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**Financial Targets to Achieve  
Kyuden Group Management Vision 2030  
and Overview of FY2021  
Medium-Term Management Plan**

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**Kyuden Group:**

**Creating the future, starting from Kyushu**

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Providing more prosperous,  
comfortable living to become our customers' No.1 choice



April 2021

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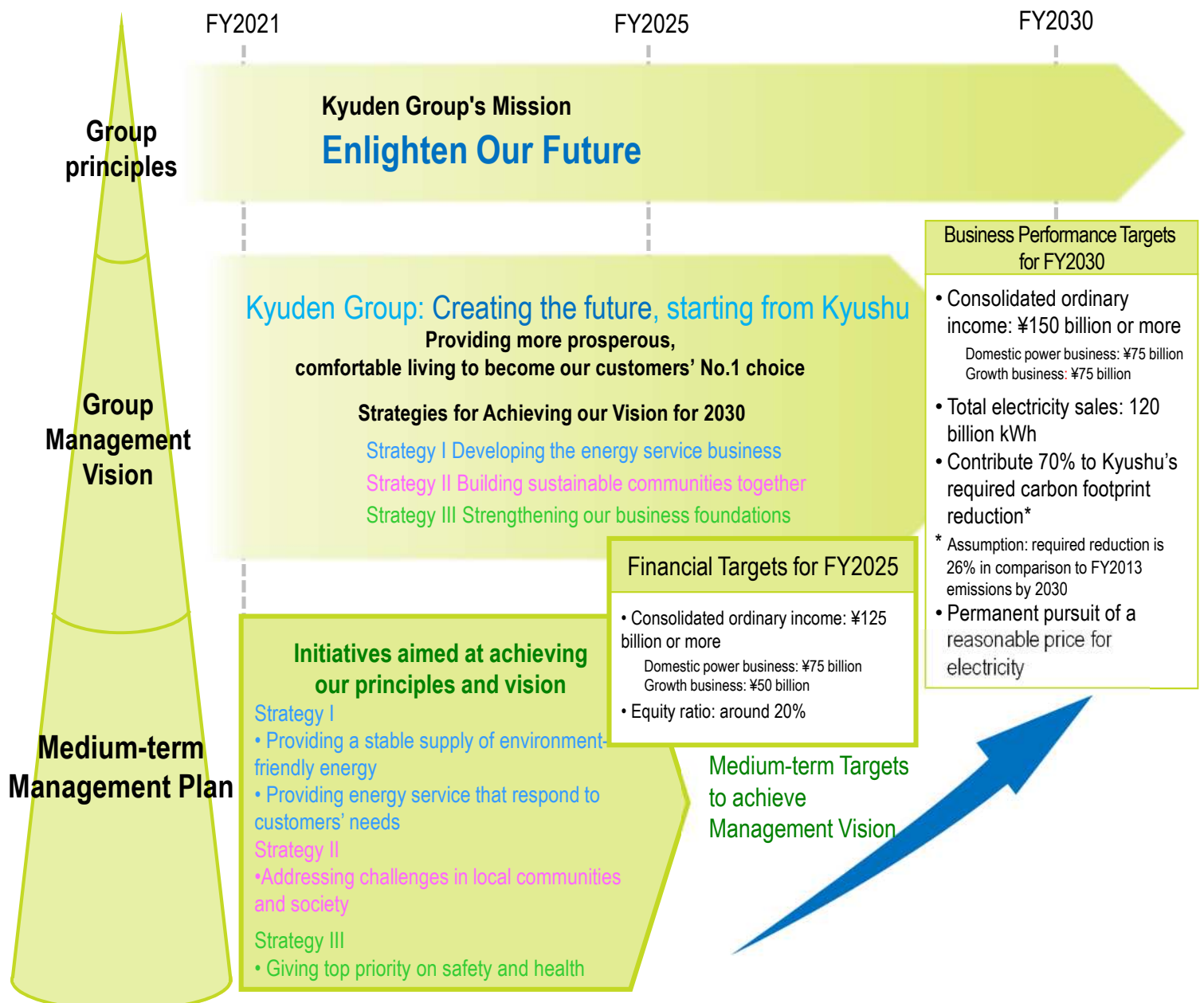
## table of contents

Introduction	1
1. Financial Targets	2
[Reference] Kyuden Group Carbon Neutral Vision 2050(Overview)	4
2. Overview of FY2021 Medium-Term Management Plan	6

# Introduction

- In June 2019, the Kyuden Group established the Kyuden Group Management Vision 2030 as a roadmap for our group's long-term business operations to contribute to the sustainable development of the Kyushu region, which is our main service area. Through our business activities we aim to grow along with the region, contributing to local communities and society.
- In order to realize this Vision, we have set Financial targets for FY2025, which will serve as interim targets, and the FY2021 Medium-term Management Plan, which is a concrete action plan for a period of five years (FY2021-FY2025).
- Toward making this Vision a reality, the group will work as one to provide energy services and new kinds of value that offer customers more prosperous, comfortable lifestyles and to further develop and grow along with the region to create a brighter future for society.

