of data centers. They contribute to local communities by simultaneously advancing green transition and digital transformation.

We also aim to establish a model for the integrated operation of multiple geographically distributed data centers. Together with railway operators and other partners, we will jointly study workload shifting and wide-area optical network technologies.



Realization of a distributed AI-DC



Realization of workload shifting between data centers

Initiatives to reduce occupational accidents using AI

We have worked to develop AI systems that detect unsafe behaviors at worksites, as part of our efforts to reduce occupational accidents. We capture footage from network cameras installed at worksites to issue alerts when unsafe conditions persist, and also analyze trends in near-miss incidents using past footage, aiming to utilize the results of the analyses for work reviews and hazard prediction activities.

We have implemented functions for detecting entry into elevated work areas and openings, near-miss behaviors, and the unsafe use of ladders and stepladders. While conducting pilot testing at actual construction sites and other locations, we are continuing to develop and expand the range of detectable scenarios. Going forward, we will continue to improve accuracy and functionality, with the aim of rolling out the system across the entire Group.



Display on a system screen when work in high places is detected



Filming data for learning tripping and falling accidents

Technology Development & Intellectual Property/Promotion of Innovations

J-Power Group's Technological Development

With a view to achieving carbon neutrality by 2050 under J-POWER "BLUE MISSION 2050," we are addressing future energy challenges through a multifaceted approach. Our efforts include technology development to resolve challenges and introduce new technologies in each area of the roadmap—expanding CO₂-free power sources, pushing for zero-emission power sources, and stabilizing and enhancing power networks—as well as technology development aimed at creating new business opportunities.

For details of the initiatives of our Research & Development Department, please refer to our website.

https://www.jpowers.co.jp/company_info/rd/ (available only in Japanese)

Priority items and major areas of research

Creating new business opportunities

- Research aimed at the development of new profit-making businesses centered on energy and the environment (cultivation and fuel conversion of herbaceous energy crops, and synthetic fuels), etc.
- Initiatives for low-carbon concrete and blue carbon

Promoting transition

- Expansion of CO₂-free power sources and realization of environmental value (next-generation floating-axis wind turbine)
- Pushing for zero-emission power sources (CO₂-free hydrogen and underground CO₂ hydrate storage technology)
- Stabilizing and enhancing power networks (energy storage technologies and development of supply-demand analysis models)

Strengthening existing businesses

- Automation and DX (enhancing power plant maintenance operations through digital technologies)
- Grid simulation technology
- Strengthening resilience against natural disasters (remote monitoring using satellite image data)

Example of initiatives

Mixed combustion with biomass

Conducting Japan's first co-firing test using the energy crop "Erianthus"
A new initiative toward carbon neutrality using domestically grown biomass fuel

For details of the initiatives, please refer to our website.

https://www.jpowers.co.jp/english/news_release/pdf/news260310e.pdf

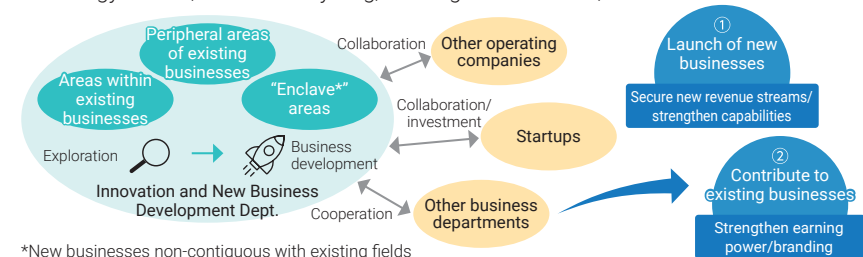


Intellectual Properties

For outcomes achieved in technological development and other activities, we continuously seek to acquire their intellectual property by, for example, filing for patents. We hold 153 patent rights in Japan as of the end of FY2025. To help advance J-POWER "BLUE MISSION 2050," we will further promote the creation, protection, and utilization of intellectual property.

Promotion of Innovations

The J-POWER Group is taking on the challenge of promoting innovations and capturing new business domains by integrating the assets and know-how, which were accumulated mainly in the power generation business, with the technologies and ideas of startup companies and other organizations. So far, we have invested in three funds and 18 startups. The Innovation and New Business Development Department undertakes exploration and business development/promotion activities in a wide range of areas centered on decentralization, energy transition, sustainability, regional co-creation, and AI. These activities span our existing businesses and their peripheral areas, focusing especially on areas the Company has not tapped into in its existing businesses, such as energy-related, resource recycling, food/agriculture areas, and data centers.



*New businesses non-contiguous with existing fields

Major portfolio startups

Morgenrot Inc.

Morgenrot provides consulting services for the construction and operation of AI data centers and is developing a product that enables visualization of the operating status and power consumption of AI servers and high-performance computing (HPC) systems. J-POWER will explore opportunities to participate in the data center business by leveraging Morgenrot's expertise, with the aim of realizing environmentally friendly green data centers that combine our strengths.



*Image

Examples of new business development

BASHFIBER®, a continuous filament fiber developed by Nippon Fiber Corporation, in which J-POWER has invested, is made primarily from coal ash. It provides high strength and heat resistance, and thus, is expected to be used in a wide range of fields, including construction, civil engineering, and industrial materials. BASHFIBER® is attracting strong attention as a means of building a sustainable society as it contributes to reducing CO₂ emissions through the upcycling of coal ash and is easier to recycle compared to conventional glass fibers. We are jointly exploring business opportunities with Nippon Fiber Corporation.



For updates of activities by Innovation and New Business Development Department, visit the following site dedicated to the department.

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