Mission/Vision

Mission

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

Vision

To scale up our clean energy platform of renewables and low greenhouse gas thermal power, sparking sustainable development in Asia and around the world

History of JERA

Ten Years of Progress: Steadily Delivering on Our Plans Paving the Way to Becoming a Global Energy Leader

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

We are here

2015

- TEPCO and Chubu Electric Power Company form a 50/50 joint venture to become a Japan-based global energy company

2019

- JERA completes the integration of all domestic and overseas fuel-fired businesses
- JERA becomes one of the world's largest LNG buyers

2025

- JERA supplies one-third of the power in Japan
- JERA leads decarbonization efforts

2035

2035 Vision

- Spark sustainable development in Asia and around the world by scaling up our clean energy platform of renewables and low greenhouse gas thermal power

2050

JERA Zero CO_2 Emissions 2050

- Achieve virtually net-zero CO_2 emissions from JERA operations

Milestone

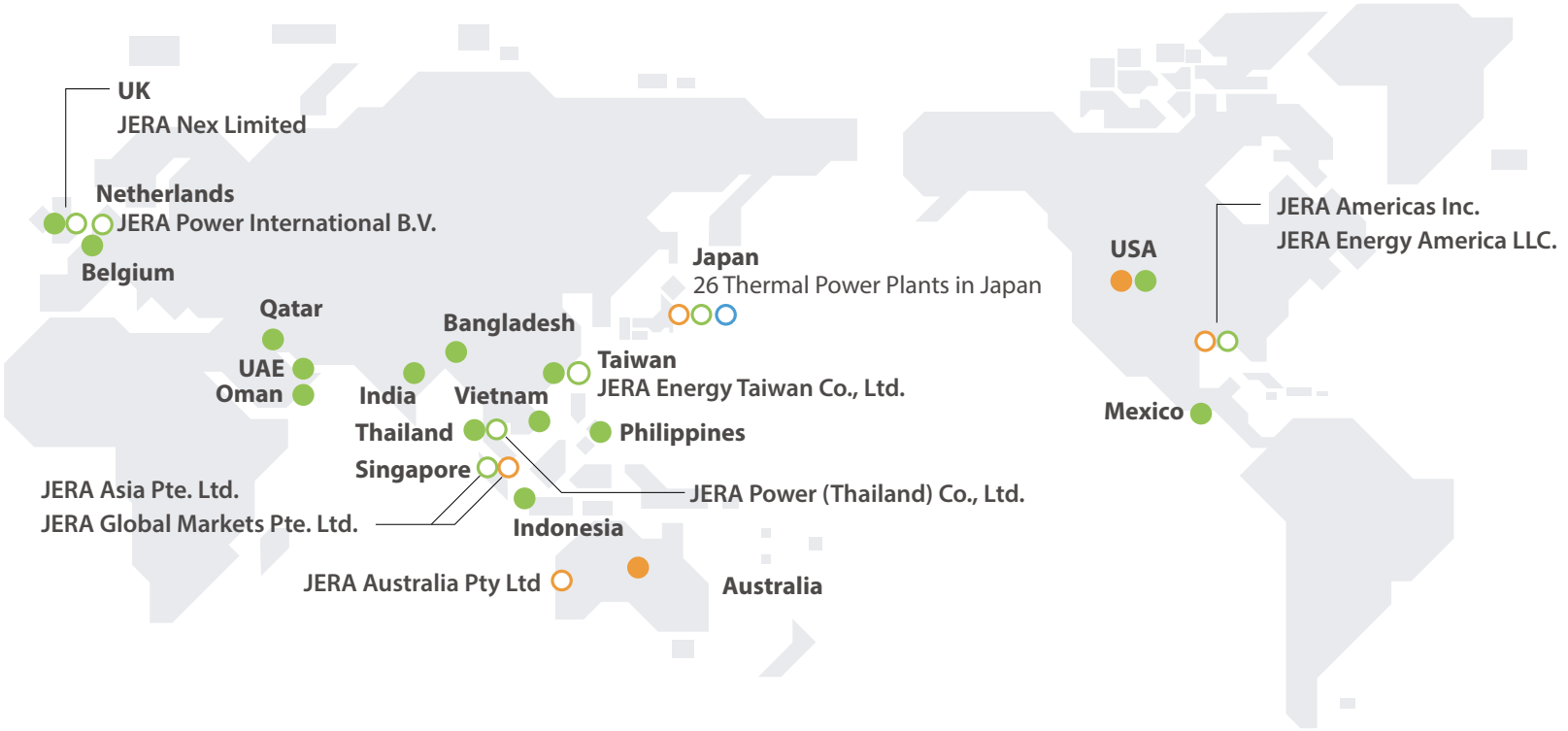
	FY2019	FY2025 Target	Target Level by FY2035
Net Profit	Approx. 90 billion yen	200 billion yen	**Consolidated Net Profit**[*1] **350 billion yen**
Amount of Investment Cumulative Investment Cash Flow	N/A	1.4 trillion yen[*2]	Cumulative Investment Cash Flow **5 trillion yen** (Cumulative total for FY2024–FY2035)
LNG Transaction Volume	Approx. 35 million t	35 million t	Transaction Volume **35 million tons or more**[*3]
Renewable Energy Development Output	Approx. 1.5 GW	5 GW	Development Output **20 GW**[*4]
Hydrogen and Ammonia Transaction Volume	N/A	N/A	Transaction Volume **Approx. 7 million tons**[*5, *6]

*1 Excluding the effect of time lags after fuel cost adjustments
*2 Cumulative total for FY2022–25
*3 Including trading volume
*4 Investment decisions will be made with discipline, focusing on high-quality projects while monitoring market conditions
*5 Details of this initiative will be elaborated in stages based on policy and other assumptions. If assumptions are substantially changed, they will be reviewed.
*6 Ammonia-equivalent volume

At a Glance

The JERA Group is an energy company that spans the entire value chain, from fuel upstream business and procurement to power generation and wholesale of electricity and gas.

As a global company with the largest power generation capacity in Japan and capable of handling some of the largest fuel volumes in the world, we are committed to solving the world's energy issues and leading the way in creating a decarbonized society.



