

KYUDEN GROUP

INTEGRATED REPORT 2024

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About the cover design

Based on our mission *Enlighten Our Future*, the Kyuden Group is dedicated not only to providing a reliable energy supply but also to advancing carbon neutrality and other future-oriented initiatives. The upward curves depicted on the cover symbolize our ongoing commitment and the challenges we embrace.

To strengthen our human capital—the foundation of our endeavors—we strive to create an environment where both people and the organization can grow together, co-creating the future we envision. The intersection of the curves shows how both individuals and the organization evolve and grow as one.

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Editorial Policy

This report is published with the aim of introducing a uniform, integrated account of the Kyuden Group's medium- to long-term vision and strategies, as well as major policies.

This edition marks the fourth publication of the Integrated Report. This year, we have focused on the connection between the model for enhancing corporate value and addressing our materiality, and structured the report based on these two key perspectives. We have also worked to further improve the narrative by including messages from the President and the senior management, as well as the voices of employees.

Overall structure and key points

This report maintains the structure that begins with a message from the President explaining the direction of the Kyuden Group as a whole, followed by a commentary from the heads of each business division on the current situation as well as future goals and strategies for their respective business domains. On top of that, we have worked to further improve the readability and narrative by focusing on the key perspectives of the model for enhancing corporate value and addressing materiality, enhancing details on the financial strategy (message from the Executive Director of the Corporate Strategy Division), and including for the first time a message from the Director of the Human Resource Vitalization Division.

Key points

• Message from the President

- This message communicates the President's confidence in achieving the financial objectives, positioning of carbon neutrality as a top priority, and initiatives and outlook in the area of human capital

• Messages from the heads of each business division

- The message from the Executive Director of the Corporate Strategy Division provides explanations on initiatives toward improving PBR from the financial and non-financial aspects, while the messages from the heads of each business division analyze the current situation of each business and explain the goals and strategies toward achieving the management vision

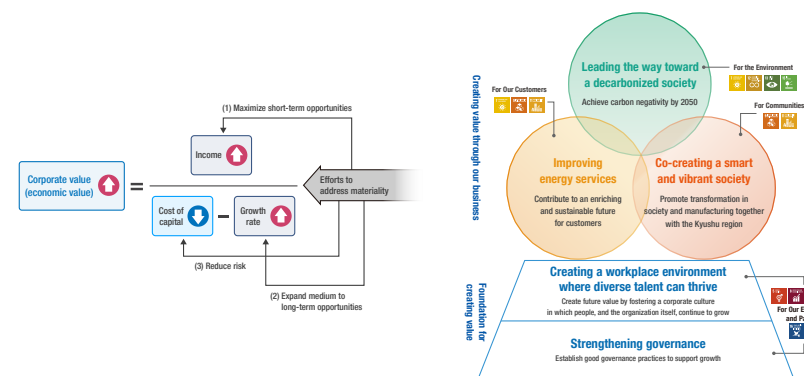
• Improving disclosure based on recommendations by the Taskforce on Nature-related Financial Disclosures (TNFD)

- As an early adopter of TNFD recommendations, we disclose nature-related information based on frameworks such as the TNFD v1.0 information disclosure framework, which also includes renewable energy

• Enhancing information related to human capital management

- The message from the Director of the Human Resource Vitalization Division provides an overview of human capital management and the basic concept behind it, and sets out the initiatives of each strategy toward achieving the KGIs, centered around the five pillars of our human resources strategy

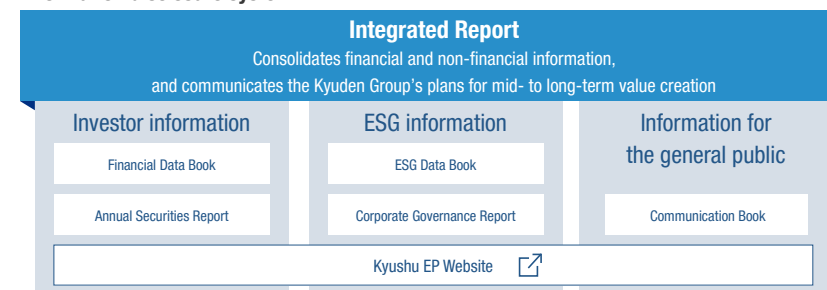
Model for enhancing corporate value and Materiality P19



Information on the Integrated Report 2024

- Issue date September 2024
(Next report: September 2025 (planned))
- Scope of reporting Kyushu Electric Power Company, Incorporated (Kyushu EP), Kyushu Electric Power Transmission and Distribution Co., Inc. (Kyushu T&D) and Group Companies
- Reporting period April 1, 2023 to March 31, 2024
(However, the report also contains some data from outside this period in the interest of providing timely information.)
- Guidelines consulted
 - International Integrated Reporting Framework
 - Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
 - Task Force on Climate-related Financial Disclosures (TCFD) Recommendations
 - Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations
 - Sustainability Accounting Standards Board (SASB)

Information disclosure system



Note regarding forward-looking statements

Statements made in this report regarding the Kyuden Group's strategies and forecasts and other statements that are not historical facts are forward-looking statements based on management's assumptions and beliefs in light of information currently available, and should not be interpreted as promises or guarantees. Owing to various uncertainties, actual results may differ materially from these statements. Shareholders and investors are hereby cautioned against making investment decisions solely on the basis of forward-looking statements contained herein.

Message from the President

As Kyushu's electricity demand rises, we are committed to carbon neutrality and enhancing corporate value through the growth of our people and organization

池辺 和弘

Kazuhiro Ikebe
Member of the Board of Directors
President & Chief Executive Officer



Three roles as president

Lead, create an enabling environment, and take final responsibility

Six years have passed since I took office as president of Kyushu Electric Power. During this time, I have come to believe that there are three key roles I must fulfill as president.

The first is to clearly show what direction we should be heading in and what goals we are aiming for. This does not need to be as specific as a place on a map. Instead, it is about providing an overall direction, much like how sailors of old used the North Star as a guide.

My second role is to establish an environment where employees can go about their work with peace of mind and take on challenges. There are limits to what one person can do. Today, the scope of the Kyuden Group's operations extends beyond the Domestic Electricity Business to include Growth Businesses such as overseas and urban development businesses, which is much more than what I can oversee alone. To steadily execute the strategies necessary in each business, we require capable employees who can be entrusted with responsibility, and it is important that we establish a system that allows every individual to perform at their full potential. To that end, it is crucial that we not only establish a working environment that accommodates a diverse range of working styles among individuals, but that it also guarantees a psychologically safe workplace in which there is a culture of trust, willingness to experiment, fail, and learn.

The Kyuden Group must take on new challenges, particularly in our Growth Businesses. To foster flexible, and innovative initiatives, a psychological safe workplace is a really key factor. Recently, I shared a video on our in-house TV network program, *KAZ Site*, showing myself training with the company's

sumo club members while wearing a *mawashi*, the traditional sumo wrestler's loincloth. This video can also be viewed on YouTube, and I think it is not only helping to promote the company's internal activities, but also sends a strong message about psychological safety. It shows that our company culture encourages freedom and that it is okay to try just about anything and that even the president can put on a *mawashi* and train with the sumo club.



A sumo training session featured on *KAZ Site*

My third role is to take responsibility. One of my favorite phrases is "The captain goes down with the ship." It means that the captain trusts their subordinates and delegates tasks when the sea is calm, but when the ship is in danger during a storm or in rough seas, the captain is the last to leave the ship after ensuring the safety of all passengers and crew. In other words, a leader must be willing to always accept ultimate responsibility. When I have the opportunity to speak with newly appointed managers, I repeatedly urge them to exercise their authority to the fullest without hesitation. I will take full responsibility for any

failure by a highly motivated employee taking on a challenge. As I am the president who appoints all the managers, whether directly or indirectly, it is only natural that the responsibility rests with me. A leader must make decisions when necessary and be accountable for those decisions; that is the role of a president.

Where are we heading?

Achieving carbon neutrality is our top priority

Achieving carbon neutrality is the Kyuden Group's North Star. I can positively say that all of our strategies are linked to the achievement of carbon neutrality. I am pretty sure that achieving it will not only help solve environmental issues, but also contribute to enhancing the Group's corporate value.

We made a lot of progress towards the goal of carbon neutrality in FY2023. We received the green light from the Nuclear Regulation Authority to extend operations of both reactors at the Sendai Nuclear Power Plant for another 20 years, which means that we have ensured the stable operation of all four of our nuclear power reactors. Also, we are making steady progress on integrating renewable energy projects into Kyuden Mirai Energy. By maximizing the use of nuclear power and working to expand our renewable energy capacity, 60% of our energy mix already comes from power sources that do not emit CO₂ during power generation. On the other hand, thermal power generation is still needed as renewable energy output is weather-dependent. We intend to promote power generation that utilizes hydrogen and ammonia and carbon capture and storage (CCS) technology. In doing so, we aim to ensure the effective integration of several types of power generation methods, being nuclear power, renewable energy, and low-carbon or carbon-free thermal power. That said, on the demand side, it is imperative that we promote

electrification to maximize the use of low-carbon electricity in order to achieve carbon neutrality.

Furthermore, contributing to the Kyushu economy through our business activities is also the Kyuden Group's mission. In Kyushu, the construction of semiconductor fabs and data centers for generative AI is expected to increase. These facilities use a lot of electricity, and I think one of the reasons they have decided to build in Kyushu is the affordability of our electricity rates. By utilizing our nuclear power plants in particular, we can provide clean, low-carbon electricity at competitive rates, thereby contributing to the revitalization of the Kyushu economy. This too is a major role we must fulfill.

With the construction of fabs and data centers, we think the downturn in electric power demand we experienced until last year will shift to a growth trend in the future. At the same time, looking at our supply capacity, we can maintain high capacity utilization rates at our nuclear power plants now that safety measures have been completed. And if we also take into account the current construction of an LNG-fired thermal power plant and offshore wind power farm, we believe there will be no issues with electricity supply for at least the next 10 years. Given that utilization rates at our facilities will improve as demand steadily increases, we are confident that earnings will pick up.

Trusting and empowering employees

Diversity and DX are part of our business strategies

To realize the future vision of the Kyuden Group, it is key that we harness the strengths of employees to whom we can trust and delegate responsibilities. Also, if we are to maximize their potential, we need to establish an environment where employees can work healthily and safely, along with a framework that encourages new challenges.

I believe diversity should be something that happens spontaneously to enhance our own corporate value and connect us to the future, not because everyone around us is saying it is something we need to do. Based on this thinking, improving employee engagement and increasing added value per employee are two of our KGIs. We are working to secure and develop the personnel needed to implement our business strategies and to establish the systems and workplace environments where a diverse workforce can thrive, mainly through initiatives related to diversity, equity, and inclusion.

Our ratio of female managers is still low at around 3%, but our goal is to double this ratio by the end of FY2028. So, we are rolling out programs designed to help women in the company build a career even around major life events such as childbirth. That said, if we only ever come up with policies for employees that have already joined the company, the absolute number of women will never increase. As the ratio of women in technical fields is particularly low, we believe we need more programs to increase the number of female students majoring in STEM subjects before they join the company. We are therefore running a project for junior high and high school students in collaboration with local governments and schools in an effort to convey the appeal of what we do as a company and the possibilities of

working with us as an engineer.

Japan does not legally recognize same-sex marriages at the national level, however in our approach to diversity we have made changes to our HR systems to recognize spouses of LGBT individuals on an equal footing with those in a traditional marriage. For work style reforms too, we were able to achieve a rate of 100% in the use of paternity leave in FY2023. This is something we have promoted for the purpose of easing the burden of childcare on women.

We have also introduced a scheme Grandchild Care Leave to allow employees to take days off to look after, or care for, their grandchildren. This leave is mainly for the relatively older generation of employees, and I want to establish a culture where taking days off for family reasons is accepted among them. The reason being is that they are the generation that will soon face caregiving responsibilities. Childcare more or less ends when children grow up, but nursing care and other forms of caregiving can continue for a long period of time, which forces some people to resign from their jobs. I think preventing this will become a key



Using Grandchild Care Leave to go to the Fukuoka City Science Museum with my grandchildren

component of human capital management in the future. By the way, I have also posted a video to YouTube of myself taking leave to spend time with my grandchildren.

As we press ahead with the development of our workplace environment, in terms of securing and developing the human resources we need to implement our business strategies, we are recruiting and training personnel from outside the company who have the necessary knowledge and skills, particularly in our Growth Businesses. In addition to this, we are systematically nurturing business managers who can oversee entire operations.

Since 2017, we have run the KYUDEN i-PROJECT as foundation for all Group employees to enthusiastically take on the challenge of driving innovation independently and on their own initiative. With this project, our focus is on having employees realize that Kyushu EP is a company where they can harness their own ideas and take on challenges, rather than being concerned with near-term earnings. We believe that the achievements of this project are already becoming to show.

So far, I have talked about human capital management from the perspective of business strategy, but human capital



management is also indispensable to productivity improvements. And equally important is digital transformation (DX). In the Kyuden Group, the Digital Transformation Promotion Division, which was established in 2022, is spearheading various initiatives. If, for example, electricity demand were to grow at an annual rate of about 3% over the next 25 years, it would be roughly double that of now. If we can handle double the demand with the same number of employees as now, then we should be able to pay double the salaries. By increasing productivity with both DX and human capital management, we aim to raise salaries while keeping electricity rates as low as possible.

Encouraging independent management and where ultimate responsibility lies

Transitioning to a structure that supports independent decision-making by each business

In the Kyuden Group's Management Vision 2030, which sets out our long-term management direction, we aim to generate ordinary income from our Growth Businesses, which consist of renewable energy, overseas, ICT service, and urban development businesses, at a level comparable of that in the Domestic Electricity Business. To achieve this, I believe we will need to rethink our organizational structure, which has long been focused on electricity.

We need a framework that allows each business to make various decisions independently and with a greater sense of urgency than ever before. For instance, Kyuden Mirai Energy, which operates the Group's Renewable Energy Business, has its sights set on becoming a leading renewable energy business operator in Japan in the future with full ownership of five renewable energy sources (solar, wind, biomass, geothermal, and

hydro). In my view, having the capacity to engage in liberal and swift decision making will mean this group company can further propel renewable energy as a mainstay power source.

Also, I think giving each business more leeway to make independent decisions will be quite beneficial for not only the Growth Businesses, but also the Domestic Electricity Business. In the business of electricity, guaranteeing safety and reliability is critical, which is why it is so important to understand the conditions onsite. If the president's undivided attention can be on the Domestic Electricity Business, there will undoubtedly be a marked increase in opportunities to visit power plants and business offices. At the same time, the president will be on the receiving end of more information related to this business. Accordingly, the president will gain a better understanding of the nuclear power plants and be able to swiftly make the right moves when needed, which I think will contribute to even greater safety.

To set up this framework, we are currently making preparations to transition to a pure holding company structure. Ultimate responsibility will rest with whoever is at the helm of the holding company, given the diverse nature of the Kyuden Group, it is important that each business operates independently, allowing for quick decision-making under their respective CEOs. I should also add that in addition to quick decision making and execution, growth will likely accelerate once each company begins to make their own decisions on recruiting and developing personnel.

Looking ahead, we only have six years until 2030, the target year in our long-term management vision, and just one year until the interim target year of 2025. Considering the changes that have occurred in the business environment since we formulated the current management vision in 2019, we are currently discussing a new vision with a longer-term view beyond 2030, which we hope to publicly announce next year.

Formulating such long-term visions and exploring new Group structures are nothing more than measures for achieving our vision for the future. Goals and plans have no decorative purpose and they mean nothing unless they are achieved. In recognizing that the ultimate responsibility for achieving our goals lies with me, the Group will continue to work together as one to move forward with its initiatives.

Current earnings and measures for enhancing corporate value

Making steady progress towards our FY2025 financial targets

Going by our FY2023 financial results, I believe we have been able to show signs that we are capable of achieving our FY2025 financial targets, which are our interim targets on the way to realizing the Kyuden Group's Management Vision 2030. In FY2023, we chalked up record-high profits on the back of a boost from the time lag of fuel cost adjustments owing to the decline in fuel prices, as well as a sharp increase in capacity utilization at our nuclear power plants, among other factors. I am extremely grateful to all of the employees who worked so hard to drive earnings growth and improve business efficiency.

Among all the factors contributing to our improvements, the biggest impact came from increased operations at the nuclear power plants. Going forward, we expect to be able to stably operate all four of our nuclear power reactors over the long term. This is expected to greatly support our carbon neutrality ambitions and significantly contribute to earnings growth. Also, we have made solid progress in our Growth Businesses, so much so that we have reached our FY2025 ordinary income target of ¥50 billion ahead of schedule.

Also, because the profit recovery has improved our financial

soundness, we are forecasting a dividend of ¥50 per share for FY2024. Prior to the deregulation of the retail electricity market, we paid a dividend of ¥50 solely from the Domestic Electricity Business for many years. Going forward, as profits from our Growth Businesses gradually turn upward, we will look to announce a new dividend policy after resuming the payment of the ¥50 dividend.

In any case, in light of the current operating environment, I believe the likelihood of achieving our FY2025 financial targets has greatly increased.

In closing

With our unchanging purpose in mind, we aim for further growth together with our stakeholders.

On a personal note, I enjoy watching movies and reading books, and sometimes they even inspire my work. One of them is *Replay*, a novel by the American fantasy writer Ken Grimwood. The novel tells the story of a man who dies from heart failure at the age of 43 but wakes up in his 18-year-old body as a student at university. He relives his life with all his memories of the previous 25 years intact. In similar fashion, I sometimes wonder to myself if I would choose to work for a power company again if I had the chance to relive my life.

The answer to that is yes. We often hear the phrase “purpose management.” Our purpose can be found in the Kyuden Group's Mission of creating a brighter future. This purpose represents our core mission—unchanged since the time Kyushu EP was founded—to support our customers and society with a stable supply of energy. I believe there is no job more fulfilling than this, in the sense that Kyushu EP is where people who resonate with this purpose and share the same vision have come together.

Our commitment to delivering stable, affordable, and abundant electricity 24 hours a day remains unchanged, just as it was in the past.

Furthermore, I have a lot of affection and pride for Kyushu, the region where I was born and raised. I feel extremely grateful to be able to serve as the president of Kyushu Electric Power, a company deeply connected to the work of providing electricity and to the Kyushu region itself.

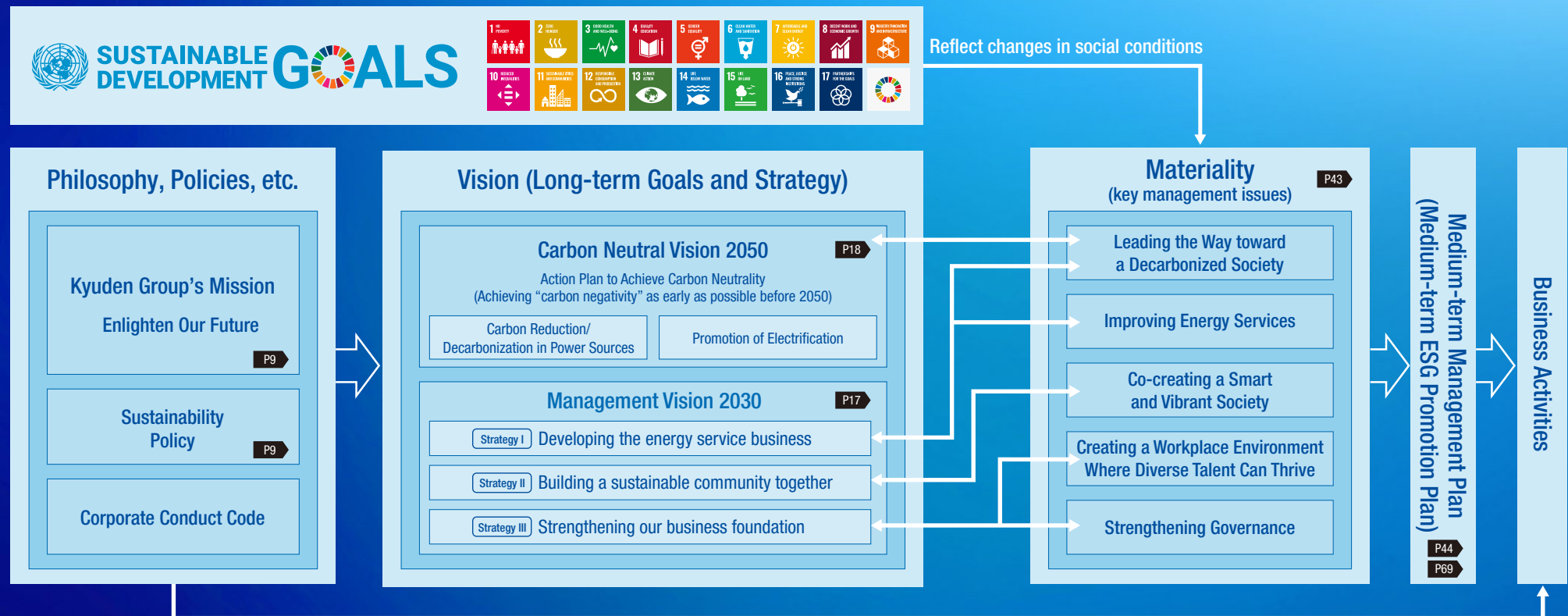
The Kyuden Group is making strides towards the goal of carbon neutrality through our electricity business. At the same time, we are making every effort to generate profit growth in our Growth Businesses, which include renewable energy, overseas power generation, ICT service, and urban development businesses, with the aim of continuously enhancing corporate value. Up ahead, I hope to meet the expectations of all our stakeholders together with our most immediate stakeholders, our employees. As always, I look forward to your continued support.



Value Creation Story

Based on the Kyuden Group's Mission, which is the Group's philosophy, and the Kyuden Group Sustainability Policy, we have established the Management Vision 2030 and the Carbon Neutral Vision 2050 as our medium- to long-term visions, and are driving efforts aimed at creating both social value and economic value.

In addition, we have identified materiality, the key management issues critical to the achievement of these visions. We are steadily undertaking initiatives geared towards solving these issues, having incorporated them into a concrete action plan in the form of a Medium-term ESG Promotion Plan.



Kyuden Group's Mission (Group Philosophy)

Enlighten Our Future

Towards a comfortable and environment-friendly lifestyle today and for generations to come.

This is the mission of the Kyuden Group.

We continue to take on the following four challenges in order to achieve this mission:

- 1. Steady and reliable, environment-friendly energy**
- 2. Services that truly satisfy**
- 3. As one with Kyushu, Asia, and the world**
- 4. Discovering solutions, and putting them into practice**

Kyuden Group Sustainability Policy (Established in December 2021)

As a corporate group that creates the future from Kyushu, we will contribute to a sustainable society and enhance our corporate value, by creating both social value and economic value through our businesses.

- We remain unwavering in our mission to support people's lives and the economy by providing energy and we will continue to work together with local communities to resolve social issues through our business activities.
 - We will cultivate strong relationships of trust with our stakeholders through responsible engagement.
 - We will take on the challenge of solving global social issues and contribute to the achievement of the SDGs.
-



Business Areas of the Kyuden Group

In addition to the Domestic Electricity Business, the Kyuden Group is promoting Growth Businesses such as renewable energy, overseas, ICT service, and urban development business throughout the Group.

Operating revenues (total)

¥**2.1** trillion*

*: Includes elimination of inter-segment transactions of ¥853.6 billion

Ordinary income (total)

¥**238.1** billion*

*: Includes elimination of inter-segment transactions of ¥2.1 billion

Investments (total)

¥**369.5** billion*

*: Includes elimination of inter-segment transactions of ¥65.3 billion yen

Operating revenues by business (billion yen)



Ordinary income by business (billion yen)



Investments by business (billion yen)



Note: FY2023 results. Some figures may not add up due to rounding.

Domestic Electricity Business



Working to achieve an optimal energy mix from the viewpoint of S+3E. Maximizing the use of nuclear power and building an optimal energy mix to achieve carbon negativity as soon as possible, along with offering rate plans that reflect customer needs.

Elec. generated and received: **95.2** billion kWh
Generation capacity: **16,290** MW
Power generation facilities: **185** locations
Electricity sales volume: **90.2** billion kWh
Number of customers: **7.88** million



Delivering a stable supply of electricity generated at power plants to customers. Aiming to reduce power outage incidents and improve the quality of electricity through efficient facility development and proper maintenance, as well as working to expand the interconnection of renewable energy.

Transmission lines: **11,263** km
Distribution lines: **144,559** km
Interconnected renewable energy: **16,460** MW
Substations: **654** locations
Power outages frequency: **0.08** times/household
Power outages duration: **11** mins/household
(when excluding typhoons and other disasters frequency is 0.05 times and duration is two mins per household)



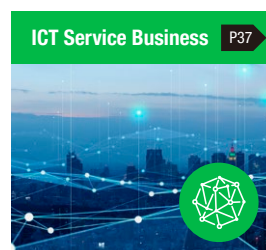
Expanding capacity to provide one-stop solutions for the development, operation, and sales of five renewable energy sources (solar, wind, biomass, geothermal, and hydro) centering on Kyuden Mirai Energy. Promoting the development of geothermal and hydropower (the Group's strengths), as well as renewable energy in Japan and overseas, including highly promising offshore wind power projects.

Renewable energy developed: **2,740** MW
Installed capacity geothermal: **220** MW
(approx. 40% of the entire country)



Developing projects in business domains such as gas-fired power generation and transmission & distribution in light of the strengths and portfolio attributes of the Kyuden Group. At the same time, promoting expansion into new business areas and domains mainly through Group collaboration leveraging the entire value chain of the Kyuden Group.

Overseas equity output: **2,860** MW
Overseas development areas: **16** countries/regions



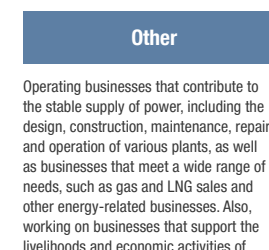
Offering ICT services by utilizing the technologies developed from the maintenance and operation of highly reliable telecommunications networks and information communications systems that support the stable power supply. Undertaking initiatives to capture growth in demand fueled by an increasingly digitalized society.

Optical internet service (BBIQ): **489,000** lines
• Awarded 1st place for 8 consecutive years by J.D. Power customer satisfaction survey (Kyushu area)
• 13.5% share in Kyushu (as of December 2023)
Optical fiber cables: **135,517** km
Data center rack capacity: **2,500** racks



Undertaking urban development business by capitalizing on the knowledge and know-how garnered from business activities to date, mainly in the energy sector, property development business, and public-private partnerships. Executing projects while leveraging synergies with the electricity business.

Main projects
• Dallas multi-family rental housing development (July 2023)
• Logistics facility in Kiyama town (completed in January 2024)
• Utilization of the former site of an elementary school in Niigamachi, Oita Prefecture (commenced in April 2024)
• Watanabe-dori 2-chome Project (tentative name; slated to start in FY2025)



Operating businesses that contribute to the stable supply of power, including the design, construction, maintenance, repair, and operation of various plants, as well as businesses that meet a wide range of needs, such as gas and LNG sales and other energy-related businesses. Also, working on businesses that support the livelihoods and economic activities of customers, including the paid elderly nursing homes business, the outsourced administrative services business, and the temporary staffing business.

Kyushu, Main Service Area of the Kyuden Group

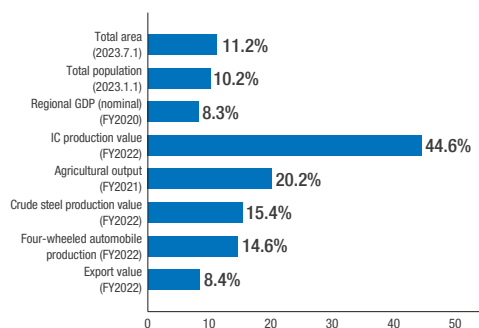
Location and economy

At the Kyuden Group, dedicated to create the future from Kyushu, we believe that without the development of Kyushu, there is no development for the Kyuden Group as it serves as a hub for all of our business activities. Kyushu is located in the southwestern part of the Japanese archipelago and consists of seven prefectures: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, and Kagoshima. Kyushu's population is approximately 12.74 million (10.2% of Japan's total), and its area and GDP are also around 10% of the national total. For this reason, Kyushu's economy is sometimes referred to as the "10% economy."

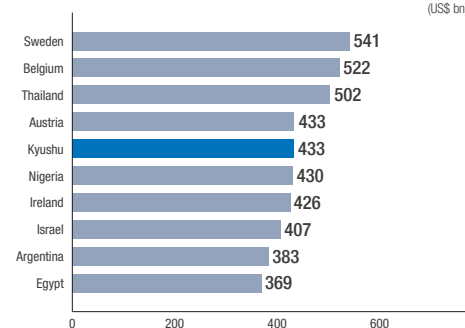
Kyushu's gross regional product (GRP) is comparable in scale to the economies of Austria or Nigeria. It also accounts for a high proportion of various key industries compared to the national total, particularly IC production value, agricultural production, crude steel production, and automobile production output.



Kyushu's share compared to Japan overall



Global comparison of GRP



Source: Kyushu Bureau of Economy, Trade and Industry, Kyushu Economy International (KEI), "PROFILE OF KYUSHU 2024," May 28, 2024

TOPICS

Growth of the semiconductor industry in Kyushu

Semiconductor revival

Japan aims to increase the sales of domestically produced semiconductors and related products to ¥15 trillion by 2030—five times the current level—

in an effort to boost the competitiveness of the semiconductor industry.*¹ To achieve this goal, nationwide efforts are underway to revitalize the semiconductor industry, including in Kyushu.

Kyushu boasts a high level of production capacity and the ability to maintain the production of high-value-added products in the semiconductor industry, earning it the nickname "Silicon Island." According to the Kyushu Bureau of Economy, Trade and Industry, semiconductor production in Kyushu reached approximately ¥1.1534 trillion in 2023, exceeding ¥1 trillion for the first time in 16 years.*¹ Also, Kyushu is where a large number of chipmakers are setting up operations; in fact, Taiwan Semiconductor Manufacturing Company (TSMC) opened a fabrication plant in Kumamoto in 2024, a sure sign of active capital investment and expansion by both domestic and international firms. Behind this revival are favorable geographical conditions needed for semiconductor production, namely the availability of water resources and the stability of power supply.*²

In recent years, Kyushu has focused on enhancing its appeal and significance as a leader in Japan's semiconductor industry, marking a "renaissance" of the Silicon Island.

Impact on electricity demand

The uptick in capital investments and production activities within Kyushu will be a catalyst for considerable growth in production and consumption across Kyushu and neighboring prefectures. Over the next few years, it is likely that industrial power demand will increase by several billion kilowatt-hours.*³ According to estimates by the Kyushu Economic Research Center, the economic ripple effect of semiconductor-related capital investments in Kyushu, Okinawa, and Yamaguchi over the 10 years from 2021 is expected to reach a total of ¥20.077 trillion.*⁴ Kyushu EP aims to tap into the growth in electricity demand in the Kyushu region and expand earnings by leveraging its strengths of offering competitive electricity rates and electricity with a low CO₂ emission factor, thus playing its role as a partner in supporting the development of the region.

*¹ Source: Kyushu Bureau of Economy, Trade and Industry, Kyushu Semiconductor and Digital Innovation Council, February 27, 2024

*² Source: Bank of Japan Fukuoka Branch, March 20, 2023

*³ Source: Organization for Cross-Regional Coordination of Transmission Operators, Japan (OCCTO), January 24, 2024

*⁴ Source: Kyushu Economic Research Center (KERC), December 15, 2023

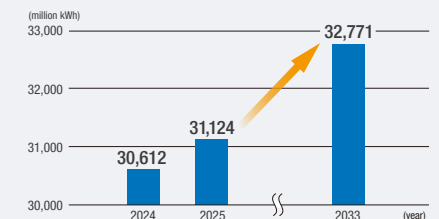
Major capex plans of companies in Kyushu

Total of **83** projects
More than **¥4.70** trillion*
(total of public disclosures by companies)

* Calculated by the Kyushu Bureau of Economy, Trade and Industry based on information from the websites of companies, prefectural governments, the Ministry of Economy, Trade and Industry, and other sources (between April 2021 and February 26, 2024)

Source: Kyushu Bureau of Economy, Trade and Industry, Kyushu Semiconductor and Digital Innovation Council, February 27, 2024

Electricity demand in the Kyushu region (industrial and other)



Source: Organization for Cross-Regional Coordination of Transmission Operators, Japan (OCCTO), January 24, 2024

Overseas Business Expansion

In line with the Group's vision, building a brighter future, starting from Kyushu, we continue to take on new challenges as we expand our business reach across Kyushu, Japan, and the world.

Overseas projects

- Gas
- Wind power
- Subsea power transmission
- Consulting
- Geothermal
- Solar power
- Urban development
- Other projects

Europe

United Kingdom

- Viridor Energy: total output 239 MW; equity output is not disclosed

Scandinavia

- NordicNinja Fund II: startup investment fund

U.S. and Latin America

U.S.

- Kleen Energy: total output 620 MW; equity output 126 MW
- Westmoreland: total output 940 MW; equity output 118 MW
- South Field Energy: total output 1,182 MW; equity output 214 MW
- Birdsboro: total output 488 MW; equity output 41 MW
- Persistent Energy Capital LLC: Our first business participation in Africa will contribute to supplying power to regions without electricity.
- Enfinity Global (U.S. renewable energy developer): total output 400 MW; equity output 160 MW

- Portland multi-family rental housing development
- Southern U.S. ESG-friendly multi-family rental housing developments (Washington D.C., Charlotte, Atlanta, Tampa)
- Dallas multi-family rental housing development
- Miami multi-family rental housing development
- Chesterfield logistics facility development
- Chicago logistics facility development

Mexico

- Tuxpan II & V: total output 495 MW × 2; equity output 248 MW × 2

Power generation capacity
(equity output)
(as of March 31, 2024)

2,860 MW

Overseas power projects
(as of March 31, 2024)

16 countries **26** projects

Overseas urban development projects
(as of August 31, 2024)

6 projects (U.S.)

Africa

Cape Verde

- Introduction of hybrid power generation system

Kenya

- Study of geothermal power station IoT technology adoption, enhancement of geothermal power station maintenance and management capabilities, and enhancement of power transmission system technical capabilities

Middle East, Asia, and Oceania

Uzbekistan

- Syrdarya: total output 1,600 MW; equity output 230 MW

Egypt

- Upgrade of thermal power plant equipment, and support for solar power generation construction

Bahrain

- Al Dur 1: total output 1,234 MW; equity output 244 MW

UAE

- Abu Dhabi subsea DC power transmission
- Taweelah B: total output 2,000 MW; equity output 120 MW

China

- Inner Mongolia: total output 50 MW; equity output 14 MW

Taiwan

- Hsin Tao: total output 600 MW; equity output 199 MW

Philippines

- PowerSource Group: Microgrid project
- PetroGreen Energy Corporation: total output 127 MW; equity output 32 MW

Thailand

- EGCO: total output 6,996 MW; equity output 429 MW

Singapore

- Senoko Energy: total output 2,382 MW; equity output 357 MW

Indonesia

- Sarulla: total output 330 MW; equity output 83 MW

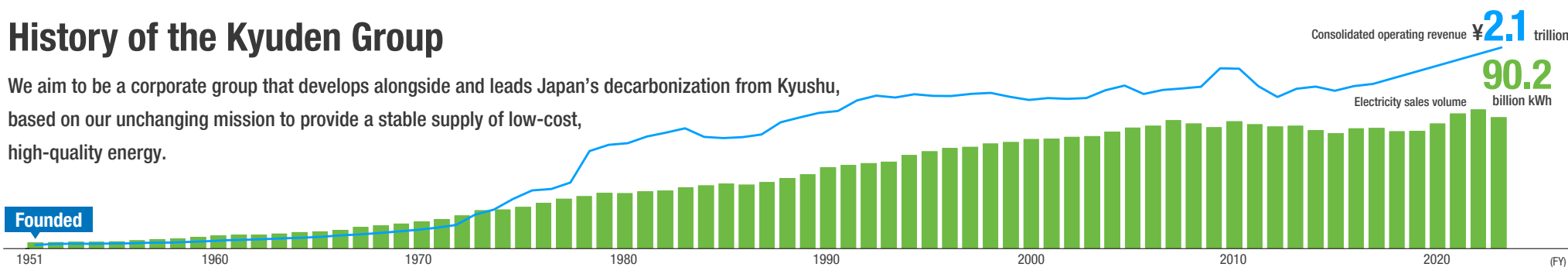
Marshall Islands

- Support for solar power generation construction

Note: Overseas projects listed above reflect the results of major initiatives in recent years, so the totals may not necessarily match the figures shown in power generation capacity and overseas power projects above.

History of the Kyuden Group

We aim to be a corporate group that develops alongside and leads Japan's decarbonization from Kyushu, based on our unchanging mission to provide a stable supply of low-cost, high-quality energy.



Note 1: Only retail electricity sales volume is shown up to 2015; in 2016 and onward, both retail and wholesale electricity sales volume are shown.

Note 2: Retail electricity sales volume for Kyushu EP is reported up to 2017, and from 2018 onward, it includes both Kyushu EP and its consolidated subsidiary, Kyushu T&D.

1950s–1960s

A period of Japan's rapid economic growth
The challenge of a stable supply

Kyushu EP was founded in 1951. As Japan took a big step forward from post-war chaos to rapid growth, we stabilized the supply of electricity in Kyushu ahead of the rest of the country, working to develop power sources such as Japan's first arch dam and state-of-the-art, high-capacity thermal power plants. In the latter half of the 1960s, we began to place more emphasis on the environment, moving from coal-fired thermal generation to oil-fired. We also focused on the superiority of nuclear power as a semi-domestic energy source. In these ways, we advanced the diversification of our energy sources.

1970s–1980s

Oil Crises to the end of the bubble economy
The challenge of energy upheavals

After the 1973 Oil Crisis, in a bid to move away from oil and to stabilize earnings, we proactively pushed diversification for energy sources. In 1975, we started operations at Unit 1 of Genkai Nuclear Power Plant. During the 1980s, we catered to the greater complexity and diversification of society's needs by expanding our services and by tackling new business areas, such as telecommunications. To aid in the fight against global warming, we actively strove to develop and introduce new types of energy, including wind power generation demonstration tests.

1990s–2000s

Gradual deregulation for electric power
Responding to deregulation

In the 1990s, gradual amendments of the Electricity Business Act were made to address the gap between domestic and overseas electricity prices. In the midst of increasing liberalization since 2000, the company strengthened its sales capabilities by offering a range of new tariffs and promoting all-electric energy usage. After considering what we should do to become a company that customers continue to choose, we came up with the slogan Enlighten Our Future, which encapsulates the promise we made to contribute to a stable energy supply and a more sustainable society for years to come.

2010s–2020s

From the Great East Japan Earthquake to today, and the future
Leading Japan's decarbonization from Kyushu

Due to the damage caused by the Great East Japan Earthquake in 2011, all nuclear operations in Japan were suspended. In September 2015, Unit 1 of Sendai Nuclear Power Plant met the strict regulatory standards and became the first in Japan to return to normal operation. Not only are we providing safe, stable nuclear power, by actively developing and introducing renewable energy, we have achieved an industry-leading ratio of zero-emission energy sources. We will continue to work together as a group to achieve carbon neutrality.

Vision

Carbon Neutral Vision 2050

P18

Management Vision 2030

P17

Acquired strengths



Stable supply technologies



High ratio of zero-emission power sources



Strong local network



Human capital

Achieve a stable supply of electricity and the best energy mix

1956 Operations begin at Units 1 to 3 (total output: 387 MW) of Karita Power Plant, a state-of-the-art, high-capacity thermal power plant.
~1959 The Kitakyushu trunk line (220 kV), the backbone system for Kyushu, is completed.
1959 Cooperation with Honshu is strengthened on the Shinkanmon trunk line, which advances wide-area operation.
1967 The Nishikyushu trunk line (220 kV), which uses ultra-high-voltage underground transmission lines, commences operation.

1977 Units 1 and 2 of Shin-Kokura Power Plant are modified to burn only LNG to further move away from oil.
1980 500 kV substations in the central and western Kyushu are constructed, and the voltage for the Saga trunk line is increased to 500 kV.
1986 Japan's first automatic control system for power distribution lines is fully implemented (Fukuoka Sales Office).
1989 Operations begin at Unit 1 (700 MW) of Matsuura Power Plant, Kyushu's first thermal power plant to burn overseas coal.

1991 Operations begin at Unit 1 (690 MW) of Shin-Oita Power Plant, Kyushu EP's first combined-cycle gas turbine power plant.
2001 Operations begin at Kanda's new Unit 1 (360 MW), the world's largest pressurized fluidized bed combustion (PFBC) combined cycle system.
2005 The Matsushima-Narao line, the longest undersea electric cable in Japan (53 km, 66 kV), linking the Kyushu mainland and the Goto Islands, commences operation.

2016 Operations begin at Unit No. 3 x 4 of Shin-Oita Power Plant, a highly efficient combined-cycle gas turbine power plant.
2019 Operations begin at Unit 2 (1 GW) of Matsuura Power Plant, which uses ultra-supercritical (USC) technology.
2022 With the completion of the Hyuga trunk line, the 500 kV system becomes a looped trunk transmission power system.

Expand environmentally friendly business activities

1955 Operations begin at Kamishiiba Power Plant (90 MW), Japan's first arch dam.
1967 Operations begin at Otake Power Plant (11 MW), Japan's first commercial geothermal power plant.
1968 The construction of Genkai Nuclear Power Plant is proposed to Saga Prefecture and Genkai Town.

1975 Operations begin at Unit 1 (559 MW) of Genkai Nuclear Power Plant.
1977 Operations begin at Unit 1 (23 MW) of Hatchoubaru Power Plant, which would later become Japan's largest geothermal power plant.
1981 Operations begin at Unit 2 (559 MW) of Genkai Nuclear Power Plant.
1984 Operations begin at Unit 1 (890 MW) of Sendai Nuclear Power Plant.
1985 Operations begin at Unit 2 (890 MW) of Sendai Nuclear Power Plant.

1994 Operations begin at Unit 3 (1.18 GW) of Genkai Nuclear Power Plant.
1997 Operations begin at Unit 4 (1.18 GW) of Genkai Nuclear Power Plant.
2005 Operations begin at Miyazaki Biomass Recycle Power Plant (11.4 MW).
2006 Operations begin at Hatchoubaru Binary Power Plant (2 MW), Japan's first geothermal binary power plant.
2008 Operations begin at Nagashima Wind Power Plant (50.4 MW) of Nagashima Wind Hill.

2010 Operations begin at Omuta Mega Solar Power Plant (3 MW).
2014 Kyuden Mirai Energy is established (reorganization of Group renewable energy business).
2015 Operations restart at Units 1 and 2 of Sendai Nuclear Power Plant.
2017 Operations begin at the first unit of the Sarulla Geothermal IPP Project in Indonesia.
2018 Operations restart at Units 3 and 4 of Genkai Nuclear Power Plant.
2024 Group's renewable energy business is integrated into Kyuden Mirai Energy.

Contribute to society and co-create with the local community

1960 A service center is established inside Tenjin Building in the city of Fukuoka to improve services (Established at every branch thereafter).

1978 Because of optical fiber cables, power-over-fiber becomes practical for the first time in Japan.
1987 Kyushu Telecommunication Network (QNet) and two other telecommunications companies are established.

1996 The implementation of automatic meter inspections for major customers begins.
2000 The liberalization of parts of the retail electricity sector begins.
2002 Our gas supply business begins.
2006 The Basic Policy for Community and Social Coexistence is established.

2016 The entire retail electricity sector undergoes liberalization. The Kyuden Mirai Foundation is established. With the help of business partners, we support early reconstruction from the Kumamoto Earthquakes.
2017 KYUDEN i-PROJECT begins.
2019 Q-Den Nigiwai Startup Project begins.
2020 The Transmission & Distribution Division spins off into a separate company.

Develop human resources

1965 The company directive Our Mindset* is established.
*: Let's do our utmost for society with integrity, build a bright workplace through trust and cooperation, and strive for the development of our abilities for the future.
1966 Education & Training Center opens.

1988 The corporate philosophy and the Kyuden Group's Corporate Code of Conduct are established.

1996 Our human resources training philosophy is established.
2001 Aspire & Achieve Initiative is implemented.
2007 A new corporate philosophy, Kyushu Electric Power's Mission, is established.
Women's Activity Promotion Group is established.
New systems are established for senior employees, office staff, and construction workers.

2011 Our HR vision Who we aspire to be is established.
2016 Management Leader Training is implemented to train business management candidates.
2023 The QX Project, which fosters a corporate culture in which people and the organization grow together through the promotion of activities, begins.

Kyuden Group Strengths

The Kyuden Group leverages the various assets cultivated since its establishment, based on four key strengths: stable supply technologies, high ratio of zero-emission power sources, strong local network, and human capital. These strengths are aimed at driving future growth and realizing the Kyuden Group's mission of creating a brighter future.



Stable supply technologies

In response to the rapidly changing energy situation and current social issues, we continue to consider the optimal energy mix from a medium- to long-term perspective and continue to strive towards its realization. Even amidst a drastically changing business environment, we will continue to support our customers' lifestyles and economic activities into the future through our work by developing new technologies based on our unchanging mission to provide a stable supply of power.

Power generation facilities

Total output **17.14** GW

Number of power plants **223**

Average frequency of power outages (per household)

0.08 times

(when excl. disasters such as typhoons: 0.05 per household)

Nuclear power plant utilization rate

FY2023 results

90.8%

Related capital

Manufacturing capital

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

Intellectual capital

- Accomplishments and expertise related to the development and safe, stable operation of power sources
- Expertise on the operation of power transmission facilities



High ratio of zero-emission power sources

In addition to our proactive efforts in the development and introduction of renewable energy over many years, we have achieved an industry-leading ratio of zero-emission sources by, among other things, restarting nuclear power operations ahead of other companies, as nuclear power had been halted after the Great East Japan Earthquake. From now on, in addition to maximizing the use of nuclear power, we will continue to promote the positioning of renewable energy as a main power source and continue to lead as a front-runner in low or net-zero carbon emissions.

Zero-emissions and FIT power source ratio to the amount of electricity generated and received

FY2023 results

Approx. **60**%

* Ratio of electricity generated and received by Kyushu EP, before trading of non-fossil certificates. If a non-fossil certificate is not applicable, these shall not have the value of renewable energy or zero CO₂ emissions, and shall be treated as having the same CO₂ emissions as the national average for electricity, including thermal power generation.

Related capital

Manufacturing capital

- Power generation facilities (renewables and nuclear energy)

Intellectual capital

- Expertise related to the development and operation of zero-emission power sources (renewables and nuclear energy)

Natural capital

- Climate and topography rich in natural resources, including geothermal and hydroelectric power



Strong local network

As we grow together with Kyushu through our Kyushu-based business activities, we are building a strong network with customers and business partners, as well as local authorities, companies, organizations, and other parties. Based on the relationships of trust cultivated, we are working together with the local community to solve the challenges faced by the region and society, aiming to co-create sustainable communities together.

Number of comprehensive cooperation agreements with local governments

53 local governments (Kyushu EP)

Number of registered business partners (material procurement)

Approx. **3,040** companies (as of July 31, 2024, Kyushu EP and Kyushu T&D)

Number of customers

7.88 million

Percentage of customers that trust Kyuden Group

75.9%

Related capital

Manufacturing capital

- Power generation and transmission facilities
- Telecommunications facilities

Social and Relational capital

- Relationships of trust with the community and networks
- Cooperation with business partners, related companies, etc.



Human capital

Each and every one of our employees is striving to take prompt action to seize opportunities by proactively viewing changes in the business environment as an opportunity for growth. To meet the expectations of the local community and customers, they also never forget to keep on learning and continue to polish up their knowledge and skills through applying them on the job.

Human resources with a strong sense of mission and diverse knowledge, skills, and experience

Employees (consolidated)

21,092

Number of employees with advanced* qualifications (Kyushu EP and Kyushu T&D)

1,119 * Hard-to-acquire public qualifications that are essential for the operation of a power business (e.g., first-class chief electrical engineer, chief reactor engineer)

Overall employee satisfaction

80.4% * FY2022 results

DX Specialist training participants

(Kyushu EP and Kyushu T&D)

221

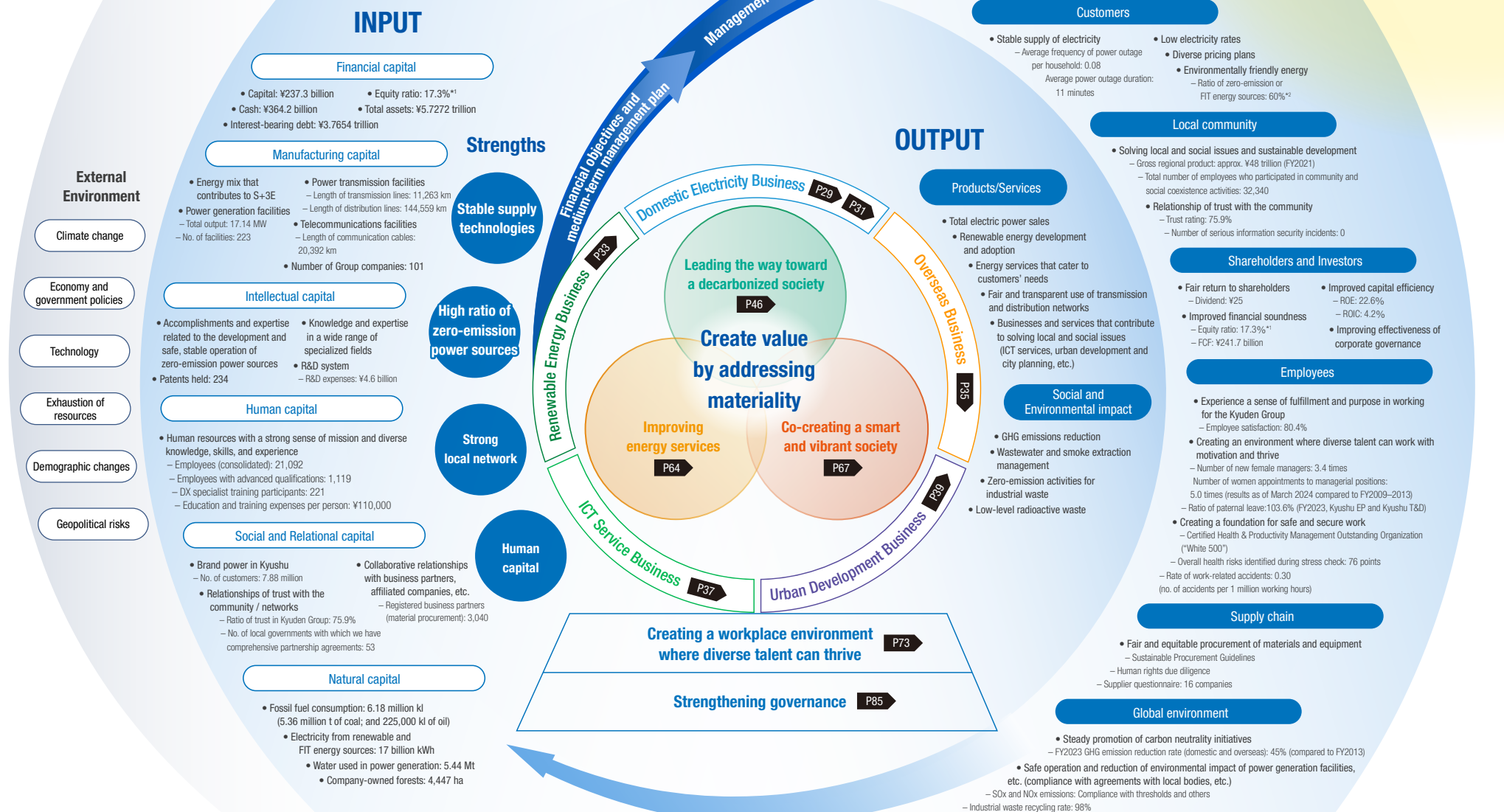
Related capital

Human capital

- Kyuden DNA: Strong sense of mission to support Kyushu's infrastructure
- Human resources with diverse knowledge, skills, and experience, such as engineers involved in energy services

Value Creation Process

The Kyuden Group will address materiality through its business activities, while adapting to changes in the external environment, based on the four strengths it has cultivated since its establishment. In doing so, we aim to achieve sustainable enhancement of corporate value.



Group philosophy

Kyuden Group's Mission

Enlighten Our Future

P09

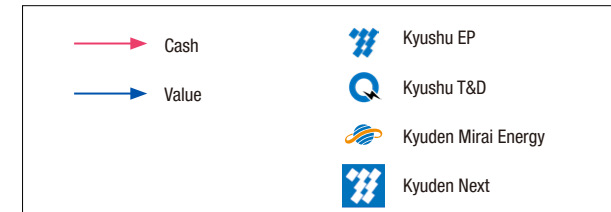
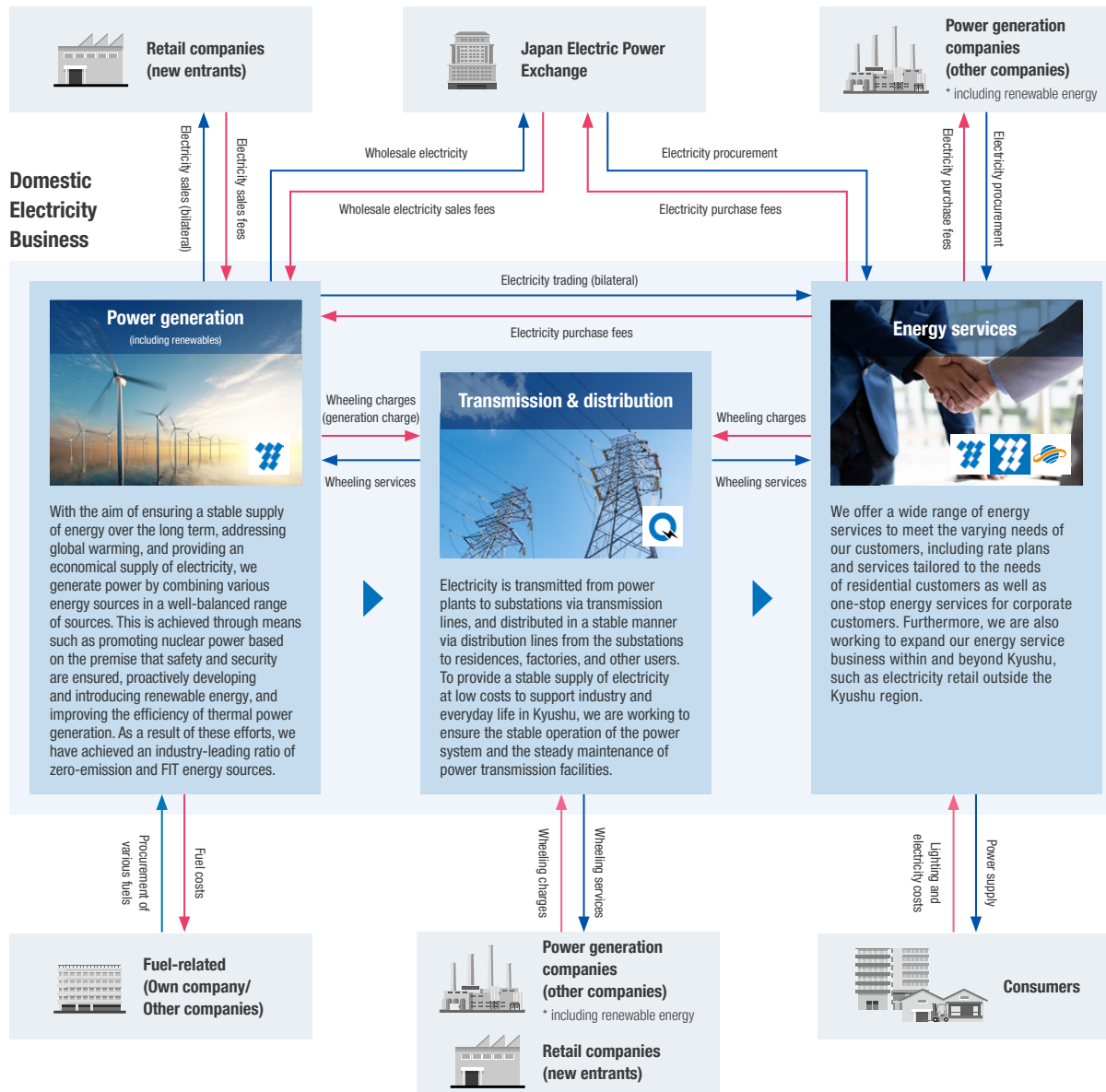
^{*1}: Includes amount (approx. 2%) recognized as capital from hybrid corporate bonds (issued in October 2020)

^{*2}: Ratio of electricity generated and received by Kyushu EP, before trading of non-fossil certificates. If a non-fossil certificate is not applicable, these shall not have the value of renewable energy or zero CO₂ emissions, and shall be treated as having the same CO₂ emissions as the national average for electricity, including thermal power generation.

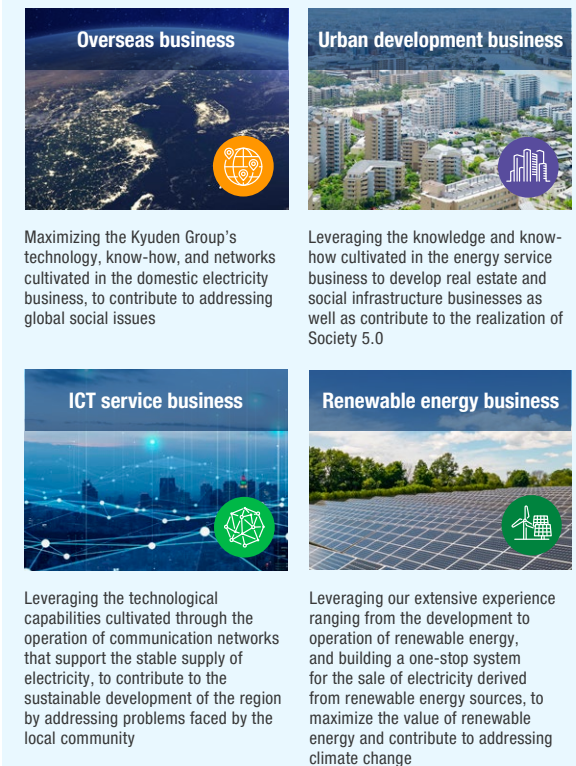
Note: The scope of aggregation of data on this page varies by indicator. For details, see the Kyuden Group ESG Data Book 2024, the 100th Annual Securities Report, and the Financial Data Book 2024.

Business Model

Overview of our business activities



Growth Businesses



Management Vision 2030

To continue contributing to the sustainable development of Kyushu, being our foundation, and to create a brighter future together with the community and society through 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 established our ideal image for 2030, and to realize this vision, we have set three strategies, along with management targets.

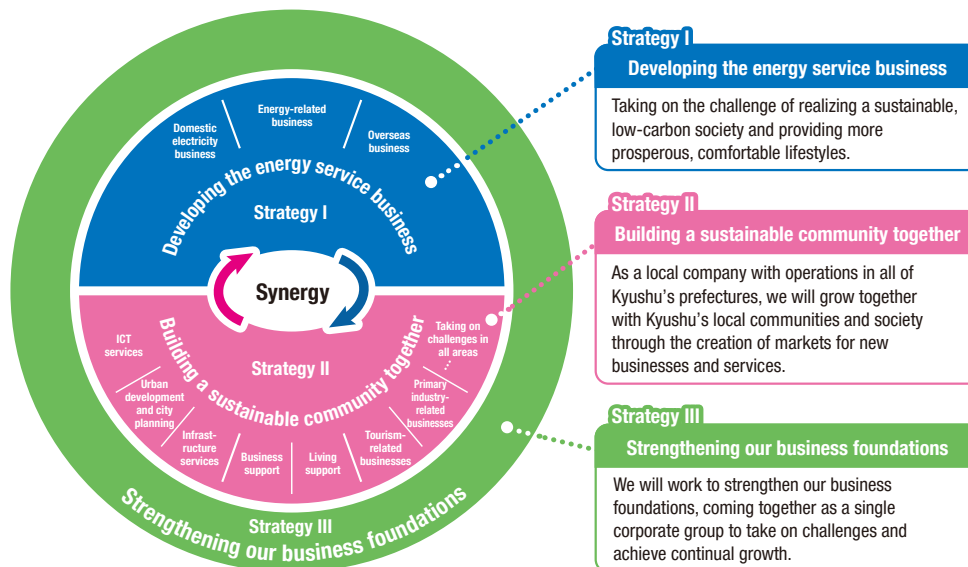
In line with this vision, the Group will work as one to promote a wide range of activities aimed at achieving sustainable growth together with the community and society, while at the same time delivering value to our stakeholders.

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

Taking on the challenge of realizing a sustainable, low-carbon society and providing more prosperous, comfortable lifestyles.

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

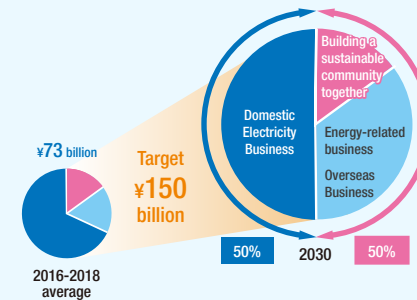
We will work to strengthen our business foundations, coming together as a single corporate group to take on challenges and achieve continual growth.

Management targets to achieve our 2030 Vision

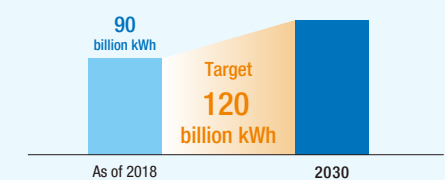
We have set the following management targets to guide us in steadily promoting strategies to achieve our 2030 vision of "Creating the future, starting from Kyushu. Providing more prosperous, comfortable living to become our customers' No. 1 choice"

Management targets

Consolidated ordinary income **¥150 billion**
(50% from Domestic Electricity Business, 50% from other businesses)



Total electric power sales **120 billion kWh**
(retail, wholesale, overseas)



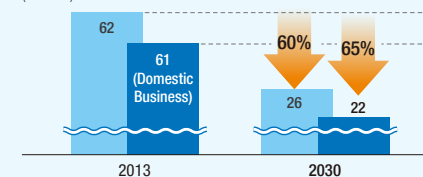
Permanent pursuit of a reasonable price for electricity

Management targets (Environmental targets)

Supply: Carbon reduction/decarbonization in power sources

Reduce supply chain GHG emissions by 60% (compared to FY2013)
Reduce by 65% for domestic business (compared to FY2013)

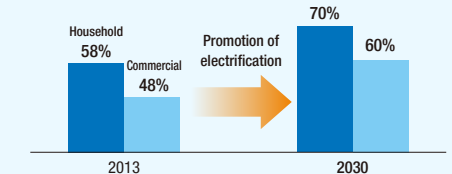
GHG emissions
(Million t)



Demand: Promotion of electrification

Contribute to the electrification of Kyushu (Household: 70%; Commercial: 60%)

Electrification rate for Kyushu



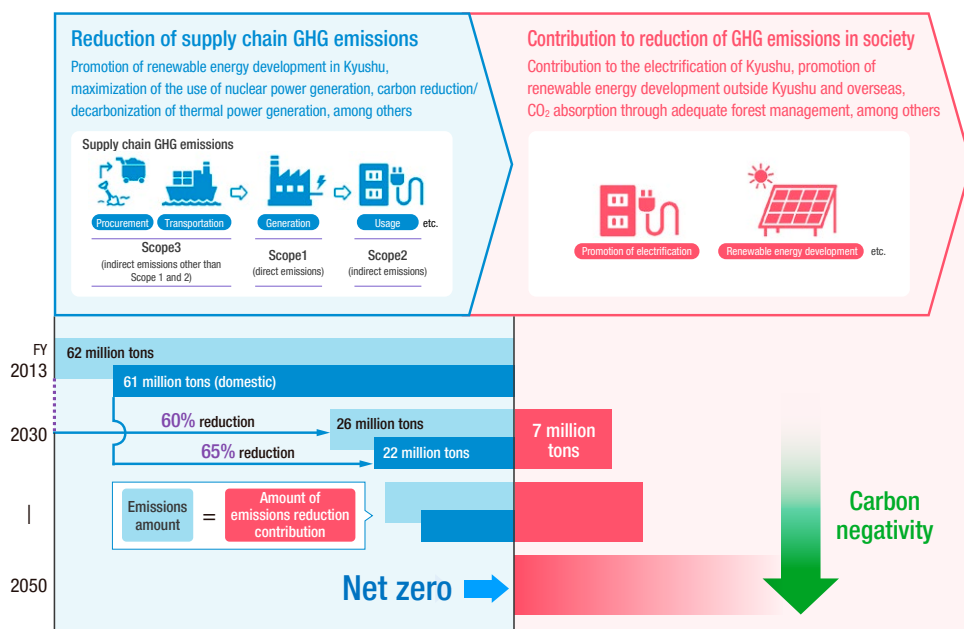
Carbon Neutral Vision 2050

In April 2021, the Kyuden Group formulated the Kyuden Group Carbon Neutral Vision 2050, declaring its commitment to take on the challenge of achieving carbon neutrality and strive to become a corporate group that leads the way in Japan's decarbonization from Kyushu as an industry leader in carbon reduction or decarbonization efforts. Furthermore, we have established policies for carbon reduction / decarbonization in power sources and promotion of electrification, in our action plan, which aims to realize these policies. The action plan shows the path to achieving carbon neutrality, including setting 2030 Management Targets (Environmental targets), key performance indicators (KPIs), and the like.

We will take on the challenge of achieving net zero greenhouse gas (GHG) emissions in our supply chains by 2050 and make significant contributions to reducing GHG emissions across society by contributing to improving Kyushu's rate of electrification. In doing so, we aim to achieve carbon negativity in all of the Group's business activities as early as possible before 2050.

The Kyuden Group's vision to achieve carbon neutrality in society

- We will reduce greenhouse gas (GHG) emissions throughout our supply chain to "net zero" through our business activities.
- We will contribute to the reduction of GHG emissions in society by promoting the maximum possible electrification and ensuring the stable delivery of environmentally friendly energy.
- Through these efforts, we will achieve "Carbon Negativity" as early as possible before 2050.



2030 Management Targets (Environmental targets) & KPIs

Management Target (Environmental target) 60%* reduction in supply chain GHG emissions (compared to FY2013) * 65% reduction for domestic business		
Supply	KPI	Make renewable energy into our main source of power
		Renewable energy developed: 5,000 MW (Japan and overseas)
	KPI	Lower the carbon footprint of thermal power generation
Demand		Achieve the benchmark index for the Energy Conservation Act
		Establish technology toward co-firing of 1% hydrogen / 20% ammonia
		Contribution to improving Kyushu's rate of electrification (household: 70%; commercial: 60%)
KPI	Residential	Incremental electricity: 1,500,000 MWh (2021-2030 total)
	Commercial	Incremental electricity: 1,600,000 MWh (2021-2030 total)
	Transportation	Conversion of company cars to 100% EVs (excluding special-purpose vehicles)



We were the first major energy provider in Japan to be certified under the Science Based Targets (SBT) initiative for our GHG emissions reduction targets*, which take the reduction reference of the above management (environmental) targets into account.

- *: • The Kyuden Group will reduce Scope 1 & 2 related GHG emissions by 47% on the basis of electric power (kWh) between FY2020 and FY2030.
- The Kyuden Group will reduce Scope 1 & 3 GHG emissions attributed to sold electric power by 47% on the basis of electric power (kWh) in the same period.
- With respect to Scope 3, the Kyuden Group will reduce GHG emissions due to energy-related activities and usage of sold products from among GHG emissions not attributed to sold electric power by a total amount of 25% in the same period.

Concrete action plan

As we work toward our 2050 goals, we believe the ten years leading up to 2030 are particularly important, and have formulated a concrete action plan for achieving our management targets for 2030, with carbon reduction/ decarbonization in power sources and promotion of electrification as its pillars.

Carbon reduction/ decarbonization in power sources	Make renewable energy into our main source of power	Solar power: Promote development and take measures to effectively utilize existing resources such as purchasing electricity from post-FIT sources Battery and pumped storage: Establish integrated control technology for distributed energy resources and enter aggregation business Wind power: Promote development centered on offshore wind power generation at promising sites Hydropower: Update our existing power plants and promote new development using FIT and FIP systems Geothermal: Promote new development based on geothermal resource surveys in the Kyushu region and beyond Biomass: Promote development and take measures for sustainable resource recycling of woody biomass
	Active development of the overseas business	Work on renewable energy, thermal power generation, and transmission and distribution projects that will help lower the carbon intensity of electricity according to the needs of each region
	Maximize usage of nuclear power	Continue safe and stable operation to maximize utilization Start full-scale studies aimed at improving facility utilization rates as soon as possible
	Lower the carbon footprint of thermal power generation	Take measures to phase out inefficient coal-fired thermal power plants Study and establish technology toward co-firing of 1% hydrogen / 20% ammonia (hydrogen co-firing using LNG combined thermal power, co-firing of ammonia and biomass in coal-fired power plants, etc.) Study the possibility of collaborating to build a supply chain for carbon-free fuels (hydrogen and ammonia)
	Improve the power distribution network	Expand interconnections for renewable energy sources through new grid connections and improve our network utilization rate
Promotion of electrification	Contribute to increasing the electrification rate in Kyushu	Residential: Expand the spread of all-electric homes by strengthening liaisons with housing-related businesses Commercial: Strengthen individual proposals (proposals that are economical in terms of estimated equipment and utility costs, environmentally friendly, and easy to put into operation) Industrial: Carry out technical research into heat source conversion equipment such as heat pumps and make proposals for electrification across a wide temperature range in production processes Transportation: Replace 100% of company vehicles with EVs and explore new business models utilizing EVs Contribute to solving local and social issues by providing solutions in response to the collaborative needs of local governments in promoting carbon neutrality in the region and strengthening resilience Absorb CO ₂ through proper forest management and create and utilize J-Credits through the utilization of forest resources

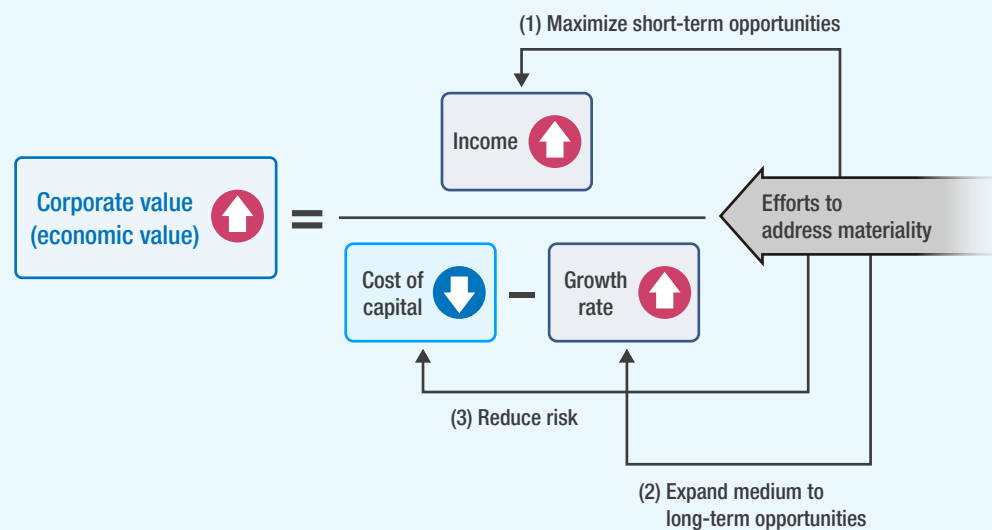
For details on the Carbon Neutral Vision 2050 (including the Action Plan), please visit the following page:
https://www.kyuden.co.jp/english_index.html Home > For investors > Information on our Sustainability initiatives > Carbon Neutral Vision 2050

Model for Enhancing Corporate Value and Materiality

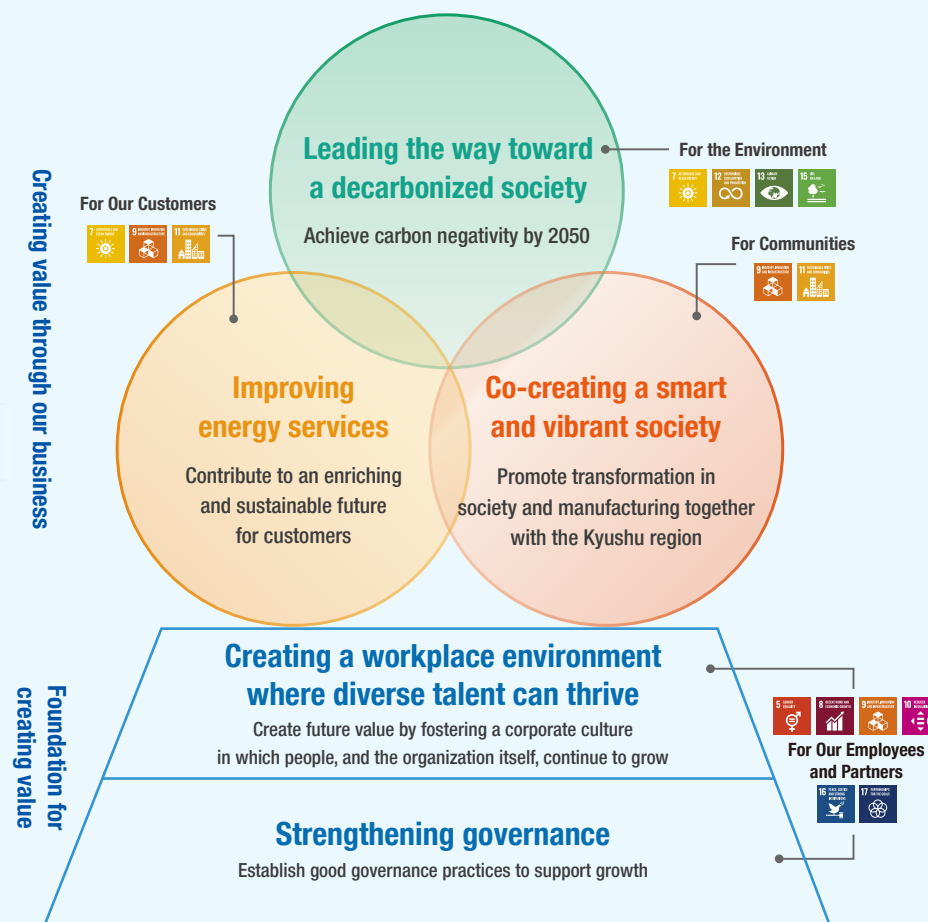
In order to sustainably enhance corporate value (economic value), it is extremely important to identify key management issues (materiality) based on risks and opportunities for future growth and strengthen efforts focused on these issues, with an eye on changes in social conditions and the business environment not only in the short term, but also in the medium to long term. To this end, the Kyuden Group has broken down the elements that lead to corporate value (economic value) into the following three categories, and promotes efforts to address materiality from the perspective of each category: 1) Maximize short-term opportunities (increase profit); 2) Expand medium- to long-term opportunities (increase growth rate (future growth expectations)); 3) Reduce risk (lower the cost of capital).

