



SECTION

Medium and Long-Term Strategy



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JERA Zero CO₂ Emissions 2050

Pursuing Net-Zero CO₂ Emissions Across Domestic and Overseas Operations

Mission

To provide cutting-edge solutions to the world's energy issues

JERA Zero CO₂ Emissions 2050

In pursuit of our mission, we are targeting net-zero CO₂ emissions across our domestic and overseas operations by 2050, contributing to a more sustainable society.*

* JERA Zero CO₂ Emissions 2050 is premised on steady advances in decarbonization technologies, economic viability, and alignment with government policy.
JERA is proactively advancing the development of decarbonization technologies and working to improve their economic viability.

Three Approaches to JERA Zero CO₂ Emissions 2050

Developing Country- and Region-Specific Roadmaps

The energy landscape varies across geographies, including differences in the availability of renewable energy resources and access to cross-border transmission grids and pipeline infrastructure. We will work with stakeholders to identify optimal solutions and develop country- and region-specific roadmaps tailored to local conditions.

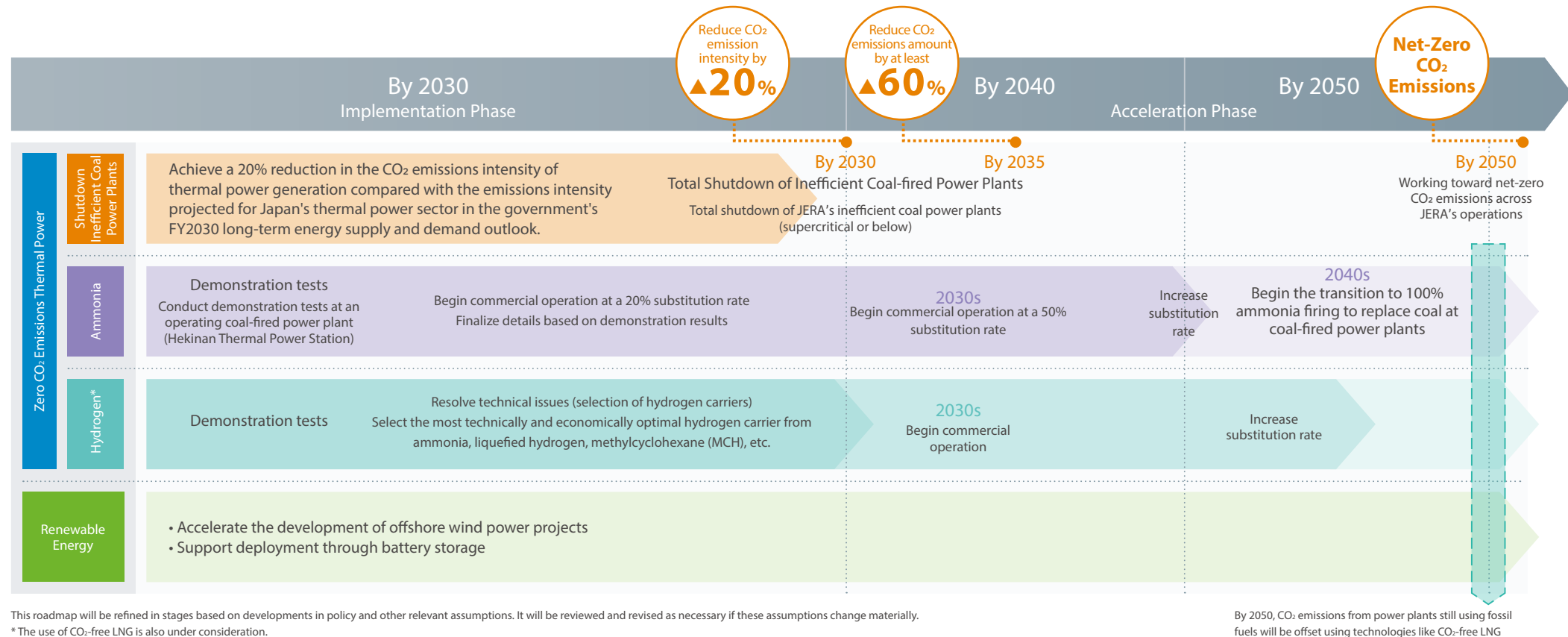
Adopting Smart Transitions

Our route to zero emissions is based on a “smart transition” approach, combining proven technologies enabled by innovation and selecting the most appropriate solutions as investment decisions are made. This approach will support a smooth transition to a green society while minimizing technology risk.

Leveraging the Complementary Strengths of Renewable Energy and Zero CO₂ Emission Thermal Power

We are targeting net-zero emissions through a combination of renewable energy and zero-CO₂-emission thermal power. As we expand renewable energy, thermal power will provide generation capacity that is not dependent on natural conditions. At the same time, we will promote the use of greener fuels in thermal power generation and pursue zero-CO₂-emission thermal power that does not emit CO₂ during generation.

JERA Zero CO₂ Emissions 2050: Japan Transition Roadmap (Transition Plan for Achieving Net-Zero CO₂ Emissions)



JERA Environmental Target 2030

We are actively working toward reducing our CO₂ emissions. We are pursuing the following initiatives by FY2030:

- Total shutdown of inefficient coal-fired power plants (supercritical and below) and conduct demonstration tests of ammonia substitution at high-efficiency (ultra-supercritical) coal-fired power plants.
- Accelerate the development of renewable energy centered on offshore wind power projects and work to further improve the efficiency of LNG thermal power generation.
- Reduce the carbon emission intensity of thermal power plants by 20% compared with the emissions intensity projected for Japan's thermal power sector in the government's FY2030 long-term energy supply and demand outlook.

JERA Environmental Target 2035

JERA aims to reduce CO₂ emissions within its domestic operations by at least 60% from FY2013 levels by FY2035 through the following initiatives:

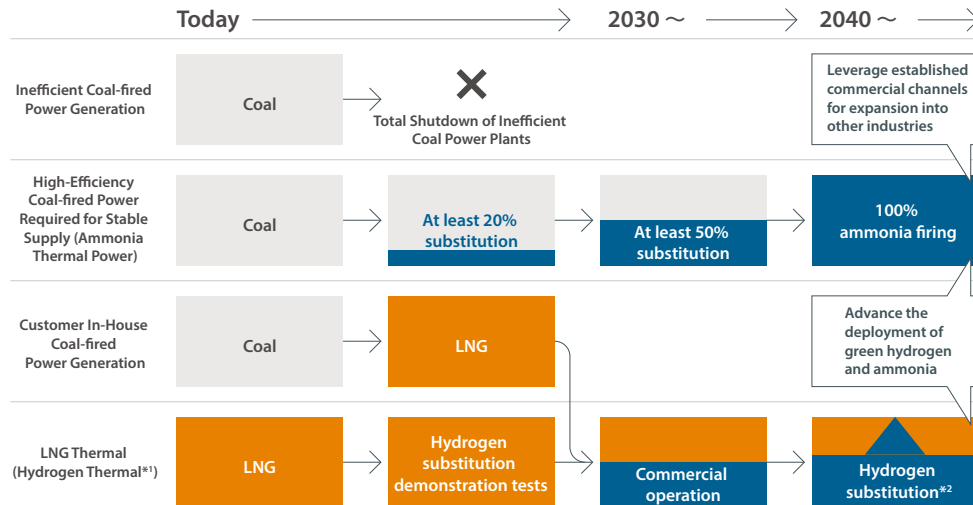
- Expand the development and deployment of renewable energy in Japan, given continued growth in renewable energy adoption in line with the Japanese government's 2050 carbon-neutral policy.
- Advance hydrogen and ammonia fuel substitution to reduce the CO₂ emissions intensity of thermal power generation.

Note: JERA Zero CO₂ Emissions 2050: Japan Transition Roadmap and JERA Environmental Targets are premised on steady advances in decarbonization technology, economic viability, policy consistency, and the broader business environment.

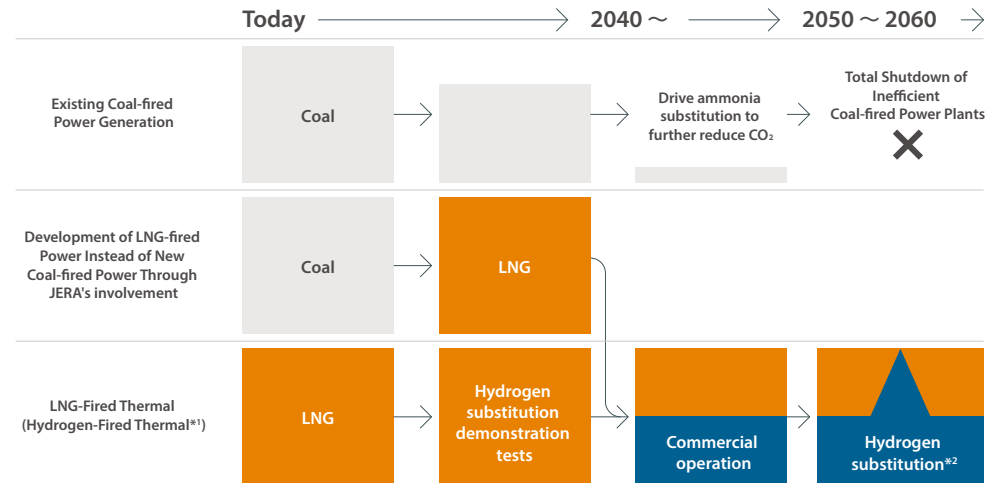
These targets have been formulated in alignment with Japan's greenhouse gas reduction goals and long-term strategy, both of which were established with the aim of supporting the Paris Agreement's global ambition of limiting the increase in global average temperature to as close to 1.5°C above pre-industrial levels as possible.

