

POWER SOLUTION GROUP

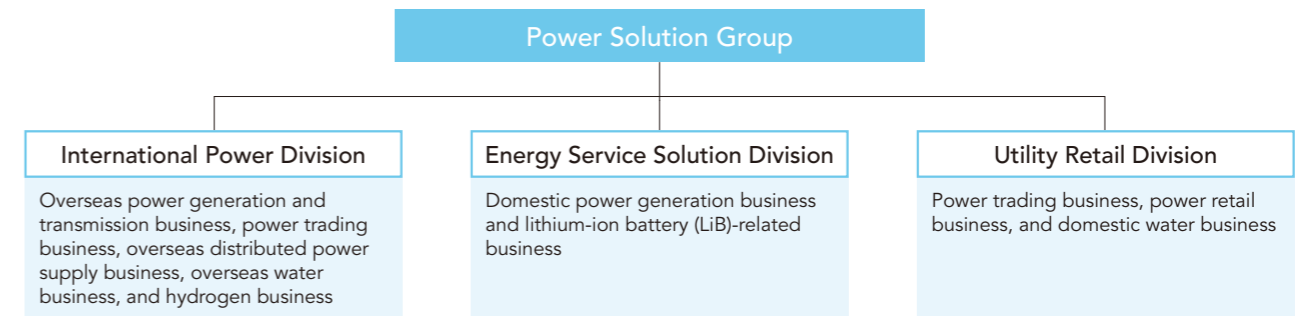


Our Vision



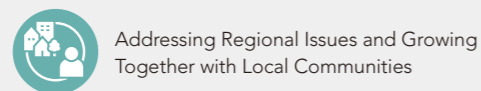
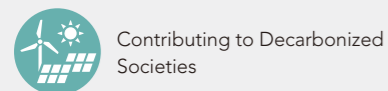
Aiichiro Matsunaga
Executive Vice President
Group CEO,
Power Solution Group

The power and water that our Group provides serve as the foundation of essential infrastructure for everyday life. We are helping to secure stable energy supplies by combining renewables and other clean sources with digital technology and a power supply and demand adjustment function. Our mission is to play our part to build sustainable, decarbonized societies and increase corporate value by providing new added value to our customers, as well as by conducting new initiatives in the field of hydrogen, a next-generation fuel.



Materiality (Material Issues)

Related Material Issues



Relevance of Material Issues to the Business

In the electric power business, along with the shift to renewable energy, the business structure is changing with the decentralization and digitalization of the power system. Our Group is working to improve the business value of the entire power value chain by integrating the supply side (power generation) and the demand side (retail sales), while optimizing our portfolio, with the goal of doubling renewable energy power generation capacity by FY2030 compared to FY2019 (from 3.3 GW to 6.6 GW). As the global trend toward decarbonization grows stronger, we intend to achieve decarbonization by strategically reducing existing thermal power generation capacity and switching to zero-emission thermal power that does not emit greenhouse gases, aiming to achieve a 100% non-fossil power generation portfolio by 2050. In addition, to leverage our collective capabilities, we will promote the regional revitalization through integrated EX/DX initiatives using local renewable energy resources in Japan through collaboration with other internal Business Groups.

Group Strengths and Strategy

Group Strengths

- Extensive track record of development, construction, and operation in the area of renewable power generation, especially offshore wind
- The knowledge provided by Eneco, a customer-focused integrated energy company that provides clean energy and related services based on a balanced portfolio that encompasses from power generation to retail
- Collective capabilities such as knowledge and networking in service development and partnerships which we leverage to promote DX initiatives that reflect the rapidly changing power business environment.

Summary of Midterm Corporate Strategy 2021

On the upstream (supply) side, we expanded our power generation business in Japan and overseas, focusing on renewable energy, and our offshore transmission business supporting offshore wind power generation. On the downstream (demand) side, we developed our electricity retail business and new service business, and upon establishing Chubu Electric Power Miraiz Connect, Inc., we promoted the maximization of business value throughout the entire electric power value chain, including the launch of retail, life care, finance, and other services through digital marketing.

Strategies Under Midterm Corporate Strategy 2024

The Group “produces” (generates) renewable energy, “integrates” weather-dependent electricity (through a sophisticated balance of supply and demand), and “delivers” this integrated electricity and high added-value services. By strengthening each of these functions of the power value chain, we aim to expand our renewable energy business in Japan, where offshore wind power is expected to grow, and in Europe, where Eneco’s platform stands, as well as in the Americas, Asia, and other regions.

Forecast for Future Growth

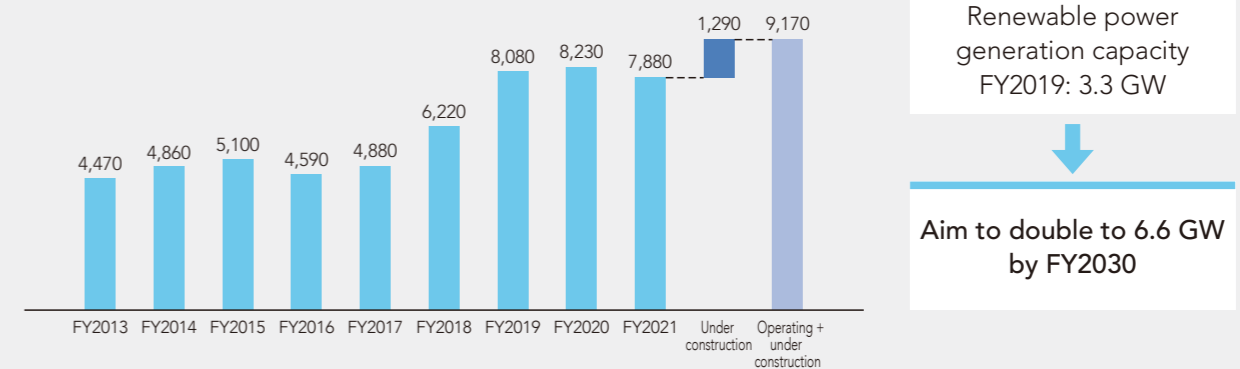
We will optimize our business portfolio by expanding renewable energy and promote the provision of high added-value services throughout the entire electric power value chain by strengthening supply and demand adjustment functions through DX. In addition, to take advantage of our collective capabilities, we will also build self-sustained decentralized communities and engage in the green hydrogen business, which is expected to become a next-generation energy source, through collaboration with other Business Groups.

Major Growth Drivers

The Group has been expanding its net equity base generation capacity through power generation projects in Japan and overseas. Going forward, we will continue to expand renewable energy sources, aiming to double our renewable energy power generation capacity from 3.3 GW in FY2019 to 6.6 GW in FY2030, and promote the optimization of our portfolio.

Net Equity Base Generation Capacity

(Unit: MW)



Business Examples

Under the mission of “Everyone’s sustainable energy,” Eneco is promoting integrated EX/DX through its power generation business (generate), its power and gas trading business (integrate), and its power and gas retail business and district heat supply business (deliver) in Europe, with renewable energy as its core. In addition to strengthening the electric power value chain, the Group is also working on hydrogen, a next-generation fuel that contributes to the decarbonization of society, and the greening of heat sources to contribute to the realization of a sustainable society. The Group is also expanding this business model horizontally to other regions such as Japan and the Americas.