(Efforts aimed at improving the corporate value of each business can be found on [P29](#) ; specific efforts for creating value by addressing materiality can be found on [P44](#) .)

Model for enhancing corporate value

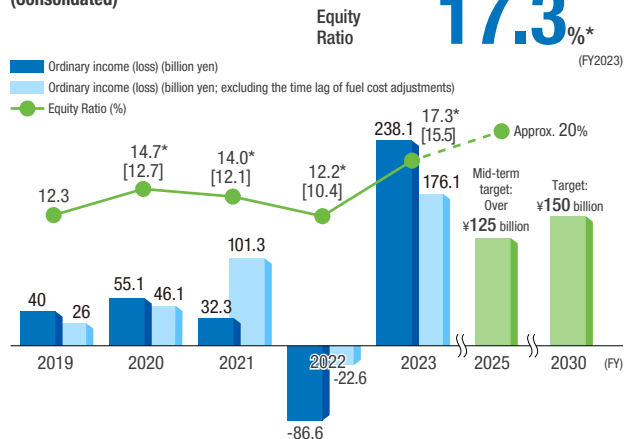


The Kyuden Group's Materiality



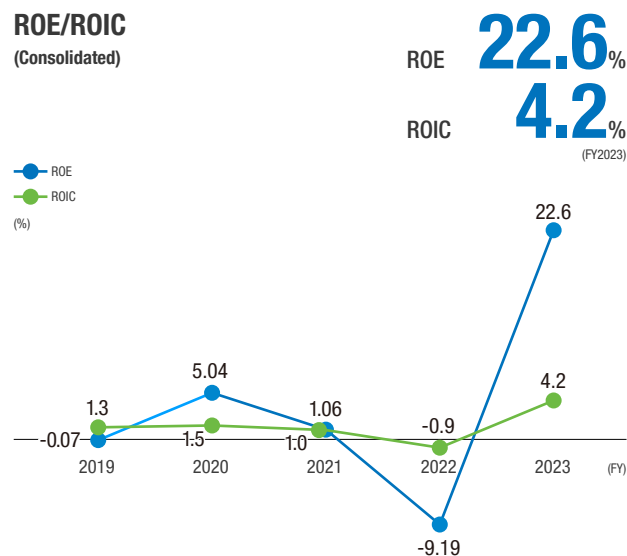
Financial and Non-financial Highlights

Ordinary Income (Loss) / Equity Ratio
(Consolidated)



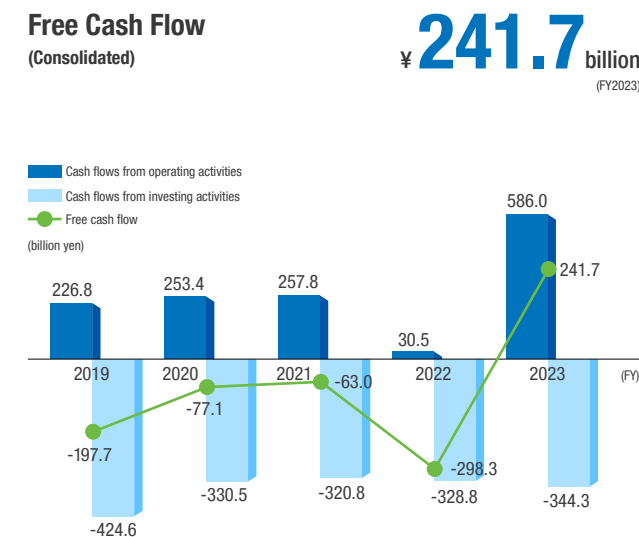
Note: The Revised Accounting Standard for Revenue Recognition and the revised Electricity Business Accounting Regulations have been applied from the beginning of Fiscal 2021, and the figures for Fiscal 2020 have been retroactively adjusted to reflect the said accounting standards
*: Includes amount (approx. 2%) recognized as capital from hybrid corporate bonds (issued in October 2020)
Figures in square brackets do not include this amount

ROE/ROIC
(Consolidated)



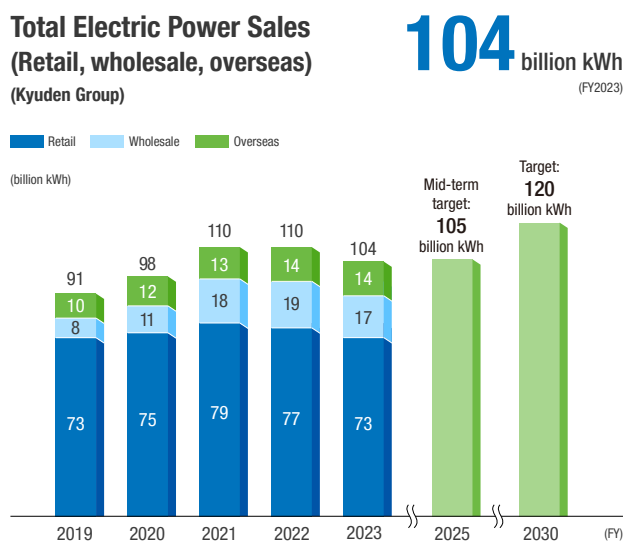
Note: The Revised Accounting Standard for Revenue Recognition and the revised Electricity Business Accounting Regulations have been applied from the beginning of Fiscal 2021, and the figures for Fiscal 2020 have been retroactively adjusted to reflect the said accounting standards

Free Cash Flow
(Consolidated)



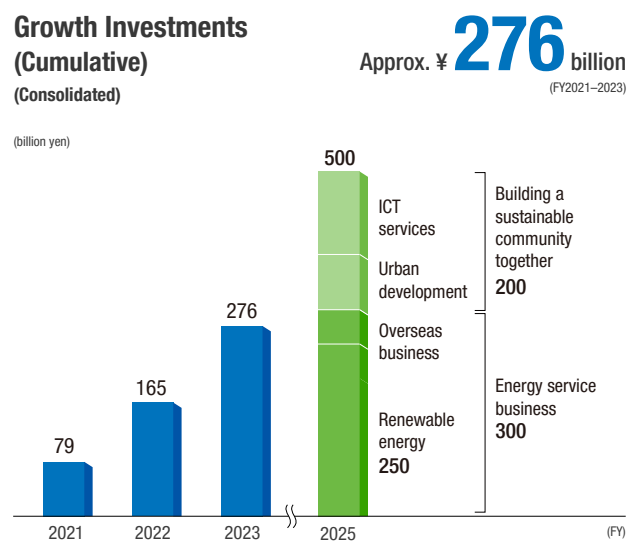
Note: The Revised Accounting Standard for Revenue Recognition and the revised Electricity Business Accounting Regulations have been applied from the beginning of Fiscal 2021, and the figures for Fiscal 2020 have been retroactively adjusted to reflect the said accounting standards

Total Electric Power Sales
(Retail, wholesale, overseas)
(Kyuden Group)

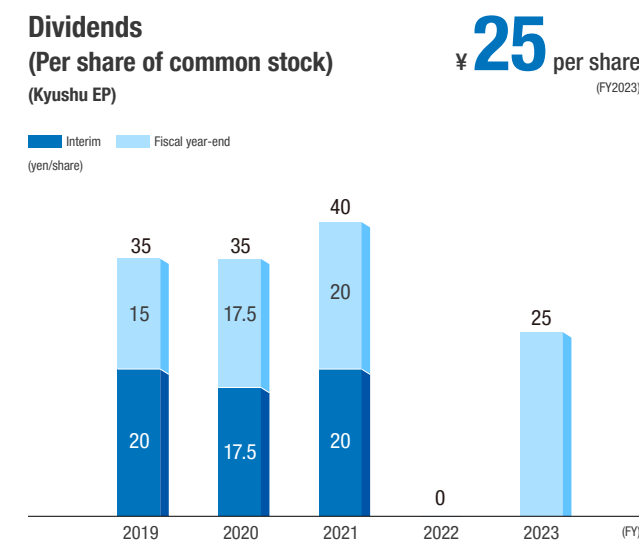


*: Electricity sales volume (retail and wholesale) represents those for Kyushu EP as well as its consolidated subsidiaries (Kyushu T&D and Kyuden Mirai Energy). Intersegment transactions have been eliminated.

Growth Investments
(Cumulative)
(Consolidated)

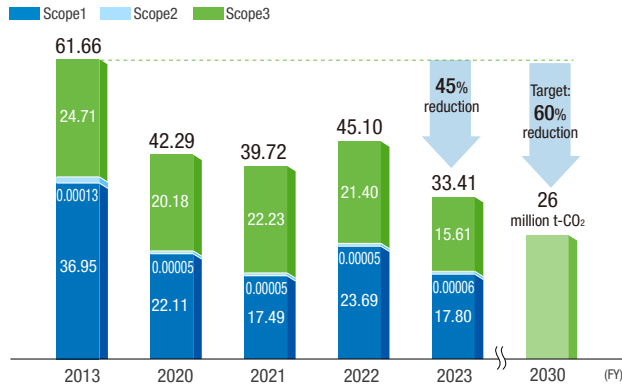


Dividends
(Per share of common stock)
(Kyushu EP)



Supply Chain GHG Emissions Reduction Rate*¹ (Scopes 1-3) (Kyuden Group*²)

45%
(FY2023)

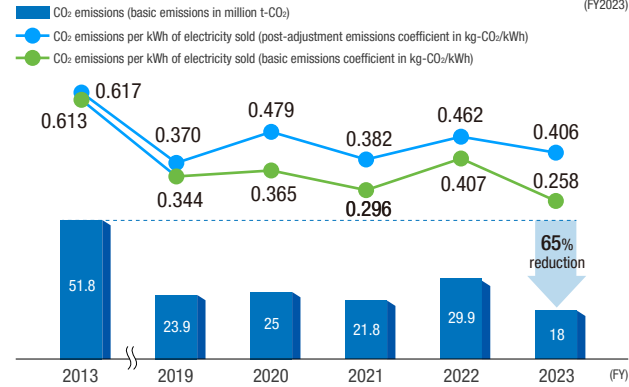


*1: Compared to FY2013

*2: Calculated for Kyushu EP and its consolidated subsidiaries (excl. those with negligible emissions)

CO₂ Emissions per kWh of Electricity Sold (Kyushu EP)

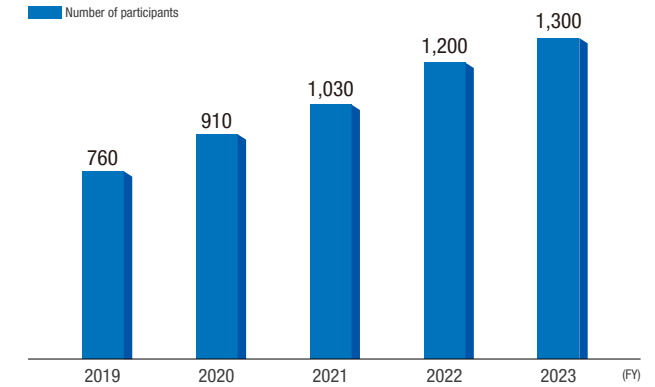
0.406 kg-CO₂/kWh
(Post-adjustment emissions coefficient)
0.258 kg-CO₂/kWh
(Basic emissions coefficient)
(FY2023)



Note: Adjusted figures reflect CO₂ emission credits and adjustments related to the feed-in tariff (FIT) scheme for renewable energy (FY2023 results are provisional; the government is set to announce definitive figures in December)

Total Number of KYUDEN i-PROJECT* Participants (Kyuden Group)

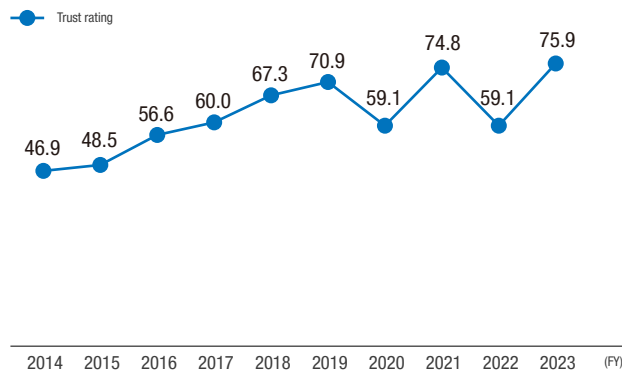
1,300 people
(Cumulative total through FY2023)



* A project to promote innovation throughout the Kyuden Group and thereby create new businesses and services

Trust Rating from Customers* (Kyuden Group)

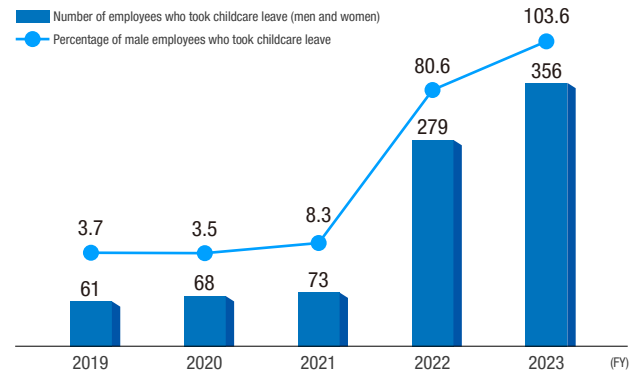
75.9%
(FY2023)



(Note) In a questionnaire survey conducted among people living in the Kyushu region (FY2023: 4,500 people), respondents were asked about their level of trust in the Kyuden Group

Percentage of Male Employees Who Took Childcare Leave* (Kyushu EP and Kyushu T&D)

103.6%
(FY2023)

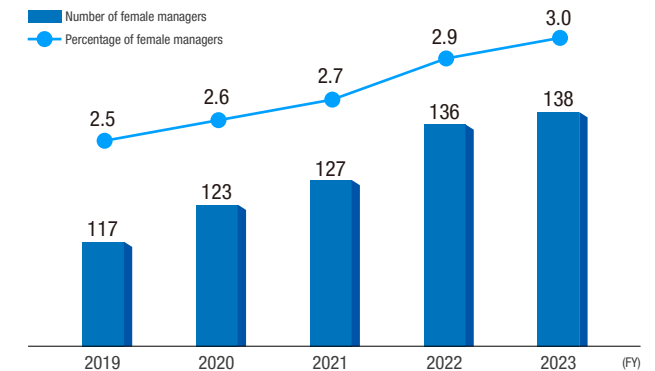


Note: Applicable period is until the end of April after the child reaches the age of two

* The ratio of male employees who took childcare leave among all male employees whose spouses gave birth is calculated based on the provisions of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labour No. 25 of 1991). In FY2022, we discontinued our spousal maternity leave system and began providing partially-paid paternal leave. The above ratio may exceed 100%, because employees whose spouse gave birth to a child in or before the previous fiscal year may take the leave in this fiscal year.

Number and Percentage of Female Managers (Kyushu EP and Kyushu T&D)

138 people **3.0%**
(FY2023)





Chapter 1

Strategy and Performance

- 23 Message from the Executive Director of the Corporate Strategy Division
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Strategies by Business

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- Growth Businesses
- 33 Renewable Energy Business
- 35 Overseas Business
- 37 ICT Service Business
- 39 Urban Development Business

Message from the Executive Director of the Corporate Strategy Division



Improving capital efficiency with ROIC and strengthening non-financial initiatives to achieve sustainable enhancement in corporate value

Hiroto Kido

Executive Director,
Corporate Strategy Division

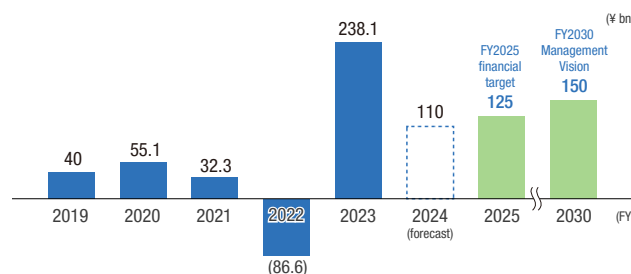
FY2023 results and measures for achieving our financial targets

In FY2023, we booked record-high ordinary income of ¥238.1 billion, a sharp improvement from the year-earlier ordinary loss. One contributing factor was the time lag of fuel cost adjustments stemming from the decline in fuel prices, which shifted from a loss in the previous year to a gain. However, I believe the resumption of all four of our nuclear power reactors played a major part in the swing to profitability. In fact, even after stripping out the impact of the fuel cost adjustment time lag, ordinary income came to ¥176.1 billion. I feel that the efforts of our employees in ensuring the stable supply of electricity, including the safe and stable operation of nuclear power plants, as well as initiatives for expanding group-wide profits and improving operational efficiency, have steadily translated into results.

For FY2024, we forecast ordinary income of around ¥110 billion. Even though we expect to record sales growth, our forecast mainly reflects a smaller time lag gain on fuel cost adjustments from lower fuel prices and an increase in the price of purchased electricity due to higher wholesale electricity market prices. While our forecast is lower than the previous year's result, we believe our FY2025 financial target of ordinary income of ¥125 billion is within reach.

Currently, the operating environment remains uncertain due to such factors as exchange rate volatility and the Russia-Ukraine war, but the Group will work together to achieve our FY2025 financial targets primarily by continuing to stably supply electricity based on safe and reliable nuclear power plant operations and implementing measures to improve overall business efficiency.

Ordinary income results, forecasts, and targets



More specifically, in the Domestic Electricity Business we aim to secure stable and continuous recurring profits of ¥75 billion through:

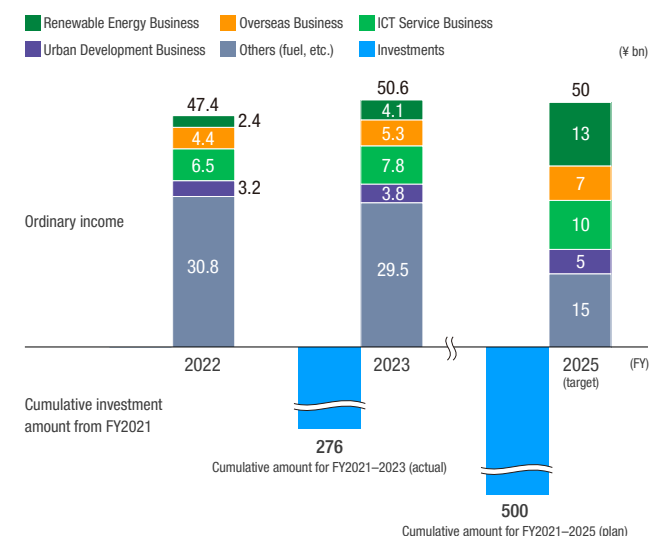
- In the power generation sector, continue with safe and reliable operations at all four nuclear power plants and drive wholesale sales regardless of area
- In the retail sector, we will revise sales prices and promoting electrification

Also, in our growth businesses, we will aim to generate ordinary income of ¥50 billion, mainly with the following measures:

- Develop geothermal and hydropower (the Group's strengths), and also participate in highly promising renewable energy projects, such as offshore wind power
- Participate in overseas power generation and transmission projects that leverage the Group's overall technologies and know-how
- Expand earnings from ICT services by providing ICT solutions
- Expand office and housing business operations and step up initiatives in the industrial real estate field where there are synergies with electric power

I believe we can achieve our target of ¥50 billion by making growth investments of ¥500 billion over the five-year period from FY2021 to FY2025.

Investments and ordinary income forecasts for growth businesses



Assessment and progress of PBR improvement measures

Our price-to-book ratio (PBR) has improved to around 1.0x by virtue of our profit recovery and expectations for economic growth in Kyushu. Nevertheless, taking into account growth in equity capital and the like owing to improvements in our financials, we recognize the necessity to continually improve our capital efficiency with the use of ROIC if we are to consistently maintain a PBR above 1.0x.

To improve our PBR: It is necessary to (1) achieve capital profitability that exceeds the cost of capital (increase ROE), and (2) obtain the trust of the market with the recent recovery in earnings and shareholder returns, and attract a stronger valuation of our future growth potential (increase PER). Specifically, we aim to achieve a medium-term ROE of around 8%–10% through the steady implementation of the ROIC management cycle, sustainable and stable profit generation, and financial measures aimed at strengthening our financial base and enhancing shareholder returns. We can then look to consistently maintain an ROE above 10%, especially given our four nuclear power reactors and expectations up

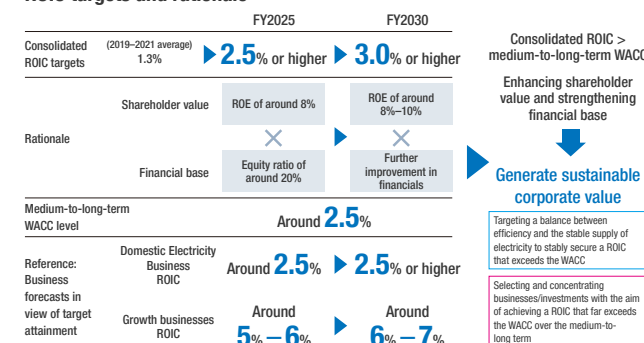
ahead for increased demand for electricity in the Kyushu region.

Also, alongside measures from a financial perspective, we will aim to do more from a non-financial point of view, particularly regarding carbon neutrality and human capital, in an effort to increase our PER to the average level of the Tokyo Stock Exchange Prime Market. As for our efforts geared towards improving the PBR, every year the Board of Directors analyzes and reviews the current ROE and PER, their factors, and the progress made on each management indicator. During discussions this fiscal year, the Board confirmed that steady progress is being made. Also, when it was examining the new structure of the Group and the next management vision, discussions focused on the need to accelerate the growth strategies of each business, to further enhance business portfolio management, to further improve capital efficiency, and to thoroughly communicate the company's growth potential to investors. More precisely, by transitioning to a pure holding company structure, we will seek to accelerate management with a focus on ROIC in each business, allocate management resources appropriately, and further optimize our business portfolio.

Initiatives to increase ROIC

In FY2022 we introduced ROIC as a new management indicator with the aim of enhancing medium- to long-term corporate value by implementing a style of management that is conscious of the cost of capital and the share price. And in April 2023 we announced the Group-wide consolidated ROIC targets of 2.5% or higher for FY2025 and 3.0% or higher for FY2030.

ROIC targets and rationale



Ideal State	Perspective	Current Level	Assessment and progress of each item and future response
Sustainable enhancement of corporate value PBR consistently above 1.0x Now Around 1.0x	(1) Achieve capital profitability that exceeds the cost of capital Medium-term ROE: Around 8%–10%	ROE Around 10% While this is above the cost of capital of 6%, considering growth in equity capital up ahead, a further increase in ROIC is needed	Finance-related efforts <ul style="list-style-type: none"> Steady progress has been made towards achieving the FY2025 ordinary income and ROIC targets The equity ratio has recovered to a level where 20% is in sight Dividend forecast for this fiscal year is ¥50 ⇒ To achieve sustained growth in company-wide ordinary income and ROIC, and with the aim of improving and beefing up our financial structure, we will further enhance our business portfolio management by exploring a new Group structure. ⇒ We will initially focus on maintaining a dividend of ¥50, but at the same time, we will consider a new management vision and financial targets in light of future growth in each business, profit expansion, and other factors. FY2025 Financial objectives Management indicators <ul style="list-style-type: none"> Consolidated ROIC: 2.5% or higher Consolidated ROE: Around 8% Ordinary income: ¥125.0 billion or higher Equity ratio: Around 20% ¥50 dividend as soon as possible
	(2) Gain trust through recent recovery in earnings and shareholder returns Obtain positive assessment of future growth potential Medium-term PER: Driven by improvements in expected profit growth rate	PER Around 10x The PER is improving thanks to the recovery in earnings and economic growth in Kyushu, but a further increase is needed because we are still lagging behind the TSE average	
			Non-financial efforts <ul style="list-style-type: none"> We were the first major energy company in Japan to acquire the SBT initiative certification We were awarded a prize for excellence in the category of corporate culture transformation in the 2024 Career Ownership Management Awards ⇒ We intend to make use of the ROIC tree and align it with our non-financial targets in order to clearly demonstrate how our non-financial initiatives contribute to corporate value. We will raise awareness of this in the company and vigorously promote initiatives. FY2030 Environmental targets <ul style="list-style-type: none"> Supply chain GHG emissions: 60% reduction (compared to FY2013) Kyushu electrification rate: 70% in households and 60% at commercial sites Human capital KGIs <ul style="list-style-type: none"> Employee engagement: 80% Added value per person: 1.5x (compared to FY2021)
			Capital market dialogue Promote understanding of the above efforts through active dialogue

Current PBR, ROE, and PER calculated based on the closing share price on July 31 and end-FY2024 forecasts for net income and net assets (excluding preferred shares)

Consolidated ROIC in FY2023 was around 4.2%. By business, it was roughly 4.1% in the Domestic Electricity Business and about 4.6% for all of our Growth Businesses combined. We will continue to set our sights on generating a level of capital efficiency that exceeds our ROIC targets.

The Board of Directors monitors the achievement of ROIC targets in each business, as well as the progress on measures for improving ROIC, and issues instructions for improvement when necessary. On top of this, each business department seizes the initiative to pursue their own ROIC improvements based on the characteristics and lifecycles of their respective operations. In the Domestic Electricity Business, we aim to stably achieve a ROIC that exceeds the WACC by balancing efficiency with the stable supply of electricity. In our Growth Businesses, we aim to achieve a ROIC that far exceeds the WACC in the medium-to-long term by implementing a process of selecting and concentrating businesses and investments.

Given the changes in the current economic environment, including interest rate hikes since the ROIC targets were set in 2023, we recognize that a review of our targets is needed. We plan to engage in further discussions on this matter as part of our ongoing examination of the company's next management vision.

Also, we utilize opportunities for our dialogue with business offices and Group companies (between employees and senior management) so that senior management can directly explain to employees the importance of ROIC management using the ROIC tree, as well as the initiatives required at each business office. I too participate in these sessions and I have noticed that employees are actively expressing their opinions and asking questions, which I think reflects a growing awareness of the importance of improving capital efficiency.

Across all levels of the organization—whether it be senior management, business divisions, or employees on the front line—we will press ahead with measures to improve ROIC and achieve further enhancements throughout the Group.

Cash flow forecasts

We forecast stable operating cash flow over the medium term, mainly reflecting stable operations at our four nuclear power reactors, developments in our Growth Businesses, and overall business efficiency improvements.

As for investment cash flow, we anticipate a relatively high outflow through FY2025 owing to facility developments and upgrades in the Domestic Electricity Business and investments geared towards achieving the management targets in Growth Businesses.

Based on the above, we think free cash flow will remain stifled through to FY2025, but nevertheless, we will continue to make investments with an emphasis on profit growth and capital efficiency, aiming to generate free cash flow.

Investments in growth businesses

We have earmarked ¥500 billion for growth investments over the period FY2021–2025. By appropriately evaluating the profitability and risks of businesses, we have steadily invested ¥276 billion of this total between FY2021 and FY2023.

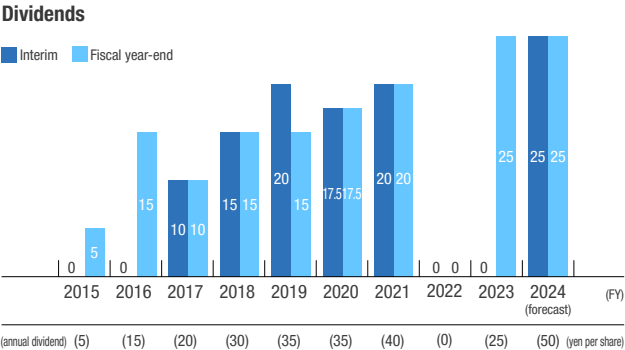
As mentioned already, we expect to reach our FY2025 ordinary income target for the growth businesses of ¥50 billion, so I feel confident that our investments are soundly paying off. Up ahead, we should be able to gradually transition to a phase of recouping the investments made thus far.

Policy on shareholder returns

We aim to pay a dividend of ¥50 as soon as possible before FY2025.

Given that we are within touching distance of an equity ratio of around 20%, and taking into consideration the expectations of our shareholders, we expect to pay an annual dividend of ¥50 in FY2024, which aligns with the target mentioned above.

As for our future dividend policy, our basic approach will be to pay stable dividends, but we will first endeavor to maintain the ¥50 dividend. That said, in consideration of stable and continuous profit generation in the Domestic Electricity Business and further expansion of the Growth Businesses in the future, among other factors, we will closely examine the details of a new policy in conjunction with the formulation of the next management vision and its financial objectives.



Equity ratio improvement

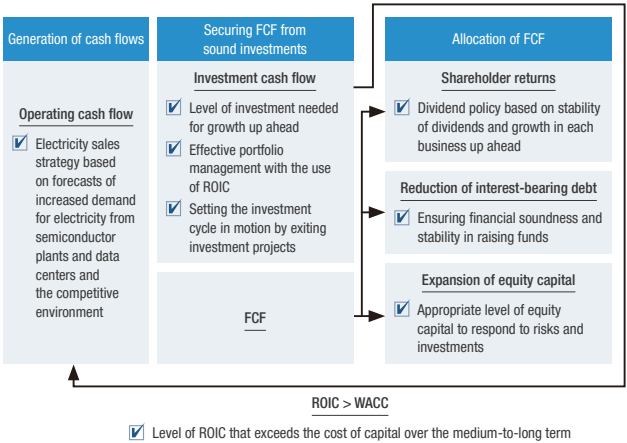
As of the end of FY2023, the equity ratio had recovered to 17.3%, and taking into account our earnings forecasts for FY2024, we think it will increase to around 18% by the end of this fiscal year. This means our financial objective of 20% is within reach. Still, we will continue to steadily implement measures aimed at further improvement. In particular, from the perspective of ensuring a financial buffer to accommodate stable financing and business risks, we will make every effort to maintain an appropriate level of equity capital. In addition to generating profits through the stable operation of nuclear power, we will take steps to improve the equity ratio by, for example, utilizing surplus funds from Group companies and reducing inventory assets.



Generation and allocation of future FCF and approach to strengthening our balance sheet

Given the anticipated surge in power demand from semiconductor plants and data centers in the Kyushu region, we will endeavor to strengthen our capability to generate free cash flow by expanding earnings and rigorously managing investments with an optimal balance between operating cash flow and investment cash flow. We will also use the free cash flow we generate to deliver shareholder returns, reduce interest-bearing debt, and expand equity capital. This will help us strengthen our balance sheet so that we can respond to the increasingly diverse and growing number of business risks and growth investments.

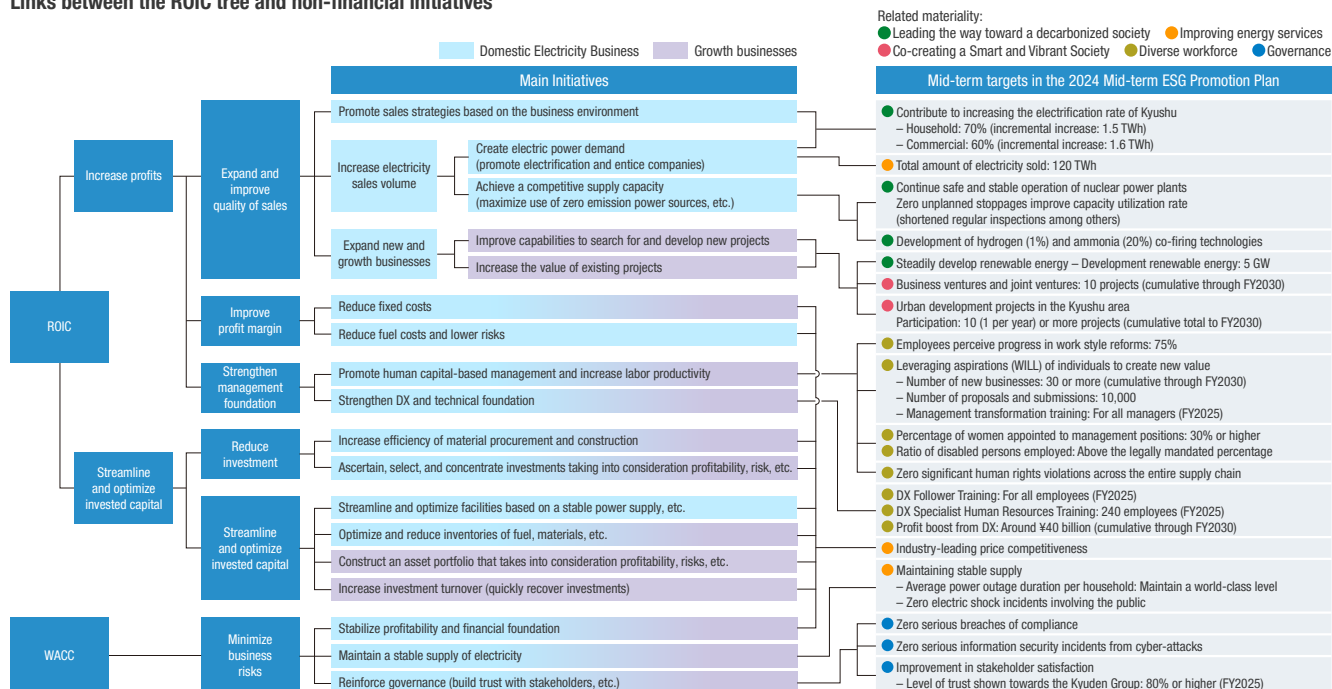
Considerations related to future FCF generation and allocation



Non-financial initiatives

As I alluded to earlier, addressing carbon neutrality, human capital, and other non-financial issues is key to improving the PER. Our climate change targets and initiatives have earned high praise, especially because we were the first major energy business operator in Japan to acquire the SBT initiative certification and then in FY2023, we became the first electric power company in Japan to make it into the CDP A List (the highest ranking) for action on climate change [P46](#). Also, in recognition of our QX Project [P74](#) and various educational initiatives on human capital, we were awarded a prize for excellence in the category of corporate culture transformation in the 2024 Career Ownership Management Awards. We are stepping up our initiatives by implementing measures centered around five key pillars in our HR strategy. In this integrated report too, we have endeavored to enhance the scope of our information disclosure [P73](#).

Links between the ROIC tree and non-financial initiatives



To clearly demonstrate how these non-financial initiatives contribute not only to the creation of social value, but also to the enhancement of our corporate value, we have aligned the previously established ROIC tree with the non-financial goals set out in our Medium-term ESG Promotion Plan. We are therefore working to raise awareness of these links among employees.

Constructive dialogue with shareholders and investors

We have endeavored to actively disclose information and engage in dialogue so that capital market participants have a better understanding of our management situation and our strategy for future growth. Moving forward, we will strive to further enhance our information disclosure and dialogue activities and incorporate the feedback we receive into our business practices with the aim of achieving sustainable growth.

Strategy for future growth

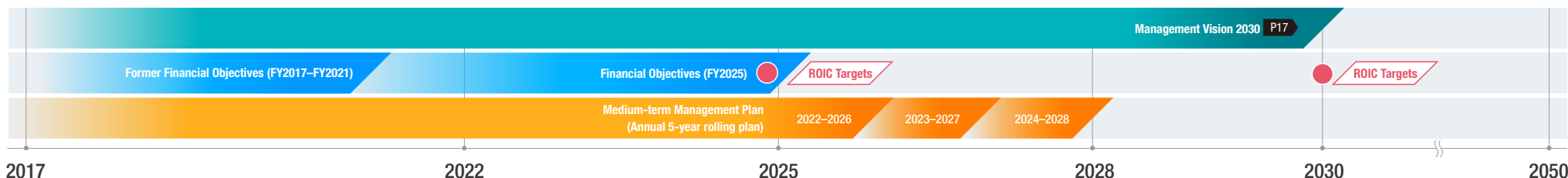
The Kyuden Group Management Vision 2030 calls for consolidated ordinary income of ¥150 billion. This breaks down to ¥75 billion from the Domestic Electricity Business and ¥75 billion from Growth Businesses, centering on renewable energy, overseas, urban development, and ICT services. To achieve this target, each business department is currently working independently, while the Board of Directors and the Corporate Strategy Division are monitoring their progress and any changes in circumstances.

On the other hand, five years have passed since we formulated the current management vision, during which time the environment that envelops the Kyuden Group has changed considerably, particularly in terms of the global energy situation and developments around Japan's energy policy. These changes have therefore prompted us to start considering the formulation of a new management vision that takes into account the operating environment with a longer-term view.

Moreover, as we pursue further growth in our Domestic Electricity Business, we have also kicked off the process for exploring a new Group structure that will help us take the development of our Growth Businesses to the next level. At present, we are moving forward with preparations to transition to a pure holding company structure. The purpose of this is to establish a system under which we can manage the Group from the perspective of total optimization and to facilitate independent and swift business operations. We will allocate management resources with a focus on Group-wide optimization and endeavor to enhance Group governance. We will also aim to bolster the competitiveness of each business by giving each operating company the responsibility and power to conduct business activities according to their respective operating environments and business attributes.

Even in such a rapidly changing operating environment, we want the new management vision and Group structure to steer the Kyuden Group towards further growth, both financially and non-financially. While the details of all of this are still being discussed, we are dedicated to enhancing our corporate value.

Financial Objectives and Medium-term Management Plan



Review of the Former Financial Objectives (FY2017–FY2021)

We set three financial objectives from the following perspective:

- Restore and strengthen our financial base essential for business continuity and growth (consolidated ordinary income and equity ratio)
- Proactive investing to realize the growth strategy set out in the medium-term management policy (growth investments)

Although we made steady progress in growth investments, the targets have not been achieved for consolidated ordinary income and equity ratio due to the following factors:

- Drop in the profit ratio due to intensifying competition
- Decline in the nuclear power utilization rate
- Reduction in electricity sales volume due to unseasonable weather and COVID-19
- Losses from LNG resale

Financial objectives	Performance
Consolidated ordinary income: ¥110 billion (Average for FY2017–FY2021)	¥50.7 billion
Equity ratio: 20% (End of FY2021)	14.0%*
Growth investments: ¥420 billion (Cumulative FY2017–FY2021)	¥495 billion

We aim to achieve the new financial objectives by implementing a wide range of initiatives, including further promoting electrification, diversifying electric power sales, and making proactive investments in growth businesses, while taking into account the factors that contributed to the previous shortfall.

*: Includes the amount (approx. 2%) recognized as capital from hybrid corporate bonds (issued in October 2020)

FY2024 Medium-term Management Plan

The Medium-term Management Plan is a five-year action plan, revised annually. Even amid constant changes in the business environment, such as increasing fuel price volatility, the Kyuden Group aims to achieve continued group-wide growth by steadily implementing the following initiatives:

FY2024: Main initiatives in the Medium-term Management Plan*

- Maximize profitability in the Domestic Electricity Business
 - Initiatives to maintain safe, stable nuclear power operations and maximize profitability in power generation and retail sales
- Expand group-wide profitability in growth businesses
 - Enhance initiatives that take advantage of the strengths of the Kyuden Group
- Improve financial base
 - Increase the efficiency of fund utilization in the Group
- Establish personnel plans aiming to combine autonomous management and efficiency
 - Establish personnel plans tailored to the unique characteristics of each business area, with the goal of increasing autonomy and promoting efficiency
- Promote sustainability management
 - Examine measures to achieve the FY2030 targets for reducing GHG emissions

*: For specific action plans, see the Medium-term ESG Promotion Plan on pages [P44](#) [P45](#) [P69](#) and [P70](#)

Reference: FY2024 performance forecast (as of July 2024)

Financial forecasts (Billions of Yen)

	FY2024	FY2023	Increase (decrease)
Operating revenues	2,200	2,139.4	+60.6
Operating income	130	254.9	-124.9
Ordinary income	110	238.1	-128.1
Net income attributable to owners of the parent	80	166.4	-86.4

Financial Objectives to Achieve Our Management Vision 2030

We have set interim financial objectives for FY2025 to guide us as we work toward achieving our management vision from the following perspectives:

- Secure and expand income in the Domestic Electricity Business and Growth Businesses
- Prioritize balance between improving our financial position, enhancing shareholder returns, and investing for growth

*1: Indicates the level of important management indicators when our financial objectives are achieved

*2: Cumulative FY2021–FY2025

Perspective	Financial Objectives (FY2025)
Profitability	Consolidated ordinary income: Over ¥125 billion
Financial soundness	<ul style="list-style-type: none"> • Domestic Electricity Business: ¥75 billion • Growth Businesses: ¥50 billion
	Equity ratio: approx. 20%
Perspective	Reference Indices*1 (FY2025)
Profitability	ROE: approx. 8% Total electricity sales volume: 105 billion kWh
Growth potential	Growth investments: ¥500 billion*2 <ul style="list-style-type: none"> • Renewable energy (restated): ¥250 billion*2 FCF: ¥70 billion (Secure five-year cumulative profitability) Power output <ul style="list-style-type: none"> • Renewable energy developed: 4,000 MW • Overseas equity output: 4,000 MW

ROIC Targets Aimed at Further Enhancing Corporate Value of the Kyuden Group

To further enhance corporate value by improving capital efficiency, we have introduced return on invested capital (ROIC) as a new management indicator and set ROIC targets for FY2025 and FY2030.

FY	Target
FY2025	Consolidated 2.5% or higher
FY2030	Consolidated 3.0% or higher

Note: ROIC = Ordinary income (earnings before interest after taxes (EBIAT)) / Invested capital (interest-bearing debt + shareholders' equity)

Progress toward Our Financial Objectives and Management Targets (Environmental Targets)

Financial objectives - Management targets	Perspec- tive	Indicator	Performance			Target (FY2025) ★ Reference indices*2	Progress and assessment
	Profitability	Consolidated ordinary income*1 [Excluding time lag]	FY2021	FY2022	FY2023	Over ¥125 billion (FY2030 target: ¥150 billion)	FY2023 saw a dramatic improvement due to the impact of a time lag from fuel cost adjustments turning from a loss in the previous fiscal year to a profit, as well as decreased fuel expenses due to increased nuclear power operations. For FY2024, we anticipate a decline compared to FY2023, due to factors such as a reduced gain from the fuel cost adjustment time lag caused by a drop in fuel prices, and a hike in the price of electricity purchased from other companies due to higher wholesale electricity market prices. Nevertheless, we still expect to achieve the FY2025 financial objective of ¥125 billion or more.
			¥32.3 billion	-¥86.6 billion	¥238.1 billion		
		Domestic Electricity Business	¥2.6 billion	-¥133.4 billion	¥189.6 billion	¥75 billion	In FY2023, we exceeded our financial objective for ordinary income. Moving forward, we aim to secure an ordinary income of ¥75 billion on a stable, ongoing basis by continuing to maintain safe and stable operations of our four nuclear reactors and by implementing initiatives to maximize profitability in power generation and retail sales.
			¥71.5 billion	[-¥72.4 billion]	¥127.6 billion		
		Growth businesses	¥33.3 billion	¥47.4 billion	¥50.6 billion	¥50 billion	We achieved the FY2025 target level of ordinary income. This includes ongoing projects, and we will continue to work on identifying high-potential projects to further increase profits.
		Total electricity sales	110 billion kWh	110 billion kWh	104 billion kWh	105 billion kWh★ (FY2030 target: 120 billion kWh)	While we maintained the FY2025 target level, we saw a year-on-year decrease due to a reduction in electricity contracts outside Kyushu and other factors. Moving forward, we will focus on promoting electrification and expanding electricity sales on a continuous basis, both inside and outside the Kyushu area.
	ROE	1.1%	-9.2%	22.6%	Approx. 8%★	We achieved high level ROE due to the dramatic improvement in performance in FY2023 and other factors. By continuing to steadily implement the ROIC management cycle aimed at achieving the ROIC target, we will promote management that increases shareholder value (maintaining and increasing ROE) while strengthening our financial base (improving the equity ratio).	
	Financial soundness	Equity ratio	14.0%*3	12.2%*3	17.3%*3	Approx. 20%	There was progress due to the dramatic improvement in performance in FY2023, as well as the refinancing of preferred shares. Moving forward, we aim to secure high profits through the operation of our four nuclear power reactors and accelerate capital expansion. Moreover, by efficiently managing business resources utilizing ROIC, we will continue to strive toward achieving our goals.
	Growth potential	Growth investments	¥79 billion	¥86 billion	¥111 billion	¥500 billion★ (FY2021-FY2025 cumulative)	To achieve our income targets, we will make decisions based on proper assessment of business profitability and risks, while also steadily promoting the use of project financing to control interest-bearing debt.
Renewable energy (included above)		¥30 billion	¥36 billion	¥47 billion	¥250 billion★		
FCF		-¥63 billion	-¥298.3 billion	¥241.7 billion	¥70 billion★ (Secure five-year cumulative profitability)	We aim to generate medium and long term cash flows through high utilization of nuclear power plants, greater returns from growth investments, and allocation of business resources that take into consideration capital efficiency.	
Power output Renewable energy Developed overseas equity output		2,550 MW 2,910 MW	2,610 MW 2,840 MW	2,740 MW 2,860 MW	4,000 MW★ 4,000 MW★	Renewable energy As of the end of FY2023, the total amount of renewable energy surpassed 3,000 MW, including projects that we had already invested in or plan to start in the future. Overseas Even though there was a decrease due the expiration of contracts for PPA projects in Asia, we are continuously accumulating new projects and promoting integrated development across the group.	

ROIC target	Perspec- tive	Indicator	Performance			Target	Progress and assessment
			FY2021	FY2022	FY2023		
	Profitability	ROIC	1.0%	-0.9%	4.2%	FY2025: 2.5% or higher FY2030: 3.0% or higher	The FY2023 results exceeded the target, with 4.1% in the Domestic Electricity Business and 4.6% in growth businesses. Moving forward, we aim to maintain a level exceeding the ROIC target by continuing to take initiatives, mainly expanding profits and streamlining and optimizing invested capital.

Environmental targets	Perspec- tive	Indicator	Performance			Target (FY2030)	Progress and assessment
	Supply	Supply chain GHG emissions (Scopes 1, 2, and 3)	FY2021	FY2022	FY2023	Globally: 60% reduction Domestically: 65% reduction (compared to FY2013 levels)	Steadily reducing GHG emissions across our supply chain through the active development of renewable energy projects and the continued safe and stable operation of our nuclear power plants
			35% reduction 37% reduction	26% reduction 28% reduction	45% reduction 47% reduction		
		(Reference) CO ₂ emissions from electricity sales*4	57% reduction	42% reduction	65% reduction (provisional value)	— (compared to FY2013 levels)	
	Demand	Electrification rate for Kyushu*5	60% 48%	—	—	Household: 70% Commercial: 60%	Steadily implementing initiatives to promote electrification, including all-electric homes

*1: After elimination of inter-segment transactions *2: Reference indices: Indicates the level of important management indicators when our financial objectives are achieved *3: Includes amount (approx. 2%) recognized as capital from hybrid corporate bonds (issued October 2020)

*4: CO₂ emissions (baseline emissions) from Kyushu EP's domestic retail sales as defined in the Act on Promotion of Global Warming Countermeasures

*5: For FY2021, our calculations are based on the energy consumption statistics by prefecture (provisional values) reported by the Agency for Natural Resources and Energy. For FY2022 and FY2023, the statistical figures that the various items are based on are not finalized.

Strategies by Business Domestic Electricity Business —Power Generation & Sales



Masaru Nishiyama

Executive Director,
Energy Service Headquarters

Targeting further growth in the electricity business and strengthening efforts on both the supply and demand sides towards achieving carbon neutrality

We expect demand for electricity in Kyushu will increase significantly in the future due to the construction of mainly semiconductor fabs and data centers, as well as the advancement of electrification. We believe that our high ratio of non-fossil power sources and cost competitiveness are making a significant contribution, and we aim to leverage this strength to drive sales both within and outside of Kyushu. At the same time, by achieving carbon neutrality and enhancing environmental value, we realize the Management Vision 2030 and further grow the electricity business.

In power generation, we will work on establishing an optimal energy mix to achieve carbon neutrality and press ahead with business development that leverages our competitiveness in terms of environmental value and pricing. In retail, we will promote electrification for both industrial and household sector, and also offer a variety of rate plans and solutions that reflect customer needs and societal demands, thereby contributing to the sustainable growth of the Domestic Electricity Business.

As for concrete measures for achieving carbon neutrality, in power generation, we will steadily press ahead with the construction and development of a state-of-the-art LNG combined-cycle power plant with low CO₂ emissions, as well as undertaking ammonia co-firing testing at coal-fired thermal power generation plants and consider the building of a supply chain that involves ammonia production with a view to utilizing ammonia as a carbon-free fuel source. In addition, in retail, in terms of demand-side initiatives, we are currently introducing a discounted daylight hours rate plan to promote the effective use of solar power generation. We are also launching a campaign that offers the value of CO₂-free electricity at no cost for a limited period of time so that customers can experience its benefits firsthand.

In collaboration with Kyuden Mirai Energy, a core company of the Kyuden Group that operates the renewable energy business, we will accelerate efforts geared towards achieving carbon neutrality. By delivering electricity with a high environmental value to our customers, we contribute to the development of the Kyushu region and the growth of the Kyuden Group.

Power generation

- Top-level ratio of non-fossil power sources among major Japanese power companies (obtained SBT initiative* certification, the first for a major Japanese energy company)
- Achieving both cost competitiveness and stable supply through the stable operations of nuclear power generation and a well-balanced energy mix

Retail

- Offering rate plans and services that use non-fossil power source certificates to meet customer needs such as environmental value
- A customer base built on close ties to the local community with 50 sales offices throughout Kyushu

Energy trading & supply-demand coordination

- Optimal procurement and sales in both the fuel and electricity markets in light of demand trends

Strengths

- Ensuring stable power supply and achieving low-carbon and decarbonized energy sources in light of increasing electricity demand
- Responding to the need for technology development and increased development costs towards achieving carbon neutrality
- Addressing cost increases triggered by unstable global conditions
- Responding to the risk of market price volatility due to an uncertain energy situation
- Responding swiftly and with competence to policy changes in new electricity markets and the like

Weakness

Opportunities

- Growing demand for electricity owing to the construction of semiconductor fabs and data centers in Kyushu, as well as the advancement of electrification
- Encouraging competition between regions
- Heightened demand for low-carbon and carbon-free electricity from customers
- Expectations of society for the stable supply of power

Threat

- Volatility in market conditions for fuel, wholesale electricity, and exchange rates
- Earnings deterioration due to a decrease in power generation opportunities with thermal power sources as a result of the greater uptake of renewable energy
- Higher repair costs and power procurement expenses due to unplanned power source outages

Targets for achieving the management vision 2030

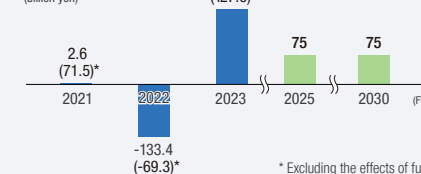
Along with the stable supply of environmentally friendly energy and the provision of energy services that accommodate the diverse needs of customers, we will realize our management vision of “providing more prosperous, comfortable living to become our customers’ No.1 choice,” while also targeting further growth and ordinary income of ¥75 billion in the Domestic Electricity Business (50% of the 2030 consolidated ordinary income target of ¥150 billion).

FY2023 assessment and progress

- In FY2023, income and expenditures sharply improved compared to FY2022 due to several factors: the effects of fuel cost adjustment time lag stemming from the decline in fuel prices, which shifted from a loss in the previous year to a gain, lower fuel costs due to increased operations at our nuclear power plants, the active promotion of electricity sales, and efforts to cut costs.
- We ensured a stable supply throughout the year, even during summer and winter when supply-demand conditions typically prove challenging, by securing maximum supply capacity through integrated operations of nuclear, thermal, pumped storage, and other power generation facilities.

Ordinary income

(billion yen)



*SBT: Science Based Targets. An international joint initiative to verify and certify that greenhouse gas emission reduction targets set by companies are based on science in order to achieve Paris Agreement targets.

Business strategies

In response to growing expectations for non-fossil value alongside progress made towards carbon neutrality, we will leverage our strengths of a high ratio of non-fossil power sources and cost competitiveness to actively promote electricity sales both within and outside Kyushu. This will enable us to generate profits while also ensuring a stable supply of electricity.

• Promoting carbon neutrality

In order to make renewable energy a primary power source, we will work closely with Kyuden Mirai Energy to ramp up the development and sales of renewable energy and turn it into a core business of the Kyuden Group.

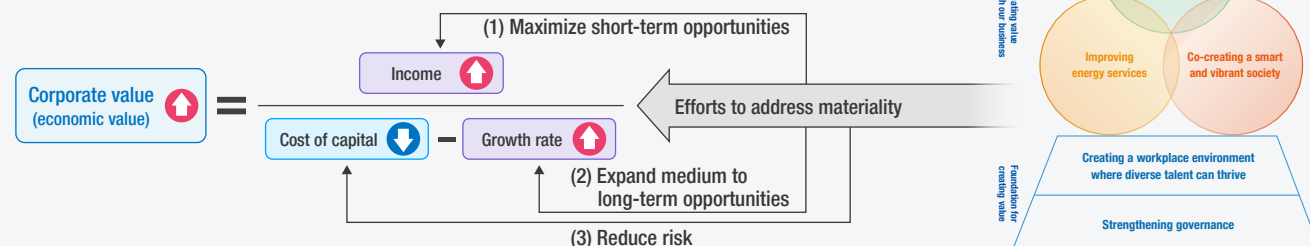
Also, with a view to making renewable energy a primary power source, we will press ahead with the decarbonization of thermal power generation, which plays an integral role in grid balancing, by utilizing high efficiency carbon-free fuels. Moreover, we will undertake initiatives such as trading non-fossil value generated by non-fossil power sources, promoting electrification in all areas of society, utilizing customer touchpoints for face-to-face sales, and proposing renewable energy rate plans and services in light of the growing demand for decarbonization.

• Stable power supply initiatives

In the Domestic Electricity Business, stable supply is required given the changes in global conditions and an anticipated increase in domestic demand in the future. We will make every effort to ensure a stable supply by dynamically procuring fuel according to market movements, maximizing the use of nuclear power for energy security, and adjusting the timing of thermal power maintenance for the purpose of securing sufficient supply capacity during peak load periods.

Efforts to create corporate value

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Main relevant materiality

(1) Maximize short-term opportunities Increase profit	<ul style="list-style-type: none"> Promote the development of renewable energy and sales of renewable electricity with a view to making renewable energy a primary power source Develop a state-of-the-art LNG combined-cycle power station with low CO₂ emissions (Hibiki Power Plant: scheduled to come online in FY2025) Conduct an environmental assessment in order to consider the replacement of the Shin-Kokura Power Plant Provide rate plans and services that meet the growing need for decarbonized electricity Promote electrification through the expansion of points of contact with customers and individual proposals to customers in all fields Optimize fuel and electricity procurement and sales operations based on market trends Maintain safe and stable thermal and nuclear power plant operations by consistently carrying out daily inspections and regular self assessments 	Leading the way toward a decarbonized society Improving energy services Strengthening governance
(2) Expand medium to long-term opportunities Increase growth rate (future growth expectations)	<ul style="list-style-type: none"> Establish technologies for the use of both hydrogen and ammonia Collaborate on the building of hydrogen and ammonia supply chains (including the consideration of a partnership with Yara International, the world's largest ammonia chemical company, and the possibility of green ammonia production projects in India) Participate in the aggregation business* using distributed resources, such as grid-connected storage batteries <p>*Business that provides various services, including those necessary for the effective use of renewable energy, by bundling distributed energy resources, such as storage batteries and EVs</p>	Leading the way toward a decarbonized society Improving energy services Strengthening governance
(3) Reduce risk Lower the cost of capital	<ul style="list-style-type: none"> Hedge against the risk of market volatility in fuel prices and exchange rates by trading derivatives Use transition finance to achieve carbon neutrality, such as through the introduction of LNG-fired thermal power plants Develop a response to multiple energy mix scenarios, taking into account national energy policies and other factors 	Leading the way toward a decarbonized society Improving energy services Strengthening governance



We procure fuel according to market movements through a trading subsidiary (photo above shows our own LNG vessel).



Construction of the Hibiki Power Plant (March 2024)



Strategies by Business Domestic Electricity Business —Transmission & Distribution



Hiroshi Imamura

President and Chief Executive Officer,
Kyushu Electric Power Transmission and
Distribution Co., Inc.

Putting trust at the forefront, we aim to enhance customers' enrichment and address social challenges

The business landscape surrounding our company is rapidly evolving, driven by increasing demands from society for carbon neutrality and greater resilience, the aging of infrastructure, and the introduction of a new wheeling fee system (Revenue Cap) in response to these circumstances.

To accurately respond to these changes in the business environment, last year we established the Kyushu Electric Power Transmission and Distribution Management Philosophy.

In line with our management philosophy —Become one of the most advanced infrastructure companies in Japan by strengthening our core technical capabilities through digital transformation— we will work on organizational transformation through QX and DX, achieve a balance between stable supply and lower costs, modernizing our transmission and distribution network, and expand our business domains for further growth.

In terms of DX, we have established an organization called the Digital Factory to develop applications in-house using agile methodologies in a bid to cut costs and streamline operations. Additionally, to expand our business areas, we established a Business Development Office in July 2024, actively challenging overseas transmission and distribution projects and new domestic ventures.

We will prioritize the trust of customers above all else and contribute to customers' enrichment and solutions to social challenges through these initiatives.

Transmission & distribution facilities and operations that support electricity supply in Kyushu

- Transmission lines: 11,263 km, distribution lines: 144,559 km
- Substations: 654
- Internal combustion power stations: 27
- Interconnected renewable energy: 16,460 MW

World-class electricity quality

- Power outage frequency: 0.08 times/household (0.05 times/household: excl. disasters such as typhoons)
- Power outage duration: 11 mins./household (2 mins./household: excl. disasters such as typhoons)

Strengths

Weakness

- Ensuring compliance with laws and regulations, including conduct regulations.
- Driving organizational transformation in anticipation of changes.
- Achieving carbon neutrality.
- Securing sustained and stable earnings.

Opportunities

Threat

- Expansion of renewable energy and creation of demand towards achieving carbon neutrality.
- Introduction of a new wheeling fee scheme (Revenue Cap) to secure capital for investments.
- Advances in AI, IoT, and other digital technologies.

- Growing complexity of managing supply and demand as a result of the greater uptake of renewable energy.
- Continued aging of facilities.
- Increasing severity of natural disasters.

Targets for achieving the management vision 2030

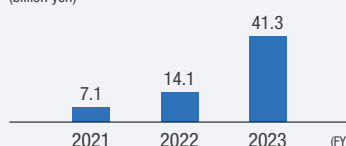
- Guided by our Purpose, *Deliver "Power" to Kyushu to energize society* as outlined in the Kyushu Electric Power Transmission and Distribution Management Philosophy, we will conduct our business activities with an emphasis on trust, evolution, and co-creation, and aim to "Become one of the most advanced infrastructure companies in Japan by strengthening our core technical capabilities through digital transformation."

FY2023 assessment and progress

- As an initiative for prioritizing trust, we pressed ahead with the development of systems and frameworks that guarantee fairness, transparency, and neutrality in the transmission and distribution business.
- The transmission and distribution business accounted for ¥41.3 billion (+¥27.2 billion YoY) of ordinary income in the Domestic Electricity Business.
Ordinary income decreased by ¥10.7 billion from the previous year to ¥700.2 billion affected by a decrease in wholesale sales along with renewable energy purchases, mainly due to lower wholesale electricity market prices.
Ordinary expenses decreased by ¥37.9 billion year on year to ¥658.8 billion due to reductions in costs related to renewable energy purchases and procurement costs from the supply-demand adjustment market.
- In the overseas business, in addition to the Subsea DC Transmission Project in the United Arab Emirates (scheduled to start operations in 2025), we also stepped up our efforts last year to secure priority negotiation rights for two subsea transmission projects in the UK.

Ordinary income

(billion yen)



Main initiatives in the overseas business

Project	Overview
UAE Subsea DC Transmission Project	Construction, maintenance, and operation of subsea transmission lines for oil facilities on two offshore islands near Abu Dhabi (under construction).
UK Subsea transmission projects	Maintenance and operation of subsea transmission lines for offshore wind farms in the UK (secured priority negotiation rights for two projects).

Business strategies

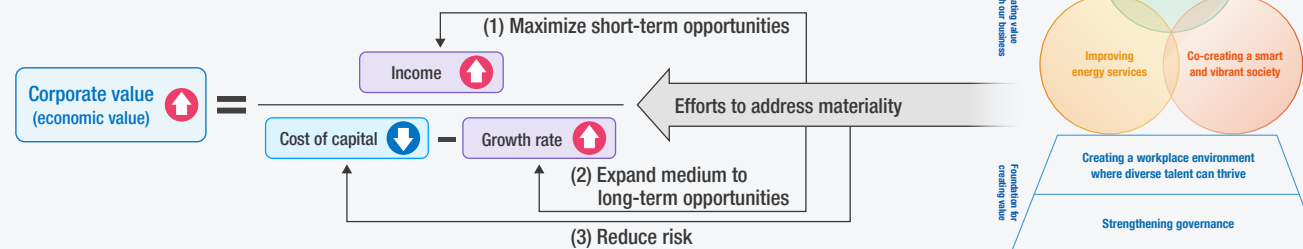
To realize the Vision in the Kyushu Electric Power Transmission and Distribution Management Philosophy, we will be implementing the following.

- **Undertake business operations with fairness, transparency, and neutrality**
We will take measures to ensure compliance with laws and regulations, including conduct regulations.
- **Promote organizational transformation**
To respond quickly and flexibly to significant changes in the operating environment, we will promote self-directed business reforms with the use of digital transformation (DX).
- **Achieve a balance between stable power supply and lower costs**
We will steadily work towards achieving a balance between stable power supply, which is our basic mission, and lower costs.

- **Build a next-generation power transmission and distribution network to achieve carbon neutrality**
To achieve carbon neutrality, we will push ahead with the building of a next-generation network in order to fully maximize the potential of Kyushu's renewable energy.
- **Create demand and increase earnings using our technological capabilities and assets**
We will harness the technologies and assets hitherto accumulated by the company and its Group companies and take on the challenge of creating demand and expanding our business domains.

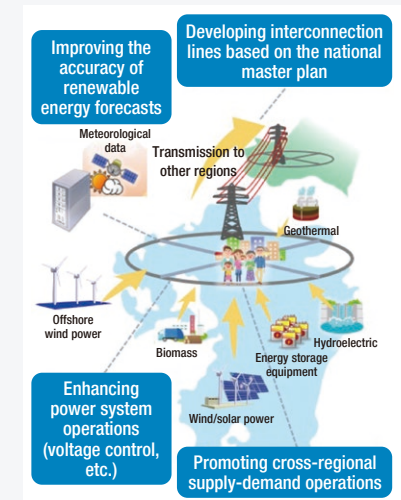
Efforts to create corporate value

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Main relevant materiality

(1) Maximize short-term opportunities Increase profit	<ul style="list-style-type: none"> • Improve and streamline maintenance and construction operations with the use of new technologies and the promotion of DX • Ensure a stable supply through efficient facility development and maintenance 	Leading the way toward a decarbonized society Improving energy services
(2) Expand medium to long-term opportunities Increase growth rate (future growth expectations)	<ul style="list-style-type: none"> • Build a next-generation power transmission and distribution network to fully capitalize on the potential of renewable energy • Utilize all available touchpoints to promote electrification and carry out activities to spur demand, including attracting businesses to the region, with the aim of achieving carbon neutrality • Create new businesses and promote overseas business by leveraging existing technologies and assets, as well as by strengthening collaboration between Group companies 	Leading the way toward a decarbonized society Improving energy services
(3) Reduce risk Lower the cost of capital	<ul style="list-style-type: none"> • Steadily implement system measures and proper information management essential for maintaining neutrality • Enhance supply-demand management and grid stabilization technologies in order to balance the large-scale introduction of renewable energy with the maintenance of power quality • Efficient and appropriate maintenance and upgrading of supply facilities, including measures to address aging infrastructure • Strengthen internal and external collaboration in order to restore power outages as quickly as possible and swiftly communicate information 	Improving energy services Strengthening governance



Building a next-generation power transmission and distribution network to fully capitalize on the potential of renewable energy.

Strategies by Business

Growth Businesses —Renewable Energy Business



Yutaka Mizumachi

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

Accelerating efforts to make renewable energy a main power source with the aim of becoming a world-leading green energy company that can unlock the future

In April of this year, we completed the integration with Kyushu EP's geothermal business. Moving forward, we plan to integrate their hydroelectric business with ours as well once preparations have been completed. The integrations will bolster our business foundation and operating structure, enabling us to make significant progress towards making renewable energy a primary power source.

We have so far focused on three pillars to make renewable energy a mainstay power source: creation, continuation, and the coordination of supply and demand. Going forward, we will continue to ensure the safe and stable operation of our power plants, while engaging in careful communication with local communities, so as to create renewable energy together with the region.

In addition, the integrations will mean we have a wide range of different power sources, allowing us to offer CO₂-free renewable energy-based electricity in various forms. By combining this with storage batteries and supply-demand management, we will aim to enhance the value of renewable energy and provide optimal solutions to our customers. We will reinvest the revenue generated from this to achieve our renewable energy development target of 5,000 MW.

We recently formulated the Kyuden Mirai Energy's 2050 Management Vision. Our vision for the year 2050 is to become a world-leading green energy company that can unlock the future. We will carry forward the Kyuden Group's century-long pioneering spirit and contribute to achieving carbon negativity by 2050.

One-stop approach for the development and operation of five renewable energy sources

- Promoting five main renewable energy sources (solar, wind, biomass, geothermal, and hydro) across the value chain, from surveying to development and operation, based on the technologies and expertise we have accumulated through years of development experience, as well as the relationships of trust we have built with local communities.
- Maintaining a balanced energy mix based on stable power sources such as biomass, geothermal, and hydroelectric, to flexibly respond to customer needs and environmental changes.

Technical capabilities enabling high-capacity and high-efficiency renewable energy operations

- Leveraging our extensive knowledge and expertise gained from years of development and operation of electric power sources to achieve high-efficiency and high-capacity operations.

Multi-faceted development of the renewable energy business

- Making forays into new business domains, such as supply-demand management services utilizing storage battery functions.

Strengths

Weakness

Opportunities

Threat

- Heightened demand for low-carbon and carbon-free electricity from customers.
- Government-led deregulation of geothermal power generation and the establishment of development schemes for offshore wind power to further promote the adoption of renewable energy.
- Diversified means of adopting renewable energy, such as solar power PPAs.
- Growing demand for energy storage and regulating functions that are supportive of the transition to renewable energy as a primary power source.

- Coping with higher construction and O&M costs due to global price inflation.
- Securing long-term, stable power buyers under the FIP scheme for offshore wind power and other projects.
- Utilizing surplus electricity generated from renewable energy.

- Drop in the value of renewable energy as a result of setbacks in efforts to achieve carbon neutrality.
- Greater development expenses and risks as power generation projects grow increasingly larger.
- Decline in power output due to changes in weather conditions.

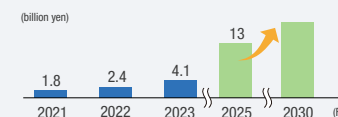
Targets for achieving the management vision 2030

Leveraging the Kyuden Group's technology and know-how, we will steadily press ahead with the development of renewable energy projects in Japan and overseas and aim to achieve our FY2030 management target of 5,000 MW, thereby contributing to the achievement of carbon neutrality. In addition, we will aim to contribute to the achievement of the FY2030 ordinary income target of ¥75 billion in Growth Businesses by expanding earnings from renewable energy development.

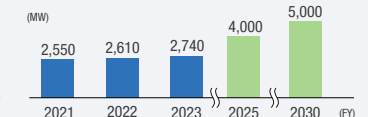
FY2023 assessment and progress

- As part of efforts to develop power sources to make renewable energy a main power source, we commenced operations in FY2023 at the Miya River Watarai Solar Park (59.9 MW) and the Hirohata Biomass Plant (74.9 MW). We also made steady progress on the construction of the Tahara Green Biomass Plant (50 MW) and the Hibikinada Offshore Wind Farm (220 MW). Accordingly, we recorded ordinary income of ¥4.1 billion (+¥1.7 billion YoY) due to the increase in the volume of electricity generated.
- We have reached roughly 60% of the 2030 renewable energy development target of 5,000 MW based on confirmed projects as of the end of FY2023 that have an output of 3,020 MW (including 2,740 MW already in operation).

Ordinary income



Renewable energy developed



*: Ordinary income from overseas renewable energy projects is included in ordinary income for the Overseas Business

Business strategies

Kyushu EP and Kyuden Mirai Energy will integrate their renewable energy operations and strengthen their operational framework to accelerate efforts to establish renewable energy as a main power source while maintaining careful communication with local communities during our endeavors towards achieving carbon neutrality. Additionally, we will respond to the diverse needs of customers and society regarding renewable energy and challenge ourselves to create new value in the renewable energy sector, making it a core business of the Kyuden Group.

• Efforts to make renewable energy a main power source

Through the integration of the renewable energy operations, Kyuden Mirai Energy now possesses all five of the main renewable energy power sources (solar, wind, biomass, geothermal, and hydro) and is also one of the leading companies in Japan in terms of renewable energy capacity. We will leverage the benefits of the integration and our extensive development and operational know-how to actively pursue new developments in promising power sources. We will also accelerate development by undertaking PPA projects and forming alliances to drive business growth. In addition, we will endeavor to maintain high efficiency and high capacity utilization of existing power sources in an effort to increase the amount of electricity generated.