JERA Zero CO₂ Emissions 2050: Net-Zero CO₂ Emissions Transition Plan (Japan and Asia)

Leading Japan's Power-Sector Decarbonization Through Renewable Energy and Zero-CO₂-Emission Thermal Power, While Expanding LNG Adoption Across Asia



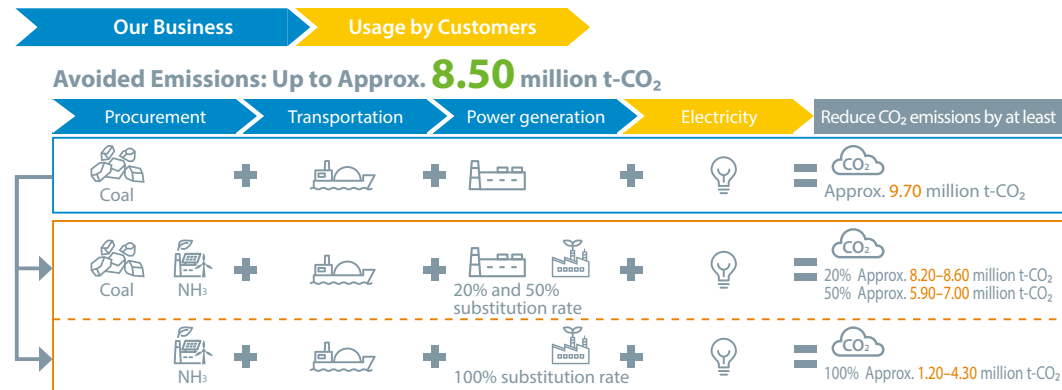
Expanding the Use of LNG in Asia



This roadmap will be refined in stages based on developments in government policy and other relevant assumptions. It will be reviewed and revised as necessary if these assumptions change materially.
 *1 The use of CO₂-free LNG is also under consideration. *2 Utilization of green or blue hydrogen and ammonia.

Avoided emissions through fuel substitution with ammonia

We evaluate and calculate the projected avoided emissions from substituting thermal power plant fuel with ammonia, based on certain assumptions. In conducting these evaluations, we refer to the WBCSD guidance and the GX League basic guidelines, and calculate the annual reduction in emissions (flow-based) with full consideration of the entire life cycle.



Note: "Avoided emissions" is a metric that estimates, under certain assumptions, the amount by which a company has contributed or could contribute to reducing greenhouse gas (GHG) emissions across society through solutions such as its products and services. Avoided emissions are evaluated by comparing the GHG emissions in a scenario where the company's solutions have been (or will be) implemented with those in a baseline scenario where such solutions are not implemented.

How We Calculate Avoided Emissions

We calculate the avoided emissions for Hekinan Thermal Power Station, where fuel substitution with ammonia is ongoing, at each substitution rate—20%, 50%, and 100%—by estimating the reduction achieved through avoiding the use of traditional coal. Since the use of ammonia is premised on substituting for conventional coal power generation, emissions from coal power generation at the same power station are used as the baseline for comparison.

Calculation Conditions

Baseline Scenario

Subject: Hekinan Thermal Power Station Units 4 and 5
 Duration: 1 year
 Fuel: Coal
 Boundary: From procurement to power usage

Implementation Scenario

Subject: Hekinan Thermal Power Station Units 4 and 5
 Duration: 1 year (substitution rates: 20%, 50%, 100%)
 Fuel: Ammonia (blue or green)
 Boundary: From procurement to power usage

Understanding the External Environment

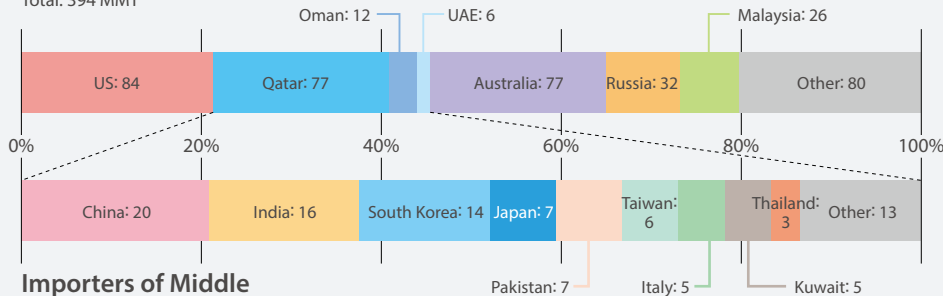
The Importance of Ensuring Energy Security

Escalating tensions in the Middle East, stemming from the conflict involving Iran, particularly the blockade of the Strait of Hormuz, have highlighted the vulnerabilities of relying on specific countries or regions for energy resources and the importance of ensuring energy security. For countries like Japan that face severe resource constraints, ensuring energy security is a fundamental national priority.

Against this backdrop, Japan and Europe are taking steps to secure alternative sources of supply to reduce dependence on the Strait of Hormuz, while also accelerating the introduction of domestic resources such as renewable energy and promoting the use of nuclear power, among other measures. On the other hand, some Asian countries are turning to coal-fired power generation using domestic resources. In countries that were heavily dependent on Middle Eastern LNG, such as Thailand and Bangladesh, governments have directed coal-fired power plants to increase output. Such moves by countries to ensure energy security in response to escalating tensions in the Middle East could affect the future momentum toward global decarbonization.

LNG Exporters (2024) Unit: MMT

Total: 394 MMT



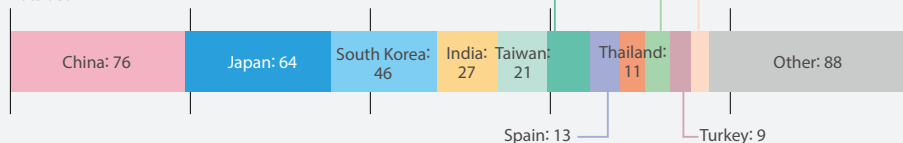
Importers of Middle Eastern LNG (2024) Unit: MMT

Total: 95 MMT

Note: Prepared by JERA based on the Energy Institute's Statistical Review of World Energy

Importers of LNG (2024) Unit: MMT

Total: 394 MMT



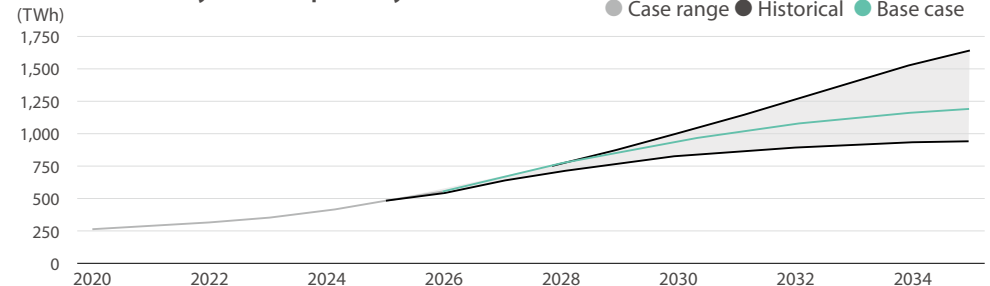
Note: Prepared by JERA based on the Energy Institute's Statistical Review of World Energy

Growing Electricity Demand from AI and Data Centers and Efforts to Secure Supply Capacity

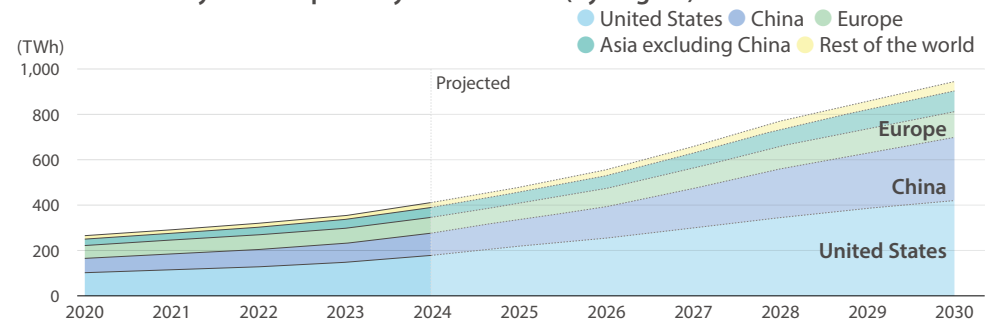
The rapid spread of AI technology and the expansion of data centers are causing a sharp rise in global power demand. Backed by vast financial resources, tech giants are driving the development of data centers, fueling the increase in electricity consumption. Developed countries such as the United States and Japan, where power demand growth had been slowing for about a decade, are now expecting a sharp and substantial increase, and securing power supply for data centers has emerged as a major challenge.

Particularly in the US, the economically driven closure of coal-fired power plants and other facilities amid stagnant demand has led to a supply shortage. As a result, capacity market prices for procuring future supply have soared, making rising electricity rates for general consumers a societal issue. In response, state governments in some regions have begun taking steps such as requiring data center operators to secure their own power sources, leading some developers to pursue data center projects integrated with behind-the-meter power plants.

