

The Telephone Briefing was held in Japanese. This document is a translation/summary for reference only.



## Summary of Q&As at Investor Meeting for the FY2021

Date and Time 15:30 - 17:00 on Thursday, May 12, 2022  
Format Telephone Briefing  
Presenter **Satoshi Onoda**, President  
**Kazuo Sakairi**, Corporate Vice President, Managing Executive Officer, Director, Chief Financial Officer, Finance and Accounting  
**Junya Tawa**, Executive Officer, Head of the Planning Division

### [FY2021 results]

Question	Answer
What is behind the significant jump in LNG spot procurement? Does the sales price to retailers reflect the rise in fuel cost due to spot procurement?	(Refer to p.15 in <a href="#">FY2021 Investors Meeting</a> ) <ul style="list-style-type: none"><li>• The increase in spot procurement was aimed at ensuring stable supply, while covering the nationwide shortfall in Japan.</li><li>• We are unable to give details about cost recovery because that would breach the PPA contract. Given that it is impossible to cover the entire fuel cost among all of our shareholders' corporate groups with the retail price, we understand that soaring resources prices have created a severe situation.</li><li>• It is a nationwide issue and we will discuss it with the government. We will seek appropriate cost burdens on us and on our shareholders/ retailers in pursuit of value maximization for our entire group.</li></ul>

### [JERAGM's profit level]

What is your forecast of future profit of JERAGM following changes in the market environment?	<ul style="list-style-type: none"><li>• We think that it will basically be able to achieve our expected profit level and that it will have an opportunity for growth if the hike in resources prices and the increase in volatility continue.</li></ul>
Is it unlikely that JERAGM's profit will fall far below the expected level?	<ul style="list-style-type: none"><li>• JERAGM's trading centers on asset-backed trading based on real demand, which means low-risk transactions, and we do not expect it to generate any substantial loss.</li></ul>

**[Financial strategy and new management targets]**

<p>What are the specific details about the 650 billion yen allocated to decarbonization related business as part of the capital expenditures during the period from FY2022 to FY2025? When do you expect to earn a return on your investment?</p>	<ul style="list-style-type: none"> <li>• We will invest it in businesses related to renewable energy, hydrogen and ammonia.</li> <li>• We anticipate that the investment in domestic offshore wind power generation will be recovered from 2030. We expect our overseas efforts on renewable energy to produce a positive effect on profit to some degree by 2025.</li> <li>• We expect nearly 80% of the net income target for FY 2025 of 200 billion yen to come from projects in which we have already invested.</li> </ul>
<p>What was the background of the new management targets this time?</p>	<ul style="list-style-type: none"> <li>• Our operations are unique in that we run an asset business and a flow business. These two businesses differ in their characteristics. And we studied what indicators would reflect our strengths. We then determined a total of seven indicators in terms of profitability, capital efficiency, growth potential and financial soundness for our new management targets.</li> <li>• We have always conducted business management internally with the use of ROIC, WACC and other indicators. We recently decided to make the indicators public so that they can also be assessed by external stakeholders.</li> </ul>

**[Stable supply]**

<p>Do you procure fuel for Goi and Anegasaki Power Stations, which will newly come into operation, by long-term contracts and at appropriate prices?</p>	<ul style="list-style-type: none"> <li>• We have been developing these two plants for a long time. We have systematically worked on arrangements for fuel procurement. An effective fuel portfolio, including long-term contracts, has been established for these plants, as with others.</li> </ul>
--	--

**[New corporate vision and environmental targets]**

<p>What is the significance of JERA's actions to address renewable energy?</p>	<ul style="list-style-type: none"> <li>• Our development capabilities that we have nurtured can be used in offshore wind power generation projects and other projects requiring large-scale development.</li> <li>• As presented in our new corporate vision, "We will build a clean energy platform of renewables and low greenhouse gas thermal power".</li> <li>• While using the adjustment capacity of thermal power generation, we will supply clean energy. That opens the way to offer new value to customers.</li> <li>• With overseas expansion in view, the status of an operator with general development capabilities for renewable</li> </ul>
--	---

	energy and thermal power generation will be a differentiation factor for business expansion.
What is your stance on the construction of a supply chain for ammonia?	<ul style="list-style-type: none"> <li>• The business scales of ammonia for fertilizers and that for fuel differ. We are thinking of establishing a supply chain for ammonia for fuel.</li> <li>• We will use our advantage of commercially participating in a fuel value chain from upstream fuel development to transport, storage, power generation and sales in order to be involved in construction of the overall supply chain for ammonia.</li> <li>• Ammonia also has a role as a hydrogen carrier. The business scale may expand in line with rising hydrogen demand.</li> <li>• We put ammonia procurement out to international tender. We will choose a project with high economic efficiency and with excellent environmental friendliness.</li> </ul>
In what respects is ammonia superior to hydrogen?	<ul style="list-style-type: none"> <li>• Hydrogen has a low liquefaction temperature that poses difficulty in large-scale transport.</li> <li>• Ammonia is easier to handle. Another advantage lies in the advances in technologies for ammonia as a fuel for direct power generation.</li> <li>• When it is used as fuel for power generation, less additional capital investment in the power plant is required.</li> </ul>
What specific actions will you take towards cutting CO <sub>2</sub> emissions by at least 60% by 2035?	<ul style="list-style-type: none"> <li>• We will be shutting down all of our inefficient coal power plants by 2030. In addition, we will introduce more renewable energy and expand low-carbon thermal power generation with hydrogen and ammonia co-firing.</li> <li>• For co-firing of ammonia, we will gradually raise the percentage of ammonia from 20% to 50% or more. We will study how co-firing will be introduced to which facilities.</li> </ul>
The Sixth Strategic Energy Plan of Japan sets a target of reducing CO <sub>2</sub> emissions by 46% from the 2013 level in 2030. JERA has set environmental targets for 2035. What reduction will you achieve in 2030?	<ul style="list-style-type: none"> <li>• These targets have been set on the assumption of maintaining “JERA Environmental Commitment 2030”, which was published at the previous briefing. We will continue our efforts to meet the targets.</li> <li>• With a view to reducing CO<sub>2</sub> emissions from our business in Japan by at least 60% by 2035, we aim to reduce emissions from approximately 180 million tons in FY 2013 to around 90 million tons in FY2030 and to around 70 million tons in FY2035.</li> </ul>

#### Forward-Looking Statements

The information in this presentation may contain forward-looking statements. Forward-looking statements include statements relating to: (i) plans; (ii) business and management strategies; and (iii) performance forecasts, and are based on then-current data by the time of issuance of this document. Forward-looking statements involve risks and uncertainties including but not limited to economic conditions, competitive landscape, government laws and regulations, exchange rate and so on that could significantly affect the expected results, and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied herein. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements.