

Growth Businesses ~Renewable Energy Business~



Main Group company engaged in the renewable energy business

President and Chief Executive Officer, Kyuden Mirai Energy Co., Inc.

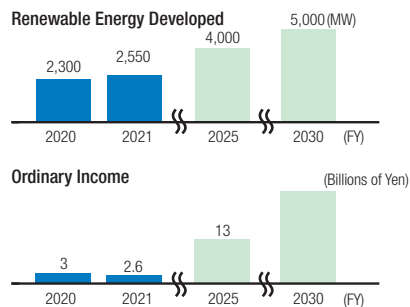
Yutaka Mizumachi

Toward the realization of carbon neutrality, we will bravely take on the challenge of making renewable energy the primary power source.

Vision for the Future

We will utilize the technologies and expertise of the Kyuden Group to steadily advance the development of renewable energy in Japan and overseas to reach our management target of 5,000 MW by 2030 (4,000 MW by 2025) while also helping to achieve carbon neutrality.

In addition, we aim to contribute to the FY2030 target of ¥75 billion in ordinary income from growth businesses by expanding revenue through renewable energy development.



FY2021 Assessment

• We steadily promoted the development of renewable energy in an aim to make it a primary power source, starting operations at the Shimonoseki Biomass Power Station and Karatsu/Chinzei Wind Farm (total capacity of 250 MW) and securing ¥2.6 billion in ordinary income. Approved projects as of the end of FY2021 totaled 3,010 MW in capacity, making up roughly 80% of the 4,000 MW target for 2025.

Strengths

One-Stop Approach for the Development, Operation & Sales of the 5 Main Renewable Energy Sources

- The Kyuden Group works as one to promote the five main renewable energy sources (solar, wind, hydro, geothermal, and biomass) across the full value chain, from initial surveying through to development, operations and sales based on the technologies and expertise we have cultivated through years of development experience as well as the relationships of trust we have built with local communities.

Technical Capabilities Enabling High Capacity and Efficiency Renewable Energy Operations

- We are able to achieve high-efficiency and high-availability operations by leveraging the abundant knowledge and expertise we have built up over long years of experience in developing and operating energy resources

Business Environment

- | Opportunities | Risks |
|--|---|
| <ul style="list-style-type: none"> • Growing need for renewable energy sources in the transition to a decarbonized society • National deregulation of geothermal power generation and the establishment of development processes for offshore wind power to expand introduction of renewable energy • Diversifying means of renewable energy adoption, such as solar PPAs | <ul style="list-style-type: none"> • Changes to renewable energy schemes (lower FIT prices, etc.) • Competition from other developers (bid prices, development locations) |

Business Strategy

Strengthen development system

The renewable energy business is an area that society greatly expects to help achieve carbon neutrality. We are currently looking into consolidating the renewable energy businesses dispersed throughout the Kyuden Group in an aim to strengthen them both at home and abroad, develop them from growth businesses into core businesses, and provide an array of related services in a format that is easy for customers to understand.

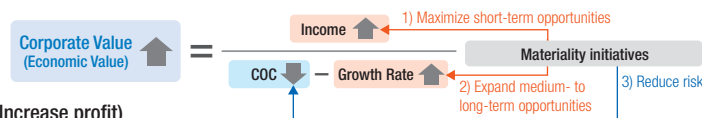
Maximize use of national programs and development knowledge

The Kyuden Group has begun development on the Hibikinada offshore wind power project (220 MW), set to begin operations in 2025. Offshore wind power offers considerable potential in terms of making renewable energy a primary source of power, and we will utilize the knowledge gained through this project to strengthen our offshore wind power development in general sea areas. When it comes to solar power, we will utilize new PPAs as a means of meeting customer needs for renewable energy.

Take efforts to further grow the renewable energy business

As the Kyushu region has already adopted renewable energy at a high rate, we are investigating the potential to produce hydrogen using surplus electricity from renewable sources as well as for a supply-demand adjustment business using battery storage. Utilizing surplus electricity in this way will help encourage the further adoption of renewable energy and contribute to carbon neutrality in industrial sectors that are hard to electrify. We will also continue our studies into new tidal power generation technology, utilizing the insights we have gained from the first ever large-scale pilot project in Japan as we aim for the practical application and future commercialization of the technology.