As for the development of power sources, alongside offshore wind, onshore wind, and solar power projects that have strong development potential, we will continue to develop storage

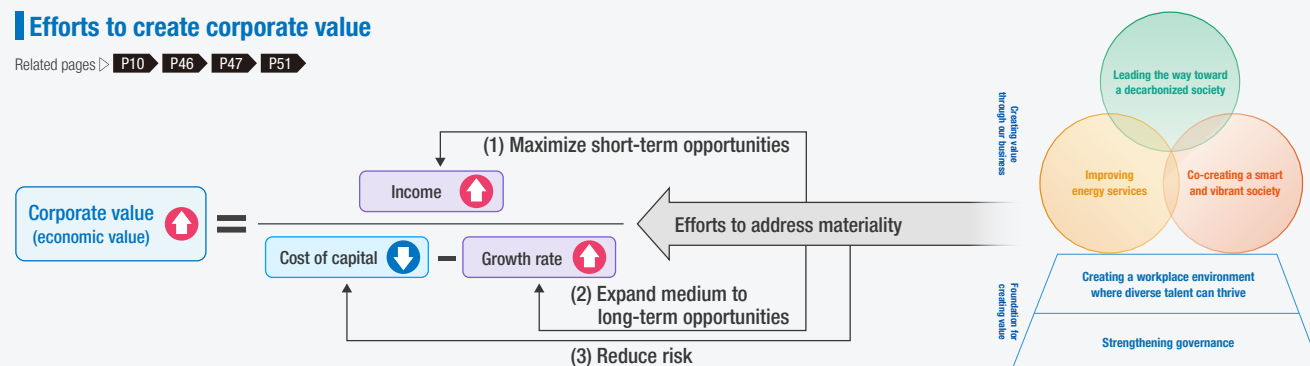
batteries as a means of regulating fluctuations in demand. Particularly for offshore wind, we will actively promote development nationwide by leveraging the knowledge gained from the ongoing construction of the Hibikinada Offshore Wind Farm (220 MW; slated to come online FY2025). We will also steadily advance the development of geothermal projects, which is one of our strengths, as well as hydroelectric and biomass projects, where we have an extensive development track record. Also, Kyuden Mirai Energy will transfer its current retail electricity business to a group company (scheduled for April 2025) and establish a power supply and sales system specialized in renewable energy.

• Rising to the challenge of creating new value in renewable energy

We will take up the challenge of developing new renewable energy businesses, such as tidal power generation projects, supply-demand management services, and businesses utilizing the data accumulated from our development and O&M track record.

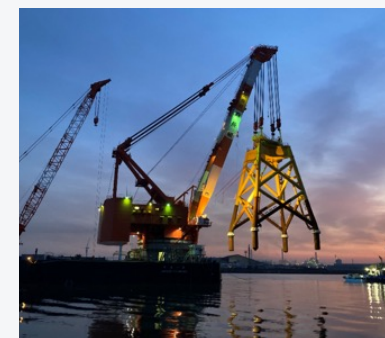
Efforts to create corporate value

Related pages ▶ P10 ▶ P46 ▶ P47 ▶ P51



Main relevant materiality

(1) Maximize short-term opportunities Increase profit	<ul style="list-style-type: none"> Accelerate the development of power sources by capitalizing on the integration of the renewable energy operations Maintain high-efficiency and high-capacity operations at renewable energy power plants by harnessing our technological capabilities based on our longstanding track record of developing and operating electric power sources Provide solar power PPA services, rate plans, and services in light of the growing demand from power consumers for low-carbon and decarbonized solutions Promote an adjustable power supply business with the use of storage batteries 	Leading the way toward a decarbonized society Improving energy services Strengthening governance
(2) Expand medium to long-term opportunities Increase growth rate (future growth expectations)	<ul style="list-style-type: none"> Work towards commercializing floating offshore wind power and tidal power generation projects Expand overseas renewable energy projects in anticipation of a decline in suitable sites in Japan for renewable energy Take on the challenge of developing new technologies, including hydrogen production using surplus renewable energy-based electricity and perovskite solar cell power generation 	Leading the way toward a decarbonized society Improving energy services Strengthening governance
(3) Reduce risk Lower the cost of capital	<ul style="list-style-type: none"> Reduce surveying and operating costs by harnessing our technological capabilities based on our longstanding track record of developing and operating electric power sources Diversify against various risks through the joint development of power sources with business partners Procure capital with the use of green finance 	Leading the way toward a decarbonized society Improving energy services Strengthening governance



Foundation work (jacket installation) for the Hibikinada Offshore Wind Farm



Steam vent test (steam volume survey) at the eastern point of Mt. Waita

Strategies by Business

Growth Businesses —Overseas Business



Takashi Mitsuyoshi

President and Representative Director,
Kyuden International Corporation

Sharing the Kyuden spirit globally and expanding into new business areas and domains

Since the late 1990s, we have been pioneering overseas projects with the Kyuden spirit and through sweat and tears, our Overseas Business has grown to the point where we operate 26 projects in 16 countries as of March 31, 2024. I would like to express my heartfelt thanks to all the people who have been involved in this work over the years. Our corporate slogan is *Let's connect*. We will develop businesses that link people with people through smiles, Kyushu with the world through technology, and the present and future through sustainable growth. While valuing the network of people that we have built and looking forward to encounters with business partners with whom we can share our passion, we will strive to provide a wide range of energy business solutions tailored to the needs of the countries in which we operate.

To expand our business area, we will not only develop projects in sectors where we can leverage our strengths but also actively pursue overseas ventures and innovation fields through group collaboration, utilizing the various skills and know-how we possess across the entire Kyuden Group's value chain.

More than 70 years of experience with the domestic electricity business

- Technologies and expertise in the power generation as well as transmission and distribution businesses possessed by the Kyuden Group

More than 20 years of experience with the overseas business (have participated in 26 overseas electricity projects)

- Have expanded overseas, primarily in Asia, which boasts a market with strong growth potential, but also the USA, Middle East, and Europe, and hold offices overseas in Thailand, the USA, and the UAE

Diversified business domains

- Expanded the thermal and renewable energy power generation business, power transmission and distribution business, and overseas consulting using the technology and expertise that the Group has accumulated through its various businesses, including the domestic and overseas electricity businesses

Trust of and positive assessment from business partners and other entities

- Have built a strong bond of trust with local business partners, governments, and power companies through hands-on activities for businesses

Strengths

Weakness

Opportunities

Threat

- Increasing energy demand in Asia and other emerging countries
- Expansion and diversification of business opportunities due to the growing need for carbon reduction/decarbonization and decentralization of power sources (transmission lines, distributed power sources, storage batteries, clean fuels such as hydrogen and ammonia, and CCS)
- Entry into new business areas and domains through leveraging the entire value chain of the Kyuden Group

- Securing new revenue sources due to the decrease in long-term power purchase agreements (PPA) for gas-fired power generation projects (building new business models)
- Intensifying global competition for investments in renewable energy businesses
- Improving capital efficiency through the establishment of a mechanism for asset sales and replacements
- Infrastructure development, including the expansion of overseas offices

- Unique country risk and market risk of various countries and regions
- Changes in the financing environment for thermal power plant construction due to the shift to ESG investment
- Changes to national policies on carbon neutrality
- Impact of prolonged Russia-Ukraine war, and conflict in the Middle East
- Changes in prices, interest rates, and exchange rates

Targets for achieving the management vision 2030

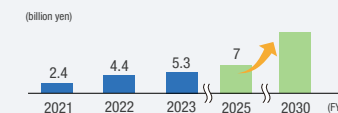
We provide energy solutions that meet the needs of various regions outside Japan and the times by making the most of the technologies, expertise, and networks that the Kyuden Group has accumulated in the Electricity Business and other businesses in Japan and overseas.

In addition to generating profits as the core of the Kyuden Group's growth field and contributing to the achievement of ¥75 billion in ordinary income from growth businesses in FY2030, we aim to expand the Overseas Business while contributing to society and giving consideration to the environment.

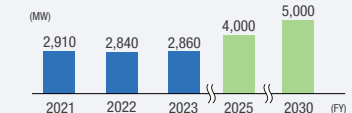
FY2023 assessment and progress

- Ordinary income of ¥5.3 billion (up ¥0.9 billion YoY)
- Expanded new initiatives including participation in U.S. renewable energy (solar power generation) projects, investment in a U.K. waste treatment and power generation company, and becoming the preferred bidder for a subsea power transmission project for offshore wind farms in the U.K.
- Expanded renewable energy operations and contributed to reduction in greenhouse gas (GHG) emissions through efforts to lower the carbon intensity of and decarbonize power sources
- Opened Dubai Representative Office for the purpose of gathering information and building a network with local partners in the Middle East region

Ordinary income



Overseas equity output



Business strategies

Amid the global trend toward decarbonization, long-term PPAs for gas-fired power generation are decreasing, while opportunities in renewable energy and transmission and distribution businesses are increasing and diversifying. Taking into account such market conditions, we will promote decarbonization investments in renewable energy and transmission and distribution businesses, to contribute to the realization of a low-carbon and sustainable society. We will also promote high-efficiency gas-fired power generation and distributed energy resource businesses that contribute to decarbonization.

- Developing our own projects in business fields in which the Kyuden Group can utilize the technologies and expertise it has accumulated in the Electricity Business and other businesses in Japan and overseas and leveraging this track record to expand business
As a base revenue source for the Overseas Business, we will develop power transmission and distribution projects in Europe and the Middle East, and gas-fired power projects with PPAs in Asia.

In consideration of carbon neutrality and early profit contribution, we will also develop renewable energy projects with PPAs focusing on solar and wind power in Asia, the Americas, and Europe.

In addition to our existing business domains, we will also work on innovation fields (distributed power sources, storage batteries, CCS, etc.) and new business domains such as clean fuels.

- Promoting overseas business through Group collaboration

We will promote expansion into new business domains such as overseas projects and innovation fields through Group collaboration, leveraging the comprehensive strengths of the Group.

- Development of overseas offices

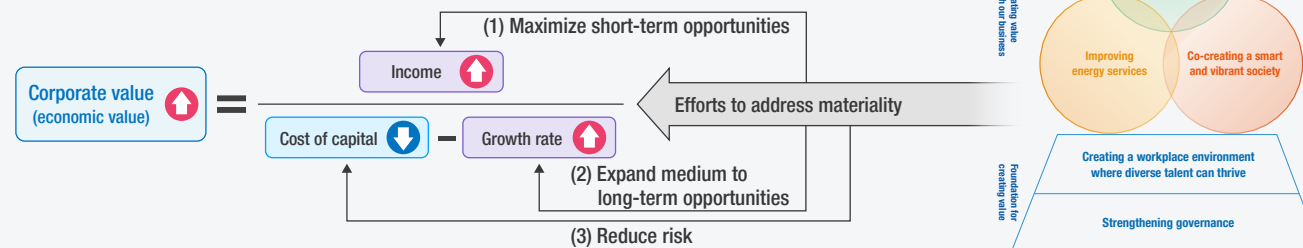
We will consider the development and expansion of new overseas offices for the purpose of gathering primary information on new projects and building relationships with local partners.

- Initiatives aimed at improving capital efficiency

We aim to improve asset management and capital efficiency by selling off and replacing assets at the right time.

Efforts to create corporate value

Related pages ▶ P10 ▶ P12 ▶ P51



Main relevant materiality

(1) Maximize short-term opportunities Increase profit	<ul style="list-style-type: none"> • Actively participate in power transmission and distribution projects • Expand renewable energy through such efforts as collaboration with development companies and strategic partners • Participate in thermal power generation projects that help lower carbon intensity 	<ul style="list-style-type: none"> • Maintain and improve the profitability of existing projects in cooperation with investee companies • Maximize income by replacing assets 	Leading the way toward a decarbonized society Improving energy services
(2) Expand medium to long-term opportunities Increase growth rate (future growth expectations)		<ul style="list-style-type: none"> • Work on business related to clean fuels and promote initiatives toward a society with distributed energy resources • Develop overseas business through Group collaboration 	
(3) Reduce risk Lower the cost of capital	<ul style="list-style-type: none"> • Monitor individual projects and implement portfolio management • Regularly check the financial soundness of our overseas business • Reduce the risk of volatility in the electricity and gas markets in merchant projects 		Strengthening governance



Ceremony to commemorate the laying of a subsea cable for the subsea direct current power transmission project currently under construction and to be operated in the UAE. It was held when the Leonardo da Vinci, one of the world's largest subsea cable laying ships, arrived at Abu Dhabi port with the cables on board.



Offshore substation used in the subsea power transmission project for the Seagreen Phase 1 offshore wind farm (Eastern Scotland, UK). We became the preferred bidder in December 2023 and are currently in the process of negotiating a contract to acquire the project rights.

Strategies by Business

Growth Businesses —ICT Service Business



Yoshiharu Senda

Executive Director,
Technical Solution Headquarters

Strengthening earnings and leading the DX of local communities using changes in the business environment, including the adoption of digital technology, as a tail wind

The environment surrounding the ICT Service Business is undergoing major changes, and the market size is expected to expand further. Among these changes are the dramatic technological advances in artificial intelligence (AI), including generative AI, high expectations for increased productivity driven by the development of mobile technologies such as 5G networks, as well as Japanese government policies such as the *Priority Plan for the Realization of a Digital Society* approved by the Cabinet in June 2024.

Furthermore, ICT infrastructure, including fiber optic broadband, 5G networks, and data centers, is growing more and more important as digital technology becomes indispensable to solve a growing number of social problems, among them energy, carbon neutrality (CN), a shrinking labor force, and the realization of a diverse society. We will provide high-quality, highly secure ICT services, leveraging the strengths we have cultivated in the electricity business. We also view changing customer and societal needs, as well as rapid digitalization, as significant business opportunities. By combining digital technologies with innovative thinking, we will create new value and services, increase earnings, and take the lead in regional and social DX. To achieve this, I will promote capital-efficient management, aiming to increase profits significantly above the cost of capital in the medium to long term, while also focusing on the development of ICT personnel to support these efforts.

Over 70 years' experience and expertise in supporting stable power supply

Telecommunications infrastructure covering all areas of Kyushu

- Optical fiber network communication infrastructure throughout Kyushu (household coverage: 60%~70%; corporate: 100%)
- Length of optical fiber cable: 131,562 km

Diverse and wide-ranging business domains

- Ability to propose a wide range of solutions to meet customer needs, from telecommunications infrastructure to data centers, system construction, and security measures
- Diverse business domains, including local government cloud services and new areas (drones, generative AI, local currencies, and e-sports)

One-stop service from construction and installation to monitoring, maintenance and operations

- Offices throughout Kyushu and provision of full support, from installation to monitoring, maintenance and operation, 24 hours a day, 365 days a year

Strengths

Weakness

Opportunities

Threat

- Advancement of digital technologies such as generative AI and other AI technologies, mobile technologies (5G, local 5G, and Beyond 5G), cloud computing, and drones
- Work style and operational reforms utilizing digital technologies (DX)
- Advancement of various Japanese government policies (development and expansion of ICT infrastructure such as FTTH connections, 5G networks, and data centers)
- Growing environmental awareness (CN, ESG)
- Construction of factories in Kyushu because of low-cost and stable electricity

- Further increase the added value of services by maximizing the use of our strengths in ICT infrastructure
- Respond to technological advances
- Cultivate and secure ICT talent to pass on skills and further expand business domains
- Enhance information gathering capabilities (including trends in cyber-attacks) to prepare for growing security threats such as ransomware
- Frequent and intensified natural disasters, equipment damage from major earthquakes, and the resulting service interruptions
- Data breaches of personal and confidential information due to cyberattacks on the supply chain
- Long-term service interruptions caused by equipment failures and large-scale system outages due to aging infrastructure
- Slowdown in business expansion due to a shortage of ICT personnel and difficulties in securing talent

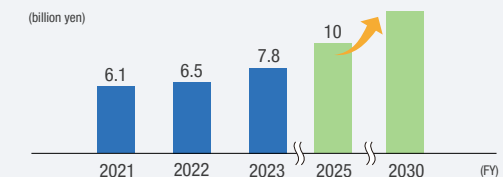
Targets for achieving the management vision 2030

Our goal is to contribute to the ¥75 billion in ordinary income from Growth Businesses by FY2030, while supporting the sustainable development of communities and society. We plan to accomplish this by expanding earnings from existing services such as ICT infrastructure and providing ICT solutions that meet the diverse needs of customers and society and target new business areas.

FY2023 assessment and progress

- Ordinary income of ¥7.8 billion (up ¥1.3 billion YoY) due to an increase in information system development contracts and an increase in solution service revenue in the data communications business
- Established Kyuden Drone Service Co., Ltd. in April 2024 and expanded its service area to all of Japan

Ordinary income



Business strategies

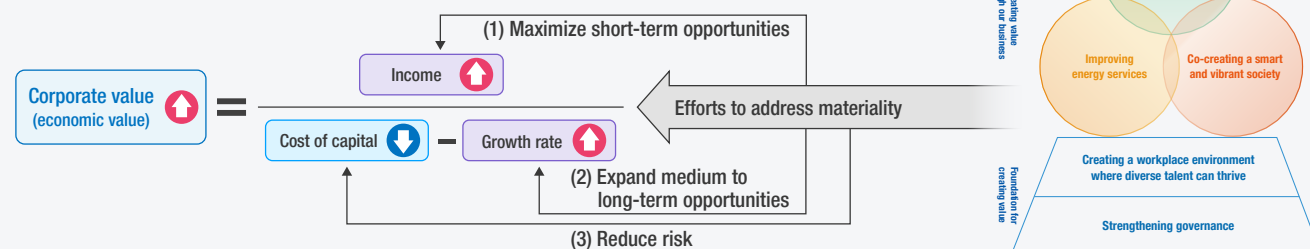
Rapid technological progress is being made in the ICT field, and on top of this, the convergence of different technologies is resulting in innovation that transcends business domains.

As digitalization progresses throughout society, including the spread of remote work, the use of digital communication tools, and the growth of video streaming services, data traffic continues to increase and the importance of telecommunications networks is ever rising. For existing services, such as ICT infrastructure, we will work to further increase earnings by being sure to capture new demand, such as that related to handling the construction of 5G networks, strengthening data center business as cloud services expand, and the expansion of security services for corporate customers.

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

Efforts to create corporate value

Related pages ▶ [P10](#) [P67](#) [P84](#) [P98](#)



Main relevant materiality

(1) Maximize short-term opportunities Increase profit	<ul style="list-style-type: none"> Strengthen existing services to respond to digitalization across society, including fiber optic broadband internet service BBIQ and our data center business Strengthen DX proposals for corporate/municipal customers and expand security-related services Introduce regional information platforms throughout Japan and develop new services Undertake commissioned information system development that complies with legal revisions and local government system standardization 	Co-creating a smart and vibrant society
(2) Expand medium to long-term opportunities Increase growth rate (future growth expectations)	<ul style="list-style-type: none"> Conduct open innovation to create new businesses and aggressively invest in e-sports and AI Propose production management system for factories Provide energy storage systems suitable for the proliferation of renewable energy to achieve CN Expand drone service business domain 	Leading the way toward a decarbonized society Improving energy services Co-creating a smart and vibrant society
(3) Reduce risk Lower the cost of capital	<ul style="list-style-type: none"> Construct a business portfolio that takes into consideration return on invested capital (ROIC) Strengthen our IT governance function and system development framework in cooperation with Group companies Actively recruit ICT personnel and establish an education system within the Group to train them within the Group Enhance capabilities to continue services and strengthen information security measures across our entire supply chain, including external business partners 	Creating a workplace environment where diverse talent can thrive Strengthening governance



Demonstration of automated patrol and inspection service for infrastructure development using autonomous flying drones



QNet's QT-GenAI is a multi-engine generative AI platform for businesses that allows you to select multiple generative AI models and ensure safety in a high-security environment

Strategies by Business

Growth Businesses —Urban Development Business



Masanori Kozuma

Director,
Urban Development Business Division

Achieving the decarbonization of society and advanced power management through (urban development) × (electric power)

We contribute to the development of our customers and the local community through real estate development & operations management and public-private partnership projects, while at the same time conducting a wide range of business both domestically and internationally. Looking ahead to the future of the urban development and energy businesses, I have two goals, which can be summarized by the formula (urban development) × (electric power).

The first goal is to become a developer that delivers decarbonization. In recent years, decarbonization proposals have become essential for development. Our high level of knowledge and expertise in energy services, civil engineering and construction, and ICT, cultivated over many years in the electric power business, is precisely what gives us the ability to propose and deliver decarbonization initiatives. By ascertaining people's needs and adopting a market-driven approach, we will start our efforts in Kyushu and Japan, eventually growing into a business that can compete globally.

My second goal is the integration of real estate and electric power. Our division works on overseas urban development business with the aim of obtaining not only profits but also the latest insights into development. In the real estate business, the leading edge is found overseas; real estate securitization techniques were originated and developed in the United States. Since the power facilities owned by Kyushu EP can also be considered real estate, I believe that exploring better ways of owning and utilizing these facilities can be beneficial for electric power management. Through urban development business, I will work to advance power management practices.

Our division has been established for four years and we are only just getting started. My own perspective on work is: let us take on the challenge of creating businesses that bring happiness to people, while collaborating and sharing ideas with trusted partners. We will work together with our partners to realize our vision.

Specialized skills related to energy, civil engineering and construction, and ICT, coupled with the comprehensive strength of the Kyuden Group

- Possess human capital with specialized skills related to promoting renewable energy and electrification, civil engineering and construction, building smart infrastructure among others
- Hold products and services by marshaling the knowledge and expertise accumulated through the business activities of the Kyuden Group over the past seventy years

Relationships across the region

- Possess extensive relationships with companies, local governments, universities, economic organizations, and others, particularly those in Kyushu
- Customer base across all of Kyushu

Strengths

- Further utilization of energy and digital technologies in urban development
- Optimize portfolio composition
- Develop and acquire human resources with specialized expertise and improve organizational productivity

Weakness

Opportunities

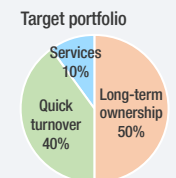
- Increased demand for energy proposals (energy saving, carbon reduction, etc.) associated with development
- Population inflows to major cities and growing need for revitalization of regional cities
- Growing demand for industrial real estate (logistics facilities, data centers, factories)
- Recovery and growth of people movement in Japan and abroad

Threat

- Changes in economic and financial conditions in Japan and abroad (rise in interest rates, exchange rate fluctuations)
- Japan's declining population, declining birthrate, and aging society
- Further increases in construction costs
- Intensifying competition to acquire sites and projects

Targets for achieving the management vision 2030

- Build a portfolio that balances profitability and stability
 - Deploy high-value-added business that incorporate energy and digital technology
 - Build a profitable organization that combines high expertise and productivity
- By implementing the above measures, we aim to contribute to the FY2030 target of ¥75 billion in ordinary income from growth businesses.

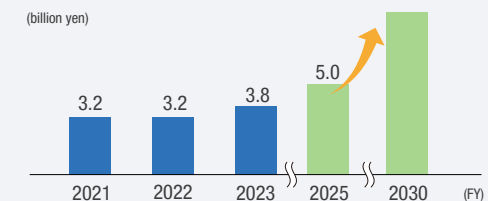


FY2023 assessment and progress

- Ordinary income of ¥3.8 billion (up ¥0.6 billion YoY) due mainly to increased sales of condominiums
- Promoted investments in promising assets and areas such as the logistics facilities development business and overseas urban development business in addition to expanding our condominium business

Ordinary income

(billion yen)



Business strategies

Build a portfolio that balances profitability and stability

- We will categorize businesses into one of three types depending on profitability (long-term businesses, quick turnover projects, and services) and build a portfolio that balances profitability and stability and complements the various distinguishing characteristics of the three types.
 - Long-term businesses provide a stable earnings base, and we will conduct development projects primarily in Kyushu.
 - Quick turnover projects contribute to faster growth, and we will strengthen and expand the core businesses: the overseas urban development business, the condominium business, and the development of logistic facilities.
 - For services, we will expand our asset management business, establish a self-sustaining investment cycle based on such products as setting up a privately placed REIT fund, and acquire management fees.

Deploy high-value-added business that incorporate energy and digital technology

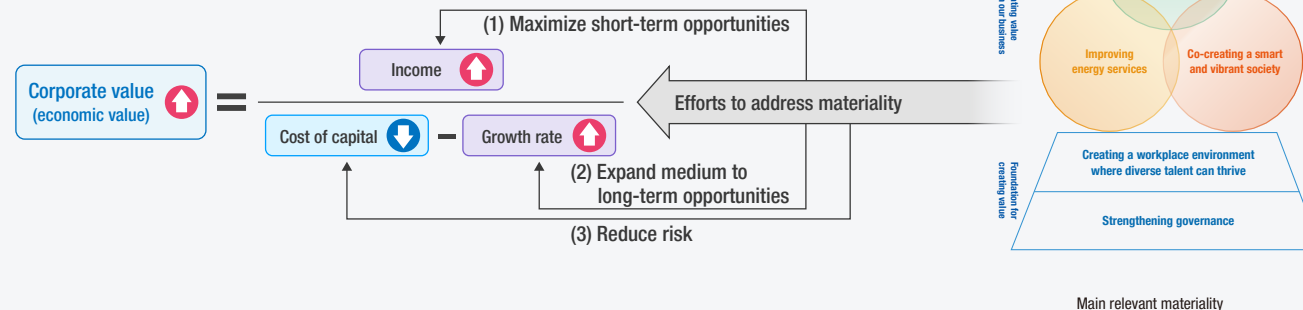
- We will move forward with development that contributes to a decarbonized society, such as improving energy efficiency and lowering the carbon intensity of energy used.
- We will promote ICT-enabled urban development in areas such as transportation and crime prevention.

Build a profitable organization that combines high expertise and productivity

- In addition to securing diverse human resources, we will increase the specialized skills of each employee through our businesses and build a community of urban development business professionals.
- With a transformation-oriented mindset, including the use of digital technology, and with a sense of speed, we will develop our businesses.
- We will create fulfilling workplaces in which employees can experience both personal and organizational growth, as well as their contributions to society.

Efforts to create corporate value

Related pages ▶ P10 ▶ P67



Recent initiatives (examples)



Fukuoka Airport privatized operations business (started operations in 2019) [future vision of the international terminal]



Kiyama-cho Logistics Center project (completed in January 2024)



Project to utilize the former Oita Shiritsu Niagemachi Elementary School site (opened April 2024)

Main relevant materiality		
(1) Maximize short-term opportunities Increase profit	<ul style="list-style-type: none"> • Develop overseas urban development business centered on apartment complexes and logistics facilities • Promote high-value-added in the condominium business • Strengthen logistics facility development business using energy services 	Co-creating a smart and vibrant society
(2) Expand medium to long-term opportunities Increase growth rate (future growth expectations)	<ul style="list-style-type: none"> • High-value-added urban development that incorporates decarbonization and digital technologies • Expand asset management business and participate in private REIT business • Secure and develop human resources with expertise in project development, leasing, real estate securitization • Apply knowledge gained from overseas urban development business for domestic urban development initiatives 	Leading the way toward a decarbonized society Co-creating a smart and vibrant society Creating a workplace environment where diverse talent can thrive
(3) Reduce risk Lower the cost of capital	<ul style="list-style-type: none"> • Build a portfolio that is less susceptible to external factors • Diversify assets and areas from the perspective of spreading business risks • Thorough monitoring based on KPIs tailored to project characteristics such as facility utilization rate 	Co-creating a smart and vibrant society Strengthening governance

Chapter 2

Value Creation through the Resolution of Materiality

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Promotion of Sustainability Management

Under the Kyuden Group Sustainability Policy [P9](#), established in 2021, we will contribute to solving community and social issues through our businesses, thereby realizing the Kyuden Group's Mission of "Enlighten our Future," which serves as our brand message, and fostering development in collaboration with local communities and society.

Promotion structure

The Kyuden Group has established the Sustainability Promotion Committee to actively promote carbon neutrality and other environmental, social, and governance (ESG) initiatives. The Committee is chaired by the President, and includes external directors and executive directors of relevant divisions. In addition to establishing strategies and basic policies concerning all aspects of sustainability, the Committee deliberates on and supervises the progress of implementing strategies and measures related to key sustainability issues, such as climate change, natural capital, and human capital. The Committee meets at least twice yearly, and the results of their discussions are promptly reported to the Board of Directors, which oversees all sustainability-related activities.

The Carbon Neutrality and Environment Subcommittee and Community and Social Impact Subcommittee were also established under this committee to deliberate on environmental issues and community and social issues, respectively, from a more expert perspective.

Under this system, we also deliberate on and supervise responses to social issues, such as responses to climate change based on TCFD recommendations [P55](#), responses concerning natural capital based on TNFD recommendations [P59](#), and respect for human rights [P83](#).

Response system



Sustainability Promotion Committee	Carbon Neutrality and Environment Subcommittee	Community and Social Impact Subcommittee
[Composition] Chairperson: Member of the Board of Directors, President & Chief Executive Officer Vice Chairperson: Chief ESG Officer (Member of the Board of Directors, Vice-Presidential Executive Officer) Committee members: External directors and executive directors of relevant divisions, among others	[Composition] Chairperson: Chief ESG Officer (Member of the Board of Directors, Vice-Presidential Executive Officer) Vice Chairperson: Executive Director of the Corporate Strategy Division and Director of the District Symbiosis Division Committee members: Executive directors of relevant divisions, among others	[Composition] Chairperson: Executive Director of Business Solution Headquarters Vice Chairperson: Director of District Symbiosis Division Committee members: Executive directors of relevant divisions, among others
[Meetings] Held twice per year in principle and as necessary	[Meetings] Held twice per year in principle and as necessary	[Meetings] Held twice per year in principle and as necessary



Main agenda items discussed by the Board of Directors and Sustainability Promotion Committee (from July 2023)

Oversight	Board of Directors	<ul style="list-style-type: none"> Reviewed our materiality (including assessing necessity) Direction for formulating the Medium-term ESG Promotion Plan and progress on its implementation
Execute	Sustainability Promotion Committee	<ul style="list-style-type: none"> Policies aimed at reducing GHG emissions Policies for issuing the Integrated Report and disclosure contents (including TNFD/TCFD disclosure details) Details of dialogues with the capital market (including initiatives toward enhancing external ESG assessments) Progress in the strengthening of human capital management Progress in the implementation of initiatives related to human rights due diligence

Linking climate change response to executive compensation

Kyushu EP offers its directors (excluding directors who are Audit & Supervisory Committee members and external directors) and other executives performance-based compensation, and has adopted GHG reductions aimed at carbon neutrality as one of its performance indicators (refer to [P87](#) for details on executive compensation).

Identifying materiality

In April 2022, the Kyuden Group identified key management issues for realizing sustainability management that simultaneously creates social value and economic value through its businesses as materiality.

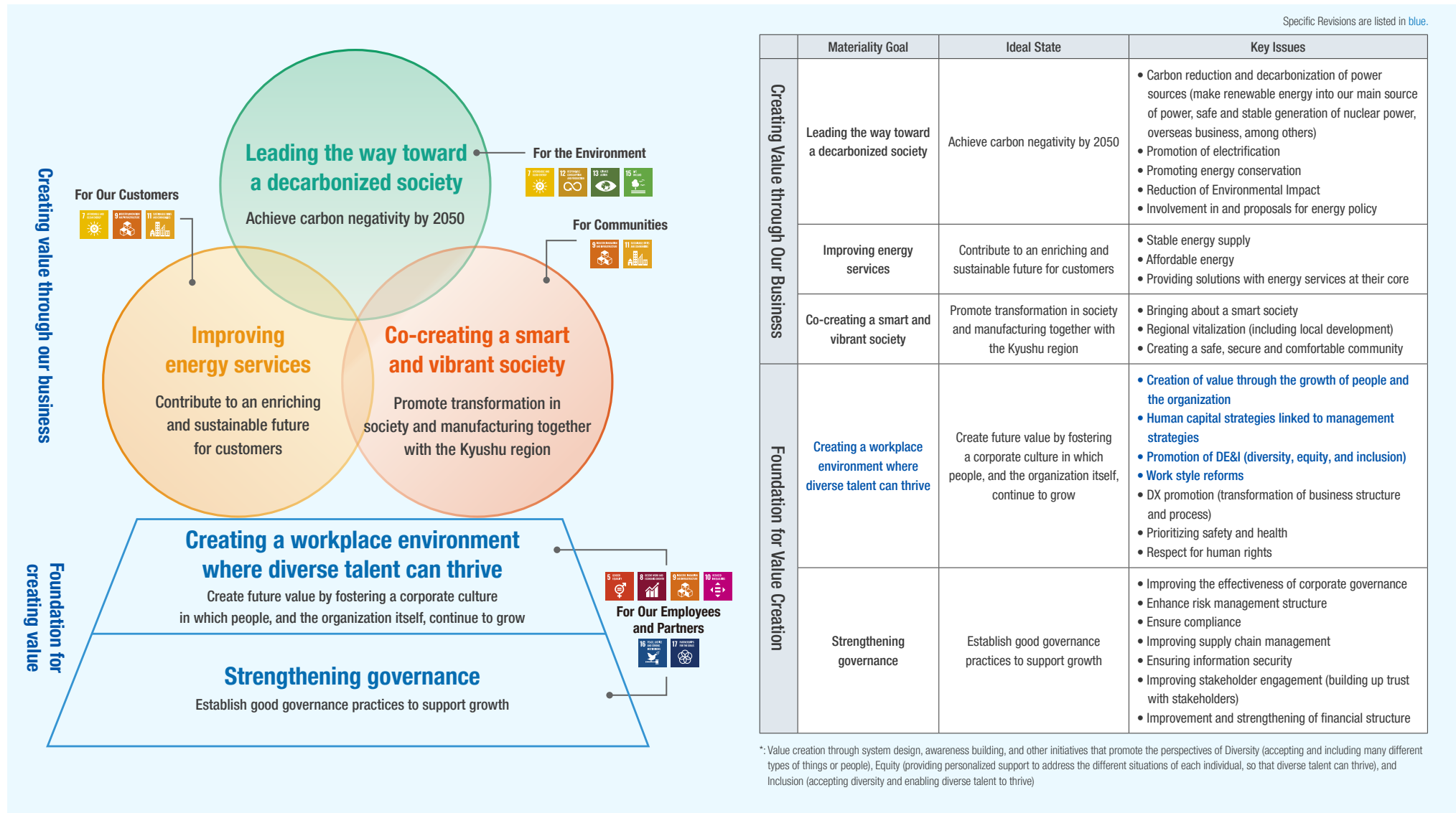
STEP 1 Identify the issues	Identifying key issues from both the perspectives of "social issues," such as the SDGs and Kyushu's growth strategies, and "Kyuden Group-specific issues," such as realizing the Kyuden Group's vision, with a goal of simultaneously creating "social value" and "economic value"
STEP 2 Evaluate issues	Evaluating the items identified in STEP 1 in terms of two indicators: social value (importance to society) and economic value (importance to the Kyuden Group)
STEP 3 Drafting proposals for material issues	Extracting the issues identified as highly important in STEP 2 as key issues, which will be categorized, examined by the Sustainability Promotion Committee, and compiled into materiality proposal
STEP 4 Validate proposals	Verifying the validity of the materiality proposals extracted in STEP 3 and the process of identifying materiality through discussions with external experts who have a thorough knowledge of the perspectives of each stakeholder
STEP 5 Identifying material issues	Deliberating on the final proposals for materiality at the Sustainability Promotion Committee before the Board of Directors makes a final decision. The Board will review the necessity of revisions each year, considering changes in social conditions and the Kyuden Group's business environment.

For details on the process of identifying materiality, please visit the following page:

https://www.kyuden.co.jp/english_company_esg_materiality.html Home > For investors > Information on our Sustainability initiatives > **Materiality**

Materiality of the Kyuden Group

We are continuously revising materiality in light of changes in social conditions and the business environment. In April 2024, we partially revised the words used to describe our materiality and key issues with a goal of clarifying the scope of issues we need to tackle from the perspective of human capital management, thereby promoting our initiatives.



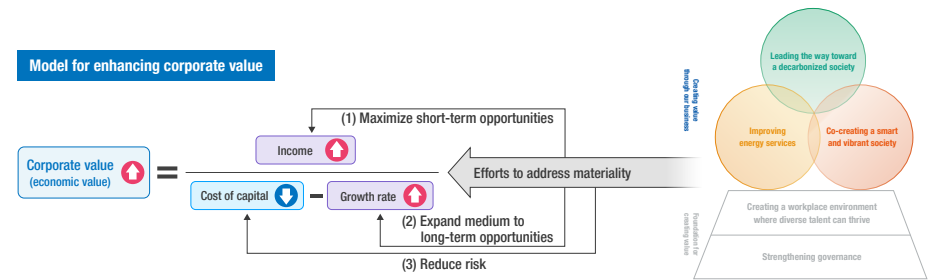
Creating Value through Business

The Kyuden Group has incorporated its materiality initiatives into its Medium-term ESG Promotion Plan as a concrete action plan it is steadily advancing. The Group will create social and economic value through its business under three of these challenges: Leading the way toward a decarbonized society, Improving energy services, and Co-creating a smart and vibrant society.

Leading the way toward a decarbonized society: Achieve carbon negativity by 2050

Material goal	Key issue	Issue	Medium-term targets (Items for which no year is specified are FY2030 targets)	FY2024 targets	Main action plan	Impact			FY2023 results listed in bold Figures in parentheses are annual targets	Scope of data collection
						(1)	(2)	(3)		
Leading the way toward a decarbonized society	Carbon reduction and decarbonization of power sources	Make renewable energy into our main source of power	Develop a steady supply of renewable energy — 5 GW of renewable energy development (Reference indices: 4 GW in FY2025)	FY2024 targets • Operational: 50 MW • Approved: 0 MW FY2024 cumulative totals • Operational: 2.79 GW • Approved: 3.11 GW	Japan • Conduct thorough assessments and construction work to ensure operations commence on schedule Globally • Expand renewable energy capacity via partnerships with developers • Generate profitable propositions through a network of quality partners and early-phase project engagement	○			FY2023 targets • Operational: 140 MW (140 MW) • Approved: 90 MW (90 MW) FY2023 cumulative totals • Operational: 2.74 GW • Approved: 3.11 GW	—
		Maximize usage of nuclear power	Continue safe and stable operation of nuclear power plants — Zero unplanned stoppages	• Zero unplanned stoppages • Improve facility utilization rate — Shortened regular inspections among others • Address new laws to extend plant life	• Conduct daily inspections and measures to address aging equipment (renewals and repairs) • Work to provide easy-to-understand information and engage in careful dialogue regarding the importance of energy mix and efforts to improve the safety of nuclear power	○	○		• Zero unplanned stoppages (Zero) • Achieved 90.8% facility utilization rate (improve facility utilization rate)	—
		Lower the carbon footprint of thermal power generation	• Achieve Energy Conservation Act benchmark indices — A indicator: 1.0 or higher — B indicator: 44.3% or more — Coal-only indicator: 43.0% or more • Establish technique for 1% hydrogen /20% ammonia co-firing	• A indicator: 0.97 or higher • B indicator: 41.90% or more • Coal-only indicator: 41.97% or more • Conduct regular studies and research on hydrogen/ ammonia co-firing and other techniques	• Oversee unit performance and carry out scheduled repairs and upgrades • Monitor national policy trends and respond accordingly. Investigate the development of high-efficiency LNG-fired power plants, starting with the Hibiki plant, as well as the introduction of hydrogen, ammonia, and other carbon-free fuels into thermal power plants	○	○		• A indicator: 0.97 (0.95 or higher) • B indicator: 42.69% (41.44% or more) • Coal-only indicator: 41.63% (41.15% or more)	㊦
		Improve the power distribution network	Technologies and R&D contributing to improving operation of network facilities to help facilitate the expansion of renewable energy	Respond to increasing difficulties in maintaining proper voltage and carry out systems development necessary to maximize facility capacities	• Establish a method for optimal control of voltage regulators based on joint research and field studies • Develop grid congestion management systems and other methods to aid upstream addition of renewable energy and to maximize utilization of transmission capacity		○	○	Conducted studies into the optimal control method for power line voltage regulators (Responded to increasing difficulties in maintaining proper voltage and carry out systems development necessary to maximize facility capabilities)	—
	Promotion of electrification	Residential and commercial	Contribute to increasing the electrification rate in Kyushu — Residential: 70% (1,500,000 MWh energy increase for 2021-2030) — Commercial: 60% (1,600,000 MWh energy increase for 2021-2030)	Energy increase — Residential: 130,000 MWh — Commercial: 130,000 MWh FY2024 cumulative totals • Residential: 470,000 MWh • Commercial: 520,000 MWh	Residential • Strengthen proposals for Kyuden Smart Lease, which can appeal to customers due to requiring no initial investment for all-electric equipment • Create an IH purchase support plan to encourage customers to switch from gas stoves Commercial • Propose heat pumps for large-scale new construction and renovations • Propose electrification measures for school lunches, medical welfare facilities, store chains	○	○		Energy increased — Residential: 90,000 MWh — Commercial: 180,000 MWh (Roll out electrification sales activities to achieve an increase in the electrification rate by 2030)	—
		Transportation	Convert company cars to EVs — 100% EV conversion rate excluding vehicles not suitable for EV conversion	• Introduce 100 EVs • 29.5% EV conversion rate (645 vehicles out of 2,185 applicable vehicles)	Replace non-EVs with EVs regularly according to plan		○		• 201 EVs introduced (200) • 25% EV conversion rate (25%)	㊦㊦
		Local energy	Early formulation of a business model for local energy systems that optimize energy management and controls	Implement regular EMS operation verification at the demonstration sites	Conduct operational verifications after system installation at demonstration sites		○		Examined the systems and made proposals at the demonstration sites (Conduct regular examinations of the systems at demonstration sites)	—
	Involvement in and proposals for energy policy		Establish a system that contributes to both decarbonization of power sources and a reliable supply of power	• Engage in and propose national policies aimed at building an attractive environment for the electric power industry • Investigate courses of action towards the 2050 power supply portfolio	• Continue to petition the government regarding the institutional design of electric power markets and related regulatory systems through discussions on the next Strategic Energy Plan and validation of power system reforms • Investigate courses of action towards the decarbonization of the 2050 power supply portfolio		○	○	• Petitioned the country regularly • Investigated multiple scenarios for the 2050 electricity supply and demand forecasts (investigate the introduction of a concrete plan for the required supply of power and investigate courses of action towards the 2050 power supply portfolio)	—
	Promoting energy conservation		Expand energy-saving solutions — More than 400 energy conservation proposals (cumulative total for FY2022-2030)	More than 50 energy conservation proposals	Implement detailed energy conservation proposals through energy consumption measurements and investigations into facility operating conditions	○			Made 101 energy conservation proposals (Promotion of energy saving diagnoses that lead to CO ₂ reductions and cost savings to satisfy customer demands)	—
	Reduction of environmental impact	Formation of a recycling-oriented society	• More than 98% of waste recycled, excluding coal ash (and 100% for plastic waste) • Green procurement rate (for office supplies): Over 99%	• More than 98% of waste recycled, excluding coal ash (and 90% for plastic waste) • Over 97% green procurement rate	• Promote operational efficiency and proper management through joint collection of industrial waste and use of electronic manifests • Consider a company-wide rollout taking the evaluations of the model sites into account to increase the recycling of waste plastic • Improve group waste recycling by Circular Park Kyushu • Promote use of electronic catalog system when purchasing office supplies • Further strengthen liaison with major suppliers of office supplies	○	○		• 98% of waste recycled, excluding coal ash (98% or more) (and 99% of plastic waste recycled (90%)) • Achieved 96% green procurement rate (97% or more)	㊦㊦
		Conservation of local environments	Water consumption per employee: each fiscal year below the previous	Water consumption per employee: less than the previous year's result (26 m ³ /person in FY2023)	Ensure water conservation-conscious behavior	○			Reduced water consumption per employee to 26 m³/person (27 m ³ /person or less)	㊦㊦
		Harmony with society (Biodiversity conservation)	Minimize the impact of business activities on the ecosystem	Ensure environmental assessments (environmental impact evaluations) are conducted	• Appropriate consideration and implementation of conservation measures for important species of flora and fauna • Publication of TNFD reports referencing frameworks such as the TNFD v1.0 Disclosure Framework		○	○	One of our company-owned forests was certified as an OEMC site by the Ministry of the Environment (Obtain certification for company-owned forest as a place that contributes to the preservation of biodiversity)	—
		Promotion of environmental management	Zero legal violations	Zero legal violations	• Disseminate and share information on amendments to environmental laws and regulations as appropriate • Hold training for environmental managers and those responsible for environmental matters	○	○		Zero legal violations (Zero)	—
	Other		Promotion of environment-related business	Formulate at least one environment-related business model	• Promote new environment-related businesses based on collaboration with external parties in an effort to achieve carbon neutrality and a recycling-oriented society • Support for expansion of Kyushu Rinsan's woodland J-credit business		○	○	• Developed Woodland J-credit creation support business • Planned and held workshops with external parties in an effort to enhance the value of FSC certified lumber (January–June 2024) (Formulate a business model for the woodland J-credit business)	—

Impacts: (1) Maximize short-term opportunities (increase income), (2) Expand medium to long-term opportunities (increase growth rate (future growth expectations)), (3) Reduce risk (lower the cost of capital)



Scope of data collection: ㊦ Kyushu EP ㊦ Kyushu T&D

Improving energy services: Contribute to an enriching and sustainable future for customers

Material goal	Key Issue	Medium-term targets (Items for which no year is specified are FY2030 targets)	FY2024 targets	Main action plan	Impact			FY2023 results listed in bold Figures in parentheses are annual targets	Scope of data collection
					(1)	(2)	(3)		
Improving energy services	Stable energy supply	<ul style="list-style-type: none"> Maintaining a stable supply of energy <ul style="list-style-type: none"> — Maintain a world-class level of average outage time per house — Zero electric shock incidents involving the public Expansion of overseas operations <ul style="list-style-type: none"> — 4 GW by 2025, 5 GW by 2030 overseas equity output 	<ul style="list-style-type: none"> Power outage: 25.4 MWh or below Zero electric shock incidents involving the public Overseas equity output: 3.06 GW 	<ul style="list-style-type: none"> Conduct maintenance through efficient patrols and inspections along with effective facility countermeasures and tree felling to limit the amount of power outages Foster safety awareness and ensure every employee is safety-conscious in cooperation with partners to eliminate serious disasters Develop more profitable projects by building a network with quality partners and participating in the early stages of development, with a focus on renewable energy and gas-fired power generation 			○	<ul style="list-style-type: none"> Power outage: 33.2 MWh (25.4 MWh or below) One electric shock incident involving the public (Zero) Overseas equity output: 2.86 GW (2.88 GW) 	—
	Affordable energy	Industry-leading price competitiveness	Reduce power generation costs	<ul style="list-style-type: none"> Implement flexible measures in accordance with our fuel procurement policy, such as using coal of diverse qualities. Optimize preservation of power generation facilities 	○	○		Reduced power generation costs (Reduce power generation costs)	—
	Providing solutions with energy services at their core	Total electric power sales of 120 TWh (Domestic: 90 TWh, Overseas: 30 TWh)	Promote sales by making maximum use of supply capacity	Conduct sales to maximize profits within the scope of supply capacity based on indiscriminate wholesaling internally and externally	○	○		Total domestic electric power sales: 90.2 TWh (Promote sales by making maximum use of supply capacity)	—

Co-creating a smart and vibrant society: Promote transformation in society and manufacturing together with the Kyushu region

Material goal	Key Issue	Medium-term targets (Items for which no year is specified are FY2030 targets)	FY2024 targets	Main action plan	Impact			FY2023 results listed in bold Figures in parentheses are annual targets	Scope of data collection
					(1)	(2)	(3)		
Co-creating a smart and vibrant society	Bringing about a smart society	Reform business models and create and enhance businesses and services <ul style="list-style-type: none"> — 10 new business ventures and joint ventures (cumulative total through FY2030) Create more than 10 new drone services (one or more new drone services per year) that contribute to solving local and social issues Expand earnings through the nationwide development of ICT services <i>Machi no Wa</i> that contribute to the revitalization of local economies Enhance power outage information dissemination using digital technology Expand the use of Q-ie Mamori, a monitoring service that uses smart meters 	<ul style="list-style-type: none"> Create new ventures <ul style="list-style-type: none"> — 20 investigations into new ventures, new services, along with collaboration and co-creation with other companies — 2 new ventures, services, along with collaboration and co-creation with other companies One or more new drone service that contribute to solving local and social issues Amplify earnings through the nationwide rollout of ICT services Machi no Wa that contribute to the revitalization of local economies Enhance power outage information dissemination using digital technology in the event of a disaster such as a typhoon Expand the use of Q-ie Mamori, a monitoring service that uses smart meters 	<ul style="list-style-type: none"> Participate in the Kyuden Open Innovation Program Inspiration & Co-Creation and other co-creation events to promote innovation and collaboration with start-ups and other companies from different industries as well as to improve the experience and skills of members Consider collaboration with new real estate companies and municipalities in the Kyushu region, conduct demonstrations, and propose and conduct sales activities for services to electric power and gas companies outside the Kyushu region to further commercialize our smart meter data analysis platform Conduct detailed investigation into business models for the scaling and commercialization of step-by-step proof of concept (PoC) for optimal control of distributed energy resources Hold discussions and conduct investigations aimed at implementing the ideas of three or more of the projects that won awards of excellence at the Kyushu Electric Open Innovation Program 2023 and continue discussions on three other projects that won special awards Participate in external accelerator programs to search for startups Create businesses through collaboration, including investment, with startups Identify areas of implementation and select cooperative businesses Expand the creation of new businesses and services through co-creation with local communities (contribution to the expansion of the Group's overall profits) Development of new functions through liaison with business partners to provide services in new fields and markets (Machi no Wa) Provide real-time information on power outages during disasters through the system rolled out in March 2024; begin disclosing information by splitting the announcement region into sub-regions Carry out the proposed activities and develop business partners to expand the use of Q-ie Mamori 	○		○	<ul style="list-style-type: none"> Created new venture <ul style="list-style-type: none"> — 11 investigations into new ventures, new services, along with collaboration and co-creation with other companies (10 investigations) — 1 new venture, service, along with collaboration and co-creation with other companies (2 new ventures) 	—
	Regional revitalization (including local development)	Sustainable development of communities and society <ul style="list-style-type: none"> — At least one specific issue including industry creation projects resolved through regional projects in each branch area 	Create new businesses that contribute to solving regional and social issues <ul style="list-style-type: none"> — Demonstrate at least one collaborative project with another company 	Study and feasibility evaluation of specific ventures such as data centers for AI and cloud computing, corporate investment funds, waste recycling, bio manufacturing			○	<ul style="list-style-type: none"> Giving business models shape <ul style="list-style-type: none"> — Set budget, area, collaborators, and other conditions (Set budget, area, collaborators, and other conditions) Expand the scale and territory of businesses through co-creation with local communities (Expand the scale and territory of businesses through co-creation with local communities) 	—
	Creating a safe, secure, and comfortable community	Sustainable development of communities and society <ul style="list-style-type: none"> — Participate in more than 10 urban development and city planning projects in Kyushu area (one or more projects per year, cumulative total through FY2030) 	Participate in one or more Kyushu area urban development and city planning projects	Regularly hit targets by participating in the development of projects that will contribute to the expansion of the population, regional prosperity, job creation, and regional security and safety (one per year)			○	Participated in two Kyushu area urban development and city planning projects (one or more)	—

Impacts: (1) Maximize short-term opportunities (increase income), (2) Expand medium to long-term opportunities (increase growth rate (future growth expectations)), (3) Reduce risk (lower the cost of capital)

Leading the Way toward a Decarbonized Society: Achieving carbon negativity by 2050

The Kyuden Group boasts an industry-leading ratio of zero-emission power sources, driven by expanding renewable energy and operating the safe and stable nuclear power plants. We are actively disclosing information on the progress of our strategies and goals to achieve our ambitious future GHG emission reduction targets. These efforts have earned us high praise, including being the first Japanese power company chosen for the A List, the highest rating on the CDP's climate change questionnaire.

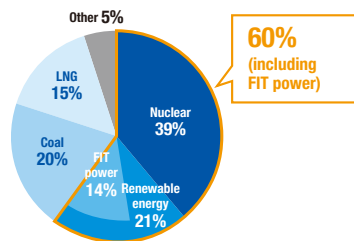
By integrating the Renewable Energy Business within Kyuden Mirai Energy and formulating the Management Vision 2050, we are accelerating our efforts to make renewable energy our primary power source. Additionally, by promoting green and transition finance **P51**, we are also promoting efforts to achieve carbon neutrality from a financial perspective.

Moving forward, the Kyuden Group will continue to see changes in the business environment and social climate such as carbon neutrality as opportunities for transformation, and connect this to further corporate growth. Moreover, we are proactively pursuing knowledge acquisition in negative emission technologies (NETs) **P54**, such as afforestation and DACCS, to achieve our carbon negativity goals.

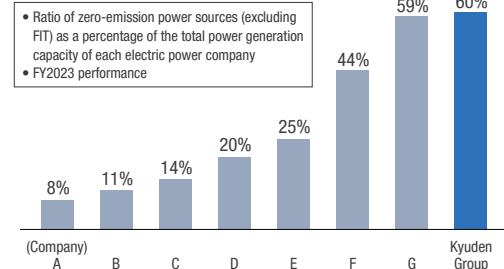
Industry-leading ratio of zero-emission power sources and GHG emission reduction

At the Kyuden Group, we boast an industry-leading ratio of zero-emission power sources (approx. 60% in FY2023). This is achieved through the integrated development of the Group's initiatives to make renewable energy our primary power source and maximizing the use of nuclear power in a way that prioritizes safety and has the understanding of local people. Further, we have made steady progress in reducing GHG emissions, achieving a reduction of 47% domestically in FY2023 compared to FY2013 **P58**. However, it is crucial for us to assess the impact of the anticipated significant increase in electric power demand due to the expansion of semiconductor companies and data centers into the Kyushu region.

Kyushu EP's ratio of zero-emission and FIT power sources*



Ratio of zero-emission power sources (comparison with other major domestic power businesses)



Source: Created by the Kyuden Group based on data from the Agency for Natural Resources and Energy's Electric Power Survey Statistics: 2-1 Power Generation Performance.

*: The above figures represent the ratios for Kyushu EP's electricity generated and received prior to non-fossil certificate transactions.

Of the above, electricity production where we have not used non-fossil certificates are not treated as having value as renewable energy or zero-CO₂-emission power sources. They are treated as electricity with CO₂ emissions at the national average level, which includes power sources such as thermal power.

External recognition of our carbon reduction and decarbonization efforts (selection for the CDP's A List)

In recognition of our efforts toward carbon reduction and decarbonization, along with the transparency of our information disclosure, Kyushu EP was the first Japanese power company to be chosen for the A List, the highest rating of CDP, an international environmental nonprofit organization. The selection was made in light of our excellence in climate change measures and information disclosure.



Integrating the renewable energy operations (Kyuden Mirai Energy)

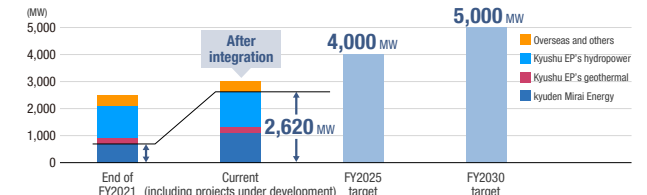
Through integrating Kyushu EP's renewable energy operations, Kyuden Mirai Energy has become the only operator in Japan to own all five major renewable energy sources, making it one of the top companies in Japan in terms of the capacity of its renewable energy facilities. We will continue accelerating our efforts to make renewable energy our primary power source, aiming for a target of 5,000 MW by 2030. By meeting the diverse renewable energy needs of our customers and society and taking on the challenge of creating new value, we make the renewable energy business the core business of the Kyuden Group.

In April 2024, we completed integrating the geothermal business and announced Kyuden Mirai Energy's Management Vision 2050. To achieve this vision, we will maximize the benefits of integration by accelerating decision-making, acquiring management resources, and strengthening our management foundation, all with the goal of leading Japan's decarbonization efforts from Kyushu.

Kyuden Mirai Energy management vision 2050



Renewable energy development capacity of the Kyuden Group (including investment projects)



Offering rate plans and services tailored to the social climate and customer needs

To precisely meet our customers' renewable energy adoption and decarbonization needs, Kyushu EP offers three renewable energy and CO₂-free plans for corporate customers. Through these plans that contribute to decarbonization, we aim to achieve carbon neutrality, and carbon negativity by 2050, and connect this to further corporate growth.

Renewable energy ECO		<ul style="list-style-type: none"> Provides electricity from renewable energy sources (such as hydro and geothermal) and renewable energy value, as well as further value by specifying the power source and other matters. Contributes to the maintenance and expansion of renewable energy sources.
Kiwami Renewable energy ECO Plus		<ul style="list-style-type: none"> Provides additional renewable energy value to the electricity currently being used. Makes the introduction of renewable energy plans more accessible.
CO ₂ Reduction Plan		<ul style="list-style-type: none"> Provides CO₂-free value added to electricity currently being used. Specializes in providing the value of zero CO₂ emissions.

Carbon Reduction and Decarbonization of Power Sources

Make renewable energy into our main source of power

The Kyuden Group has a track record of developing approx. 2,740 MW of renewable energy to date. We will make renewable energy into our main source of power by building on our strengths in geothermal and hydropower development and working to expand our capacity in offshore wind power and biomass, which have significant potential for growth.

[Target for renewable energy developed in Japan and overseas: 4,000 MW by 2025, 5,000 MW by 2030]

Renewable energy developed [As of the end of FY2023, including overseas]



Solar: 154 MW



Wind: 206 MW



Hydro: 1,295 MW
(excl. pumped-storage generation)



Geothermal: 554 MW



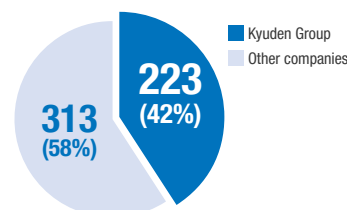
Biomass: 532 MW

Geothermal

The Kyuden Group has been developing geothermal energy for many years, including the Hachobaru Power Plant, the largest of its kind in Japan. The Kyuden Group's overall installed capacity in Japan is approximately 220 MW, accounting for about 40% of the total installed capacity in Japan. In June 2024, we decided to proceed with constructing the Kirishima Eboshidake Binary Power Plant (Kagoshima Prefecture), which will be the first commercial project following the integration of the geothermal energy business into Kyuden Mirai Energy. Additionally, we are advancing new domestic and international developments, such as participating in the Sarulla/Geothermal IPP Project* in Indonesia, one of the largest projects in the world with a capacity of approximately 330 MW, leveraging the expertise we have cultivated over the years.

*: Independent Power Producer. Operators that solely generate electricity for wholesale to electric utilities

Geothermal power plants in Japan
(MW output as of March 31, 2021)



Source: Compiled based on "The Current State and Trends of Geothermal Power Generation" published by the Thermal and Nuclear Power Engineering Society

Hydro power

As for hydropower, we have many years of development experience, with notable projects including the Koyamada Power Plant (Kagoshima Prefecture), the oldest in Kyushu, built in 1898, and the Kamishiiba Power Plant (Miyazaki Prefecture), which features Japan's first full-scale arch dam, constructed in 1955. We are currently working on enhancing output and generation capacity through new developments that will effectively utilize untapped energy resources and replace and upgrade existing facilities.

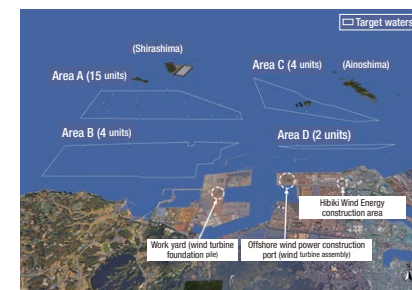


Kamishiiba Power Plant

Wind power

In addition to onshore wind power generation, the Kyuden Group is also proactively working to expand its offshore wind power generation capacity by leveraging technology and know-how accumulated over the years.

Kyuden Mirai Energy has formed a consortium with Electric Power Development Co., Ltd., Hokutaku Co., Ltd., Saibu Gas Co., Ltd., and Kyudenko Corporation to develop Japan's first large-scale offshore wind power project in Hibikinada near Kitakyushu City, Fukuoka Prefecture. Construction began in March 2023, and we aim to start commercial operations in FY2025.



Implementation area of Kitakyushu Hibikinada Offshore Wind Farm Project
(Quoted from published materials of Hibiki Wind Energy Co., Ltd.)

Biomass

Regarding biomass power generation, which uses unused timber and other materials as fuel, we ensure that the fuel is produced sustainably. These developments are led primarily by Kyuden Mirai Energy.

In December 2023, the Hirohata Biomass Power Plant, which Kyuden Mirai Energy and others have invested in, commenced operations. This power plant uses wood chips, unused timber, and palm kernel shells (PKS) as fuel, generating approximately 75 MW of electricity.

Tidal

Kyuden Mirai Energy is engaged in Japan's first demonstration project for large-scale 1,000-kW-class tidal energy generation off the coast of Goto City, Nagasaki Prefecture.

This project builds on the outcomes of a 500-kW-class tidal energy demonstration project that Kyuden Mirai Energy conducted at the same location until fiscal year 2021. The aim is to improve the efficiency of tidal power generators, moving toward the practical application of the technology and the development of a business model for commercialization. Through this project, we aim for the early practical application of tidal energy in Japan. Additionally, Kyuden Mirai Energy and Kyuden International are participating in a demonstration project for small-scale tidal energy generation (7 kW × 4 units) off the coast of Singapore. By replacing the diesel-generated electricity supplied to the Raffles Lighthouse with tidal energy, this project will contribute to decarbonization in the maritime and port sectors. In addition, the knowledge gained from this demonstration will also be used to develop decentralized power projects overseas in the future.



Created based on Google Maps (Quoted from published materials of Kyuden International)
Development site

Maximize usage of nuclear power

Nuclear power is an excellent power source overall in aspects such as energy security and the absence of CO₂ emissions during power generation. From the perspectives of global environmental issues and ensuring long-term energy stability, we will continue to maximize the use of nuclear power while positioning safety as a fundamental prerequisite.

Nuclear power plants (as of March 31, 2024)

Plant name	Output	Start of operation	Type
Genkai	Units 3 & 4 1,180 MW each	Unit 3: Mar. 1994 Unit 4: Jul. 1997	Pressurized water reactor (PWR)
Sendai	Units 1 & 2 890 MW each	Unit 1: Jul. 1984 Unit 2: Nov. 1985	

Note: Operations at Genkai Units 1 & 2 ended in April 2015 and April 2019, respectively

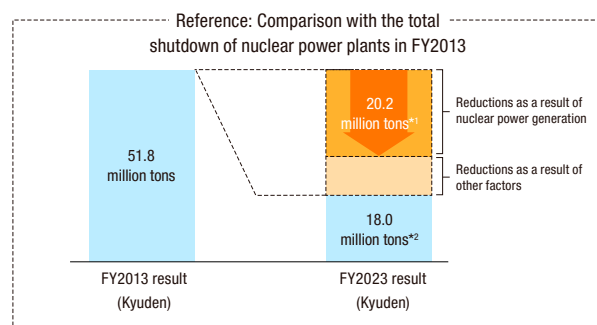


Genkai Nuclear Power Plant
(Saga Prefecture)



Sendai Nuclear Power Plant
(Kagoshima Prefecture)

Nuclear power generation by Kyushu EP and its effect on reducing CO₂ emissions



*1: Using the CO₂ emission factor for FY2013

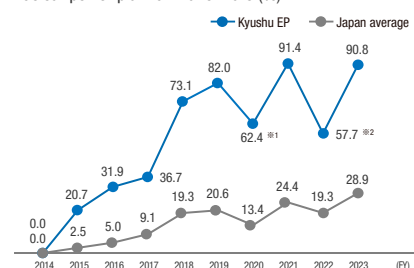
*2: FY2023 results are provisional, and the government is set to announce the final figures in December

Efforts to further improve facility utilization rate

Facility utilization rate improved significantly in FY2023 due to the stable operation of all four of our nuclear power plants, reaching the second highest level since the Great East Japan Earthquake.

To further improve our facility utilization rate going forward, we will continue to review measures including designing better work methods to shorten the regular inspection period, and extending the operation period from a maximum of 13 months (long-cycle operation).

Nuclear power plant utilization rate (%)



*1: Drop in utilization rate due to equipment shutdowns for regular inspections following works to install SSF at Units 1 and 2 of Sendai Nuclear Power Plant.

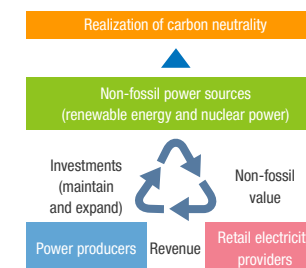
*2: Drop in utilization rate due to equipment shutdowns for regular inspections following works to install SSF at Units 3 and 4 of Genkai Nuclear Power Plant

Nuclear power's contribution to earnings, and non-fossil value trading

Nuclear power is a power source that can generate electricity at any time of day, regardless of weather. This not only helps secure stable revenue, but can also generate income from the non-fossil value trading market because as with renewable energy, it does not emit CO₂ during operation. Even with safety measures and other costs taken into account, nuclear power is a competitive power source from a medium to long-term perspective, and we make our investment decisions comprehensively based on such considerations.

We also seek to maintain and expand zero-emission power sources by using revenues from the sale of Non-Fossil Certificates on investments, such as the development (including research) of renewable energy (non-FIT power sources) as well as the related replacement and facility upgrading work, and works to enhance safety measures for nuclear power plants.

Trading scheme



Application for approval of extension of the operation period for Sendai Units 1 & 2

To operate a nuclear power plant for more than 40 years after it first begins operation, an application must be submitted to the Nuclear Regulation Authority and approval received to extend the operating period.

We submitted our application to the Nuclear Regulation Authority in October 2022, seeking approval to extend the operation period for Units 1 and 2 of Sendai Nuclear Power Plant, and received approval in November 2023.

Extended operation period

Plant name	Start date of extension	End date of extension	Extension period
Unit 1	July 4, 2024	July 3, 2044	20 years
Unit 2	November 28, 2025	November 27, 2045	20 years

VOICE

Taking thorough measures to address aging facilities and contribute to the safe operation of nuclear power plants to achieve operation surpassing 40 years

With approval from the Nuclear Regulation Authority, it is now possible for Sendai Nuclear Power Plant to continue operating for more than 40 years since it first commenced operation. Obtaining approval to extend the operation period required a special inspection to verify the integrity of components such as the reactor vessel, which is difficult to replace. This was a first for our company. After conducting many careful reviews on the specific contents of the inspection, we undertook various innovative measures, including the use of an underwater inspection robot. We also engaged in thorough discussions with manufacturers and others about the inspection data before compiling the evaluation results and successfully obtained approval. There is no end to efforts to address aging facilities, and we will continue to take all possible measures to ensure the continued safe and stable operation of our nuclear power plants.



Keishi Nishida
Nuclear Power Aging
Management Group
Nuclear Power Division
Kyushu Electric Power

Lower the carbon footprint of thermal power generation

Thermal power is important as it offers the adjustment capacity to make up for fluctuations in output that come with the increased adoption of renewable energy. In addition, we are striving to maintain and improve overall thermal efficiency from the perspective of reducing fuel consumption and CO₂ emissions. Going forward, we will continue to take steps to reduce our environmental impact, studying the use of hydrogen and ammonia as fuels for power generation given they do not produce CO₂ during combustion, among other initiatives. We will also decommission or schedule shutdowns of our aging thermal power plants in our aim to phase out inefficient coal-fired thermal power plants by 2030.

Mixed biomass combustion at thermal power plants

In the area of coal-fired thermal power generation, we are working to use carbon-neutral, unused domestic biomass as fuel for power generation, thereby reducing carbon emissions.

The Reihoku Power Plant (Kumamoto Prefecture) carries out co-firing power generation using wood biomass from surplus domestic lumber resources (derived from woodland). Further, together with the Electric Power Development Co., Ltd. (J-POWER) and other organizations, Kyushu EP is taking part in a Kumamoto City-led project to transform sewage sludge into solid fuel. It has been manufacturing the fuel since FY2013 and using it for mixed combustion with coal at its own Matsuura Power Plant and the J-POWER Matsuura Power Plant.

Studying and establishing hydrogen/ammonia co-firing technologies, and conducting reviews toward the adoption of CCS

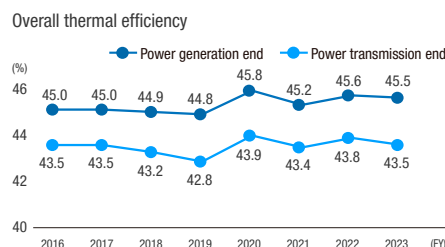
Technologies to harness hydrogen and ammonia, as well as CCS technology for separating, capturing and storing CO₂, are indispensable in the field of low-carbon and decarbonized thermal power generation. In view of that, we are conducting research and studies into these technologies, and working on the development of key technologies.

We are promoting the following initiatives to establish technology for co-firing of 1% hydrogen and 20% ammonia by FY2030.

- Study of facilities for receiving, storage, and discharge based on fuel properties
- Conducting tests for safe and stable combustion
- Study of environmental measures for fuel changes

Specifically in FY2023, ammonia co-firing tests were conducted at Reihoku Power Plant Unit 1 in April 2023 and at Matsuura Power Plant Unit 2 in November of the same year.

In the area of CCS, a consortium that includes our company was selected for the JOGMEC commissioned study project, Engineering Design Work for Advanced CCS Projects. We plan to review the specifications of the facilities in the future.



*: Thermal efficiency is calculated on a lower heating value basis ^(Note)
 Note: Calculated using conversion factors from Comprehensive Energy Statistics (2013, revised 2018)

Creation of hydrogen and ammonia supply chains

In preparation for the full-scale adoption of hydrogen and ammonia as CO₂-free fuels, we are building collaborative relationships and conducting joint studies together with companies across an array of fields both in Japan and overseas in the aim to develop a stable and economical supply chain, upstream to downstream, as soon as possible.

In Japan, our company, JERA Co., Inc., and Chugoku Electric Power Co., Inc. commenced discussions in April 2022, which were subsequently joined by Shikoku Electric Power Co., Inc., Tohoku Electric Power Co., Inc., Hokuriku Electric Power Company, Hokkaido Electric Power Co., Inc., and Okinawa Electric Power Co., Inc. Based on the discussions, these eight electric power companies have decided to study the possibility of collaborating on the following areas in order to build and expand the supply chain for using hydrogen and ammonia as fuel.

- Joint procurement aimed at reducing the cost of procuring hydrogen and ammonia for use in domestic power plants
- Establishing transportation and storage methods for hydrogen and ammonia
- Supporting policies and promoting the establishment of rules related to hydrogen and ammonia
- Exchanging opinions on the domestic adoption of hydrogen and ammonia, and studying collaborative projects

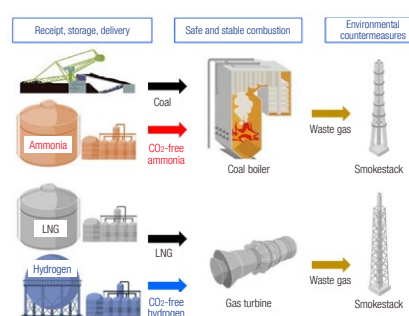
By promoting collaborative studies among major electric power companies in Japan that have potential large-scale demand for hydrogen and ammonia, we aim to contribute to the early establishment of a stable and economical supply chain for next-generation fuels toward the realization of a decarbonized society.

Replacing with highly efficient thermal power generation facilities

From the perspective of responding to global warming and making effective use of energy, we are promoting improvements in the efficiency of thermal power generation, as well as steadily implementing measures to address the aging of facilities with a view to establishing and maintaining stable facilities over the long term.

In February 2024, we moved forward with procedures for environmental impact assessment, including submitting an environmental impact assessment scoping document and the accompanying summary document to the Minister of Economy, Trade and Industry, in order to replace the aging power generation facilities of Shin-Kokura Power Plant Units 3 and 5 with highly efficient LNG combined cycle power generation equipment that generates lower CO₂ emissions. We aim to commence operations in 2030. Going forward, we will continue to shift to highly efficient power generation facilities in order to reduce CO₂ emissions.

Hydrogen and ammonia co-firing processes



TOPICS

Completion of LNG bunkering vessel, KEYS Azalea by Kyushu EP's joint venture, KEYS*

In March 2024, KEYS, a joint venture established by Kyushu EP, NYK Line, Itochu Enex Co., Ltd., and Saibu Gas Co., Ltd., completed construction of KEYS Azalea, the first LNG bunkering vessel to enter operation in the Kyushu and Setouchi regions. This is the first LNG bunkering vessel in Japan to be equipped with a dual-fuel engine that enables the use of both LNG and fuel oil to drive its main power generation equipment. It uses LNG as its main fuel source, and offers excellent environmental performance that is capable of reducing SO_x, NO_x, and CO₂ emissions during operation.

*: KEYS Bunkering West Japan Ltd. Established jointly by Kyushu EP, NYK Line, Itochu Enex Co., Ltd., and Saibu Gas Co., Ltd.



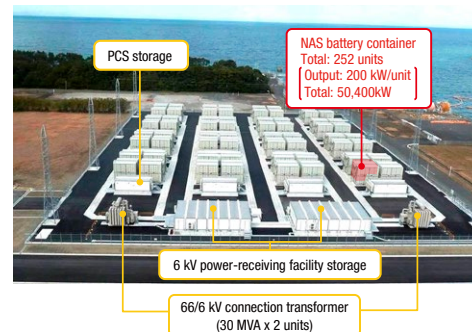
Improve the power distribution network

In order to fully tap Kyushu's renewable energy potential while at the same time balance the large-scale adoption of renewable energy with maintaining electricity quality, we are working to expand interconnections for renewable energy sources and improve our network utilization rate.

Maximizing the introduction of renewable energy

The adoption of renewable energy power generation facilities, and solar power in particular, is advancing at a rapid pace in Kyushu. Against this backdrop, Kyushu T&D is working to maintain stable supply and maximize the amount of renewable energy it receives on its network by operating flexible thermal power, utilizing pumped-storage power plants and large-capacity battery storage, and the optimization of available grid capacity. As one such initiative, Kyushu T&D was commissioned for a government pilot project to install the Buzen Storage and Transformer Substation, which includes a large-capacity energy storage system. We are working to improve the balance between supply and demand by leveraging the knowledge and technology acquired through this pilot project to operate this large-capacity energy storage system efficiently in accordance with fluctuating solar and wind power generation.

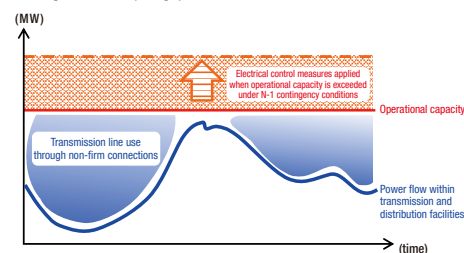
Panoramic view of the Buzen Battery Storage and Transformer Station, equipped with a large capacity energy storage system



Japanese Connect and Manage scheme

Kyushu T&D has introduced the Connect and Manage scheme to make the most of the capacity of existing transmission and substation facilities, thereby enabling us to maximize the introduction of renewable energy. Specifically, we have implemented the N-1 Inter-Trip scheme, which ensures a stable power supply by securing capacity even in the event of a single line fault (N-1 contingency). This system instantaneously limits generation during such failures, allowing for the connection of power sources beyond the traditional operational capacity. Additionally, we are utilizing a “non-firm access connection” approach in both core and local grids, where we maximize power generation during periods when transmission and substation capacity is available and curtail it during periods of limited capacity.

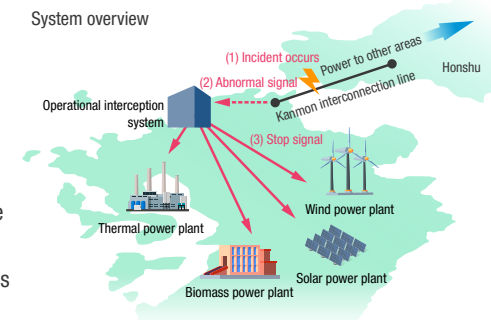
Utilization of available capacity through the Connect and Manage scheme (image)



Technology development project to reduce renewable energy output control

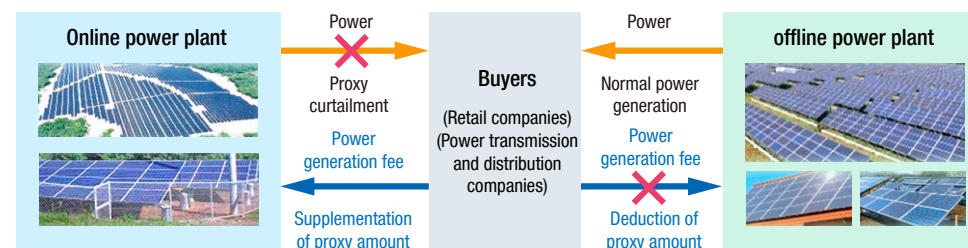
Kyushu T&D has been commissioned by the Japanese government for a national project to develop technologies that can reduce output control of renewable energy. We are currently constructing a transfer shutdown system that will instantly shut down multiple power plants in the event of an accident on the Kanmon interconnection line to maintain the balance of supply and demand in the Kyushu area.

We have confirmed that this transfer shutdown system can expand the amount of renewable energy that can be transmitted from the Kyushu Area Kanmon interconnection line to other areas by up to about 300 MW and is effective in reducing the amount of renewable energy output control. We will continue to leverage the insights and technologies gained from this demonstration project to maximize the integration of renewable energy.



Introduction of online proxy curtailment (economically efficient output curtailment)

In December 2022, Kyushu T&D revised its output control method for solar power plants in mainland Kyushu to the online proxy curtailment method. This new method uses online power plants that can make fine adjustments to actual output, thereby enabling further output reduction.



Improving the accuracy of renewable energy output forecasts

Kyushu T&D is working to enhance the accuracy of its renewable energy output forecasts in order to maximize the use of renewables.

Solar radiation estimates are needed for such forecasts, and we are working to improve our precision by subdividing our forecasting sites across Kyushu for more detailed estimates and using integrated forecasts that incorporate multiple weather prediction models.

Promoting green and transition finance

Kyushu EP has been promoting green and transition finance by helping a wide range of stakeholders better understand the Kyuden Group initiative to achieve carbon neutrality by 2050 through our efforts in “carbon reduction/decarbonization of power sources”, through our “promotion of electrification” approach and through our diversification of sources of finance.

In FY2023, we issued our second Green Bonds.

In FY2024, we issued a transition bond, the first bond in Japan to limit the use of funds to invest in nuclear power generation.

We will also promote efforts to achieve carbon neutrality from a financial perspective.

Kyushu EP Green Bond

No.	Date of issue	Amount of issue	Period	Interest rate	Use of funds
Second	July 21, 2023	¥10 billion	10 years	0.860%	New investments and refinancing of existing investment in Kitakyushu Offshore Wind Farm, Sugiyasu Hydro Power Plant and Jikumanu Hydro Power Plant

Kyushu EP Transition Bonds

No.	Date of issue	Amount of issue	Period	Interest rate	Use of funds
Third	June 3, 2024	¥10 billion	5 years	0.858%	Refinancing investment in safety measures for existing nuclear power plants
Fourth		¥20 billion	10 years	1.425%	

Note: Details of our track record in green and transition finance are available in the Financial Data Book (https://www.kyuden.co.jp/english_ir/library_factbook.html) and our corporate website (SDG Finance available only in Japanese) (https://www.kyuden.co.jp/ir_sdgs.html).

VOICE

Communicating our carbon negativity efforts through finance

We believe that SDG finance is not only a means for the company to raise the funds it requires, but also presents a valuable opportunity for us to gain the understanding of investors and financial institutions toward our carbon neutrality efforts through finance. As the person-in-charge in this area, I have been working hard to deepen my own understanding of technical matters related to the electricity business and our company's latest initiatives, as well as to engage in careful dialogue and communicate information. When investors rate our initiatives positively and invest in us, I feel rewarded and motivated as an employee.



Chifumi Muraki
Finance Group
Operation Division
Kyushu Electric Power

Active development of the overseas business – helping build sustainable societies –

The Kyuden Group utilizes the technologies, know-how, and networks in the electric power industry that the Group has accumulated in Japan and overseas for its renewable energy business to meet the needs of each country and region, thermal power generation business that will help lower the carbon intensity of electricity, and transmission and distribution business. Refer to [P12](#) for overseas development areas.

[Overseas equity output target: 5,000 MW by 2030]

IPP investment projects

We are expanding into the United States of America, the Middle East, and Europe while focusing on Asia, a market with high growth potential. Going forward, we will continue to work on identifying business opportunities in these regions. In FY2023, we rolled out new initiatives such as our first investment in a renewable energy business (solar power) in the U.S. and in a waste treatment and power generation company in the UK, as well as the acquisition of priority negotiating rights for an undersea power transmission business of an offshore wind farm in the UK.

Overseas consulting business

In cooperation with our own Group companies and other highly specialized partners, we conduct surveys on the introduction of renewables and support the formulation of electricity master plans.

In FY2023, we worked with Kenya to introduce IoT technology to strengthen O&M capabilities at a geothermal power plant, leverage the technology to improve power plant maintenance and management capabilities, and strengthen the technological capabilities of the country's power transmission system. In Cuba, we prepared a power master plan aimed at ensuring a stable supply of electricity and introducing renewables through the introduction of storage batteries and EMS.

Entering new business domains

We will develop the transmission and distribution projects mainly in Europe and the Middle East, gas-fired thermal power projects mainly in Asia with PPA. In the field of renewable energy, from the perspective of achieving carbon neutrality and contributing to profits at an early stage, we will develop PPA projects in Asia, the Americas, and Europe with a focus on solar and wind power. In addition to conventional business domains, we will also pour effort into new business domains such as innovation (including distributed power sources, storage batteries, and CCS) and clean fuels.

TOPICS

Kyuden Group's first participation in a solar power generation project in the U.S.

Kyuden International has signed a contract with Enfinity Global Inc., a US-based leading renewable energy developer, to purchase a 40% interest (160 MW equity output) in the solar power generation portfolio (comprising 28 sites with total output of 400 MW) operated by Enfinity Global Inc. in the states of California, Idaho and North Carolina. This is a solar power generation project consisting of multiple assets that began operation between 2013 and 2019, and it has been supplying electricity to each region through long-term power purchase agreements with electric utility companies in each state.



A solar power plant operated by Enfinity Global Inc.*
*: A renewable energy developer

Promotion of Electrification

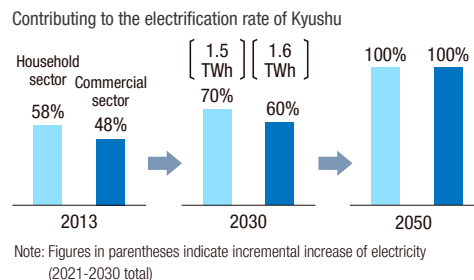
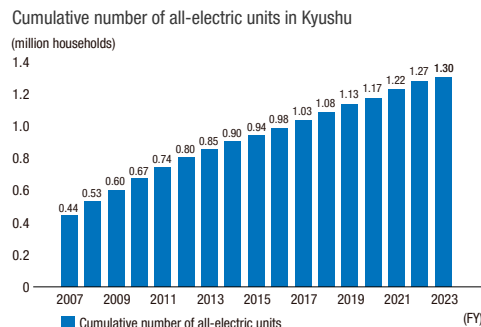
By combining environmentally friendly energy with the resources of Kyuden Group, we will focus on maximizing electrification in Kyushu, capitalizing on its substantial potential for electrification to reduce greenhouse gas (GHG) emissions across society.

Household and commercial sectors

In the household sector, we promote all-electric homes with events and by increasing mass-targeted advertising to communicate their benefits while rolling out sales activities that seize various opportunities.

For air conditioning and hot water supply systems in the commercial sector, we advance the adoption of electrical equipment by proposing the most suitable high-efficiency heat pump systems based on customer equipment usage, and by highlighting the benefits of electric kitchens, such as ease of use, hygiene, and cost-effectiveness for kitchen equipment.

Through these efforts, we will strive to achieve 100% electrification in Kyushu by 2050, with a 70% electrification rate in the household sector and 60% in the commercial sector by 2030. Furthermore, to realize this goal, we intend to increase total incremental electricity consumption by 1.5 billion kWh in the household sector and 1.6 billion kWh in the commercial sector between 2021 and 2030.



Incremental Increase Performance	Sector	FY2023	Cumulative (from FY2021)
	Household	0.09 TWh	0.33 TWh
	Commercial	0.18 TWh	0.40 TWh

Offering Kyuden Smart Lease, a service for leasing and selling electric water heaters, storage batteries

To contribute to realizing a safe, secure, comfortable, economical, and environmentally friendly lifestyle for our customers, we offer Kyuden Smart Lease, a service that provides long-term use of electric hot water heaters, IH cooking heaters, storage batteries, and more. Customers enjoy peace of mind through (i) zero initial costs, (ii) zero repair and maintenance costs during the contract period, and (iii) high-quality installation.

Kyuden Smart Lease



Industrial and transportation sectors

In the industrial sector, we conduct technical research on heat source conversion equipment like heat pumps, and advance the electrification of heat demands (e.g., hot water, steam, and heating) in production processes. We also conduct on-site surveys and studies with customers, proposing energy-saving measures to improve energy usage efficiency.

In the transportation sector, we plan to convert 100% of company cars to EVs by 2030. We also offer a range of businesses and services to promote the adoption of EVs, including the EV-sharing service, the expansion of charging infrastructures, and energy management utilizing EVs. (Percentage of EV company cars: 25% [550 EVs / 2,185 eligible vehicles])

Expanding EV charging services

In January 2023, we launched PriEV in the Tokyo metropolitan area and Fukuoka City. This service offers condominium residents a convenient EV charging environment by installing personal charging stations in each parking space.

(The service area will be expanded to include all prefectures in Kyushu and the Kansai region from 2024 onward.)

In June 2023, we established a business partnership with Yanase & Co., Ltd., working together to introduce EVs to households that have already adopted or are planning to adopt PriEV.



VOICE

Expanding the EV charging service contributes to achieving carbon neutrality

From 2024, the service area for PriEV is being expanded from Fukuoka City to the whole of Kyushu as well as to the Kansai area. We have established strong relationships with condominium developers and management companies in Fukuoka, but we have noticed that these relationships are less developed in areas outside of Fukuoka. To address this issue, one of our local branch sales representatives connected us with local companies, and we became able to share information about the service with companies in broader areas. The number of properties that have adopted PriEV is increasing steadily, and we are satisfied that the business's expansion is contributing to carbon neutrality.



Ayaka Takashima
Incubation Lab
Corporate Strategy Division
Kyushu Electric Power

Promoting carbon neutrality in the region

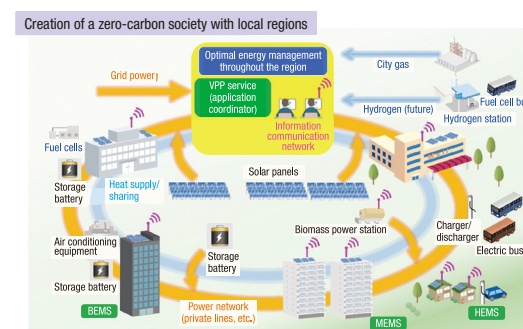
We will work on solving regional and social challenges, and co-create a zero-carbon society by providing Kyuden Group's solutions, which meet the needs of local governments and organizations, for collaboration in advancing regional carbon neutrality and enhancing resilience.

Creating a regional energy system

The regional energy system can significantly transform the electricity industry's business model, and we recognize it as a business domain that can leverage the strengths of the Kyuden Group. Viewing this as an opportunity, we are exploring demonstration sites and planning proof-of-concept tests to gain the technical expertise and develop the business model necessary for establishing the system.

As part of this initiative, Kyushu EP launched the Kyuden Electric Bus Service in 2024 to comprehensively support the electrification of buses operated by local governments and private companies. We currently offer solution services such as electric buses, charging facilities, system introduction consulting, and energy management for hotel pick-up and drop-off in China Town, Kagoshima Prefecture.

Regional energy system



Creating and utilizing J-credits through the use of woodland resources

We are advancing a support project to generate J-Credits* from woodlands owned by local governments and are also creating the credits from company forests owned by Kyushu EP.

The J-credits generated are earmarked to be used to offset carbon emissions through the Kyuden Group's local community coexistence activities and the production activities of local companies.

*: A system in which the Japanese government certifies the amount of CO₂ absorbed by woodlands and the amount of CO₂ reduced through the introduction of energy-saving efforts and the use of renewable energy as credits and allows for the trading of credits.

Hisayama Town, Fukuoka Prefecture	
Creation period (scheduled)	8 years (FY2021–2028)
Expected amount (total)	Approx. 1,500 t-CO ₂
Amount already created	200 t-CO ₂

12 entities in Kumamoto Prefecture (8 local governments, 4 private entities) (outsourced to a company in Kumamoto Prefecture)	
Creation period (scheduled)	8 years (FY2022/2023/2024 onwards)
Expected amount (total)	Approx. 130,000 t-CO ₂

Kitakyushu City, Fukuoka Prefecture Kanzaki City, Saga Prefecture Kusu Town, Oita Prefecture	
Preparing for project registration	

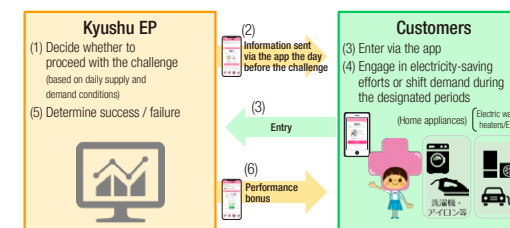
Kyuden-owned forests (Yufu City, Oita Prefecture, and elsewhere)	
Creation period (scheduled)	16 years (FY2021–2036)
Expected amount (total)	Approx. 240,000 t-CO ₂
Amount already created	10,000 t-CO ₂

Promoting Energy Conservation

The Kyuden Group offers a wide range of services to enhance the quality of life for its customers, supporting the reduction of greenhouse gas (GHG) emissions both within the company and across society as a whole.

Demand response (DR)* service for households

Kyushu EP is developing a DR service through the smartphone app Kyuden eco/Kirei Life Plus. This initiative aims to help customers conserve energy and reduce their electricity bills while creating a system that promotes the effective use of renewable energy by optimizing supply and demand using DR.



*: An initiative to balance electricity supply and demand by having customers who subscribe to one of Kyushu EP's residential electricity plans (with a smart meter installed) conserve electricity or create demand in response to offers from Kyushu EP

Member site Kyuden Web Statement Service

Kyushu EP offers the Kyuden Web-Based Statement Service, which allows low-voltage residential customers to check the status of their electricity and gas usage online.

Customers can easily view their monthly electricity bill and usage on their smartphones or computers. Once the details of their monthly bill are finalized, we will send notifications to up to five recipients by email or other means. Additionally, for customers on a residential electricity plan with a smart meter installed, we provide a predicted electricity rate function that estimates the upcoming bill based on recent usage. We also offer a feature that displays monthly, daily, and hourly usage results, allowing customers to review their electricity consumption up to the day before they log in.

Energy Policy Recommendations and Involvement

Endorsement of the GX league basic concept

Through its participation in the GX League, Kyushu EP will exemplify the League's commitment to leadership in achieving carbon neutrality. By collaborating with participating companies and our stakeholders, we will strive to establish market rules for reducing GHG emissions in Japan and create new business opportunities to the best of our ability.



Reduction of Environmental Impact

The Kyuden Group recognizes its responsibility to earnestly address environmental conservation as a corporate group that generates environmental load in the course of its business activities.

To this end, we are promoting environmental management that balances business activities with environmental protection across all operations. We are dedicated to conserving biodiversity and the formation of a recycling-oriented society to contribute to building a more sustainable way of living.

Activities to establish a sustainable society through maintaining and managing company-owned Forests

Together with our group company Kyushu Rinsan, Kyushu EP is engaged in the maintenance and management of 4,447 hectares of company-owned forests.

In 2005, we became the first power company to achieve Forest Stewardship Council (FSC®) certification (FSC-CO18956), which recognizes environmentally responsible woodland management, enhancing our reputation in the industry. The forests we manage and maintain absorbed and fixed nearly 101,000 tons of CO₂ during fiscal year 2023, with approximately 10,000 tons being certified as J-Credits. We continue to uphold and enhance the beneficial functions of forests through various approaches, including watersheds, where forests help preserve water and stabilize river levels, and CO₂ absorption, by maintaining and improving our forests.



A company-owned forest (by Lake Yamashita in Yufu City, Oita Prefecture)

Contribution to the 30by30 target through certified OECM sites

To play our part in achieving the global 30by30 biodiversity target*1, we are part of the 30by30 Alliance for Biodiversity established by Japan's Ministry of the Environment.

In fiscal year 2023, the ministry certified part of our company-owned forests, which marked their 100th anniversary of cultivation in 1919, as a FY2023 H1 OECM Site*2.



*1: A key global biodiversity target in the Kunming-Montreal Global Biodiversity Framework, established at the 15th meeting of the Conference of the Parties (COP) in December 2022. The framework aims for countries worldwide to conserve 30% of terrestrial and marine areas by 2030.

*2: An initiative led by the Japanese government (the Minister of the Environment), which certifies areas where biodiversity is maintained through efforts by the private sector and other contributors

Adopting new technologies to achieve carbon negativity

In addition to maintaining and managing our forests, we are working to reduce environmental impact through negative emission technologies (NETs*1), such as afforestation and direct air carbon capture and storage (DACCS*2). By producing carbon credits, we aim to collaborate with communities and customers to develop a sustainable, zero-carbon society. For example, we are conducting surveys to identify suitable locations for CO₂ mineralization and storage in Japan and preliminary assessments for DACCS projects abroad.

*1: Technology that contributes to CO₂ removal by capturing and absorbing CO₂ from the air, then storing and fixing it

*2: The combination of technology that directly captures CO₂ in the air (DAC) and technology that stores CO₂ (CCS)

Engaging in environmental activities with local communities

Kyuden Mirai Foundation, founded by Kyushu EP, is dedicated to preserving the rich natural environment and ensuring a future where children can thrive.

The organization conducts activities to protect the ecosystem and landscape, such as open burning around the Kuju Bogatsuru wetlands (Taketa City, Oita Prefecture), a Ramsar Convention site. Furthermore, it offers hands-on environmental education to raise children's awareness of environmental conservation, as well as digital environmental education using VR technology in the Kuju Kyuden Forest (Yufu City, Oita Prefecture), owned by Kyushu EP.

In addition, to expand environmental education for the next generation across Kyushu, the foundation is advancing the Kyuden Future Mirai Project, a forest creation initiative that will serve as a hub for nature education and community engagement. This bore fruit in the launch of education programs in the Isahaya Kyuden Mirai Forest (Isahaya City, Nagasaki Prefecture) in 2022 and the Kirishima Kyuden Mirai Forest (Kirishima City, Kagoshima Prefecture) in 2023.



Controlled burning of the Kuju Bogatsuru Marshlands



Tree-planting experience (Isahaya City)



Thinning experience (Kirishima City)

Circular Park Kyushu

In April 2024, we started a business to recycle waste from businesses and the local area at our resource circulation hub, Circular Park Kyushu, which is located on the site of the former Sendai Power Plant in Kagoshima Prefecture. At Circular Park Kyushu, we promote recycling the waste generated by Kyuden Group companies and the local community. We plan to leverage the resource recycling technologies and expertise of businesses and universities and conduct demonstration experiments in collaboration with Satsumasendai City in an attempt at social implementation to address challenges related to resource recycling. Through these initiatives, we will expand our resource circulation program across Japan and contribute to building a more sustainable society by promoting decarbonization and a circular economy.



TCFD Recommendations and Information Disclosure Based on the TNFD Recommendations

The Kyuden Group has positioned its response to climate change as a key management issue (Materiality), and from 2020, we have continually been carrying out scenario analysis and information disclosure based on the TCFD recommendations. The Kyuden Group has set ambitious GHG reduction targets that exceed Japan's NDC. In March 2023, the Group became the first energy provider in Japan to obtain SBT Initiative certification for its targets. In addition, we are working on our efforts for the "Reduction of environmental impact," including Biodiversity conservation and Resource circulation. Since last year, we have been conducting analyses based on TNFD recommendations on a trial basis. This year, we will disclose information based on TNFD v1.0, which also covers renewable energy. Going forward, we will realize our goal of "leading the way toward a decarbonized society" and fulfill our responsibility to provide our stakeholders with information by formulating strategies using these recommendations and enhancing our information accordingly.

Climate change and natural capital governance

- Response system for environmental issues, including climate change and natural capital (Assessing risks and opportunities, management process) **P42**
- Main climate change and natural capital-related agenda items discussed by the Board of Directors, Sustainability Promotion Committee, etc. **P42**
- Linking climate change response to executive compensation: Kyushu EP offers its directors (excluding directors who are Audit & Supervisory Committee members and external directors) and other executives performance-based compensation, and has adopted GHG reductions aimed at carbon neutrality as one of its performance indicators (refer to **P87** for details on executive compensation).



Kyushu EP expressed its support for the TCFD* recommendations in July 2019.

*: Task Force on Climate-related Financial Disclosures (TCFD) is a task force established by the Financial Stability Board (FSB) in response to a request from the G20 Finance Ministers and Central Bank Governors Meeting. In June 2017, we published recommendations for promoting information disclosure on financial impacts brought about by climate-related risks and opportunities.



Taskforce on Nature-related Financial Disclosures

In January 2024, we announced our participation in the TNFD* Forum and our commitment to disclose our report swiftly as a TNFD Early Adopter.

*: TNFD: Taskforce on Nature-related Financial Disclosures. An international initiative to build a framework for appropriately assessing and disclosing risks and opportunities related to natural capital and biodiversity.

Disclosure Based on the TCFD Information Disclosure Framework

Climate change strategies (risks, opportunities, and measures) — Climate change countermeasures based on scenario analysis —



We have analyzed scenarios based on the Intergovernmental Panel on Climate Change (IPCC)'s 6th Assessment Report, an IEA report, and Japan's 6th Strategic Energy Plan among others to assess the impact of climate change on the Kyuden Group. The results of this analysis have been properly reflected in our Action Plan to Achieve Carbon Neutrality, the Kyuden Group's low carbon transition plan, and we have formulated our Medium-term ESG Plan to steadily implement it. The Sustainability Promotion Committee and the Carbon Neutrality and Environment Subcommittee are to review and discuss our progress on the Action Plan and revise it as appropriate based on social trends and movements in terms of technical innovation.

Furthermore, in addition to conducting scenario analyses on the risks, opportunities, and financial impacts related to our electricity business (Domestic, Overseas, and Renewable Energy businesses), we have also been doing the same for the ICT Service businesses and Urban Development businesses, which are two of our growth businesses.

Scenario 1.5°C case

- Across the globe, carbon pricing schemes and other regulations have been strengthened and efforts to address climate change have been underway. As a result, we are steadily reducing GHG emissions.
- With the rise in temperature kept under control, there are no significant increases in abnormal weather or events, including changes in the flow rate of water in Kyushu, the Kyuden Group's main area of business.
- In Japan, the adoption of zero-emission power sources has progressed, maximizing the use of renewable energy and nuclear power generation.
- Customers are highly environmentally conscious, and with progress made toward ambitious energy conservation measures, electrification has made headway in all sectors, including the widespread use of EVs.

Scenario 4.0°C case

- There is a wide gap between the efforts different countries and regions have taken to address climate change, and GHG emission reductions have not progressed when viewed on a global basis.
- Temperatures have risen across the world, causing abnormal weather, including changes in the flow rate of water to increase in Kyushu, the Kyuden Group's main area of business. The impacts of this have grown apparent, with some resource development sites overseas becoming inoperable.
- In Japan, the adoption of zero-emission power sources has progressed, maximizing the use of renewable energy and nuclear power generation. Moreover, the growing need for decarbonized power sources is advancing the debate on new types of nuclear reactors.
- Customers are highly environmentally conscious, and with progress made toward ambitious energy conservation measures, electrification has made headway in all sectors, including the widespread use of EVs.
- As total global GHG emission reductions have been insufficient, stricter carbon pricing schemes and other regulations are about to be imposed on power producers in developed countries.

Scenario analysis (1.5°C case)

Scenario Drivers				Risk or Opportunity	Timeframe	Likelihood	Financial Impact (P&L basis)	Response Strategy
Major Theme	Topic	Driver						
Electricity businesses (including Renewable Energy and Overseas)	Policy and Regulation	Costs and investments accompanying tighter GHG emission regulations	Carbon pricing (taxes, emission rights, etc.)	Transition risk (policy and regulation)	Medium to long-term	Medium	Costs would increase by ¥10 billion to ¥15 billion if GHG emissions are not reduced *Assuming a carbon price of ¥2,000-¥3,000/t-CO ₂	<ul style="list-style-type: none">• Reduce GHG emissions• Energy policy recommendations and involvement
			Phase-out of inefficient coal-fired power and improvements to thermal efficiency		Short, medium, long-term	High	Several tens of billions of yen (amount of increased fuel costs when Kyuden's LNG thermal power is co-fired with 1% hydrogen and coal-fired thermal power is co-fired with 20% ammonia)	<ul style="list-style-type: none">• Establish co-firing technologies at our existing thermal power plants• Develop ammonia and hydrogen supply chains• Produce carbon-free fuel using renewable energy and nuclear power generation• Switch from coal-fired to LNG combined cycle thermal power generation
	Technology	Making renewable energy a primary source of power	Expanded earnings by promoting the development of renewable energy (including overseas)	Opportunity (source of energy)	Short, medium, long-term	High	¥13 billion in ordinary income from the renewable energy business (FY2025)	<ul style="list-style-type: none">• Develop geothermal and hydroelectric power plants which our where our strengths lie• Develop offshore wind power and biomass plants that have great potential for adoption• Utilize storage and pumped storage
			Decreased grid stability	Transition risk (technology)	Medium to long-term	Low	Small to medium	<ul style="list-style-type: none">• Upgrade supply and demand operation and grid stabilization technologies by digital technology
		Maximizing the use of nuclear power	Improving nuclear power plants utilization rate	Opportunity (source of energy)	Medium to long-term	Medium	A 1% increase in the utilization rate would reduce fuel costs by about ¥3 billion	<ul style="list-style-type: none">• Shorten inspection periods, operate on long-term cycles, improve electricity output
			Unplanned outages of nuclear power plants	Transition risk (policy and regulation, technology)	Short, medium, long-term	Low	Approx. ¥8 billion per reactor for a one-month outage	<ul style="list-style-type: none">• Allocate appropriate budgets for repairs and improvement costs in line with the state of facilities
	Market	Electric power demand	Increased electricity sales as a result of progress in electrification	Opportunity (products and services)	Short, medium, long-term	High	Sales will increase by approx. ¥60 billion if electrification target is reached (increase in sales if 2030 target KPI is achieved)	<ul style="list-style-type: none">• Contribute to the electrification of Kyushu<ul style="list-style-type: none">— Household: Strengthen liaisons with housing-related businesses— Commercial: Suggest highly efficient heat pump systems, etc.
			Decreased electricity sales due to the spread of distributed energy systems, increased competition, etc.	Transition risk (market)	Medium to long-term	High	A 1% decrease in retail electricity sales would reduce sales by approx. ¥14 billion	<ul style="list-style-type: none">• Establish distributed energy resource (DER) control technologies and develop an aggregation business using battery storage
		Fuel prices	Higher fuel prices		Short, medium, long-term	High	Certain financial impact, but mitigated by a stable nuclear power supply	<ul style="list-style-type: none">• Diversify supply sources• (coal) Curb price hikes through contractual fixed price options, etc.• (LNG) Consider diversifying pricing methods by using new indicators with higher price stability
	Reputation	Credibility	Higher financing costs due to investors deeming our efforts toward carbon neutrality as insufficient	Transition risk (reputation)	Medium to long-term	Medium	Approx. ¥0.4 billion (the impact of a 0.1% change in the interest rate on approx. ¥420 billion in actual funding from FY2023)	<ul style="list-style-type: none">• Steadily implement the Action Plan• Promote proper information disclosure, including on the progress toward our KPIs
	Products and Services	Changing customer needs	Sales of non-fossil value	Opportunity (products and services)	Short, medium, long-term	High	Approx. ¥20 billion to ¥40 billion (potential sales if all non-fossil value was sold)	<ul style="list-style-type: none">• Maximize the use of zero-emission power sources• Expand renewable energy and CO₂-free rate plans
			Increased carbon neutrality needs in the region	Opportunity (products and services)	Medium to long-term	High	Approx. several hundred million yen (increased sales from distributed energy systems, EV services, etc.)	<ul style="list-style-type: none">• Establish distributed energy resource (DER) control technologies and develop an aggregation business using battery storage• Consider new business models using EVs
ICT Service / Urban Development businesses	Policy and Regulation	Costs and investments accompanying tighter GHG emission regulations	Carbon pricing (taxes, emission rights, etc.)	Transition risk (policy and regulation)	Medium to long-term	Medium	Small	<ul style="list-style-type: none">• Maintain and improve profitability by differentiating ourselves and adding higher value by improving energy saving performance, creating self-sufficient zero energy buildings (ZEBs) and houses (ZEHs), introducing renewable energy-based electricity, and promoting the use of digital transformation. Also, reduce the impact of carbon pricing
			Increased costs following a tightening of the Energy Conservation Act	Transition risk (policy and regulation)	Medium to long-term	High	Small	
	Products and Services	Changing customer needs	Increased need to promote electrification and for energy management in response to growing demand for decarbonization and energy conservation	Opportunity (products and services)	Short, medium, long-term	High	Medium	
			Increased demand for products/services tied to ensuring resiliency		Medium to long-term	Medium	Small	
	Physical	Facility damage	Losses incurred due to typhoons, floods, torrential rain, and other natural disasters (increased costs to restore damaged facilities and reduced earnings due to suspended operations)	Physical risk (acute)	Short, medium, long-term	Low	Small	<ul style="list-style-type: none">• Minimize impacts by constructing disaster-resistant facilities, selecting development sites and implementing disaster prevention measures based on hazard maps, and hedging risk with insurance coverage• Build a decentralized and disaster-resilient telecommunication network• Prepare disaster response manuals, etc.
			Operational costs	Increased electricity costs for air conditioning due to higher average temperatures	Physical risk (chronic)	Medium to long-term	High	Small

[Timeframe] Short-term: Now through FY2025; Mid-term: FY2026-FY2030; Long-term: FY2031-FY2050

[Financial Impact] Small: Less than ¥1 billion; Medium: ¥1 to 10 billion; Large: ¥10 billion or more *FY2023 figures used to determine financial impact unless otherwise stated

[Presumptions] 1.5°C case: Intergovernmental Panel of Climate Change (IPCC)'s 6th Assessment Report (SSP1-1.9 scenario), IEA WEO 2022 (Net Zero Emissions by 2050 (NZE) scenario), Japan's 6th Strategic Energy Plan, etc.

4.0°C case: Intergovernmental Panel of Climate Change (IPCC)'s 6th Assessment Report (SSP5-8.5 scenario), etc.

Scenario analysis (4.0°C case)

Scenario Drivers				Risk or Opportunity	Timeframe	Likelihood	Financial Impact (P&L basis)	Response Strategy
Major Theme	Topic	Driver						
Electricity businesses (including Renewable Energy and Overseas)	Policy and Regulation	Costs and investments accompanying tighter GHG emission regulations	Carbon pricing (taxes, emission rights, etc.)	Transition risk (policy and regulation)	Medium to long-term	Medium	Costs would increase by ¥20 billion to ¥30 billion if GHG emissions were not reduced (assuming a carbon price of ¥4,000–¥6,000/t-CO ₂)	<ul style="list-style-type: none">• Reduce GHG emissions• Energy policy recommendations and involvement
			Phase-out of inefficient coal-fired power and improvements to thermal efficiency		Short, medium, long-term	High	Greater than the 1.5°C case	<ul style="list-style-type: none">• Establish co-firing technologies at our existing thermal power plants• Develop ammonia and hydrogen supply chains• Produce carbon-free fuel using renewable energy and nuclear power• Switch from coal-fired to LNG combined cycle thermal power
	Technology	Maximizing the use of nuclear power	Unplanned outages of nuclear power plants	Transition risk (policy and regulation, technology)	Short, medium, long-term	Low	Approx. ¥8 billion per reactor for a one-month outage	<ul style="list-style-type: none">• Allocate appropriate budgets for repairs and improvement costs in line with the state of facilities
	Market	Electric power demand	Increased electricity sales as a result of progress in electrification	Opportunity (products and services)	Short, medium, long-term	High	Not as prominent as the 1.5°C case	<ul style="list-style-type: none">• Contribute to the electrification of Kyushu<ul style="list-style-type: none">— Household: Strengthen liaisons with housing-related businesses— Commercial: Suggest highly efficient heat pump systems, etc.
			Decreased electricity sales due to the spread of distributed energy systems, increased competition, etc.	Transition risk (market)	Medium to long-term	High	A 1% decrease in retail electricity sales would reduce sales by approx. ¥14 billion	<ul style="list-style-type: none">• Establish distributed energy resource (DER) control technologies and develop an aggregation business using battery storage
	Reputation	Credibility	Higher financing costs due to investors deeming our efforts toward carbon neutrality as insufficient	Transition risk (reputation)	Medium to long-term	Medium	Approx. ¥0.4 billion (the impact of a 0.1% change in the interest rate on approx. ¥420 billion in actual funding from FY2023)	<ul style="list-style-type: none">• Steadily implement the Action Plan• Promote proper information disclosure, including on the progress toward our KPIs
	Products and Services	Changing customer needs	Increased carbon neutrality needs	Opportunity (products and services)	Medium to long-term	Low	Not as prominent as the 1.5°C case	<ul style="list-style-type: none">• Maximize the use of zero-emission power sources
	Physical	Fuel	Reduced hydroelectric power generation	Physical risk (chronic)	Medium to long-term	Low	Approx. several hundred million yen/% (sensitivity of income and expenditures to a 1% change in flow rate)	<ul style="list-style-type: none">• Update our existing power plants and promote new development using FIT and FIP systems
			Inability to operate resource development sites	Physical risk (acute)	Medium to long-term	Low	Fuel costs would increase by about ¥25 billion due to higher fuel prices (sensitivity to price increases of \$10/t for coal and \$1/mmBtu for LNG)	<ul style="list-style-type: none">• Diversify supply sources• (coal) Curb price hikes through contractual fixed price options, etc.• (LNG) Consider diversifying pricing methods by using new indicators with higher price stability
		Facility	Facility damage		Medium to long-term	High	¥7.1 billion to recover from disasters (actual cost of Typhoon Nanmadol in 2022)	<ul style="list-style-type: none">• Promote underground utility lines instead of poles• Improve disaster response capabilities (through training, etc.)
ICT Service/Urban Development businesses	Policy and Regulation	Costs and investments accompanying tighter GHG emission regulations	Carbon pricing (taxes, emission rights, etc.)	Transition risk (policy and regulation)	Medium to long-term	Medium	Small	<ul style="list-style-type: none">• Maintain and improve profitability by differentiating ourselves and adding higher value by improving energy saving performance, creating self-sufficient zero energy buildings (ZEBs) and houses (ZEHs), introducing renewable energy-based electricity, and promoting the use of digital transformation. Also, reduce the impact of carbon pricing
			Increased costs following a tightening of the Energy Conservation Act	Transition risk (policy and regulation)	Medium to long-term	High	Not as prominent as the 1.5°C case	
		Changing customer needs	Increased need to promote electrification and for energy management in response to growing demand for decarbonization and energy conservation	Opportunity (products and services)	Short, medium, long-term	High	Not as prominent as the 1.5°C case	
			Increased demand for products/services tied to ensuring resiliency		Medium to long-term	Medium	Greater than the 1.5°C case	
	Products and Services	Facility damage	Losses incurred due to typhoons, floods, torrential rain, and other natural disasters (increased costs to restore damaged facilities and reduced earnings due to suspended operations)	Physical risk (acute)	Short, medium, long-term	Medium	Greater than the 1.5°C case	<ul style="list-style-type: none">• Minimize impacts by constructing disaster-resistant facilities, selecting development sites and implementing disaster prevention measures based on hazard maps, and hedging risk with insurance coverage• Build a decentralized and disaster-resilient telecommunication network• Prepare disaster response manuals, etc.
	Physical	Operational costs	Increased electricity costs for air conditioning due to higher average temperatures	Physical risk (chronic)	Medium to long-term	High	Greater than the 1.5°C case	<ul style="list-style-type: none">• Improve the energy efficiency of air conditioning at our data centers, etc.

[Timeframe] Short-term: Now through FY2025; Mid-term: FY2026-FY2030; Long-term: FY2031-FY2050

[Financial Impact] Small: Less than ¥1 billion; Medium: ¥1 to 10 billion; Large: ¥10 billion or more *FY2022 figures used to determine financial impact unless otherwise stated

[Presumptions] 1.5°C case: Intergovernmental Panel of Climate Change (IPCC)'s 6th Assessment Report (SSP1-1.9 scenario), IEA WEO 2022 (Net Zero Emissions by 2050 (NZE) scenario), Japan's 6th Strategic Energy Plan, etc.
4.0°C case: Intergovernmental Panel of Climate Change (IPCC)'s 6th Assessment Report (SSP5-8.5 scenario), etc.

For details on the Carbon Neutral Vision 2050 (including the Action Plan), please visit the following page:
https://www.kyuden.co.jp/english_index.html
 Home > For investors > Information on our Sustainability initiatives> **Carbon Neutral Vision 2050**

Indicators and targets — Setting climate-related targets and their progress —

As an industry leader in low-carbon and carbon-free efforts, we will take on the challenge of achieving net zero greenhouse gas (GHG) emissions in our supply chains by 2050 and make significant contributions to reducing emissions across society by helping improve Kyushu's rate of electrification. In doing so, we aim to achieve carbon negativity for all of the Kyuden Group's business activities as early as possible before 2050.

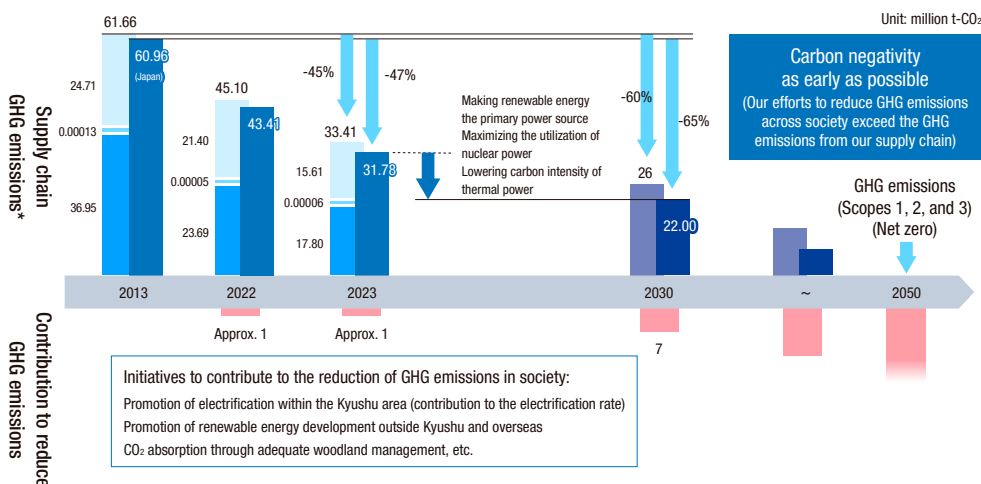
We have also set interim management targets (environmental targets) for 2030 on our way toward carbon neutrality by 2050. These have been set at a level that goes far beyond the targets for reducing GHG emissions announced by the Japanese government, and we have formulated a concrete action plan (refer to **P44** for details on progress) to achieve them. GHG emissions targets and results are calculated in accordance with the GHG Protocol.

	KGI (2050)	Indicator	Interim Targets and KPIs (2030)	FY2023 Performance
Supply	Net zero supply chain GHG emissions	Supply chain GHG emissions	60% reduction of supply chain GHG emissions (65% for domestic business) (compared to FY2013)	45% reduction (47% for domestic business)
		Positioning renewable energy as a primary power source	KPI Renewable energy developed: 5,000 MW (Japan and overseas)	3,110 MW (Japan and overseas, approved projects*)
		Lowering the carbon intensity of thermal power	KPI Achieve the benchmark index for the Energy Conservation Act (Indicator A: 1.0 or more/Indicator B: 44.3% or more/Coal-only indicator: 43.0% or more)	Indicator A: 0.97; Indicator B: 42.69%; Coal-only indicator: 41.63%
			Establish technology toward co-firing of 1% hydrogen / 20% ammonia	Investigated and examined hydrogen/ammonia co-firing technologies
Demand	Contribution to reduction of GHG emissions in society – Help achieve a 100% electrification rate for the household and commercial sectors in Kyushu	Promotion of electrification	Contribute to the electrification of Kyushu (Household: 70%; Commercial: 60%)	Household: 60%; Commercial: 48%*2
		Household sector	KPI Incremental electricity: 1,500 GWh (2021-2030 total)	Incremental electricity: 90 GWh (Cumulative total since FY2021: 330 GWh)
		Commercial sector	KPI Incremental electricity: 1,600 GWh (2021-2030 total)	Incremental electricity: 180 GWh (Cumulative total since FY2021: 400 GWh)
		Transportation sector	100% replacement of company vehicles with EVs (excluding special-purpose vehicles)	Percentage of company vehicles replaced with EVs: 25% (201 EVs deployed in FY2023)
Contribution to reduction of GHG emissions in society			Contribution to reduce GHG emissions: 7 million t-CO ₂	Approx. 1 million t-CO ₂

*1: Total of projects for which development is expected by 2030 at the present stage

*2: Our calculations are based on the "Energy Consumption Statistics by Prefecture (Provisional Figures)" reported by the Agency for Natural Resources and Energy

Trends in supply chain GHG emissions (management targets) (Refer to **P21** for details)



*: GHG emissions data have received an Independent Practitioner's Assurance from Deloitte Tohmatsu Sustainability Co., Ltd in our ESG Data Book 2024.

Internal carbon pricing

The Kyuden Group has set an internal carbon price based on trading conditions in the non-fossil value market and other factors to use in making investment decisions to promote our renewable energy business in an aim to achieve carbon neutrality by 2050.

Our internal carbon price has been set at around ¥1,400 to ¥3,000/t-CO₂ based on the trading price (¥0.6 to ¥1.3/kWh), etc. of non-fossil value on the market (market for achieving the target mandated by the Sophisticated Methods Act).

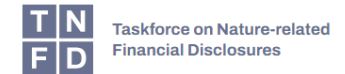
Total investments in low-carbon and decarbonized energy sources

Total investments for FY2021-FY2025:

Approx. **500** billion (of which renewable energy-related: approx. ¥250 billion)

In FY2023, we issued the "2nd Green Bonds," and on June 3, 2024, we issued the "3rd and 4th Kyushu EP Transition Bonds" to be used for refinancing investments in safety measures at existing nuclear power plants. (For details related to promoting green and transition financing, refer to **P51**)

Disclosure Based on the TNFD v1.0 Information Disclosure Framework



Introduction

As a TNFD Early Adopter (disclosed in FY2025), the Kyuden Group has prepared the Kyuden Group TNFD Report 2024, which is available on our website, referring to the TNFD v1.0 Information Disclosure Framework, and others.

In preparing this report, we first analyzed and evaluated the relationship between the Kyuden Group's business activities and the environment by conducting evaluations on natural capital-related impacts and dependence in our business (risk and impact management), as well as setting two bi-polar scenarios for nature-related risks in 2050 and analyzing changes from the current situation.

We then analyzed and evaluated natural capital-related impacts and dependence (risks and financial impacts) and opportunities based on the current situation and forward-looking scenarios.

Risk and impact management

Evaluation of natural capital-related impacts and dependencies

We recognize that the important first step in moving natural capital, including biodiversity, toward a positive state is to understand the impact of our business activities (including our supply chain) on natural capital and the ecosystem services on which they depend. While referring to the guidelines and other information provided in the TNFD Information Disclosure Framework v1.0, we evaluated the natural capital-related impacts and dependence of our business on five levels (Very High/High/Middle/Low/Very Low) based on our power station locations, facilities, laws and regulations, and agreements with local governments on which our business is premised.

In addition, in Kyushu, earthquakes and tsunamis are expected as geological events that could have a significant impact on natural capital and our business. There are areas with a predicted earthquake occurrence rate of 3% or more within 30 years, such as the Fukuchiyama Fault Zone, Kego Fault Zone, Hinagu Fault Zone, and Unzen Fault Group, and areas with a risk of a major earthquake occurring on the coast, such as the Hyuga-nada Sea (about 80% for M7.0-7.5), Nankai Trough (70-80% for M8-9 class), and Akinada-Iyonada-Bungo Strait (about 40% for M6.7-7.4). Considering these risks, we have set up a section on earthquakes and tsunamis to evaluate their impact on our finances.

Evaluation results of natural capital-related impacts and dependencies

A heatmap of the impact on natural capital and dependence on ecosystem services from Kyushu EP, Kyushu T&D, and Kyuden Mirai Energy was prepared as follows. Overviewing the overall supply chain, this heatmap indicates the hotspots of the impact on natural capital and the dependence on ecosystem services in their businesses. For natural disasters, we assumed events that have occurred in the past approximately 30 years or are likely to occur in the next 30 years.

Heatmap on impacts and dependence (Kyushu EP, Kyushu T&D, and Kyuden Mirai Energy version)

		Natural capital-related																				Other factors		
		Impact																						
		Land modification			Direct collection		Climate change	Pollution					Other	Supply service			Dependence					Foundation service		
Power generation types	Process	Land areas	Fresh water areas	Marine areas	Water	Other than water	Greenhouse gases	Air	Water areas	Soil	Waste	Noise/ Light pollution	Surface water supply	Ground water supply	Provision of biomass	Making contaminants less harmful	Climate adjustment	Filtering contaminants	Flood prevention	Corrosion prevention	Maintaining water flow	Maintaining water quality	Earthquakes/ Tsunamis	
Thermal power (coal)	Fuel procurement	Very High	High	–	Very High	–	High	High	High	High	High	High	High	High	–	–	Very Low	–	–	Middle	High	–	Very Low	
	Power generation	–	Low	Low	Low	–	Very High	Low	Low	Low	Low	Low	Low	–	–	Very Low	Very Low	Low	Low	Low	Low	Low	High	
Thermal power (LNG)	Fuel procurement	High	High	Very High	Very High	–	High	High	High	High	High	High	Very Low	Very Low	–	Very Low	Very Low	Very Low	Very Low	Low	Very Low	–	High	
	Power generation	–	Low	Low	Low	–	Middle	Low	Low	Low	Low	Low	Low	–	–	Very Low	Very Low	Low	Low	Low	Low	Low	High	
Nuclear power	Fuel procurement	Very High	High	–	Very High	–	High	High	High	High	High	High	High	High	–	–	Very Low	–	–	Middle	High	–	Very Low	
	Power generation	Middle	Low	Low	Low	–	Very Low	Low	Low	Low	Low	Low	Low	–	–	Very Low	Very Low	Low	Very Low	Low	Low	Low	Very Low	
Conventional hydropower	Power generation	Low	Low	–	Low	–	Very Low	–	Low	Low	–	–	High	–	–	Very Low	Very Low	Very Low	High	High	High	Low	High	
Pumped-storage hydropower	Power generation	Low	Low	–	Low	–	Very Low	–	Low	Low	–	–	Low	–	–	Very Low	Very Low	Very Low	High	High	Low	Low	High	
Geothermal power	Power generation	Middle	–	–	Low	–	Very Low	–	Low	Low	–	Low	Low	–	–	Very Low	Very Low	Very Low	Low	Low	Low	Low	Low	
Solar power	Panel procurement	–	–	–	High	–	High	–	High	High	Middle	Middle	Very Low	Very Low	–	Low	–	Low	–	–	–	–	Very Low	
	Power generation	High	–	–	Very Low	–	Very Low	–	Low	Low	Low	–	Very Low	Very Low	–	–	Very High	–	Middle	Middle	–	–	High	
Wind power (onshore)	Power generation	Middle	Low	Low	–	–	Very Low	–	Low	Low	–	Middle	–	–	–	–	Very High	–	High	Low	–	–	High	
Wind power (offshore)	Power generation	Low	Low	Middle	–	–	Very Low	–	Low	Low	–	Middle	–	–	–	–	Very High	–	–	Low	–	–	High	
Biomass power generation	Fuel procurement	Middle	–	–	–	–	High	–	High	High	–	–	Very High	High	–	–	–	–	Middle	Low	Middle	–	Very Low	
	Power generation	–	Low	Low	Low	–	Very Low	Low	Low	Low	High	Low	Low	–	Very High	Very Low	Very Low	Very Low	Low	Low	Low	Low	High	
Transmission & Distribution		Middle	–	–	–	–	Very Low	–	Low	–	–	–	–	–	–	–	High	–	Low	Low	–	–	High	

As a result, the impact on natural capital was assessed as Very High due to Greenhouse gases from Thermal power (coal) generation, Land modification in Land areas and Direct collection of Water from Fuel procurement for Thermal power (coal) and Nuclear power generation, and Land modification in Marine areas and Direct collection of Water from Fuel procurement for Thermal power (LNG) generation, respectively. Additionally, in terms of dependence on ecosystem services, we evaluated Very High dependence on Climate adjustment for Solar power, Wind power (onshore), and Wind power (offshore) generation, Provision of biomass for Biomass power generation, and Surface water provision for Fuel procurement for Biomass power generation, respectively.

Based on the potential impact of power stations and power transmission & distribution facilities on public nature reserves and KBAs (Key Biodiversity Areas), we determined that the Sendai nuclear power station, Otake, Hatchoubaru, and Yamagawa geothermal power stations, Nagashima wind power station, and power transmission & distribution facilities throughout Kyushu are priority areas with respect to biodiversity for the Kyuden Group.

Scenario analysis

Scenario settings

In setting scenarios, the TNFD Information Disclosure framework states that a reasonable picture of the future is to be explored, taking into account various uncertainties, using exploratory scenarios that combine various forward-looking risks to set the most likely future.

On the other hand, in considering how changes in nature-related risks in 2050 would manifest themselves in the Kyuden Group's electric power business from a long-term perspective, it was difficult to set up scenarios required by the TNFD because the Kyuden Group has an extensive supply chain and many operating sites, and various factors such as procurement cost increases from physical risks and operational constraints due to transition risks were assumed.

For this reason, we have simply set two scenarios for 2050: "A society in which society as a whole does not address natural capital and climate change issues beyond the current level (hereafter referred to as the Status quo scenario), and A society in which society as a whole gains momentum to fully address natural capital and climate change issues and achieve both Net Zero and Nature Positive status (hereafter referred to as the Nature Positive transition scenario).

Impact on the Kyuden Group under the two scenarios

Assuming the Kyuden Group's state in 2050 under both the Status quo scenario and Nature Positive transition scenario, a Scenario Analysis Chart was organized in the following pages.

In addition, the figure on the right examines how our impact and dependence on nature would change under each scenario from four perspectives: Land, Water use, Supply Chain, and Nature conservation and restoration. The horizontal axis is the respective Impact/dependence on nature for the Company and the vertical axis is the Level of interest on the Society/policies for the respective natural capital.

In the status quo scenario, society's interest (vertical axis) increased for natural capital for Land, Water use, Supply Chain, and Nature conservation and restoration. On the other hand, in the Nature Positive transition scenario, society's interest in Land (vertical axis) increased, but our impact and dependence on nature (horizontal axis) decreased because we are responding to development regulations in a Nature Positive society. For Nature conservation and restoration, society's interest (vertical axis) increased. For Water use and the Supply Chain, there were no changes.

Natural capital-related risks

In this analysis, the financial impact was assessed by classifying risk categories for items that were rated as having a High or Very High impact or dependence on natural capital from our businesses and risk items (woodland restoration and due diligence) that were identified through scenario analysis. In the table on the two pages after, the results are divided into risks that occur under both scenarios and risks that occur under only one scenario.

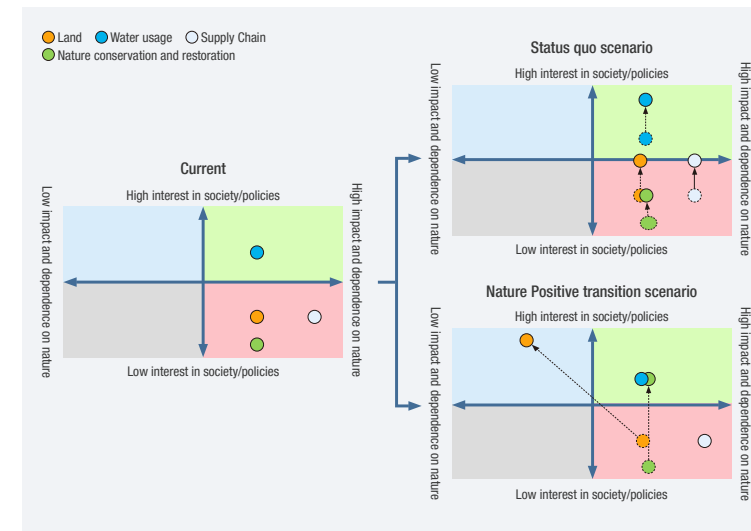
The results show that about half of the risk items affecting financials are common to both scenarios. In other words, for fuel procurement, we evaluated that there are risks of cost increases due to the increase in our own fuel procurement price as the costs of environmental measures and GHG emission allowance procurement costs at suppliers are passed on to the fuel price. While the operation of the power stations complies with laws, regulations, and agreements with local communities, thereby reducing the risk of the affecting the Kyuden Group's business operations and finances by Group's natural capital being abandoned, Kyushu is geographically at risk of flood damage due to typhoons and linear rainbands,* and is subject to being affected by the intensification of disasters due to climate change. In addition, there are troughs and faults in and around Kyushu where there is at least a 3% risk of earthquakes occurring within 30 years, and we assume risks of earthquake and tsunami damage.

The difference between the two scenarios is that only in the Status quo scenario is there a risk of increased costs due to natural degradation, reputational risk, and supply chain due diligence. Conversely, only in the Nature Positive transition scenario is there a risk of increased costs related to addressing nature considerations (reforestation) in land use, which is considered an increased legal and regulatory risk.

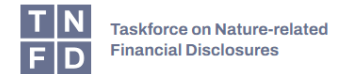
In the Nature Positive transition scenario, the entire supply chain is assumed to be Nature Positive by 2050, and the items to be addressed by the Kyuden Group with regard to the burden on nature at suppliers have already been eliminated, thereby no costs due to supply chain due diligence are assessed. However, we recognize that there is a possibility of incurring costs along our journey (the transition period leading up to this state in 2050), and we expect that the transition process could have financial impacts as assessed in the Status quo scenario.

*: The island of Kyushu sits directly in the path of westerlies from the East China Sea that can generate linear rainbands and cause damage through heavy rain and flooding. Also, the frequency of typhoons landing on shore is rising in Kyushu compared to other parts of Japan.

Changes in interest levels on society/policies and impact and dependence on nature in the scenarios



Leading the Way toward a Decarbonized Society



Scenario analysis chart

			Current condition	2050 scenario	
				Status quo scenario	Nature positive transition scenario
Fuel prices			—	Fossil fuel prices have remained high because the entire world has not gone carbon neutral and significant volumes of fossil fuels are consumed.	Even with the added cost of complying with stricter regulations on development, the procurement price of fossil fuels, which is already high, will not rise significantly further.
Power source composition, etc.			—	As a result of our efforts to achieve the goals of the Kyuden Group Carbon Neutral Vision 2050, the Kyuden Group has achieved carbon neutrality, which means that the total amount of greenhouse gas (GHG) emissions minus absorption and removal for the entire supply chain will be zero by 2050. Solar power generation and offshore wind power generation will increase for renewable energy power sources. Biomass power generation, on the other hand, is limited to responding to the expansion of co-firing for thermal power generation due to fuel supply limitations. Given that development regulations will remain unchanged, among renewable energy power sources, onshore wind power generation will increase while geothermal and hydroelectric power generation, which have relatively little room for development, will increase only slightly.	Assuming stricter development regulations, it will be very difficult to install new onshore wind, hydro, and geothermal power generation facilities among renewable energy power sources.
Climate			Following the rise in temperatures, heavy rainfall, flooding, etc. are occurring, including the development of linear rainbands.	As temperatures continue to rise further, Kyushu, the main business area of the Kyuden Group, is experiencing a significant increase in abnormal weather (heavy rainfall, flooding, etc.), changes in the flow rate of water, and other events from current conditions.	Even in Kyushu, the Kyuden Group's main business area, events such as abnormal weather and changes in the flow rate of water have slightly increased from the current level.
Land	Conditions		Land is being used for the development of new power plants in accordance with environmental regulations and agreements with the local community.	Existing power plant land use will be maintained. Land use for renewable energy development will increase. Land use for new solar and wind power development will increase. On the other hand, land use for hydroelectric and geothermal power will increase only slightly due to the lack of suitable land for new development.	Regulations will be tightened to maintain and improve natural conditions, and land use through development will be strictly restricted. Offshore wind power will be subject to enhanced consideration of its impact on marine ecosystems, but at the same time, we will also advance our large algae restoration business and its monetization (Blue Carbon business) near power generation facilities. For onshore wind power, installation is contingent on the reforestation of nearby woodland in response to woodland development, but the limited availability of suitable land that meets these conditions has made new installations difficult. Hydroelectric and geothermal are subject to strict development restrictions that will make new installations very difficult.
	Evaluation	Interest in society/policies	Low* The necessity of considering nature in land use remains mainly in public nature reserves.	Middle While there is a slight increase in restrictions on woodland development, there are no significant changes in land use regulations, and the interest level from society is moderate.	Very High Woodland development will be severely restricted from the perspective of ecosystem conservation, and will significantly heighten interest from society.
		Impact and dependence on nature	High Solar power plants have a high impact on the land modification of land areas.	High There is no change in that solar plants have a high impact on the land modification of land areas.	Low Power plants with inappropriate land use will be eliminated, and all power plants will be based on appropriate land use. In addition, regulations on land use will become stricter, making it difficult to convert land from woodland, etc. New power plant development will be limited to projects that have low impact on land modification.
	Conditions		Hydroelectric power plants (general hydropower) use surface water from rivers, while thermal, nuclear, and biomass power plants use mainly seawater.	Water use, mainly seawater for thermal, nuclear, and biomass power generation, will continue. Solar power, wind, and geothermal power generation will remain unchanged, as they do not use water during operation. Water use will increase slightly following the slight increase in hydroelectric power plants.	Water use will remain unchanged, as there will be no increase in hydroelectric power plants.
Water	Evaluation	Interest in society/policies	High Municipal ordinances and agreements with local communities regarding water intake and drainage are established.	Very High As water risks increase due to climate change and regulations on water use are tightened, they will garner very high interest from society.	High While there has been no significant change from the current situation with respect to water due to nature considerations, society's interest in water use remains high.
		Impact and dependence on nature	High Hydroelectric power plants are highly dependent on surface water supply.	High There is no change in that hydroelectric power plants are highly dependent on surface water supply.	High There is no change in that hydroelectric power plants are highly dependent on surface water supply.
Supply chain	Conditions		Land and water use in the supply chain is burdened by fossil fuel mining, biomass fuel production, and solar panel manufacturing.	Regarding land use and water use in the supply chain, the burden on biomass fuel production and solar panel manufacturing will continue. As the movement toward attaining Nature Positive is not progressing on a global scale, it will be necessary to conduct due diligence on land and water use and other burdens associated with fossil fuel extraction.	For land use and water use in the supply chain, the global transition toward attaining Nature Positive to switch to load-free fuels will be complete by 2050, and there will be no burden on nature. As the movement toward attaining Nature Positive is progressing on a global scale and the burden of land and water use in fossil fuel extraction is being curbed, there is no longer a need to conduct due diligence.
	Evaluation	Interest in society/policies	Low Overall interest from society has not increased.	Middle Regulations related to raw material procurement, which leads to land and water use risks associated with deforestation, etc., have been tightened in some overseas regions, affecting raw material imports, and this has generated a moderate level of interest from society.	Low Procurement of raw materials that leads to land and water use risks associated with deforestation, etc. will be eliminated, resulting in reduced interest from society.
		Impact and dependence on nature	Very High The dependence and impact on natural capital is significant in fuel procurement for coal-fired, LNG-fired, nuclear, and biomass power generation.	Very High Very high impact and dependence continue due to the lack of significant changes in considerations toward nature in fuel procurement.	Very High The growth process of trees, which are used as fuel for biomass power generation, continues to be very highly dependent on surface water provision. Meanwhile, the impact of fuel procurement has become very low due to the transition to Nature Positive, with no materials that lead to deforestation, etc. being produced, and only materials that do not adversely affect nature being produced.
Nature conservation and restoration	Conditions		We conduct Company-owned forest maintenance and run a greening business. In addition, we are engaged in joint activities with the local community, such as environmental conservation activities in the Kuju Bogatsuru wetlands area and the Kyuden Mirai Forest Project.	Regarding nature conservation and restoration, the maintenance of company-owned forests and joint activities with local communities continue. —	The quality of forests is improved by expanding the greening of the Company's operation sites and company-owned plantations with native vegetation. With more of these sites registered as nature symbiosis sites, they will be evaluated as corporate value.
	Evaluation	Interest in society/policies	Very Low Interest from society as a whole has not increased.	Low There are no incentives for nature restoration and conservation, and there is no growing interest from society.	High The movement to promote nature restoration and conservation is gaining momentum worldwide, and society's interest is growing.
		Impact and dependence on nature	High For hydroelectric power plants, their dependence on water flow maintenance is high. In addition, we provide water flow maintenance as a conservation and infrastructure service for water source conservation forests.	High The dependence of hydroelectric power plants on water flow maintenance is high. Additionally, although initiatives for water source conservation forests continue, their scale remains unchanged.	High The dependence of hydroelectric power plants on water flow maintenance is high. In addition, there is a growing need for woodland management utilizing conservation technology at a forest that provides watershed protection and nature restoration at and around power plants, which will be commercialized.

* [Importance to society and the Company] Very High, High, Middle, Low, Very Low

Risks and financial impact

			Risk Category	Risk Type	Risk Overview	Impacts on Finances	Financial Impact
Thermal Power	Coal	Fuel procurement	Physical risk	Acute risk	Landfalls, land subsidence, and fires occur due to the land modification in land areas caused by mining operations	Worsening finances due to rising global costs of coal	Level II
				Chronic risk	Degradation and division of terrestrial ecosystems, invasions by non-native species, and adverse effects on local plant life and plant environments due to the modification of land areas caused by mining operations. Exhaustion of aquifers due to excessive water use during mining. Hindering mining operations due to increased severity and frequency of droughts. Greenhouse gas emissions due to mining operations, toxic emissions in the atmosphere, adverse impacts on plant life and soil, and changing ecosystems due to species migration		
			Transition risk	Legal and regulatory risk	Burden arising from countermeasure costs for each chronic risk associated with mining For indirect GHG emissions including those from the coal mining process, miners will be burdened with the procurement of GHG emission allowances, etc., and our fuel procurement costs will increase		
		Power generation	Physical risk	Acute risk	Making due diligence mandatory for impacts on nature up to the top of the supply chain	Investigation and information disclosure costs	Level I
				Chronic risk	Damage to thermal power plant facilities and shutting down of power plants due to an earthquake or tsunami	Restoration costs and costs related to securing alternative power sources	Level II
			Transition risk	Legal and regulatory risk	Greenhouse gas emissions due to operation Cost burden in respect of greenhouse gases emitted during operation in the case that surcharges and taxes are introduced in order to regulate the operation of coal-fired thermal power plants. The operation of coal-fired thermal power plants is regulated	Rising unit costs for coal-fired thermal power generation in the case that surcharges and taxes for greenhouse gas emissions are introduced, and increased fuel costs due to switching using LNG thermal power	Level III
	LNG	Fuel procurement	Physical risk	Acute risk	Operation of gas fields is stopped due to exhausting water. Negative environmental impact due to accidental spillage of toxic substances. Negative impact on rare organisms in surrounding areas due to accidental contamination. Earthquake or tsunami damage to LNG shipping facilities, thereby making shipping not possible	Worsening finances due to rising global costs of LNG Note that we have been procuring LNG through long-term contracts from multiple projects to suppress any impact to a certain degree	Level II
				Chronic risk	Adverse impacts on land, fresh water, and marine ecosystems. Plant life living at the bottom of bodies of water and fresh water plants die due to contamination. Negative impact on rare organisms in surrounding areas due to accidental contamination. Polluting the surrounding environment without appropriately disposing of waste		
			Transition risk	Legal and regulatory risk	Local government order to shut down operations to procurement sources of the Company due to toxic emissions Making due diligence mandatory for impacts on nature up to the top of the supply chain	Investigation and information disclosure costs	Level I
		Power generation	Physical risk	Acute risk	Damage to thermal power plant facilities and shutting down of power plants due to an earthquake or tsunami	Restoration costs	Level II
Nuclear Power	Fuel procurement	Physical risk	Acute risk	Landfalls, land subsidence, and fires occur due to the modification of land areas caused by uranium mining	Worsening finances due to rising global costs of uranium Since the price of uranium in proportion to the cost of nuclear power generation is low, and the likelihood of there being an impact large enough to have a financial impact is also low, the financial risk of uranium was judged to be a legal and regulatory risk	Level II	
			Chronic risk	Degradation and division of terrestrial ecosystems, invasions by non-native species, and adverse effects on local plant life and plant environments due to the modification of land areas caused by mining operations. Exhaustion of aquifers due to excessive water use during mining. Hindering mining operations due to increased severity and frequency of droughts. Greenhouse gas emissions due to mining operations, toxic emissions in the atmosphere, adverse impacts on plant life and soil, and changing ecosystems due to species migration			
		Transition risk	Legal and regulatory risk	For indirect GHG emissions including those from the uranium mining process, miners will be burdened with the procurement of GHG emission allowances, etc., and our fuel procurement costs will increase Making due diligence mandatory for impacts on nature up to the top of the supply chain			Investigation and information disclosure costs
Hydroelectric Power			Physical risk	Acute risk	Damage to hydroelectric power plant facilities and shutting down of power plants due to flooding or earthquakes	Restoration costs and costs related to securing alternative power sources	Level II
Geothermal Power			Transition risk	Legal and regulatory risk	Reforestation obligations for thermal power generation following woodland development	Costs for reforestation	Level I
Solar power	Solar power panel procurement	Physical risk	Acute risk	Production restrictions due to the leakage of contaminants into soil and water systems caused by accidents	Deterioration of profitability due to rising solar panel prices and changes in procurement locations	Level I	
			Chronic risk	Production restrictions due to the increased severity and frequency of droughts. Greenhouse gas emissions from operations			
		Transition risk	Legal and regulatory risk	For indirect GHG emissions including those from solar panel production processes, the producer will be burdened with the procurement of GHG emission allowances, etc., and our solar panel procurement costs will increase			
	Power generation	Physical risk	Acute risk	Damage and suspension of solar power plant facilities due to earthquakes and tsunamis	Restoration costs. Deterioration in income/expenses due to a decrease in power generation	Level I	
			Chronic risk	Concerns about adverse effects on terrestrial ecosystems (waterfowl, etc.). A decrease in solar power generation due to changes in sunlight patterns.	Costs for countermeasures. Deterioration in income/expenses due to a decrease in power generation	Level I	
			Transition risk	Reputational risks	Additional investment for shutdown and countermeasures due to criticism from NGOs on the negative impact of power plants on their surrounding terrestrial ecosystems	Deterioration in income and expenditures due to operating restrictions and additional investments	Level I
Wind power			Physical risk	Acute risk	Damage and suspension of wind power plant facilities due to earthquakes, tsunamis, and flooding	Restoration costs. Deterioration in income/expenses due to a decrease in power generation	Level I
				Chronic risk	Decrease in wind power generation following changes in wind patterns	Deterioration in income/expenses due to a decrease in power generation	Level I
			Transition risk	Legal and regulatory risk	Reforestation obligations for onshore wind power following woodland development	Costs for reforestation	Level I
Biomass power	Fuel procurement	Physical risk	Acute risk	Difficulty in the procurement of raw materials due to obstacles to the production of biomass fuel materials caused by water shortages and other factors in the region of origin, and consequent restrictions on power plant operations	Deterioration in income/expenses due to rising biomass fuel prices and changes in procurement locations	Level I	
			Chronic risk	Suspension or withdrawal of power plant operations due to difficulties in procuring raw materials as a result of a significant decrease in the production of biomass fuel materials due to changes in rainfall patterns caused by climate change in the place of origin. Production restrictions due to the leakage of contaminants into soil and water systems caused by accidents			
		Transition risk	Reputational risks	Criticism from local residents and NGOs due to conflicts with local communities regarding water use and the resulting damage to public reputation			
			Legal and regulatory risk	Making due diligence mandatory for impacts on nature up to the top of the supply chain. Burden incurred due to changes in suppliers, etc., according to the results of such changes	Investigation and information disclosure costs	Level I	
	Power generation	Physical risk	Acute risk	Damage and shutdown of biomass power plant facilities due to earthquake and tsunami	Restoration costs	Level I	
			Chronic risk	Shutdown of final disposal facility for incinerated ash due to depletion	Deterioration in income and expenditures due to operating restrictions	Level I	
			Transition risk	Reputational risks	Suspension of operations due to criticism from NGOs regarding the impact on nature related to the production of biomass fuels		
Transmission & distribution			Physical risk	Acute risk	Falling trees and similar caused by strong winds during a typhoon damaging or bringing down utility poles and snapping power lines, leading to power outages.	Restoration costs	Level II
					Damage to facilities, particularly in the Oita and Miyazaki areas, due to a Nankai megathrust earthquake, causing wide-scale power outages.	Restoration costs	Level III

[Financial impact evaluation criteria] Level I: Less than ¥1 billion; Level II: ¥1 billion to ¥10 billion; Level III: ¥10 billion or more [Risks specific to each scenario] Status quo scenario only: [Blue underline](#); Nature Positive transition scenario only: [Green underline](#)

Management processes for nature-related risks, etc. and integration into organization-wide risk management

We believe that nature-related risks in the Kyuden Group are managed in compliance with laws and regulations, agreements with local communities, and our own standards. For the operation of our power plants, we comply with “regulatory values specified by laws and regulations” and “regulatory values specified in agreements with local communities based on environmental assessment results at the time of siting” through monitoring during operations, etc.