Global Electricity Consumption by Data Centers



Global Electricity Consumption by Data Centers (by Region)



Note: Prepared by JERA based on the IEA's Key Questions on Energy and AI

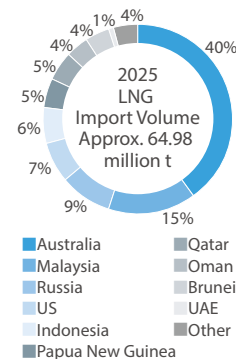
Understanding the External Environment

The Importance of Stable Domestic Fuel Procurement

In the current environment, the stable procurement of fuel for power generation has become even more important in Japan, both to strengthen energy security and to respond to future increases in electricity demand. Japan relies on overseas sources for much of its primary energy and depends almost entirely on imports for LNG used in power generation. While LNG is an important energy source that underpins a stable electricity supply, it is susceptible to fluctuations in resource markets and geopolitical developments, underscoring the need to build a fuel portfolio that balances stability and flexibility.

In light of these circumstances, Japan's Agency for Natural Resources and Energy has stressed the importance of utilizing long-term contracts, diversifying source countries and suppliers, and maintaining high inventory levels, among other measures, in "Securing Fuel Needed for a Stable Energy Supply," published in October 2025. The agency has also presented the view that more than half of demand should be secured through long-term contracts.

However, while long-term contracts are an important means of securing stable procurement, their duration makes it even more important for the power system as a whole to weigh geopolitical risks and market uncertainties in medium- to long-term strategic decision-making.



Changes in Domestic Energy Policy and the Regulatory Environment for Thermal Power

Japan is planning the full-scale introduction of an emissions trading system (GX-ETS) and phased strengthening of carbon pricing as part of its green transformation (GX) promotion initiatives, as decarbonization becomes an increasingly important priority for power producers.

However, amid rising geopolitical risks and increased demand driven by the expansion of AI and data centers, thermal power sources continue to be regarded as an important component of a stable energy supply. Even as the deployment of renewable energy expands, thermal power generation continues to play an important role in maintaining power system stability, functioning to balance supply and demand while securing supply capacity.

The 7th Strategic Energy Plan, approved by the Cabinet in 2025, adopts the simultaneous achievement of S+3E (Safety + Energy security + Economic efficiency + Environmental sustainability) as a fundamental principle, positioning the achievement of both energy security and decarbonization as a key policy objective.

Under this policy environment, the power system as a whole will increasingly need to pursue a pragmatic optimization of the power mix, aiming for both decarbonization and stable supply.

VOICE



JERA's Understanding of the External Environment

Steven Winn

Corporate Vice President and Managing Executive Officer
Chief Global Strategist (CGS)

The business environment in which JERA operates is undergoing a major transition. We are seeing that the factors outlined previously—geopolitical uncertainty, reprioritization of the energy trilemma, revitalization of manufacturing, and expansion of AI-driven data center development—are, overall, creating significant tailwinds for JERA's business strategy and performance. In this environment, JERA's strength lies in utilizing its integrated value chain, from global LNG procurement to fuel transportation, power generation, and power delivery. Combining a diversified fuel portfolio with operational expertise in power generation developed in Japan and overseas, together with power generation capabilities developed domestically and internationally, we can pursue stable supply, flexibility, and economic efficiency in an integrated manner, even amid highly uncertain conditions.

With energy security and supply reliability now increasingly emphasized, the strategic value of these capabilities continues to grow. What I am particularly focused on is AI's impact on data center development and electricity demand. Hyperscalers, heavy industry, and governments are increasing their investments in computing power to gain the economic and strategic benefits that increased execution speed and processing power can deliver. The foundation for this is sufficient and reliable electricity. As the revitalization of manufacturing restores the link between electricity demand and GDP growth, large-scale demand from data centers creates an even greater opportunity for JERA to expand its LNG value chain and power supply businesses. To capitalize on this opportunity, we need to identify changes in demand early and flexibly secure the necessary fuel, power generation facilities, and related infrastructure to achieve both a stable supply and decarbonization.

On the other hand, realizing these growth opportunities requires not only swift action by JERA, but also regulatory and incentive frameworks that keep pace with changes in the business environment. Frameworks premised on a declining role for electricity need to be revisited. At the same time, it is necessary to incentivize investment in power generation, fuel-related infrastructure, and fuel procurement through a combination of market design adjustments, streamlined permitting, increased cooperation, and innovative financing approaches. JERA will also continue to engage in dialogue with the government, regulators, and the industrial sector to help shape the necessary institutional environment.

It is imperative that JERA brings these strengths together and acts with the necessary speed. We aim to translate changes in the external environment into sustainable growth, support Japan's energy security, and contribute to an economic and industrial renaissance.

LNG Strategy: A Major Global Player in the LNG Value Chain

The Business Environment

As the business environment has evolved over recent years, the energy industry finds itself in a period of heightened uncertainty. As evidenced by developments in Russia / Ukraine and in the Middle East, geopolitical risks are on the rise, further underscoring the importance of securing reliable energy supplies. In addition, rising construction and transportation costs have made it more difficult than ever to secure new LNG supplies at competitive prices.

Meanwhile, the outlook for LNG demand in Japan is also becoming increasingly uncertain. While electricity demand is expected to increase due to factors such as the development of data centers, the growing adoption of renewable energy has made managing seasonal fluctuations in LNG demand an increasingly important challenge. In Japan, LNG demand increases during the peak power demand seasons of summer and winter and decreases during the spring and fall. However, approximately 80% of LNG procurement is based on long-term contracts that carry a fixed monthly offtake obligation. Maintaining a stable supply of electricity therefore requires flexible and sophisticated management of the gap between supply and demand.

To enhance both the stability of energy supply and our ability to respond to fluctuations in demand, we are strengthening the entire LNG value chain by making upstream investments, securing long-term contracts, and diversifying procurement sources and LNG flows. Through these efforts, we are making the supply of energy more stable while improving our ability to respond to fluctuations in demand.

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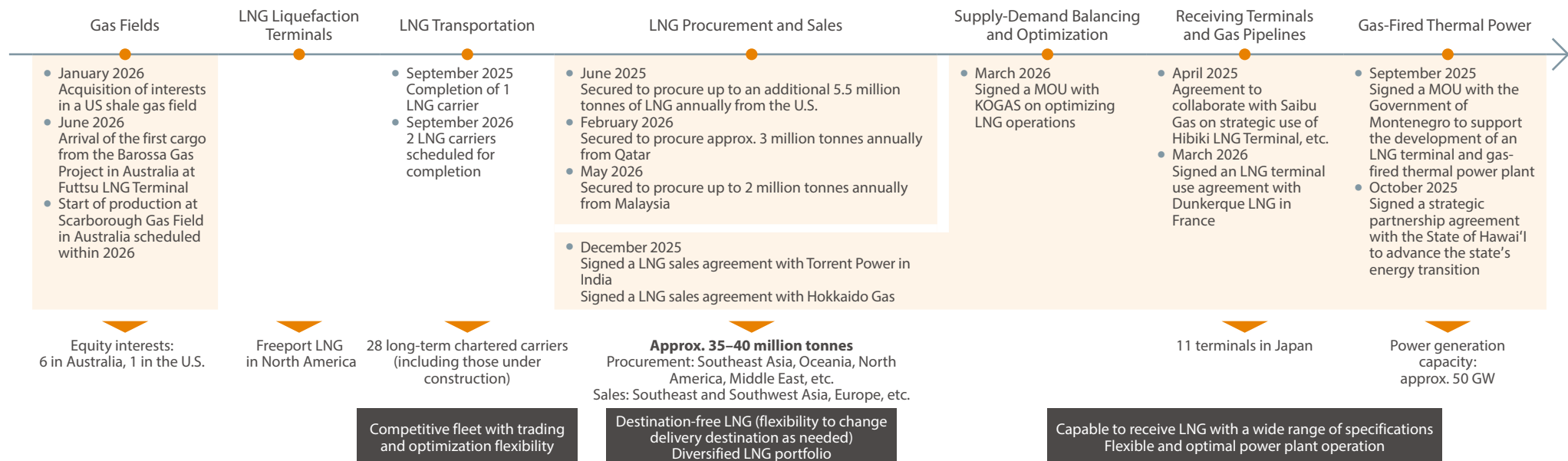
Stable Energy Supply and the LNG Value Chain

Ryosuke Tsugaru

Senior Managing Executive Officer
Chief Low Carbon Fuel Officer (CLCFO)

