

Value Creation Process

Group philosophy Enlighten Our Future

P01

Carbon Neutral Vision 2050 P08

Management Vision 2030 P08

Collaborative Value Creation with Stakeholders

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

- Energy mix that contributes to S+3E
- Power transmission facilities
- Telecommunications facilities

Quantitative

- Power generation facilities*
Total output: 17.45 GW
No. of facilities: 229
- Length of transmission lines: 11,223 km
Length of distribution lines: 144,198 km (Kyushu T&D)
- Telecommunications facilities
Length of communication cables (optical fiber and metal cables): 20,234 km (Kyushu T&D)

* Amount produced at power generation facilities belonging to Kyuden Group (equity investment projects are recorded as development capacity, not equity interest)

Human Capital

- Abundant human capital involved in energy services (engineers)
- Strong sense of mission to support Kyushu's infrastructure
- Group management framework
- Employees: 21,096 (consolidated)
- Percentage of personnel from technical divisions: 68% (Kyushu EP and Kyushu T&D)

Intellectual Capital

- 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
- No. of participants in the KYUDEN i-PROJECT (total): Approx. 1,200 (Kyuden Group)
- Patents held: 168 in Japan and 70 overseas (Kyushu EP and Kyushu T&D)
- No. of individuals who have acquired advanced* qualifications: 1,101 (Kyushu EP and Kyushu T&D)

* Hard-to-acquire public qualifications that are indispensable to the running of a power business (e.g., first-class chief electrical engineer, chief reactor engineer, etc.)

Social and Relational Capital

- Brand power in Kyushu
- Relationships of trust with the community
- Collaborative relationships with business partners, affiliated companies, etc.
- No. of customers: 7.84 million (Kyushu EP)
- No. of local governments with which we have comprehensive partnership agreements: 47 (Kyushu EP)
- Registered business partners (material procurement) (as of the end of July 2023): Approx. 3,070 (Kyushu EP and Kyushu T&D)

Financial Capital

- Capital
- Cash
- Interest-bearing debt
- Ability to procure capital
- Capital: ¥237.3 billion (consolidated)
- Cash: ¥295.4 billion (consolidated)
- Interest-bearing debt: ¥3,991.5 trillion (consolidated) (of which ¥1,660.0 trillion is corporate bonds [including ¥200.0 billion in hybrid bonds])

Natural Capital (FY2022)

- Non-fossil fuels (nuclear power) and fossil fuels (thermal power)
- Renewable energy
- Water (for power generation and office use)
- Woodland
- Fossil fuel consumption (oil equivalent): Approx. 8.22 million kJ (Kyushu EP and Kyushu T&D)
- Electricity from renewable and FIT energy sources*: 18.0 billion kWh (Kyushu EP)
- Water used in power generation: 6.09 Mt (Kyushu EP and Kyushu T&D)
- Company-owned forests (end of FY2022): 4,447 ha (Kyushu EP)

* Figures based on the amount of electricity generated and received by Kyushu EP

Note: Data for which no date is specified is taken from the results from the end of FY2022.

Materiality at the Kyuden Group

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Leading the Way toward a Decarbonized Society P43-58

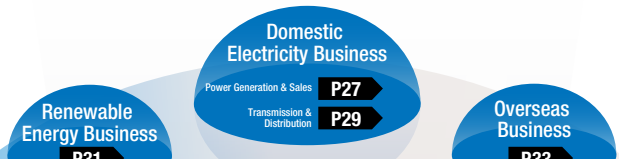
Implementing Continuous Improvements in Energy Services P59-61

Co-creating a Smart and Vibrant Society P62-63

Promoting Growth, Success, and Diversity of Human Capital P68-76

Strengthening Governance P77-89

Business activities



Management Vision 2030 (Strategy I):
Developing the energy service business

Solving local issues and creating new value with networks and technologies built through the energy service business

Synergy based on our strengths

Management Vision 2030 (Strategy II):
Building a sustainable community together

Using new insights gained in Kyushu to further develop our energy service business

Strengths



Stable Supply Technologies



High Ratio of Zero-Emission Power Sources



Strong Local Network



Human Capital

Management Vision 2030 (Strategy III):

Strengthening our business foundations

Pursuit of safety, peace of mind, and a fulfilling workplace

Compliance

Corporate governance

Strong sense of mission and public interest

OUTPUT

Products/Services

- 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
- Businesses and services that contribute to solving local and social issues (ICT services, urban development and city planning, etc.)

Financial Results

- Operating revenues
- Ordinary income
- Equity ratio
- Free cash flow
- ROE
- Fair return to shareholders

Social and Environmental Impact

- Reduced impact on society and the environment (through responding to greenhouse gases and regulations, and zero-emission activities for waste)
- Steady progress of initiatives aimed at becoming carbon neutral
- Interaction and dialogue with the region
- Cyber-security countermeasures

*1 Ratio includes energy produced by Kyushu EP and procured from other companies and represents the value before Non-Fossil Certificate trading. The portion of the above for which Non-Fossil Certificates were not used has no value as renewable energy or zero-CO₂-emission power generation, and so it is treated as electricity with national average CO₂ emissions, including that from thermal power generation.

*2 Figures in parentheses exclude typhoons and other disasters

*3 No. of accidents per million working hours

*4 (No. of workers leaving for personal reasons ÷ total employees at start of period) × 100

*5 Percentage of employees satisfied indicated in employee satisfaction survey (conducted in FY2022)

*6 Supply chain GHG (Scopes 1 to 3, compared to FY2013) Calculated for Kyushu EP and its consolidated subsidiaries (excl. those with negligible emissions).

OUTCOME

Customers

- Total electric power sales (retail, wholesale, overseas): Approx. 110 TWh (Kyuden Group)
- Ratio of zero-emission or FIT energy sources*: 43% (Kyushu EP)
- Stable supply of electricity
- Frequency of outages (per household)**: 0.15 (0.04) times
- Average outage time (per household)**: 115 (3) minutes (Kyushu T&D)
- Percentage of new-build homes using all-electric energy: 35.7% (Kyushu EP)
- Percentage of customers that trust Kyuden Group in the customer survey: 74.8%

Local Community

- Nominal gross regional product: Approx. 48 trillion yen (FY2021)
- Communication activities with around 30,000 local residents (Kyushu EP and Kyushu T&D)
- No. of employees who participated in local activities: 34,000 (Kyuden Group)
- Urban development and city planning projects in the Kyushu area participated in: 6 (Kyuden Group)

Shareholders and Investors

- Dividends paid (total): ¥10.5 billion (consolidated)
- Interest charges (paid to creditors): ¥27.9 billion (consolidated)

Employees

- Frequency rate of workplace accidents**: 0.06 (Kyushu EP and Kyushu T&D)
- Employee turnover rate***: 0.93% (Kyushu EP and Kyushu T&D)
- No. of new female managers: 16 (Kyushu EP and Kyushu T&D)
- Employee satisfaction***: 80.4% (Kyushu EP and Kyushu T&D)

Global Environment

- GHG emission reduction rate***: 26% (Kyuden Group)
- Industrial waste recycling rates: Approx. 100% (Kyushu EP and Kyushu T&D)

Note: Data for which no date is specified is taken from the results for FY2022.