Strategies

Natural capital-related strategies

The Kyuden Group has established the Kyuden Group Environmental Charter and Environmental Action Policy to promote environmental management as mentioned above. In addition, the Kyuden Group Management Vision 2030 (June 2019), Kyuden Group Carbon Neutral Vision 2050 (April 2021), and Kyuden Group Action Plan for Achieving Carbon Neutrality (November 2021) describe our natural capital-related strategies. Furthermore, from this scenario analysis, we will reaffirm our awareness of existing and future opportunities related to natural capital for further consideration and actions.

Natural capital-related opportunities

To protect natural capital, including biodiversity, it is important to promote regional symbiosis, decarbonization, and the circular economy, and the rich natural capital that Kyushu boasts is an important pillar that supports the business activities of the Kyuden Group. We believe that the social attention these efforts are receiving represents an opportunity for the Kyuden Group.

Natural capital-related opportunities (Existing, Future)

Existing opportunities	Overview of opportunities
Kyuden Mirai School	Provide opportunities to nurture a love for nature through various learning and experiences, mainly for children, through hands-on environmental education and outreach lessons
Conservation of a forest that provides watershed protection	The 4,447 hectares of company-owned forest, mainly in the Aso-Kuju National Park area, fulfill the role of nurturing ecosystems and water. This forest is used for the production of FSC-certified materials (@Forest Stewardship Council; Headquarters: Germany), thinning operations, and serves as a field for hands-on environmental education, such as forest observation.
OECM site	Contribution to the "30 by 30 Target" (global biodiversity target) by continuing to maintain and manage company-owned forests that have been certified as "nature symbiosis sites" (areas where biodiversity conservation is being promoted through private sector initiatives, etc.) by the Ministry of the Environment
Kyuden Mirai Forest Project	The Kyuden Group is pushing ahead with the Kyuden Mirai Forest Project and focused on creating forests that serve as hubs for environmental education and community engagement. The aim is to expand next-generation environmental education, currently underway at Kuju Kyuden Forest (Yufu City, Oita Prefecture), across the entire Kyushu region. To date, the Group has hosted environmental education, reforestation, and afforestation activities at Isahaya Kyuden Mirai Forest (Isahaya City, Nagasaki Prefecture) and Kirishima Kyuden Mirai Forest (Kirishima City, Kagoshima Prefecture).
Environmental conservation activities	In the Kuju Bogatsuru wetlands, the Kyuden Group joined forces with the local community to carry out controlled burning with the goal of maintaining rare ecosystems still remaining and to prevent the forestation of the Bogatsuru to maintain the wetland. Along with this, we have been removing non-native plant life that threatens rare plant ecosystems, and working to protect the Kyushu azalea (the Kuju Bogatsuru wetlands have been registered as Kuju Bogatsuru and Tadewara-shitsugen under the Ramsar Convention).
Onshore salmon farming	An onshore salmon farm has been built on the site of the Buzen Power Plant (Buzen City, Fukuoka Prefecture). The salmon raised have been named Mirai Salmon, and the farm contributes toward stable supply of marine products while aiming to reach an annual target production capacity of approximately 3,000 tons.
J-Credit creation support and utilization project	This project supports the creation of J-Credits using woodland owned by local governments and other organizations. It is being implemented across the Kyushu region, including in Hisayama Town, Fukuoka Prefecture, Kusu Town, Oita Prefecture, and in Kumamoto Prefecture.
Utilization of dam lake sediment	To ensure and improve flood control functions and maintain or expand power generation capacity, we regularly remove sediment from dam reservoirs. Recognizing this sediment as a valuable resource, the Kyuden Group promotes its use in public works and other projects in collaboration with local governments and many other stakeholders.

Future opportunities	Overview of opportunities	Initiatives going forward to achieve opportunities	Factors expected to affect financial results in the future
Geothermal Power	Development of new power plants in Japan and overseas using geothermal power plant installation and operation technologies owned by the Kyuden Group that are highly nature-conscious	We will utilize our accumulated technological capabilities to investigate areas in Kyushu, as well as in Japan and internationally, where resources are expected to be abundant. We will develop these areas in harmony with the local community, taking into consideration a comprehensive range of factors, including technology, economic feasibility, and the location environment.	Expansion of our geothermal power generation business
Reforestation and woodland maintenance and management	In the Nature Positive transition scenario, while there is a possibility that obligations to restore woodland may arise when woodland is developed in conjunction with renewable energy development, etc., such an obligation could be an opportunity to expand woodland management support using the Kyuden Group's woodland management know-how fostered in the management of company-owned woodland	Operation of consultation business related to woodland management	Expansion of forestry management support business
Biomass power + reforestation and woodland maintenance and management	Possibility of increased difficulty in procuring biomass fuels from overseas due to water shortages overseas and criticism from the local community and NGOs. On the other hand, there is a possibility of increased price competitiveness as biomass power generation fuel sourced from thinned materials generated by reforestation and woodland maintenance and management	Contribute to the revitalization of the forestry industry and local communities through the operation of wood biomass power plants that make effective use of unused timber in Japan, such as thinned materials	Increase business value through reforestation and sustainable fuel procurement
Blue Carbon	Blue Carbon business through creating algae beds in offshore wind power installation areas	Construction of an offshore wind farm has started in March 2023 in Kitakyushu City, and we are aiming to start commercial operations in FY2025	Expansion of offshore wind power and monetization through carbon credits
Resourcing business*	Propose comprehensive waste reduction, recycling, and decarbonization for companies by liaising among the various businesses involved, from manufacturing to disposal, and recycling at a high level. Leads to the production of new resources	We will work to establish a system for resource circulation, from manufacturing to disposal, mainly within the Kyuden Group, and then apply the insights gained in establishing the system to other companies and organizations	Generating revenue and cost reductions for waste disposal by the resourcing business
Tidal power	New power plant development based on the Group's proprietary know-how This is assumed to be particularly advantageous in the Nature Positive transition scenario, where development regulations for solar and onshore wind are tightened	Together with conducting demonstrations on tidal stream turbines with commercial-scale (1.1 MW) power output from FY2022, we are considering maintenance methods and business models. In addition, coexistence with the local community, conducting environmental assessments, and establishing standardization methods are being considered. Through this demonstration, we aim to establish technology that meets domestic environmental and technical standards, and to achieve the early commercialization of tidal power generation in Japan.	Expansion of our tidal power generation business

* Industry that provides a stable supply of high-quality recycled materials through wide-area collection of various end-of-life products and automated sorting technology, etc.

Stable Supply of Energy

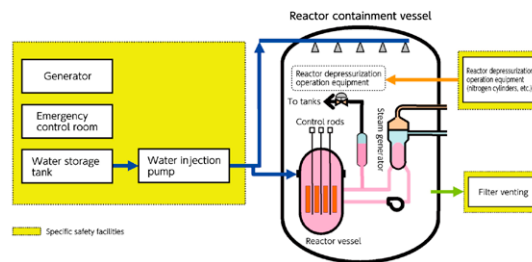
We recognize that our fundamental mission and prime social responsibility in the electric power business is to continuously deliver environmentally friendly, low cost and stable energy with safety at the forefront of our minds. To that end, we will continue to maintain the high level of supply reliability we have achieved to date by accurately responding appropriately to trends in electric power demand, forming efficient facilities, and taking steps to reduce power outages, as well as through efforts to further improve facility operation and management and to restore power quickly in the event of a major disaster.

Initiatives to improve the safety and reliability of nuclear power

Kyushu EP has been ahead of its competitors in complying with the government's new regulatory standards following the accident at the Fukushima Daiichi Nuclear Power Plant, and has restarted its nuclear power plants. Moving forward, we will continue our efforts to continuously improve the safety and reliability of our nuclear power operations, not only within the regulatory framework, but also by collecting the latest technical insights and data.

Installation of specific safety facilities

Under the new regulatory standards set by the government, it is mandatory to install specific safety facilities (SSFs)* that are capable of handling terrorist and other threats. The Sendai Nuclear Power Plant was the first in Japan to pass government inspection under the new regulatory standards, and it began operation in 2020. In addition, installation works were also completed for the Genkai Nuclear Power Plant, which is currently in operation (Unit 3: December 2022, Unit 4: February 2023).



*: A facility with functions to prevent damage to the reactor containment vessel in the event that the reactor's core is severely damaged due to loss of its cooling ability caused by the deliberate collision of a large aircraft with the reactor's auxiliary building or by any other act of terrorism.

Maintenance of nuclear power generation facilities

To ensure the safety and reliability of our nuclear power plants, we conduct frequent maintenance and management of facilities that properly fulfill the requirements set out by laws, regulations, and private-sector standards. We also maintain and manage facilities and equipment to ensure they are capable of performing their designated functions.

In addition, we submit reports after each periodic inspection, including maintenance plans for inspection and repair of individual equipment at nuclear power plants, to the government for confirmation.

Furthermore, we strive to further increase the safety and reliability of our nuclear power plants by enhancing our maintenance programs. This includes introducing new maintenance technologies and continuously refining our maintenance activities.



Regular inspection

Efforts to prevent nuclear accidents

We are working to improve our response capabilities by developing emergency systems and conducting repeated drills in preparation for a nuclear accident so we can promptly respond to any type of situation at our nuclear power plants.

In addition, we are stepping up our cooperation with related organizations and businesses by participating in nuclear power disaster drills offered by the national and local governments, as well as joint drills carried out by nuclear power operators.



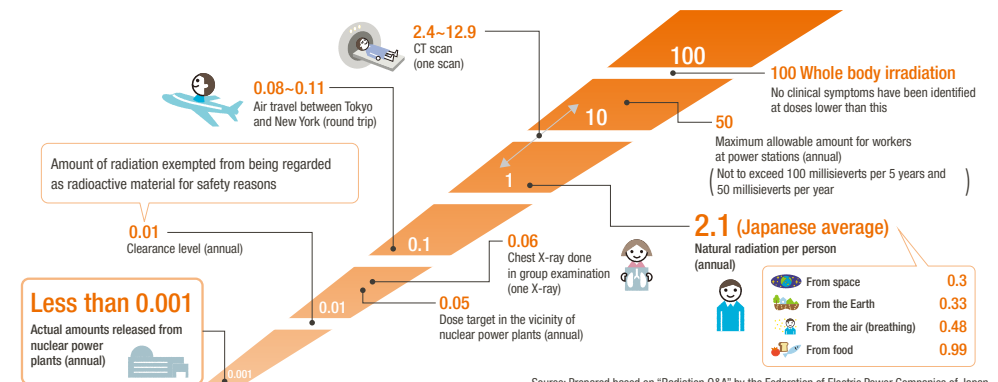
In-house nuclear emergency drill simulating a major accident at Genkai Nuclear Power Plant (February 2023)

Environmental radiation control around nuclear power plants

We continuously monitor and measure radiation levels in the vicinity of nuclear power plants, and disclose that data in real time on the Kyushu EP website. In addition, we regularly measure the radioactivity contained in environmental samples such as soil, seawater, crops, and marine products. To date, there has been no identifiable environmental impact due to the operation of our nuclear power plants.

The radiation dose received by people in the vicinity of the nuclear power plants is less than 0.001 millisieverts per year, which is far below the legal dose limit of one millisievert per year and the target value of 0.05 millisieverts per year set by the previous Japanese Nuclear Safety Commission.

Radiation levels in daily life (unit: millisieverts)



Enhancing communication with local residents regarding nuclear power

In order to reassure local communities that nuclear power generation is safe and reliable, we make sure to disseminate clear and concise information about our initiatives to improve the safety and reliability of our power plants. We also engage in face-to-face communication activities in which we carefully explain ourselves to people through visits, plant tours, and other opportunities, and listen to people's concerns, opinions, and the like.



Dialogue with local residents

Maintaining and improving supply reliability

In order to deliver stable, high-quality electricity to our customers and ensure their peace of mind, Kyushu T&D routinely patrols, inspects and repairs its facilities to maintain safe and efficient operations and to develop and improve construction methods.

Prevention of power outages accidents

To prevent power outages of transmission lines and distribution lines, we are working to identify dangerous areas ahead of time and implement countermeasures through facility inspections. This is also to prevent birds and other animals from nesting inside them. We also continuously survey the distances between trees and our power lines, and fell trees as necessary with the understanding and cooperation of all parties concerned to prevent power outages and equipment damage caused by trees.

Other efforts include reinforcing our facilities to reduce power outages caused by lightning, typhoons, and other natural disasters, and maintaining them meticulously based on their conditions.

Planned updates to aging facilities

In preparation for the aging of facilities built to meet an increase in electric power demand following economic growth, we are making progress in inspections and repairs focused on aging facilities and planned updates to facilities so we can keep facility functions stable over the long term. We are also working to improve the accuracy of equipment life estimates through analysis of equipment deterioration data and the like, which is reflected in plans for updating older equipment.

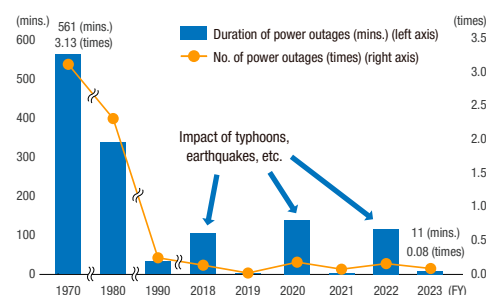
Promoting safe and disaster-resistant urban development

Prevention of public electric shock incidents

Kyushu T&D has been regularly carrying out PR activities and issuing requests for cooperation to civil engineering, construction, and crane companies, elementary and junior high schools and boards of education, local governments, police and fire stations, and other organizations in order to prevent incidences of electric shock among the general public.

In addition, we are strengthening our safety measures by implementing equipment-related measures to prevent public electric shock incidents that are caused by contact with power equipment.

Annual duration and frequency of power outages per customer household



Prompt dissemination of power outage information (Kyushu Teiden Joho Teikyo app)

Kyushu T&D launched the provision of the Kyushu Teiden Joho Teikyo (Kyushu Power Outage Information Provision) app in April 2024 to deliver push notifications to smartphones and other devices when power outages occur in the Kyushu area.



Improve disaster response capabilities

Enhanced disaster response system

We have been strengthening cooperation with relevant authorities to rapidly restore power during disasters. Such cooperative agreements include not only the ones with the Ground and Maritime Self-Defense Forces, but also the 7th and 10th Regional Coast Guard Headquarters and all local governments in the Kyushu area (7 prefectures and 233 municipalities) in the event of a disaster. Based on these cooperative agreements, we strive to maintain a joint cooperation system, carrying out drills and other activities in preparation for large-scale disasters with related organizations.

Responding to large-scale disasters

Kyushu EP and Kyushu T&D have established a unified disaster response system and will work together with partner companies and government agencies to resolve power outages and quickly disseminate information as soon as possible in the event of a typhoon, torrential rain, or other large-scale disaster. In August 2023, Typhoon No. 6 caused power outages in up to 18,000 households, mainly in southern Kyushu. We mobilized up to 4,900 employees, including those from northern Kyushu, which suffered relatively little damage, and worked closely with local governments to restore power as soon as possible. In the Noto Peninsula Earthquake in 2024, we mobilized 42 employees from Kyushu T&D, Kyuden T&D Service, and partner electrical work companies to provide support. In this way, we respond to large-scale disasters, including those outside the Kyushu area, by working in cooperation with disaster areas.

VOICE

Contributing to the restoration of power supply infrastructure, wishing for reconstruction of the disaster area

We participated in the restoration of power supply infrastructure as assistance workers in the area hit by the Noto Peninsula Earthquake in 2024, where we helped to replace severely damaged utility poles, install power cables, and so on. It took us more than four hours each way to travel to and from the area each day due to diversion of traffic around damaged roads and accumulated snow, and the restoration work was even harder and harsher than expected not only because of snowstorms and other severe weather conditions but also of fear of aftershocks that could cause secondary disasters. Despite such circumstances, we did their utmost in the restoration work with the sole purpose of delivering electricity to customers in need in the affected area as soon as possible. To boost hopes of early reconstruction in the disaster area, we will continue to do our best to ensure stable supply of electric power.



Teruaki Shite
Technical Service Group 1
Oita Service Center
Kyuden T&D Service

Number of public electric shock incidents
(number of deaths and hospitalizations)

FY	2019	2020	2021	2022	2023
Incidents	1	0	0	0	1

Affordable Energy

Kyushu EP aims to lower power generation costs through various initiatives, such as reducing fuel costs through diversifying fuel procurement methods and reducing equipment procurement costs.

Efforts to reduce fuel costs

Initiative	Overview
Expand procurement through competitive quotations	<ul style="list-style-type: none"> Procure with more competitive quotes to reduce fuel prices, transportation costs, import agent fees, etc.
Diversify supply sources	<ul style="list-style-type: none"> Expand the use of sub-bituminous coal and standard-grade coal, which are less expensive than high-grade coal, and introduce high-ash coal, which is expected to be more economical Diversify our supply sources by introducing South American and Central Asian coals that had previously been shipped to Europe
Cooperate with other companies	<ul style="list-style-type: none"> Respond to fluctuating requirements flexibly in cooperation with other operators to optimize supply and demand operations
Diversify pricing methods	<ul style="list-style-type: none"> Reduce the risk of price fluctuations and fuel procurement costs by diversifying and optimizing our pricing methods, including fixed-price and market-price-linked methods Adopt LNG pricing methods that use new indicators to curb procurement price fluctuations and improve economic efficiency
Pursue economic efficiency based on market trends	<ul style="list-style-type: none"> Reduce procurement costs through an appropriate combination of and negotiations on long-term, short-term, and spot contracts based on market conditions
Strengthen participation in the fuel value chain	<ul style="list-style-type: none"> Acquire upstream equity interest (contributes to stable fuel procurement, flexibility, and enhanced procurement capabilities by acquiring information from producers) Reduce transportation costs by thoroughly managing and maximizing the use of our own vessels Balance supply and demand internally with contracts for the use of LNG terminals overseas that can receive and dispense LNG

Efforts to reduce equipment procurement costs

Measures	Overview
Make use of the competition principle	<ul style="list-style-type: none"> Expand and enhance competitive effect by improving motivation toward placing orders, including introducing new suppliers, separating orders, and ranked allocation, etc.
Assess overall advantages	<ul style="list-style-type: none"> Pursue overall economic efficiency through a multifaceted assessment of factors other than initial costs, such as running costs and other maintenance costs, efficiency, durability, and reliability, etc.
Contrive ordering methods	<ul style="list-style-type: none"> Pursue economies of scale by joint procurement with other companies and combining and ordering multiple projects Apply optimal ordering methods to balance stable procurement with reduced costs, etc.
Work with suppliers and make use of their knowledge	<ul style="list-style-type: none"> Proactively make use of supplier knowledge, including value engineering (VE) and technological proposals, etc. Unit cost reduction activities such as cooperating with suppliers to revise specifications and improving work efficiency on-site, etc.
Revise specifications and techniques	<ul style="list-style-type: none"> Ease required specifications, improve efficiency by contriving better techniques, etc.

Solutions Based Around Energy Services

The Kyuden Group works as one to provide products and services that accurately address the diverse needs and concerns of our customers, lead to more prosperous, comfortable lives for them, and stimulate economic activity. We will keep working to enhance our services based on customer feedback so that customers continue to trust and choose us.

The Kyuden Group's diverse products and services helping solve local and social issues

The Kyuden Group handles many different products and services, and seeks to make optimal proposals to help solve problems facing customers and local communities. Our website classifies our products and services into purpose-specific categories in the Kyuden Group Product Guide, which also features points of recommendation and introduction videos.

In 2023, we also published the Guide to Carbon Neutrality and Disaster Prevention, which specializes in the two topics that are drawing increasing social attention, to propose related products, mainly targeting municipalities and businesses.

Providing rate plans that reflect social trends and meet customer needs for decarbonized electricity

(For households)

Kyushu EP launched the Ohisama Daytime Plan, a daytime discount plan targeting users of EcoCute heat pump water heaters, storage batteries and electric vehicles, in April 2024, as a rate plan contributing to renewable energy output control and inhibition.

Kyushu EP also offers the Marugoto Renewable Energy Plan for a fixed monthly fee of ¥500 to meet the needs of households wanting to use electricity derived from renewable sources, and the Growing the Forest of the Future Plan through which a fixed monthly donation of ¥300 goes to environmental conservation activities undertaken by the Kyuden Mirai Foundation.

(For corporate customers)

To meet the growing customer demand for introduction of renewable energy and decarbonization, Kyushu EP offers three renewable energy and CO₂-free plans for corporate customers. We have been running the CO₂ Reduction Plan Trial Campaign since April 2024 to offer the plan to high-voltage customers at virtually no charge for up to one year, with the aim of making more customers feel the advantages of electricity to which CO₂-free value is added. (Deadline for campaign applications: March 31, 2025)

VOICE

Providing most suitable rate plans that meet customer needs

In developing the Ohisama Daytime Plan, we sought to create an attractive rate plan through careful examination to enable more customers to use electricity during the day to promote effective use of the increasing amount of renewable energy. We became the first major electric company to offer this type of plan, and it was not easy for us, with no precedents, to decide on rate levels, conditions of use, and other conditions from scratch. Since the plan has been announced, however, we have received positive feedback from many customers, instilling a great sense of achievement.

We will continue to develop new rate plans and enhance our services in the future, while responding flexibly to changes in the business environment and customer needs.



Minami Ito
Pricing Strategy Group
Marketing Division
Kyushu Electric Power

Bringing about a Smart Society

To create new businesses and increase earnings as part of our aggressive DX (digital transformation) strategy, the Kyuden Group is collaborating and co-creating with companies in other industries (start-ups and others), and creating new businesses and services by leveraging Group strengths and resources across all Group companies.

Open innovation program: Inspiration and co-creation

We are running an open innovation program to solve business challenges and create new businesses by combining the outstanding knowledge, technologies, and ideas of start-ups and other outside companies with the management resources of the Kyuden Group. Among the ideas submitted through the program, we are making progress in materializing those awarded through the selection process and working on demonstration projects toward their commercialization.

Treatment of driftwood and refuse through beetle breeding

TOMUSHI Co., Ltd., the winner of the excellence prize in FY2023, considers treatment of organic waste and improvement of soil through beetle breeding. We treat large amounts of driftwood and refuse that drifted into our dams each year, and have been working in collaboration with TOMUSHI Co., Ltd. to have them decomposed by beetles, and sell adult beetles as pets and feedstuff, with the aim of reducing processing costs and producing profits. We also have a future plan to collaborate towards the creation of a more sustainable society through new businesses, such as those that combine beetle use with different local industries in different parts of Kyushu.



Driftwood and drifted refuse



Breeding of beetles (grubs)

Creating new services and solutions across divisions

We are exploring the use of digital technology to improve the value of our products and services, carry out fundamental reforms from a customer's point of view, and radically reform our business model, and are taking on the challenge of creating an array of new businesses that will generate new value and lead to solutions for social issues, such as by building a platform to analyze and utilize data from smart meters and the like and offering services based on it.

Development of Q-ie Mamori, a monitoring service that uses smart meters

Kyushu EP has developed Q-ie Mamori, a service aimed at real estate companies that uses data on electric power used in 30-minute intervals and measured using a smart meter and proprietary analysis technology to notify relatives of tenants who live alone in rental properties when there has been a change in that person's activities. The aging of society is causing a social issue whereby rental properties drop in value when elderly tenants die alone at home, and consequently, the elderly end up being refused as tenants. We will strive to create an environment where this service enables people who live alone to move into rental properties with peace of mind.

Creating a Safe, Secure and Comfortable Community

To help sustainably develop local communities and society at large, the Kyuden Group is promoting the growth of urban areas that will increase the number of non-resident people with strong ties to local areas. We also focus on creating prosperity and job opportunities, and ensuring local safety and security.

Contributing to the sustainable development of communities and society through our urban development business

We are working on a wide range of urban development projects in Kyushu, across Japan, and internationally leveraging the Kyuden Group's corporate network and other resources.

In addition to expand our property portfolio that includes offices, residences, and airports, 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 with logistics facilities, and fee-based businesses. Furthermore, as an energy provider, we contribute to the realization of a decarbonized society by promoting environmentally-friendly development, such as by improving energy-saving performance and reducing the amount of CO₂ emissions from energy use.

Offering services to support community safety and security

At the Kyuden Group, we offer services that support the safety and security of local communities and society, such as a monitoring service for children and the elderly, and also offer drone services that enable more labor-saving and advanced on-site work.

A monitoring service that leverages IoT technology to help parents, guardians, and other caregivers keep track of children and the elderly

Kyushu T&D provides its Qottaby caregiver monitoring service in Fukuoka City, Kasuya Town, and Hisayama Town. When children or elderly people carry a monitoring device, their location can be confirmed by parents, guardians, police, and others. This service leverages ICT to help create safe, secure communities in our modern age when community monitoring is declining due to the aging of crime prevention volunteers and the increase in dual-income households.

Aerial photography, inspection, and surveying services by drones

In addition to its existing photography, inspection and surveying services, Kyushu EP established Kyuden Droneservice Company, Limited (QDS), a new company, in April 2024 to provide new services to customers across Japan by combining drone and AI technology. We will continue to help solve problems that face local communities, such as aging populations and lack of residents, by taking part in neighborhood watch activities.

VOICE

Helping to solve problems for customers by taking advantage of the technology and expertise accumulated through power equipment inspections

We have been making all-out efforts to increase the efficiency and precision of facility inspections. One example has been a demonstration experiment at the Reihoku Power Plant in 2022, in which we carried out an automated remote patrol using multiple drones for the first time in Japan. At present, there is strong demand for using drones from customers that own plants in different parts of Japan. A service proposal was made based on the results of the above demonstration, and we decided to discuss introduction of the service. We have received positive feedback from the person in charge of on-site management, who has told us that they are glad they asked us to conduct the demonstration. This is because the plant now has a wider range of inspection methods, which enables workers there to work more safely and efficiently than before. In the future, we will continue helping local communities solve problems they are facing through provision of advanced services that combine robotic and AI analysis technology.



Yuichiro Onishi
Sales Strategy
Department
Kyuden Droneservice

Regional Vitalization

The Kyuden Group is working to create new businesses and services together with local communities aimed at the sustainable development of local communities and society.

Promoting initiatives for solving regional issues

Kyushu EP has entered partnership agreements with local governments across Kyushu to promote solutions to local issues as well as sustainable community development.

Utilizing the Kyuden Group's management resources, products, and services, we are working to promote electrification for a zero-carbon world, develop systems to restore power as soon as possible in the event of a disaster, distribute needed equipment and supplies to evacuation centers, and stimulate industry by taking advantage of local tourism resources.

Q-Den Nigiwai Startup Project

The Q-Den Nigiwai Startup Project is a project Kyushu EP carries out in two locations, namely Nagasaki and Fukuoka Prefectures, to help solve local issues by building sustainable business models in collaboration with local communities. In Higashisonogi Town, Nagasaki Prefecture, we have been collaborating with the Higashisonogi Hitokotomono Foundation to increase the number of non-resident visitors to the town. This is being done through manufacturing and selling of Sonogi tea, a specialty green tea from the town, and Kujira Monaka cookies, whale-themed Japanese sweets. Additionally, we run the community hub umino Wa to provide information and interaction between local residents and tourists. As part of our efforts to further expand communication and enhance provision of information, in May 2024 we invited two local companies engaged in regional revitalization through food to operate at umino Wa.

On Ainoshima Island in Shingu Town, Fukuoka Prefecture, we are working as one with our business partner, Ainoshima Regeneration Council, as well as Shingu Town, on the three measures of industry creation, living, and new residents. To grow the fishing industry, a key industry on the island, we have been manufacturing and selling bouzushi, rod-shaped pressed sushi, using seasonal fish from the Genkai Sea since 2023.



Umisachi Bouzushi (Ainoshima Island, Shingu Town, Fukuoka Prefecture)

TOPICS

The integrated facility *Sen no oto* opened on the site of the former Sendai Culture Hall

With the goal of "building a sustainable community together," which is included in the Kyuden Group Management Vision 2030, the Group is working to create markets with new businesses and services.

As part of such efforts, we opened the integrated facility *Sen no oto* on the site of what was once the Sendai Culture Hall.

As of the end of June 2024, the facility has been visited by a total of 92,000 people since the opening in April of the same year. Serving as a smile-filled open space of rest and relaxation where three generations of families, mainly those rearing children, can gather to enjoy themselves, relax and learn, the facility brings life and vibrancy to Satsuma-Sendai City.



Attracting businesses

The Kyuden Group is working hard to attract companies from outside the Kyushu region by utilizing its business network spanning the entire region.

Kyushu EP introduces industrial sites to companies interested in expanding to Kyushu, works in cooperation with municipalities to encourage companies outside Kyushu to set up their business sites in the region through public relations activities, and so on.

To contribute to regional revitalization, Kyushu T&D liaises closely with local governments to gather information on industrial parks and idle land, reviews measures on supplying electricity for expedited supply, and proposes candidate locations for expected supply, while paying close attention to regulations on conduct.

Supporting regional economic revitalization by providing a local information platform

In May 2021, Kyushu EP established Machi no Wa Co., Ltd. with The Chikuho Bank, Ltd. and SBI Holdings, Inc. for the purpose of vigorously promoting regional development and community revitalization. This company provides a local information platform to more than 90 local governments and other organizations across Japan that enables users to use many different electronic services, including premium gift certificates, regional currencies, and regional points, through a single smartphone app.

The company aims to serve as a regional platform that not only circulates local money within the region but also brings in people and money from outside by issuing childcare benefits, tourism promotion coupons, and other digital local currencies according to the policies of each community.

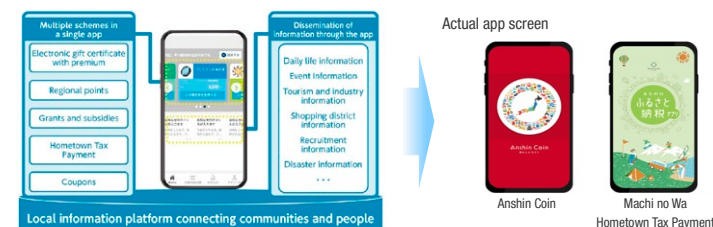
In March 2024, the Anshin Coin app, which had been developed through joint research with Kanazawa University as a disaster area reconstruction assistance tool for victims of the Noto Peninsula Earthquake to allow users to send their support messages alongside donations, was released on this platform.

The Hometown Tax Payment service (locally-paid) was launched in April 2024.

The service emphasizes issuing digital coupons that can be exchanged for locally provided leisure experiences, such as golf, accommodation, and dining, and aims to help solve regional issues and revitalize local communities.



The kind of local community that Machi no Wa is aspiring to



Foundation for Creating Value

Foundation for Creating Value

The Kyuden Group has incorporated its materiality initiatives into its Medium-term ESG Plan as a concrete action plan it is steadily progressing through.

Based on the two ideas of Creating a workplace environment where diverse talent can thrive and Strengthening governance, we will create a firm foundation for generating value.

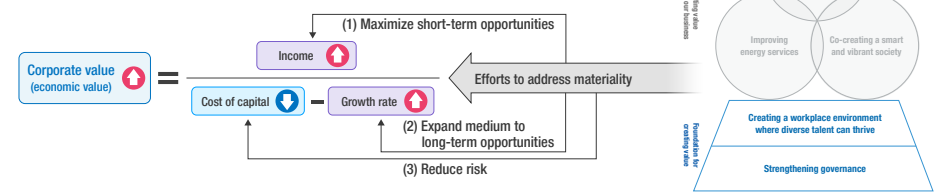
Medium-term ESG Plan

Creating a workplace environment where diverse talent can thrive: Creating future value by fostering a corporate culture in which people, and the organization itself, continue to grow

Scope of performance aggregation:

Kyushu EP Kyushu T&D

Model for enhancing corporate value



Material goal	Key issue	Medium-term targets (Items for which no year is specified are FY2030 targets)	FY2024 targets	Main action plan	Impact			FY2023 results in bold Figures in parentheses are annual targets	Scope of data collection
					(1)	(2)	(3)		
Creating a workplace environment where diverse talent can thrive	Creation of value through the growth of people and the organization	Create new value by leveraging the aspirations of individuals (WILL) — At least 30 commercialized projects (cumulative total through FY2030) — 10,000 proposals and entries — Management Transformation Training: Attended by all organization leaders in FY2025	<ul style="list-style-type: none"> 100 participants in KYUDEN i-PROJECT At least 3 separate projects leading to final commercialization proposals Accelerate and improve effectiveness of QX initiatives <ul style="list-style-type: none"> Management Transformation Training: Attended by all organization leaders Establishment of a structure to boost activities 	<ul style="list-style-type: none"> Promote in-house innovation <ul style="list-style-type: none"> Create an environment conducive to taking on challenges <ul style="list-style-type: none"> Investigate efficient administration of i-Challenge to more effectively cycle through new business ideas Diversify development pathways and secure resources for consideration of new ventures by shifting them away from projects that have left the lab Example development pathway <ul style="list-style-type: none"> Strengthen business development by leveraging in-house technology proposals Consider lab-initiated business creation to shorten time to commercialization Promote open innovation through collaboration with external parties Proactively utilize external networks Promote QX Initiatives <ul style="list-style-type: none"> Consideration and development of concrete measures based on the understanding of the status of activities and verification of issues Establishment of structures to follow up during and after the implementation of a measure Introduce a system to connect employees who share the same passions beyond the workplace 				<ul style="list-style-type: none"> 124 participants in KYUDEN i-PROJECT (100) Zero separate projects leading to final commercialization proposals (Three or more per year) 	—
	Human capital strategies linked to management strategies	MY Choice Training (formerly Training for Problem Solving Skills), which enables the development of a variety of skills where you can learn from over 3,000 examples: 10,000 participants (cumulative total through FY2030)	MY Choice Training: 2,000 participants	<ul style="list-style-type: none"> Systematic and flexible acquisition and development of human resources based on our human resources portfolio Strengthen support for employees' self-directed career development and provide more opportunities for them to play an active role in the company 				MY Choice Training: 1,769 participants (target introduced for FY2024 and on)	#Q
	Promotion of DE&I (diversity, equity, and inclusion)	<ul style="list-style-type: none"> At least 30% of manager positions held by women^{*1} Greater than or equal to the statutory requirement for employment ratio of persons with disabilities^{*2} <p>^{*1} Percentage of appointments to assistant manager level and above in the candidate group (excluding executives)</p> <p>^{*2} From 2.5% in 2024 increasing to 2.7% in 2026</p>	<ul style="list-style-type: none"> At least 10% of female hires among new science and engineering graduates 100% ratio of paternal leave 2.5% or more employment ratio of persons with disabilities 	<ul style="list-style-type: none"> Further promote women playing a more active role in the company through training, promotion, and hiring more female employees Expand employment of persons with disabilities as well as the areas to which they can contribute in liaison with Q-CAP Establish and perfect a work environment where diverse talents such as older workers, people with disabilities, LGBT+ individuals can play an active role 				<ul style="list-style-type: none"> Number of new female managers: 3.4 times increase (13 personnel; 62 personnel cumulatively) Number of appointments to organizational head positions: 5 times increase (7 personnel; 35 personnel cumulatively). (More than 3 times increase in number of women appointed to management or organizational head positions compared to FY2009–2013) 103.6% ratio of paternal leave (100%) Eruboshi certified (Eruboshi certified) 	#Q
	Work style reforms	75% of employees perceive progress in work style reforms (Started monitoring in 2024)	70% of employees perceive progress in work style reforms (Aiming to achieve 75% in FY2030 through gradual improvement)	<ul style="list-style-type: none"> Consider systems that contribute to flexible work styles and implement initiatives to promote understanding and utilization of various work systems Promote operational efficiency in liaison with digital transformation(DX) promotion efforts 				Target introduced from FY2024 onward	#Q
	DX promotion (transformation of business structure and process)	<ul style="list-style-type: none"> All employees to receive DX Follower Training (FY2025) Train approx. 400 DX specialists (FY2025) Generate approx. ¥40 billion in profit from DX (cumulative total by FY2030) 	<ul style="list-style-type: none"> Approx. 10,000 DX Follower Training participants (cumulative total) Approx. 300 DX Specialist Human Resources Training participants (cumulative total) 50 separate DX projects supported for implementation 50 self-service BI (Tableau) projects introduced and developed 	<ul style="list-style-type: none"> Secure and develop talented individuals with diverse knowledge and experience, including highly specialized and DX personnel, in order to realize our business strategy Check the progress of the DX plan of each department and provide appropriate advice and support for its implementation Promote utilization of generative AI to improve productivity of all employees (provide info on how to use it and some use cases, hold trainings, provide individual support, etc.) Quickly provide an environment for the implementation and testing of self-service BI, including for group companies, and respond to questions about self-service BI and Tableau operation Spread awareness regarding the basic concepts of data utilization and establish a structure to manage data to promote the use of data throughout the company 				<ul style="list-style-type: none"> Approx. 7,600 DX Follower Training participants (Approx. 3,000) 221 participants in DX Specialist Human Resources Training (Approx. 100) 51 separate DX projects supported for implementation (50) Approx. 70 self-service BI (Tableau) projects introduced and developed (50) 	—
	Prioritizing safety and health	<ul style="list-style-type: none"> 0 serious occupational accidents including contractors and subcontractors Continue to be selected for the Certified Health & Productivity Management Outstanding Organizations Recognition Program 80 or fewer overall health risks identified during stress checks 	<ul style="list-style-type: none"> 0 instances of any of the four types of major accidents^{*1} including contractors and subcontractors <p>^{*1}The four types of major accidents are: electric shock, falling from height, pinching and entanglement, and accidents involving heavy machinery</p> <ul style="list-style-type: none"> Continue to be selected for the Certified Health & Productivity Management Outstanding Organizations Recognition Program 80 or fewer overall health risks identified during stress checks 	<ul style="list-style-type: none"> Develop measures to prevent electric shocks, falls, pinching, entanglements, and accidents involving heavy machinery Promote safety activities in cooperation with contractors and subcontractors Implement initiatives to raise awareness and support the practice of self-management of one's health through various measures promoting health Implement health promotion measures in collaboration with Kyuden Health Insurance 				<ul style="list-style-type: none"> 4 serious accidents involving employees (0) Continue to be selected for the Certified Health & Productivity Management Outstanding Organizations Recognition Program (continue to be selected) 76 overall health risks identified during stress checks (80 or fewer) 	#Q
	Respect for human rights	0 significant human rights violations ^{*1} across the entire supply chain ^{*1} Violations deemed to have significant social impact	0 significant human rights violations across the entire supply chain	<ul style="list-style-type: none"> Ensure that each division is taking steps to reduce human rights risks, and establish human rights DD (due diligence) so that each division can manage itself more independently going forward For overseas energy business, continuously investigate newly established companies for human rights risks and encourage necessary corrective measures Continue to conduct various training programs and share information with group companies 				Implemented 12 new and expanded human initiatives related to human rights due diligence and remedial measures (12)	—





Impacts: (1) Maximize short-term opportunities (increase income), (2) Expand medium to long-term opportunities (increase growth rate (future growth expectations)), (3) Reduce risk (lower the cost of capital)

Medium-term ESG Plan

Strengthening governance: Establishing good governance practices to support growth

Scope of performance aggregation:



Material goal	Key issue	Medium-term targets (Items for which no year is specified are FY2030 targets)	FY2024 targets	Main action plan	Impact			FY2023 results in bold Figures in parentheses are annual targets	Scope of data collection
					(1)	(2)	(3)		
Strengthening governance	Improving the effectiveness of corporate governance	<ul style="list-style-type: none">• Ensure diversity and appropriate structure of the Board of Directors such as ratio of external directors• Enhance monitoring structures• Ensure transparency and objectivity regarding nominations and compensation	<ul style="list-style-type: none">• Improve the function of the Board of Directors• Roll out specific actions laid out in the IP strategy	<ul style="list-style-type: none">• Review the governance structure by the Board of Directors in anticipation of the new group structure• Establishment of IP governance system• Improve education and dissemination of information related to intellectual property and the appropriate maintenance and management of owned rights			<ul style="list-style-type: none">○○○	<ul style="list-style-type: none">• Enhance disclosed information related to corporate governance• Expand the delegations that the President & Chief Executive Officer receives from the Board of Directors as Representative Director (Enhance disclosure information related to corporate governance and improve the function of the Board of Directors)	
	Enhance risk management structure	Improve accuracy of risk management	Improve accuracy of risk management	Clarify key risks to align awareness between senior management and executives, and ensure that the mid-term management plan reflects risk countermeasures and is appropriately monitored			<ul style="list-style-type: none">○	Conduct group-wide risk analysis to align awareness with senior management and update the mid-term management plan to reflect risk countermeasures (Improve accuracy of risk management)	—
	Ensure compliance	<ul style="list-style-type: none">• Zero serious compliance violations• Create a climate conducive to discussion	<ul style="list-style-type: none">• Zero serious compliance violations• Disseminate information on the consultation service process and encourage its use	<ul style="list-style-type: none">• Roll out the business improvement plan submitted to METI in August 2023• Roll out measures to create an information system that will not and cannot allow other retail electricity providers' customer information and personal information to be improperly handled• Administer education to promote understanding of Kyushu T&D's Code of Conduct for Compliance• Disseminate information to promote understanding and use of the compliance assistance service• Continuously disseminate messages from top management and operate a consultation service to promote understanding of regulations governing business conduct			<ul style="list-style-type: none">○○○○○	<ul style="list-style-type: none">• Zero serious compliance violations (zero)• 52 consultations and reports at Kyushu EP and Kyushu T&D compliance and harassment consultation services (Monitor the number of cases and consultations)	
	Improving supply chain management	Raise ESG awareness throughout the supply chain — Exchange opinions on sustainability with 50 major business partners (cumulative total through FY2025)	Exchange opinions on sustainability with 17 major business partners	Promote initiatives to improve sustainability in the supply chain, including consideration of carbon neutrality and human rights, based on the Sustainable Procurement Guidelines		<ul style="list-style-type: none">○		91.5% response rate to survey on sustainability improvement initiatives among major business partners (90% or more)	
	Ensuring information security	<ul style="list-style-type: none">• Zero leaks of personal information• Zero serious information security incidents due to cyberattacks• Zero system failures with significant customer impact	<ul style="list-style-type: none">• Zero personal information leak incidents• Zero serious information security incidents due to cyberattacks• Zero system failures with significant customer impact	<ul style="list-style-type: none">• Ensure measures to prevent further mishandling of new entrant customer information and other sensitive data are implemented• Strengthen security measures for our information assets in external environments, which are rising in prevalence due to the migration of internal systems to the cloud, increases in telework, the use of company smartphones• Strengthen information gathering capabilities on cyberattack trends that accompany changes in the state of affairs overseas• Further enhance response to security incidents• Promote steady system development and operation in accordance with the division of responsibilities and roles between the divisions in charge of operations and the IT division		<ul style="list-style-type: none">○○○○○	<ul style="list-style-type: none">• Two personal information leak incidents *1 (zero) *1 Cases reported to the Personal Information Protection Commission in accordance with laws and regulations• Zero serious information security incidents due to cyberattacks (zero)• Zero system failures with significant customer impact (zero)		
	Improving stakeholder engagement (building up trust with stakeholders)	Improve satisfaction from stakeholders — At least 80% trust level in our group (FY2025)	<ul style="list-style-type: none">• At least 75.9% trust level in our group (exceed FY2023 results)• At least 80% of group companies participating in new activities such as festivals, Korabora-Q-den, and activities using generative AI• At least 90% improvement rate of environmental conservation awareness	<ul style="list-style-type: none">• Face-to-face initiatives with local communities — Enhance community engagement activities as a member of the local community (including participating in festivals as part of the Kyuden Group, increasing contact points with the community, and incorporating volunteer activities that boost employee participation and foster community connections)— Promote on-site hands-on environmental education and digital environmental education throughout Kyushu at three Kyuden forests, including the new Kirishima location— Hold branch area roundtable meetings to foster dialog with opinion leaders— Come together as a unified Kyuden Group to hold events (in each prefecture)• Consider and implement further measures to make our initiatives take root in the organizational culture including consideration of how to build trust toward achieving the management vision		<ul style="list-style-type: none">○○	<ul style="list-style-type: none">• Trust in and satisfaction with the Kyuden Group — 75.9% trust level (59.1% or higher) — 64.0% satisfaction level (63.4% or higher)• Percentage that responded "improved" when surveyed — 99% improved image of the Kyuden Group (90% or more) — 91.3% environmental conservation awareness (90% or more)	—	
	Improvement and strengthening of financial structure	<ul style="list-style-type: none">• Achieve financial objectives — Consolidated ordinary income: ¥125 billion or more (FY2025)Domestic electric utility business: ¥75 billion (FY2025)Growth businesses: ¥50 billion (FY2025)— approx. 20% equity ratio (end of FY2025)• At least 2.5% consolidated ROIC (FY2025)	<ul style="list-style-type: none">• Achieve financial objectives — Consolidated ordinary income: ¥125 billion or more (FY2025)Domestic electric utility business: ¥75 billion (FY2025)Growth businesses: ¥50 billion (FY2025)— approx. 20% equity ratio (end of FY2025)• At least 2.5% consolidated ROIC (FY2025)	<ul style="list-style-type: none">• Monitor the progress of the plan, identify downside risks, and consider their countermeasures in liaison with individual divisions to achieve financial objectives and quickly restore our financial footing (reflected in the FY2025 Mid-term Plan)• Improve profitability of growth investments by continuously and thoroughly streamlining investments in the electric utility business and properly identifying highly profitable projects• Allocate management resources based on ROIC targets, progress in each business, changes in the environment		<ul style="list-style-type: none">○○○	<ul style="list-style-type: none">• Consolidated ordinary income: ¥238.1 billion, excluding the effects of time lag this amounts to ¥176.1 billion (¥125 billion or more: FY2025) — Domestic electric utility business: ¥189.6 billion (¥75 billion: FY2025)— Growth businesses: ¥50.6 billion, inter-company eliminations amount to ¥-2.1 billion (50 billion yen: FY2025)• 17.3% equity ratio (approx. 20%: end of FY2025) / 15.5% when excluding the capitalized portion of hybrid bonds:• 4.2% consolidated ROIC (2.5% or more by FY2025 / 3.0% or more by FY2030)	—	

Impacts: (1) Maximize short-term opportunities (increase income), (2) Expand medium to long-term opportunities (increase growth rate (future growth expectations)), (3) Reduce risk (lower the cost of capital)

Message from the Director of the Human Resource Vitalization Division



Shaping the future centered around people

Believe in the power of talent, unlock potential, and create corporate value

Kikuyo Tsuno

Executive Officer
Director of the Human Resource Vitalization Division

Our approach to human capital management

**Creating the future with the power of people:
Becoming a company where employees and the organization
co-create the future**

The business environment surrounding the Kyuden Group is undergoing major changes, including the trend toward decarbonization, technological innovation, and increasing geopolitical risks. Going forward into an era of uncertainty and change, I believe that we need to create corporate value not only by merely reacting to change, but also by anticipating the future and creating change ourselves.

Needless to say, people are the source of corporate value creation. Currently, the importance of human capital management is once again being highlighted in society. The belief that human resources are the management capital and are the driving force of corporate growth is a management principle that Kyushu EP has cherished for many years.

In this new era of uncertainty, there are limitations to what can be achieved through top-down approaches; it is important that each employee's aspirations, passion and actions pave the way for Kyushu EP to enter the new era. In other words, our human capital management is about shaping the future with people as the starting point.

In human capital management, it is important to view the relationship between the company and its employees as one of kindred spirits. Based on this mindset, I believe it is my mission, as the person in charge of the Human Resource Vitalization Division, to realize the ability of people and the organization to grow together and co-create the future we want to achieve, and to make Kyushu EP a company where employees want to devote their time and energy to realizing their potential.

QX (Qden Transformation) initiatives

Encourage the aspirations of each and every employee and make it an organizational strength

To realize this goal of shaping the future with the power of people, we launched QX (Qden Transformation) initiatives last year. Starting from the diverse passions of each employee who supports Kyushu EP's workplace and operations, the QX initiatives encourage each individual to proactively take on the challenge of realizing their own aspirations while aligning it with the company's goals and making it an organizational strength (WILL Development Program).

At the launch of QX, the president sent a message to all employees, and all executive directors, directors, and branch managers also sent messages to their respective departments. This has two implications. First, the entire senior management team has committed to leading the implementation of QX initiatives as a key management theme and to providing full support in helping employees realize their aspirations. Second, to achieve the individual and organizational growth that QX aims for, it is important to ensure that the Kyuden Group's mission, *Enlighten Our Future*, which is also reflected in its purpose, its management vision, and the mission of each organization,

resonates with the passion of its employees. Therefore, these messages from senior management have significant meaning as it reaffirms the direction or North Star that the organization should pursue. Keeping their eyes fixed on the North Star, employees will identify issues from their own perspective, set their own goals, and creatively embody their own aspirations. I feel that, thanks to senior management's full commitment, the QX initiatives have become a company-wide movement, with everyone from senior management to front-line employees sharing the belief that everyone is working together to put the initiatives into practice.

Furthermore, we have started Management Transformation Training for the organizational heads since the key to better performance is the ability of managers, who are the driving force behind QX, to use their communication and leadership skills to support employees' passions and help them realize it. We have also introduced a management transformation process, which includes an engagement survey to create a cycle of dialogue and practice based on the diagnostic results. This initiative, which was called *Nurturing Passions*, started as a pilot program in select locations, and we plan to expand it across the entire company this fiscal year. These efforts were launched as pilots in some workplaces but are scheduled to be rolled out company-wide this fiscal year.

Additionally, we are developing a range of learning opportunities to empower employees to explore their own motivations and independently improve their skills. This approach ensures that different initiatives work together seamlessly as a unified package, enhancing the effectiveness of our efforts.

In May 2024, these QX and related initiatives won the top award in the corporate culture transformation category in the 2024 Career Ownership Management Awards. At the awards ceremony, Professor Kunio Ito, the author of the Ito Report and the chairperson of the judging committee, said, "It is highly commendable that in a very traditional company like an electric power company, the senior management is fully committed to and systematically implementing a wide range of initiatives as a business strategy that everyone from senior management to the operational front lines is working on together in earnest."

Although our efforts have only just begun, we are encouraged by this award to put QX into practice to create a company where all employees can play a leading role in bringing about change and expanding the company's potential, and where each individual can also expand their own potential, making us a "company where aspirations can be realized."

Diversity and autonomy as strength

Creating an environment where people with diverse strengths can demonstrate autonomy, inspire each other, and generate value

Another important element of our human capital management is the emphasis of diversity and autonomy.

Our management vision aims to develop the energy service business and grow profits in new business domains such as urban development and ICT businesses. To create new added value, it is vital to embrace diverse perspectives and respect individuality within our talent pool. When individuals with diverse strengths collaborate, respecting and challenging each other's viewpoints, creative synergies emerge, leading to the creation of new value.

For this reason, we plan to increase the share of experienced professionals in our hiring strategy to around 20%. This will include individuals with substantial expertise or backgrounds from other organizations. Furthermore, we have designed multiple career paths to further develop the talent of our employees.

Going forward into this era of change, when drawing up and executing management and business strategies, it is important to simultaneously think about what kinds of human resources with what strengths will be responsible for these strategies, which is why we are currently working on formulating a talent portfolio. The talent portfolio will help us visualize the gap between what the quality and quantity of human resources should be and currently is, and then take bold measures to acquire and train human resources. As we adapt our management strategies to meet evolving demands, we intend to flexibly adjust our talent portfolio, ensuring a strong alignment between our management and talent strategies.

In terms of diversity, it is also important to address the diversification of workers' values, especially among the younger generation. I mentioned earlier that my mission is to make Kyushu EP a company where employees want to devote their time and energy to realizing their potential. To achieve this, it is important to move away from the one-size-fits-all human resource management of the past and instead embrace diversity, including employees' diverse career aspirations, views on work, and life events, to create an environment where they can work in their own way.

To satisfy employees' desire for self-fulfillment, we have implemented mechanisms for internal job postings and an Aspire & Achieve Initiative that allow for voluntary transfers. Every year, many employees seize the opportunity to advance their careers through hard work and a mindset of taking on

challenges. This fiscal year we also started an open recruitment system for managerial positions. We also have a system in place that allows employees to have side jobs or dual careers both inside and outside the company.

We believe that work style should be tailored to individuals to optimize their performance, allowing employees the flexibility to work anytime and anywhere. Currently, we are implementing a fully remote work system on a trial basis. This approach fosters an environment where employees can autonomously shape their careers, enabling them to pursue career advancement despite (personal) circumstances.

Although some were concerned about the risks involved in introducing outside side jobs and more flexible work styles, we decided to make these autonomous work styles possible based on the concept of freedom with responsibility, which is in turn based on the company's trust in its employees.



Self-driven learning program for ongoing personal growth

Fostering career ownership through autonomy, co-creation, and learning together

Under the slogan "Unlocking the potential of the individual and the organization," Kyushu EP has deployed educational programs based on the concept of autonomy, co-creation, and learning together. Our goal is to foster a synergistic relationship between individual autonomous growth and

organizational diversity and co-creation, all built on a foundation of a culture of mutual learning.

For example, with regard to autonomy in learning, we offer MY Choice Training, which has around 3,000 courses, creating an environment where employees can choose and learn whenever they want.

No matter how old you are, if you maintain your curiosity and continue to learn and improve yourself, your potential will grow. I believe that personal growth comes not only from the challenges faced and the accomplishments achieved but also from the valuable lessons learned from failures.

By linking these elements—educational programs, QX, and career opportunities such as open transfers, side jobs, and concurrent jobs—into a chain, I hope to foster an awareness and behavior among individuals in which they take ownership of their own careers, motivating them to work diligently and engage actively in their professional development.

Final thoughts

Transforming into a new corporate culture and creating a platform for talent to thrive

We are now proceeding with a range of initiatives, including QX and the reform and deployment of human resource policies. Addressing business challenges and implementing strategies is not in a trade-off relationship with our employees' intentions and preferences; in fact, the two should be aligned on an equal footing. As I mentioned above, I believe it is my mission to allow people and the organization to grow together and co-create the future we want to achieve, and to make Kyushu EP a company where employees want to devote their time and energy to realizing their potential.

I would like to express my gratitude for the steadfast efforts of our employees at the field level who support the Kyuden Group's business. Keeping this in mind, I hope to foster a new culture and climate at Kyushu EP and creating a platform where people can thrive, while discerning what should remain unchanged and what needs to evolve, in the midst of a changing business environment.

Creating a Workplace Environment Where Diverse Talent Can Thrive

— Create future value by fostering a corporate culture in which people, and the organization itself, continue to grow —

As the business environment surrounding the Kyuden Group undergoes profound changes, our human capital will be the driving force in realizing the Management Vision 2030 and Carbon Neutral Vision 2050. At the Kyuden Group, we are working to further strengthen human capital management based on the basic concept of linking individual passions (WILL Development Program) with the organization's vision, enabling both people and the organization to grow together and create value.

We are also promoting DX (digital transformation) as an important management strategy for enabling the active participation of diverse human resources and creating value.

Pillars of the human resources strategy and the value creation process in human capital management

In order to realize human capital management, we are implementing a human resource strategy that is aligned with our management strategy. We are also promoting our initiatives by monitoring the progress toward achieving important key goal indicators (KGIs) based on our fundamental approach to strengthening human capital management.

Pillars of the human resources strategy

We have reorganized our materiality and are rolling out measures based on the following five pillars of the human resources strategy.

(1) Creation of Value through the Growth of People and the Organization P74

Accelerating the transformation into a workforce and organization that realizes value creation starting from individual aspirations

(2) Securing and Developing Talent to Realize the Management Strategies P76

Acquiring, developing, and utilizing human resources with diverse knowledge and experience, based on the management strategies

(3) Creating Systems that Allow Individuals to Maximize their own Potential P77

Supporting self-driven career development through diverse learning and experiences within and outside the company

(4) Creating a Rewarding Environment Where Diverse Talent Can Thrive P78

Creating systems and an environment where individuals can demonstrate their capabilities to the fullest

(5) Creating a System that Enables Employees to Work with Peace of Mind P81

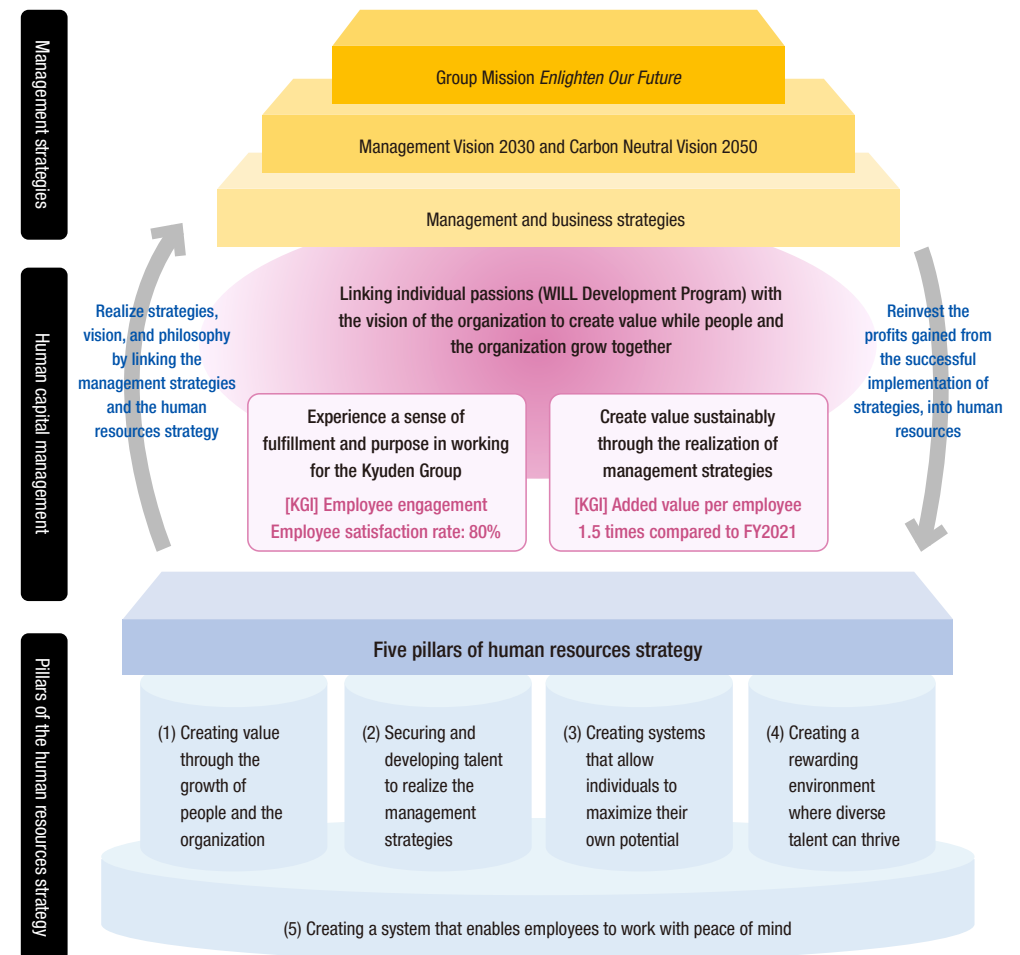
Promoting business and health management practices that prioritize safety, and efforts to respect human rights

Key goal indicators (KGIs)

We have established the following key goal indicators (KGIs) with the aim of realizing human capital management that “creates value while people and the organization grow together.”

- Growth of people: **Improve employee engagement** from the viewpoint of ensuring that employees experience a sense of fulfillment and purpose in working for the Kyuden Group
- Growth of the organization: **Increase added value per employee** from the viewpoint of creating value sustainably through the realization of management strategies

General concept of the human resources strategy and the value creation process in human capital management



Creation of Value through the Growth of People and the Organization

We are promoting efforts to transform the strength of each individual who shares the vision and goals of the company, department, and workplace and tackles challenges in a positive manner, into the strength of the organization. In addition to working on QX (Qden Transformation), which seeks to realize transformation toward a corporate culture that respects and supports the ideas of people to bring about value creation, we are also implementing the KYUDEN i-PROJECT aimed at connecting employees' enthusiasm and ideas for innovation with the creation of new businesses and services.

QX (Qden Transformation)

We have been working on QX initiatives since FY2023 to foster an organizational culture in which people and the organization can grow together.

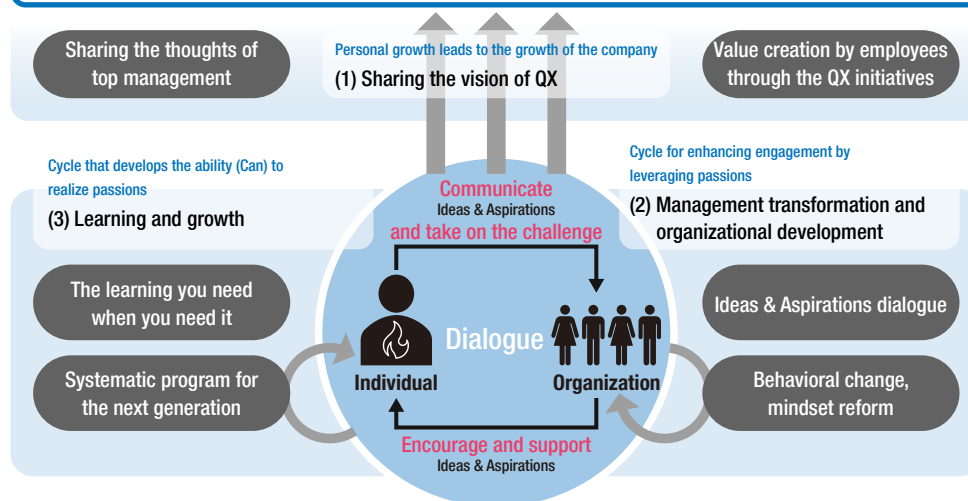
Under QX, we encourage employees' ideas and aspirations through dialogue and link these to the organization's vision, while at the same time promoting activities to encourage every individual to take the initiative in working on improvements and reforms as well as creating new businesses and services.

To ensure the effectiveness of QX, we are implementing initiatives in a systematic manner, including sharing the vision for QX, management transformation/organization development, and learning and growth.

Overview of QX initiatives

Turning passions into reality: People and the organization grow together to create value

- People and the organization grow together when the passions of individuals connect to the vision of the company or organization
- We will create a future where individual passions lead to value creation by having all employees play a leading role and act with enthusiasm



Sharing vision QX

Commitment by top management

- At the launch of QX, the President sent out a message of commitment to all employees through an internal broadcast. Following this, all executive directors, directors, and general managers shared their own messages in support of the initiative.

Spreading understanding of QX

- Through video-based training for all employees, we are working to foster a deeper understanding of the need for these initiatives and to promote changes in mindset and behavior.



Internal broadcast of President's message

Management transformation/organization development

We are accelerating the transformation to workplaces that implement QX through systematic efforts, combining the leveraging of engagement surveys and Management Transformation Training for all organizational heads.

Leveraging engagement surveys

- Visualize workplace conditions through surveys, and implement dialogue within the workplace as well as improvement activities
- Through focused surveys on improvement items for each workplace, share the progress in workplace transformation, and promote further dialogue and workplace transformation

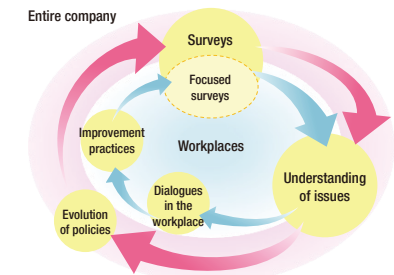


Illustration of how we leverage engagement surveys

Management Transformation Training

- Conduct training for all organizational heads, who are key to facilitating workplace dialogue, to foster the management skills they will need going forward and the ability to formulate action plans based on survey results

Learning and growth

Self-driven learning by employees P76

- We have introduced a system that allows each individual to learn what they want to learn, when they want to learn it, and developed an environment where they can independently acquire skills to realize their individual aspirations.

Support for processes toward the implementation of initiatives

- We conduct the Next-Generation Capacity Building Course as a systematic educational program to acquire common skills and ways of thinking across all divisions and lead them to practical application and results in the workplace.
 - Deepening self-understanding of one's own ideas and strengths
 - Acquiring the necessary skills for activities based on individual ideas, such as thinking skills and leadership
 - Creating teams across different workplaces and departments, and proposing concrete measures (action-based learning)

VOICE

Finding my passion and realizing my aspirations

I took the Next-Generation Capacity Building Courses with the desire to find my own passion and realize my aspirations at Kyushu EP.

By going beyond the workplace and putting myself in a position where things that are usually taken for granted as the “norm” do not apply, I was able to gain a new perspective and discover my own strengths. In addition, the experience of sharing our individual aspirations with a team and using it to develop a proposal gave me the confidence to communicate my own aspirations openly. I am also applying such learning in my everyday work, and I feel that every individual is beginning to give voice to their passions in the workplace, further stimulating dialogue that leads to better initiatives.

I am currently utilizing the system for taking on concurrent positions within the company to take on the challenge of realizing the aspirations I have developed during the training, and I aim to give back to the organization through the new things I have learned.



Nanami Shiohata
ICT Business Promotion Group,
Information & Communications
Division,
Kyushu Electric Power

TOPICS

Career Ownership Management Award 2024

Recipient of the top prize in the Corporate Culture Transformation Category

We have received the top prize (large company division) in the Corporate Culture Transformation Category of the Career Ownership Management Award 2024* organized by the Career Ownership Management Award 2024 Executive Committee. This was in recognition of the series of systematic initiatives, including QX and the related educational measures, that have led to transformation of our corporate culture and connected the self-driven challenges of employees with organizational growth.

*: This award widely solicits participation from companies that aim to implement career ownership management as a practical approach to maximizing human capital. It commends their activities, particularly those that have generated excellent output or results that should be shared with the world.



Co-creation of new businesses and services — KYUDEN i-PROJECT

Kyuden Group is implementing the KYUDEN i-PROJECT to nurture employees' passion for innovation and business ideas, and to support and study the creation of new businesses and services.

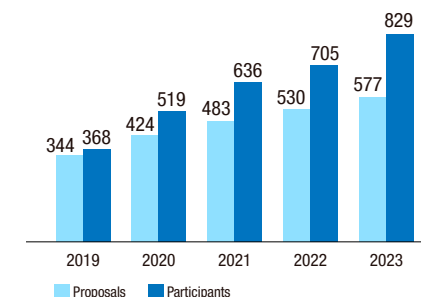
Through our efforts to realize innovation that is not constrained by our existing business domains, we aim to contribute to making the daily lives of our customers more comfortable and environmentally friendly, and to create world-class businesses and services originating from Kyushu.

In order to achieve prompt and flexible decision-making without being bound by traditional organizational and operational conduct, the KYUDEN i-PROJECT is managed directly under the President. In addition, when considering the commercialization of businesses and services, we appoint venture capitalists, university professors, and other parties as advisors so that we can incorporate the opinions of external experts.

Business idea development project i-Challenge

We are working to create promising business ideas by recruiting people and teams from across the entire Kyuden Group with an interest in and passion for innovation, and combining a nurturing phase involving workshops and mentoring by external experts with a selection phase involving presentations. i-Challenge has been held annually since FY2017, and it will be held for the eighth time this year. About 600 business ideas have been proposed, and about 800 members have participated in the program to date.

i-Challenge proposals and participants (total)



Major commercialization projects born from KYUDEN i-PROJECT



weev

weev is an electric car (EV) sharing service for apartment buildings that lets residents experience the safety, convenience, and comfort of EVs.



Kyuden Smart Lease

This appliance subscription service offers electric water heaters, induction cooktops, storage batteries, and more, with no upfront costs and a monthly flat rate that covers repair and maintenance fees.



PDLOCK

This on-site diagnostic and assessment service for HV and EHV cables provides monitoring of abnormalities that can inform maintenance management without interrupting operations.



Kyuden Electric Bus Service

A service that provides electric buses, charge-discharge equipment, energy management services, and other components as a package on a subscription basis to local governments and private companies that own and operate school buses, community buses, and other bus services.



Lithium-ion battery pack manufacturing and sales

This business manufactures and sells battery packs for industrial machinery using EV lithium-ion batteries, leveraging the Kyushu EP's battery control and monitoring technology.



九電ドローンサービス (Kyuden Drone Service)

Kyuden Droneservice Company

Leveraging the expertise and experience of Kyushu EP's electric power business, we offer inspection, surveying, aerial photography, and agricultural and forestry services using drones.

Major projects that are under review for commercialization

In studying new business ventures, we continue to take on bold challenges that are not bound by the framework of the electricity business.

- Digi-Garo (Kyuden Digital Art Gallery): A service that combines the sale of NFT art with curated selections that convey the value of the works
- Support for pilgrimage spots: A service that allows users to make donations (digital donations) via QR codes installed at sightseeing spots and other locations using their smartphones, and receive gifts in return

Securing and Developing Talent to Realize the Management Strategies

At the Kyuden Group, we have begun developing a talent portfolio to identify the personnel needed to increase the earnings of the growth businesses outlined in our management vision and to create new businesses. Based on this portfolio, we will focus on both acquiring talent with diverse experience from outside the Group and developing our existing talent. In addition, we will accelerate talent acquisition and self-driven development by implementing a personnel evaluation and treatment system that recognizes and leverages diverse knowledge and experience.

Developing a talent portfolio to realize the management strategy

In addition to acquiring and developing human resources to support the electricity business, we have begun developing a talent portfolio to identify the personnel needed for expanding revenues in growth areas and for transformative business structures such as DX. This includes project management personnel to lead new businesses and projects, as well as specialized professionals in specific areas such as fuel trading. Following this, we will develop a road map to realize the talent portfolio, while also pursuing allocation of human resources based on business priority and diversification of our recruitment methods.

Acquisition of talent with diverse knowledge and experience

We are actively working to diversify our talent pool and gain new perspectives; hiring highly specialized personnel for innovative and growth businesses; and rehiring employees who previously left due to personal circumstances such as childbirth, childcare, or nursing care responsibilities. We are also hiring and deploying external talent by adopting a more flexible hiring arrangement, including accepting people with side jobs or concurrent positions outside the Group, as well as contract employees.

In addition, starting in FY2023, we introduced multi-track career paths to enable diverse talent to maximize their potential and contribution, which will contribute to realize their full potential by specialized human resources.

Initiatives to secure diverse human resources

Obtaining outside perspectives	Mid-career recruitment (for people with experience working at other companies) Recruitment for highly specialized expertise (aimed at our growth businesses and new businesses)
Leveraging outside experience by former Kyuden Group employees	System for reentering the workplace (for employees who left due to childbirth, childcare, nursing care, etc.) Job return system (for employees who left to start their own business, change jobs, etc.)
Flexibly leveraging diverse hiring styles	Contract employees (with advanced/specialized skills) People with side jobs or concurrent positions outside the Group

Multi-track career paths

Professional career path	Demonstration of rare knowledge, skills, experience, and expertise with high market value (compensation and benefits based on market value)
Expert career path	Demonstration of in-house developed expertise in specific fields

Fostering internal talent

We are structuring our educational programs from both aspects of “planned talent development for strategy implementation” and “self-driven learning by employees” to enhance talent development.

Planned talent development for strategy implementation

- Utilize level-specific training to develop necessary skills for each level, leading to further enhancement of skills
- Enhance and pass on insight and technical skills required to perform work at each division through development of specialized talent at the division level
- Systematically develop talent to spearhead DX (digital transformation), recognizing DX as a knowledge and skills imperative for achieving the Management Strategy.
 - DX Follower Training: for acquisition of basic knowledge and skills (expanded target audience to all employees)
 - DX Specialist Training: for acquisition of highly specialized skills required to take the lead in implementing DX throughout the Group and in each division

Self-driven learning by employees

- Provide MY Choice Training, allowing employees to select courses on an as-and-when-needed basis from a menu of over 3,000 courses, including business skills, DX literacy, communication, and career development.
- Introduce Q-learning as a platform aggregating all educational content, including that related to educational training and self-development, to assist autonomous learning through the distribution of content allowing students to study during in-between times.