Efforts to Create Corporate Value



1) Maximize short-term opportunities (Increase profit)

- Look into consolidating our renewable energy businesses in an aim to strengthen them and improve our customer service
- Take efforts to establish diverse business models that take advantage of FIP schemes and PPAs
- Promote the development of renewable energy by utilizing subsidy programs as well as idle assets such as the sites of former power stations
- Look into how to use energy sources once FITs expire
- Maintain high-efficiency and high-availability operations at our renewable energy power stations by leveraging the technical capabilities we have built up over long years of experience in developing and operating energy resources

Main relevant materiality

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services

2) Expand medium- to long-term opportunities (Increase growth rate (future growth expectations))

- Steadily promote the development of new geothermal power sites, hydro power projects and replacement facilities, and offshore wind power projects together with Group and partner companies
- Increase the number of renewable energy projects overseas in anticipation of a decline in suitable sites domestically
- Take on the challenge of developing an adjustable power supply (battery storage and hydrogen production) business to help make renewable energy a primary power source

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services

3) Reduce risk (Lower the cost of capital)

- Reduce the cost of initial surveying and operating costs by leveraging the technical capabilities we have built up over long years of experience in developing and operating energy resources
- Diversify against various risks by developing energy sources through joint projects with business partners who have extensive expertise

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services
Strengthening Governance

Growth Businesses ~Overseas Business~



President and Representative Director, Kyuden International Corporation

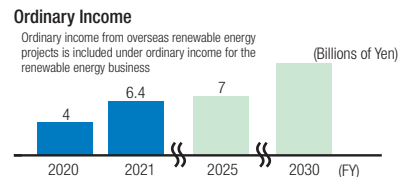
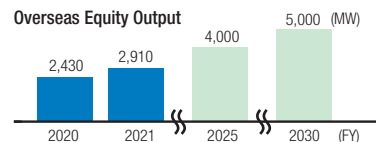
Ryotaro Yusu

Connecting all the Kyushu's passions and spirits, we take on the challenge of building a brighter future in the world.

Vision for the Future

We provide energy solutions based on the needs of each region and its specific circumstances by making the most of the technologies, know-how, and networks that the Kyuden Group has cultivated thus far in the electric power business and other businesses in Japan and overseas.

In addition to achieving an overseas equity output of 5,000 MW by 2030, we will generate profits as the core of the Kyuden Group's growth fields, and aim to contribute to the achievement of ¥75 billion in ordinary income from growth businesses in FY2030.



FY2021 Assessment

- We achieved ordinary income of ¥6.4 billion (up ¥2.4 billion YoY) thanks to aggressive project development in the Middle East, the Americas, and Central Asia, as well as higher gas and LNG sale prices.
- On top of expanding renewable energy, the Kyuden Group also contributed to reducing greenhouse gas (GHG) emissions through its first overseas transmission project, the development of high-efficiency thermal power, and other initiatives to help lower the carbon intensity of and decarbonize sources of power.

Note: We have revised our reportable segments effective FY2022. Ordinary income for the "Overseas Business" includes overseas power generation, transmission and distribution projects, etc., but excludes fuel.

Strengths

70 Years' Experience in the Domestic Electricity Business and Over 20 Overseas

- The Kyuden Group possesses technologies and expertise in the power generation as well as transmission and distribution businesses

Participation in 20 Overseas Power Projects with approx. 2,910 MW in Equity Output*

*As of March 31, 2022

- We have expanded into the Americas and the Middle East while focusing on Asia, a market with high growth potential

Diversified Business Domains

- We provide energy solutions through our consulting, microgrid, and other businesses

Business Environment

- | Opportunities |
|---|
| <ul style="list-style-type: none"> • Increased energy demand in Asia and other emerging countries • Expanded business opportunities due to the growing need to decarbonize and decentralize power sources |
| Risks |
| <ul style="list-style-type: none"> • Increased global competition to invest in renewable energy projects • The existence of country and market risks specific to each country and region • Changes in the financing environment for thermal power plant construction due to the shift to ESG investment • Changes to national policies on carbon neutrality • Continued impacts of the crisis in Ukraine |

Business Strategy

Although opportunities are increasing and diversifying in the overseas power business with the global transition toward a decarbonized society, competition is intensifying when it comes to participating in renewable energy projects.

In light of this, we focus on not only renewable energy projects, but also lower carbon intensity thermal power as well as transmission and distribution projects based on each region's needs.

