

# Working to Achieve Kyuden Group Management Vision 2030

## Kyuden Group Management Vision 2030

To continue contributing to the sustainable development of Kyushu, being our foundation, and to create a brighter future together with the region and society by our business activities, we formulated our management direction based on a long-term perspective in the Kyuden Group Management Vision 2030, which was published in June 2019.

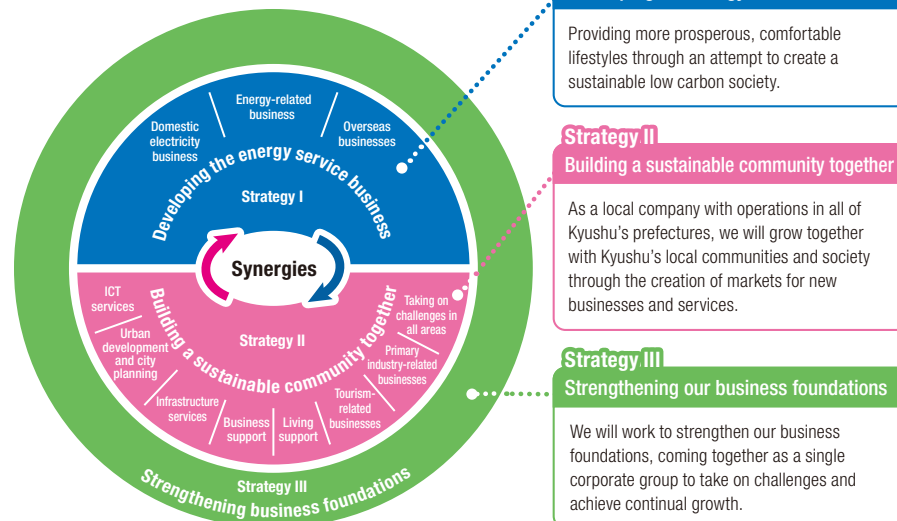
We have described our ideal image for 2030 and for realizing this vision we have set three strategies, along with four business performance targets.

In line with this vision, the Group will work as one to promote a wide range of activities aimed at achieving sustainable growth for the region and society, and delivering value to our stakeholders.

### Our 2030 Vision

**Kyuden Group:**  
**Creating the future, starting from Kyushu**  
 Providing more prosperous, comfortable living to become our customers' No.1 choice

### Three Strategies for Achieving Our Vision



**Strategy I**  
**Developing the energy service business**  
 Providing more prosperous, comfortable lifestyles through an attempt to create a sustainable low carbon society.

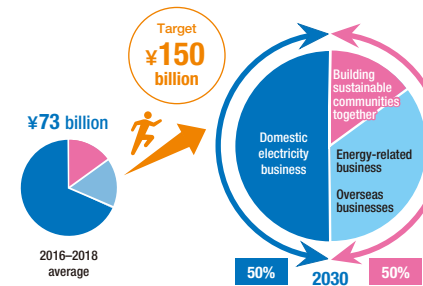
**Strategy II**  
**Building a sustainable community together**  
 As a local company with operations in all of Kyushu's prefectures, we will grow together with Kyushu's local communities and society through the creation of markets for new businesses and services.

**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.

## Business Performance Targets

Consolidated ordinary profit	<b>¥150 billion</b>
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We will come together as a group to pursue the strategies required to realize our vision, targeting ¥150 billion in ordinary consolidated profit by 2030 (50% from the Domestic electricity business, 50% from other businesses).

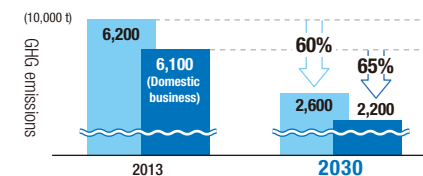


(As for shareholder return)  
 We are currently aiming to achieve the same level of dividends as before the 2011 earthquake (around ¥50 per share). With a basic policy of maintaining a stable dividend, we will then work to provide even greater shareholder returns by adjusting our dividends in the light of growth in other businesses.