## Medium-term Management Plan and our Financial Targets

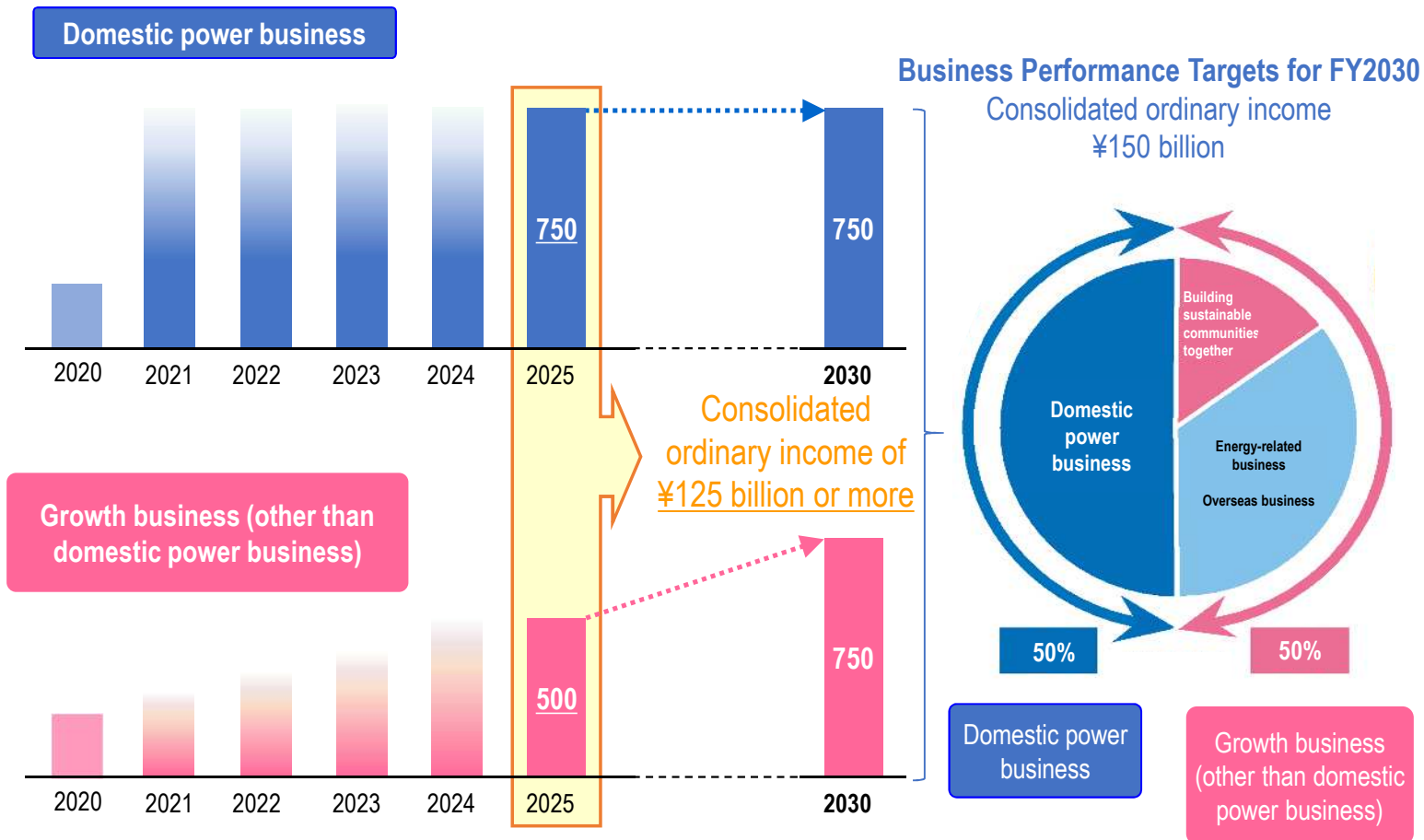


# 1. Financial Targets

## (1) Consolidated ordinary income

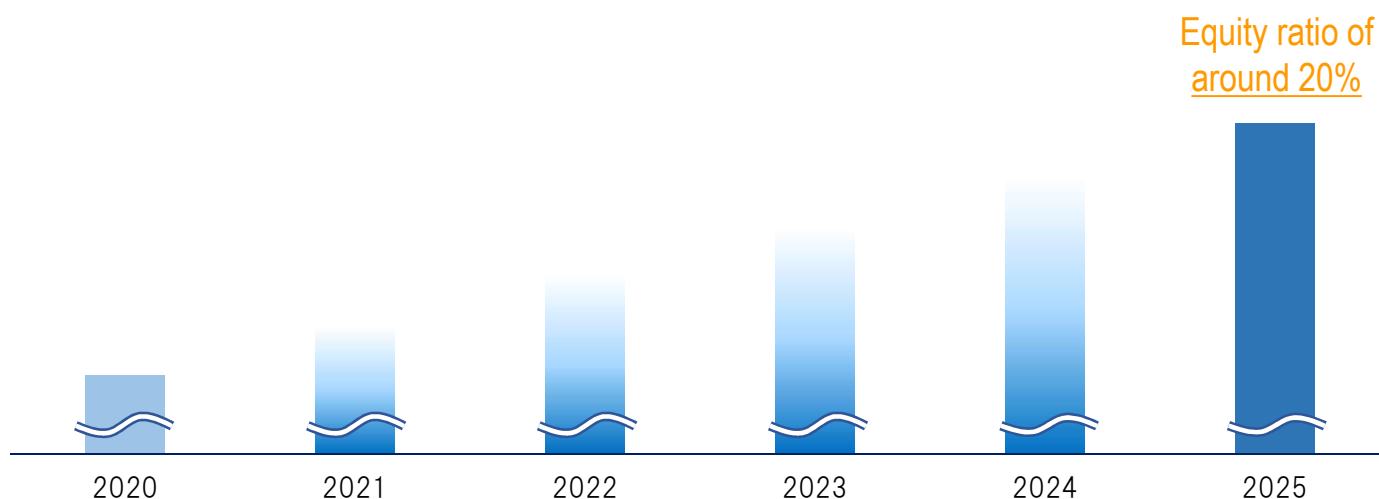
- By promoting strategies to realize the Kyuden Group Management Vision 2030, we aim to achieve consolidated ordinary income of ¥125 billion or more (in FY2025)\* as an intermediate