Outline of our training system



Creating Systems that Allow Individuals to Maximize their own Potential

By enriching opportunities for diverse training and experiences both inside and outside the Group, we will help employees take ownership of their careers and foster their growth through varied experiences. We will also identify individuals who embrace these opportunities, place them in roles that match their qualifications, further develop their skills, and ensure they receive fair evaluations and treatment. In this way, we will harness each individual's efforts as a source of strength for achieving our management strategies.

Opportunities to proactively take on challenges

In addition to expanding opportunities for self-driven learning as well as opening the door to gain diverse experience through side or concurrent business, we have in place systems such as allowing employees to proactively request a job transfer or responding to in-house recruitment.

Actual number of persons/cases utilizing opportunities to proactively take on challenges

Career success	Human resource bank (matching individual skills with positions)		System-based personnel changes (FY 2023)
	Achieve career success by applying for positions	<div>Aspire & Achieve Initiative</div> <div>In-house recruitment system</div>	
Diverse experiences	Opportunities within the company	<div>Proposals</div> <div>External side job/concurrent position</div>	<div>KYUDEN i-PROJECT P75</div> <div>Internal concurrent jobs system</div> <div>External side jobs system</div>
	Opportunities outside the company	<div>Voluntary study at university or graduate school in Japan and abroad (Study leave system)</div> <div>Company-funded MBA study abroad P76</div>	
Learning	Self-driven learning by employees P76		<div>• 36 participants in the aspire and achieve initiative</div> <div>• 22 positions filled through internal recruitment</div> <div>• Total number of participants (cumulative)</div> <div>• 163 concurrent positions inside the company (38 subjects)</div> <div>• 18 members with side jobs outside the company (19 subjects)</div> <div>• 1,769 voluntary training participants in FY2023 (MY Choice Training)</div>

Career success: Job transfer request or volunteering for internal job posting

We are aiming to enhance the momentum for achieving our management strategies by creating, through the introduction of a system that allows employees to proactively achieve job transfers, an environment where employees autonomously manage their careers and aim to leverage their own potential, as well as placing those who take on challenges in the right roles.

- The Aspire & Achieve Initiative under which younger employees can apply for a job position in a department that they desire
- In-house recruitment system for specific assignments and job roles

We are striving to create opportunities for managerial-class employees to decide on their career by themselves, such as by conducting a job posting for the head of an organization for the first time in FY2024, and to further cultivate a corporate culture that encourages employees to take on new challenges.

Diverse experiences: External side job/concurrent position system

By providing employees with opportunities to take on challenges to gain diverse experience both internally and externally, we will create an environment where employees proactively learn, develop themselves, and chart their career paths, leading to work reform and generation of added value from a new perspective.

- Internal concurrent job system under which employees may allocate up to 15% of their working hours to job assignments of other departments
 - Application type: where employees apply for, and participate in, projects designated by departments and take on the challenge of resolving issues
 - Proposal type: where employees submit and execute their own ideas and projects
- External side job system (experimental introduction) under which employees take on assignments of outside companies during non-working hours to acquire capabilities and skills that can be utilized for creating new businesses or enhancing competitiveness of existing businesses, while also broadening their perspectives.

To date, 24 employees out of all employees that took on internal concurrent jobs have been transferred to the departments offering the concurrent jobs, demonstrating diverse experience of employees leads to self-driven career development and placement of the right persons in the right positions.

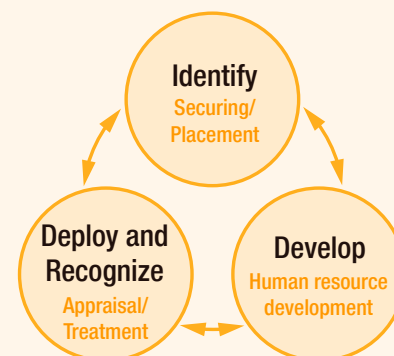
POINT

Link between the initiatives Identify, Develop, and Deploy and Recognize

The initiatives securing and developing talent to realize the management strategies, and creating systems that allow individuals to maximize their own potential are closely connected.

We are aiming to achieve value generation through realization of our management strategies, and self-driven career development of diverse talent, simultaneously by organically linking and executing the processes of Identify, Develop, and Deploy and Recognize.

Conceptual image of link between the initiatives



Identify

- Acquisition of talent through recruitment of experienced persons, highly specialized experts, and others
- Assigning motivated and qualified talent secured through the Aspire & Achieve Initiative and in-house recruitment system

Develop

- Systematic talent development based on both strategic development and self-driven education
- Development through accumulation of diverse experience, such as engaging in side jobs or concurrent jobs in or outside the company

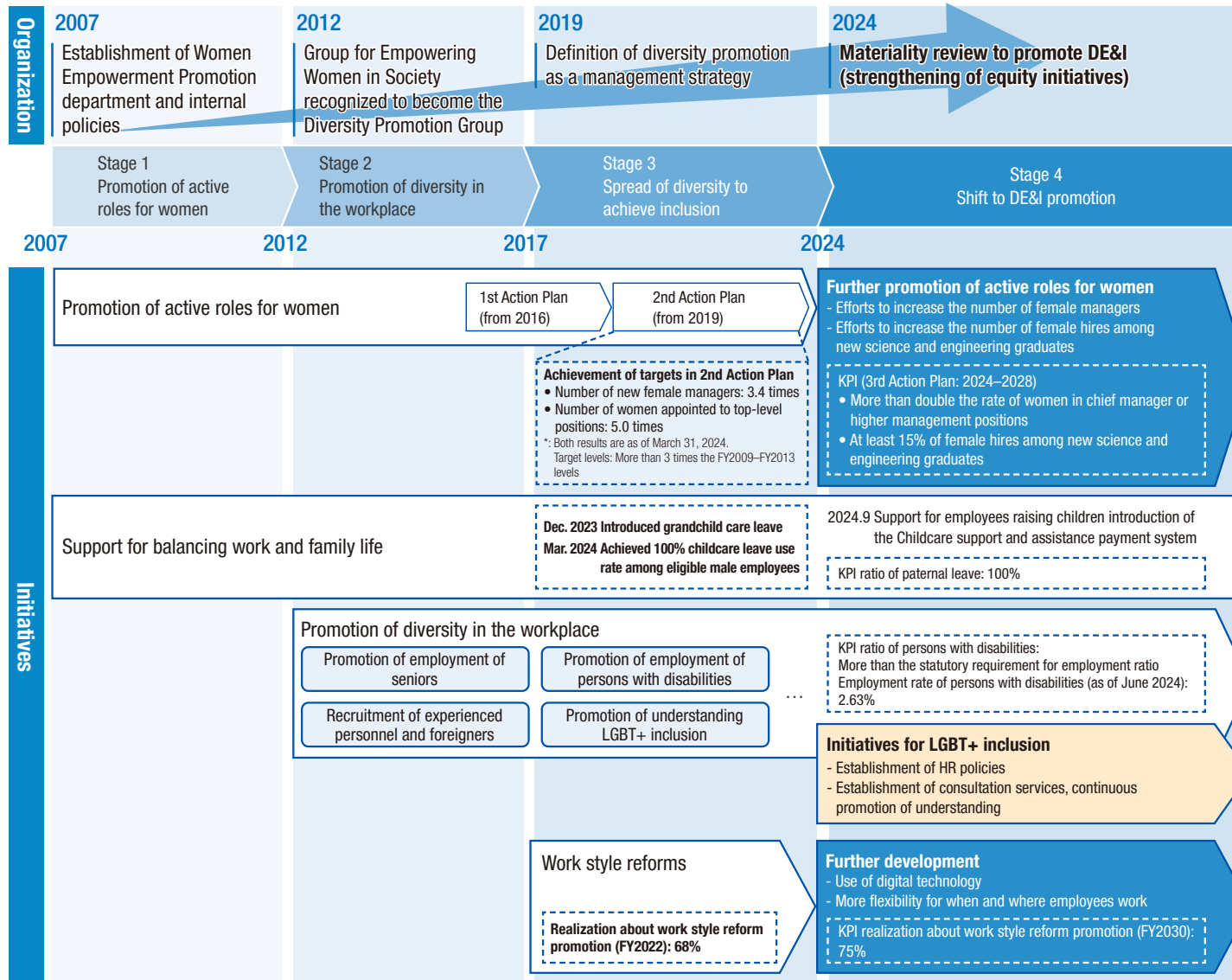
Deploy and Recognize

- Treatment based on multi-track career paths to capitalize on diverse strengths of employees
- 360-degree evaluation that objectively assesses employees' strengths, etc.

Creating a Rewarding Environment Where Diverse Talent Can Thrive — Promoting DE&I —

The Kyuden Group strives to create corporate value by harnessing the strengths and capabilities of each of our employees, ensuring inclusion across all genders, ages, nationalities, and beliefs. At the same time, we promote initiatives to create a workplace where diverse talent can thrive, grow, and feel a sense of purpose.

In FY2024, we promote DE&I as a management strategy by introducing an equity perspective to drive further promotion of active roles for women and to enhance initiatives for LGBT+ inclusion. We have also evolved our efforts on support for balancing work and family life, promotion of employment of seniors, promotion of employment of persons with disabilities, and work style reforms to create a rewarding environment where diverse, talented people can thrive in their careers.



Initiatives for LGBT+ inclusion

— Efforts enhanced since FY2024 —

The Kyuden Group has enhanced initiatives for LGBT+ inclusion since FY2024. We respect sexual orientation and gender identity as important aspects of diversity and are committed to creating a work environment where employees can work confidently and authentically.

Establishment of HR policies

We are committed to improving our work environment and benefits so that employees can work confidently and authentically.

- Recognize same-sex partners and their children as families and include them within our HR policies*.

*: Employees can be eligible by submitting our unique oath even when no partnership oath system is available in their local governments.

- Support transgender employees by recognizing their gender identities and preferred names, as well as providing leave for gender-affirming care.

Examples of policies for same-sex partners and their children

Work-related policies	Special leave, shortened working hours
Employee welfare	Company housing, dormitories, subsidies for childcare expenses
Leave	Childcare leave, family care leave
Compensation	Household allowance, housing allowance
HR	Use of preferred names

Establishment of consultation services and continuous promotion of understanding

By establishing consultation services and taking initiatives to promote the understanding of LGBT+ inclusion, we are committed to fostering a workplace culture where employees can thrive confidently.

- Established internal and external LGBT+ consultation services to respond to inquiries from employees and workplaces.
- Conduct training sessions for all employees to promote a deeper understanding of LGBT+ inclusion.
- Prepared our own guidelines, which include the basic knowledge of LGBT+ and other genders and some points to note about harassment, and made them available throughout the company.

Creating a work environment where women can thrive

To maximize the capabilities of valuable talent, we promote active roles for women as a management strategy. Our efforts, up until now, have steadily helped women play active roles, such as exceeding the numerical target level in the 2nd Action Plan based on the Japanese government's Act on Promotion of Women's Participation and Advancement in the Workplace.

For further promotion, we will drive our efforts, such as increasing the number of female managers and the number of female hires among new science and engineering graduates.

Efforts to increase the number of female managers

Regarding the difference in the number of managers between men and women, we are working on addressing the issue from the equity perspective as follows, because major life events like childbirth and childcare have the most significant impact on career progress.

Accelerated career progress opportunities

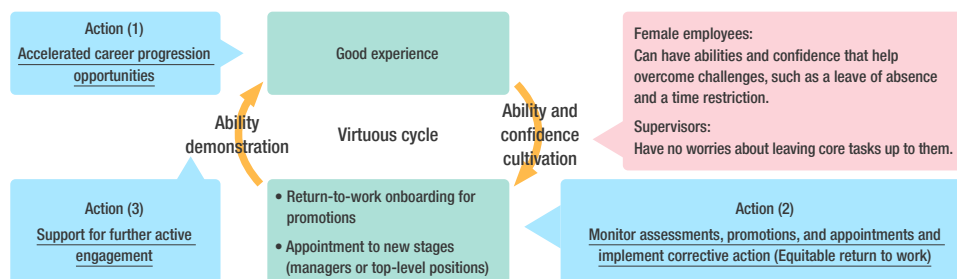
- Assign a task that will be key to the department's success or a challenging task in the early stages of career before childbirth or childcare.

Equitable return-to-work programs for women who have taken extended leave

- Monitor the personal assessment, promotion, and appointment status and implement corrective action.

Support for further active engagement

- Consider work location when employees are raising children
- Establish a Women's Council, which strengthens the network among women by reflecting their opinions to improve the rewarding work environment



Efforts to increase the number of female hires among new science and engineering graduates

We are working on recruiting more new female graduates as follows, in recognition of our very low number of women in the science and technology divisions.

- Released videos where active female employees in our science and technology divisions convey the appeal of their jobs and work environment.
- Launched the Development Project for women in STEM in collaboration with local municipalities and educational institutions to increase the number of women who choose science and engineering fields.



Kyuden's roundtable discussion for women in STEM (Available on YouTube)

Support for balancing work and family life

As part of our commitment to building workplaces that support a diverse workforce, we strive to create a work environment where employees can easily balance their professional and personal lives, such as providing a childcare leave system that exceeds the legal requirements and fostering a working culture that encourages all generations to help with childcare.

Support enabling male employees to be active parents

We also encourage male employees to be active fathers, aiming for them to experience personal growth and enhance their time management and creative thinking skills in the course of deepening their family bonds and raising children.

- Offer partially paid childcare leave.
- Suggest that male employees take at least two weeks of leave to focus on childcare under the slogan "IkuQ: Over 2 weeks."
- Distribute our unique Papanote paternity handbook, which describes the childcare leave system and helps fathers embrace their role as parents.
- Send a Hello Baby Card, an original message card written by the President, to employees with newborn babies.



"Papanote" paternity handbook

By implementing these measures, Kyushu EP and Kyushu T&D achieved a 100% male childcare leave take-up rate in FY2023.

Grandchild care leave

In December 2023, we introduced a grandchild care leave system that helps grandparents play active roles in raising their grandchildren, with an aim to foster a culture that encourages all generations to help with childcare.

VOICE

To create a workplace where anybody can easily play active roles in childcare

I used the grandchild care leave system to take care of my grandson. My wife, my son, and his wife said, "It is amazing that Kyushu EP offers special leave for grandchildren." During the leave, I took care of my grandson at home and spent time reading him picture books. Unlike during a normal vacation, I faced childcare with a fresh perspective and had a fulfilling time with my grandson.

I will encourage my colleagues to take this grandchild care leave when they have grandchildren. I hope that my initiative in using the system will have a positive impact, such as making it easier for employees of child-bearing age to take childcare leave.



Goichi Ariyoshi
Oita Customer Service Center Head,
Marketing Dep., Oita Branch Office,
Kyushu Electric Power

Promoting employment of seniors

We believe that employees aged 60 and over are valuable human resources with a wealth of experience and advanced knowledge and skills. We have established programs to encourage these employees to play an active role, including the Career Employee Program, a system for rehiring employees who have reached the mandatory retirement age, as well as the Career Bank Program, a system for commissioning work to retired employees who are interested.

Promotion of employment for persons with disabilities

The Kyuden Group promotes employment of persons with disabilities as part of our Group-wide commitment to helping create a society where all people, with and without disabilities, can thrive in their communities. Our special subsidiary Q-CAP Co., Ltd. has been helping increase employment opportunities for persons with disabilities through business support services alongside its existing subtitle production services.

Our employment rate for persons with disabilities in June 2024 was 2.63%, which is above the legal mandate of 2.50%.

*: This is a combined figure for Kyushu EP, Kyushu T&D, and Q-CAP under the special rule for affiliates.

Work style reforms

In order to improve productivity and work-life synergy, we promote work style reforms through a three-pronged approach of implementing business reforms, changing mindsets and workplace culture, and improving work environments. Going forward, we will continue to make further efforts, such as using digital technology and allowing a more flexible work style not restricted by time and place.

- Accelerate operation reforms, including productivity improvement and data-driven business operations, through the promotion of digital transformation, such as use of generative AI.
- Promote more work flexibility in both time and place by encouraging the use of the super-flextime system without core hours and expanding target offices for trial-based implementation of full-remote work.
- Establish a foundation for flexible work styles, such as providing company smartphones to all employees.
- Create a worker-friendly environment that drives employees' initiative, such as reforming offices to improve productivity and create added value.

TOPICS

The Kyuden Group received Fukuoka Prefecture's Award for Companies with Declarations of Support for Childcare in FY2023.

Our efforts, such as promotion of men's involvement in childcare and flexible work styles unrestricted by time and place, were highly recognized when we received Fukuoka Prefecture's Award for Companies with Declarations of Support for Childcare as a company that has conducted effective and distinctive initiatives to encourage male employees to be active fathers.



PICK UP

Creation of a worker-friendly environment that drives employees' initiative

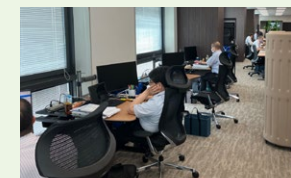
We are working on making our office spaces more friendly to workers to help diverse talent maximize their capabilities, leading to productivity improvement and added value creation.

Office reform perspectives (guidelines)

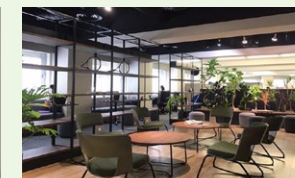
- **Efficiency:** An environment where employees can focus and maximize their capabilities according to various work styles
 - Installation of concentration booths and meeting spaces to cater to various work styles
- **Creativity:** An environment where person-to-person interactions cause engagement and foster unconventional and flexible ideas
 - Installation of spaces that trigger accidental exchanges naturally, such as spaces without walls and a cafeteria
- **Comfort:** An environment where employees can enjoy working energetically and happily with a positive attitude
 - Installation of spaces with greenery that allow employees to relax and become refreshed



Free addressing allows employees to choose where they work in the office each day.

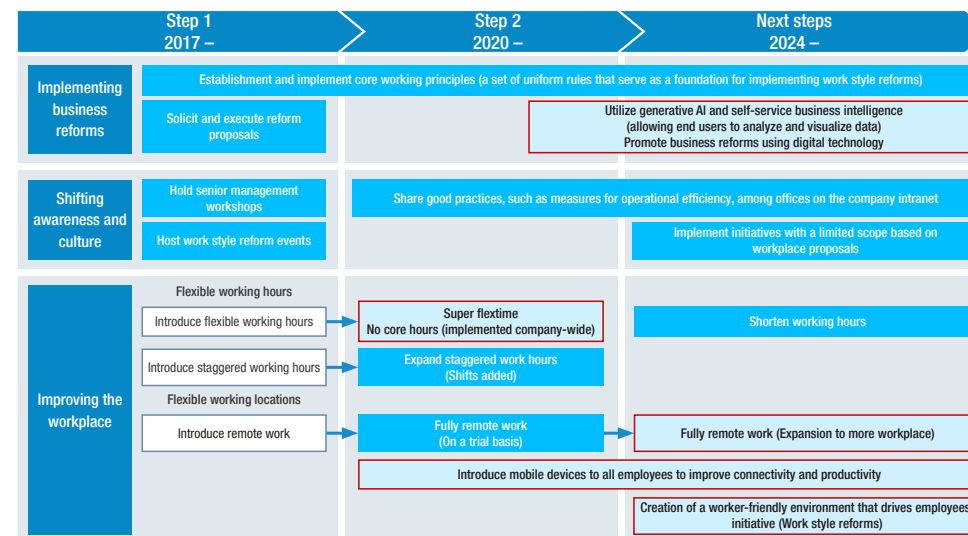


Spaces to concentrate on work



The cafeteria offers a refreshing space and triggers accidental conversations.

Evolutionary steps for work style reforms



Creating a System that Enables Employees to Work with Peace of Mind

The Kyuden Group is promoting initiatives related to safety, health, and respect for human rights, as a business foundation on which diverse talent can thrive with peace of mind and leverage their potential.

Promoting initiatives on safety

Based on the recognition that safety takes precedence over all else, we are promoting initiatives related to safety as the foundation of our management, using the Kyuden Group Safe Conduct Charter, which outlines the basic policy, as the basis for awareness and action.

Kyuden Group Safe Conduct Charter

The Kyuden Group aims to protect the safety of all people involved in our business, and to connect that safety to further security and trust. From the standpoints of occupational safety and equipment security, we will enforce the following five actions aimed at corporate activities that place the highest priority on safety, the foundation of our management.

1. Creation and evolution of safety
2. Incorporation of opinions and sharing information
3. Creation of open and friendly environments
4. Self-improvement
5. Transmission of company DNA

Safety promotion framework

The Kyuden Group Safety Promotion Committee, chaired by the President and held twice a year, is the deliberative body responsible for the overall safety of the Kyuden Group. The Group is striving to ensure prevention of disasters by enhancing safety governance through deliberations and coordination at the management level.

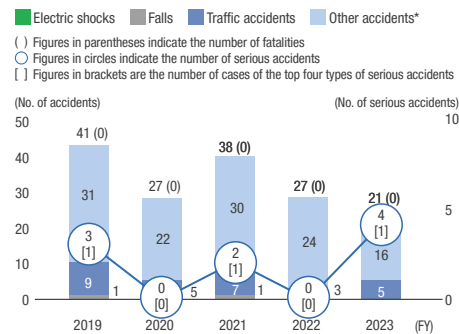
In addition, the Group Safety Promotion Subcommittee, composed of executives in charge of safety at Group companies, collaborates with the Kyuden Group Safety Promotion Committee to establish a group-wide safety promotion framework.

Initiatives to eliminate all major accidents

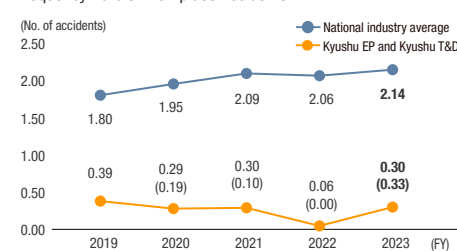
In order to thoroughly enact safe practices onsite as we work toward the goal of “zero serious accidents,” we are promoting proactive serious-accident prevention measures such as risk assessment, implementing measures to prevent the recurrence of accidents by digging deeper into the root causes after the occurrence of the accident, and monitoring the status of implementation of these initiatives.

In addition to past initiatives to prevent recurrence of accidents through elimination of causes, we will implement measures to prevent recurrence, as well as safety activities involving a new focus (Safety-II) which involves learning from near-miss incidents and other cases to identify the reason they did not lead to a serious accident, and analyze the best practices adopted to manage the cases. In addition, we are regularly providing safety education and hierarchy-based safety training as stipulated under the Industrial Safety and Health Act and related regulations to enhance awareness and knowledge on safety of the attendees.

Work-related accidents at Kyushu EP and Kyushu T&D
(by type of accident)



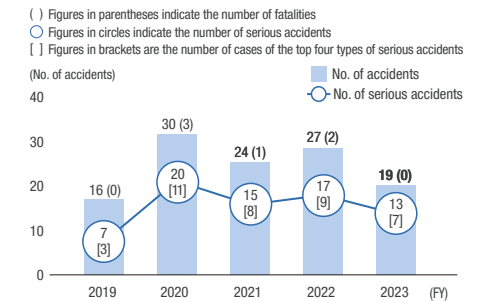
Frequency Rate of Workplace Accidents*



Promoting safety activities with contractors and subcontractors

In collaboration with contractors and subcontractors, we are promoting safety activities that focus on the types of accidents that occur most frequently. Specifically, we are working to raise safety awareness by sharing basic information on how to eliminate the four major types of serious accidents (electric shocks, falls, getting caught in machinery, and accidents related to heavy machinery), checking the status of safety management at work sites through safety patrols and diagnoses by safety consultants, and engaging in direct dialogue with workers at work sites.

No. of contractor and subcontractor accidents*
(Kyushu EP and Kyushu T&D)



Activities to foster a culture of safety

Safety training sessions at Anzen Mirai Kan

Newly opened in April 2023, Anzen Mirai Kan provides safety training for all Kyuden Group employees to foster their commitment to safety and create a culture of safety that unites the Group. At the facility, we use content such as disaster reenactment videos to help participants truly grasp the devastating impact of disasters and their effects on others. We deepen our understanding of human traits that can lead to accidents in terms of human error, risk-taking, and psychological safety. We also utilize disaster simulator equipment to teach the effectiveness of safe practices and enhance hazard awareness. This “resonating” training aims to further raise safety awareness among our Group employees. 2,191 employees attended training at the facility in FY2023.

Kyuden Group Safety Promotion Convention

The Kyuden Group Safety Promotion Convention deepens awareness of safety among senior management and employees at all workplaces through lectures by outside experts, and commends and showcases outstanding initiatives to promote safety at each workplace of the Kyuden Group. This encourages employees to take personal responsibility for safety and enhance and evolve safety initiatives in their workplaces.



Participants being recognized for efforts in safety promotion

TOPICS

Commenced safety training sessions for external companies and groups at Anzen Mirai Kan

In response to requests from visitors to Anzen Mirai Kan to attend the training sessions held at the facility, and with the aim of assisting companies and groups striving to ensure safety at their sites, we began offering safety training sessions for external companies and groups starting in June 2024.

We shall continue to enhance the safety awareness of our employees, while also listening to the voice of our customers, and responding to the needs of our local community.



Safety training session using the disaster simulator equipment

Promotion of Health and Productivity Management^{®*}

Under the Kyushu Electric Power Health Declaration and the Kyushu Electric Power Health and Productivity Management Policy, Kyushu Electric Power (Kyushu EP) and Kyushu Electric Power Transmission and Distribution (Kyushu T&D) aim to achieve sustained company growth by enhancing the motivation and vitality of employees, who are the foundation of all business operations, and using that energy to invigorate the organization.

In March 2024, the two companies were recognized as Certified Health & Productivity Management Outstanding Organizations (White 500) for their efforts to support the mental and physical health of their employees.

*: Health and Productivity Management[®] is a registered trademark of NPO Kenkokeiei.

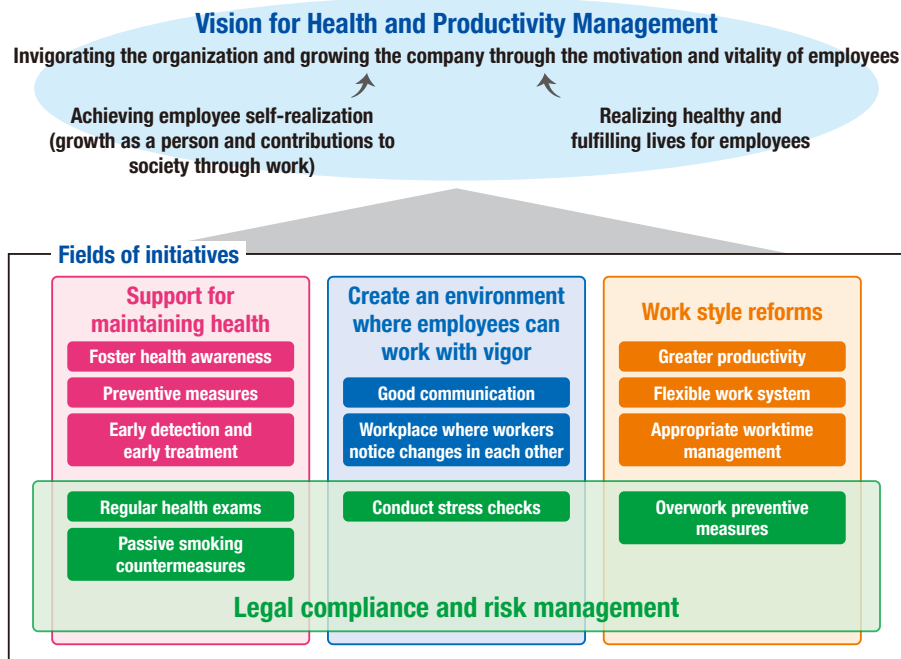


Promotion system

With the occupational health staff (occupational physicians and public health nurses) at the center, the Human Resource Vitalization Division, individual workplaces, and the Kyushu Electric Power Health Insurance Society are collaborating to implement various health management initiatives.

In addition, regular reports are provided to senior management on the status of physical and mental health of employees to promote better health management.

Concept



Physical health

We are working to improve the physical health of our employees through various efforts such as raising awareness through initiatives driven by senior management, enhancing awareness and practical skills through Group-wide initiatives, and providing specialized support from public health nurses.

Raising awareness through initiatives driven by senior management

- Top management is driving health management, including delivering the message from the President through the company's internal broadcast system.
- We enhance health awareness and foster a sense of unity in the workplace by producing and broadcasting a radio calisthenics video that features a diverse group of executives and employees.



Radio calisthenics video including top management

Enhancing awareness and practical skills through Group-wide initiatives

- Each month, we share information in our in-house newsletter to raise awareness of health, including topics of smoking cessation and women's health.
- We implement initiatives like the Group-wide walking campaign* during Health promotion month (October) that encourage participation among colleagues at work.

*: We've introduced a pedometer app that enables us to share walking achievements across the Group in real-time. The entire Group collaborates to compete, encourage one another, and enjoy walking, promoting the practice of health maintenance.

Providing specialized support from public health nurses

- To raise awareness of the need for better lifestyle habits, we are implementing initiatives such as physical fitness measurement events and various health classes.
- We offer health promotion advice from public health nurses, smoking cessation support, and other related initiatives.

Mental health

To promote the mental health of our employees, we are implementing a wide range of measures, including Group-wide simultaneous stress checks and stress reduction activities based on the results of these checks.

- By conducting Group-wide simultaneous stress checks, we gain insight into the stress levels of our employees and workplaces.
- We promote self-care based on stress check results, discussions on the strengths and weaknesses of each workplace, and stress reduction activities aimed at improving the work environment.

FY2023 stress check results

Participation rate	Overall health risks
95.8%	76 pts*

*: The risk is low and the condition is favorable compared to the national average of 100 points.

Respect for human rights

To ensure sustainable enhancement of corporate value, we recognize the importance of respecting our employees' human rights and maximizing their potential, as well as taking responsible action regarding human rights within local communities and supply chains. The Kyuden Group respects international norms such as the United Nations Guiding Principles on Business and Human Rights and is committed to upholding the human rights of all stakeholders involved in its business activities. (See page [P42](#) for details on the promotion framework.)

Kyuden Group Human Rights Policy

Under the Kyuden Group Human Rights Policy, formulated in April 2023, we are advancing business activities that respect human rights through initiatives such as human rights due diligence*.

*: A series of actions taken by a company to identify, prevent, and mitigate any negative impact on human rights resulting from its business activities and to communicate how these issues have been addressed

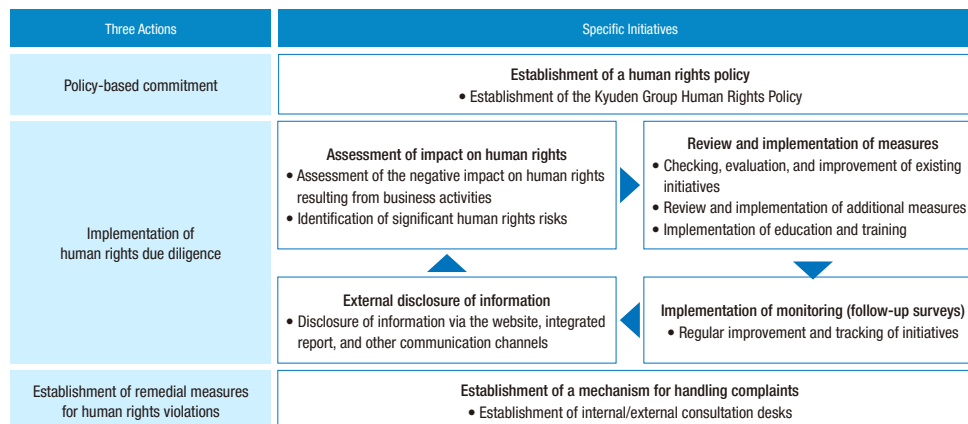
Kyuden Group Human Rights Policy

- | | |
|--|--|
| 1. Commitment to human rights | 5. Dialogue and consultation with stakeholders |
| 2. Scope of impact | 6. Awareness training and education for executives and employees |
| 3. Human rights due diligence | 7. Information disclosure |
| 4. Correction and remediation of human rights violations | |

(See page 62 of the ESG Data Book 2024 for details on each item.)

Overview of Human Rights Initiatives

The Kyuden Group has established a human rights due diligence system and is actively implementing initiatives to respect human rights, while continuously improving these efforts.



Implementation status of human rights due diligence

We are expanding our specific initiatives in each process of human rights due diligence, guided by the UN Guiding Principles and other guidelines.

Actions required of companies in each process of human rights due diligence		Our main initiatives
Identification and evaluation of negative impacts	Identify potential negative impacts on human rights (human rights risks) that may be caused by business activities, and analyze and evaluate their impact and significance	<ul style="list-style-type: none"> Analyze and assess human rights risks Identify salient human rights risks
Prevent and mitigate negative impacts	Conduct awareness education and training, improve the internal environment and systems, and manage the supply chain to prevent and mitigate human rights risks	Internal environment/systems <ul style="list-style-type: none"> Incorporate measures to address salient human rights risks into the medium-term plan to promote sustainability management Education and training <ul style="list-style-type: none"> Reflect in action guidelines Conduct education and training to foster awareness of human rights Supply chain management <ul style="list-style-type: none"> Establish the Sustainable Procurement Guidelines Conduct partner surveys Research for assessing human rights risks in overseas energy projects and fuel supply chains
Assessing the effectiveness of our initiatives	Monitor the effectiveness of human rights initiatives through follow-up surveys and continuously improve them through exchanges of ideas with stakeholders to assess the effectiveness of human rights initiatives and promote improvements	<ul style="list-style-type: none"> Management of salient human rights risks Monitor via various surveys and evaluate results from ESG rating agencies
Transparency and information disclosure	Disclose information about the company's human rights initiatives through reports and explanations to stakeholders	<ul style="list-style-type: none"> Enhance the content on our own media channels Utilize opportunities for dialogue with investors and shareholders to share information

Identification of salient human rights risks

We have identified five salient human rights risks that should be prioritized for action by extracting and assessing the human rights risks that may arise from the Kyuden Group's business activities. (See page [P63](#) of the ESG Data Book 2024 for details on the identification process.)

- | | |
|--|---|
| • Discrimination (including gender gap) | • Inappropriate restrictions on the rights of local residents |
| • Accidents caused by products or services (e.g., accidental death by electrocution) | |
| • Environmental pollution and destruction | • Harassment |

Remedial measures

The Kyuden Group has established internal and external consultation desks for receiving reports and consultations from stakeholders, including those related to human rights issues.

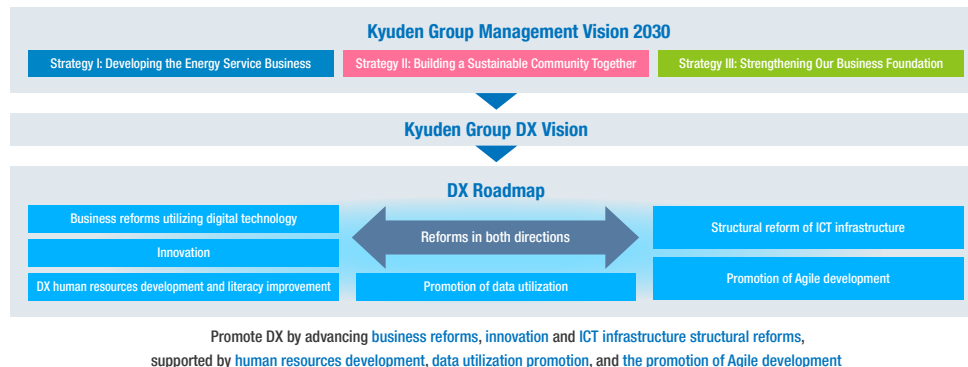
If it is found that the Kyuden Group's business activities are causing or contributing to negative impacts on human rights, we take action to correct and remedy the situation.

Promotion of DX (Transformation of Business Structures and Processes)

The Kyuden Group views the essence of digital transformation (DX) as “corporate transformation.” By leveraging digital technology and data to fundamentally reform our services, business models, and business processes, we aim to increase profits, create new businesses, and strengthen our operational foundation. Simultaneously, we will contribute to improving work productivity and enhancing each employee’s sense of fulfillment by transforming our people and organizational culture.

DX vision & DX roadmap

To achieve our “corporate transformation,” which is the essence of DX, it is crucial that every employee takes ownership and actively promotes awareness reform. Based on this concept, the Kyuden Group has established a DX Vision, outlining the Group’s ideal future through DX, and a DX Roadmap, which serves as a basic plan for promoting DX. The Chief DX Officer and the DX Promotion Division, established in July 2022, are at the center of these efforts. By clarifying and sharing the fundamental approach and relevant information, we are working to unify the awareness and intentions of the entire Group. By working together as a united Group in alignment with the DX Vision and DX Roadmap, we will contribute to the realization of the Kyuden Group Management Vision 2030.



Efforts to transform business structures and processes

Operational reforms utilizing digital technology

We have established eight themes and 18 measures, including “automation and centralization of field operations,” “advancement and streamlining of supply-demand operations,” and “data-based decision-making,” as part of our efforts to drive operational reforms utilizing digital technology. We have designated the executive director of each business division as a “business reform leader.” It is under their leadership that these initiatives are moving forward in cooperation with the business divisions, DX Promotion Division, and Information & Communications Division. Additionally, we are focused on enhancing the skills of employees in using generative AI by creating an environment where it can be utilized by all employees to improve business processes and productivity. We are also conducting training sessions, with 1,850 participants in FY2023. In July 2024, we formulated the Kyuden Group AI Policy, which outlines our basic stance and philosophy regarding AI. Moving forward, we will continue to actively promote the use of AI based on this policy.

Promotion of data utilization

To realize data-driven corporate activities, we are engaged in efforts to achieve and establish “data utilization within and across the organization” that drives productivity improvements and business reforms. First and foremost, to focus on the dissemination and promotion of data utilization, we will advance self-service business intelligence (BI) for visualization and simple analysis and advanced analytics for forecasting and optimization. Simultaneously, we will strengthen the mechanisms to promote and establish the use of data within and across the Group by each employee.

ICT infrastructure structural reforms

To promote our initiatives, we have established 8 themes and 16 measures, including “establishing simplified development frameworks to bring system development in-house,” “building a platform for utilizing data,” and “expanding our virtual infrastructure and external cloud services, along with the construction of a control management platform.”

Given that structural reform of ICT infrastructure is a critical element in supporting DX, we will expedite its implementation.

Development and securing of human capital in DX

To further accelerate radical operational reforms and new businesses development using digital technology, in FY 2023 we established our DX Specialist Human Resources Training program as practical, exercise-based training for data analysis and visualization, report creation, and other tasks, as well as DX Follower Training aimed at having all employees acquire basic knowledge and skills. In FY2024, we are continuing the DX Specialist Human Resources Training and DX Follower Training to further develop human resources who proactively work on DX. (Target number of cumulative participants in DX Specialist Training for FY2024: approximately 300)

We have also introduced a reverse mentoring system where young employees train managers. Through communication with young employees, we aim to actively incorporate new knowledge and perspectives, including the latest technology and generational differences in thinking and behavior, while also fostering a more inclusive and collaborative organizational culture. Furthermore, to visualize knowledge and skills related to DX, we have introduced a skills assessment approach. This approach will be used to measure the effectiveness of training and identify potential talent within the company, and also utilized in future human capital strategy.

VOICE

Achieving further growth through the valuable experience of serving as a reverse mentor

I took on the challenge of reverse mentoring, which was recruited from all employees, because of my interest in digital technology and my desire to actively promote business efficiency while further improving my skills through mentoring senior management.

The themes extended beyond digital technology and were selected from a variety of perspectives, leveraging the unique characteristics of different combinations of positions, departments, and generations. We engaged in active communication and, together with senior management, recognized that we gained significant insights that would contribute to DX, such as discovering new ideas and embracing diverse perspectives.

I plan to use this experience to contribute to the growth and transformation not only of myself but also of the Company and to bring these insights back to my workplace.



Yusuke Ogata
Shin-Oita Thermal Power Station
Maintenance Group No. 2
Thermal Power Division
Kyushu Electric Power

Strengthening Governance — Establishing Good Governance Practices to Support Growth —

At Kyushu EP, we believe that conducting socially meaningful business activities from a long-term perspective in line with the Kyuden Group's mission will continue to generate sustainable value for all stakeholders. Strengthening corporate governance to ensure that we do so properly is a top priority (materiality) for our management.

In FY2018, we transitioned to a company with an Audit & Supervisory Committee, considering that it was crucial to strengthen governance while ensuring swift decision making in order to respond more flexibly and proactively to the rapidly changing business environment.

In addition to enhancing our organizational structure, we place a strong emphasis on improving operational effectiveness. In doing so, we have implemented measures such as having external directors attend Corporate Management Committees and establishing Director Roundtables where all directors can engage in discussions to further enhance the effectiveness of our operations.

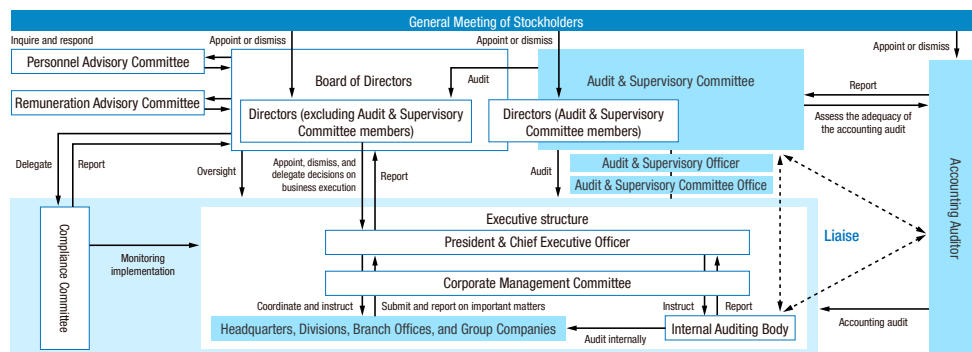
Changes in governance

(FY)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total number of directors*	20 (2)	20 (2)	21 (2)	19 (2)	16 (2)	15 (3)	15 (3)	15 (3)	14 (3)
of whom are external directors*	5 (2)	5 (2)	5 (2)	5 (2)	5 (2)	5 (3)	5 (3)	5 (3)	5 (3)
Audit & Supervisory Committee	(Audit Committee through FY2017)			●					
Evaluations of the effectiveness of the Board of Directors	●								
Director Roundtables							●		

* Includes corporate auditors through FY2017. Figures in parentheses indicate the number of women

Promotion framework for corporate governance

Kyushu EP has established a Board of Directors and an Audit and Supervisory Committee as its governance foundation. By appointing highly independent external directors, we aim to strengthen the company's supervising function for management. We are also the Audit & Supervisory Committee collaborates with the Internal Audit Body to enhance the effectiveness of audits. We are also working to clearly define the roles of supervision and execution between directors and executive officers, as well as to thoroughly implement compliance management [P93](#). In addition, we have established the Basic Internal Control Policy and are committed to continuously strengthening these structures. Furthermore, we regularly report on risk management [P96](#) and the strengthening of information security [P98](#) to the Board of Directors and are continuously working to strengthen our structures and enhance our initiatives.



Characteristics and activities of the Board of Directors

As a general rule, Kyushu EP's Board of Directors meets once a month and as needed. The board is responsible for making decisions on important business matters and supervising the execution status of these decisions. All directors are required to maintain an attendance rate of at least 75% at Board of Directors meetings to ensure that they properly fulfill their roles and responsibilities. In addition, five independent external directors (including three external directors who are members of the Audit & Supervisory Committee) that constitute more than one third of the entire board provide necessary advice to the Board of Directors based on their expertise and experience. They also offer appropriate involvement and guidance regarding the nomination of director candidates and remuneration matters.

Overview of internal organizations at Kyushu EP

Organization	Members (As of June 30, 2024)	Meetings held in FY2023	Attendance rate of all directors
Board of Directors	14 (including 5 external directors)	18	97.3%
Corporate Management Committee	4 (including 3 external committee members)	20	100%
Personnel Advisory Committee	4 (including 3 external directors)	4	100%
Remuneration Advisory Committee	4 (including 3 external directors)	4	100%

Additionally, since FY2021, we have been continuously holding Director Roundtables, where all directors discuss material issues and formulate policies and strategies for the Group. This initiative aims to further enhance the effectiveness of the Board of Directors. In FY2023, based on feedback from the evaluation of the effectiveness of the Board of Directors meetings, we enhanced the discussion forum for directors to facilitate more timely exchanges of opinions among directors by revising the operation of the Directors Roundtables from irregular to regular meetings.

Main discussion topics at the Board of Directors meetings and Directors Roundtables in FY2023

Board of Directors

- Setting of ROIC targets to enhance Kyuden Group's corporate value
- Improvement of the functionality of the Board of Directors
- Initiatives to promote sustainability management
- Regarding the approach to the GX League
- FY2024 Medium Term Management Plan
- Basic policy on internal controls

Director Roundtables

- Direction for public disclosure of ROIC targets
- Expansion of delegated authority from the Board of Directors to the President & Chief Executive Officer, who is chosen from among the Directors
- Direction for initiatives to further promote women's participation
- Companywide risk analysis
- FY2024 Medium Term Management Plan
- Evaluation of the effectiveness of the Board of Directors

[Strengthening Governance]

Improving Effectiveness of Corporate Governance

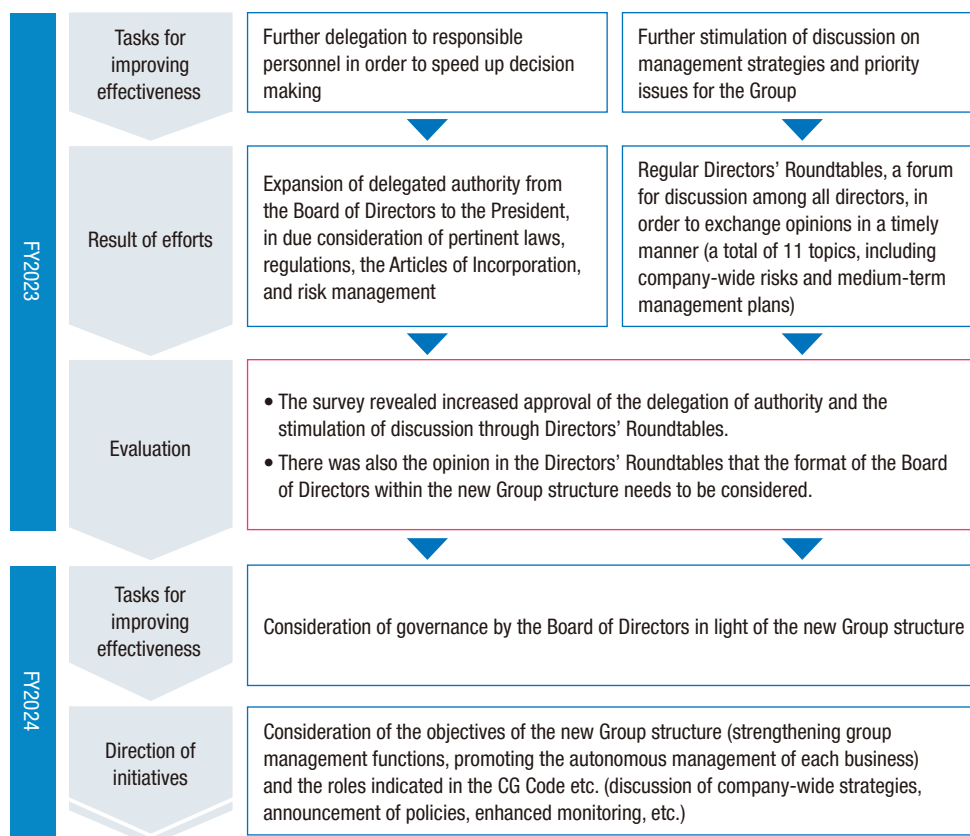
Evaluation of the Effectiveness of the Board of Directors

Kyushu EP's Board of Directors has evaluated its effectiveness since FY2015. In FY2023, we carried out a survey which includes a questionnaire on the following topics targeted at all directors, and analyzed and evaluated the results at Directors Roundtable.

Questionnaire topics

- (1) Composition and management of the Board of Directors
- (2) Management and business strategies
- (3) Business ethics and risk management
- (4) Performance monitoring and evaluation/remuneration of management
- (5) Dialogue with shareholders, etc.

Efforts aimed at improving the effectiveness of the Board of Directors



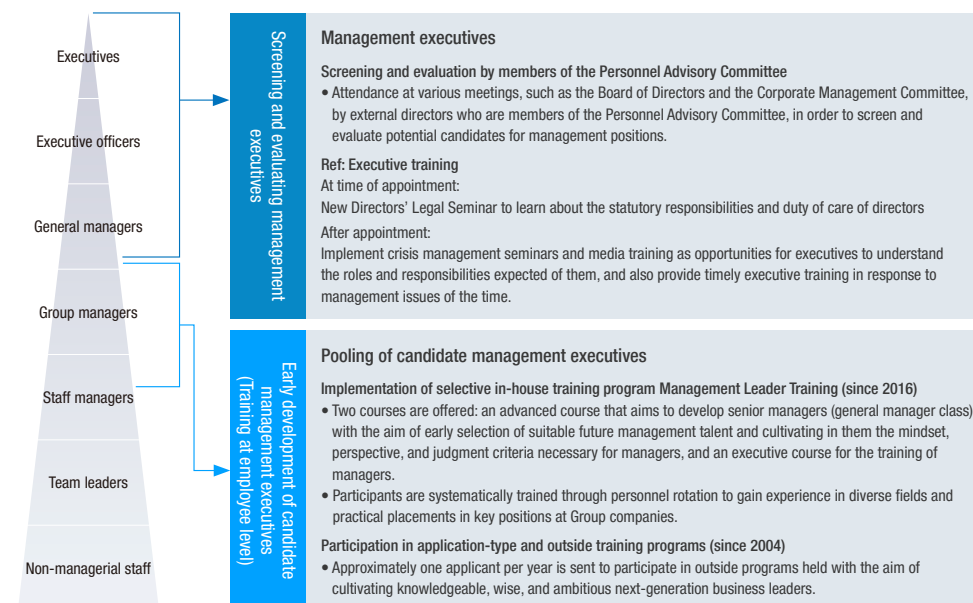
Policy on selecting candidates for the Board of Directors

When selecting candidate directors, Kyushu EP's Personnel Advisory Committee, which is chaired by an external director and the majority of whose members are external directors, deliberates from the perspectives of independence, transparency, and objectivity, and the Board of Directors makes the final decision. Candidates for internal directors are selected based on a comprehensive consideration of their personality, insight, ethics, career history, and capabilities. Additionally, candidates for external directors must make up at least one-third of the total number of members of the Board of Directors, and are selected from among individuals with extensive experience and insight in corporate management and other fields of expertise, and who meet independence criteria. Further, candidates are selected in order to ensure the diversity of the Board of Directors, in terms of gender, internationality, work history and age, etc., with at least three of the directors being women, and also to ensure that the Board is of an appropriate size, with consideration given to the overall business field.

Succession plan

Kyushu EP continues to promote initiatives to develop future management executives (succession planning).

- Development of executive training programs, including the Management Leader Training
- Careful screening and evaluation of management executives by members of the Personnel Advisory Committee through attendance at meetings, etc.



Directors' skill matrix

Against the backdrop of a dramatically changing business environment, in order to achieve sustainable growth and increase the corporate value of the Kyuden Group, the Board of Directors of Kyushu EP is demonstrating management direction with advanced insights and multifaceted perspectives to ensure the sustainable growth and enhancement of corporate value for the Kyuden Group. To appropriately exercise rapid decision-making and supervisory functions in management, the Board has identified the skills necessary for its members and clarified the expected areas based on each director's knowledge and experience.

Skill matrix

● External ● Independent ● Woman

Name	Position within Kyushu EP	Personnel Advisory Committee	Remuneration Advisory Committee	Fields with Particularly High Expectations*								
				(1) Corporate management and business strategy	(2) Finances and accounting	(3) Legal affairs, governance, risk management	(4) Human capital	(5) Environment	(6) ICT and DX	(7) Technology innovation	(8) Sales and marketing	(9) Global business
Michiaki Uriu	Chairperson			○		○		○		○		○
Kazuhiro Ikebe	President & Chief Executive Officer	Member	Member	○	○	○	○	○		○		○
Noboru Hashimoto	Vice-Presidential Executive Officer			○	○	○	○	○			○	
Atsushi Soda	Senior Managing Executive Officer			○	○	○		○	○	○		
Yoshiharu Senda	Senior Managing Executive Officer			○		○		○	○	○		
Takashi Nakano	Senior Managing Executive Officer			○	○	○					○	
Masaru Nishiyama	Senior Managing Executive Officer			○	○					○	○	○
Michio Hayashida	Senior Managing Executive Officer							○		○		
Sakie Tachibana Fukushima	Director	● ● ●	Chairperson	○		○	○			○		○
Yuji Hirako	Director	● ●	Member	○	○	○					○	○
Yoshiro Uchimura	Audit and Supervisory Committee Member			○	○	○	○	○			○	
Yuji Oie	Audit and Supervisory Committee Member	● ●					○		○	○		
Tomoka Sugihara	Audit and Supervisory Committee Member	● ● ●	Member			○	○					
Yuka Shigetomi	Audit and Supervisory Committee Member	● ● ●			○	○		○				○

*: This does not indicate all the knowledge and experience possessed by the director.

Remuneration System

Remuneration for directors (excluding directors who are Audit and Supervisory Committee members) consists of basic remuneration and performance-linked remuneration. Performance-linked remuneration is based on performance indicators such as consolidated ordinary profit, which is the financial target of the management vision, as well as the amount of GHG reductions toward carbon neutrality and the status of dividend returns to shareholders. Remuneration for external directors, in consideration of the nature of their duties, consists of basic remuneration only, with no performance-linked remuneration.

The amount of remuneration is determined by the Board of Directors, after deliberation by the Remuneration Advisory Committee, which is chaired by an external director and consists of a majority of external directors, and is within the total amount and upper limit of shares determined by resolution of a general meeting of shareholders. Additionally, members of the Audit and Supervisory Committee attend meetings of the Remuneration Advisory Committee to ensure the appropriateness of discussions of the Committee.

Director remuneration structure

Type of Remuneration			Overview	Weight	Timing of Payment	
Basic remuneration	(Monthly remuneration) Fixed		Monetary	Determined according to responsibilities	62 ~ 76%	Once a month Fixed timing
	Variable	(Bonus) Short-term	Monetary	A standard amount determined according to responsibilities is linked to the degree of achievement of performance indicators (consolidated ordinary income outlined in the financial objectives of the Management Vision) by 0% to 120%	12 ~ 19%	Once a month Fixed timing
		(Stock-based remuneration) Medium to long-term	Stocks*2	Around 20% of a standard number of points determined according to responsibilities is linked to the degree of achievement of performance indicators (consolidated ordinary income outlined in the financial objectives of the Management Vision and GHG emissions reduced to achieve carbon neutrality of the Kyuden Group)*3	12 ~ 19%	On stepping down

*1: When determining amounts of performance-linked remuneration, the Remuneration Advisory Committee deliberates on adjustments and evaluations, taking into account the dividend situation, etc.

*2: Since income tax applies when shares are received, an amount equivalent to the income tax is paid in the form of money.

*3: The period under review is three business years, and the final day of each target period is used as the record date for evaluation.

Amount of Director Remuneration (FY2023)

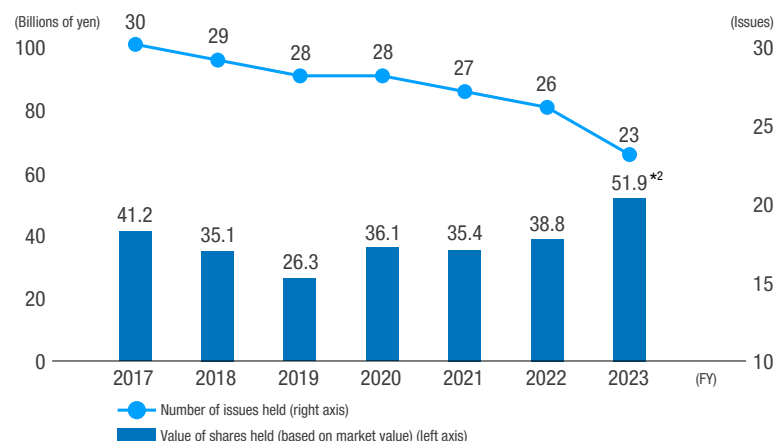
Category	Basic remuneration		Performance-linked remuneration				Total remunerations, etc. (million JPY)
	Monetary remuneration			Non-monetary remuneration			
	Monthly remuneration		Bonuses (short-term performance-linked)		Share-based remuneration (mid- to long-term performance-linked)		
	Number of persons	Total amount (million JPY)	Number of persons	Total amount (million JPY)	Number of persons	Total amount (million JPY)	
Director (excluding Audit & Supervisory Committee members)	15	352	8	45	8	118	516
Director (Audit & Supervisory Committee members)	4	78	—	—	—	—	78
Total (external directors)	19 (5)	430 (60)	8 (—)	45 (—)	8 (—)	118 (—)	594 (60)

Cross-shareholdings

Basic policy

With regard to individual cross-shareholdings (investment shares held for purposes other than pure investment (listed shares held as deemed shares)), the company takes into consideration a comprehensive range of factors, such as business strategies, including the stable procurement of funds and materials, and contributions to regional development, as well as relationships with local communities, and also verifies profitability and future prospects, taking into account factors such as capital cost, and confirms the significance of holding such shares at a Board of Directors meeting every year. As a result, those assets of which the holding is judged to be not meaningful enough will be sold off, and we will also sell as many of those assets as possible that are meaningful to hold. In FY2023, the number of stock issues has been reduced by a total of seven compared to FY2017 (before the revision of the CG Code), and we are working to steadily reduce this number.

Cross-shareholdings (listed shares*1)



*1: With regard to unlisted stock, as of the end of FY2023, the company holds 128 unlisted share brands worth ¥64.5 billion (of which ¥52.9 billion is Japan Nuclear Fuel Limited stock), as they contribute to the stable and continuous business operations of the company. In addition, Japan Nuclear Fuel's business plays an important role in Japan's nuclear fuel cycle, and operations such as the reprocessing of spent fuel generated at nuclear power plants are necessary for the stable operation of nuclear power plants and the securing of stable energy supply. Therefore, Kyushu EP's investment will contribute to the stable operation of Japan Nuclear Fuel's business.

*2: The increase in value of the company's share portfolio is due to rising share prices.

Criteria for exercising voting rights for cross-shareholdings

When exercising voting rights, a comprehensive decision is made on whether to support or oppose each individual proposal, taking into account the perspective of increasing the medium- to long-term value of the company and the companies in which we hold shares. In particular, with regard to proposals that may pose a risk of undermining shareholder value, the company first collects sufficient information from the companies in which we hold shares, and shares management risks before exercising voting rights appropriately.

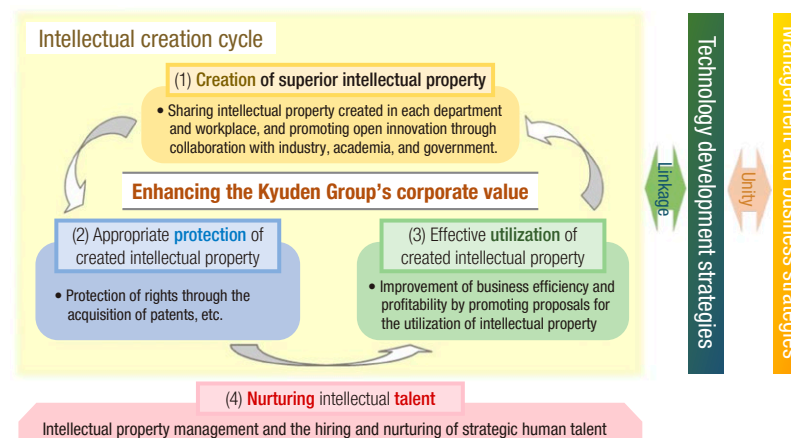
Establishment of an intellectual property governance function

The Intellectual Property and Intangible Assets Governance Guidelines, formulated in light of the revision of the Corporate Governance Code (June 2021), requires companies to disclose information on their intellectual property investments and utilization strategies and establish governance structures, and it is expected that companies will undertake these efforts and implement intellectual property strategies.

Kyushu EP will steadily promote intellectual property-related activities by formulating a basic policy for intellectual property strategy and establishing an intellectual property governance function.

Basic policy

By activating the intellectual creation cycle of creation, protection, and utilization, we aim to improve our corporate value, and by linking this with technological development strategies, we will contribute to management and business strategies from an intellectual property perspective.



Effectively utilized intellectual property

K-hat reef beta type*1 (artificial reef for seaweed propagation)

(Patent No. 4390736) (Patent No. 4146893)

This technology, commercialized by Sumitomo Osaka Cement Co., Ltd., the joint patent owner, involves installing multiple small blocks made from environmentally friendly recycled materials such as coal ash on a seabed block with gaps at different intervals between them. This creates a multi-functional seaweed bed reef that not only provides a home for seaweed, but also provides a home for young abalone between the small blocks. The luxuriant seaweed growth within the artificial reef contributes to the regeneration of barren seaweed beds.

*1: K-hat reef beta type is the product name of Sumitomo Osaka Cement Co., Ltd., the joint owner of this patent.

*2: The photo on the right is taken from the Sumitomo Osaka Cement Co., Ltd. website.



Dialogue Between External Directors and Investors

To foster constructive dialogue with investors, we organized a discussion between external directors and investors at the ESG small meeting held in December 2023. Being the third such dialogue since the inaugural one in FY2021, we had two external directors in attendance and strove to further improve the dialogue by such means as breaking into groups.



Sakie Tachibana Fukushima

External Director

Profile: President and Representative Director of G&S Global Advisors Inc. (current position) since 2010. External director of Kyushu EP since June 2020. Served as an internal director of a US-based company since 1995, while being an external director of more than 10 Japanese companies since 2002. Possesses many years of experience and extensive knowledge of human capital globalization and corporate governance.

Yuji Oie

External Director and Audit & Supervisory Committee Member

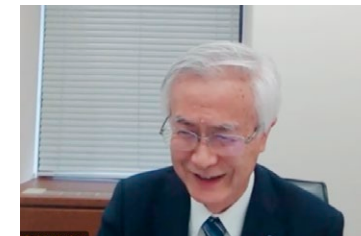
Profile: External director and Audit & Supervisory Committee member of Kyushu EP since June 2022. Former President of the Kyushu Institute of Technology. Being an expert in information network engineering, he has led advanced information network technologies in Japan. He also has extensive experience and exceptional insights in human resource development and organizational management as a university president.

Overview of ESG Small Meeting

Purpose	In addition to brief investors on the latest topics related to the Kyuden Group's sustainability management, we held a dialogue with external directors. This approach strengthened engagement by ensuring the dialogue which is compelling with an objective perspective.
Company representatives	Sakie Tachibana Fukushima (External Director) and Yuji Oie (External Director) Atsushi Soda (Member of the Board of Directors, Vice-Presidential Executive Officer, in charge of ESG matters)
Participants	Shareholders, institutional investors, and analysts
Content	Part 1: ESG Briefing Based on the theme of Sustainability Management at the Kyuden Group, the executive officer presented on topics such as the Integrated Report 2023 and the challenges and future direction of sustainability management. Part 2: Dialogue with External Directors The external directors answered participants' questions received in advance, followed by an open discussion with both external directors.

Q1: Role as external director

Mr. Oie I believe it is important to recognize the good organizational climate and culture at Kyushu EP, while also providing honest feedback on any discomforts or areas for improvement from an external perspective. Firstly, drawing on my experience at universities, being educational and research institutions, I am to offer my thoughts on enhancing the effectiveness of human capital development and utilization. Next, as an expert in the ICT field, I intend to share my insights on the promotion of digital transformation (DX) and research and development. As an Audit & Supervisory Committee member, I make it a point to listen to employees' genuine feedback and understand how well management policies are being communicated and any challenges that arise. I then share these insights and provide honest opinions from an external perspective during discussions between the Audit & Supervisory Committee members and senior management and other such meetings.



Ms. Fukushima As an external director overseeing the executive side, I check for consistency from three perspectives. The first is whether management is walking the talk by following through on its commitments to stakeholders made in the company's strategies, Medium-term Management Plan, and other initiatives. The second is whether management's actions align with the corporate philosophy and visions. The third is whether the current strategy is addressing geopolitical and environmental changes in Japan and abroad. Furthermore, based on my experience as an internal or external director in Japan and abroad, I believe effective governance varies depending on the country, industry, history, and culture, therefore, it is important for each company to pursue the optimal approach to enhancing its corporate value. Kyushu EP is adopting an organizational design system of a company with an Audit & Supervisory Committee, and as a director, I continually engage in discussions on improvement measures, including effectiveness evaluations, to enhance shareholder value.

Q2: Kyushu EP's strengths

Ms. Fukushima Kyushu EP's differentiating strength in the industry lies in its leading ratio of zero-emission energy sources, bolstered by the restart of four nuclear power reactors, and its status as a leader in addressing the social challenge of achieving carbon neutrality. I also consider the high level of name recognition and trust within the Kyushu region a significant strength. These two strengths are particularly well-suited for achieving the materiality goal of Co-creating a smart and vibrant society.



Mr. Oie I believe the genuine commitment to ensuring a stable supply of electricity is one of Kyushu EP's strengths, fostering trust among its customers. Regarding external environmental strengths, Kyushu is experiencing a rapid influx of semiconductor and data center-related companies, leading to a significant increase in electric power demand. We must seize this opportunity to drive further growth.

Q3: Human capital management

Ms. Fukushima Drawing from many years of experience in human capital consulting, I believe Kyushu EP's strength in human capital lies in its many diligent and talented individuals dedicated to fulfilling the social mission of ensuring a stable electric power supply. The challenge lies in that diligence, which often leads to a highly cautious approach, making it difficult for them to come up with creative and bold ideas.

In terms of human capital initiatives, the concept of placing the right person in the right position is gaining traction. This involves appointing the best talent to each mission, whether from within the company or outside, without regard to age. Progress is also being made on external hiring.

Additionally, the diversification of recruitment schemes, including the introduction of a comeback system, is making the company more flexible in terms of employee mobility, which is commendable. Furthermore, the company is taking steps to quantify the outcomes of its human capital management initiatives by setting Key Goal Indicators (KGIs) and introducing engagement surveys. Going forward, it will be crucial to clarify the cost-effectiveness of these initiatives and ensure that each measure is actually contributing to value creation. Regarding gender initiatives, the company has set a target of 100% paternity leave acquisition ratio and is making steady progress, with the acquisition rate exceeding 80%* in FY2022. As the human capital shortage persists, expanding diversity will become increasingly essential in the future. This requires improvements in mainly the ratio of female managers and hiring more foreign nationals.

* Percentage in FY2023 was 103.6%.



Q4: Involvement in promoting DX

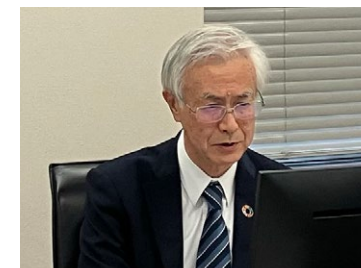
Mr. Oie In addition to serving as a member of the DX Promotion Committee, I share information and exchange opinions with the DX Promotion Division every month to discuss the progress of initiatives and address any emerging issues. In terms of promoting DX, the company has developed a DX Vision and a DX Roadmap, defining the essence of DX as realizing corporate transformation. It is commendable that the President himself consistently emphasizes the importance of DX in various internal and external settings, contributing to the growing momentum for DX promotion throughout the company. I also view these proactive efforts to promote DX as an initiative to transform Kyushu EP's cautious organizational culture. Indeed, the company has been adopting generative AI ahead of other power companies. I strongly sense that the President is leading the charge in embracing change and taking on new challenges.

Q5: Improving PBR

Ms. Fukushima The price-to-book ratio (PBR) is a fundamental indicator of increasing shareholder value, and it is crucial to implement strategies to improve it over the medium to long term. Beyond a recovery in performance, it is essential to achieve a return on capital that exceeds the cost of capital (improving ROE) and to enhance the company's reputation for growth potential (improving PER). With the entry of companies from other industries into the renewable energy sector, competition is intensifying, and the competitive landscape is evolving rapidly. The key challenge for the company is leveraging its strengths and enhancing economic value by swiftly addressing social issues. To achieve this, it is essential to constantly focus on improving PBR and ROIC. I believe that ROIC-based practices are currently being implemented in each business department throughout the company. When I attended a dialogue between employees and top management, employees at business sites asked questions about ROIC, and I noticed that more employees were beginning to view the company's financials as personally relevant.

Mr. Oie To improve PBR, it is necessary to present and execute a scenario for medium- to long-term earnings growth. Gaining the support and confidence of investors regarding the company's future growth potential is also crucial. That means the company needs to embrace new challenges, and I am hopeful that the productivity improvements driven by DX investment will contribute to both increased earnings, through the creation of new businesses, and cost reductions.

At the same time, it is important to secure and develop human capital capable of driving innovation and creating added value. Even in my field of expertise, information and communications, the members responsible for promoting DX are seconded to various companies, government agencies, universities, and other institutions, where they are actively working to acquire knowledge and build valuable human networks. I am confident that each member will leverage the knowledge and experience they have gained to support the Kyuden Group's continued growth.



Feedback from investors received after the dialogue

- Opportunity to have an extended, direct conversation with the external directors was valuable.
- The insights from external directors were undoubtedly valuable, but the discussions themselves were also highly beneficial. It was also great to be able to see the personalities of the external directors.
- The availability of such dialogue opportunities reflects the management's sincerity and transparency and is also one of the company's strengths.

Members of the Board of Directors (Kyushu Electric Power) (As of July 1, 2024)



Common stock in the company held: 111,589 shares

Overview of career, positions, and responsibilities

1975 Joined Kyushu EP
2009 Member of the Board of Directors, Senior Managing Executive Officer, Director of Thermal Power Division
2011 Member of the Board of Directors, Vice-Presidential Executive Officer, Director of Thermal Power Division
2012 Member of the Board of Directors, Vice-Presidential Executive Officer
2012 Member of the Board of Directors, President & Chief Executive Officer
2018 Member of the Board of Directors, Chairperson (current position)

Important concurrent positions

External Director, Audit & Supervisory Committee Member, The Nishi-Nippon City Bank, Ltd.
External Director, RKB Mainichi Holdings Corporation

Michiaki Uriu

Member of the Board of Directors, Chairperson



Common stock in the company held: 109,889 shares

Overview of career, positions, and responsibilities

1981 Joined Kyushu EP
2017 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Corporate Strategy Division
2018 Member of the Board of Directors, President & Chief Executive Officer (current position)

Kazuhiro Ikebe

Member of the Board of Directors, President & Chief Executive Officer



Common stock in the company held: 45,651 shares

Overview of career, positions, and responsibilities

1984 Joined Kyushu EP
2017 Executive Officer, General Manager of Kumamoto Branch Office
2020 Managing Executive Officer, Director of Urban Development Business Division
2022 Senior Managing Executive Officer, Director of Urban Development Business Division
2023 Member of the Board of Directors, Vice-Presidential Executive Officer, Executive Director of Business Solution Headquarters (current position)

Noboru Hashimoto

Member of the Board of Directors, Vice-Presidential Executive Officer



Common stock in the company held: 42,473 shares

Overview of career, positions, and responsibilities

1985 Joined Kyushu EP
2018 Executive Officer, General Manager of Oita Branch Office
2020 Executive Officer, seconded to the Federation of Electric Power Companies of Japan
2020 Managing Executive Officer, seconded to the Federation of Electric Power Companies of Japan
2022 Senior Managing Executive Officer, seconded to the Federation of Electric Power Companies of Japan
2023 Member of the Board of Directors, Vice-Presidential Executive Officer, Crisis Management Officer and ESG matters
2024 Member of the Board of Directors, Vice-Presidential Executive Officer, Crisis Management Officer, ESG matters, Chief Information Officer (current position)

Atsushi Soda

Member of the Board of Directors, Vice-Presidential Executive Officer



Common stock in the company held: 47,039 shares

Overview of career, positions, and responsibilities

1984 Joined Kyushu EP
2019 Managing Executive Officer, Director of Civil & Architectural Engineering Division, Technical Solution Headquarters
2020 Senior Managing Executive Officer, Executive Director of Technical Solution Headquarters
2022 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Technical Solution Headquarters (current position)

Yoshiharu Senda

Member of the Board of Directors, Senior Managing Executive Officer

Important concurrent positions

External Director, FUJI P.S. CORPORATION



Common stock in the company held: 31,961 shares

Overview of career, positions, and responsibilities

1985 Joined Kyushu EP
2018 Executive Officer, General Manager of Kagoshima Branch Office
2021 Managing Executive Officer, Director of Operation Division, Business Solution Headquarters
2022 Senior Managing Executive Officer, Director of Operation Division, Business Solution Headquarters
2023 Member of the Board of Directors, Senior Managing Executive Officer, Director of Operation Division, Business Solution Headquarters (current position)

Takashi Nakano

Member of the Board of Directors, Senior Managing Executive Officer



Common stock in the company held: 31,829 shares

Overview of career, positions, and responsibilities

1986 Joined Kyushu EP
2019 Executive Officer, General Manager of International Business Office
2021 Managing Executive Officer, Executive Director of Corporate Strategy Division
2022 Senior Managing Executive Officer, Executive Director of Corporate Strategy Division
2023 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Energy Service Headquarters (current position)

Important concurrent positions

External Director, Nippon Tungsten Co., Ltd.