Revenue*1

Approx. 3.3 trillion yen

Total Assets*2

Approx. 8.5 trillion yen

Number of Employees (Consolidated)*2

6,292

117 Consolidated Subsidiaries
55 Equity Method Affiliates

*1 FY2024
*2 As of March 31, 2025

Business Overview

Fuel Business

Investment in fuel upstream and other businesses, fuel transportation, and fuel trading

Major Projects ● Major Group Companies ○

Domestic Thermal Power Generation and Gas Business

Thermal power generation in Japan, fuel procurement, O&M engineering, sale of electricity and gas in Japan, etc.

Major Projects ● Major Group Companies ○

Overseas Power Generation and Renewable Energy Business

Investment in overseas power generation projects and the development and operation of renewable energy in Japan and overseas

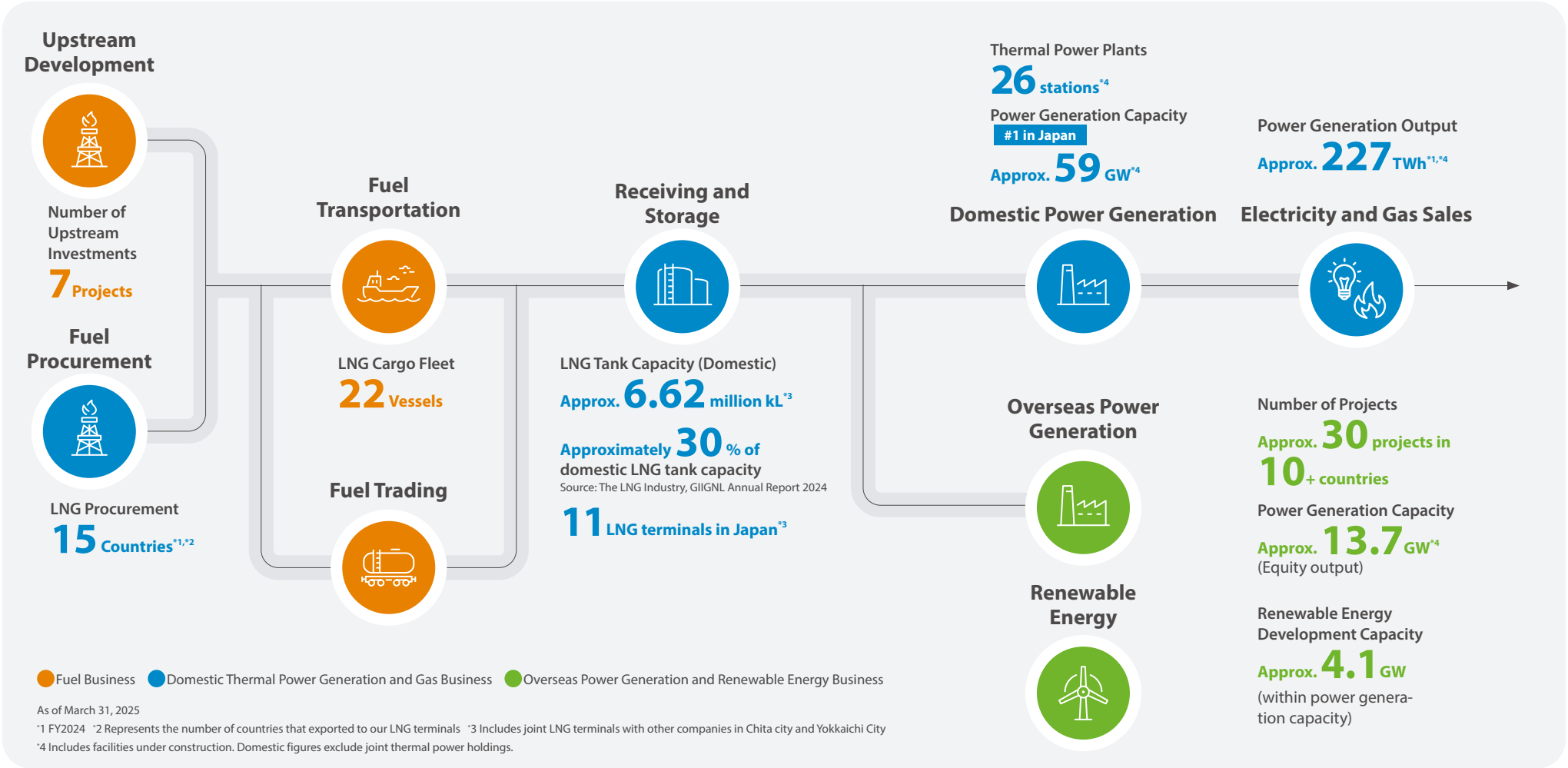
Major Projects ● Major Group Companies ○

JERA's Value Chain and Business Capital

Owning the Entire Fuel and Thermal Power Value Chain

We are involved in the entire value chain of fuel and thermal power, including upstream operations, fuel transportation, storage (fuel terminal operations), power generation, and wholesale.

Of particular note here is LNG. We handle approximately 35 million tons of LNG per year—one of the world's largest volumes—and as Japan's largest power provider, we are responsible for generating approximately 30% of the country's electricity. Most of our power plants are located in the Kanto and Chubu regions. Japan is surrounded by the ocean and lacks international transmission lines to connect it with neighboring countries, so our power plants help the country maintain a stable supply of electric power.



As of March 31, 2025

*1 FY2024 *2 Represents the number of countries that exported to our LNG terminals *3 Includes joint LNG terminals with other companies in Chita city and Yokkaichi City

*4 Includes facilities under construction. Domestic figures exclude joint thermal power holdings.

DIALOGUE

Continuity and Change: On Legacy, Innovation, and the Future

Yukio Kani
Global CEO and Chair

Hisahide Okuda
President, Director, CEO and COO

JERA's Journey

Kani (Global CEO and Chair): Today, we have been asked to reflect on our past and share our vision for the future as co-CEOs and long-standing partners since JERA's founding. Frankly, it feels as though we have been running at full speed since 2015, with hardly a moment to pause and on the past decade, when the shared ambition of our founding companies to create a global energy company took form with JERA's establishment. Looking back, JERA's journey has been nothing less than the history of our collective efforts toward a decarbonized society.

Okuda (President, Director, CEO and COO): In 2015, the year JERA was founded, the Paris Agreement was adopted at COP21. In 2020, the year we fully integrated our value chain, Japan announced its target of carbon neutrality by 2050. In response, we launched "JERA Zero CO_2 Emissions 2050" to lead the charge in decarbonization by expanding renewable energy and transitioning to zero CO_2 emission thermal power. In 2024, the year after we took on our co-CEO roles, we unveiled JERA Growth Strategy to Realize the 2035 Vision (Growth Strategy), and today we are adapting to a rapidly changing business environment in Japan and around the world.