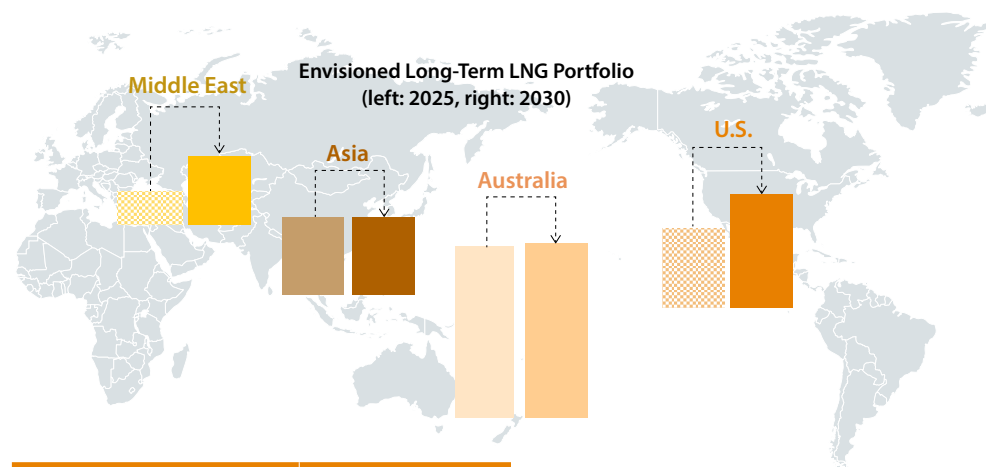
As a company supplying approximately 30% of Japan's electricity demand, we have a responsibility to maintain stable energy supply. To fulfill this mission, it is essential that we establish a framework for procuring LNG, our primary fuel, reliably and affordably 24 hours a day, 365 days a year, both under normal circumstances and in times of emergency. For Japan, with few natural resources of its own, the key will be to strengthen the LNG value chain with domestic demand as its foundation. We will build a balanced procurement portfolio through long-term contracts that offer greater price stability, and the diversification of our procurement sources. At the same time, we will strengthen the entire LNG value chain by utilizing our LNG carriers and the trading capabilities of JERA Global Markets (JERAGM) to respond flexibly to fluctuations in domestic demand, while developing new sources of demand around the world. Through these efforts, we aim to establish an optimal supply framework.

Recent Initiatives to Enhance the LNG Value Chain

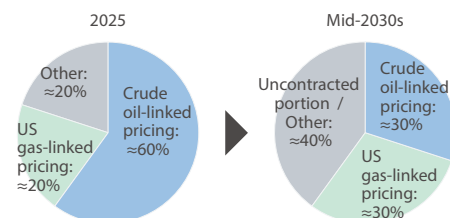


LNG Strategy: A Major Global Player in the LNG Value Chain

Diversifying Our LNG Portfolio



Gas and LNG Upstream Interests	Total LNG Production (MTPA)
Gorgon LNG (Australia)	15.6
Wheatstone LNG (Australia)	8.9
Ichthys LNG (Australia)	9.3
Barossa/Darwin LNG (Australia)	3.4
Scarborough (Australia)	8.0
Freeport LNG (U.S.)	17.0
South Mansfield (U.S.)	3.0–5.5 (LNG equivalent)



Featured

LNG Sales and Purchase Agreement with Woodside

Against the backdrop of the Russia-Ukraine conflict and instability in the Middle East, the global energy market is growing more complex and less predictable. Adding to this uncertainty, global LNG demand concentrates in winter, resulting in significant seasonal fluctuations and market tightness. In this environment, securing fuel supplies in a stable and flexible manner is becoming increasingly important.

In January 2026, we concluded an LNG sales and purchase agreement with Woodside specifically for deliveries during the Winter season. Under the agreement, we will procure approximately 200,000 tonnes of LNG annually during the winter months (December through February) for five years beginning in FY2027. This agreement supports stable LNG procurement during periods of high winter demand, helping meet increased electricity demand in Japan and enhance energy supply stability.



Executives at the signing ceremony

From left: Menno Weustink (Senior Vice President Global Trading & Operations, Woodside), George Gilboy (Vice President and Country Manager Japan, Woodside), Kosuke Tanaka (Executive Officer, Head of the LNG Division, JERA)

Transitioning to a More Market-Resilient Portfolio

Amid rising geopolitical risks, we must build a robust LNG portfolio that secures reliable volumes of LNG at stable prices, even in times of emergency. Diversifying our procurement geographically is particularly important, because it widens our options during supply disruption. We decided to procure LNG under long-term contracts from the US in 2025 and from Qatar and Malaysia in 2026. With the US and Qatar expected to become major global sources of LNG supply, these procurement arrangements will enable us to build a portfolio aligned with the structure of the LNG market and strengthen supply stability through greater diversification.

In building our portfolio, it is also important to diversify not only our procurement sources but also the price benchmarks to which our LNG prices are linked. Our LNG procurement has traditionally relied largely on crude oil-linked pricing (benchmark: Brent crude). However, as we expand procurement of US LNG, our portfolio is evolving to achieve a better balance by incorporating US natural gas prices (benchmark: Henry Hub). Diversifying our portfolio by combining multiple price benchmarks helps reduce our exposure to price fluctuations.

Beyond this, we are investing in upstream gas field interests to address fluctuations in each price benchmark. In addition to our six existing upstream investments in Australia, we acquired an interest in a US shale gas development and production project in January 2026. Acquiring these upstream interests allows us to offset the impact of rising procurement costs with earnings from upstream operations when gas prices rise sharply. Going forward, we will continue to enhance our resilience amid volatility in global energy markets while building an even more robust LNG portfolio.

LNG Strategy: A Major Global Player in the LNG Value Chain

Signed a 3 MTPA LNG Sales and Purchase Agreement with QatarEnergy

In February 2026, we concluded an LNG sales and purchase agreement with QatarEnergy, Qatar's state-owned oil and gas company, for the purchase of approximately 3 million tonnes of LNG annually. At the same time, we signed a memorandum of understanding (MOU) with QatarEnergy and Japan's Ministry of Economy, Trade and Industry (METI) to cooperate on additional LNG supplies to Japan in the event of an emergency. In March 2011, when Japan experienced an electricity supply-demand crunch in the wake of the Great East Japan Earthquake, Qatar helped maintain a stable energy supply by providing additional LNG supplies on an emergency basis. We entered into the LNG sales and purchase agreement and MOU to secure reliable long-term LNG supplies, backed by QatarEnergy's strong supply and emergency response capabilities, and contribute to a stable energy supply across Japan.



Conclusion of an LNG Sales Agreement with Torrent Power of India

The JERA Growth Strategy to Realize the 2035 Vision sets out how we will leverage our position as one of the world's largest LNG players and our integrated value chain to maintain stable supply, adapt to changes in demand, and provide solutions across Japan and Asia. As part of this strategy, we are further diversifying our LNG procurement and sales flows.

As part of this strategy, we signed our first long-term LNG sales agreement for an overseas market with Torrent Power in India in FY2025. From 2027, we will supply up to four cargoes annually from our LNG procurement portfolio for 10 years. The agreement gives us a foothold in the Indian market, where demand is expected to grow, and allows us to capitalize on complementary seasonal demand patterns in Japan and India, optimizing our LNG portfolio. This agreement represents an important first step toward our broader expansion into the Indian market. Looking ahead, we will continue to diversify our LNG sales by developing new sources of demand across Asia.

FOCUS



Establishment of JERA Global Energy Solutions (JERA GES)

Irtiza Sayyed

Senior Managing Executive Officer

Chief Executive Officer, JERA Global Energy Solutions

JERA GES is a leading global LNG and lower-carbon fuels portfolio company, built on one of the world's most robust LNG portfolios. JERA GES is dedicated to developing and managing the long-term foundation of JERA's LNG and lower-carbon fuels portfolio, while ensuring security of supply for Japan as its highest priority.

JERA GES brings together LNG value chain strategy, portfolio management capabilities, and a focus on LNG market development, which enable us to build a competitive, stable, and diversified LNG and lower-carbon fuels portfolio. Through investments in the upstream, long term LNG origination, shipping, and a focus on lower-carbon fuels such as ammonia and hydrogen, we are well positioned to realize our long-term strategy.

FOCUS

Participation in Shale Gas Development and Production in Louisiana, United States

In January 2026, JERA acquired an interest in a shale gas development and production project in Louisiana, United States. This investment is a strategic initiative to strengthen our entire LNG value chain and enhance our resilience amid volatility in global energy markets.

While operating solely as an LNG buyer would leave us exposed to fluctuations in U.S. natural gas prices, this investment gives us both an upstream position in the U.S. and the ability to sell natural gas directly into the market, helping offset the impact of price movements across both procurement and sales. When gas prices rise, both procurement costs and sales revenue increase. Conversely, when gas prices fall, both procurement costs and sales revenue decline. By offsetting these impacts across both procurement and sales, we will enhance the stability of our overall business performance.

Given the inherent volatility of energy demand and prices, it is important to build a more resilient business model. We have therefore determined that securing upstream assets with relatively low development risk, a proven production track record, and further development potential is an effective way forward.

In addition to offering stable development and production, the project is located close to centers of gas demand with well-developed infrastructure, including pipelines. These factors provide high degree of confidence in asset development and clear visibility into the project's commercial prospects. As our first upstream shale investment, we view the project as an important opportunity to strengthen the foundations of our business going forward.

Hydrogen and Ammonia Strategy: Leading the Development of the Hydrogen and Ammonia Value Chain

The Business Environment

In its 7th Strategic Energy Plan, the Japanese government identified hydrogen and other energy sources as key to achieving carbon neutrality by 2050, given their potential for use across a wide range of fields. The government aims to lower costs and expand adoption of these fuels through an integrated package of regulatory and support measures.

Under the Hydrogen Society Promotion Act, specific measures include support to bridge the price gap between hydrogen, ammonia, and similar fuels and the conventional fuels they would replace, as well as support for developing infrastructure hubs for large-scale hydrogen and ammonia supply chains. Other measures include support for technology development through the Green Innovation Fund. On the regulatory front, carbon-pricing measures are being introduced, including an emissions trading system (GX-ETS) and a fossil fuel levy.