Masaru Nishiyama

Member of the Board of Directors, Senior Managing Executive Officer



Common stock in the company held: 34,113 shares

Overview of career, positions, and responsibilities

1985 Joined Kyushu EP
2018 Executive Officer, Head of Genkai Nuclear Construction Arrangement Office
2021 Managing Executive Officer, Deputy Director of Nuclear Power Division
2022 Senior Managing Executive Officer, Deputy Director of Nuclear Power Division
2024 Member of the Board of Directors, Senior Managing Executive Officer, Director of Nuclear Power Division (current position)

Michio Hayashida

Member of the Board of Directors, Senior Managing Executive Officer

Notes: 1. Common stock in the company held as of March 31, 2024

2. Including the individual's equity in the Board Benefit Trust (BBT), a stock remuneration system



**Sakie Tachibana
Fukushima**

Member of the Board of
Directors (External)

Common stock in the company held: 9,900 shares

Overview of career, positions, and responsibilities

1980 Joined Blackstone International, Ltd.
1984 Left Blackstone International, Ltd.
1987 Joined Bain & Company, Inc.
1990 Left Bain & Company, Inc.
1991 Joined Korn Ferry International-Japan (now Korn Ferry Japan)
1995 Member of the Board of Directors, Korn Ferry International U.S. Headquarters
2000 President, Korn Ferry International-Japan
2001 President and Representative Director, Korn Ferry International-Japan
2007 Retired as Member of the Board of Directors, Korn Ferry International U.S. Headquarters
2009 Chairperson and Representative Director, Korn Ferry International-Japan
2010 Retired as Chairperson and Representative Director
2010 President and Representative Director, G&S Global Advisors, Inc. (current position)
2011 Vice Chairperson, Japan Association of Corporate Executives (through 2015)
2020 Member of the Board of Directors, Kyushu EP (current position)
2022 Member of the Board of Directors, Aozora Bank, Ltd. (part-time, current position)

Important concurrent positions

President and Representative Director, G&S Global Advisors, Inc.
External Director, Aozora Bank, Ltd.



Yuji Hirako
Member of the Board of
Directors (External)

Common stock in the company held: 0 shares

Overview of career, positions, and responsibilities

1981 Joined All Nippon Airways Co. Ltd. (now ANA HD)
2011 Executive Officer in charge of Marketing and Sales, ANA
2012 Executive Officer responsible for the United States & head of the New York Branch, ANA
2013 Senior Executive Officer responsible for the United States & head of the New York Branch, ANA
2015 Senior Executive Officer of ANA, Executive Director of ANA HD
2015 Member of the Board of Directors, Executive Officer, ANA HD
2017 Member of Board of the Directors of ANA HD CEO and President of ANA
2022 Retired as the above
2022 Vice Chairman of the Board of Directors of ANA HD
2023 Member of Board of the Directors of Seven Bank (part-time; current position)
2023 Member of Board of the Directors of JVCENWOOD Corporation (part-time; current position)
2024 Special Advisor to ANA HD (current position)
2024 Member of the Board of Directors, Kyushu EP (current position)

Important concurrent positions

Special Advisor to ANA HD
Outside Director of Seven Bank
Outside Director of JVCENWOOD Corporation



Yoshiro Uchimura
Member of the Board
of Directors, Audit &
Supervisory Committee
Member

Common stock in the company held: 32,895 shares

Overview of career, positions, and responsibilities

1985 Joined Kyushu EP
2018 Executive Officer and General Manager of the Saga Branch Office
2021 Managing Executive Officer
Director of the District Symbiosis Division, Business Solution Headquarters
2022 Senior Managing Executive Officer
Director of the District Symbiosis Division, Business Solution Headquarters
2024 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)



Yuji Oie
Member of the Board
of Directors, Audit &
Supervisory Committee
Member (External)

Common stock in the company held: 2,500 shares

Overview of career, positions, and responsibilities

1990 Associate Professor, School of Computer Science and Systems Engineering, Kyushu Institute of Technology
1995 Professor, Information Initiative Center, Nara Institute of Science and Technology
1997 Professor, School of Computer Science and Systems Engineering, Kyushu
2008 Research Professor, Graduate School of Computer Science and Systems Engineering, Kyushu Institute of Technology
2009 President, Graduate School of Computer Science and Systems Engineering, Kyushu Institute of Technology
2010 Director, Vice President, Kyushu Institute of Technology
2016 President, Kyushu Institute of Technology
2022 Resigned from Kyushu Institute of Technology
2022 Professor Emeritus, Kyushu Institute of Technology (current position)
2022 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)



Tomoka Sugihara
Member of the Board
of Directors, Audit &
Supervisory Committee
Member (External)

Common stock in the company held: 2,200 shares

Overview of career, positions, and responsibilities

1999 Registered as an attorney (current position)
Joined Miura Okuda Iwamoto Law Office
(now Miura Okuda Sugihara Law Office)
2007 Partner, Miura Okuda Sugihara Law Office (current position)
2020 Director, Audit & Supervisory Committee Member, Nippon Tungsten Co., Ltd. (part-time, current position)
2022 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)

Important concurrent positions

Attorney (Partner, Miura Okuda Sugihara Law Office)
External Director, Audit & Supervisory Committee Member, Nippon Tungsten Co., Ltd.



Yuka Shigetomi
Member of the Board
of Directors, Audit &
Supervisory Committee
Member (External)

Common stock in the company held: 0 shares

Overview of career, positions, and responsibilities

1993 Joined Showa-Ota Audit Corporation (now EY Ernst & Young ShinNihon LLC)
1997 Became a certified public accountant in Japan (current position)
1998 Transferred to the Hong Kong office of Ernst & Young (EY)
2001 Became a US-certified public accountant (USCPA) (current position)
2002 Became a Hong Kong certified public accountant (current position)
2006 Partner, Hong Kong office of Ernst & Young
Partner, ShinNihon Audit Corporation (now EY Ernst & Young ShinNihon LLC)
Head of services for Japanese companies in Hong Kong and South China at EY
2007 Became a Hong Kong CPA (practicing certificate) (until 2024)
2015 Senior Partner, ShinNihon Audit LLC (now EY Ernst & Young ShinNihon LLC)
2016 Retired as the above
2018 Head of assurance services for Japanese companies at EY Greater China (Mainland China, Hong Kong and Taiwan)
2024 Retired as the above
2024 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)
2024 Senior Advisor, Hong Kong office of Ernst & Young (current position)

Important concurrent positions

Senior Advisor, Hong Kong office of Ernst & Young
Certified public accountant (Japan, U.S. and Hong Kong)

Notes: 1. Common stock in the company held as of March 31, 2024

2. Not eligible for the Board Benefit Trust (BBT), a stock remuneration system; no individual equity
(The number of shares held by Yoshiro Uchimura includes the individual's equity in the stock remuneration system for Executive Officers.)

Ensuring Compliance

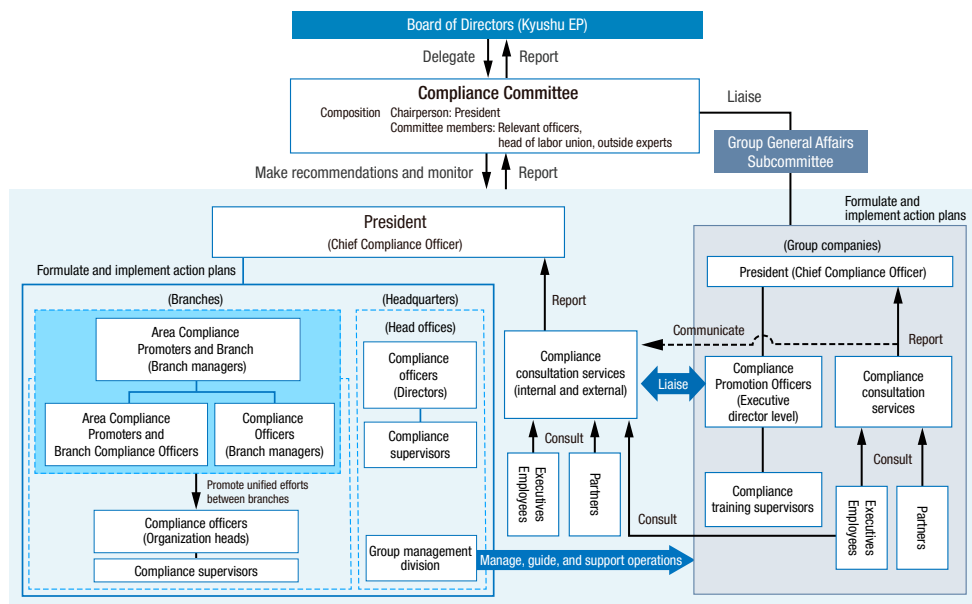
At Kyushu EP, we firmly believe that the public's trust is essential to the group's existence. We therefore promote compliance management to ensure that everyone in our group conducts business operations with integrity and fairness. In response to the FY2022 events involving administrative action taken by the Japan Fair Trade Commission and the inappropriate handling of customer information belonging to other retail electricity providers, we have committed to steadily implementing measures to prevent recurrence, and are making a united, group-wide effort to ensure that—more than ever—compliance is our top priority in all business activities.

Compliance promotion framework

Kyushu EP has created a framework for promoting compliance and preventing corruption through the establishment of a Compliance Committee. This committee, delegated and supervised by the Board of Directors and headed by business operation directors acting as compliance officers, formulates and implements action plans. We have also established internal and external consulting services as part of our compliance promotion framework, including anti-corruption measures.

Our Group General Affairs Subcommittee, composed of representatives from each company, shares information and exchanges opinions with group companies to align compliance promotion efforts. We also promote integrated initiatives across the group and clarify the roles of management divisions in guiding and supporting group companies, thereby strengthening the overall promotion framework of the Kyuden Group.

Compliance promotion framework



Compliance committee

We have established a Compliance Committee chaired by the President and including outside experts and the head of the labor union committee, regularly provide advice and monitor compliance from an objective, neutral point of view, and obtain suggestions and other forms of support from outside experts in the event of an incident that has a significant social impact. Advice provided by the Committee is also shared with Group companies and reflected in initiatives throughout the Group.

Compliance Committee framework

Roles	<ul style="list-style-type: none"> ○ Compliance-related: <ul style="list-style-type: none"> • Recommendations and discussions on policies and measures • Monitoring of implementation status ○ Advising from Compliance Committee external experts in the event of misconduct that results in significant social impact
Composition	Chairperson: President Committee members: Three external experts, Head of labor union, Relevant executives
Meetings	Held twice a year in principle

Record of FY2023 activities

Key items deliberated and reported on in FY2023
<ul style="list-style-type: none"> • Status of compliance efforts at each site • Usage of compliance consultation services • Causes of compliance violations; preventive measures

Compliance Committee



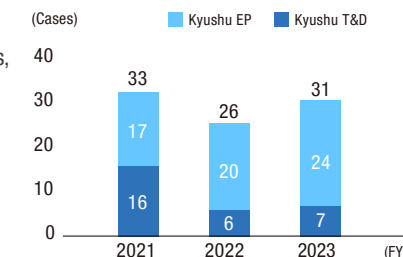
Compliance consultation services

We have established compliance consultation services at both Kyushu EP and Kyushu T&D for the early detection and prevention of legal, regulatory, and corporate ethics violations. These services provide a space for Kyuden Group officers, employees, and business partners, such as contractors, to discuss questions about business operations or employee behavior in relation to regulations and corporate ethics. We have supplemented this framework by establishing a consultation service with an external law firm as well.

We strictly protect the privacy of individuals using our consulting services in accordance with laws, regulations, and our internal rules, and there is no retaliation for consulting or reporting.

Employees are encouraged to use these services via documents and the company intranet, and 31 cases of consulting or reporting were recorded in FY2023. We subsequently took appropriate action to address these cases, including conducting investigations and looking into measures to prevent recurrence.

Number of consults/reports to compliance consultation service



Initiatives to ensure compliance

We regret the significant inconvenience and concern caused to our stakeholders as a result of serious compliance violations, including the administrative penalties imposed by the Japan Fair Trade Commission and the improper handling of customer data of other retail electricity companies. In order to prevent such situations from ever occurring again, all of our officers and employees will make a concerted effort to ensure thorough compliance and to regain the public's trust.

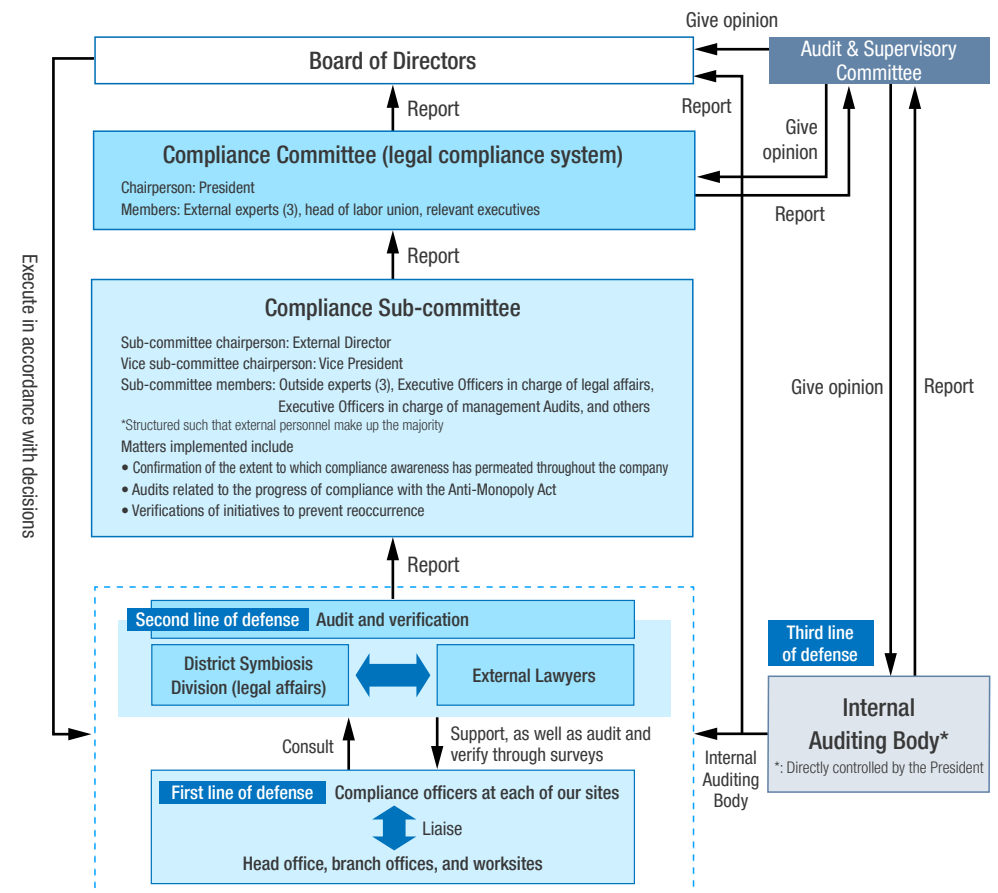
Implementation of recurrence prevention initiatives in response to the administrative penalties imposed by the Japan Fair Trade Commission

Overview	<p>Kyushu EP and Kyuden Mirai Energy received cease-and-desist orders and a surcharge payment order (Kyuden Mirai Energy received the cease-and-desist order only) from the Japan Fair Trade Commission on March 30, 2023, for violating the Antimonopoly Act in connection with the supply of extra-high-voltage power and high-voltage power, and received a business improvement order from the Ministry of Economy, Trade and Industry in accordance with the Electricity Business Act in July. Owing to a difference of opinion with the Commission regarding the facts of the case, Kyushu EP filed a lawsuit seeking the revocation of each order. However, to prevent such allegations in the future, we are implementing measures to ensure compliance with laws and regulations, including the Antimonopoly Act. To compile these measures, the Compliance Committee, which includes outside experts and outside directors, deliberated on the issues while obtaining knowledge from attorneys and other specialists.</p>
Cause	<ul style="list-style-type: none"> • We conducted meetings with a competitor without having a sufficient understanding of the Antimonopoly Act, including that there was a risk of being suspected of violating the Antimonopoly Act simply by making contact with a competitor.
Main recurrence prevention initiatives	<p>(1) Commitment by top management to prevent recurrence and Group-wide attitude and corporate culture reforms [Measures that “discourage” the behavior]</p> <ul style="list-style-type: none"> ○ Issue a declaration by top management <ul style="list-style-type: none"> • Issued the “President’s Commitment,” which expresses our strong determination not to repeat situations that could be suspected of violating the Antimonopoly Act ○ Foster awareness of compliance as our top priority ○ Foster an organizational climate that encourages members to point out to each other risks of legal violations regardless of department or position <ul style="list-style-type: none"> • Reminded participants of the importance of proactive discussions on legal violations by the management, regardless of department or position, in training for executive officers • Held workplace discussions about “creation of a workplace with an atmosphere of openness and trust” • Incorporated this issue also in our level-specific training in FY2024, such as new employee training and training for new managers, to prevent the issue from becoming forgotten and foster awareness of compliance as our top priority, putting it before the customs of the industry and workplace <p>(2) Improving understanding and awareness of the Antimonopoly Act [Measures that “prevent” the behavior]</p> <ul style="list-style-type: none"> ○ Revise the Compliance Action Guidelines <ul style="list-style-type: none"> • Added this case to the guidelines and enhanced descriptions regarding things to keep in mind about contact with competitors and utilization of the compliance consultation desks (for whistleblowing) ○ Conduct education and training <ul style="list-style-type: none"> • Provided all officers and employees with basic training, held a seminar for executives led by lawyers, and training on the rules governing contact with competitors for sales and relevant departments

Main recurrence prevention initiatives

- (3) Establishment of an Antimonopoly Act compliance structure and reinforcement of checks in the structure [Measures to “prohibit” the behavior] (See diagram on the right for the structure)
- Establishment of “Antimonopoly Act Compliance Rules”
 - Established rules that stipulate initiatives and structures for compliance with the Antimonopoly Act
 - Establishment of the “Unreasonable Restraint of Trade (Cartels and Bid Rigging) Prevention Manual”
 - Established a manual that specifies precautions to be taken when contacting competitors in order to avoid suspicions of forming a cartel, etc.
 - Audits of compliance with the Antimonopoly Act, etc. and external verification of recurrence prevention initiatives
 - Evaluated the appropriateness and effectiveness of recurrence prevention measures at the Compliance Subcommittee, including outside experts, and proposed improvement measures, thereby continuously improving our efforts in general
 - Conducted a questionnaire-based survey concerning compliance with the Antimonopoly Act, the results of which were used by the legal division and outside lawyers to implement audits of compliance with the Antimonopoly Act, etc.

Structure for auditing compliance with the Antimonopoly Act and verifying efforts



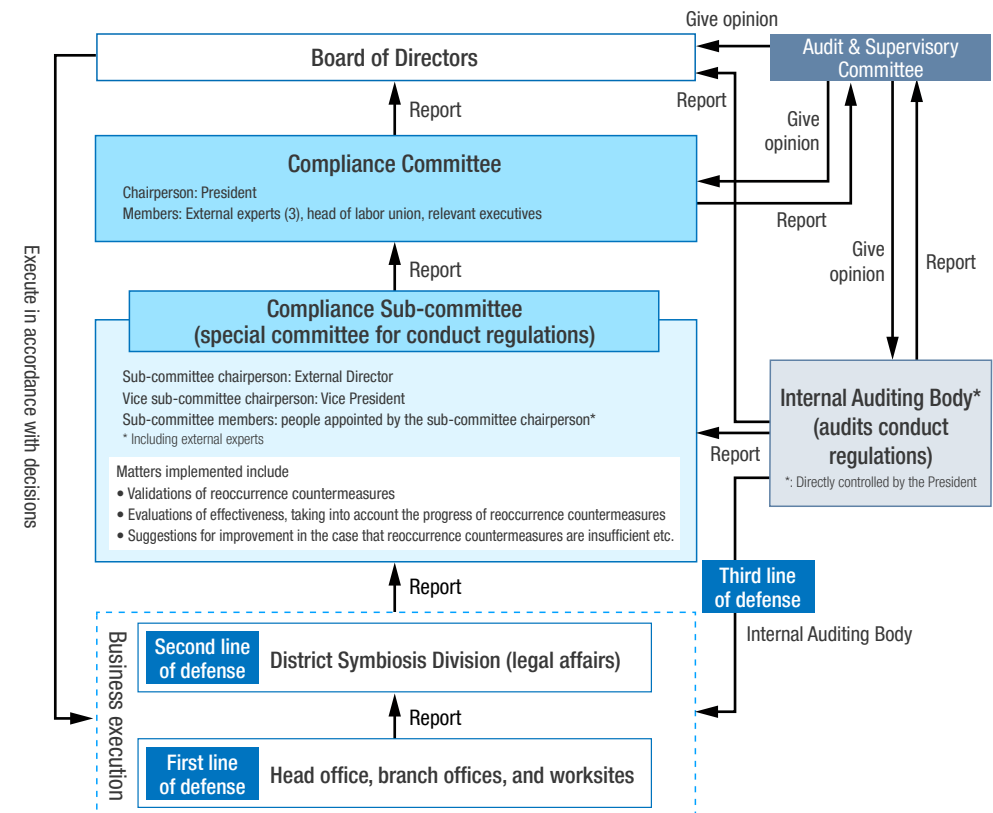
Implementation of initiatives to prevent recurrence of improper handling of new electricity customer information

Overview	<p>Kyushu EP was found to have been using a system owned by Kyushu T&D in business operations other than the handling of emergency disasters and incidents, which Kyushu T&D had contracted it to perform, to access the customer data of other retail electricity providers. Consequently, it received a business improvement order from the Ministry of Economy, Trade and Industry in accordance with the Electricity Business Act in April 2023.</p> <p>We have been steadily carrying out recurrence prevention initiatives to make sure that we will never let the same situation occur again, while reflecting advice and other forms of support from the Compliance Subcommittee (special assembly for conduct regulations), which was established in April 2023.</p>
Cause	<ul style="list-style-type: none"> • Lack of sensitivity (literacy) with respect to non-public information (non-publicly disclosed information regarding operations such as wheeling services that could affect competition in the retail electricity business, etc.) • Failure to consider the specific legal risks and business norms that would arise as a result of the spin-off • Failure to create an organizational climate conducive to consultation
Main recurrence prevention initiatives	<p>1 Internal control</p> <ul style="list-style-type: none"> ○ Construction of a systematic internal control system <ul style="list-style-type: none"> • Established and operated the Compliance Subcommittee (special assembly for conduct regulations), which includes outside experts ○ Establishment of awareness of compliance, including conduct regulations <ul style="list-style-type: none"> • Messages by the president and top management • Established a new conduct regulations portal site accessible from PCs of all employees • Held dialogues on compliance between the management and employees ○ Creation of an environment conducive to the detection of misconduct, including developing an internal reporting system <ul style="list-style-type: none"> • Established and operated consultation desks concerning conduct regulations • Encouraged proactive utilization of the compliance consultation desks (for whistleblowing) <p>2 Risk assessment</p> <ul style="list-style-type: none"> ○ Reduction of risks in all operations <ul style="list-style-type: none"> • Conducted a comprehensive review of operations in light of risks of legal violations, with a focus on conduct regulations <p>3 Control measures</p> <ul style="list-style-type: none"> ○ Management of subcontractors <ul style="list-style-type: none"> • Provided compliance training concerning conduct regulations for relevant subcontractors ○ Ensuring physical isolation <ul style="list-style-type: none"> • Appropriately conducted IC card-based access control in compliance with laws and regulations ○ Personnel reshuffle management <ul style="list-style-type: none"> • Established and appropriately applied internal rules governing personnel exchanges with Kyushu T&D ○ Outsourcing of the handling of emergency disasters <ul style="list-style-type: none"> • Clearly defined appropriate management of information in the handling of emergency disasters in the outsourcing contract with Kyushu T&D ○ Periodic internal education on conduct regulations <ul style="list-style-type: none"> • Provided all employees with training on conduct regulations ○ Documentation and approval of internal decisions that may be related to conduct regulations <ul style="list-style-type: none"> • Established a system that reports problems and issues concerning conduct regulations to the Board of Directors after having them discussed by the Compliance Subcommittee (special assembly for conduct regulations) and Compliance Committee <p>4 Information and communication/IT governance</p> <ul style="list-style-type: none"> • Instructed sales department members and other relevant employees not to use wheeling-related systems • Appropriately managed wheeling call center terminals (PCs)

Main recurrence prevention initiatives

- Removed the log-in icon and shortcut
 - Blocked access to the renewable energy operation management system by sales department members and other employees
 - Requested Kyushu T&D to change their log-in IDs and passwords at regular intervals
 - Enhanced IT governance (by having system risks assessed by outside experts from the perspective of conduct regulations)
- 5 Monitoring
- Construction of an independent and effective audit system
 - Had the internal Audit Division conduct audits of the overall implementation of recurrence prevention measures, state of awareness about observation of conduct regulations, and others
- 6 Others
- Strict punishment of those involved in dishonest practices
 - Clearly stipulated how employees shall be punished if they violate conduct regulations
 - Appointed the Executive Officer in charge of each division as a Compliance Officer, who shall take charge of promotion of compliance in each division's business operations and be held responsible in the event of a violation in accordance with internal rules

Structure for periodic, multi-tiered verification of compliance with laws and regulations



Enhance Risk Management Structure

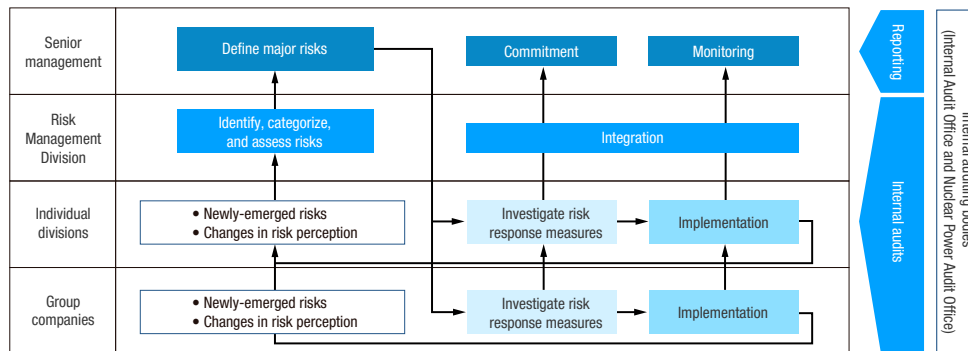
To manage risk, Kyushu EP identifies, categorizes and assesses risks every year based on its risk management rules, clarifying company-wide and division-specific threats that could affect Kyuden Group management. Individual divisions and business offices incorporate measures to address significant risks into business plan and manage them appropriately.

With regard to risks that relate to multiple departments and risks for which concerns of manifestation are high, we share information among related departments, clarify response structures, and address these risks appropriately. For nuclear power in particular, we take external knowledge and opinions into consideration as we work to identify a broad range of risks, share this information with members of the Board of Directors and executive officers, and reduce the risks thoroughly and on an ongoing basis.

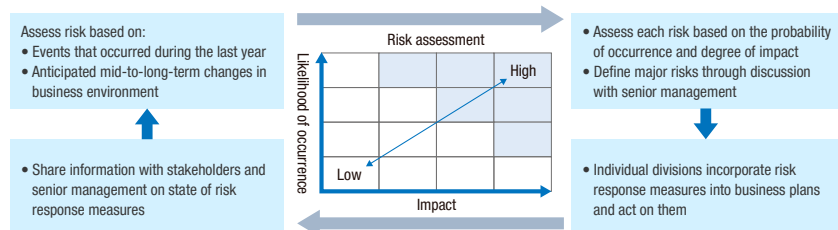
In addition, to respond rapidly and appropriately to emergencies and disasters, we have established rules, in advance, covering response structures and procedures, and we conduct regular drills.

To ensure the adequacy of this risk management, the internal auditing bodies, which remain neutral in business operations, audit the implementation of risk management at individual divisions and Group companies.

Risk management framework

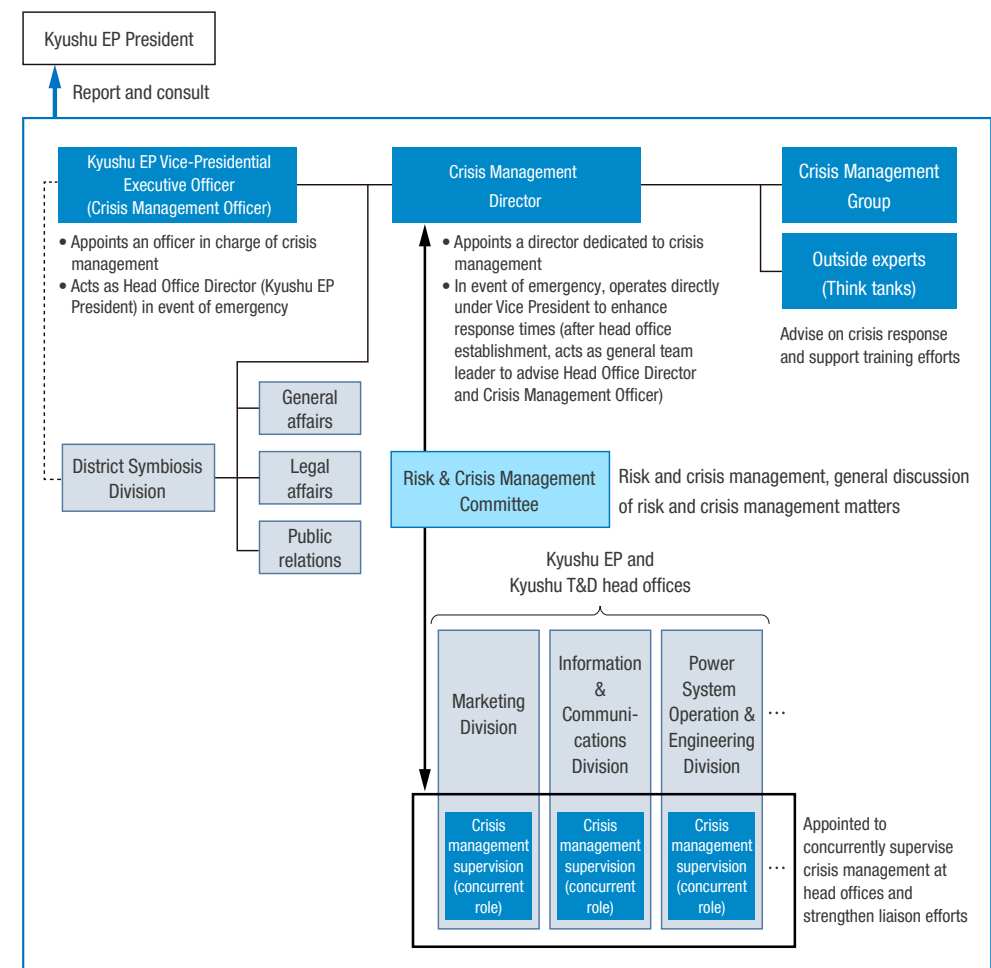


Risk management process



Crisis management framework

Having installed not only an officer in charge of crisis management (Vice-Presidential Executive Officer, Kyushu EP) and a crisis management director, but also crisis management supervisors at such locations as the head offices of Kyushu EP and Kyushu T&D, as part of our crisis management framework, we share information and collaborate if a crisis does arise. In addition to having established a Risk & Crisis Management Committee, we have built a support system based on outside experts with specialized and advanced knowledge to continually improve and strengthen our crisis management functions.



Strengthening Supply Chain Management

At the Kyuden Group, we believe it is essential to procure safe and high-quality materials and equipment in an economical and stable manner to provide products and services of value to our customers. In the process of procurement, we recognize the importance of contributing to the realization of a sustainable society by fulfilling our social responsibilities throughout the supply chains involved.

At Kyushu EP and Kyushu T&D, we have established a Basic Policy for Procuring Materials, which outlines our basic approach to procurement, and the Sustainable Procurement Guidelines, a set of requests that we would like our business partners to observe to ensure procurement activities are implemented in accordance with this policy.

We will continue striving to promote understanding of these guidelines among all stakeholders in the supply chain, and also plan to conduct in-house training to deepen employee understanding of these guidelines.

In order to continue our efforts to realize a sustainable society throughout the supply chain in the future, we will revise these guidelines as necessary to keep up with changes in social conditions and new insights.

Sustainable procurement guidelines

Basic policy for procuring materials

- 1 Open procurement
- 2 Fairness and equitable business practices
- 3 Compliance with laws, ordinances, and conventions
- 4 Disassociation with antisocial forces
- 5 Environmental considerations
- 6 Safety assurance
- 7 Thorough information security and personal information protection
- 8 Compliance with contracts and honoring obligations in good faith
- 9 Promotion of communication to establish mutual trust
- 10 Creation of new value
- 11 Contribution to the community and society

Requests to our business partners

- 1 Compliance with laws, ordinances, and conventions
- 2 Compliance with contracts and honoring obligations in good faith
- 3 Reduction of procurement costs and stable delivery
- 4 Human rights and labor
- 5 Safety and health
- 6 Environment and biodiversity conservation
- 7 Fair and equitable business practices and ethics
- 8 Quality and safety
- 9 Information security
- 10 Business continuity plan
- 11 Establishment of management structures
- 12 Promotion of open communication

Conducting a business partners survey

We conduct a questionnaire-based survey on sustainability initiatives targeting major suppliers of Kyushu EP and Kyushu T&D* to gauge the extent to which they are addressing social issues, such as the SDGs and carbon neutrality. The survey results are used to summarize examples of initiatives that help to improve sustainability, and strive to share the findings with each supplier through briefings and other opportunities. Furthermore, we utilize the questionnaire results to exchange opinions regarding the improvement of sustainability with our suppliers (16 companies in FY2023).

*: Business partners over a specific order volume

Business risks disclosed by Kyushu EP

The main risks that have the potential to affect the Group's business performance and financial situation include, but are not limited to, the following

Risk Category	Content	Countermeasures
Changes in the competitive environment		
Domestic energy business	Impacts including temperature changes and economic trends Intensifying competition due to full retail liberalization Trends in fuel markets and wholesale power trading	Offer plans and services with competitive rates Secure supply volume and reduce costs
Other businesses (Overseas projects, etc.)	Country risk Intensification of competition Institutional change Fluctuations in prices, interest rates, and exchange rates	Assess profitability and risk Establish risk management framework Optimize business portfolio Reduce costs Engage with new technologies
The current state of nuclear power		
Maximizing nuclear power usage while always placing safety first	Operational restrictions due to new regulatory standards Successful anti-nuclear litigation	Comply with new regulatory standards (enhance safety) Respond appropriately to litigation
Nuclear fuel cycle and back-end business	Japan Nuclear Fuel Limited's deteriorating financial situation Uncertainty associated with very long-term operations	Provide support to complete reprocessing projects ahead of schedule Leverage national measures to mitigate impacts
Market price fluctuations		
Fuel price fluctuations	Fluctuations in international fuel market and foreign exchange rates Changes in procurement criteria	Diversify sourcing and ensure flexibility Utilize forward exchange contracts and fuel price swaps
Interest rate fluctuations	Macroeconomic situation	Utilize long-term loans and fixed interest rates for financing
Wholesale electricity market prices	Price hikes caused by supply-demand gap Market-related cost increases for purchasing renewable energy	Optimize energy source portfolio Utilize derivatives trading Reflect market prices in some pricing plans
Power industry-related institutional change		
	Institutional changes in state energy policy Development of electricity markets	Gather information about system and take appropriate action
Climate change-related initiatives		
	Environmental regulations Procurement needs arising from power source decarbonization ESG-related changes in investor behavior Lack of initiatives and information disclosure	Promote low-carbon/decarbonized energy sources and electrification Establish framework to promote ESG Disclose information on initiatives for low-carbon/decarbonized energy sources (e.g., disclose information and foster dialogue based on TCFD recommendations)
Facility accidents/breakdowns and system failures		
	Large-scale natural disasters Accidents due to aging equipment and facilities Fuel supply challenges System failures Cyberattacks	Formulate business continuity plan (BCP) Liaise with relevant organizations and local governments Perform targeted inspections and repairs and enhance maintenance Optimize fuel procurement portfolio Leverage fuel trading capabilities Constantly monitor system operations and perform scheduled updates Maintain and improve level of information security
Operational risks		
Work-related shortcomings (Employee oversights and accidents)	Personal injury such as electric shock Large-scale or prolonged power outages	Plan thoroughly in advance and establish a task management framework Conduct job training and drills Establish internal framework to promote safety
Legal and regulatory violations	Violations due to inadequate understanding of laws and regulations Insufficient action taken in response to institutional changes Misconduct	Thoroughly encourage regulatory compliance via training, corporate culture, and organizational structure Establish framework to promote compliance
Challenges in securing talent and decline in employee engagement	Challenges in securing talent; lack of training Decline in engagement	Enhance measures for securing talent Enhance education and training Reform workplace culture and improve environment
Human rights violations	Discrimination; accidents due to products and services	Conduct human rights due diligence
Insufficient environmental impact reduction; environmental pollution	Lack in initiatives to reduce impact on environment Environmental factors in business operations and supply chain Pollution	Formulate and implement action plan to reduce environmental impact Engage in efforts to prevent environmental pollution Promote understanding among suppliers
Other risks		
	Reversal of deferred tax assets	

(Note) For details of the business and other risks of the Kyuden Group, refer to FY2023 (100th) Annual Securities Report.

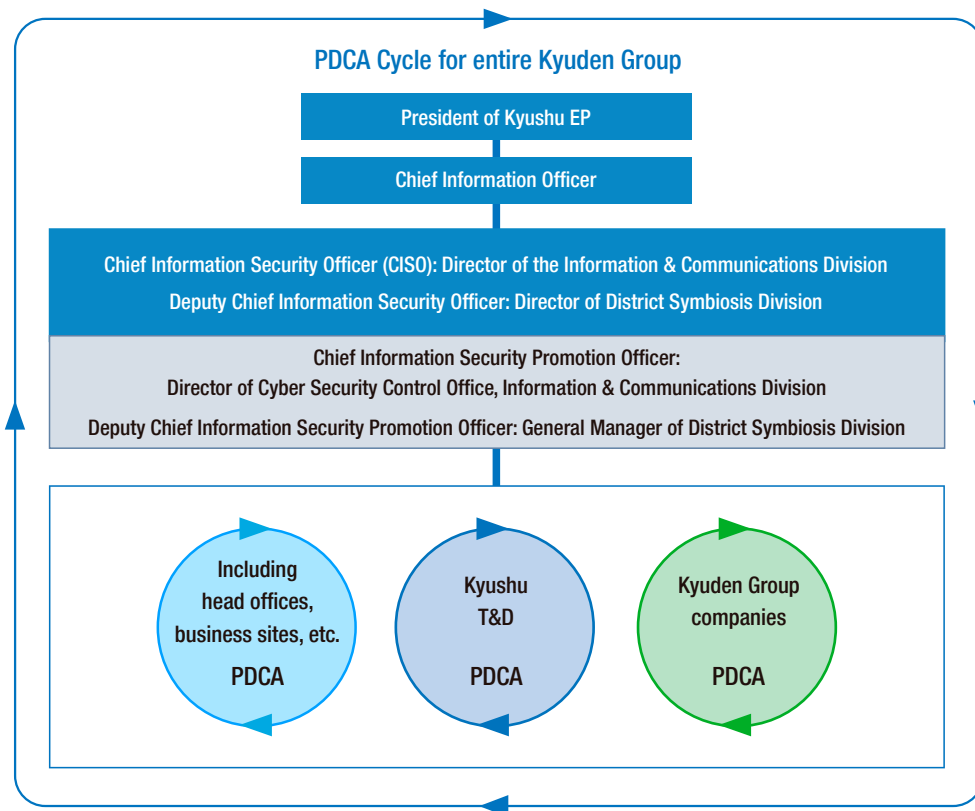
Ensuring Information Security

We are working to ensure appropriate information security and protect personal information by setting a fundamental approach to information security and the protection of personal information and ensuring officers and employees are well aware of the approach. In addition, we will strive to strengthen information security measures across our entire supply chain, including suppliers outside of the Kyuden Group, to improve the overall level of information security.

Promotion framework

Kyushu EP has created a framework for promoting information security led by the President as the top authority, alongside the Chief Information Officer and the Chief Information Security Officer (CISO). Guided by this framework, our Cyber Security Control Office plays a central role in promoting the PDCA Cycle throughout the entire Kyuden Group to ensure information security.

Information security promotion framework



Information security measures

To prevent information security incidents, we implement multi-faceted initiatives that include organizational, human resource, physical, and technical measures. These efforts are centered on the Cyber Security Control Office, and involve cooperation among those responsible for information security at each of our sites, including Group companies.

Organizational measures

Under the framework detailed above, we promote the use of the PDCA cycle throughout the entire Group, check on progress in implementing information security efforts at each workplace, and make continuous improvements.

Personnel-related measures

All employees undergo information security training and take part in drills related to targeted cyber-attacks via email. Through this and other types of training, we raise awareness and understanding of information security and improving employees' ability to respond.

Physical measures

As well as introducing security gates and electronic locks, we implement necessary measures at facilities to control who can enter our buildings and offices.

Technical measures

In preparation for cyber-attacks, which are growing more sophisticated and ingenious, we are strengthening our security countermeasures by utilizing antivirus software and introducing security firewalls.

Protecting personal information

We have put in place various internal regulations, and strive to use and manage personal information appropriately within the scope of specific usage purposes. However, improper viewing and handling of new electricity customer information was discovered in FY2022. In FY2023, we received instructions based on the Act on the Protection of Personal Information from the Personal Information Protection Committee, were requested to submit a report, etc., and reported to the committee about the measures we had taken in response to the instructions.

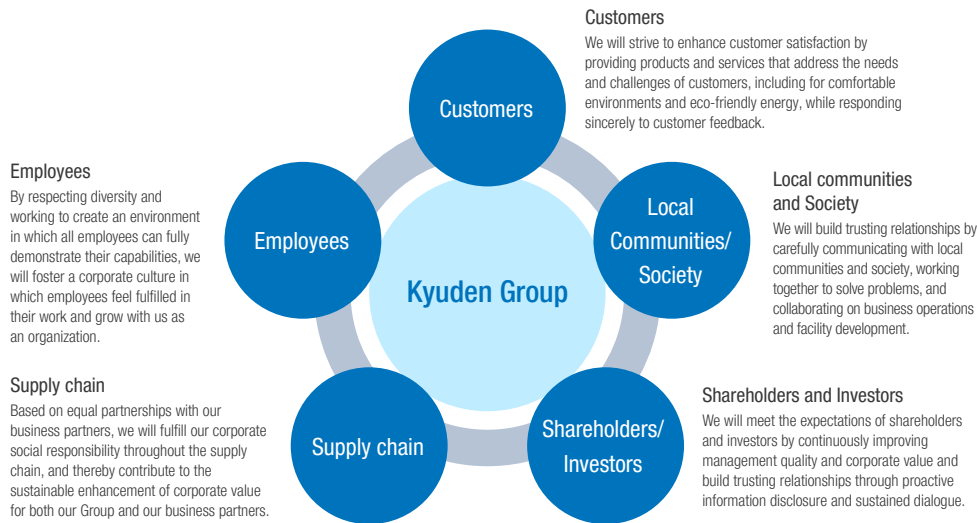
To prevent such a situation from happening again in the future, we are implementing thorough measures to prevent recurrence, including the ones we have reported to the committee, and continue to properly and strictly manage personal information in accordance with relevant laws and regulations.

Handling individual numbers

When provided with an Individual Number (My Number), we always verify the identity of the individual providing it, in accordance with the intent and requirements of all relevant laws and regulations. When a Number is no longer needed, we promptly delete and dispose of the information. Note that we do not ask customers to provide their Individual Number when signing an electricity contract.

Enhancing Stakeholder Engagement

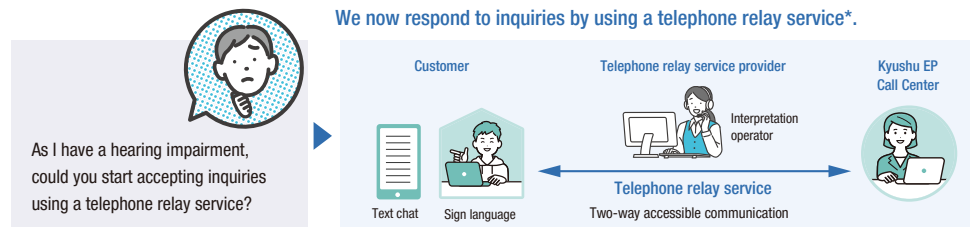
The Kyuden Group promotes a variety of communication initiatives across all its business activities in accordance with the Kyuden Group Corporate Code of Conduct to build trust with customers, local communities, shareholders and investors, supply chain partners, and employees.



Business operations that value stakeholder feedback

Kyushu EP and Kyushu T&D received approximately 2,000 items of feedback from stakeholders in FY2023 through day-to-day business activities, dialogue, and other sources. We share stakeholder feedback across the entire Group, including the top management. In addition, we initiate inter-departmental discussions on measures for improvement reflecting the results in the operational plans of each division, branch, and office in order to improve our management.

Real-life example of reflecting stakeholder feedback in our business operations



*: A service that enables real-time, two-way communication for individuals with hearing or speech difficulties. This is facilitated by an operator that converts sign language or text into audio and vice versa.

Promoting of communication with stakeholders

The Kyuden Group utilizes a variety of opportunities to promote two-way communication, including dialogue activities in which we explain our business activities to stakeholders and listen to their opinions and requests, press releases and other channels through which we actively disclose and disseminate information, and outreach lessons and facility tours.

Face-to-face dialogue activities

We utilize various opportunities for communication to promote face-to-face dialogue with stakeholders, such as home visits and facility tours. To further promote these activities, we actively undertake initiatives such as preparing unique explanatory materials and conducting activities via our dialogue promotion teams.



Home visit

Proactive disclosure and dissemination of information

In order to gain the understanding and trust of our customers and local communities by increasing the transparency of our corporate activities, we have established the Disclosure Commitment*, which outlines our basic approach to the disclosure of information.

Based on this commitment, we proactively disclose and disseminate information on all aspects of our corporate activities, including management information, problems at power plants, safety measures at nuclear power plants, and corporate PR. To do so, we utilize various means, such as press releases, websites, social media, and pamphlets.

* Published in the Kyuden Group ESG Data Book 2024 (p. 32)

Utilization of diverse opportunities for communication

In addition to home visits, we engage with stakeholders through various opportunities such as outreach lessons and facilities tours. We have also established the Kyushu Electric Power Eco Terrace in Kagoshima City, as a hub for sharing information on energy and the environment, interacting with local residents, and hosting a variety of events. Furthermore, we are working to expand communication opportunities through the use of digital technology, including online outreach lessons as well as virtual power plant tours that use virtual reality images, CGI, videos.



Events at Kyushu Electric Power Eco Terrace



Virtual power station tour



Tug rugby class



Junior rugby academy

Community outreach by our rugby club Kyuden Voltex

Our Kyuden Voltex rugby team encourages young people to keep healthy and promote sports in local communities by holding tug rugby classes in cooperation with elementary schools throughout Kyushu and running a junior rugby academy for junior high school students.

Junior rugby academy

With the goal of fostering the next generation of leaders through rugby, we aim to nurture players who can play an active role in society by not only teaching rugby skills, but also incorporating training that utilizes our human resource development program to help the participants grow into well-rounded individuals.

Dialogues between employees and top management

Kyushu EP and Kyushu T&D hold dialogues between employees and senior management every year. The goal is for management to directly communicate the company's direction and challenges to employees and to listen to their perspectives, thereby helping to create a shared understanding between management and employees.

Providers	Chairperson, President, vice Presidents, managing executive officers, branch managers, external directors and others
Locations	90 locations, including branches, branch offices, power plants, sales offices, and power distribution offices 22 Group companies
Number of participants	4,420 (cumulative total)
Main topics	<ul style="list-style-type: none"> • Status of efforts to achieve the management vision • Status of efforts toward achieving carbon neutrality • Measures to be taken at each business site to improve capital efficiency • Details of efforts to promote human capital management

Communication that reflects the needs of shareholders and investors

Kyushu EP established its IR Basic Policy and conducts various IR activities with shareholders and investors to achieve sustainable growth and enhance corporate value over the medium to long term.

Utilizing the internet, teleconferences and other means, we are proactively working to enhance communication through business summary briefings led by executives, briefings on businesses and ESG that are of high interest to investors, and other activities aimed at promoting dialogue with individuals. Opinions and requests received from shareholders and investors are periodically reported to the Board of Directors for internal feedback, and are appropriately reflected in the Group's management.

Main IR activities (FY2023)

Targets	Activities	Personnel	Frequency per year
Analysts/ Institutional investors	Business summary briefings by top management	Chief IR Officer	Twice
	Small-group meeting with the President	Chief IR Officer	Once
	Small-group ESG-related meeting	Chief ESG Officer	Once
	Dialogue between external directors, investors, and other stakeholders	External directors	Once
	Individual meetings with domestic and overseas investors	Chief IR Officer, division directors, and other members	As needed
	Business briefings/facility tours with specific themes	Chief IR Officer, heads of business, and other members	As needed
	Posting IR-related information on our website	—	As needed
Individual investors	Briefings for individual investors	Chief IR Officer, division directors, and other members	Twice
	Dissemination of information to shareholders and investors through various means	—	Once

(Note) Chief IR Officer here reflects to either the President or an executive appointed by the President.

Handling of questions and comments received during IR activities

Category	Report recipient	Frequency per year	Details
Periodic reports to the Board of Directors	Board of Directors	Two times	To appropriately and effectively reflect the feedback received during IR activities over the past six months in our business operations, the Board of Directors receives semiannual reports on this feedback as well as future challenges, good practices of other companies, and other related topics
Reports on results of post-financial closing meetings	Senior management and employees	Four times	Quarterly reports are made in order to quickly relay throughout the Group the questions and opinions received during the individual meetings held after the quarterly financial closing and to incorporate them into our business operations
Reports on results of individual IR activities	Senior management and employees	As needed	Reports are made as needed in order to quickly relay throughout the Group the inquiries and feedback received through our telephone customer services, website, IR events such as management overview briefings and small-group ESG-related meetings, and reflect them in our business operations

Promotion of community-building and social impact activities

In order to fulfill its roles as a member of the local community and enhance communication with local residents, the Kyuden Group proactively participates in local events and works to build safe and secure communities under Our approach to community-building and Social impact activities*. In FY2023, our employees collectively participated 32,340 times in community-building and social impact activities.

*: Posted on Kyushu EP's website

Participation in local festivals

Our employees participate in and help run local festivals to revitalize local communities and promote traditions and culture.



Kokura Gion Daiko
(Kokura Power Distribution Office)



Niji-no-Matsubara pine grove restoration and preservation (Karatsu Distribution Office)

Korabora Q-den*

We are collaborating with NPOs and people in local communities to roll out Korabora Q-den activities across the Kyushu region with the aim of resolving local issues.

We use the term Korabora Q-den Eco to refer to Korabora Q-den initiatives with an environmental focus, such as biodiversity conservation and natural landscape protection. These initiatives include environmental conservation activities such as tree planting and beach cleanups.

*: "Korabora" is a portmanteau combining the loan words for "collaboration" and "volunteer" in Japanese.

Support activities throughout Kyushu

We are working with local communities to create a society friendly to the elderly people and children through various activities, such as the inspection of wiring in the homes of elderly people living alone, food drives*, and provision of locations for children's cafeterias that provide meals to children in need.

We also provide assistance to people affected by natural disasters to help them rebuild their lives.

*: Food that cannot be consumed by the best before date is brought to food bank organizations to be donated to welfare facilities



Food drives (Oita Branch)



Disaster recovery volunteer work in Asakura City (Fukuoka Branch Office)


VOICE

Group-wide initiatives that build trusting relationships with local communities

In the Kagoshima area, we also add experience-based support programs, such as a "chopstick-making workshop," to our material support for children's cafeterias, and promote such activities through relevant business offices as part of the Children's Cafeteria Support Project. In addition, we have also launched the Kirishima Kyuden Mirai Forest initiative, which aims to create a forest that can serve as a hub for environmental education and exchanges between residents, in collaboration with the Kyuden Mirai Foundation. Other initiatives include providing information about energy and the environment through Kyushu EP Eco Terrace and participating in local festivals. In the future, we will continue to carry out a variety of community-building and social impact activities with the goal of bringing the Kyuden Group closer to people.



Mika Nagamatsu
Planning Group
Planning Dept.
Kagoshima Branch Office
Kyushu Electric Power



Chapter 3

Data Section

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Consolidated Eleven-year Financial Summary

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31

For the Year:											Millions of Yen	Thousands of U.S. Dollars
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
Operating revenues:	¥1,791,152	1,873,467	1,835,692	1,827,524	1,960,359	2,017,181	2,013,050	1,521,977	1,743,310	2,221,300	¥2,139,447	\$14,131,091
Electric	1,633,023	1,719,570	1,688,328	1,681,066	1,804,418	1,844,850	1,800,189	1,284,207	1,486,155	1,946,737	1,841,947	12,166,099
Other	158,129	153,897	147,364	146,458	155,940	172,331	212,860	237,770	257,154	274,563	297,499	1,964,992
Operating income (loss)	(95,821)	(43,314)	120,256	122,640	103,123	86,575	63,813	76,894	48,624	(72,998)	254,919	1,683,748
Ordinary income (loss)	(131,449)	(73,693)	90,916	94,234	73,678	52,544	40,052	55,179	32,384	(86,634)	238,161	1,573,062
Net income (loss) attributable to owners of the parent	(96,096)	(114,695)	73,499	79,270	86,657	30,970	(419)	31,835	6,873	(56,429)	166,444	1,099,371
Capital expenditure	257,004	272,880	323,858	310,096	358,953	369,816	421,731	355,894	312,138	306,592	320,268	2,115,382
Depreciation and amortization	202,856	193,972	203,060	215,342	210,455	238,189	261,369	205,749	225,293	221,013	249,961	1,650,999
Research and development expenses	6,423	7,343	6,499	5,817	5,651	5,459	5,525	5,101	4,823	4,798	4,681	30,922
Cash flows from operating activities	(5,922)	88,736	329,491	188,016	355,995	283,020	226,852	253,459	257,811	30,504	586,084	3,871,100
Cash flows from investing activities	(184,963)	(268,413)	(288,321)	(275,047)	(321,751)	(364,341)	(424,623)	(330,587)	(320,879)	(328,874)	(344,320)	(2,274,240)
Free cash flows	(190,886)	(179,676)	41,169	(87,030)	34,243	(81,321)	(197,770)	(77,127)	(63,068)	(298,369)	241,764	1,596,859
Cash flows from financing activities	196,397	310,807	(126,184)	78,380	(90,334)	(40,716)	157,999	95,549	79,428	324,770	(150,526)	(994,230)
Dividends paid	—	—	—	9,523	17,099	15,349	18,884	17,505	19,872	10,528	0	0
Total equity	494,232	450,990	499,903	574,577	653,963	665,250	637,957	681,470	676,337	617,230	921,043	6,083,510
Total assets	4,549,852	4,784,735	4,748,237	4,587,541	4,710,073	4,794,039	4,948,063	5,128,563	5,342,350	5,603,678	5,727,240	37,828,534
Outstanding interest-bearing debt	3,116,717	3,337,982	3,224,888	3,313,957	3,243,817	3,223,166	3,406,273	3,522,649	3,638,084	3,991,507	3,765,428	24,870,728
Interest charges	39,429	40,148	39,317	36,008	33,416	31,397	28,990	26,258	25,043	27,936	28,053	185,296

Per Share:											Yen	U.S. Dollars
Basic net income (loss)	¥(203.19)	(242.38)	155.17	159.97	175.56	58.05	(6.05)	62.86	10.09	(123.81)	¥342.30	\$2.26
Net assets	1,005.42	692.52	787.01	944.69	1,113.43	1,136.82	1,077.38	1,165.39	1,151.73	1,015.22	1,452.10	9.59
Cash dividends applicable to the year (common share)*1	—	—	—	15.00	20.00	30.00	35.00	35.00	40.00	—	25.00	0.16
Cash dividends applicable to the year (class A preferred share)*1	—	—	—	3,500,000.00	3,500,000.00	3,500,000.00	1,599,452.00	2,100,000.00	2,100,000.00	—	—	—
Cash dividends applicable to the year (class B preferred share)*1	—	—	—	—	—	—	—	—	—	—	1,933,333.00	12,769.70

*1: The cash dividends per share listed are the amounts attributable to recorded earnings for each fiscal year. In addition, the following appropriation funded from other capital surplus as of March 31, 2016 was approved at the General Meeting of Stockholders on June 28, 2016. Dividends per share: Common stock: ¥5.00; Class A preferred shares: ¥7,153,703.00*2

*2: Including cumulative unpaid Class A preferred shares, each single share equates to ¥7,153,763.00.

Note 1: U.S. dollar amounts have been converted from yen for the reader's convenience at the rate of ¥151.40 = U.S.\$1, the prevailing rate of exchange as of March 31, 2024.

Note 2: Yen figures have been rounded down to the nearest million.

Note 3: The Revised Accounting Standard for Revenue Recognition, etc. and the revised Electricity Business Accounting Regulations have been applied from the beginning of Fiscal 2021, and the figures for Fiscal 2020 have been retroactively adjusted to reflect the said accounting standards.

Key Metrics:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
ROE (%)	(18.93)	(25.29)	16.13	15.38	14.69	4.88	(0.07)	5.04	1.06	(9.19)	22.61
ROIC (%)	(1.8)	(0.6)	2.6	2.5	2.0	1.5	1.3	1.5	1.0	(0.9)	4.2
Equity ratio (%)	10.46	9.02	10.11	12.01	13.36	13.34	12.34	12.72	12.08	10.39	15.55
Net D/E ratio (%)	655.42	773.53	671.95	601.48	515.59	504.06	557.82	540.03	563.61	685.75	422.83
Dividend payout ratio (%)	—	—	3.22	9.38	11.39	51.68	—	55.68	396.43	—	7.30
Year-end stock price (yen)	1,262.00	1,165.00	1,071.00	1,186.00	1,268.00	1,307.00	869.00	1,092.00	817.00	757.00	1,377
PER	—	—	6.90	7.41	7.22	22.52	—	17.37	80.97	—	4.02
PBR	1.26	1.68	1.36	1.26	1.14	1.15	0.81	0.94	0.71	0.75	0.95
Dividend yield (%)	—	—	0.47	1.27	1.58	2.30	4.03	3.21	4.90	—	1.82

Reference Data:

Electricity sales volume (million kWh)	84,450	81,279	79,210	82,366	82,740	80,591	80,711	85,823	97,275	95,967	90,216
Nuclear power plant utilization rate (%)	—	—	20.7	31.9	36.7	73.1	82.0	62.4	91.4	57.7	90.8

Non-financial Data

(For results with breakdowns, the breakdown figures and totals may not match due to rounding)



See the “Kyuden Group ESG Data Book 2024” for details.

Environment

		Unit	2019	2020	2021	2022	2023 (FY)	Scope of Aggregation
Ratio of energy from zero-emission or FIT energy sources	Ratio of zero-emission or FIT electricity*1 in the Domestic Electricity Business (total)	%	58	49	55	43	60	Kyushu EP
	Renewable energy (excl. FIT)	%	9	7	6	6	7	
	FIT electricity	%	14	16	14	14	14	
	Nuclear power	%	35	26	35	23	39	
Greenhouse gases	Supply chain GHG emissions (Scopes 1, 2, and 3 total) (market basis)	Million t-CO ₂	35.92	42.29	39.72	45.10	33.41	Kyushu EP and consolidated subsidiaries
	Scope 1	Million t-CO ₂	19.04	22.11	17.49	23.69	17.80	
	Scope 2 (market basis)	Million t-CO ₂	0.00008	0.00005	0.00005	0.00005	0.00006	
	(location basis)	Million t-CO ₂	0.00008	0.00005	0.00005	0.00005	0.00005	
	Scope 3	Million t-CO ₂	16.88	20.18	22.23	21.40	15.61	
	CO ₂ emissions (basic emissions)	Million t-CO ₂	23.90	25.00	21.80	29.90	18.00**	
	CO ₂ emissions per kWh of electricity sold (basic emissions coefficient)	kg-CO ₂ /kWh	0.344	0.365	0.296	0.407	0.258**	
	CO ₂ emissions per kWh of electricity sold (post-adjustment emissions coefficient)	kg-CO ₂ /kWh	0.370	0.479	0.382	0.462	0.406**	
Renewable energy	Renewable energy developed (Japan and overseas)	Million kW	–	2.30	2.55	2.61	2.74	Kyuden Group
Energy (amount of raw materials used)	Energy consumption (crude oil equivalent)	Million kl	6.22	7.69	6.12	8.22	6.18	Kyuden Group
Water	Clean water consumption	m ³ /person	28	27	24	27	26	Kyushu EP
	Water withdrawal for power generation (at thermal, nuclear and internal combustion power plants)	Million t	6.01	6.14	5.24	6.09	5.44	Kyushu EP
	Water discharge from power generation (at thermal, nuclear and internal combustion power plants)	Million t	2.58	2.62	2.36	2.57	2.45	Kyushu EP
Industrial waste	Generated	t	917,166	880,177	782,307	1,037,934	860,790	Kyushu EP and Kyushu T&D
	Recycled	t	915,146	877,737	776,846	1,013,576	774,769	Kyushu EP and Kyushu T&D
	Recycling rate	%	Approx. 100	Approx. 100	Approx. 100	98	90	Kyushu EP and Kyushu T&D
Air	SO _x emissions by thermal power plants	t	3,549	4,532	3,747	4,619	3,492	Kyushu EP
	NO _x emissions by thermal power plants	t	4,941	6,081	5,358	6,771	4,822	Kyushu EP
Electric vehicles (EVs)	EVs introduced** (cumulative)	Vehicles	192	199	259	349	550	Kyushu EP and Kyushu T&D
Energy and environmental education	Eco-mother classes	Times	200	108	105	134	114	Kyushu EP
	Visiting lectures	Times	446	188	286	456	635	Kyuden Group
	Environmental classes using digital contents (restated)	Times	–	–	15	23	72	Kyuden Group
	Environmental education in the forest*3	Times	28	3	2	11	17	Kyushu EP

*1: Ratio of electricity generated and received by Kyushu EP, before trading of non-fossil certificates.

If a non-fossil certificate is unavailable, FIT power is considered neither as a renewable energy nor as a source of zero carbon-emission energy, but is treated as an electricity with an emission amount of Japan's national average level, including among others thermal power generation.

*2: Total value for electric vehicles (EVs) and plug-in hybrid vehicles (PHVs)

*3: Environmental education activities started at Isahaya Kyuden Mirai Forest in FY2022 and at Kirishima Kyuden Mirai Forest in FY2023

*4: FY2023 results are provisional; the government is set to announce figures in December

Society

		Unit	2019	2020	2021	2022	2023 (FY)	Scope of Aggregation
Number of employees	Employees (total)	People	12,829	12,717	12,543	12,339	12,092	Kyushu EP and Kyushu T&D
	Male	People	11,791	11,660	11,481	11,267	11,045	
	Female	People	1,038	1,057	1,062	1,072	1,047	
Average years of service	Average years of service (general)	Years	24.2	24.2	24.4	24.5	24.4	Kyushu EP and Kyushu T&D
	Male	Years	24.7	24.8	25.0	25.1	25.1	
	Female	Years	18.1	17.8	17.8	17.6	17.7	
Number of female managers	Female managers	People (%)	117 (2.5)	123 (2.6)	127 (2.7)	136 (2.9)	138 (3.0)	Kyushu EP and Kyushu T&D
Number of employees who took childcare leave	Employees took childcare leave	People	61	68	73	279	356	Kyushu EP and Kyushu T&D
Rate of employees with disabilities	Employees with disabilities	%	2.34	2.32	2.29	2.46	2.51	Kyushu EP and Kyushu T&D
Creation of a better working environment	Days of paid leave utilized annually per person	Days	16.2	16.6	16.6	17.4	17.1	Kyushu EP and Kyushu T&D
Health and productivity management	Receiving regular health exams	%	100	100	100	100	100	Kyushu EP and Kyushu T&D
	Participation in stress check program	%	95.5	94.5	94.8	94.8	95.8	Kyushu EP and Kyushu T&D
	Smokers	%	28.0	26.7	24.1	23.8	22.6	Kyushu EP and Kyushu T&D
Community	Days of volunteer leave taken	Days	224	117	66	70.0	124	Kyushu EP and Kyushu T&D
	Employees received awards for contributing to local communities	People	28	28	11	18	7	Kyushu EP and Kyushu T&D
Innovation	KYUDEN I-PROJECT participants (total)	People	760	910	1,030	1,200	1,300	Kyuden Group
Human resource development	Training hours per employee (average)	Hours	–	21.8	76.4	51.0	36.3	Kyushu EP and Kyushu T&D
Rate of labor union members	Percentage of all employees	%	68.8	67.4	66.7	54.5	54.0	Kyushu EP and Kyushu T&D
	Employees excluding special managers, etc.	%	100.0	100.0	100.0	100.0	100.0	Kyushu EP and Kyushu T&D

Governance

		Unit	2019	2020	2021	2022	2023 (FY)	Scope of Aggregation
Composition of Board of Directors	Number of directors	People	16	15	15	15	14	Kyushu EP
	Percentage of external directors	%	31.3	33.3	33.3	33.3	35.7	Kyushu EP
	Male	%	87.5	80.0	80.0	80.0	78.6	Kyushu EP
	Female	%	12.5	20.0	20.0	20.0	21.4	Kyushu EP
Board of Directors' activities	Board of Directors meetings held	Times	17	19	15	23	18	Kyushu EP
	Attendance rate of all directors	%	97.4	98.6	99.6	97.1	97.3	Kyushu EP

Consolidated Financial Statements

Consolidated Balance Sheet

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2024	2023	2024
PROPERTY (Note 4):			
Plant and equipment	¥ 11,656,028	¥ 11,577,785	\$ 76,988,299
Construction in progress	291,509	248,184	1,925,425
Total	11,947,537	11,825,970	78,913,725
Less:			
Contributions in aid of construction	241,677	241,929	1,596,282
Accumulated depreciation	7,971,341	7,883,479	52,650,870
Total	8,213,018	8,125,409	54,247,153
Net property	3,734,519	3,700,561	24,666,572
NUCLEAR FUEL	233,961	224,372	1,545,319
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3, 5 and 18)	132,386	113,306	874,417
Investments in and advances to nonconsolidated subsidiaries and affiliated companies (Notes 3 and 18)	228,947	209,352	1,512,203
Assets for retirement benefits (Note 8)	19,991	12,537	132,043
Deferred tax assets (Notes 3 and 11)	148,191	172,337	978,809
Special account related to nuclear power decommissioning (Note 2.h)	30,537	35,041	201,701
Special account related to reprocessing of spent nuclear fuel (Note 2.o)	134,846	116,295	890,665
Other (Note 3)	135,869	158,113	897,420
Total investments and other assets	830,771	816,984	5,487,261
CURRENT ASSETS:			
Cash and cash equivalents (Note 18)	364,213	270,651	2,405,640
Receivables (Notes 13 and 18)	340,934	369,244	2,251,879
Allowance for doubtful accounts	(2,552)	(3,581)	(16,859)
Inventories, principally fuel	130,018	159,420	858,776
Prepaid expenses and other	95,373	66,026	629,945
Total current assets	927,988	861,761	6,129,382
TOTAL	¥ 5,727,240	¥ 5,603,678	\$ 37,828,534

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	2024	2023	2024
LONG-TERM LIABILITIES:			
Long-term debt, less current portion (Notes 7 and 18)	¥ 3,239,043	¥ 3,405,775	\$ 21,393,944
Liabilities for retirement benefits (Note 8)	60,154	80,761	397,324
Asset retirement obligations (Notes 9 and 25)	300,002	297,367	1,981,523
Other	85,713	62,016	566,142
Total long-term liabilities	3,684,914	3,845,921	24,338,934
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 7 and 18)	422,127	437,071	2,788,160
Short-term borrowings (Notes 10 and 18)	123,410	124,530	815,128
Commercial paper (Note 18)		40,000	
Notes and accounts payable (Notes 16 and 18)	192,199	210,872	1,269,478
Accrued income taxes	40,368	3,301	266,635
Provision for loss on the Antimonopoly Act (Note 2.s)		2,762	
Other	340,943	319,467	2,251,939
Total current liabilities	1,119,049	1,138,006	7,391,343
RESERVE FOR FLUCTUATIONS IN WATER LEVEL (Note 2.t)	2,232	2,519	14,746
COMMITMENTS AND CONTINGENCIES (Note 20)			
EQUITY (Note 12):			
Common stock—authorized, 1,000,000,000 shares; issued, 474,183,951 shares	237,304	237,304	1,567,403
Class A preferred stock—authorized, 1,000 shares; issued, 1,000 shares in 2023			
Class B preferred stock—authorized, 2,000 shares; issued, 2,000 shares in 2024			
Capital surplus	193,520	120,006	1,278,209
Retained earnings	397,802	209,734	2,627,493
Treasury stock—at cost, 1,307,901 shares in 2024 and 1,416,422 shares in 2023	(1,529)	(1,651)	(10,102)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	10,052	5,828	66,396
Deferred gain on derivatives under hedge accounting	24,781	11,150	163,684
Foreign currency translation adjustments	13,325	6,455	88,017
Defined retirement benefit plans	15,271	(6,765)	100,865
Total	890,529	582,064	5,881,967
Noncontrolling interests	30,513	35,166	201,542
Total equity	921,043	617,230	6,083,510
TOTAL	¥ 5,727,240	¥ 5,603,678	\$ 37,828,534

Consolidated Statement of Income

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
OPERATING REVENUES (Note 13):			
Electric	¥ 1,841,947	¥ 1,946,737	\$ 12,166,099
Other	297,499	274,563	1,964,992
Total operating revenues	2,139,447	2,221,300	14,131,091
OPERATING EXPENSES (Note 14):			
Electric	1,612,181	2,041,909	10,648,494
Other	272,345	252,389	1,798,849
Total operating expenses	1,884,527	2,294,299	12,447,343
OPERATING INCOME (LOSS)	254,919	(72,998)	1,683,748
OTHER EXPENSES (INCOME):			
Interest charges	28,053	27,936	185,296
Stock issue costs	4,762		31,458
Foreign exchange gain	(3,496)		(23,096)
Gain on sales of investment securities (Note 5)		(11,280)	
Provision for loss on the Antimonopoly Act (Note 2.s)		2,762	
Impairment loss on a financial asset (Note 15)	13,487		89,086
Share of profit of entities accounted for using equity method (Note 16)	(11,732)	(9,096)	(77,495)
Other—net	(829)	(5,204)	(5,477)
Other expenses—net	30,245	5,118	199,771
INCOME (LOSS) BEFORE INCOME TAXES AND REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	224,674	(78,116)	1,483,976
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	287	5,093	1,897
INCOME (LOSS) BEFORE INCOME TAXES	224,961	(73,022)	1,485,874
INCOME TAXES (Note 11):			
Current	47,122	6,180	311,244
Deferred	9,557	(24,716)	63,125
Total income taxes	56,679	(18,535)	374,369
NET INCOME (LOSS)	168,281	(54,486)	1,111,504
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,836	1,942	12,132
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 166,444	¥ (56,429)	\$ 1,099,371
	Yen		U.S. Dollars
	2024	2023	2024
PER SHARE OF COMMON STOCK (Notes 2.w and 24):			
Basic net income (loss)	¥ 342.30	¥ (123.81)	\$ 2.26
Cash dividends applicable to the year:			
Common share	25.00		0.16
Class B preferred share	1,933,333.00		12,769.70

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
NET INCOME (LOSS)	¥ 168,281	¥ (54,486)	\$ 1,111,504
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21):			
Unrealized gain on available-for-sale securities	3,024	1,051	19,976
Deferred gain on derivatives under hedge accounting	11,556	2,743	76,333
Foreign currency translation adjustments	5,766	6,623	38,087
Defined retirement benefit plans	21,525	(12,166)	142,176
Share of other comprehensive income in nonconsolidated subsidiaries and affiliated companies	5,350	6,047	35,340
Total other comprehensive income	47,223	4,299	311,913
COMPREHENSIVE INCOME (LOSS)	¥ 215,505	¥ (50,187)	\$ 1,423,417
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ 213,205	¥ (52,268)	\$ 1,408,225
Noncontrolling interests	2,300	2,081	15,192

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2024

	Thousands of Shares / Millions of Yen																
	Common Stock		Class A Preferred Stock		Class B Preferred Stock		Capital Surplus	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Amount	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE AT APRIL 1, 2022	474,183	¥237,304	1				¥120,006	¥277,382	1,463	¥(1,706)	¥4,104	¥4,723	¥(1,383)	¥5,066	¥645,497	¥30,840	¥676,337
Cash dividends, ¥20.0 per common share								(9,478)							(9,478)		(9,478)
Cash dividends, ¥1,050,000 per Class A preferred share								(1,050)							(1,050)		(1,050)
Net loss attributable to owners of the parent								(56,429)							(56,429)		(56,429)
Purchase of treasury stock									8	(7)					(7)		(7)
Disposal of treasury stock							(0)		(55)	62					61		61
Adjustment of retained earnings for inclusion of companies accounted for by the equity method								(690)							(690)		(690)
Net change in the year											1,724	6,427	7,839	(11,831)	4,160	4,325	8,486
BALANCE AT MARCH 31, 2023	474,183	237,304	1				120,006	209,734	1,416	(1,651)	5,828	11,150	6,455	(6,765)	582,064	35,166	617,230
Issuance of preferred stock (Note 12)					2	¥100,000	100,000								200,000		200,000
Transfer from preferred stock to capital surplus						(100,000)	100,000										
Deficit disposition							(21,623)	21,623									
Change in the parent's ownership interest due to transactions with noncontrolling interests							(2,038)								(2,038)		(2,038)
Net income attributable to owners of the parent								166,444							166,444		166,444
Purchase of treasury stock (Note 12)									11	(102,832)					(102,832)		(102,832)
Disposal of treasury stock							(0)		(119)	132					131		131
Retirement of treasury stock (Note 12)			(1)				(102,822)		(1)	102,822							
Net change in the year											4,223	13,631	6,869	22,036	46,760	(4,652)	42,107
BALANCE AT MARCH 31, 2024	474,183	¥237,304			2		¥193,520	¥397,802	1,307	¥(1,529)	¥10,052	¥24,781	¥13,325	¥15,271	¥890,529	¥30,513	¥921,043

(Continued)

Consolidated Statement of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2024

	Thousands of U.S. Dollars (Note 1)											
						Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
	Common Stock	Class B Preferred Stock	Capital Surplus	Retained Earnings	Treasury Stock							
BALANCE AT MARCH 31, 2023	\$1,567,403		\$792,643	\$1,385,297	\$(10,907)	\$38,500	\$73,649	\$42,641	\$(44,684)	\$3,844,544	\$232,275	\$4,076,819
Issuance of preferred stock (Note 12)		\$660,501	660,501							1,321,003		1,321,003
Transfer from preferred stock to capital surplus		(660,501)	660,501									
Deficit disposition			(142,824)	142,824								
Change in the parent's ownership interest due to transactions with noncontrolling interests			(13,466)							(13,466)		(13,466)
Net income attributable to owners of the parent				1,099,371						1,099,371		1,099,371
Purchase of treasury stock (Note 12)					(679,212)					(679,212)		(679,212)
Disposal of treasury stock			(2)		872					870		870
Retirement of treasury stock (Note 12)			(679,144)		679,144							
Net change in the year						27,896	90,034	45,375	145,550	308,856	(30,732)	278,124
BALANCE AT MARCH 31, 2024	\$1,567,403		\$1,278,209	\$2,627,493	\$(10,102)	\$66,396	\$163,684	\$88,017	\$100,865	\$5,881,967	\$201,542	\$6,083,510

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (loss) before income taxes	¥ 224,961	¥ (73,022)	\$ 1,485,874
Adjustments for:			
Income taxes—paid	(8,267)	(7,844)	(54,603)
Depreciation and amortization	249,961	221,013	1,650,999
Decommissioning costs of nuclear power units	7,193	12,859	47,510
Amortization of special account related to nuclear power decommissioning	4,503	4,503	29,747
Loss on disposal of plant and equipment	6,099	5,725	40,285
Reversal of reserve for fluctuation in water level	(287)	(5,093)	(1,897)
Share of profit of entities accounted for using equity method	(11,732)	(9,096)	(77,495)
Stock issue costs	4,762		31,458
Gain on sales of investment securities		(11,280)	
Loss on the Antimonopoly Act		2,762	
Payments related to the Antimonopoly Act	(2,762)		(18,244)
Impairment loss on a financial asset	13,487		89,086
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	14,539	(18,203)	96,034
Decrease (increase) in inventories, principally fuel	29,347	(57,587)	193,837
Decrease in trade payables	(16,915)	(238)	(111,724)
Increase (decrease) in liability for retirement benefits	1,468	(3,509)	9,698
(Increase) decrease in other receivables	(24,796)	12,432	(163,782)
Increase or decrease in consumption taxes payables or receivables	39,018	(28,927)	257,715
Increase (decrease) in accrued expense	40,559	(19,829)	267,894
Other—net	14,944	5,839	98,705
Total adjustments	361,123	103,527	2,385,226
Net cash provided by operating activities	586,084	30,504	3,871,100

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures including nuclear fuel	(333,465)	(337,465)	(2,202,547)
Proceeds from contribution in aid of construction	17,426	23,810	115,103
Payments for investments and advances	(31,509)	(26,975)	(208,121)
Proceeds from sales of investment securities and collections of advances	5,412	15,189	35,746
Other—net	(2,183)	(3,434)	(14,422)
Net cash used in investing activities	(344,320)	(328,874)	(2,274,240)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	99,670	259,423	658,325
Repayments of bonds	(175,000)	(160,000)	(1,155,878)
Proceeds from long-term loans	121,090	395,545	799,807
Repayments of long-term loans	(234,495)	(199,381)	(1,548,850)
Net (decrease) increase in short-term borrowings	(1,124)	3,716	(7,424)
Net (decrease) increase in commercial paper	(40,000)	40,000	(264,200)
Proceeds from issuance of stock	195,237		1,289,545
Acquisition of treasury stock	(102,832)	(7)	(679,208)
Cash dividends paid	(57)	(10,554)	(380)
Expenditure on purchase of shares of subsidiaries without change in scope of consolidation	(6,960)		(45,975)
Other—net	(6,054)	(3,972)	(39,990)
Net cash (used in) provided by financing activities	(150,526)	324,770	(994,230)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	3,201	2,002	21,142
NET INCREASE IN CASH AND CASH EQUIVALENTS	94,439	28,403	623,772
CASH AND CASH EQUIVALENTS OF A NONCONSOLIDATED SUBSIDIARY MERGED WITH A CONSOLIDATED SUBSIDIARY		491	
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF A SUBSIDIARY FROM CONSOLIDATION	(876)		(5,789)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	270,651	241,756	1,787,657
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 364,213	¥ 270,651	\$ 2,405,640

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2024

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Kyushu Electric Power Company, Incorporated (the "Company") has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Business Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of IFRS Accounting Standards. Especially, the accounting related to the nuclear power generation is regulated by the above accounting regulations, which are dependent on a governmental long-term nuclear energy policy.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2023, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2024.