target toward our ¥150 billion consolidated ordinary income in FY2030.

(\* ¥75 billion for domestic power business and ¥50 billion for growth business)



## (2) Equity ratio

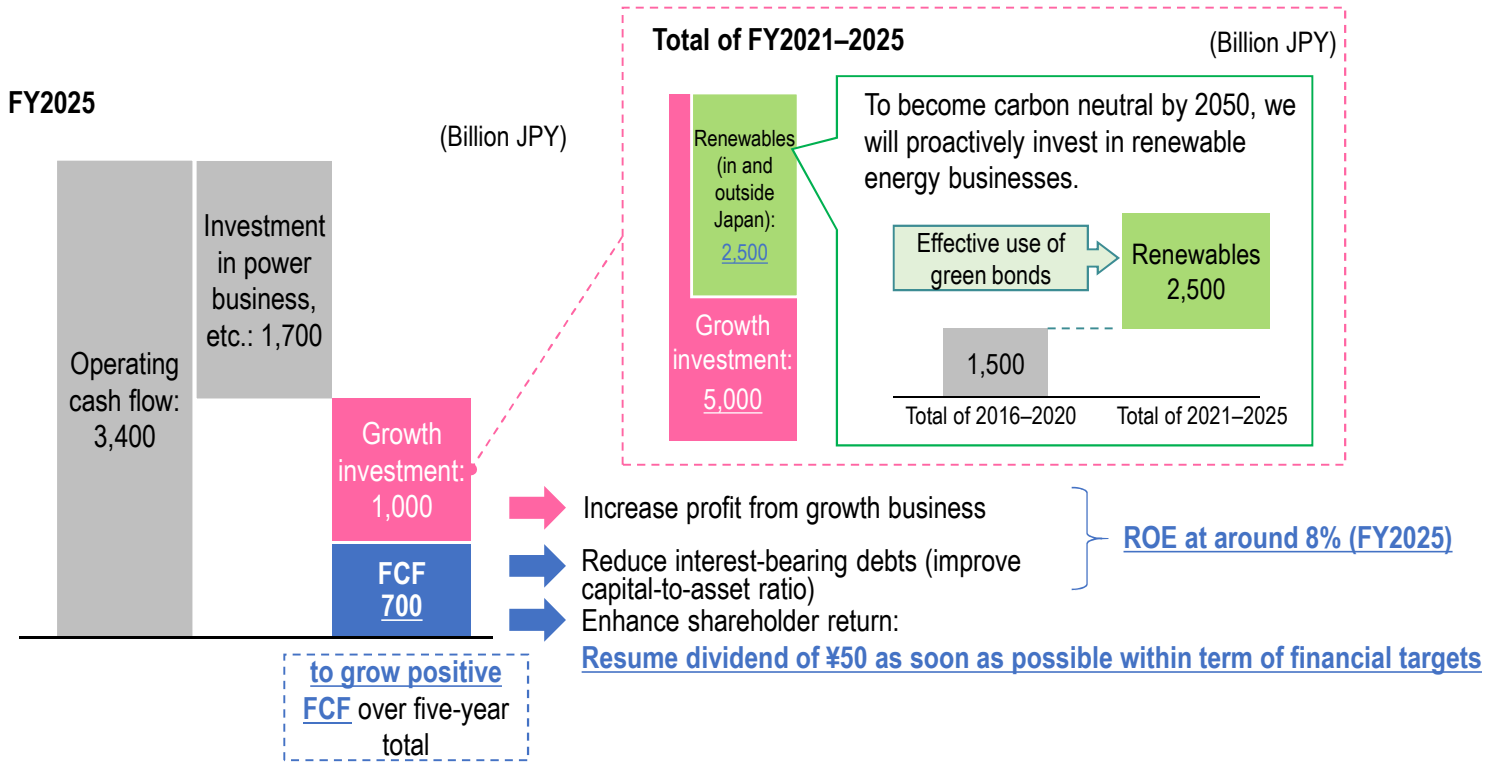
- In an increasingly competitive environment, strengthening our equity capital is essential. We will aim to achieve an equity ratio of around 20% by the end of FY2025.



