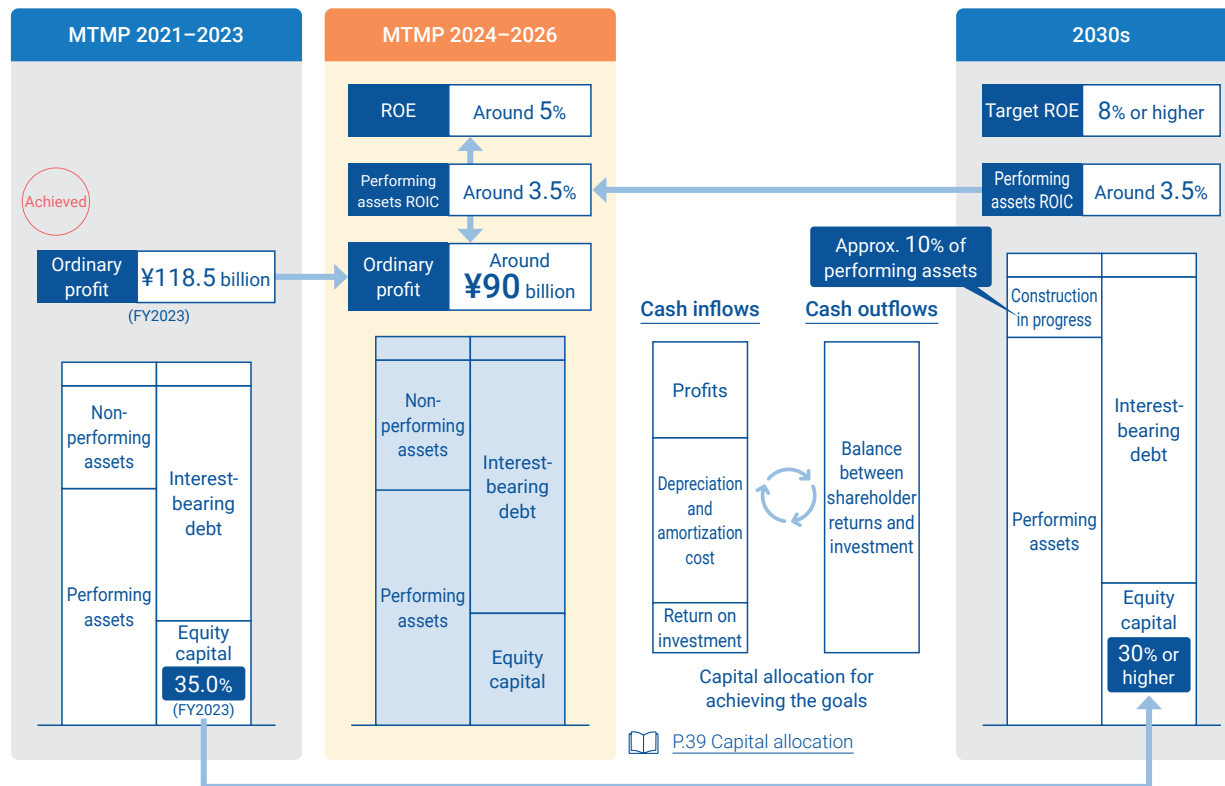


Financial Initiatives

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.

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

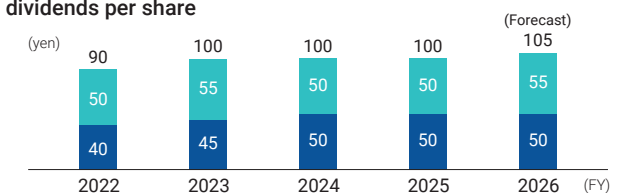
Share buyback

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.

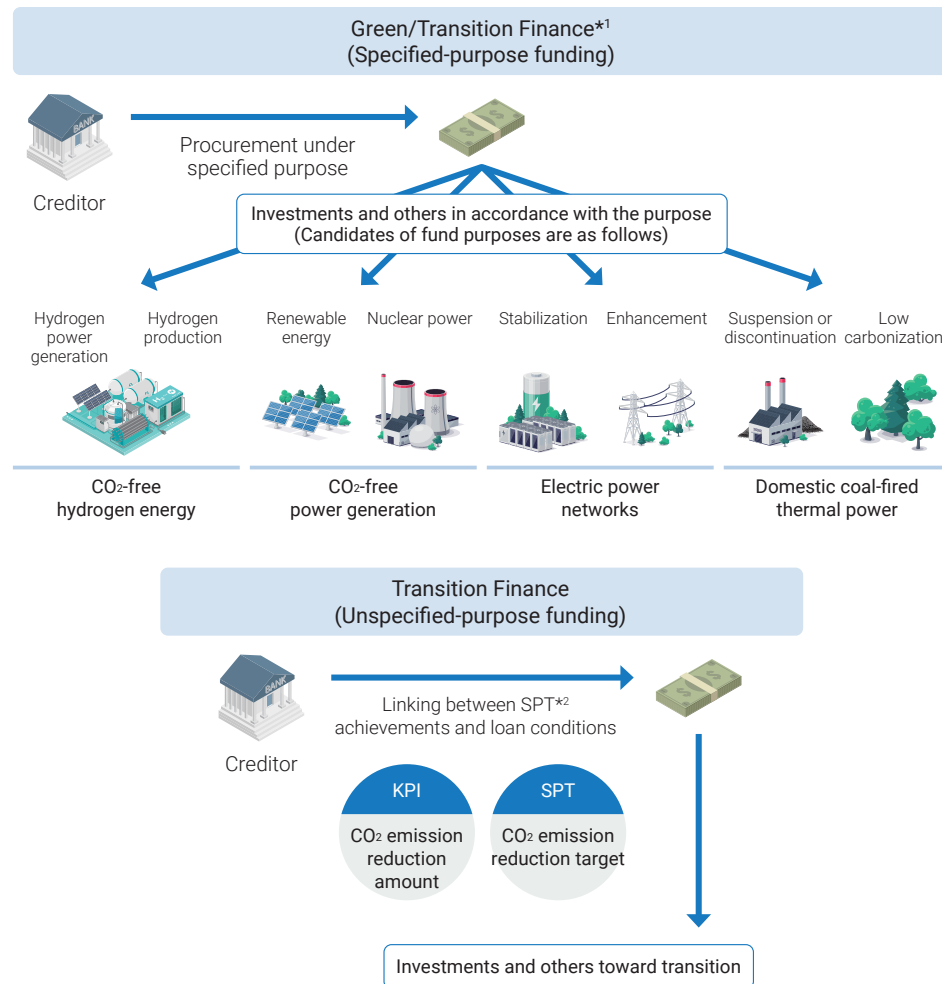
Trend in dividends per share



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.



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)

*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