


# Power Solution Group



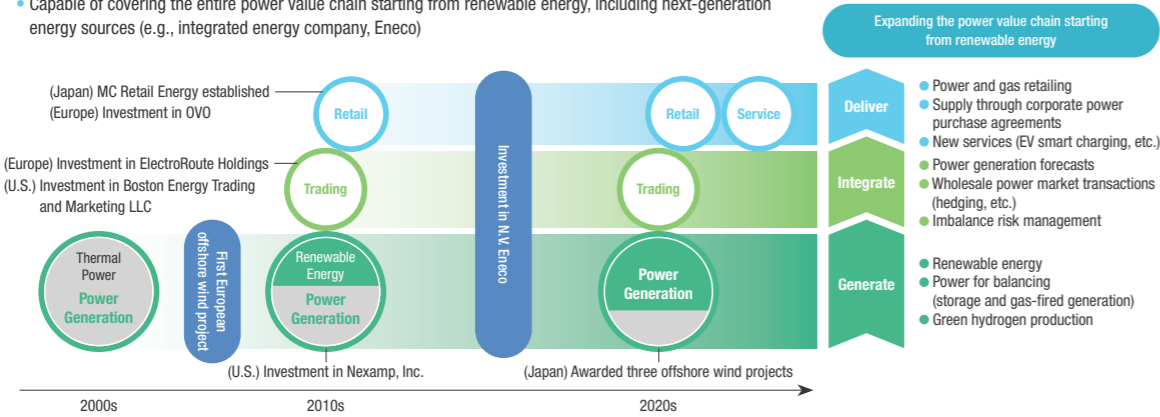
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**Summary**

- Power generation and transmission business, power trading business, power retail business
- Distributed power supply business, hydrogen business
- Water business

## Group Strengths

- Ability to flexibly change business models in response to market environment fluctuations, as well as the knowledge and networks accumulated over many years in both the domestic and overseas power industries to support such fluctuations
- Extensive track record of development, construction, and operation in the area of renewable power generation, including offshore wind power generation
- Capable of covering the entire power value chain starting from renewable energy, including next-generation energy sources (e.g., integrated energy company, Eneco)



## Awareness of the External Environment

Risks	Opportunities
<ul style="list-style-type: none"> <li>• Changes in regulations, policies, etc., for the electric power business in operating countries due to progress in decarbonization, and structural changes in power systems in response to these changes</li> <li>• Increased profit fluctuations in the electric power business due to increased price volatility, etc., in the energy markets</li> </ul>	<ul style="list-style-type: none"> <li>• Spread and expansion of renewable energy across the world</li> <li>• Introduction of national policy regulatory packages to support decarbonization and expansion in use of renewable energy and hydrogen</li> <li>• Increased efforts by customers to procure renewable energy</li> <li>• Increasing needs from both the power generation and demand sides for supply-demand adjustment functions that complement the intermittent nature of renewable energy</li> <li>• Emergence of cross-industry business opportunities beyond the power sector utilizing green hydrogen derived from renewable energy</li> </ul>

## Strategies Under Midterm Corporate Strategy 2024

- Strengthen the power value chain functions that “generate” renewable energy, “integrate” weather-dependent fluctuated electricity, and “deliver” this integrated electricity and high added-value services
- Through this, we will 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
- We will promote regional revitalization through renewable energy and launch a green hydrogen business, which is expected to become a next-generation energy source, through collaboration with other Business Groups

## Progress Under Midterm Corporate Strategy 2024





We are steadily expanding our renewable energy business. In December 2022, MC, through N.V. Eneco, and Shell plc. has been successful in the tender for the Hollandse Kust West Site VI offshore wind farm (760MW) located approximately 50km off the northwest coast of the Netherlands. This is Eneco’s seventh offshore wind farm.

In June 2023, we established Eneco Diamond Hydrogen B.V. with Eneco to develop renewable energy as well as produce and sell green hydrogen in Europe. We will accelerate the execution of our EX Strategy that goes beyond the power value chain.



Offshore wind farm operated by Eneco

## Relevance of Material Issues to the Business

Focused Material Issues	Details/Action Plans
 <p>Contributing to Decarbonized Societies</p>	<p><b>Expand renewable energy portfolio in focus regions (Japan, Europe, US, and Asia)</b></p> <ul style="list-style-type: none"> <li>• Double renewable energy by FY2030 compared to FY2019 (3.3 GW to 6.6 GW)</li> <li>• Double Eneco’s renewable energy capacity (net equity base) by 2026 compared to 2022 (1.8 GW to 3.6 GW)</li> <li>• Promote Eneco’s 2035 carbon-neutrality commitment (Scope 1-3, including promotion of the decarbonization of heat sources)</li> </ul>
 <p>Promoting Stable, Sustainable Societies and Lifestyles</p>	<ul style="list-style-type: none"> <li>• Reduce coal-fired power generation capacity (net equity base) to approximately 1/3 by 2030 compared to 2020, and exit completely by 2050</li> <li>• Achieve a 100% non-fossil power generation portfolio by 2050</li> </ul>
 <p>Utilizing Innovation to Address Societal Needs</p>	<p><b>Accelerate next-generation energy businesses including development and commercialization of green hydrogen derived from renewable energy</b></p> <ul style="list-style-type: none"> <li>• Domestic (local production &amp; consumption): (1) carbon-free hydrogen production, (2) demand creation for hydrogen</li> <li>• Overseas (local production &amp; consumption, export to Japan): development of renewable energy projects that contribute to building a supply chain for green hydrogen</li> <li>• Promote Eneco’s green hydrogen business initiatives</li> </ul>
 <p>Addressing Regional Issues and Growing Together with Local Communities</p>	<p><b>To enhance and internalize power supply-demand adjustment functions</b></p> <ul style="list-style-type: none"> <li>• Enhance functions that complement the intermittent nature and challenges of renewable energy (enhance imbalance risk management)</li> </ul> <p><b>To address regional issues and contribute to revitalization starting from renewable energy development</b></p> <ul style="list-style-type: none"> <li>• Promote the realization of local contribution plan (promote cooperation with the Industry Digital Transformation Group)</li> </ul>

## Major Growth Drivers

The Group has been expanding its excellent net equity base generation capacity through the development of power generation projects in Japan and overseas. Going forward, we aim to expand renewable energy (double renewable energy power generation capacity on a net equity basis from 3.3 GW in FY2019 to 6.6 GW in FY2030), and promote the optimization of our portfolio.

### Generation capacity (net equity base)