Take efforts to lower carbon intensity

We will work to participate in projects from the first stage of development and to collaborate with and invest in renewable energy developers, leveraging our strengths in terms of experience and technical capabilities.

In cooperation with other Kyuden Group companies, we will promote the further development of geothermal power with our world-class technologies.

We will also focus on expanding renewable energy resources we have expertise in through our past experience in Japan, such as offshore wind and hydro power, while also growing our transmission and distribution business as one of our revenue sources, which contributes to lowering carbon intensity.

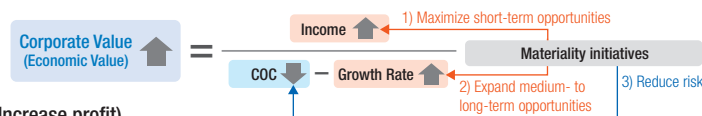
Expand our business domains

We will take full advantage of the technologies and expertise we have cultivated in Kyushu on the construction and operation of facilities as well as grid management, as exemplified by our approach to the large-scale introduction of renewable energy in this region.

Expand our development areas

Leveraging our track record in Asia, the Americas, and the Middle East, we will also promote business development in Europe, an advanced renewable energy region, as well as in Africa, where future economic growth is expected.

Efforts to Create Corporate Value



1) Maximize short-term opportunities (Increase profit)

- Maintain and improve the profitability of existing projects in cooperation with investee companies

Main relevant materiality

Implementing Continuous Improvements in Energy Services

2) Expand medium- to long-term opportunities (Increase growth rate (future growth expectations))

- Strengthen our investment in and collaboration with renewable energy developers as a platform for development
- Participate in thermal power generation projects that help lower carbon intensity
- Develop our transmission and distribution business and take on the carbon-free fuel (hydrogen and ammonia) business in collaboration with Kyushu Transmission and Distribution and partner companies
- Develop geothermal power projects by leveraging the expertise of Group companies (West Japan Engineering Consultants, Thermochem, etc.)

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services
Strengthening Governance

3) Reduce risk (Lower the cost of capital)

- Improve our investment risk management by reviewing our risk quantification methods
- Refine our portfolio asset risk management, taking into consideration the transition to a decarbonized society

Leading the Way Toward a Decarbonized Society
Strengthening Governance

Growth Businesses ~ICT Service Business~



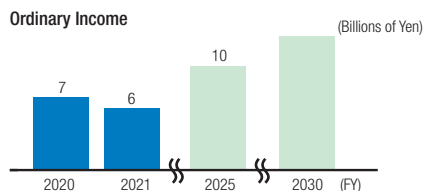
Executive Director,
Technical Solution
Headquarters

Yoshiharu Senda

We will create new value by combining cutting-edge ICT technology with innovative thinking.

Vision for the Future

We aim to contribute to the achievement of ¥75 billion in ordinary income from growth businesses in FY2030, and contribute to the sustainable development of local communities and society through our businesses by expanding profits in existing services such as telecommunications infrastructure and by providing ICT services targeting new business domains that meet the various needs of customers and society.



Improve the operating margin of existing services (+50% or more over FY2020 in FY2025)

Develop and provide new services

- Advertising (digital ad production and planning, etc.)
- Finance & medicine (fintech, AI-based medical diagnosis etc.)
- Primary industry (IT sensors for agriculture, etc.)

FY2021 Assessment

- Despite an increase in the number of telecommunication network contracts, an increase in depreciation and amortization led to ordinary income of ¥6 billion (down ¥1 billion YoY)
- Our efforts in new services have made steady progress as can be seen from the establishment of Machi no Wa Co. Ltd., as a joint venture with another company to develop a regional information platform and the achievement of single-year profitability for Kyuden Drone Service

Strengths

Over 70 Years' Experience and Expertise in Supporting Stable Power Supply

Telecommunications Infrastructure Covering All Areas of Kyushu

One-Stop Service from Construction & Installation to Maintenance & Operations

- We have developed technologies and expertise by operating and maintaining highly reliable telecommunications networks and information communication systems to support the stable supply of electricity
- We have installed optical fiber telecommunications infrastructure across the entire Kyushu region (Household coverage: 60-70%; Corporate: 100%)
- We have sites in all areas of Kyushu, providing a full range of support from installation to maintenance and operations 24 hours a day, 365 days a year
- We are able to propose and provide integrated ICT solutions
- We possess a portfolio of business assets, including in new business domains