Kani: Every day brings major challenges, but we remain determined never to lose sight of the long view. We will continue striving to balance stable energy supply with decarbonization while pursuing solutions to the energy trilemma: sustainability, affordability, and stability.

JERA's Values and the Legacy We Leave Behind

Okuda: I believe JERA's mission and vision are deeply embedded within each of our people. While we are a profit-driven enterprise, we also serve as a vital public utility provider. We recognize our responsibility to help shape a sustainable future, and through dialogue and co-creation with stakeholders, we are committed to pursuing that goal.

Kani: To achieve our Growth Strategy, it is essential that each of us approach our daily work with the awareness that our actions, which are grounded in diverse values, make a real impact on society.

Okuda: Solving the world's energy challenges does not mean imposing a single standard. We must address the unique realities of each country and region, delivering solutions that fit their needs. That is why I place great importance on the principle of "Think globally, Act locally."

Kani: Exactly. Every member of JERA should embrace change without fear, while also carrying forward our enduring legacy of culture and values to the next generation. At the foundation of this lies trust, built on mutual respect. By respecting both ourselves and others, and by caring for our colleagues' safety and well-being, we can stand together as one team, united in our purpose and dedication to the mission at hand.

GLOBAL CEO MESSAGE

Message from the Global CEO and Chair

Same Destination. New Path.

This year marks JERA's 10th anniversary. Our founding aspiration—to create Japan's first global energy company—remains unchanged. As the company reaches this milestone, we still see ourselves very much as a startup. Rather than reflecting on the past, what matters now is how we move boldly forward to transform the next decade.

That path is laid out in the growth strategy we announced in May last year. Our goal is to provide cutting-edge solutions to the world's energy issues. To achieve this, we have identified three strategic priorities: LNG, renewable energy, and hydrogen and ammonia. We have declared our vision to establish a new business model in Japan that combines renewables with decarbonized thermal power and to expand that model in Asia and beyond.

The world is undergoing dramatic change. Climate change is becoming more severe, geopolitical risks are on the rise, and interest rates and prices are climbing. As a result, the costs of renewable energy and hydrogen & ammonia have surged. At the same time, we must also respond to new demands, such as the rapid expansion of data centers.

In response to these shifting business conditions, we must take an agile approach to reallocating our investments. Yet, there is one thing we will not change—our mission. Providing cutting-edge solutions to the world's energy issues means tackling the challenge of achieving three goals simultaneously: sustainability (realizing a decarbonized society), affordability (providing electricity at affordable price), and stability (ensuring a stable supply). Delivering cutting-edge solutions to this trilemma is JERA's ultimate goal and the very reason we exist. Below, I would like to highlight a few recent initiatives that show how we are working toward this mission.

Yukio Kani
Global CEO and Chair

Message from the Global CEO and Chair

Turning Offshore Wind Business Headwinds into Progress Through Collaboration

The renewable energy business, particularly offshore wind, continues to face a challenging business environment. The question now is how to reduce risk while still aiming to be a world-leading developer. One answer is collaboration with trusted partners, which we have accomplished in three steps.

Step 1 was the establishment of JERA Nex in London and the full acquisition of Parkwind, Belgium's largest offshore wind company, creating a strong operational foothold in Europe.

In Step 2, we integrated local teams from Japan, Taiwan, and other regions into JERA Nex, establishing a "glocal" structure that combines global best practices with deep local insights.

Leveraging this large, diverse, and attractive business platform, Step 3 involved seeking out the ideal partner. As a result, we have partnered with bp in the UK to establish JERA Nex bp in August this year, forming one of the top five offshore wind companies in the world.

Decarbonizing Thermal Power Begins with the Value Chain

Hydrogen and ammonia are key solutions for decarbonizing thermal power generation. Although rising costs have made conditions more challenging, we continue to pursue this option because it is essential to fulfilling our mission.

Our goal is to build a value chain for thermal power using its large-scale offtake capacity—just as we have done with LNG. At our leading Hekinan Thermal Power Station, we successfully conducted a test last year in which we substituted 20% of coal fuel with ammonia, and we are now preparing for commercial operations. We have also committed to invest in one of the world's largest blue ammonia production projects in Louisiana in the U.S. For now, our focus is on establishing our first ammonia value chain.

We are also exploring carbon capture and storage (CCS) as another decarbonization option for LNG-fired thermal power. This technology captures CO_2 emissions from exhaust gases and stores them underground.

LNG Reassessed: Navigating Fierce Competition for Supply

Gas-fired power and LNG are being globally reevaluated as practical solutions for balancing renewable energy and responding to rising electricity demand. At the same time, soaring construction costs and the need to meet demand into the 2030s and beyond make securing cost-competitive LNG a growing challenge.

We have strengthened our LNG procurement strategy and this year decided to secure up to 5.5 million tons annually of cost-effective and flexible U.S.-sourced LNG. Going forward, we will continue to diversify our procurement sources—including the Middle East, Australia, and the U.S.—to strengthen price competitiveness and mitigate geopolitical risk.

Bolstering the LNG Value Chain to Ensure Energy Security in Japan

In Japan, where natural resources are scarce, ensuring a stable energy supply is of critical importance. Over the past six years, we have replaced approximately 7.3 GW of older thermal capacity with newer, more efficient facilities. But stable supply requires more than just generation capacity—it also depends on a reliable fuel supply. But that's easier said than done. Let me explain why.

In Japan, LNG demand rises in the summer and winter peak seasons and falls during the spring and autumn off-peak periods. At the same time, long-term contracts deliver fixed volumes to LNG terminals every month for around twenty years, and storage tanks have limited capacity. Unless we resolve this mismatch between supply and seasonal demand, we risk compromising a stable energy supply.

But a solution won't happen overnight. Over the course of more than twenty years, we have built buyer flexibility into our LNG business by expanding FOB contracts, increasing our chartered fleet, and strengthening our global trading capabilities. As a result, when LNG tanks are nearing capacity, we can sell excess supply elsewhere in the world, and when there's a shortage, we can swiftly procure additional volumes.

Culture Comes First

The journey to achieving our mission and vision is like entering a forest shrouded in darkness as we embark on an uncharted and perilous journey. And on this journey, the thing I value most is our culture.

A rigid, male-dominated hierarchy driven by seniority, alma mater, or departmental silos has no place here.