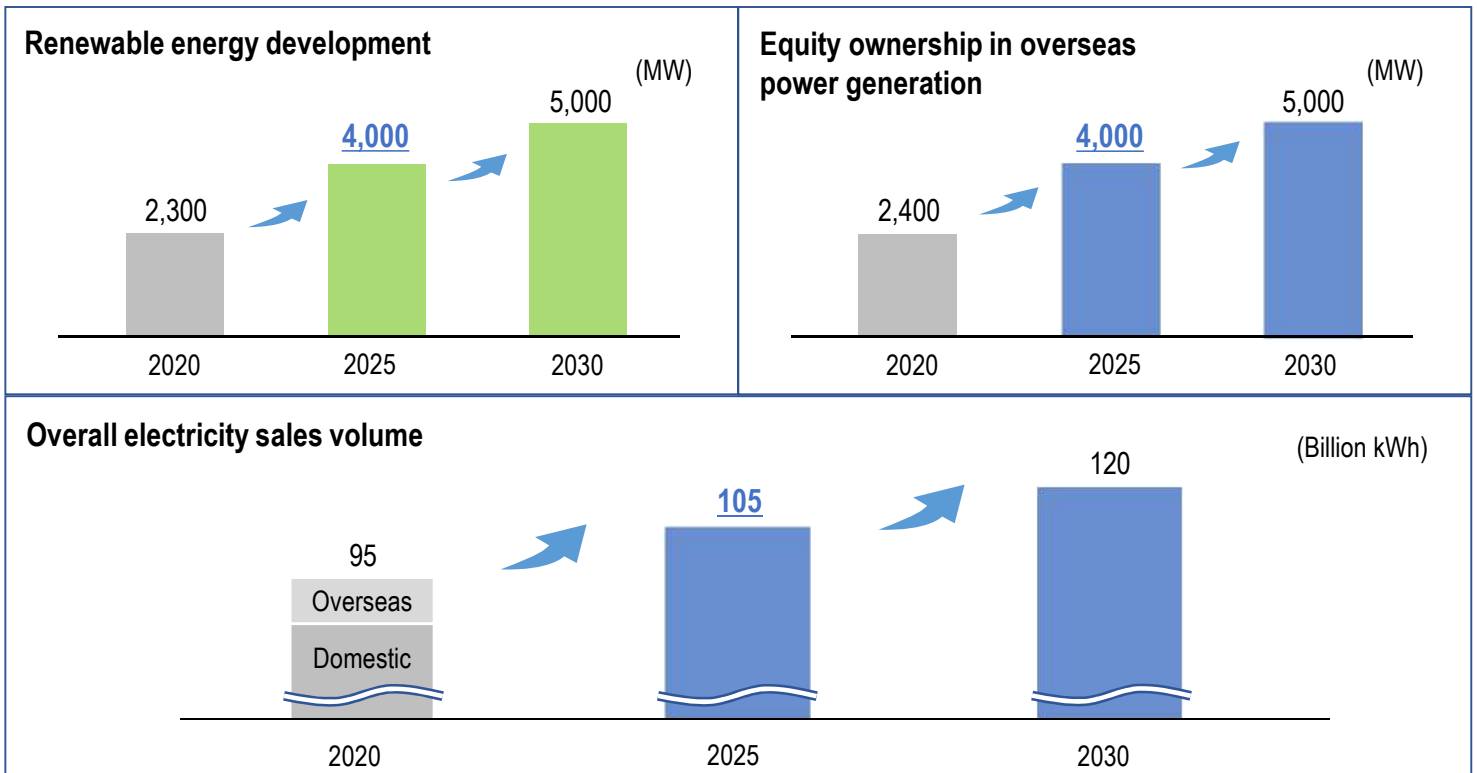
## <Reference Indicators>

- To achieve our financial targets, we aim to realize an optimal capital structure by improving our equity ratio, securing sources of growth, and enhancing shareholder return. We will also make steady progress on the other targets set forth in the Kyuden Group Management Vision 2030.