While rising geopolitical risks, global inflation and higher interest rates are reshaping the business environment for hydrogen, ammonia and other low-carbon fuels, we believe the broader momentum toward decarbonization remains intact. Amidst growing emphasis on energy security and industrial competitiveness, countries are developing decarbonization industries that build on their particular regional strengths. We believe Japan must also move forward steadily, while carefully assessing the direction of the global transition toward decarbonization, to establish a competitive energy supply base.

VOICE



Steadily Advancing Decarbonization Initiatives, Including Technology Development, to Respond Flexibly and Swiftly to Changes in the Business Environment

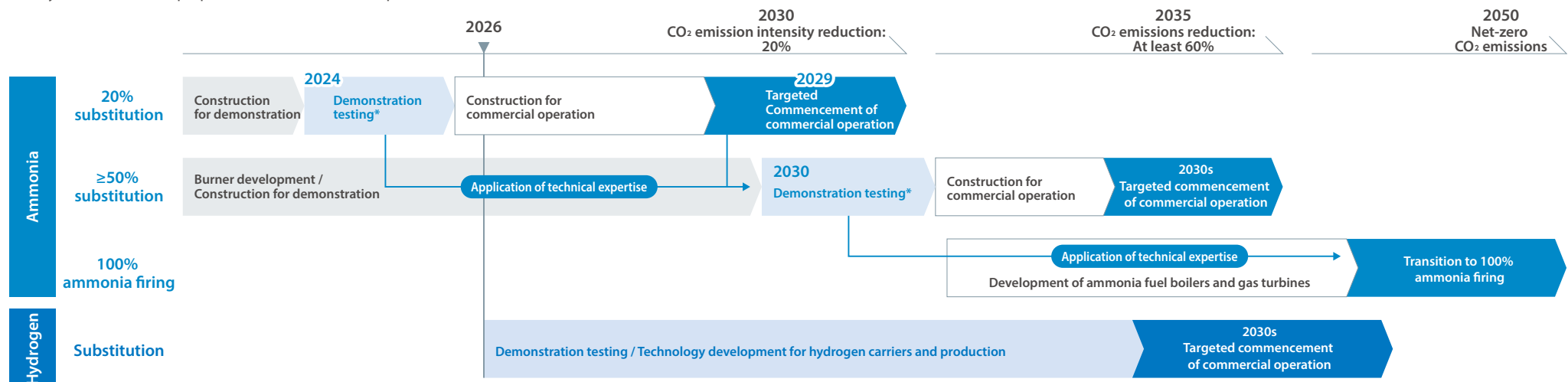
Koichi Morisaki

Senior Managing Executive Officer
Chief Japan Power Generation Officer (CJPO)

At JERA, we are using ammonia as a first step toward lower-carbon thermal power generation. In 2024, we successfully achieved 20% fuel ammonia substitution in a large-scale demonstration at Hekinan Thermal Power Station in Aichi Prefecture. Last December, the project received certification under a support scheme focused on price differentials, and we are making steady progress toward establishing an ammonia supply chain by FY2029. At the same time, we are also developing highly efficient hydrogen production technologies and exploring the establishment of a carbon capture, utilization, and storage (CCUS) value chain. With the aim of contributing to a society grounded in green transformation (GX), we will continue to advance the development of solutions that support both near-term emissions reductions and longer-term decarbonization, while carefully assessing technological advances, economic viability, and other factors.

Progress on our 2035 Growth Strategy

Steady advancement of preparations for commercial operation from the 2030s



* The ammonia substitution demonstration test at the thermal power plant featured in this integrated report was conducted as a NEDO-supported/subsidized project.

Hydrogen and Ammonia Strategy: Leading the Development of the Hydrogen and Ammonia Value Chain

Advancing the Deployment of Hydrogen and Ammonia

Hydrogen and ammonia are more expensive than conventional fuels and present economic and technical challenges that must be addressed before they can be widely adopted. Together with companies both in Japan and abroad, we plan to participate in economically viable hydrogen production projects and pursue technological development aimed at advancing hydrogen-related technologies, reducing costs, and overcoming barriers to wider adoption. We also seek to advance green transformation (GX) by developing supply and stimulating demand in tandem while leveraging government support schemes and other measures to strengthen Japan's industrial competitiveness and create new value.



1. Development of fuel substitution technologies

We are developing technology to substitute ammonia for coal and have completed a demonstration test of 20% ammonia substitution at Hekinan Thermal Power Station. We are currently carrying out construction work on four 40,000-tonne ammonia storage tanks, ammonia transfer pipelines, a jetty, and other facilities with the aim of commencing commercial operation. (Construction was 32% complete as of June 2026.)

► P.34 Ammonia Substitution Initiatives at Hekinan Thermal Power Station

We are also developing new technologies for introducing hydrogen, advancing research into highly efficient production methods and building the technical knowledge needed to help set international standards for hydrogen quality.

Featured

Joint Development of Hydrogen Supply Technology Using Ammonia Cracking

We are developing new technologies as part of our efforts to achieve JERA Zero CO₂ Emissions 2050. Currently, we are working with Nippon Shokubai and Chiyoda Corporation to jointly develop a process for extracting hydrogen from ammonia at low cost, as part of the New Energy and Industrial Technology Development Organization (NEDO)'s "Development of Technologies for Building a Competitive Hydrogen Supply Chain" initiative. Building on this collaboration, we will continue efforts to improve the efficiency and reduce the cost of ammonia cracking technology, with the aim of accelerating the transition to a hydrogen-based society.

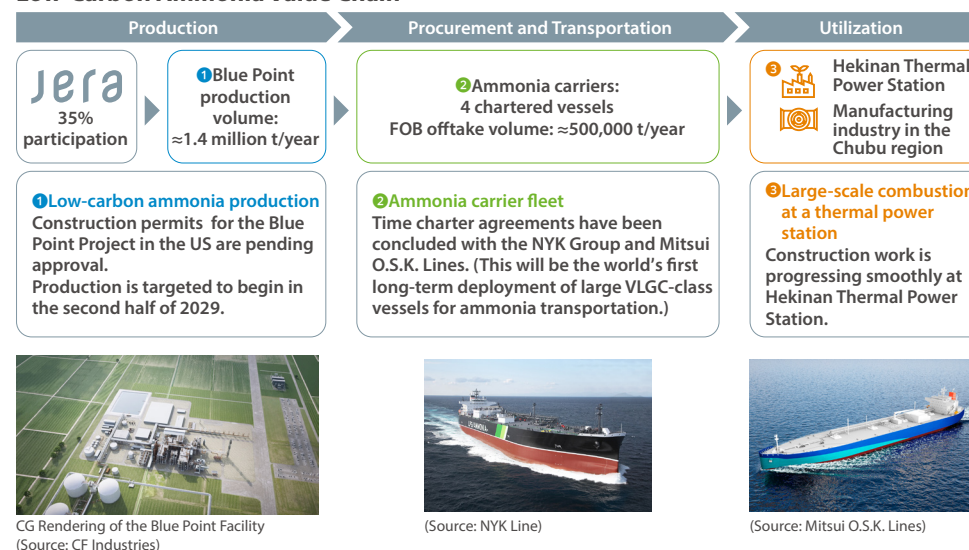


High-pressure laboratory equipment at Nippon Shokubai's Suita Research Center

2. Establishing a Low-Carbon Ammonia Value Chain for Japan

We are making steady progress on the development of an ammonia supply chain by FY2029. Following the final investment decision on the Blue Point low-carbon ammonia production project in April 2025, we received certification under support schemes covering fuel price differentials and hub development, and in June 2026, we concluded time charter agreements with the NYK Group and Mitsui O.S.K. Lines. We also aim to utilize the value chain from Blue Point to Hekinan Thermal Power Station to supply low-carbon ammonia not only for power generation but also to customers in other industries, particularly manufacturing, helping to expand the use of hydrogen and ammonia in Japan, starting in the Chubu region.

Low-Carbon Ammonia Value Chain



3. Advancing GX Through Innovation (Pursuing a Stable Energy Supply, Economic Growth, and Decarbonization)

The Japanese government envisions GX as a catalyst for social transformation through the pursuit of stable energy supply, economic growth, and decarbonization. This strategic positioning aims to advance decarbonization while ensuring both energy security and sustainable economic growth.

JERA is working to strengthen our technological competitiveness and create environmental value by advancing zero-CO₂-emission thermal power. At the same time, we plan to leverage the large-scale demand from power generation to expand the use of hydrogen and other fuels across industries seeking to decarbonize. Together, these efforts aim to contribute to the creation of related industries and new business opportunities.

Project Story

Hekinan Thermal Power Station Leads the Shift to Ammonia



A World-First Challenge in Ammonia Substitution for Thermal Power Generation: Pioneering the Decarbonization of Thermal Power at Hekinan

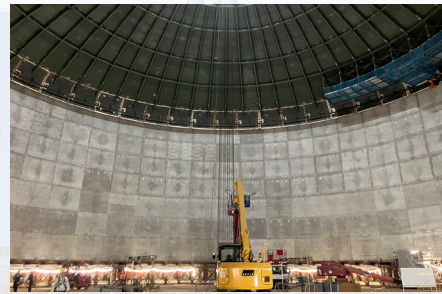
Yusuke Karasawa

Assistant Manager, Construction Section, Hekinan Thermal Fuel Ammonia Plant Construction Office, Japan Operations Division
After joining Chubu Electric Power in 1996, Karasawa worked in operations at Chita Thermal Power Station and subsequently in maintenance management at thermal power stations and LNG terminals. Since 2022, he has been involved in construction work for the 20% ammonia substitution demonstration test at Hekinan Thermal Power Station.