What we need is a flat, inclusive culture, one that embraces diversity and encourages open dialogue. By turning vertical divisions into horizontal connections, we raise our chances of reaching our destination: a lush green pasture.

JERA will continue to take on the world's energy challenges head-on—with unwavering determination and in close partnership with our stakeholders—as we lead the way toward a decarbonized future.

CEO and COO Message

Message from the President, Director, CEO and COO

Shifting from Volume to Value: Co-Creating Added Value in Society for a More Sustainable Future Through Energy

Working Toward a Sustainable Future

Amid growing energy demand driven by economic expansion and digital transformation (DX), the world faces the pressing challenge of how to achieve both a stable energy supply and decarbonization in a feasible, balanced way. At the same time, escalating geopolitical risks and global inflationary pressures have heightened supply chain uncertainty for resources and equipment, driving up the costs of both stable energy supply and decarbonization.

In the face of these challenging circumstances, JERA remains committed to realizing a sustainable future by continuing to provide optimal solutions tailored to the unique conditions and needs of each country and region.

Leading the Way in Stable Power Supply and Decarbonization in Japan's Power Sector

At JERA, we are pursuing a realistic and sustainable approach to achieving both energy security and economic viability as part of the energy transition. At the heart of this approach is gas-fired thermal power generation, which emits relatively low CO_2 compared to other fossil fuel sources and offers superior cost-effectiveness and operational flexibility.

Replacing aging gas-fired power generation facilities and rapidly increasing supply capacity represents the most pragmatic solution to address the growing electricity demand driven by DX.

Message from the President, Director, CEO and COO

Guided by our commitment outlined in "JERA Zero CO_2 Emissions 2050," which we announced in October 2020, JERA is working to develop renewable energy sources and reduce carbon emissions and ultimately decarbonizing thermal power generation. Specifically, we are developing largescale offshore wind power projects, and in thermal power generation, we are leading the decarbonization of Japan's energy sector by progressively transitioning to hydrogen and ammonia fuel and deploying carbon capture and storage (CCS) and carbon capture, utilization, and storage (CCUS) technologies.

Shifting from Volume to Value

Various forms of value are created depending on the type of power source from which the electricity is generated, value that cannot be measured by voltage or volume alone. For example, renewable energy offers "environmental value" by generating electricity without emitting greenhouse gases. However, it has the drawback of significant output fluctuations depending on natural conditions. Thermal power, on the other hand, offers flexibility, defined as the ability to control output in response to supply and demand fluctuations, but has the disadvantage of emitting CO_2. The hydrogen- and ammonia- fueled thermal power generation that we are pioneering at JERA can deliver both environmental value and flexibility. However, at present, it is still less economical than conventional power sources. Similarly, nuclear power, hydropower, and battery storage each generate different types of value, yet they, too, come with their own inherent limitations.

To reduce our carbon footprint while ensuring both energy security and economic viability, it is essential to effectively combine the distinct values of different power sources. This requires to first make the value of each power source visible and then assign appropriate pricing in line with that value. Through our transition from selling electricity by volume to selling by value, we aim to lower the carbon footprint of society and also enhance the value of our energy business.

Co-Creating Added Value for Society as a Whole

Adding new value to energy in the form of low-carbon energy inevitably comes at a cost. The initial stages of investment can entail substantial upfront costs, especially for large-scale investments in new renewable energy projects or the development of supply chains for lowcarbon fuels. That is why it is more practical to advance energy decarbonization in tandem with driving high-value transformation for society so that the associated costs do not hinder broader social activity. This approach refers to building a social structure where high-quality products are properly valued at a fair price. To help realize this, JERA is pursuing two key initiatives.

The first is the development of offshore wind projects integrated with regional revitalization. In areas with offshore wind power generation, communities are producing high-value-added agricultural and marine products by leveraging local natural capital. Together with local communities, we will co-create a model that enables these products to be sold at fair value. By integrating decarbonized electricity derived from offshore wind into local production activities, we aim to further elevate the brand value of these products while building a mechanism to return the resulting benefits to the regional economy. The second is the development of integrated hydrogen and ammonia supply chains, in coordination with the high-value transformation of industrial regions. This involves developing hydrogen and ammonia receiving and supply hubs to realize zero CO_2 emissions thermal power. We aim to facilitate value-added growth in local industrial sectors by enabling companies in surrounding industrial zones to utilize these hubs.

Together with a diverse range of partner companies, we will explore integrating hydrogen and ammonia as new feed stock and energy sources into conventional supply chains to enable the production of even higher value-added products.

Through both initiatives, we aim to foster an environment where enhancing the added value of local industries leads to more prosperous regional communities, while also promoting the local production and consumption of clean energy. By expanding these initiatives, we aim to promote a shift to low-carbon energy in ways that maintain a stable energy supply and, at the same time, avoid unreasonable economic burden.

CFO Message

Message from the CFO

Kazuo Sakairi
Corporate Vice President,
Managing Executive Officer,
and Chief Financial Officer (CFO)

Review of FY2024 and Toward Achieving Our Financial Targets for FY2025 and FY2035

Net Profit

Net profit for FY2024 was 183.9 billion yen, a year-on-year decrease of 215.7 billion yen. This was due to factors such as decreased profitability in the overseas power generation and renewable energy business and in the fuel business, despite improvements in the fuel procurement price and impacts of fuel inventory unit price. (Excluding the time lag effect of fuel cost adjustments, net profit was 143.7 billion yen, down 4.9 billion yen year on year.) For FY2025, we anticipate recovery from the impact of the fire incident on the domestic thermal power generation and gas business and expect increased earnings in the overseas power generation and renewable energy business. We assess that we are on track toward our consolidated net profit target of 200 billion yen (excluding time-lag effects). We will also continue to advance initiatives toward achieving our net profit target of 350 billion yen by FY2035.

Balance Sheet Management

In FY2024, interest-bearing liabilities remained flat year on year at around 3.1 trillion yen, while capital rose by approximately 300 billion yen to about 3 trillion yen, reflecting higher retained earnings and an increase in foreign currency translation adjustments. As a result, Net DER, a key indicator of financial health, remained at 0.6x, the same as the previous fiscal year, and is at a level that achieves our FY2025 target of 1.0x or below.

ROIC, an indicator of capital efficiency, declined from the previous fiscal year due in part to capital increase from foreign currency translation adjustments. Nevertheless, we are pursuing initiatives such as improving profitability to achieve our FY2025 target of 4.5% and our FY2035 target of an ROIC–WACC spread of at least 150 bps (as described below).