## Management (Environmental) Targets \* Formulated in November 2021 (an upward revision of previous targets)

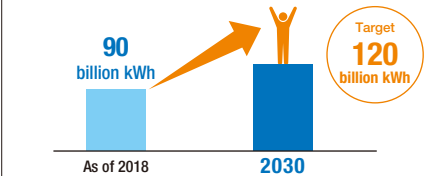
We continue to tackle the challenges of carbon reduction/decarbonization in power sources and the promotion of electrification and aim to achieve our energy supply and demand targets.

<b>Supply</b>	<b>Reduction of supply chain GHG emissions by 60% and by 65% for our domestic business (compared to FY2013 levels)</b>
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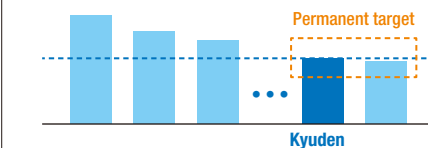
Total electricity sales volume	<b>¥120 billion kWh</b>
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We will aim to achieve total electricity retail and wholesale electric power sales volume of 120 billion kWh in Japan and overseas.



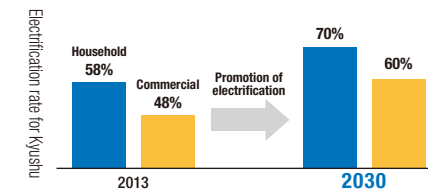
<b>Permanent pursuit of a reasonable price for electricity</b>
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By promoting the strategies required to achieve our vision, Kyuden will always seek to provide leading, reasonably priced electricity service\*, contributing to the vitality of the region as the Kyuden Group grows together with Kyushu.



\*Excludes renewable energy surcharge, fuel adjustment charge, and consumption tax

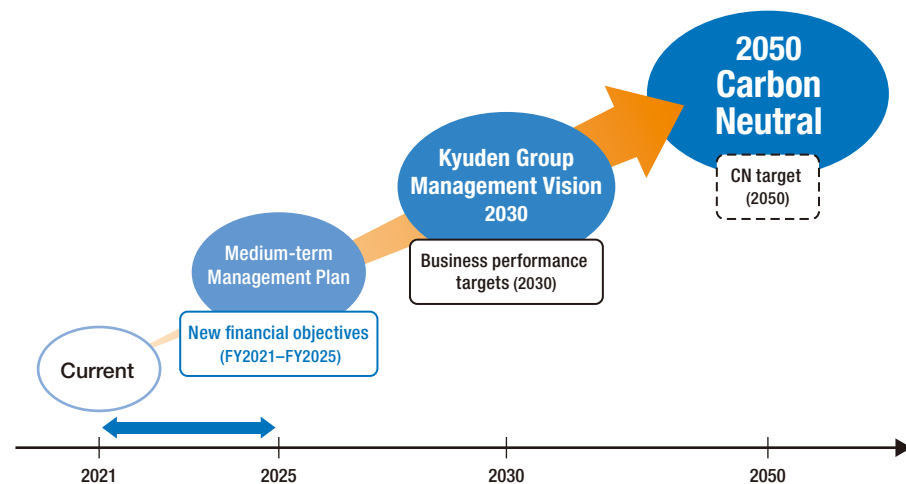
<b>Demand</b>	<b>Contribution to the electrification of Kyushu (Household: 70%; Commercial: 60%)</b>
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## Establishing Financial Objectives toward Achieving the Goals of Kyuden Group Management Vision 2030

In April 2021, we set ourselves a range of new financial objectives that would aid our journey toward achieving the targets of our management vision and carbon neutrality.

To that end, we compiled a five-year, concrete action plan: an annual rolling Medium-term Management Plan (for details on the FY2021 plan, see [P28](#))



## New Financial Objectives and Reference Indices (FY2021–FY2025)

As we work to reach these new financial objectives, we will appropriately ascertain risks, raise our ability to weather such risks, and make steady progress with our efforts.