### (1) Cash flow balance at the time of target achievement (FY2025)



### (2) Outlook renewable energy development, equity ownership in overseas power generation, and overall electricity sales volume



# [Reference] Kyuden Group Carbon Neutral Vision 2050(Overview)

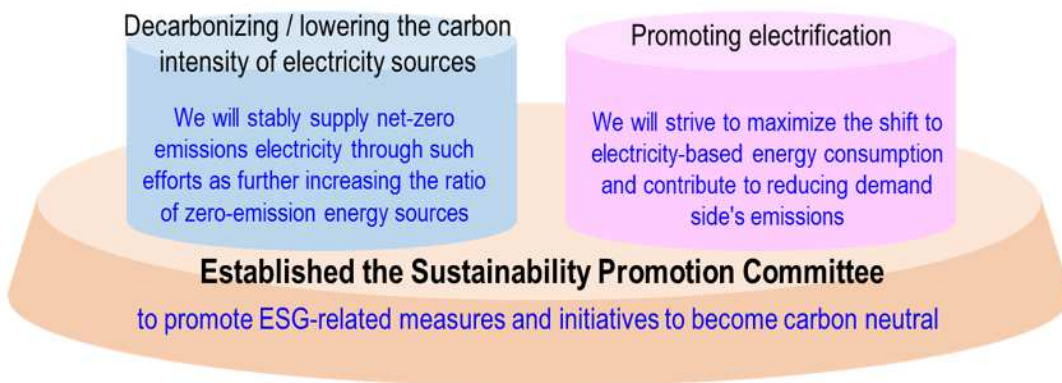
## Declaration to Achieve Carbon Neutrality by 2050

### Kyuden Group Will Endeavor to Achieve Carbon Neutrality by 2050

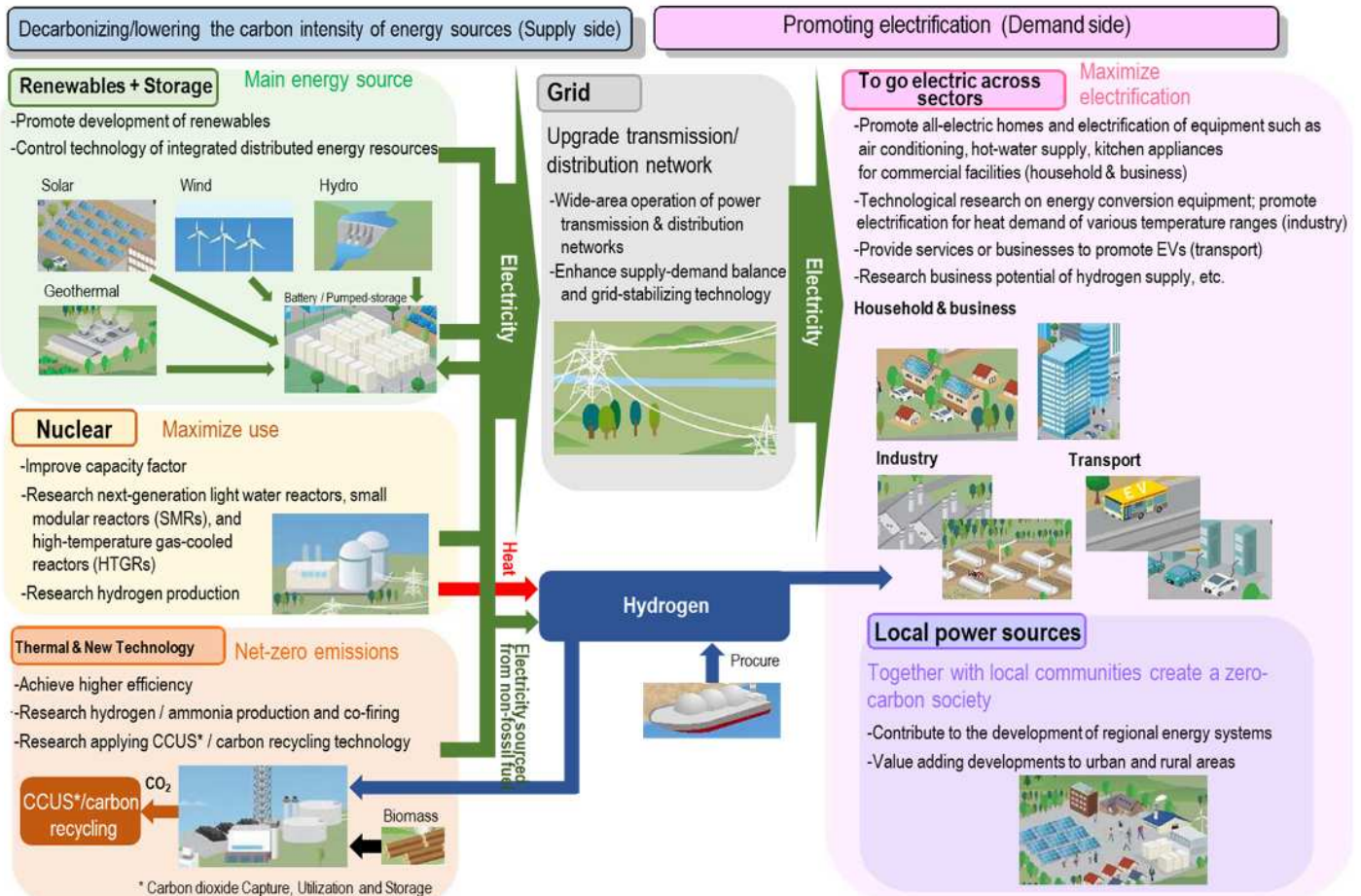
#### Starting from Kyushu, the Kyuden Group will lead the way to Japan's decarbonization

