

Value Creation Process

Kyuden Group's Mission Enlighten Our Future P04

External Environment (Societal Issues and Changes to the Business Environment)

- Climate change
- Economy and government policies
- Technology
- Exhaustion of resources
- Demographic changes
- Geopolitical risks

INPUT	
Qualitative	Quantitative
Manufacturing Capital	
<ul style="list-style-type: none"> Energy mix that contributes to S+3E Power transmission facilities Telecommunications facilities 	<ul style="list-style-type: none"> Power generation facilities* Total output: 18.39 GW No. of facilities: 226 Length of transmission lines: 11,061 km Length of distribution lines: 143,685 km (Kyushu T&D) Length of communication cables (optical fiber and metal cables): 20,239 km (Kyushu T&D) <p>*Amount produced at power generation facilities belonging to Kyuden Group (equity investment projects are recorded as development capacity, not equity interest)</p>
Human Capital	
<ul style="list-style-type: none"> Highly capable human capital (engineers) Strong sense of mission to support Kyushu's infrastructure Group management framework 	<ul style="list-style-type: none"> Employees: 21,226 (consolidated) Percentage of personnel from technical divisions: 68% (Kyushu EP and Kyushu T&D)
Intellectual Capital	
<ul style="list-style-type: none"> Accomplishments and expertise related to the development and safe, stable operation of zero-emission power sources (nuclear, renewable energy, etc.) Knowledge and expertise in a wide range of other specialist fields R&D system 	<ul style="list-style-type: none"> No. of participants in the KYUDEN i-PROJECT (total): Approx. 1,030 (Kyuden Group) Patents held: Japan: 170; Overseas: 71 (Kyushu EP and Kyushu T&D) No. of individuals who have acquired advanced* qualifications: 1,100 (Kyushu EP and Kyushu T&D) <p>*Hard-to-acquire public qualifications that are indispensable to the running of a power business (e.g., chief electrical engineer (first-class), chief reactor engineer, etc.)</p>
Social and Relational Capital	
<ul style="list-style-type: none"> Brand power in Kyushu Relationships of trust with the community Collaborative relationships with business partners, affiliated companies, etc. 	<ul style="list-style-type: none"> No. of customers: 7.84 million (Kyushu Electric Power) No. of local governments with which we have comprehensive partnership agreements: 30 (Kyushu EP) Registered business partners (material procurement) (as of the end of July 2022): Approx. 3,080 (Kyushu EP and Kyushu T&D)
Financial Capital (FY2021)	
<ul style="list-style-type: none"> Capital Cash Interest-bearing debt Ability to procure capital 	<ul style="list-style-type: none"> Capital: ¥237.3 billion (consolidated) Cash: ¥261.6 billion (consolidated) Interest-bearing debt: ¥3.6380 trillion (consolidated) (of which ¥1.5600 trillion is corporate bonds (including ¥200.0 billion in hybrid bonds))
Natural Capital (FY2021)	
<ul style="list-style-type: none"> Non-fossil fuels (nuclear power) and fossil fuels (thermal power) Renewable energy Water (for power generation and office use) Woodlands 	<ul style="list-style-type: none"> Fossil fuel consumption (oil equivalent): Approx. 6.12 million kl (Kyushu EP and Kyushu T&D) Electricity from renewable and FIT energy sources*: 17.8 billion kWh (Kyushu EP) Water used in power generation: 5.24 Mt (Kyushu EP and Kyushu T&D) Company-owned forests (end of FY2021): 4,447 ha (Kyushu EP) <p>*Figures based on the amount of electricity generated and received by Kyushu EP</p>