Business Environment

- | Opportunities |
|--|
| <ul style="list-style-type: none"> • Advances in digital technologies such as AI/IoT, mobile technologies (5G/Beyond5G), drones, virtual space and the metaverse (xR), etc. • Work style and operational reforms utilizing digital technologies (DX: digital transformation) • Development and expansion of digital infrastructure such as FTTH connections, 5G networks, and data centers (DCs) in line with the Vision for a Digital Garden City Nation • Growing interest in carbon neutrality (CN) and disaster prevention |

- | Risks |
|--|
| <ul style="list-style-type: none"> • Increasing frequency and severity of natural disasters; major earthquakes • Growing security threats due to increases in cyber-attacks • Shortage of and increased difficulty in securing IT personnel |

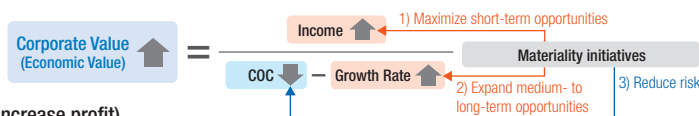
Business Strategy

Rapid technological progress is being made in the ICT field, and on top of this, the convergence of different technologies is resulting in innovation that transcends business domains.

We have set a Group-wide target of at least ¥15 billion in ordinary income by FY2030 for our ICT service business, one of our growth businesses. With the proliferation of remote work and online classes caused by the COVID-19 pandemic and the growth of video streaming services, data traffic continues to increase and the importance of telecommunications networks is ever rising. We will make the necessary investments into our telecommunications infrastructure and other existing services to further strengthen them as a source of revenue and meet societal needs, supporting the build-out of 5G networks and setting up new data centers to accommodate growing demand.

In addition to investing in existing services, we will also step up our efforts in new, higher-layer areas such as applications and content to reach our targets, aiming to expand our range of services and thereby increase revenue. On top of expanding our sales channels by leveraging the respective strengths of the Company and Group companies, we will work to find new partners through M&As and open innovation, produce technologies in-house in collaboration with other companies, and create new businesses out of them. Moreover, we will bolster our product and service development by delving deep into customer needs from their perspective, such as promoting DX among local governments and engaging in comprehensive industry-academia collaboration.

Efforts to Create Corporate Value



1) Maximize short-term opportunities (Increase profit)

- Strengthen existing services for the post-COVID/with-COVID age, such as our fiber optic broadband internet service BBIQ and our data center business
- Strengthen DX proposals for corporate/municipal customers and expand security-related services
- Establish a new business model for our drone service business, roll out our regional information platform nationwide, and develop new services

Co-creating a Smart and Vibrant Society

2) Expand medium- to long-term opportunities (Increase growth rate (future growth expectations))

- Accumulate experience in the digital advertising business and secure large-scale contracts in the mass media domain, including television
- Proactively invest into R&D at Qsol-Lab, eSports, AI, and the metaverse (xR) aiming to create new businesses
- Provide energy storage systems in line with the proliferation of renewable energy to achieve CN

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services
Co-creating a Smart and Vibrant Society

3) Reduce risk (Lower the cost of capital)

- Strengthen our IT governance function and system development framework in cooperation with Group companies
- Actively recruit IT personnel and establish an education system within the Group
- Strengthen information security measures across our entire supply chain, including external business partners

Strengthening Governance
Promoting Growth, Success, and Diversity of Human Capital

Growth Businesses ~Urban Development Business~



Director,
Urban Development
Business Division

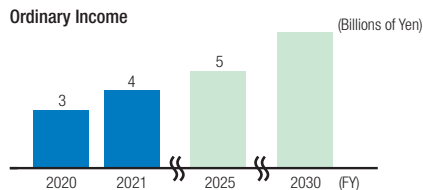
Noboru Hashimoto

We will roll out urban development projects by our unique expertise as an energy provider and make them a pillar of the Group's business.

Vision for the Future

We will expand earnings in Japan and overseas by utilizing our corporate network to acquire prime projects and by promoting development that leverages upon synergies with our electric power business and other energy-related businesses.

Through our business, we will also contribute to the sustainable development of communities and society.



- Expansion of business domains and areas
- Urban development and mixed-use development
 - Industrial real estate (logistics facilities, data centers, etc.)
 - Fee-based businesses
 - Overseas real estate development, etc.