Capital Allocation

In the "Financial Strategy and Financial Target Levels Targeted for by 2035," announced last year, we set out our future approach to capital allocation. As we aim to build a company capable of sustainable growth, we plan to invest a cumulative total of 5 trillion yen between 2024 and 2035 in three strategic business areas: LNG, renewable energy, and hydrogen and ammonia. The allocation will be adjusted flexibly based on careful assessment of external conditions and other factors.

Achieving High Capital Efficiency and a Robust Financial Base Recognized by Capital Markets

Drawing on the future capital allocation outlined in the "Financial Strategy and Financial Target Levels Targeted for by 2035," we will advance the agile optimization of our portfolio structure and balance sheet, reflecting changes in the external environment and the outlook for energy supply and demand.

Recognizing the difficulty of forecasting medium- to long-term changes in the business environment, we have chosen not to set a fixed numerical target for ROIC. Instead, by referencing benchmarks from overseas utilities and listed energy companies, we aim to enhance capital efficiency with a strong awareness of the cost of capital, and have established a KPI of achieving a ROIC–WACC spread of at least 150 bps by FY2035. By achieving these KPIs, we aim to enhance corporate value on a sustainable basis.

	Performance Indicators	FY2024	Target for FY2025	Target Level by FY2035
Profitability	Net profit*	143.7 billion yen	200 billion yen	350 billion yen
	EBITDA*	596.4 billion yen	500 billion yen	700 billion yen
Capital Efficiency	ROIC*	3.7%	Approx. 4.5%	ROIC–WACC spread: 150 bps or more
	WACC	—	Approx. 3.5%	
Growth Potential	CFI	435.3 billion yen	Cumulative total for FY2022–2025: approx. 1.4 trillion yen	Cumulative total for FY2024–2035: Approx. 5 trillion yen
Financial Health	Net debt-to-equity ratio (Net DER)	0.6x	1.0x or lower	0.5x or lower
	Net Debt / EBITDA*	3.0 years	4.5 years or less	2 years or less
Reference	ROE*	5.1%	approx. 9.0%	approx. 9.0%

* Excluding time-lag effect after fuel cost adjustments

Message from the CFO

Corporate Value Structuring (On Pre-Financial Value)

Through discussions at the Sustainability Promotion Committee and other meetings, we have clarified that enhancing corporate value consists of the maximization of short-term free cash flow, the improvement of medium- to long-term free cash flow growth, and the reduction of the cost of capital. (➨ P. 14)

We have illustrated that the measures based on our growth and financial strategies not only create financial value directly, but also generate pre-financial value through supporting activities, which will ultimately translate into financial value.

Specifically, among the material issues that JERA has identified as critical, the foundational material issues that underpin our business strengthen pre-financial capital. This contributes to the improvement of potential growth capacity, the enhancement of non-price competitiveness, and risk reduction. We demonstrated that this sequence of initiatives, taken together, ultimately leads to financial value—specifically, the improvement of free cash flow growth over the medium to long term and the reduction of the cost of capital. (➨ P. 16)

Through this initiative, we hope stakeholders both inside and outside the company will recognize that all of JERA's initiatives contribute to enhancing corporate value, and that the work of each individual employee is the very source of value creation. At the same time, we aim to use this initiative as an opportunity to enhance the quality of communication with stakeholders and to strengthen engagement.

Flat and Innovative Culture

Continuous Innovation

JERA never ceases to seek opportunities for growth. As CFO, I would like to share two examples of initiatives through which we are consciously embedding innovation. The first is JERA Ventures, our corporate venture capital (CVC) initiative established in 2023. As global energy challenges evolve and uncertainty increases, open innovation with startups, major corporations, and academic and research institutions is essential to our continuous delivery of cutting-edge solutions. JERA Ventures serves as a catalyst behind this initiative, investing in and collaborating with startups possessing advanced technologies and business models in three domains: (1) decarbonization to realize clean energy, (2) digital solutions that deliver new value to customers, and (3) well-being initiatives that contribute to enhancing quality of life for all JERA Group employees. We established a total investment framework of 300 million USD (approx. 45 billion yen) and, in the two years since its launch, have invested in eight startups. Through the adoption of new technologies and business models, we have aimed to generate synergies between these startups and JERA.

Looking ahead, we will work with internal and external stakeholders to develop mechanisms for co-creation business hypotheses and to create opportunities for small-scale demonstration experiments with technology startups. We will also focus on developing the innovative talent that will drive the next generation of the JERA Group by providing opportunities to explore new fields in collaboration with startups, thereby accelerating JERA's sustainable growth in terms of both innovation and organizational strength.