In February 2024, we began receiving ammonia for the first time in preparation for the world's first demonstration test of 20% fuel ammonia substitution at a large-scale commercial thermal power station. In preparation for the demonstration test, we took every precaution, including conducting emergency response drills with the local fire department in case of a leak and developing an evacuation guidance app. However, during an operational test of the ship-to-shore safety system prior to receiving the ammonia, the safety functions failed to activate, resulting in the postponement of delivery. That day, all those involved in the project worked together through the night to identify the cause, allowing us to safely begin receiving ammonia. We continued with the demonstration, working through issues as they arose, and felt a tremendous sense of accomplishment when it was successfully completed. We are now applying what we learned to the design and construction work for commercial operation, with the aim of further improving the facilities.



Completed demonstration test of 20% fuel ammonia substitution (June 2024)



Inside the No. 1 fuel ammonia tank (October 2025)

April 1–June 26, 2024	Conducted world-first demonstration test
July 2, 2024	Began construction for commercial operation
FY2029	Construction for commercial operation scheduled for completion



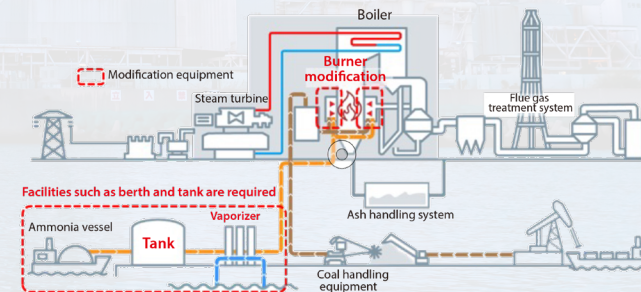
Ammonia Substitution Project at Hekinan Thermal Power Station: From the 20% Substitution Demonstration to Commercialization and Higher Substitution Rates Breaking New Ground at the Forefront of Decarbonized Thermal Power

Ayae Nakayama

Thermal Power Generation Renovation Unit, Japan Power Generation Development Group, Japan Zero Emission Development Division
After joining JERA in 2025, Nakayama began working on the Hekinan ammonia substitution project. She works on the commercialization of 20% ammonia substitution and the demonstration of higher substitution rates.

The 20% fuel ammonia substitution demonstration test conducted at Hekinan Thermal Power Station in 2024 marked a major step toward commercialization. Building on those results, I now drive the overall project from the business side, for both the commercialization of 20% ammonia substitution and demonstration testing at 50% or more. In addition to managing schedules and budgets, my responsibilities include addressing regulatory and institutional requirements and coordinating with the national government and public institutions.

Working on a project with no precedents brings challenges, including responding to the administering body's final evaluation of the 20% demonstration test, managing the schedule and budget for construction work toward the commercialization of 20% ammonia substitution, and conducting discussions with internal and external stakeholders to prepare for future ammonia operations. As a world-first initiative, the project inevitably involves navigating new challenges, including adapting to emerging frameworks such as the Long-Term Decarbonization Power Source Auction. Coordination with the many stakeholders inside and outside the company can also take considerable time. However, I find it incredibly rewarding to be involved at this important stage, as we build on the results of the world-first demonstration to achieve commercialization and, ultimately, ammonia substitution of 50% or more. Going forward, I will continue to build on the progress we have made, working closely with all those involved as we advance toward commercialization and a demonstration of ammonia substitution rate at 50% or higher.



Fuel ammonia tanks (As of June 2026)



Ammonia burner (Photo: IHI Corporation)

Renewable Energy Strategy: Driving Localized Decarbonization Efforts on a Global Scale

The Business Environment

In recent years, the renewable energy industry has faced a more challenging operating environment, driven by rising project costs due to higher interest rates and inflation, supply chain disruptions, shifts in national energy policies, and grid constraints in areas well suited to renewable energy development. At the same time, the global drive toward decarbonization continues, supported by advances in technology and improvements in turbine efficiency. We are also seeing growing recognition of the importance of energy storage and of the potential to integrate renewable energy with decarbonization solutions such as hydrogen and ammonia.

The power sector is inherently global and increasingly exposed to developments in international energy markets and geopolitics. Against this backdrop, growing concerns over energy security are also changing the way renewable energy is viewed. Renewable energy is increasingly recognized as an important component of a diversified generation portfolio and as a source of power that can contribute to security of supply. We therefore expect the importance of renewable energy to continue to grow.

Going forward, we believe it will be important to contribute global decarbonization by developing power generation tailored to the needs and circumstances of each region, including not only large-scale power generation projects but also small-scale distributed generation, and by developing and offering new decarbonization solution services for customers through closer collaboration with our Group companies.

VOICE



Renewable Energy as a Key to Decarbonization, Stable Energy Supply, and Energy Security

Satoshi Yajima

Senior Managing Executive Officer
Chief Renewable Energy Officer (CREO)
CEO, JERA Nex Ltd.

This spring marked two years since the creation of JERA Nex, which specializes in renewable energy. The business environment has grown tougher over those two years. Nevertheless, we have continued to expand our business, supported by the “glocal” (global + local) system we have built at JERA Nex and by a highly experienced management team. Key developments include our participation in solar power projects and the start of operations at an onshore wind power project in the US, our selection as an operator for offshore wind projects in Japan, and the establishment of JERA Nex bp, our offshore wind joint venture with UK-based bp.

Moving forward, we aim to strengthen collaboration with the JERA Group’s other business divisions, including thermal power generation and low carbon fuels businesses, as well as with JERA Group companies such as JERA Cross. Guided by our Mission and Vision, we will continue to provide innovative renewable energy solutions that support decarbonization, stable energy supply, and energy security.

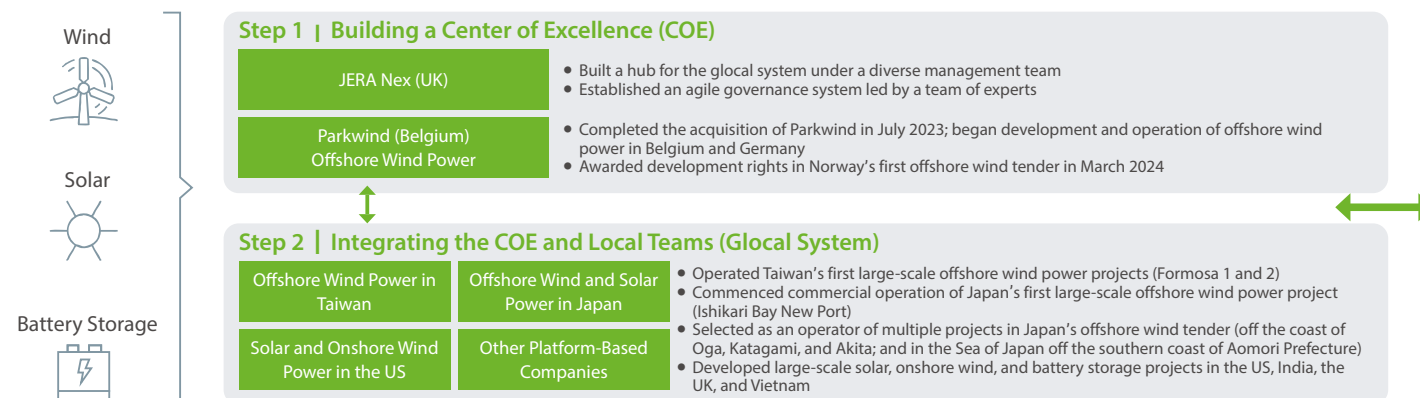
Progress on Our 2025 Growth Strategy

Building a Top-Tier Business in Asia from the Ground Up
2019–2023

Step 1
Building a Center of Excellence (COE)
2023–2024

Step 2
Establishing a Glocal System
2024–2025

Step 3
Pursuing Collaboration
2025 Onward



Step 3 | Pursuing Collaboration

Collaboration with global players



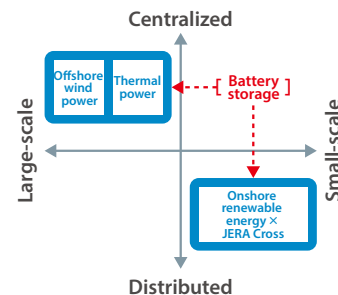
Signing ceremony for the joint venture agreement with bp in the UK (December 2024)

Renewable Energy Strategy: Driving Localized Decarbonization Efforts on a Global Scale

JERA Nex

In April 2024, we established JERA Nex in the United Kingdom as a dedicated renewable energy company. Based in one of the world's leading renewable energy markets, JERA Nex oversees our renewable energy businesses and draws on a diverse talent pool to develop and operate renewable energy projects. In August 2025, we partnered with bp, a major UK oil and gas company, to establish JERA Nex bp, a 50:50 joint venture specializing in offshore wind. As a shareholder, JERA Nex manages its investment in the company. Bringing large-scale renewable energy projects such as offshore wind to fruition in a timely and economically viable manner is no easy task. However, JERA Nex moves forward by building consensus through frank and, at times, intense discussions with JERA Nex bp's management and project teams.