- Seeing responses to global warming as an opportunity for corporate growth, Kyuden Group will—as a **frontrunner in carbon-reduction/decarbonization efforts**—aspire to serve as an **enterprise group that spearheads Japan's decarbonization initiatives from Kyushu**.
- We will continuously work on “**decarbonizing / lowering the carbon intensity of energy sources**” and “**promoting electrification**”. We consider these as fundamental strategies for clean energy supply and demand.
- A new **Sustainability Promotion Committee**, which is chaired by the president, will promote ESG-related measures and initiatives for becoming carbon neutral.

#### Achieve Carbon Neutrality by 2050



## The road to Carbon Neutrality as envisioned by the Kyuden Group

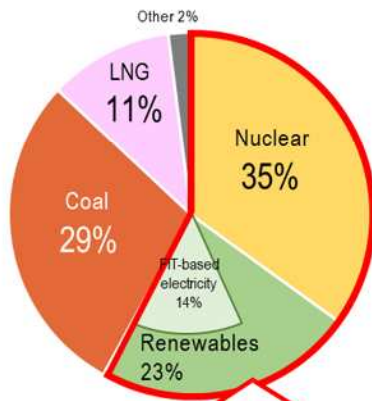


## Our zero-emission/FIT power source ratio

- We are **leading domestic firms** with a **roughly 60% zero-emission/FIT energy source ratio\*** (FY2019), by expanding the introduction of renewables and safe, stable nuclear power generation.
- The Japanese government aims for a 46% reduction (compared to FY2013) in greenhouse gas emissions by FY2030. We have already **nearly halved our carbon emissions (FY2019 results)**.

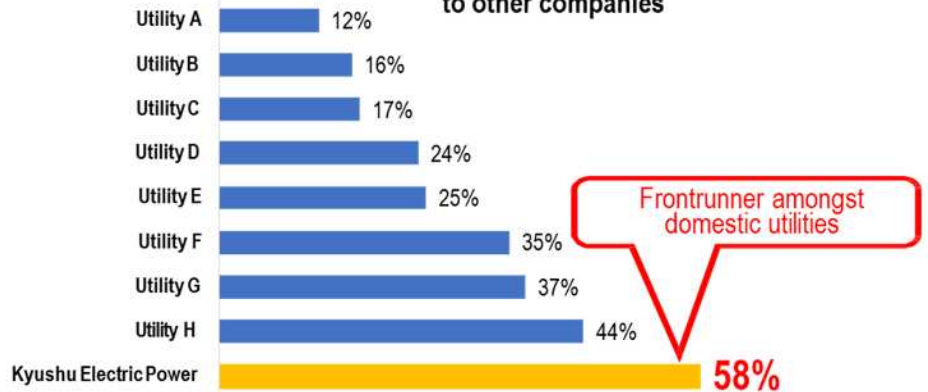
**Total investment made over the past five years (FY2016–2020): Approximately ¥800 billion**

Our zero-emission/FIT power source ratio\* (FY2019)