### Financial objective

Perspective	Target
Profitability	<ul style="list-style-type: none"> <li>○ Consolidated ordinary income: Excess of ¥125 billion (FY2025)</li> <li>· Domestic electricity business: ¥75 billion (FY2025)</li> <li>· Growth businesses: ¥50 billion (FY2025)</li> </ul>
Financial robustness	<ul style="list-style-type: none"> <li>○ Equity ratio: approx. 20% (End of FY2025)</li> </ul>

### Reference indices

Perspective	Indices
Profitability	<ul style="list-style-type: none"> <li>○ ROE: approx. 8% (FY2025)</li> <li>○ Total electric power sales: 105 TWh (FY2025)</li> </ul>
Growth potential	<ul style="list-style-type: none"> <li>○ Growth investments: ¥500 billion (Cumulative FY2021–FY2025) <ul style="list-style-type: none"> <li>· Renewable energy (reproduced): ¥250 billion (Cumulative FY2021–FY2025)</li> </ul> </li> <li>○ FCF: ¥70 billion (FY2025) <ul style="list-style-type: none"> <li>Secure five-year cumulative profitability</li> </ul> </li> <li>○ Power output <ul style="list-style-type: none"> <li>· Renewable energy developed: 4,000 MW (FY2025)</li> <li>· From equity ownership in overseas businesses: 4,000 MW (FY2025)</li> </ul> </li> </ul>

(Note) Reference indices: while these indices are not used as financial objectives, they give a sense of when we have achieved our targets by showing indicators prioritized by management.

### Previous financial objectives (FY2017–FY2021)

Indices	Previous financial objective	Results				FY2017–FY2020	
		2017	2018	2019	2020		
Equity ratio (End of FY2021)	20%	13.4	13.3	12.3	14.7	14.7	End of FY2020*
Consolidated ordinary income (Average for FY2017–FY2021)	¥110 billion	736	525	400	556	554	Average for FY2017–FY2020
Growth investments (Cumulative FY2017–FY2021)	¥420 billion	900	1,100	1,400	700	4,150	Cumulative FY2017–FY2020

\*Post-adjustment for amounts recognized as capital from hybrid securities

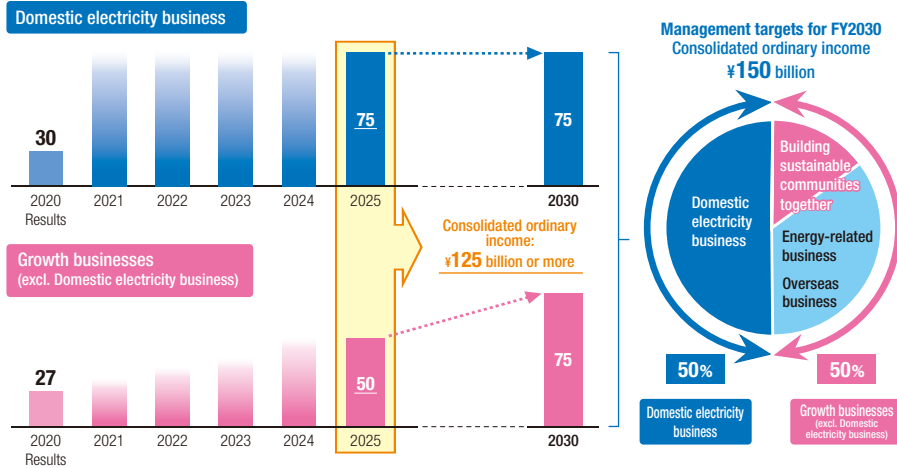
Of the previous financial objectives, the following causes explain why we predict an inability to meet targets for equity ratio and consolidated ordinary income.

### Main causes for a failure to meet targets

- Lower profitability as competition intensified
- Reduced operations for nuclear power (delays in restarting operations at Genkai Power Station and work on the Specific Safety Facilities at Sendai Power Station)
- Decreased power sales due to poor weather and COVID-19
- Losses in LNG resales (FY2019)

Considering these circumstances, we aim to respond in various ways to the causes given above—such as by further promoting electrification, diversifying electricity sales, and actively investing in growth businesses—so as to meet the new financial objectives.