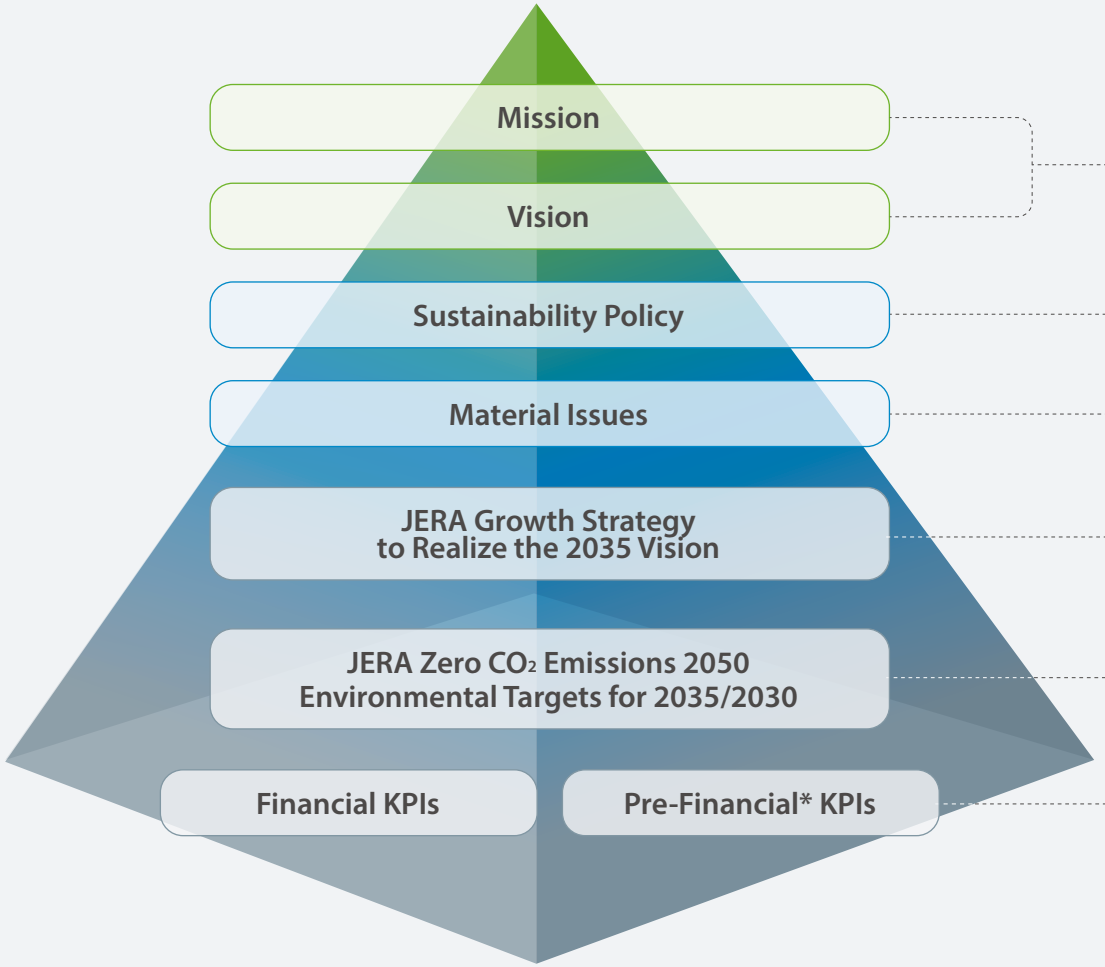
Town Hall

One last thing— as CFO, my mission is to foster an open and flat culture through a variety of approaches. Since its establishment, JERA has grown significantly in both scale and number of employees, yet I still make it a priority to create as many opportunities as possible to talk directly with individual employees. I have already hosted more than 200 small-group lunches in my office to date, and I also hold semi-annual CFO town halls to ensure I hear directly from younger employees. The town hall brings together younger employees from the head office, business divisions, overseas offices, and power plants to foster mutual understanding across divisions and to discuss the directions and challenges JERA should pursue in the future. These sessions provide many candid and insightful opinions from this employee demographic. These direct dialogues have been a source of great inspiration for me, and they prompt me each day to consider how employees' voices can be meaningfully reflected in our decision-making. I also hope that every one of my early- and mid-career colleagues—the ones responsible for the next generation of JERA—will embrace the opportunity to help shape a stronger, more attractive organization, while pursuing self-improvement and aspiring to become experts in their respective fields.

Sustainability Management at JERA: We will keep doing this, just as we always have.

The JERA Group has developed a sustainability management system as the foundation for creating sustainable value in pursuit of our mission and vision.

JERA's Sustainability Management System



P.02 Mission/Vision

P.41 Sustainability Management

P.15 Material Issues and Business Capital
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P.24-29 Individual Strategies
P.30-39 Business Initiatives

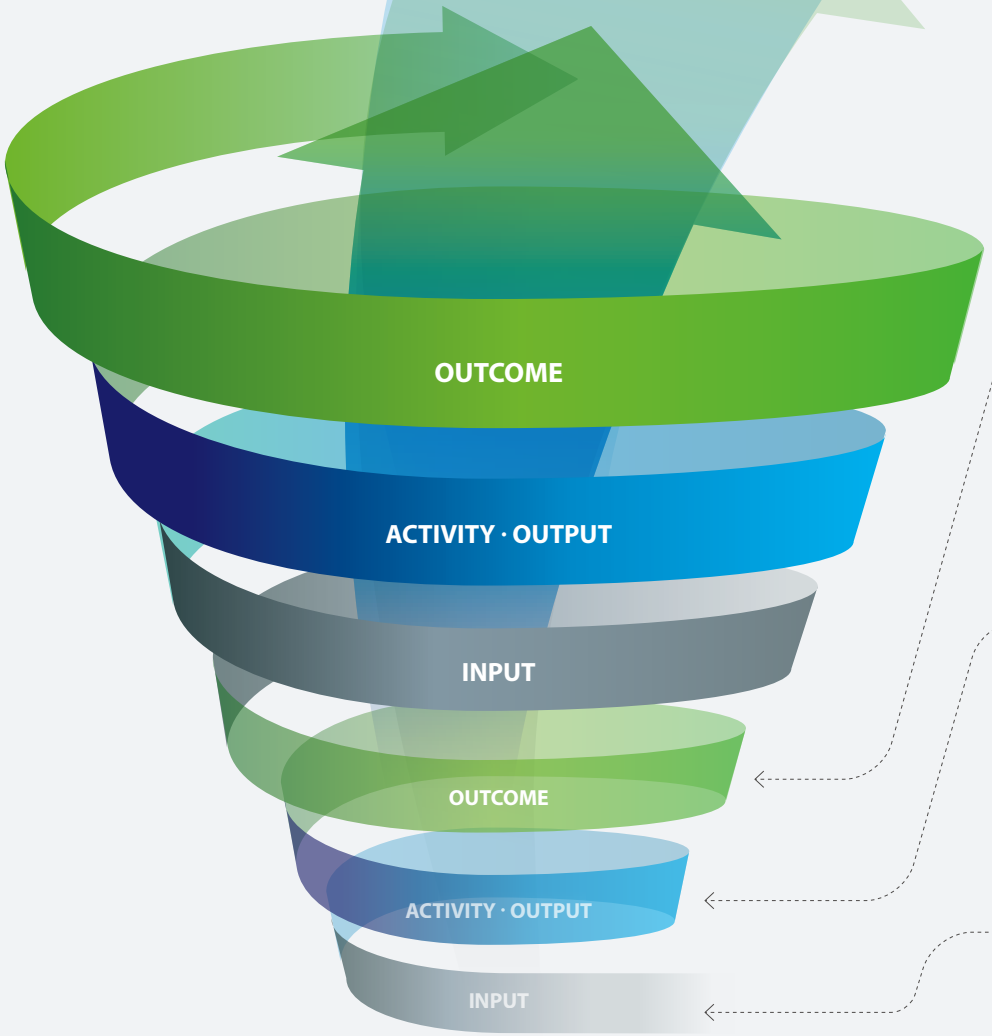
P.19-21 JERA Zero CO_2 Emissions 2050

P.11-12 Message from the CFO
P.42-43 Material Issues and Pre-Financial KPIs

* At JERA, "pre-financial" refers to potential value areas that could be converted into financial value in the future.