**58% (including FIT electricity)**

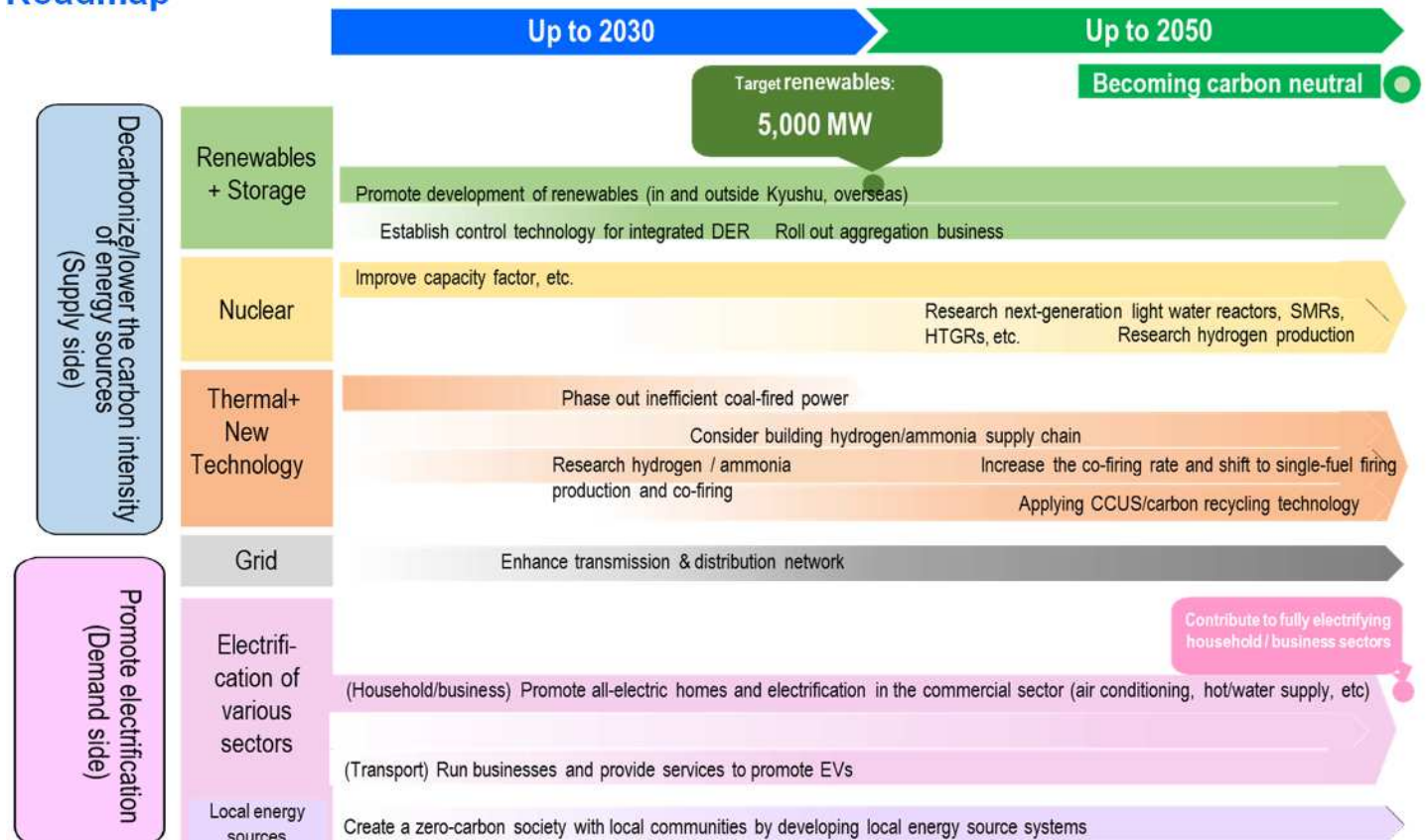
Zero-emission/FIT power source ratio\* compared to other companies



(Source) Data derived from each company's website  
 · Comparison with eight major utilities in Japan  
 · FY2019 results

\* If a non-fossil fuel certificate is unavailable, FIT power is considered neither as renewable energy nor as a source of zero carbon-emission energy but is treated as a form of electricity that emits Japan's national average level of carbon emissions, consisting of thermal and other energy sources.  
 Some 8% of the non-fossil value based on FIT energy sources (numbers in the achievement plan for the Act on Sophisticated Methods of Energy Supply Structures) are attributed to us. The calculation is based on the quantity of electricity we generated and procured from other companies (outlying islands are excluded).

## Roadmap



(Note) This roadmap has been developed based on the Japanese government's energy policies and on the premise that there exists a balance between economic rationality and innovations that foster progressive technology. The roadmap will be reviewed appropriately if the assumptions change significantly due to future changes in circumstances. The CO2 reduction target for FY2030 will be discussed in the future based on the contents of the next Basic Energy Plan.

## 2. Overview of FY2021 Medium-term Management Plan

- The FY2021 Medium-term Management Plan outlines concrete action plans to realize the Kyuden Group Management Vision 2030 and achieve our intermediate Financial Targets for FY2025.
- Kyuden Group, as a frontrunner in carbon intensity reduction and decarbonization efforts, will further develop the energy service business through energy services that offer a stably supply of environment-friendly energy, while meeting the needs of our customers and contributing to a carbon neutral society.
- Furthermore, Kyuden Group will work toward “building a sustainable community together” and will work to help resolve a variety of issues that face Kyushu and society.
- We will strive to strengthen our business foundations so that we can take up these challenges as a unified group.
- In addition, as part of COVID-19 response efforts, we will work to ensure a stably supply of electricity while preventing the spread of infection, as based on our business continuity plans, and will closely monitoring electricity demand and respond appropriately.

### Concrete initiatives in FY2021 Medium-term Management Plan

#### Strategy I Developing the energy service business

Providing more prosperous, comfortable lifestyles while creating a sustainable low-carbon society

Initiatives to achieve Financial Targets for FY2025

##### Domestic power business

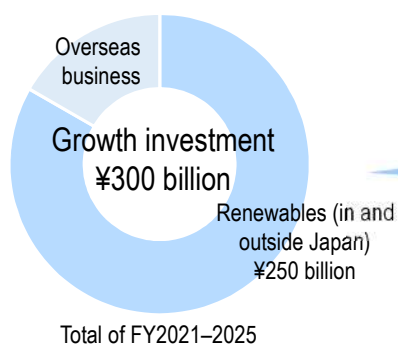
FY2021 → FY2025

- Increase revenue by promoting electrification and diversifying electricity sales
- Increase revenue through optimal use of zero-emission power sources
- Reducing costs by further streamlining