Materiality at the Kyuden Group P16-17

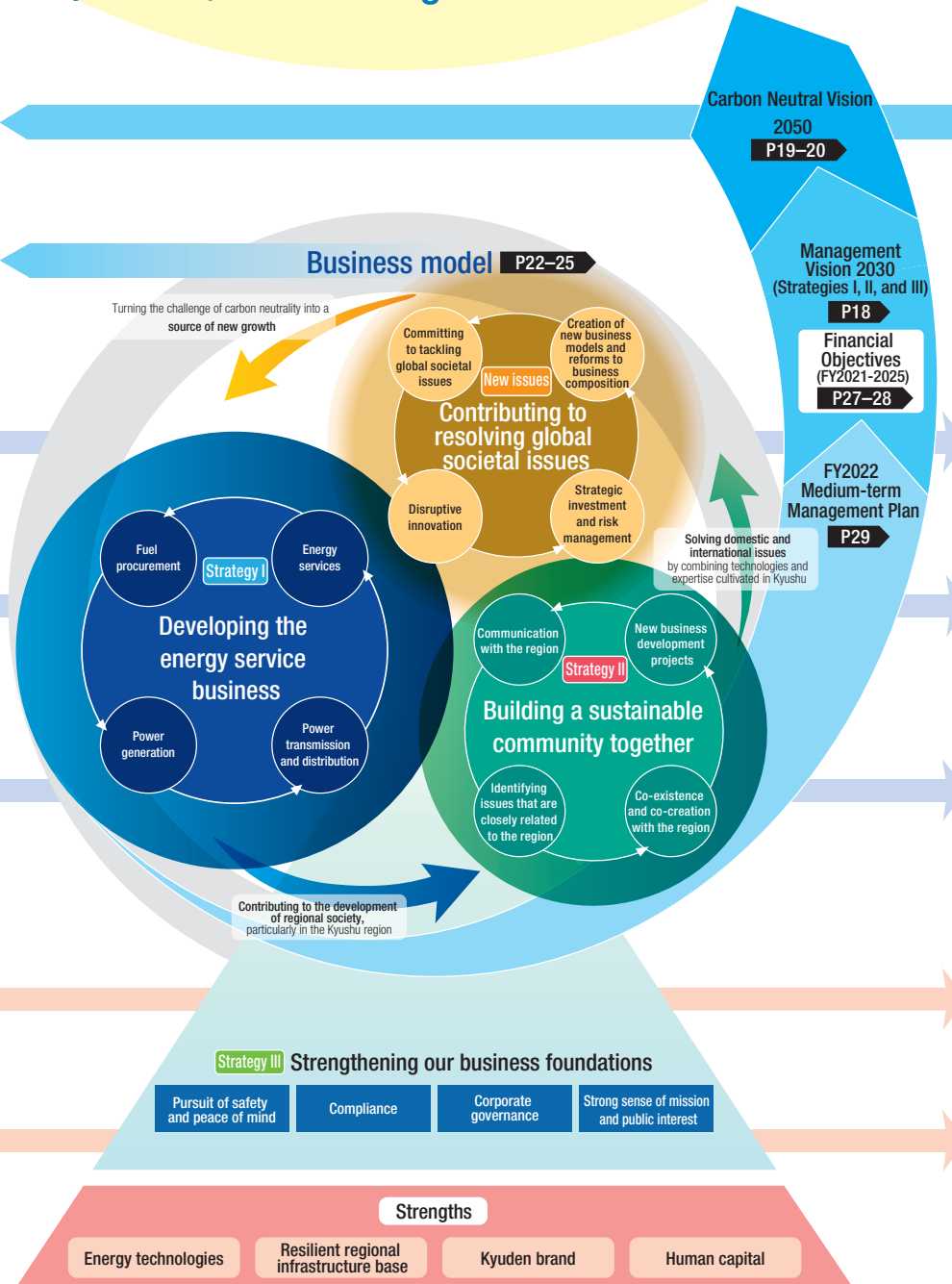
Leading the Way Toward a Decarbonized Society P44-55

Implementing Continuous Improvements in Energy Services P56-58

Co-creating a Smart and Vibrant Society P59-60

Promoting Growth, Success, and Diversity of Human Capital P63-66

Strengthening Governance P67-75



Collaborative Value Creation with Stakeholders

OUTPUT		OUTCOME
Products/Services	Financial Results	Customers
<ul style="list-style-type: none"> Ratio of non-fossil fuel power sources Renewable energy development and adoption Reasonable electricity prices (reduced cost of power generation) Stable supply of electricity Energy services that cater to customers' needs Business and services that help to resolve community and societal issues (ICT services, urban development and city planning, etc.) 	<ul style="list-style-type: none"> Operating revenues Ordinary income Equity ratio Free cash flow ROE Fair return to shareholders 	<ul style="list-style-type: none"> Total electric power sales (retail, wholesale, overseas): Approx. 110 TWh (Kyuden Group) Percentage of energy from zero-emission or FIT energy sources^{*1}: 55% (Kyushu EP) Stable supply of electricity Frequency of outages (per household)^{*2}: 0.07 (0.05) times Average outage time^{*2}: 3 (2) minutes (Kyushu T&D) Percentage of new-build homes using all-electric energy: 36.7% (Kyushu EP) Percentage of customers that trust Kyuden Group in the customer survey: 59.1%
		Local Community
		<ul style="list-style-type: none"> Nominal gross regional product: Approx. 48 trillion yen (FY2018) Communication activities with around 30,000 local residents (Kyushu EP and Kyushu T&D) No. of employees who participated in local activities: 22,755 (Kyuden Group) Urban development and city planning projects in the Kyushu area participated in: 5 (Kyuden Group)
		Shareholders and Investors
		<ul style="list-style-type: none"> Dividends paid (total): ¥19.8 billion (consolidated) Dividend payout ratio: 396.4% (consolidated) Interest charges (paid to creditors): ¥25.0 billion (consolidated)
		Employees
		<ul style="list-style-type: none"> Frequency rate of workplace accidents^{*3}: 0.03 (Kyushu EP and Kyushu T&D) Employee turnover rate^{*4}: 1.00% (Kyushu EP and Kyushu T&D) No. of new female managers: 15 (Kyushu EP and Kyushu T&D) Employee satisfaction^{*5}: 78.5% (Kyushu EP and Kyushu T&D)
		Global Environment
		<ul style="list-style-type: none"> GHG emission reduction rate^{*6}: 35% (Kyuden Group) Industrial waste recycling rates: Approx. 100% (Kyushu Electric Power and Kyushu T&D)

Note: Data for which no date is specified is taken from the results from the end of FY2021.

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Note1: Kyushu Electric Power is abbreviated as Kyushu EP.
Note2: Kyushu Transmission and Distribution is abbreviated as Kyushu T&D.