Value Creation Process: Transforming Value into Greater Impact

We position the maximization of short-term free cash flow, improvement of medium- to long-term free cash flow growth, and reduction of the cost of capital as key requirements for enhancing corporate value. Under our sustainability management framework, our value creation process involves the virtuous cycle of these capitals, which supports value creation and ultimately enhances corporate value.



OUTCOME

Enhancement of Corporate Value*

- Maximization of short-term free cash flow
- Improvement of medium- to long-term free cash flow growth
- Reduction of the cost of capital

Creation of Pre-Financial Value

- Business material issues ▶P.15, 42
- Strengthening pre-financial capital ▶P.16, 44

ACTIVITY · OUTPUT

Services Enabled by JERA's Initiatives and Business Operations

- Growth strategy ▶P.24-29
- Financial strategy ▶P.11-12
- Foundational material issues ▶P.15, 42-43

INPUT

Business Capital ▶P.15

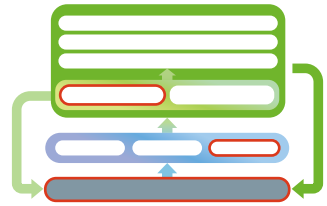
Pre-financial capital virtuous cycle

Financial capital virtuous cycle

* The discounted cash flow (DCF) model, which calculates the present value of a company's future cash flows, provides a comprehensive and accessible way to express corporate value. As outlined above, we position corporate value in accordance with this approach.

Material Issues and Business Capital: JERA's Unique Value Proposition

Value Creation Process ➔P.14



By leveraging our unique business capital to execute our growth strategy and address foundational material issues, we aim to address business material issues and enhance corporate value.

Business Material Issues*1 ▶ P.42

- Establish a stable supply infrastructure and system for energy supply at affordable prices
- Create customer value by offering cutting-edge solutions
- Contribute to decarbonization and environmental protection by using renewable energy and zero CO_2 emission thermal power to complement each other

Foundational Material Issues*1 ▶ P.42-43

- Transforming the business model through digital transformation
- Coexist and thrive alongside local communities in Japan and abroad
- Create innovation through diverse talent
- Contribute to the happiness of employees and their families
- Establish strong governance
- Ensure the safety of all people and local communities involved in our business
- Implement rigorous compliance

JERA's Principal Business Capital*2

Pre-financial Capital*3

Intellectual Capital
- Extensive power generation expertise built over many years
- Market insights enabling response to fluctuating electricity demand
- Advanced low-carbon technologies (hydrogen and ammonia and renewable energy)
- Extensive data and innovative solutions generated through power plant operations

Natural Capital
- Fuel used in power generation
- Water and land used in power plant development and operations
- Recycling and resource recovery

Manufactured Capital
- Power generation sites in Japan and abroad
- Receiving terminals supporting flexible LNG procurement
- One of the world's most efficient transport fleets
- Upstream investment projects for fuel procurement

Human Capital
- A diverse and highly specialized team of talent and organizational structure
- A flat organization that embraces new challenges
- A high degree of employee engagement
- Robust governance framework

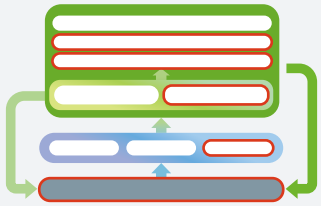
Social and Relationship Capital
- Corporate brand
- Market presence built on one of the world's largest LNG transaction volumes
- Long-standing trust and collaboration with local communities
- Extensive network of business partners and governments worldwide
- Global customer base
- Trust with shareholders and investors built on engagement

Financial Capital
- Long-term credit ratings
- Net debt-to-equity ratio (Net DER)

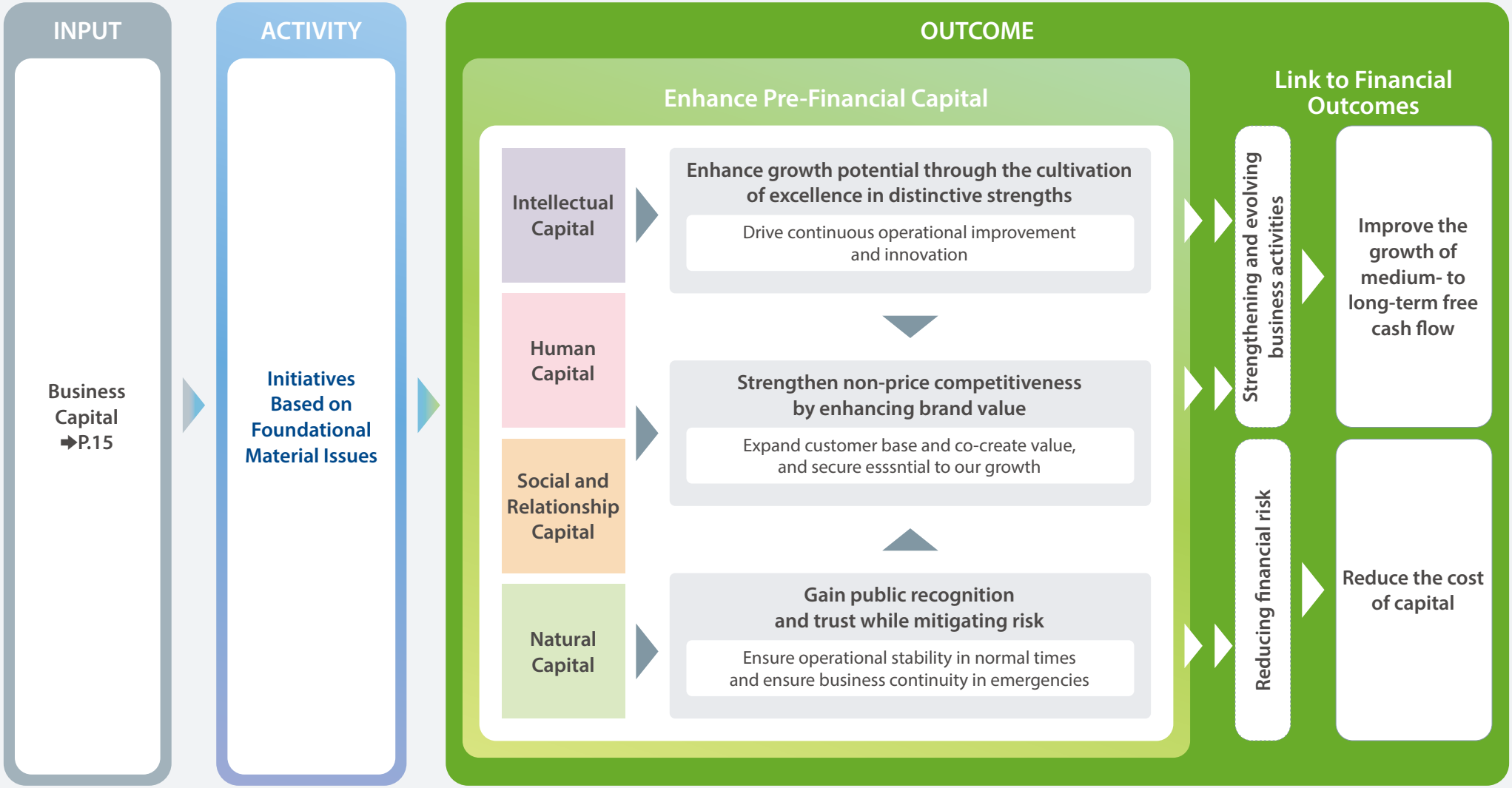
*1 We classify material topics that support our business infrastructure as "Foundational Material Issues," and those realized through our business activities as "Business Material Issues." *2 Definitions are based on the International Integrated Reporting Framework. *3 Under the International Integrated Reporting Framework, we categorize the following four of the six capitals as pre-financial capital: intellectual, natural, human, and social and relationship.