FY2021 Assessment

- Achieved ¥4 billion in ordinary income (up ¥1 billion YoY) thanks to strong performance from our condominium business and overseas real estate development
- Promoted investment into promising assets and areas such as logistics facilities businesses outside of the Kyushu region and the development of rental housing in the USA in addition to expanding our office and housing businesses

Strengths

Collective Strength of the Kyuden Group (Combining Our Knowledge and Expertise)

- We are able to provide a diverse range of services based on the knowledge and expertise we have accumulated through our business activities to date, including in the energy, civil engineering and construction, real estate management, and ICT sectors.

Extensive Network

- We possess an extensive network that includes companies throughout Kyushu, Tokyo-based corporations, financial institutions, and economic organizations

Business Environment

- | Opportunities |
|---|
| <ul style="list-style-type: none"> • Increase in redevelopment projects due to aging urban infrastructure and the push to utilize private-sector funds and expertise • Growing need for environmentally friendly and efficient energy amidst the trend toward decarbonization • Demand for new development of logistics facilities, data centers, etc. driven by diversified lifestyles and advances in ICT technology |
| Risks |
| <ul style="list-style-type: none"> • Decrease in movement of people resulting from changes in life and work styles • Surges in material prices, declining domestic population |

Business Strategy

• Diversify sources of revenue and expand earnings

We will work on urban development projects in not only the Kyushu region, but the rest of Japan and overseas, leveraging upon the Kyuden Group's corporate network and other resources. In addition to expanding our office, housing, airport, and other businesses, we will step up our initiatives in new sectors such as area development, including urban development and mixed-use development, industrial real estate including logistics facilities, and fee-based businesses.

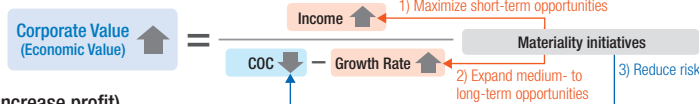
• Contribute to the sustainable development of communities and society as an energy provider

We will contribute to realizing a decarbonized society by promoting environmentally friendly development through improved energy efficiency and low-carbon energy use. As a corporate group developing and providing platforms to support urban infrastructure, we will provide energy, ICT, area management, and an array of other services.

■ Main Areas of Activity

Sector	Business Operations
Offices & Housing	Promoting high value-added development in response to technological innovation and changing societal needs • Development of Fukuoka Maizuru Square office building, development of Denki Building in front of Nagasaki Station, project to utilize the site of the former Fukuoka City Hall North Annex, Island City condominium project (Fukuoka Prefecture)
Airports	Participating in the airport operations business which is progressively being outsourced to the private sector in order to contribute to community development and revitalization by increasing the number of visitors to the region • Fukuoka Airport privatized operations business, Kumamoto Airport privatized operations business, Hiroshima Airport privatized operations business
Mixed-Use Facilities	Carrying out urban and mixed-use development to contribute to community development and generate activity • Project to utilize the former Fukuoka City fruit and vegetable market site (LaLaport Fukuoka); project to utilize the former site of Niagamachi Elementary School, Oita City; project to utilize the site of the former Nagasaki Broadcasting Company headquarters
Logistics	Promoting the acquisition and development of income-producing properties as logistics is growing alongside increasing e-commerce demand • Higashi-Ogishima logistics business (Kanagawa Prefecture), Fukuyama City logistics business (Hiroshima Prefecture)
Overseas	Expanding primarily in the U.S. where stable growth can be expected from population growth • Development of rental housing in Portland, USA, development of ESG-friendly rental housing in southern USA

Efforts to Create Corporate Value



1) Maximize short-term opportunities (Increase profit)

- Proactively invest in and develop promising assets and areas such as logistics facilities and overseas real estate

Main relevant materiality

Co-creating a Smart and Vibrant Society

2) Expand medium- to long-term opportunities (Increase growth rate (future growth expectations))

- Commercialize large-scale projects that can be expected to generate stable, long-term revenue
- Promote development that contributes to the realization of a decarbonized society by promoting electrification, improving energy efficiency, and introducing renewable energy
- Increase added value through the use of digital transformation, etc.

Leading the Way Toward a Decarbonized Society
Co-creating a Smart and Vibrant Society

3) Reduce risk (Lower the cost of capital)

- Diversify our assets and business areas to disperse risks
- Strengthen information gathering functions to acquire prime projects

Co-creating a Smart and Vibrant Society
Strengthening Governance