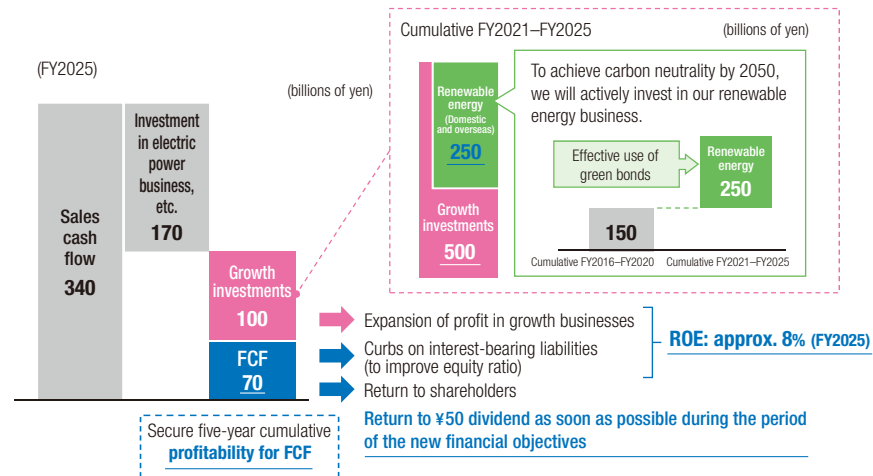
### Profit Expansion toward the Goals of Kyuden Group Management Vision 2030



Note: Amounts given as FY2020 results for the domestic electricity business and growth businesses include intra-company transactions

### Cash Flow Balance for Financial Objective Deadline (FY2025)

We will allocate cash in a well-balanced manner by measures such as raising equity ratio, securing funds for growth investments, and enhancing return to shareholders.



### Initiatives toward Achieving the Financial Objectives— FY2021 Medium-term Management Plan

In the FY2021 Medium-term Management Plan, we have put together a concrete action plan to help us achieve Kyuden Group Management Vision 2030 and the FY2025 financial objectives that are our medium-term goals. In terms of Strategy I: Developing the energy service business, we are trying to create a stable supply of energy as we move toward carbon neutrality as a leader in low- and zero-carbon energy. We are also accelerating our evolution of the energy service business by providing energy services that meet our customers' needs. We will work toward Strategy II: Building a sustainable community together by contributing to the resolution of various regional and societal issues. To allow the Group to come together as one to tackle challenge through such measures, we are striving toward Strategy III: Strengthening our business foundations.

#### Domestic electricity business

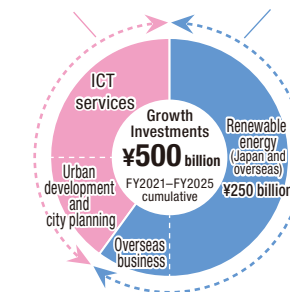
- Expansion of revenue by promoting electrification and diversifying electricity sales
- Expansion of revenue through maximal use of zero-emission power sources
- Reduction of costs by promoting further efficiency improvements

**Ordinary income**  
**¥75 billion**  
(FY2025)

#### Growth businesses

Building sustainable communities together: **¥200 billion**

Energy service business: **¥300 billion**



- Development of geothermal, hydropower, offshore wind power, etc., and participation in renewable energy overseas
- Participation in overseas power generation businesses, etc.
- Expansion of profitability for ICT services by providing ICT solutions
- Expansion of business for offices and homes and strengthening of efforts in the industrial real estate field

**Ordinary income**  
**¥50 billion**  
(FY2025)

Renewable energy (Domestic and overseas)  
Overseas business  
Other energy business  
ICT services  
Urban development/city planning and infrastructure services

Energy service business: **¥35 billion**

Building sustainable communities together: **¥15 billion**

**Strengthening our business foundations**