Connections Highlighted in the Pre-Financial Value Flow: All Roads Lead to Corporate Value

Value Creation Process ➡P.14



This section illustrates how pre-financial value contributes to financial outcomes within the value creation process. Initiatives based on JERA's core material issues lead to enhanced corporate value through the strengthening of pre-financial capital.



* For details on the connections, please refer to the "Visualizing the Pre-Financial Value Flow" (P.44).

Co-Creating New Value
JERA Cross Initiatives

Achieving Decarbonization through Diverse Solutions Tailored to Customer Needs

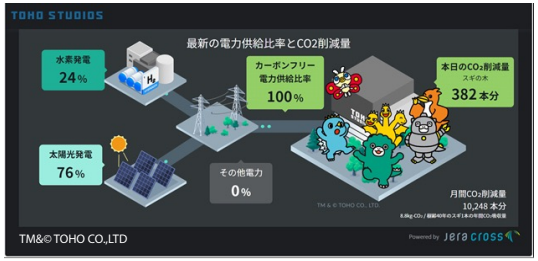
JERA Cross's Strengths and Solutions

Ensuring a stable energy supply while simultaneously achieving economic growth and decarbonization has become a critical global issue. Addressing this challenge requires companies to advance green transformation (GX) initiatives, with both business transformation toward decarbonization and the ability to execute the energy transition. At the same time, companies continue to face significant obstacles to decarbonization, particularly in terms of cost constraints amid rising market demand.

In response to this critical challenge, we launched JERA Cross in June 2024 to help businesses drive their decarbonization efforts and do our part in the rollout of 24/7 carbon-free electricity*. For companies striving to balance decarbonization and business growth, JERA Cross provides streamlined decarbonization solutions that encompass everything from energy transition to corporate sustainability transformation.

Achieving Net-Zero Co_2 Emissions in Film Production

Under our JERA Zero CO_2 Emissions 2050 commitment, JERA is striving to achieve net-zero CO_2 emissions from our domestic and international operations by 2050 while pioneering net-zero CO_2 emissions initiatives in the energy sector. Amid these efforts, JERA's vision aligned with that of Toho Co., Ltd., which seeks to cut CO_2 emissions in film production as part of its aim to decarbonize the entertainment industry. In 2021, the two companies began discussions on net-zero CO_2 emissions film production. In 2023, JERA Cross supported TOHO in developing a roadmap and execution plan for energy decarbonization. The two companies agreed to focus on Toho Studios and to pursue a phased approach toward achieving "24/7 carbon-free electricity" — supplying CO_2-free power every day of the year.



Power Supply Ratios and CO_2 Reduction at Toho Studios

* "24/7 Carbon-Free Electricity" refers to electricity that emits no CO_2 every hour of every day—24 hours a day, 7 days a week, 365 days a year. In accordance with the Ministry of Economy, Trade and Industry's Guidelines for Retail Sales of Electric Power, it means that 100% of the electricity demand is met by zero CO_2 emissions power sources (such as renewable energy generation facilities and hydrogen power generation facilities), and that the environmental value is provided together with the use of non-fossil certificates. However, this does not imply that CO_2 emissions are completely eliminated throughout the entire lifecycle, including fuel production and transportation.

Introducing Japan's First 100% Hydrogen-Fueled Zero CO_2 Emission Thermal Power

In November 2024, JERA Cross began supplying Toho Studios with electricity generated from hydrogen power. This marked Japan's first commercial use of 100% hydrogen-fueled zero CO_2 emission thermal power (based on JERA's research as of June 2025).

Hydrogen power generation equipment at Sodegaura Thermal Power Station (Sodegaura City, Chiba Prefecture)

To make this possible, a diverse team worked together through repeated discussions and system reviews, and by transporting a hydrogen-fueled generator from Germany to install at Sodegaura Thermal Power Station in Chiba Prefecture. In addition to hydrogen power, Toho Studios also receives electricity from JERA's solar facilities, and going forward it will work to make all of its electricity 24/7 carbon-free.

Co-Creating New Value

As exemplified by our collaboration with Toho, JERA Cross's GX solutions support customers in reducing CO_2 emissions and advancing net-zero CO_2 emissions initiatives across industries, while also contributing to enhancing their corporate value.

JERA Cross delivers customized consulting and power supply solutions designed around each customer's needs, integrating diverse technologies and strategies. Its unique strength lies in its ability to develop and implement world-first innovations—defining a business model unlike any other. Since its launch in 2024, JERA Cross has continued to expand its network of partners, building on the pioneering model cases it has established.

The increase in such model cases also helps foster public understanding of the value of carbon-free electricity and further enhances the value of renewable energy and the zero CO_2 emissions thermal power promoted by JERA.

Going forward, JERA Cross will continue to drive collaboration with a wide range of companies, partnering with them to co-create new value through decarbonization initiatives.