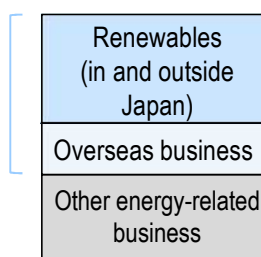
Ordinary income

¥75 billion

##### Growth business



Ordinary income



¥35 billion

FY2025

- In the domestic power business, we will aim for an ordinary income of ¥75 billion through such endeavors as promoting electrification and maximizing the use of zero-emission energy sources.
- In our growth business, we will aim for an ordinary income of ¥35 billion by development of geothermal and hydropower, a strongpoint of the Kyuden Group, by participation in overseas renewable-related projects and in overseas power generation businesses, while utilizing the technology and knowhow within the Group. (reference indicators: overall electricity sales volume: 105 billion kWh; renewable energy development: 4,000MW; equity ownership in overseas power generation: 4,000MW)

##### Concrete initiatives

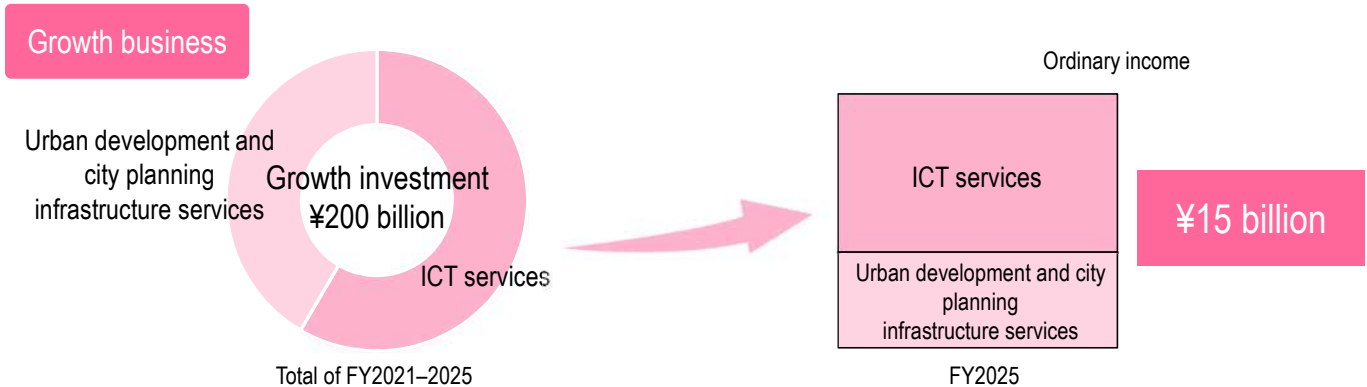
- Strive to become carbon neutral and offer low-cost and stable supply of energy
- Provide energy services that meet customers' needs
- Further develop the energy service business
- Expand further overseas business
- Work on our power transmission and distribution business



## Strategy II Building a sustainable community together

As a local company with operations in all of Kyushu's prefectures, we will grow together with Kyushu's local communities and society by creating markets for new businesses and services.

### Initiatives to achieve Financial Targets for FY2025



- We will aim for an ordinary income of 15 billion by providing ICT solutions, expanding office and housing businesses, and strengthening endeavors in industrial real estate, which has a synergistic relationship with electricity demand.

### Concrete initiatives

- Solve regional and societal challenges
- Provide ICT service
- Urban development and city planning
- Infrastructure service
- Create new markets

## Strategy III Strengthening our business foundations

We will work to strengthen our business foundations, coming together as a single corporate group to take on challenges and achieve continual growth.

### Concrete initiatives

- Give top priority to safety and health
- Promote diversity
- Promote working style reform
- Reform work processes through digital transformation
- Promote ESG management strategies
- Make efforts to ensure information security
- Promote compliance-based management
- Solving environmental issues and challenges in local communities, by combining the strengths of the Kyuden Group
- Improve management efficiency

## ESG initiatives

- As the business environment is changing significantly, Kyuden Group is actively engaged in the pursuit of ESG strategies with the aim of continually improving intermediate- to long-term corporate value.

<b>E</b> nvironment	<b>Strategy I</b>	Increase non-fossil fuel power use through renewable and nuclear energy, and promote electricity usage in many fields, contributing to a sustainable low-carbon society.
<b>S</b> ocial	<b>Strategy II</b>	Contribute to the resolution of various issues affecting communities and wider society by creating markets through new businesses and services.
<b>G</b> overnance	<b>Strategy III</b>	Strengthen the business foundations that support the growth of the Kyuden Group.

- We will contribute to achieving the SDGs\* adopted by the United Nations in order to make progress on implementing sustainability initiatives from an ESG standpoint, while also contributing to the sustainable growth of Kyuden Group.



\* Sustainable Development Goals (SDGs)  
These are goals for sustainable development, adopted in 2015 at the UN summit. They apply to the international society at large and consist of 17 goals, with a deadline set for 2030.