The environment surrounding renewable energy is changing rapidly, and this requires an agile approach. The establishment of this joint venture is one example of how we have adapted. Across our other renewable energy businesses, we are also pooling our collective expertise and ideas to provide power solutions that are able to respond to customer needs and market conditions.



Onshore Renewable Energy Strategy

To date, we have accumulated expertise in onshore renewable energy and battery storage through investments in platform-based companies and through portfolio development in the United States. In Japan, JERA Cross, a JERA Group company, also supplies customers looking to pursue decarbonization with electricity generated by solar power projects and other projects developed in collaboration with West Holdings Corporation, one of our investors.

Building on this expertise and track record, we plan to focus not only on large-scale, centralized power generation projects, an area of strength, but also on small-scale, distributed renewable energy projects going forward. Specifically, we aim to work with JERA Cross to develop new decarbonization services tailored to customer needs, including solutions to help customers advance their green transformation (GX) initiatives.

In the current environment, we anticipate that the importance of battery storage will continue to grow. We plan to leverage the expertise we have developed through our investment in a UK battery storage company to support the optimized operation, life extension, and improved profitability of our thermal power plants in Japan, including battery storage project development and facility operations as well as in responding to fluctuations in supply and demand. These efforts will help us deliver on our Mission and Vision.



Jera nex

FOCUS

One Year Since the Launch of JERA Nex bp

JERA Nex bp's Global Operations

JERA Nex bp, a dedicated company with the resources, capabilities and resilience to deliver offshore wind energy at scale, was launched in August 2025 as a 50/50 joint venture bringing together the offshore wind businesses of JERA Co. and bp, the UK energy group.

JERA Nex bp is a developer, owner and operator with more than fifteen years of experience in operating offshore wind projects. Its headquarters are in London and the company is led by CEO Nathalie Oosterlinck, formerly a renewable energy executive at JERA.

The company has approximately 1GW of operating assets in Belgium, Germany, the UK, Taiwan and Japan, where it operates the 112 MW Ishikari Bay New Port offshore wind farm in Hokkaido. JERA Nex bp has a substantial development portfolio that includes projects and leases in the UK, Ireland, Germany, Norway, Australia, the US and Japan.



Following significant integration activity over the past year, JERA Nex bp now operates from three major hubs – London, Tokyo and Leuven in Belgium – with satellite offices in Aberdeen and Edinburgh in the UK, Ostend in Belgium, Mukran and Hamburg in Germany, Dublin and Melbourne.

Oga, Katagami, and Akita Project

JERA Nex bp is currently developing Japan's most important offshore wind farm the Oga-Katagami in Akita Prefecture. Construction of the port infrastructure, onshore transmission and substation is underway in Akita, preparing for the deployment of twenty one 15MW turbines. When construction is completed – expected in the summer of 2028 – Katagami will become Japan's largest offshore wind project.

As well as making a significant contribution to Japan's energy transition, the Katagami project will contribute to the development of the domestic offshore wind industry by working on the development of local suppliers and the carbon-neutral industry, including battery storage.



Special Feature

Trinity Collaboration to Support Stable Energy Supply Behind the Scenes of JERA's LNG Value Chain

With one of the world's largest LNG transaction volumes, JERA stands at a crossroads. Our operating business environment is changing drastically, shaped by factors including the increased push for decarbonization, rising electricity demand due to the expansion of data centers, and rising geopolitical risk. Three divisions under JERA's LNG and Lower Carbon Fuel business are at the forefront of navigating these challenges: The LNG Division, responsible for LNG upstream origination, procurement, and transportation; The Fuel Management Division, which is responsible for reliably delivering the fuel we procure to our receiving terminals; and our Power Stations, which use that fuel to generate electricity. In this special report, the leaders of these three divisions discuss JERA's LNG business today, and the challenges and opportunities that lie ahead.



Kosuke Tanaka
Executive Officer, Head of the LNG Division
Managing Director, JERA LPS

Reiko Nakamura
Executive Officer, Head of the Fuel
Management Division



Hisashi Koseki
Managing Executive Officer, Japan
Operations Division
General Manager, Head of the Futtsu
Thermal Power Station

LNG Division

Supports stable, flexible, and competitive fuel supply through upstream investment, procurement, and transport.

Fuel Management Division

Maintains reliable fuel supply while creating trading opportunities for JERA Global Markets (JERAGM).

Futtsu Thermal Power Station

Safely and reliably receives, stores, and re-gasifies LNG, supplies fuel to power generation facilities, and supports the stable electricity supply.



LNG Value Chain

— **To start, could you tell us about the roles of your respective divisions?**

Tanaka The role of the LNG Division is to build high-value assets across the LNG value chain. Through contracts related to upstream assets such as gas fields and liquefaction facilities, as well as procurement, sales, and transport, we work to make our LNG supply more stable, flexible, and competitive, while also generating returns on our investments. In this way, we strengthen the value chain and contribute to enhancing JERA's corporate value. Specifically, our mission is to procure competitively priced LNG while ensuring stability and maintaining the flexibility to respond to fluctuations in domestic demand. To do so, we closely monitor supply-demand and pricing trends, manage a balanced portfolio including sourcing LNG from multiple countries and regions, and maintain our own fleet of ships. We are involved not only in procurement and transport, but also in upstream operations such as acquiring interests in gas fields and participating in liquefaction projects. This helps us mitigate the impact of geopolitical developments and price fluctuations and support stable fuel supply.

Nakamura The Fuel Management Division is responsible for providing our power stations with a stable, uninterrupted supply of the fuel they need when they need it. It also creates trading opportunities for JERAGM, the JERA Group's fuel trading company. To safely manage around 450 LNG carrier deliveries a year, we continually monitor inventories at our eight LNG terminals in Japan in collaboration with our power stations, so that each location receives the necessary amount of fuel without delay. We also assess the feasibility of transactions and vessel replacements proposed by JERAGM as part of its optimization activities, helping unlock additional trading opportunities.

Special Feature

Trinity Collaboration to Support Stable Energy Supply
Behind the Scenes of JERA's LNG Value Chain

Koseki Futtsu Thermal Power Station has one of the largest power generation capacities in Japan, and its LNG terminal, receives about ten million tons of LNG per year. By safely and reliably receiving, storing, and re-gasifying such an immense volume of LNG—and providing it in a stable manner to our power generation facilities—we help support a stable supply of electricity to society. One of our major roles is to carefully adjust fuel consumption and calorific value to match our power generation plan, based on constant monitoring of LNG tank inventory levels and our cargo receiving schedule. As the final link in the LNG value chain, we work around the clock to support a stable supply of electricity.

— **Given recent changes in the geopolitical landscape, including Russia's invasion of Ukraine in 2022 and the deterioration of the situation in the Middle East since February this year, how is JERA positioning its LNG business to maintain a stable and reliable supply of LNG?**

Tanaka To begin with, LNG plants take more than a decade to build and require an investment on the scale of hundreds of billions to trillions of yen. Recovering that investment requires operating at full capacity and selling LNG through long-term contracts. This structure makes it inherently difficult to address sudden demand surges by swiftly building new production capacity or increasing the production. Geopolitical shocks or LNG plant outages can quickly ripple through global markets, causing sharp spikes in spot prices.

To support a stable and economical supply of LNG to Japan including during periods of global uncertainty, we are increasing the share of LNG procured under long-term contracts and diversifying our procurement portfolio. Historically, we have secured the LNG volumes we expect to consume through long-term contracts, then covered shortfalls during periods of

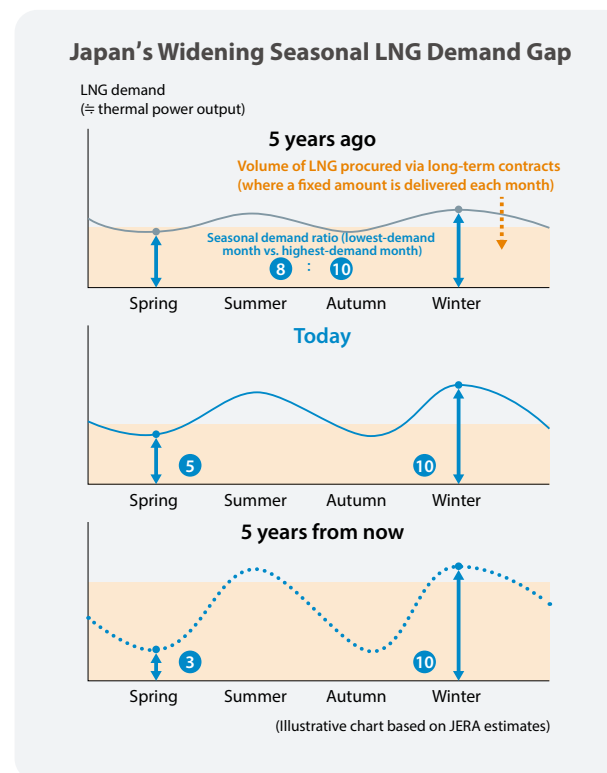
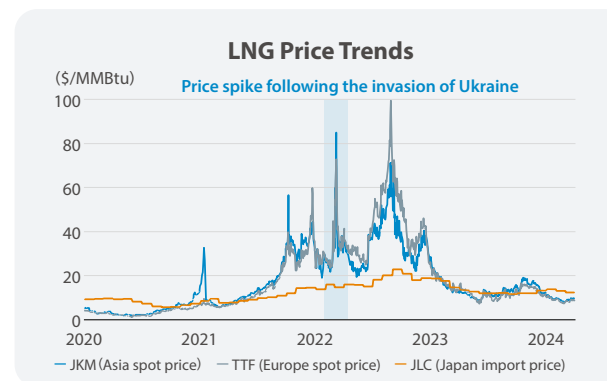
high demand via the spot market. However, the current electricity supply and demand situation in Japan has required us to respond to two shifts: demand is rising with the domestic growth of AI and data centers, while the growing share of variable renewable energy is widening seasonal variation in LNG demand.

We also need to manage geopolitical risks. In 2022, the Russian invasion of Ukraine halted gas supplies from Russia to Europe and sent LNG spot prices soaring. As power demand rose during the winter months, substantial capital was required to secure large volumes through spot procurement. In response, we shifted to a strategy of securing enough LNG under long-term contracts to meet demand while selling surplus volumes as demand fluctuates. This strategy is designed to support a stable supply of energy to our customers at an affordable price.

We are also diversifying our procurement sources to manage geopolitical risk. Currently, the largest share of our LNG comes from Australia. However, we are rebalancing our portfolio with new procurement from the US and Qatar, both of which are set to become major centers of global supply, as well as from Malaysia. Some LNG contracts do not permit changes to the destination country or port where a cargo is delivered. However, US contracts allow the destination to be set freely, offering the flexibility to redirect cargoes to Japan or sell them to other countries as demand requires. Qatar offers particular advantages in an emergency, backed by its enormous production capacity and terminal capacity in Europe.

JERA's decision to procure LNG from the US will also significantly increase our demand for LNG carriers. To meet that demand, we aim to build a stable, flexible, and cost-competitive fleet by diversifying the timing of charters and contract periods.

Our procurement efforts have also led to initiatives to strengthen our upstream investments. JERA is one of the largest procurers of LNG in the world and is highly trusted by LNG producers. Securing reliable buyers can make or break a gas



Special Feature

Trinity Collaboration to Support Stable Energy Supply
Behind the Scenes of JERA's LNG Value Chain

About JERA

Medium and Long-Term Strategy

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Pre-Financial Growth Initiatives

Data

field development project, which is why producers count on JERA to provide offtake. Building on our procurement strength and the trust we have earned, we have expanded our areas of collaboration and created opportunities to participate as a partner in high-quality upstream interests held by producers such as state-owned enterprises and oil majors. Holding positions in both production and sales offers benefits beyond investment returns and supplying LNG to our own power stations. It also allows us to hedge against rising procurement costs through our upstream positions when resource prices surge. For example, in January 2026, we decided to participate in a shale gas development project in Haynesville, Louisiana, US. This move has proven effective both in generating investment returns and in managing exposure to resource price fluctuations affecting North American LNG.

— **You have explained how long-term contracts benefit both stable supply today and JERA's future LNG strategy. What challenges do they present?**

Nakamura From the standpoint of fuel supply and demand, raising the share of long-term contracts inevitably brings back memories. When Russia invaded Ukraine, the global scramble for LNG brought home the very real risk that we might struggle to secure the fuel we needed. By contrast, during the COVID-19 pandemic, domestic demand dropped sharply, leaving us with excess long-term contract volumes that we could not sell at the prices we wanted on the spot market. I still remember the painful experience of managing that inventory while absorbing the resulting financial impact. Because of these experiences, I remain keenly aware of the real challenge we face in being able to monetize surplus volumes while still securing enough LNG under long-term contracts.

Tanaka Raising the share of long-term contracts certainly involves some risk. However, we adopted this strategy because our highest priority is ensuring a reliable and secure supply of energy.

The spot market offers flexibility, but depending on market conditions, we may not be able to reliably acquire the volumes we need. Reducing that risk is of the utmost importance. Under this strategy, we would need to resell any surplus, which could lead to losses when prices fall. However, one of the characteristics of the LNG market is that prices rise sharply when demand increases, but tend to fall only within a relatively limited range. We therefore believe that accepting a degree of risk during market downturns is a better strategy for avoiding major losses in the long term.

Amid these efforts, people sometimes ask if JERA is aiming to become a trading company. The answer is no. Our mission is the stable procurement of energy. We use international markets to broaden our options, responding to fluctuations in domestic demand and global uncertainty while reliably securing the fuel we need.

— **How are these initiatives being received on the ground, and how are they being put into practice?**

Koseki Despite the risks, I see this as a challenge we must take on to safeguard the stable supply of energy.

At our terminals we must always know what type of LNG is arriving and when, while operating within the constraints of our tanks and equipment. That means that when our strategy changes, on-site operations change with it, so information needs to be shared in a timely and careful manner.

The diversification of our procurement, along with increased optimization and trading activities, has increased the burden on our receiving operations. At Futtsu Thermal Power Station, we receive about 15 shipments a month. Each one takes roughly 24 hours to unload, so work continues throughout the day and

night. If a vessel's arrival time changes due to conditions along its route, we adjust the schedule. In some months, the port-call plan is updated more than 15 times for a single shipment. Each year, around 30 ships make their first call at Futtsu, requiring a ship-shore compatibility study in advance to confirm that they can berth safely at the terminal. We also run more than 600 simulations a year to determine whether we can accept a cargo based on LNG tank inventory levels. With conditions changing moment to moment, teams on site must be constantly alert. Although we on the ground are not directly involved in fuel procurement decisions, understanding how our work relates to and contributes to JERA's procurement strategy is highly motivating.

Nakamura As you mentioned, there have been many occasions when LNG shipment schedules have had to be changed for inventory management reasons. Thanks to the flexibility of our on-site teams in accommodating these changes, I believe we have been able to support stable supply while also realizing gains from optimization.

— **As LNG procurement becomes more diversified, how are you addressing differences in LNG properties across supply sources?**

Koseki Dealing with differences in LNG properties has become increasingly challenging. Alongside the high-calorific "rich LNG" that used to dominate, lower-calorific "lean LNG" has become more common in recent years. The wider the range of LNG properties, the more complex the cargo receiving plans, tank operations, and send-out management become. The power stations we supply are not always fully equipped to handle the increasingly diverse range of LNG fuel specifications, but our teams continue to adapt their operations to receive and handle each cargo safely. We are also grateful for the careful coordination of the Fuel Management Division, which takes into

Special Feature

Trinity Collaboration to Support Stable Energy Supply
Behind the Scenes of JERA's LNG Value Chain

account our tank conditions and calorific balance when routing ships to us.

Nakamura That is indeed one of the most challenging aspects of our work. Safely receiving LNG with different properties involves a number of constraints, including the need to keep tank inventory levels low ahead of incoming cargoes. At the same time, LNG storage space is limited, requiring deliveries aligned with real-time consumption. Maintaining a stable intake amid a changing range of LNG properties and wider swings in consumption requires close coordination with our sites, and we intend to strengthen that collaboration further.

Tanaka Hearing from both of you has given me a renewed sense of appreciation for just how diligently our on-site teams manage LNG receiving operations. I am deeply grateful for their round-the-clock support in receiving shipments, and I want to further strengthen our coordination with the front lines moving forward.

From 2030 onward, lean LNG is expected to account for a large share of the market and become the global standard. Going forward, I believe it will become increasingly important to take a holistic approach to optimization across procurement, receiving facilities, and operations. This is a distinctive JERA approach, and I believe it can become a major competitive strength.

— With strategy and site operations so closely interconnected, how do you plan to deepen shared understanding across divisions?

Koseki I would like to expand structured talent exchanges between our power stations and the LNG Division and the Fuel Management Division. Once the new strategy is fully underway, operations on the ground will become more challenging than

ever, we are likely to see the number of issues requiring collaboration across divisions grow. It will be crucial to communicate even more closely and understand one another's operational realities and constraints to mitigate those challenges, improve decision-making in each area and help us move forward together. From the operational side, we are committed to deepening collaboration and continuing to support the stable energy supply.

Nakamura I agree. The Fuel Management Division serves as a bridge between procurement and on-site operations, but it is not enough to simply relay messages about what procurement says or what the front line is asking for. We need to understand why decisions are made and communicate that reasoning clearly so that both sides can be better aligned.

Every division shares the same mission: Providing a stable supply of energy. Fulfilling it requires closer, more frequent communication and mechanisms that enable us to work across divisions collaboratively. Because most of the Fuel Management Division's work is desk-based, we need to visit the front lines, learn how people work, and appreciate their ingenuity and the challenges they face. Only then can we truly connect

procurement with on-site operations. I want us to continue serving as the vital link between the two.

Tanaka I began my career at TEPCO, where, during major power outages, people came together across organizational and hierarchical boundaries to restore service. Working side-by-side with frontline teams, we have overcome extremely challenging supply-demand conditions.

I believe this commitment to solving problems together is fundamental to our business. Globally, fuel procurement is becoming increasingly challenging, and as the number of issues requiring cross-functional coordination grows, we need to communicate clearly with one another.

Ultimately, the fuel we are dealing with remains the same—LNG—and we are still connected through a single value chain. Our LNG strategy and each division's initiatives are directed towards the same shared mission of supporting the stable supply of energy. Achieving that goal will require even greater mutual understanding across divisions. As circumstances evolve, we are committed to sharing the context and thinking behind our decisions as we move forward together.