The U.S. dollar amounts included herein are provided solely for the convenience of readers outside Japan and are stated at the rate of ¥151.40 = U.S.\$1, the approximate exchange rate prevailing on March 31, 2024. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation and Application of the Equity Method—The consolidated financial statements as of March 31, 2024, include the accounts of the Company and its 50 (51 for 2023) subsidiaries (together, the "Group"). All significant intercompany transactions and balances have been eliminated in consolidation. Investments in 21 (19 for 2023) nonconsolidated subsidiaries and 29 (28 for 2023) affiliated companies are accounted for by the equity method.

The Company adopts the control and influence concepts. Under these concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are treated as subsidiaries and those

companies over which the Group has the ability to exercise significant influence are treated as affiliated companies.

Consolidation of the remaining subsidiaries and the application of the equity method to the remaining affiliated companies would not have a material effect on the accompanying consolidated financial statements.

The fiscal year-end of 12 (12 for 2023) consolidated subsidiaries and several nonconsolidated subsidiaries and affiliated companies is December 31. The Company consolidates such consolidated subsidiaries' financial statements and accounts for investments in such nonconsolidated subsidiaries and affiliated companies by the equity method using their financial results for the year ended December 31. The effects of any significant transactions during the period between the subsidiaries' and affiliated companies' fiscal year-end and the Company's fiscal year-end are reflected in the consolidated financial statements.

b. Business Combination—Business combinations are accounted for using the purchase method. Acquisition related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

c. Property and Depreciation—Property is stated at cost. Contributions in aid of construction including those made by customers are deducted from the cost of the related assets.

Depreciation is principally computed using the straight-line method based on the estimated useful lives of the assets. Depreciation of easements related to transmission lines is computed using the straight-line method based

on the estimated useful lives of the transmission lines.

Under the accounting regulations applicable to electric utility providers in Japan, properties, which are required for decommissioning of nuclear power units or which need maintenance and management even after nuclear power units have been in the process of decommissioning, are to be included in "Plant and equipment."

d. Leases—Finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet. All other leases are accounted for as operating leases.

e. Impairment of Fixed Assets—The Group reviews its fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

f. Amortization of Nuclear Fuel—Amortization of nuclear fuel is computed based on the proportion of current heat produced to the estimated total potential heat production over the estimated useful life of the nuclear fuel.

g. Investment Securities—Investment securities are classified and accounted for, depending on management's intent, as follows: (a) held-to-maturity debt securities are stated at cost with discounts or premiums amortized throughout the holding periods; and (b) available-for-sale securities, which are not classified as the aforementioned securities and investment securities in nonconsolidated subsidiaries and affiliated companies, are stated at market value; and nonmarketable securities are stated at cost.

The Group records unrealized gains or losses on available-for-sale securities, net of deferred taxes, in equity presented as "Unrealized gain on available-for-sale securities."

For other-than-temporary declines in fair value, investment securities are written down to net realizable value by a charge to income.

h. Special Account Related to Nuclear Power Decommissioning—Under the accounting regulation applicable to electric utility providers in Japan, in case the Company decides to decommission nuclear power units due to factors such as a change of the government's energy policy, the Company is permitted to transfer the carrying amounts related to nuclear power units and costs related to nuclear power decommissioning to "special account

related to nuclear power decommissioning" when the Company decides to decommission nuclear power units and applies to the Minister of Ministry of Economy, Trade and Industry ("METI") for adopting the above special account. Because the carrying amount of special account related to nuclear power decommissioning are supposed to be collected through regulated wheeling fees, the special account is amortized in proportion to the amounts of future regulated wheeling fees collected, after approval of the Minister of METI.

i. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and mutual fund investments in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

j. Inventories—Inventories are stated at the lower of cost, principally determined by the average method, or net selling value.

k. Foreign Currency Transactions—Receivables and payables denominated in foreign currencies are translated into Japanese yen at the rates in effect as of each balance sheet date.

l. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries, and nonconsolidated foreign subsidiaries and foreign affiliated companies which are accounted for by the equity method, are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

m. Derivatives and Hedging Activities—Derivative financial instruments are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (b) for such derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Liabilities denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge

accounting. Forward contracts applied for committed transactions are measured at fair value and the unrealized gains/losses are deferred until the underlying transactions are completed.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges.

n. Severance Payments and Pension Plans—The Group has unfunded retirement plans for most of its employees and the Company and most of the consolidated subsidiaries also have contributory funded defined benefit pension plans covering substantially all of their employees.

Under the Accounting Standards Board of Japan (“ASBJ”) Statement No. 26, “Accounting Standard for Retirement Benefits” and ASBJ Guidance No. 25, “Guidance on Accounting Standard for Retirement Benefits,” the Group accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over five years, which is no longer than the expected average remaining service period of the employees.

o. Accounting for Contributions Concerning Reprocessing of Spent Nuclear Fuel and Concerning Processing of Nuclear Fuel Material Separated in Reprocessing—The Act for Partial Revision of the Spent Nuclear Fuel Reprocessing Implementation Act was enforced on October 1, 2016. The act aims to secure the funds stably for reprocessing costs without being influenced by the financial position of nuclear operators under the competitive environment on or after April 1, 2016, when full liberalization of participation in retail electricity sales began.

The Nuclear Reprocessing Organization of Japan (the “NuRO”) was established on October 3, 2016, under the act. Nuclear operators including the Company are obliged to contribute the funds for reprocessing nuclear fuel to the NuRO every year. Nuclear operators fulfill the obligation to bear the reprocessing costs when they pay contributions to the NuRO, and the funds belong to the NuRO.

Contributions to NuRO consist of two parts. One is concerning reprocessing of spent nuclear fuel (part “A”), the other is concerning processing of nuclear fuel material separated in reprocessing (part “B”).

In accordance with the accounting regulations applicable to electric utility providers in Japan, the Company

records the part A of contributions to the NuRO, the amount of which is calculated based on quantities of irradiated nuclear fuel resulting from operation of nuclear power stations, as operating expenses. On the other hand, the Company records part B of the contributions to the NuRO as assets and presents them as “Special account related to reprocessing of spent nuclear fuel” in the consolidated balance sheet.

p. Accounting for Contributions Concerning Final Disposal of High-Level Radioactive Waste—The Designated Radioactive Waste Final Disposal Act was enforced on June 7, 2000. The act aims to disposal of high-level radioactive wastes, which are unavoidably generated through nuclear power generation, in stable geological strata at a depth of 300 meters or greater. Under the act, the Nuclear Waste Management Organization of Japan (the “NUMO”) was established in December 2000 which is responsible for the disposal of high-level radioactive wastes. Nuclear operators including the Company are obliged to contribute the fund to NUMO for disposal of high-level radioactive wastes every year. Nuclear operators fulfill the obligation to bear the disposal costs when they pay contributions to the NUMO, and the funds belong to the NUMO.

The Company records the disposal costs of high-level radioactive wastes, the amount of which is calculated based on quantities of irradiated nuclear fuel resulting from operation of nuclear power stations, as operating expenses.

q. Asset Retirement Obligations—Under ASBJ Statement No. 18, “Accounting Standard for Asset Retirement Obligations,” an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement. The Company recognizes the asset retirement obligation as the sum of the future decommissioning costs of nuclear power station which is calculated based on a formula using the quantities by type of waste generated from decommissioning of nuclear power station in accordance with the ordinance set forth by the METI, discounted at 2.3%.

In accordance with the accounting regulations applicable to electric utility providers in Japan, asset retirement costs are allocated to expense over the remaining useful lives of nuclear power units through depreciation based on the straight-line method, except for asset retirement costs of nuclear power units decommissioned due to factors such as a change of a government energy policy which are continuously allocated to expense over 10 years from the month that includes the start date of decommissioning of the nuclear power unit.

r. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The Company and its wholly owned domestic subsidiaries adopted the group tax sharing system.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

s. Provision for Loss on the Antimonopoly Act—On March 30, 2023, the Company received a cease and a desist order and surcharge payment order by the Japan Fair Trade Commission (the “JFTC”) under the Antimonopoly Act of Japan.

The allegation is that “the Company is suspected of jointly restricting the acquisition of customers of each other in Kansai and Kyushu areas, regarding services of supplying extra high voltage power and high voltage power.”

Since there is a possibility of future surcharge payment, the Company recorded provision for loss on Antimonopoly Act based on surcharge payment ordered by JFTC.

t. Reserve for Fluctuations in Water Level—This reserve is provided to stabilize the Company’s income level based on the Electricity Business Act and related accounting regulations. This reserve is recorded when the volume of water for generating hydroelectric power is abundant and available for future power generation, and reversed in years when there is an insufficient volume of water. Also, this reserve must be shown as a liability under the act and regulations.

Based on the Electricity Business Act, the Company submitted an application for reversal of reserve for fluctuations in water level by special reasons to the Minister of Economy, Trade and Industry, and permission was obtained on March 22, 2023. Accordingly, a part of the reserve has been reversed for the year ended March 31, 2023.

u. Treasury Stock—The accounting standard for treasury stock requires that where an affiliated company holds a parent company’s stock, a portion which is equivalent to the parent company’s interest in such stock should be presented as treasury stock as a separate component of equity and the carrying value of the investment in the affiliated company should be reduced by the same amount.

v. Board Benefit Trust (BBT)—The Company has a performance-based stock compensation plan called “Board Benefit Trust (BBT),” (the “Plan”) for directors (excluding outside directors) and executive officers (together, the “Directors”).

(a) Overview of the Plan

The Plan is a stock compensation plan under which shares of the Company will be acquired through a trust

(the “Trust” refers to a trust established based on the Plan) using funds contributed by the Company. The shares of the Company and cash equivalent to the value of the Company’s shares converted at market value (the “Company’s Shares, etc.”) will be provided to the Directors through the Trust, pursuant to the “Rules on Provision of Shares to Officers” set forth by the Company. The Company’s Shares, etc. will be provided to the Directors at the time of retirement of the Directors, in principle.

(b) Shares of the Company held by the Trust

The Company records shares of the Company in the Trust as treasury stock at cost (excluding acquisition related costs). As of March 31, 2024, the number of shares was 723 thousand.

w. Net Income and Cash Dividends per Share—Basic earnings per share (“EPS”) are computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the year, and diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock.

Diluted EPS is not disclosed for the years ended March 31, 2024 and 2023, because potentially dilutive securities were not outstanding.

The weighted-average number of common stock used in the computation of basic EPS during the year excludes treasury stock held by the Trust established based on BBT (763 thousand shares and 861 thousand shares for the years ended March 31, 2024 and 2023, respectively).

Cash dividends per share represent actual amounts applicable to earnings of the respective years.

x. Revenue Recognition—Among the business of energy services which is the Group’s main business, for the business of power generation and sale, the performance obligation of the Company is to supply electricity. Also, for the business of electricity transmission and distribution, the performance obligation of Kyushu Electric Power Transmission and Distribution Co., Inc., a subsidiary of the Company is to deliver electricity by its transmission and distribution network. Revenues related to these performance obligations are both recognized on the day of meter reading in accordance with the accounting regulations applicable to electric utility providers in Japan. Revenues do not include sales of electricity supply and delivery of electricity between the date of last meter reading and the year end.

y. Research and Development Costs—Research and development costs are charged to income as incurred.

3. SIGNIFICANT ACCOUNTING ESTIMATE*Investments in the Overseas Power Generation Business and a Financial Asset Related to Construction Services for the Overseas Power Generation Facilities*

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
(1) <i>Carrying amounts</i>			
Investments in the overseas power generation business and a financial asset related to construction services for the overseas power generation facilities	¥ 150,902	¥ 161,696	\$ 996,711
Impairment loss on a financial asset	13,487		89,086

*(2) Information on the significant accounting estimate**(a) The calculation method of the carrying amount*

For the investments in the overseas power generation business, the equity method is applied to investments in nonconsolidated subsidiaries and affiliated companies. Others are nonmarketable equity securities. These securities are classified as available-for-sale securities and are stated at cost. If the realizable value of these securities declines significantly, these securities are written down to net realizable value, unless the recoverability of the securities is supported by sufficient evidence.

For the investments in nonconsolidated subsidiaries and affiliated companies, if the carrying amount of the investees' power generation facilities exceeds its recoverable amount which is the sum of the future cash flows based on the investees' business plan, the power generation facilities are written down to the recoverable amounts in the investees' financial statements used in applying the equity method.

On the other hand, for nonmarketable equity securities, the Group evaluates whether securities need to be written down to net realizable value based on the recoverable amount of the power generation facilities.

A financial asset related to the contractual right to receive consideration from the grantor for the construction services is stated based on the transaction price determined by contracts with customers, or the grantor. If the transaction price declines due to changes of assumptions such as future outputs of the power generation facilities on which the transaction price is based will be changed, the financial asset would be written down.

(b) The primary assumption used for the calculation

For estimation of the future cash flows, the Group made the best estimation based on available information at preparation of the consolidated financial statements, such as outlooks of electricity sales volume and unit price, operational projections and future outputs for the investees' power generation facilities, and projections for international fuel market prices.

(c) The possible effects within the next financial year

When decreasing the future cash flows occurs by a change of external environments such as the realization of investees' country risk and fluctuations in prices, interest rates and foreign exchange, and review of energy and environment policy, the Group's financial performance may be affected as the share of loss of entities accounted for using the equity method is recorded, nonmarketable equity securities are written down to net realizable value or the financial asset is written down.

Deferred Tax Assets

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
(1) <i>Carrying amounts</i>			
Deferred tax assets	¥ 148,191	¥ 172,337	\$ 978,809
Deferred tax assets relating to tax loss carryforwards included in above	32,137	67,023	212,267

*(2) Information on the significant accounting estimate**(a) The calculation method of the carrying amount*

The deferred tax assets were calculated by estimating the future taxable income based on the business plan approved by the Board of Directors of the Company.

(b) The primary assumption used for the calculation

The Group made the best estimation based on available information at preparation of the consolidated financial statements, such as outlooks of electricity sales volume and unit price and projections regarding nuclear power plant operation.

(c) The possible effects within the next financial year

The Group's financial performance may be affected when deferred tax assets were reversed by decreasing the future taxable income. Decreasing the future taxable income will occur by such as decline of electricity sales volume and unit price which are influenced by external environment, such as changes in temperature, climate and economic trend, and unscheduled shutdown of nuclear power plants.

4. PROPERTY

The breakdown of property at March 31, 2024 and 2023, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Costs:			
Electric power production facilities:			
Hydroelectric power	¥ 843,415	¥ 842,842	\$ 5,570,774
Thermal power	1,441,794	1,439,020	9,523,078
Nuclear power	2,409,079	2,380,670	15,912,015
Internal-combustion engine power	124,089	133,234	819,613
Renewable power	147,693	124,847	975,515
Total	4,966,071	4,920,614	32,800,997
Transmission facilities	2,101,332	2,073,699	13,879,344
Transformation facilities	1,128,025	1,137,622	7,450,628
Distribution facilities	1,550,331	1,540,278	10,239,970
General facilities	443,280	432,532	2,927,874
Other electricity-related facilities	57,864	57,864	382,192
Other plant and equipment	1,409,123	1,415,174	9,307,290
Construction in progress	291,509	248,184	1,925,425
Total	11,947,537	11,825,970	78,913,725
Less:			
Contributions in aid of construction	241,677	241,929	1,596,282
Accumulated depreciation	7,971,341	7,883,479	52,650,870
Carrying amount	¥ 3,734,519	¥ 3,700,561	\$ 24,666,572

5. INVESTMENT SECURITIES

The costs and aggregate fair values of investment securities at March 31, 2024 and 2023, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2024				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,928	¥ 7,261		¥ 9,189
Debt securities	200		¥ 25	174
Other securities	636	310	12	934
Held-to-maturity	1,283		65	1,218

March 31, 2023

Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,770	¥ 4,473	¥ 30	¥ 6,214
Debt securities	152		19	132
Other securities	636	254	15	875
Held-to-maturity	235		17	217

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2024				
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 12,735	\$ 47,961		\$ 60,697
Debt securities	1,321		\$ 170	1,150
Other securities	4,205	2,050	80	6,174
Held-to-maturity	8,479		432	8,046

The information for available-for-sale securities which were sold during the year ended March 31, 2024, is not disclosed because realized gains and losses on sales of available-for-sale securities for the fiscal year are immaterial. Such information for the year ended March 31, 2023, was as follows:

	Millions of Yen			
	Proceeds	Realized Gains	Realized Losses	
Available-for-sale—Equity securities	¥ 11,682	¥ 11,281	¥ 0	
Total	¥ 11,682	¥ 11,281	¥ 0	

6. PLEDGED ASSETS

All of the Company's assets amounting to ¥4,894,014 million (\$32,325,061 thousand) are subject to certain statutory preferential rights established to secure a portion of bonds and a portion of loans borrowed from the Development Bank of Japan Inc. The carrying amount of bonds and loans borrowed from the Development Bank of Japan Inc. (including current maturities) secured by the assets for the year ended March 31, 2024, were ¥1,385,000 million (\$9,147,952 thousand) and ¥87,580 million (\$578,467 thousand), respectively.

Certain assets of the consolidated subsidiaries, amounting to ¥54,567 million (\$360,416 thousand), are pledged as collateral for a portion of their long-term debt at March 31, 2024.

Investments in affiliated companies held by consolidated subsidiaries, amounting to ¥21,103 million (\$139,388 thousand), are pledged as collateral for bank loans and derivatives, mainly interest rate swaps of the affiliated companies and the subsidiary of the affiliated companies at March 31, 2024.

7. LONG-TERM DEBT

Long-term debt at March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Yen bonds, 0.01% to 1.766%, due serially to 2052 (Note a)	¥ 1,385,000	¥ 1,459,999	\$ 9,147,952
First series of subordinated unsecured yen bonds with interest deferral option and early redemption option, 0.99%, due serially to 2080 (Notes b and e)	70,000	70,000	462,351
Second series of subordinated unsecured yen bonds with interest deferral option and early redemption option, 1.09%, due serially to 2080 (Notes c and f)	30,000	30,000	198,150
Third series of subordinated unsecured yen bonds with interest deferral option and early redemption option, 1.30%, due serially to 2080 (Notes d and g)	100,000	100,000	660,501
Loans from the Development Bank of Japan Inc., 0.32% to 2.05%, due serially to 2040	233,698	267,782	1,543,581
Loans, principally from banks and insurance companies, 0.03% to 7.417%, due serially to 2043:			
Collateralized	68,378	74,255	451,638
Unsecured	1,754,941	1,824,938	11,591,423
Obligations under finance leases	19,152	15,870	126,505
Total	3,661,170	3,842,847	24,182,105
Less current portion	422,127	437,071	2,788,160
Long-term debt, less current portion	¥ 3,239,043	¥ 3,405,775	\$ 21,393,944

The annual maturities of long-term debt outstanding at March 31, 2024, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025	¥ 422,127	\$ 2,788,160
2026	328,454	2,169,449
2027	411,803	2,719,970
2028	387,678	2,560,626
2029	344,366	2,274,549
2030 and thereafter	1,766,739	11,669,348
Total	¥ 3,661,170	\$ 24,182,105

Notes:

- a. The interest rate includes a variable interest rate.
b. The fixed interest rate has been applied since the day after October 15, 2020, and will be applied until October 15, 2025, and a variable interest rate will be applied from the day after October 15, 2025. ("Step-up interest rates" will be applied from the day after October 15, 2030, and the day after October 15, 2045.)
c. The fixed interest rate has been applied since the day after October 15, 2020, and will be applied until October 15, 2027, and a variable interest rate will be applied from the day after October 15, 2027. ("Step-up interest rates" will be applied from the day after October 15, 2030, and the day after October 15, 2047.)
d. The fixed interest rate has been applied since the day after October 15, 2020, and will be applied until October 15, 2030, and a variable interest rate will be applied from the day after October 15, 2030. ("Step-up interest rates" will be applied from the day after October 15, 2030, and the day after October 15, 2050.)
e. The Company may redeem the hybrid corporate bonds at its discretion on each interest payment date from and including October 15, 2025.
f. The Company may redeem the hybrid corporate bonds at its discretion on each interest payment date from and including October 15, 2027.
g. The Company may redeem the hybrid corporate bonds at its discretion on each interest payment date from and including October 15, 2030.

8. SEVERANCE PAYMENTS AND PENSION PLANS

Employees terminating their employment with the Group, either voluntarily or upon reaching mandatory retirement age, are entitled, under most circumstances, to severance payments based on credits earned in each year of service, length of service and certain other factors. As for the Company and a part of the consolidated subsidiaries, if the termination is made voluntarily at one of a number of specified ages, the employee is entitled to certain additional payments.

Additionally, the Company and most of the consolidated subsidiaries have contributory funded defined benefit pension plans covering substantially all of their employees. In general, eligible employees retiring at the mandatory retirement age receive pension payments for the fixed term selected by them. As for the Company and one of the consolidated subsidiaries, Kyushu Electric Power Transmission and Distribution Co., Inc., eligible employees retiring after at least 20 years of service but before the mandatory retirement age, receive a lump-sum payment upon retirement and an annuity. The Company and Kyushu Electric Power Transmission and Distribution Co., Inc. have established retirement benefit trusts for their defined retirement benefit plan.

Certain consolidated subsidiaries calculate liability for retirement benefits and periodic benefit costs related

to defined retirement benefit plans by the simplified method. Under the simplified method, projected benefit obligations are principally stated at the necessary payment amounts for voluntary retirement as of the end of the fiscal year. The simplified method for accounting for defined retirement benefit plans is allowed for a specified small-sized entity under accounting principles generally accepted in Japan.

Defined Retirement Benefit Plans (excluding Plans Applying the Simplified Method)

(1) The changes in defined benefit obligation for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥ 385,393	¥ 391,299	\$ 2,545,532
Current service cost	12,617	13,038	83,335
Interest cost	2,904	2,943	19,186
Actuarial losses	574	3,270	3,791
Benefits paid	(24,529)	(24,178)	(162,018)
Prior service cost	(1,001)	(978)	(6,616)
Decrease on transition to a defined contribution pension plan	(2,170)		(14,335)
Other	(3)	(1)	(25)
Balance at end of year	¥ 373,784	¥ 385,393	\$ 2,468,850

(2) The changes in plan assets for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥ 319,874	¥ 334,570	\$ 2,112,777
Expected return on plan assets	6,932	7,230	45,788
Actuarial gains (losses)	27,662	(12,309)	182,712
Contributions from the employer	5,828	6,337	38,495
Benefits paid	(21,690)	(15,955)	(143,265)
Decrease on transition to defined contribution pension plan	(2,542)		(16,794)
Balance at end of year	¥ 336,064	¥ 319,874	\$ 2,219,714

(3) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2024 and 2023, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Funded defined benefit obligation	¥ 365,750	¥ 377,368	\$ 2,415,788
Plan assets	(336,064)	(319,874)	(2,219,714)
Total	29,685	57,494	196,074
Unfunded defined benefit obligation	8,033	8,025	53,062
Net liability for defined benefit obligation	¥ 37,719	¥ 65,519	\$ 249,136

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Liability for retirement benefits	¥ 56,926	¥ 77,454	\$ 376,001
Asset for retirement benefits	(19,207)	(11,935)	(126,865)
Net liability for defined benefit obligation	¥ 37,719	¥ 65,519	\$ 249,136

(4) The components of net periodic benefit costs for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Current service cost	¥ 12,617	¥ 13,038	\$ 83,335
Interest cost	2,904	2,943	19,186
Expected return on plan assets	(6,932)	(7,230)	(45,788)
Recognized actuarial losses (gains)	3,043	(1,255)	20,100
Amortization of prior service cost	(1,025)	(1,063)	(6,772)
Others	434	422	2,870
Net periodic benefit costs	¥ 11,041	¥ 6,854	\$ 72,932
Loss on transition to a defined contribution pension plan	¥ 318		\$ 2,103

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Prior service cost	¥ (23)	¥ (84)	\$ (156)
Actuarial gains (losses)	30,078	(16,835)	198,669
Total	¥ 30,054	¥ (16,919)	\$ 198,513

The amount of recycled actuarial losses, caused by transition from a defined retirement benefit plan to a defined contribution pension plan which occurred in March 2024, was ¥(53) million (\$ (355) thousands). This amount is included in actuarial gains which were recognized in other comprehensive income for the year ended March 31, 2024.

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrecognized prior service cost	¥ 68	¥ 91	\$ 450
Unrecognized actuarial gains (losses)	21,226	(8,852)	140,199
Total	¥ 21,294	¥ (8,760)	\$ 140,650

(7) Plan assets as of March 31, 2024 and 2023

a. Components of plan assets

Plan assets consisted of the following:

	2024	2023
Debt investments	33%	34%
Equity investments	35	29
General account of life insurance companies	19	21
Others	13	16
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering distribution of plan assets currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2024 and 2023, were set forth as follows:

	2024	2023
Discount rates	Mainly 1.0%	Mainly 1.0%
Expected rates of return on plan assets	Mainly 2.0%	Mainly 2.0%

Defined Retirement Benefit Plans Applying the Simplified Method

(1) The changes in the net carrying amount of liabilities and assets for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥ 2,704	¥ 2,594	\$ 17,866
Periodic benefit costs	249	546	1,647
Benefits paid	(266)	(190)	(1,763)
Contributions from the employer	(228)	(244)	(1,506)
Decrease due to change in scope of consolidation	(15)		(100)
Balance at end of year	¥ 2,444	¥ 2,704	\$ 16,144

(2) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2024 and 2023, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Funded defined benefit obligation	¥ 5,272	¥ 5,232	\$ 34,821
Plan assets	(5,148)	(4,823)	(34,006)
Total	123	409	815
Unfunded defined benefit obligation	2,320	2,295	15,329
Net carrying amount of liabilities and assets	¥ 2,444	¥ 2,704	\$ 16,144

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Liability for retirement benefits	¥ 3,228	¥ 3,307	\$ 21,323
Asset for retirement benefits	(784)	(602)	(5,178)
Net carrying amount of liabilities and assets	¥ 2,444	¥ 2,704	\$ 16,144

(3) Periodic benefit costs

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Periodic benefit costs calculated under the simplified method	¥ 249	¥ 546	\$ 1,647

Defined Contribution Plans

The required contribution to defined contribution plans by the Company and its certain consolidated subsidiaries for the years ended March 31, 2024 and 2023, was ¥1,871 million (\$12,360 thousand) and ¥2,005 million, respectively.

9. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥ 297,397	¥ 289,190	\$ 1,964,319
Net change in the year	2,604	8,207	17,204
Balance at end of year	¥ 300,002	¥ 297,397	\$ 1,981,523

10. SHORT-TERM BORROWINGS

Short-term borrowings were generally represented by bank loans, bearing interest at rates ranging from 0.21% to 0.59% and from 0.17% to 0.49% for the years ended March 31, 2024 and 2023, respectively.

11. INCOME TAXES

The Group is subject to national and local income taxes. The aggregate normal statutory tax rate for the Company approximated 27.9% for the years ended March 31, 2024 and 2023.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deferred tax assets:			
Depreciation	¥ 57,430	¥ 54,192	\$ 379,332
Tax loss carryforwards	33,376	76,291	220,449
Asset retirement obligations	29,174	29,534	192,700
Liabilities related to retirement benefits	24,691	32,594	163,085
Contributions concerning reprocessing of spent nuclear fuel	12,817	7,626	84,660
Other	92,744	80,801	612,577
Total of tax loss carryforwards and temporary differences	250,234	281,042	1,652,807
Less valuation allowance for tax loss carryforwards	(1,238)	(9,268)	(8,181)
Less valuation allowance for temporary differences	(60,113)	(59,465)	(397,053)
Total valuation allowance	(61,352)	(68,734)	(405,235)
Deferred tax assets	188,882	212,307	1,247,571
Deferred tax liabilities:			
Amortization in foreign subsidiaries	10,786	10,659	71,243
Deferred gain on derivatives under hedge accounting	8,216	5,211	54,268
Capitalized assets retirement costs	7,020	8,231	46,373
Assets for retirement benefits	5,685	3,448	37,553
Accrued income of foreign subsidiaries	4,705	9,751	31,077
Gain on contributions of securities to retirement benefit trust	4,599	5,578	30,380
Other	16,352	13,528	108,007
Deferred tax liabilities	57,366	56,408	378,905
Net deferred tax assets	¥ 131,516	¥ 155,899	\$ 868,666

The expiration of tax loss carryforwards, the related valuation allowance and the resulting net deferred tax assets as of March 31, 2024 and 2023, were as follows:

	Millions of Yen							
March 31, 2024	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total	
Deferred tax assets relating to tax loss carryforwards (Note a)	¥ 738	¥ 446	¥ 158	¥ 201	¥ 308	¥ 31,521	¥ 33,376	
Less valuation allowances for tax loss carryforwards	727	8	1		248	252	1,238	
Net deferred tax assets relating to tax loss carryforwards	11	438	157	201	59	31,269	32,137 (Note b)	

March 31, 2023

Deferred tax assets relating to tax loss carryforwards (Note a)	¥ 25,106	¥ 991	¥ 425	¥ 154	¥ 235	¥ 49,378	¥ 76,291
Less valuation allowances for tax loss carryforwards	8,459	565	13	8		221	9,268
Net deferred tax assets relating to tax loss carryforwards	16,646	426	412	145	235	49,156	67,023 (Note c)

	Thousands of U.S. Dollars						
March 31, 2024	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards (Note a)	\$ 4,880	\$ 2,951	\$ 1,049	\$ 1,330	\$ 2,034	\$ 208,202	\$ 220,449
Less valuation allowances for tax loss carryforwards	4,803	52	12		1,643	1,669	8,181
Net deferred tax assets relating to tax loss carryforwards	76	2,898	1,037	1,330	390	206,533	212,267 (Note b)

Notes: a. The tax loss carryforwards were the amount multiplied by the normal effective statutory tax rate.

b. Tax loss carryforwards mainly resulted from the decline in the operation of nuclear power plants in previous years, as well as soaring fuel and wholesale electricity prices. Deferred tax assets relating to tax loss carryforwards were recognized at amounts the Company judged those were recoverable from expectations of future taxable income based on the business plan approved by the Board of Directors.

c. Tax loss carryforwards mainly resulted from the decline in the operation of nuclear power plants, as well as soaring fuel and wholesale electricity prices. Deferred tax assets relating to tax loss carryforwards were recognized at amounts the Company judged those were recoverable from expectations of future taxable income based on the business plan approved by the Board of Directors.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2024 and 2023, was as follows:

	2024	2023
Normal effective statutory tax rate	27.9%	27.9%
Equity in earnings of nonconsolidated subsidiaries and affiliated companies	(1.5)	3.5
Other—net	(1.2)	(6.0)
Actual effective tax rate	25.2%	25.4%

The Company and its wholly owned domestic subsidiaries adopted the group tax sharing system.

In addition, in accordance with the ASBJ Practical Solution No. 42, “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System,” the Company accounts for corporate and local corporate taxes or accounts and discloses tax effect accounting relating to them.

12. EQUITY

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general shareholders’ meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Issuance of Class B Preferred Stock

The Company issued 2,000 shares of Class B preferred stock for ¥200,000 million (\$1,321,003 thousand) by way of third-party allotment to the Mizuho Bank, Ltd., Development Bank of Japan Inc. and MUFG Bank, Ltd. The information of the Class B preferred stock is as follows:

(1) Way of offering

Third-party allotment to the Mizuho Bank, Ltd., Development Bank of Japan Inc. and MUFG Bank, Ltd.

(2) Class and number of new shares to be issued

2,000 shares of Class B preferred stock

(3) Issue price

¥100 million (\$660 thousand) per share

(4) Total amount of the issue price

¥200,000 million (\$1,321,003 thousand)

(5) Amount of preferred stock and additional paid-in capital to be increased

Amount of preferred stock to be increased: ¥100,000 million (\$660,501 thousand)
(¥100 million per share (\$660 thousand))

Amount of additional paid-in capital to be increased: ¥100,000 million (\$660,501 thousand)
(¥100 million per share (\$660 thousand))

(6) Issue date

August 1, 2023

(7) Uses of proceeds

A part of the proceeds from issuance of the Class B preferred stock is planned to be used in acquisition of Class A preferred stock issued by the Company. The other part of the proceeds is planned to be used to capital expenditures and investments in new projects that will contribute to achieve carbon neutrality by 2050 and the sustainable growth of the Group.

(8) Characteristics of the preferred stock

The preferred stock provides no provision for acquisition or right to request acquisition using common stock as consideration that will not dilute common stock. These stocks also do not provide any voting rights at the general shareholders' meeting.

The preferred stock has a provision for acquisition allowing the Company to acquire this preferred stock in exchange for cash the day after the payment date or thereafter. Furthermore, the preferred stock will provide the preferred shareholders with the right to request acquisition of this preferred stock in exchange for cash of the Company the day after the payment date or thereafter if the preferred shareholders follow the prescribed procedures, but the exercise of this right by the preferred shareholders is limited by the agreement to underwriting of the preferred stock.

Annual preferred dividend for the preferred stock is ¥2,900,000 (\$19,154) per share. (Annual preferred dividend as of the record date of March 31, 2024, is ¥1,933,333 (\$12,769) per share.)

Purchase and Retirement of Class A Preferred Stock

At the Board of Directors' meeting held on April 28, 2023, in connection with the issuance of the Class B preferred stock, the Company resolved to purchase the Class A preferred stock in accordance with Article 12.8 of its articles of incorporation (provisions concerning acquisition for monetary consideration) and to retire the Class A preferred stock. The information of the Class A preferred stock is as follows:

(1) Way of offering

Third-party allotment to the Mizuho Bank, Ltd., Development Bank of Japan Inc. and MUFG Bank, Ltd.

(2) Class and number of new shares to be issued

1,000 shares of Class A preferred stock

(3) Issue price

¥100 million per share

(4) Total amount of the issue price

¥100,000 million

(5) Issue date

June 28, 2019

(6) Uses of proceeds

The proceeds from the issuance of new Class A preferred stock will be used to repay a part of a bank loan the Company borrowed for the acquisition of current Class A preferred stock.

(7) Characteristics of the preferred stock

The preferred stock provides no provision for acquisition or right to request acquisition using common stock as consideration that will not dilute common stock. These stocks also do not provide any voting rights at the general shareholders' meeting.

The preferred stock has a provision for acquisition allowing the Company to acquire this preferred stock in exchange for cash the day after the payment date or thereafter. Furthermore, the preferred stock will provide the preferred shareholders with the right to request acquisition of this preferred stock in exchange for cash of the Company the day after the payment date or thereafter if the preferred shareholders follow the prescribed procedures, but the exercise of this right by the preferred shareholders is limited by the agreement to underwriting of the preferred stock.

Annual preferred dividend for the preferred stock is ¥2,100,000 per share. (Annual preferred dividend as of the record date of March 31, 2020, is ¥1,599,452 per share.)

13. REVENUE

(1) Disaggregation of Revenue

Disaggregation of revenue from contracts with customers is presented in “Information about sales, profit, assets and other items” in Note 22.

(2) Contract Balances

Receivables from contract with customers, contract assets and contract liabilities at the beginning and end of the year were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Receivables from contracts with customers:			
Balance at beginning of year	¥ 182,138	¥ 178,177	\$ 1,203,027
Balance at end of year	168,107	182,138	1,110,353
Contract assets:			
Balance at beginning of year	6,845	8,896	45,212
Balance at end of year	8,392	6,845	55,434
Contract liabilities:			
Balance at beginning of year	7,313	5,062	48,306
Balance at end of year	7,575	7,313	50,034

(3) Transaction Prices Allocated Remaining Performance Obligations

The Group has applied the simplified method as a practical expedient, and has not included information related to either of the following:

- (a) the performance obligation is part of a contract that has an original expected duration of one year or less; or
- (b) the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer.

For significant transactions in the contracts that have an original expected durations of more than one year, the following table shows the summary of the transaction prices allocated to remaining performance obligations that are unsatisfied as of March 31, 2024:

	Millions of Yen	Thousands of U.S. Dollars
	2024	2024
Within one year	¥ 155,422	\$ 1,026,569
After one to two years	95,617	631,555
After two to three years	101,730	671,933
After three years	142,830	943,396
Total	¥ 495,601	\$ 3,273,455

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥4,681 million (\$30,922 thousand) and ¥4,798 million for the years ended March 31, 2024 and 2023, respectively.

15. IMPAIRMENT LOSS ON A FINANCIAL ASSET

A consolidated subsidiary (the “Subsidiary”) participating in the Geothermal IPP project in Indonesia recognizes a financial asset related to the contractual right to receive consideration from the grantor for the construction services based on the transaction price determined by contracts with customers, or the grantor.

For the year ended March 31, 2024, the operating revenue from the IPP project was expected to be reduced due to a revision of the estimated future outputs of the geothermal power generation facilities because estimated future outputs based on a recent investigation were significantly decreased compared to the original project plan. For this reason, the Subsidiary wrote down the financial asset and recorded an impairment loss on a financial asset as other expenses.

16. RELATED PARTY DISCLOSURES

a. Significant transactions of the Company with its related parties for the years ended March 31, 2024 and 2023

No matters to report

b. Significant transactions of a consolidated subsidiary with an affiliated company for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Kyudenko Corporation:			
Transactions—			
purchase of construction works	¥ 40,065	¥ 36,834	\$ 264,633
on distribution facilities and other			
Balances at year-end—			
payables for construction works	4,409	3,971	29,127

Notes Concerning the Parent Company or Important Affiliates

Important affiliates' financial summary

For the years ended March 31, 2024 and 2023, Kyudenko Corporation was an important affiliate. The financial summary of its financial statements was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Total current assets	¥ 282,914	¥ 238,445	\$ 1,868,653
Total noncurrent assets	164,144	157,911	1,084,174
Total current liabilities	205,460	148,596	1,357,068
Total noncurrent liabilities	8,780	32,920	57,996
Total equity	232,817	214,839	1,537,762
Operating revenues	404,832	333,007	2,673,923
Income before income taxes	31,456	31,951	207,768
Net income	21,766	22,189	143,764

17. LEASES

The minimum rental commitments under noncancelable operating leases at March 31, 2024 and 2023, were as follows:

(1) Lessee

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥ 1,491	¥ 1,514	\$ 9,850
Due after one year	16,395	17,681	108,291
Total	¥ 17,886	¥ 19,195	\$ 118,142

(2) Lessor

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥ 1,184	¥ 1,001	\$ 7,822
Due after one year	10,199	8,684	67,367
Total	¥ 11,383	¥ 9,685	\$ 75,189

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES*Items Pertaining to Financial Instruments**(a) The Group's policy for financial instruments*

The Group uses mainly long-term debt, including bonds and loans, to raise funds required for investments in electric utility plant and equipment and repayments of bonds and loans. Cash surpluses, if any, are invested in low risk-financial assets. Derivatives are used not for speculative purposes, but to manage exposure to financial risks as described in (b) below.

(b) Nature and extent of risks arising from financial instruments and risk control system

Investment securities, mainly held-to-maturity debt securities and equity securities issued by companies related through business, and investments in and advances to nonconsolidated subsidiaries and affiliated companies

which have a quoted market price in an active market are exposed to the risk of market price fluctuations. Such market risk is managed by monitoring market values and financial position of the issuers on a regular basis. Investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies which do not have a quoted market price in an active market are managed by monitoring financial position of the issuers on a regular basis. In addition, the Company requires its nonconsolidated subsidiaries and affiliated companies to submit business plans and performance reports, and to consult in advance on any items that could have a significant impact on the Group's business activities.

Receivables are exposed to customer credit risk. Payment terms are set forth in specific retail electricity power supply provisions and so on. The Group manages its credit risk from receivables by monitoring payment terms and balances of each customer and identifying and reducing the default risk of customers at an early stage. Receivables from wholesale electric power sales outside of the Kyushu area are exposed to the risk of electricity price area differentials and market price volatility. Such risk is mitigated by using the financial transmission rights and electricity forward contracts as necessary.

Bonds and loans are mainly used to raise funds for investments in plant and equipment and repayments of bonds and loans. Foreign currency denominated debt is exposed to the market risk of fluctuations in foreign exchange. Such risk is mitigated by using currency swaps. Financial liabilities with variable interest rate are exposed to interest rate fluctuation risk. Such risk is mitigated by using interest rate swaps as necessary.

Payment terms of notes and accounts payable are less than one year. Accounts payable to purchase fuel in foreign currencies is exposed to the market risk of fluctuations in foreign exchange and fuel price. Such risks are mitigated by using foreign exchange forward contracts and financial energy swaps as necessary.

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding an adequate volume of liquid assets based on monthly financial planning and diversifying sources of its financing.

Fair Values of Financial Instruments

The carrying amounts and aggregate fair values of financial instruments at March 31, 2024 and 2023, were as follows: Investments in equity instruments that do not have a quoted market price in an active market and investments in partnerships and others are not included in the following table. The fair values of cash and cash equivalents, receivables, short-term borrowings, commercial paper, notes and accounts payable, and accrued income taxes are not disclosed because their maturities are short and the carrying values approximate fair value.

	Millions of Yen			
	Carrying Amount	Fair Value	Unrecognized Gain (Loss)	
March 31, 2024				
Investment securities:				
Held-to-maturity debt securities	¥ 1,283	¥ 1,218	¥ (65)	
Available-for-sale securities	10,298	10,298		
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	55,676	102,543	46,866	
Total	¥ 67,259	¥ 114,060	¥ 46,801	
Long-term debt:				
Bonds	¥ 1,585,000	¥ 1,533,101	¥ (51,898)	
Loans	2,057,017	2,051,589	(5,428)	
Total	¥ 3,642,017	¥ 3,584,691	¥ (57,326)	
Derivatives	¥ 26,260	¥ 26,260		
March 31, 2023				
Investment securities:				
Held-to-maturity debt securities	¥ 235	¥ 217	¥ (17)	
Available-for-sale securities	7,221	7,221		
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	50,730	54,178	3,447	
Total	¥ 58,187	¥ 61,617	¥ 3,430	
Long-term debt:				
Bonds	¥ 1,659,999	¥ 1,612,271	¥ (47,728)	
Loans	2,166,976	2,153,988	(12,987)	
Total	¥ 3,826,976	¥ 3,766,259	¥ (60,716)	
Derivatives	¥ 8,526	¥ 8,526		

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrecognized Gain (Loss)
March 31, 2024			
Investment securities:			
Held-to-maturity debt securities	\$ 8,479	\$ 8,046	\$ (432)
Available-for-sale securities	68,021	68,021	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	367,747	677,304	309,557
Total	\$ 444,249	\$ 753,373	\$ 309,124
Long-term debt:			
Bonds	\$ 10,468,956	\$ 10,126,167	\$ (342,789)
Loans	13,586,643	13,550,790	(35,852)
Total	\$ 24,055,599	\$ 23,676,958	\$ (378,641)
Derivatives	\$ 173,449	\$ 173,449	

Advances are excluded from investments in and advances to nonconsolidated subsidiaries and affiliated companies because they are immaterial.

Long-term debt contains its current portion, and obligations under finance leases are excluded because they are immaterial.

Derivatives are stated at the net amount.

Carrying amount of investments in equity instruments that do not have a quoted market price in an active market and investments in partnerships and others

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Investment securities—Available for sale:			
Equity securities	¥ 76,759	¥ 68,496	\$ 506,997
Investments in partnership and others	17,366	10,443	114,707
Other securities	28,478	26,909	188,099
Investments in and advances to nonconsolidated subsidiaries and affiliated companies:			
Equity securities	120,575	111,877	796,400
Other securities	32,069	32,264	211,821
Total	¥ 275,249	¥ 249,991	\$ 1,818,026

Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2024				
Investment securities:				
Held-to-maturity debt securities			¥ 36	¥ 1,247
Available-for-sale securities with contractual maturities				174
Cash and cash equivalents	¥ 364,213			
Receivables	340,934			
Total	¥ 705,148		¥ 36	¥ 1,421
March 31, 2023				
Investment securities:				
Held-to-maturity debt securities			¥ 36	¥ 199
Available-for-sale securities with contractual maturities		¥ 14		132
Cash and cash equivalents	¥ 270,651			
Receivables	369,244			
Total	¥ 639,895	¥ 14	¥ 36	¥ 331

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2024				
Investment securities:				
Held-to-maturity debt securities			\$ 237	\$ 8,241
Available-for-sale securities with contractual maturities				1,150
Cash and cash equivalents	\$ 2,405,640			
Receivables	2,251,879			
Total	\$ 4,657,520		\$ 237	\$ 9,391

Please see Note 7 for annual maturities of long-term debt.

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(a) Financial instruments recorded at fair value in the consolidated balance sheet

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2024				
Investment securities—				
Available-for-sale securities:				
Equity securities	¥ 9,189			¥ 9,189
Debt securities		¥ 174		174
Other securities	443			443
Derivatives		26,260		26,260

March 31, 2023

Investment securities—				
Available-for-sale securities:				
Equity securities	¥ 6,214			¥ 6,214
Debt securities		¥ 132		132
Other securities	390			390
Derivatives		8,526		8,526

	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2024				
Investment securities—				
Available-for-sale securities:				
Equity securities	\$ 60,697			\$ 60,697
Debt securities		\$ 1,150		1,150
Other securities	2,928			2,928
Derivatives		173,449		173,449

Note: Investment trusts that the net asset value is regarded as fair value are not included in above table in accordance with the article 24 9 of ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement." The carrying amounts of the investment trusts in the consolidated balance sheet were ¥491 million (\$3,245 thousand) and ¥ 484 million at March 31, 2024 and 2023, respectively.

(b) Financial instruments other than financial instruments recorded at fair value in the consolidated balance sheet

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2024				
Investment securities—				
Held-to-maturity debt securities:				
Local government bonds		¥ 35		¥ 35
Corporate bonds		96	¥ 1,086	1,183
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	¥ 102,543			102,543
Long-term debt:				
Bonds		1,533,101		1,533,101
Loans		2,051,589		2,051,589

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Investment securities—				
Held-to-maturity debt securities:				
Local government bonds		¥ 35		¥ 35
Corporate bonds		88	¥ 94	182
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	¥ 54,178			54,178
Long-term debt:				
Bonds		1,612,271		1,612,271
Loans		2,153,988		2,153,988

	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2024				
Investment securities—				
Held-to-maturity debt securities:				
Local government bonds		\$ 231		\$ 231
Corporate bonds		637	\$ 7,177	7,814
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	\$ 677,304			677,304
Long-term debt:				
Bonds		10,126,167		10,126,167
Loans		13,550,790		13,550,790

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment Securities and Investments in and Advances to Nonconsolidated Subsidiaries and Affiliated Companies

The fair values of listed equity securities are measured at the quoted market price. Since listed equity securities are traded in active markets, the fair values of listed equity securities are categorized as Level 1. As the fair values of the debt securities (include local government bonds, exclude private placement bonds) are measured principally at the quoted price obtained from financial institutions, the fair values of the debt securities are categorized as Level 2. The fair values of private placement bonds are measured by discounting the total amount of principal and interest at interest rates based on the discount rate reflecting credit risk factors and others, and are categorized as Level 3 since the discount rate is unobservable. The fair values of investment trusts are measured at the disclosed net asset value and others, and those (excluding those applied the article 24-9 of ASBJ Guidance No. 31) are categorized as Level 1.

Derivatives

The fair values of derivatives are measured principally at the quoted price obtained from financial institutions and are categorized as Level 2 based on the level of inputs of the derivatives. The interest rate swaps, which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges. As a result, the fair values of interest rate swaps are included in those of hedged items (i.e., long-term loans).

Bonds

The fair values of bonds are based on market price and are categorized as Level 2.

Long-Term Loans

The fair values of long-term loans at fixed interest rates are determined by discounting the cash flows related to the loans at the Company's assumed corporate borrowing rate, and are categorized as Level 2. Because loans at variable interest rates reflect short-term movements in market interest rates and there has been no substantial change in the Company's credit position since the loans were implemented, the carrying amounts approximate fair values. A part of loans is subjected to interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, and the fair values are determined by discounting the cash flows related to the loans with the interest rate swaps at the Company's assumed corporate borrowing rate, and are categorized as Level 2.

19. DERIVATIVES

The Company enters into foreign exchange forward contracts, currency swaps, interest rate swaps, financial energy swaps, financial transmission rights and electricity forward contracts to manage its exposures to fluctuations in foreign exchanges, interest rates, fuel price, electricity market price area differentials and market price volatility, respectively.

Consolidated subsidiaries of the Company enter into foreign exchange forward contracts, interest rate swaps and financial transmission rights to manage their exposures to fluctuations in foreign exchanges, interest rates, and electricity market price area differentials, respectively.

The Group does not enter into derivatives for trading or speculative purposes.

Foreign exchange forward contracts, currency swaps, interest rate swaps, financial energy swaps, financial transmission rights and electricity forward contracts are not subject to any market risk except for abandoning potential income by market fluctuations in hedged items.

The Group does not anticipate any losses arising from credit risk, which is the possibility that a loss may result from counterparties' failure to perform according to the terms and conditions of the contract, because the counterparties to those derivatives have high credit ratings.

The derivative transactions are executed by specific sections, and the administrative section monitors them based on internal policies.

Derivative Transactions to Which Hedge Accounting Is Applied

	Millions of Yen			
March 31, 2024	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Buying U.S. dollar	Accounts payable	¥ 57,371	¥ 43,584	¥ 19,094
Buying Canadian dollar	Accounts payable	20,194	18,700	6,858
Selling U.S. dollar	Receivables	7,252		(101)
Interest rate swaps:				
Principle treatment— pay fixed / receive floating	Long-term loans	53,747	48,422	1,019
Special treatment (Note a)— pay fixed / receive floating	Long-term loans	1,238	1,021	
Financial energy swaps— Principle treatment:				
Receive fixed / pay floating	Receivables	12,142		(802)
Pay fixed / receive floating	Accounts payable	17,553		191
Total				¥ 26,260

	Millions of Yen			
March 31, 2023	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Buying U.S. dollar	Accounts payable	¥ 51,238	¥ 47,248	¥ 11,597
Buying Canadian dollar	Accounts payable	21,777	20,100	3,923
Selling U.S. dollar	Receivables	2,883		(26)
Interest rate swaps:				
Principle treatment— pay fixed / receive floating	Long-term loans	56,018	51,646	(612)
Special treatment (Note a)— pay fixed / receive floating	Long-term loans	1,455	1,238	
Financial energy swaps— Principle treatment:				
Receive fixed / pay floating	Receivables	3,223		216
Pay fixed / receive floating	Accounts payable	14,251		(6,572)
Total				¥ 8,526

	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2024				
Foreign currency forward contracts:				
Buying U.S. dollar	Accounts payable	\$ 378,937	\$ 287,876	\$ 126,121
Buying Canadian dollar	Accounts payable	133,384	123,517	45,297
Selling U.S. dollar	Receivables	47,902		(672)
Interest rate swaps:				
Principle treatment— pay fixed / receive floating	Long-term loans	355,001	319,834	6,735
Special treatment (Note a)— pay fixed / receive floating	Long-term loans	8,180	6,747	
Financial energy swaps— Principle treatment:				
Receive fixed / pay floating	Receivables	80,200		(5,299)
Pay fixed / receive floating	Accounts payable	115,940		1,266
Total				\$ 173,449

Notes: a. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges. As a result, the fair values of interest rate swaps are included in those of hedged items (i.e., long-term loans) in Note 18.

b. The contract or notional amounts of derivatives, which are shown in the above table, do not represent the amounts exchanged by the parties and do not measure the Group's exposure to market risk.

20. COMMITMENTS AND CONTINGENCIES

At March 31, 2024, the Group had a number of fuel purchase commitments, most of which specify quantities and dates for fuel deliveries. However, most of purchase prices are contingent upon fluctuations in market prices.

Contingent Liabilities

Contingent liabilities at March 31, 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
Co-guarantees of loans, mainly in connection with procurement of fuel	¥	77,946	\$	514,836
Guarantees of employees' loans		32,176		212,528
Other		46,617		307,908

21. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Other comprehensive income:			
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 4,156	¥ 1,424	\$ 27,453
Reclassification adjustments to profit or loss		13	
Amount before income tax effect	4,156	1,437	27,453
Income tax effect	(1,131)	(385)	(7,476)
Total	¥ 3,024	¥ 1,051	\$ 19,976
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	¥ 13,131	¥ 4,641	\$ 86,730
Reclassification adjustments to profit or loss	(772)	3,571	(5,099)
Adjustments for amounts transferred to the initial carrying amounts of hedged items	3,854	(4,282)	25,458
Amount before income tax effect	16,213	3,930	107,090
Income tax effect	(4,656)	(1,186)	(30,757)
Total	¥ 11,556	¥ 2,743	\$ 76,333
Foreign currency translation adjustments:			
Gains arising during the year	¥ 5,864	¥ 5,686	\$ 38,735
Amount before income tax effect	5,864	5,686	38,735
Income tax effect	(98)	936	(648)
Total	¥ 5,766	¥ 6,623	\$ 38,087
Defined retirement benefit plans:			
Gains (losses) arising during the year	¥ 27,052	¥ (15,608)	\$ 178,680
Reclassification adjustments to profit or loss	3,002	(1,311)	19,832
Amount before income tax effect	30,054	(16,919)	198,513
Income tax effect	(8,529)	4,753	(56,337)
Total	¥ 21,525	¥ (12,166)	\$ 142,176
Share of other comprehensive income in nonconsolidated subsidiaries and affiliated companies:			
Gains arising during the year	¥ 6,196	¥ 5,593	\$ 40,927
Reclassification adjustments to profit or loss	(716)	454	(4,730)
Adjustments to acquisition costs of assets	(129)		(857)
Total	¥ 5,350	¥ 6,047	\$ 35,340
Total other comprehensive income	¥ 47,223	¥ 4,299	\$ 311,913

22. SEGMENT INFORMATION

(1) Description of reportable segments

The Group's reportable segments are those for which financial information is available separately and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of power generation and sale, electricity transmission and distribution, overseas, other energy services, information and communication technology ("ICT") services, and urban development.

- Power Generation and Sale segment: This segment is engaged in the business of power generation and retail electricity in Japan.
- Electricity Transmission and Distribution segment: This segment is engaged in the business of general transmission and distribution in Kyushu region.
- Overseas segment: This segment is engaged in the business of overseas power generation, transmission and distribution business.
- Other Energy Services segment: This segment is engaged in the business that provides a stable supply of electric power, such as construction and maintenance of electricity-related facilities, selling gas and LNG, selling coal, and a renewable energy business.
- ICT Services segment: This segment is engaged in the data communication business, optical broadband business, construction and maintenance of telecommunications facilities, information system development business, and data center business.
- Urban Development segment: This segment is engaged in the urban development business, real estate business and social infrastructure business.

(2) Methods of measurement for the amounts of sales, profit, assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about sales, profit, assets and other items at March 31, 2024 and 2023, was as follows:

Millions of Yen											
2024											
Reportable Segments											
Energy Services											
Domestic Electric Power											
	Power Generation and Sale	Electricity Transmission and Distribution	Overseas	Other Energy Services	ICT Services	Urban Development	Subtotal	Other (Note a)	Total	Reconciliations (Note b)	Consolidated (Note c)
Sales:											
Revenues from contracts with customers	¥ 1,487,739	¥ 191,433	¥ 2,209	¥ 116,083	¥ 89,035	¥ 11,075	¥ 1,897,577	¥ 3,990	¥ 1,901,568		¥ 1,901,568
Other revenue (Note d)	189,815	35,348	3,569	1,137	1,104	6,903	237,879		237,879		237,879
Sales to external customers	1,677,555	226,781	5,779	117,221	90,139	17,979	2,135,456	3,990	2,139,447		2,139,447
Intersegment sales or transfers	142,238	471,665		182,200	41,282	11,018	848,405	5,186	853,592	¥ (853,592)	
Total	¥ 1,819,793	¥ 698,446	¥ 5,779	¥ 299,421	¥ 131,422	¥ 28,997	¥ 2,983,862	¥ 9,177	¥ 2,993,039	¥ (853,592)	¥ 2,139,447
Segment profit	¥ 147,552	¥ 41,366	¥ 5,347	¥ 33,923	¥ 7,805	¥ 3,828	¥ 239,823	¥ 452	¥ 240,275	¥ (2,113)	¥ 238,161
Segment assets	4,441,210	1,999,006	217,952	525,750	221,826	171,383	7,577,130	16,361	7,593,491	(1,866,251)	5,727,240
Other:											
Depreciation	129,028	80,772	38	13,678	25,787	3,351	252,656	389	253,046	(3,085)	249,961
Interest income	10,700	30	1,490	632	9	115	12,979		12,979	(10,471)	2,507
Interest charges	22,803	10,171	1,791	3,345	239	121	38,471	54	38,525	(10,471)	28,053
Share of profit (loss) of entities accounted for using the equity method			4,646	7,470	7	247	12,372	(135)	12,237	(504)	11,732
Increase in property and nuclear fuel	139,072	124,231	58	26,732	31,030	5,366	326,492	233	326,726	(6,457)	320,268
Millions of Yen											
2023											
Reportable Segments											
Energy Services											
Domestic Electric Power											
	Power Generation and Sale	Electricity Transmission and Distribution	Overseas	Other Energy Services	ICT Services	Urban Development	Subtotal	Other (Note a)	Total	Reconciliations (Note b)	Consolidated (Note c)
Sales:											
Revenues from contracts with customers	¥ 1,702,223	¥ 230,883	¥ 2,712	¥ 108,208	¥ 86,309	¥ 7,429	¥ 2,137,767	¥ 3,948	¥ 2,141,715		¥ 2,141,715
Other revenue (Note e)	45,295	22,949	3,532	417	1,070	6,318	79,584		79,584		79,584
Sales to external customers	1,747,519	253,832	6,245	108,626	87,379	13,748	2,217,352	3,948	2,221,300		2,221,300
Intersegment sales or transfers	183,418	455,147		152,513	32,009	11,209	834,298	4,814	839,113	¥ (839,113)	
Total	¥ 1,930,937	¥ 708,980	¥ 6,245	¥ 261,140	¥ 119,389	¥ 24,957	¥ 3,051,650	¥ 8,763	¥ 3,060,414	¥ (839,113)	¥ 2,221,300
Segment profit (loss)	¥ (143,558)	¥ 14,120	¥ 4,459	¥ 29,240	¥ 6,526	¥ 3,218	¥ (85,994)	¥ 496	¥ (85,497)	¥ (1,136)	¥ (86,634)
Segment assets	4,423,383	1,956,923	215,585	475,478	212,169	148,516	7,432,056	15,230	7,447,287	(1,843,608)	5,603,678
Other:											
Depreciation	109,540	73,367	33	12,951	24,687	3,286	223,867	375	224,242	(3,228)	221,013
Interest income	9,620	72	924	187	4	46	10,856		10,856	(9,501)	1,355
Interest charges	22,584	9,320	3,301	1,868	186	108	37,370	67	37,438	(9,501)	27,936
Share of profit (loss) of entities accounted for using the equity method			4,620	4,759	92	14	9,486	(93)	9,392	(295)	9,096
Increase in property and nuclear fuel	140,984	121,362	28	12,637	28,790	8,352	312,154	233	312,388	(5,796)	306,592

Thousands of U.S. Dollars											
2024											
Reportable Segments											
Energy Services											
Domestic Electric Power											
	Power Generation and Sale	Electricity Transmission and Distribution	Overseas	Other Energy Services	ICT Services	Urban Development	Subtotal	Other (Note a)	Total	Reconciliations (Note b)	Consolidated (Note c)
Sales:											
Revenues from contracts with customers	\$ 9,826,551	\$ 1,264,422	\$ 14,593	\$ 766,733	\$ 588,084	\$ 73,155	\$12,533,539	\$ 26,356	\$12,559,895		\$12,559,895
Other revenue (Note d)	1,253,734	233,475	23,579	7,515	7,292	45,598	1,571,195		1,571,195		1,571,195
Sales to external customers	11,080,285	1,497,897	38,172	774,248	595,376	118,754	14,104,735	26,356	14,131,091		14,131,091
Intersegment sales or transfers	939,484	3,115,356	2	1,203,437	272,674	72,776	5,603,732	34,260	5,637,992	\$ (5,637,992)	
Total	\$12,019,770	\$ 4,613,254	\$ 38,175	\$ 1,977,685	\$ 868,051	\$ 191,530	\$19,708,467	\$ 60,616	\$19,769,084	\$ (5,637,992)	\$14,131,091
Segment profit	\$ 974,585	\$ 273,227	\$ 35,318	\$ 224,063	\$ 51,558	\$ 25,284	\$ 1,584,038	\$ 2,986	\$ 1,587,024	\$ (13,961)	\$ 1,573,062
Segment assets	29,334,281	13,203,475	1,439,582	3,472,593	1,465,171	1,131,990	50,047,094	108,067	50,155,162	(12,326,627)	37,828,534
Other:											
Depreciation	852,234	533,502	251	90,349	170,325	22,139	1,668,804	2,573	1,671,378	(20,378)	1,650,999
Interest income	70,677	202	9,844	4,176	61	764	85,727	5	85,732	(69,167)	16,565
Interest charges	150,617	67,180	11,832	22,094	1,581	800	254,106	356	254,463	(69,167)	185,296
Share of profit (loss) of entities accounted for using the equity method			30,691	49,343	49	1,636	81,721	(892)	80,829	(3,333)	77,495
Increase in property and nuclear fuel	918,576	820,554	385	176,568	204,955	35,447	2,156,489	1,544	2,158,034	(42,652)	2,115,382

Notes: a. "Other" is a business segment not included in the reportable segments and includes paid nursing home business, office work outsourcing business, personnel dispatch business, etc.

b. Reconciliations of segment profit (loss) and segment assets are intersegment transaction eliminations.

c. Segment profit (loss) is adjusted to reflect ordinary income.

Ordinary income is calculated by adding interest income, dividends, share of profit of entities accounted for using the equity method and other income to, and deducting interest charges and other expenses from operating income.

d. For the year ended March 31, 2024, other revenue of power generation and sale, electricity transmission and distribution other energy services and ICT services include subsidies which are described in Note 25, and the amounts of subsidies are ¥189,357 million (\$1,250,710 thousand), ¥4,577 million (\$30,231 thousand), ¥1,006 million (\$6,645 thousand), and ¥117 million (\$775 thousand), respectively.

e. For the year ended March 31, 2023, other revenue of power generation and sale, electricity transmission and distribution other energy services and ICT services include subsidies which are described in Note 25, and the amounts of subsidies are ¥44,777 million, ¥1,298 million, ¥323 million, and ¥27 million, respectively.

Geographic segment information is not disclosed because the Group's overseas operations are immaterial.

Information for overseas sales is not disclosed due to overseas sales being immaterial compared with consolidated net sales.

23. SUBSEQUENT EVENT*Year-End Cash Dividends*

At the general shareholders' meeting held on June 26, 2024, the Company's shareholders approved the following appropriation of retained earnings as of March 31, 2024:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥25.00 (\$0.16) per common share	¥ 11,847	\$ 78,253
Year-end cash dividends, ¥1,933,333.00 (\$12,769.70) per Class B preferred share	3,866	25,539

24. NET INCOME PER SHARE

Basic EPS for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income (Loss) Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Year Ended March 31, 2024				
Net income attributable to owners of the parent	¥ 166,444			
Amount not attributable to common shareholder—Preferred dividend	(4,589)			
Basic EPS—Net income available to common shareholders	¥ 161,855	472,842	¥ 342.30	\$ 2.26

Year Ended March 31, 2023

Net loss attributable to owners of the parent	¥ (56,429)			
Amount not attributable to common shareholder—Preferred dividend	(2,100)			
Basic EPS—Net loss available to common shareholders	¥ (58,529)	472,753	¥ (123.81)	

25. ADDITIONAL INFORMATION

(Joined in a Political Measure to Mitigate the Economic Burden on the People)

Rising electricity and city gas prices due to soaring energy prices against the background of global situations have had a far-reaching impact on economy of Japan and society, and the economic burden on households and entities is expected to be increased.

In response to this situation and to completely overcome the deflationary structure that has continued for many years, the Group has discounted unit prices of electricity and city gas to the discount prices set by the government of Japan as a political measure to mitigate the economic burden on the people.

The discount is funded by subsidies from the government of Japan.

The Group recorded such subsidies as “Revenues from Electricity Business” and “Revenues from Other Business.” For the year ended March 31, 2024, ¥187,566 million (\$1,238,877 thousand) and ¥7,491 million (\$49,484 thousand) were recorded for these amounts, respectively. For the year ended March 31, 2023, ¥45,093 million and ¥1,333 million were recorded for these amounts, respectively.

(Revision of the Electricity Business Accounting Regulation in accordance with the Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society)

Prior to April 1, 2024, costs required for decommissioning of nuclear power stations were recorded as asset retirement obligations. Capitalized asset retirement costs of nuclear power stations were depreciated by the straight-line method over the estimated operating period of each nuclear power unit. The total amounts of decommissioning costs were estimated based on the formula prescribed in the Ordinance of the Ministry of International Trade and Industry No. 30 of 1989 (the “Ministry Ordinance for Decommissioning”). The ordinance required nuclear operators to estimate such decommissioning costs using the quantities by type of waste generated from the decommissioning of nuclear reactors.

On April 1, 2024, the “Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society” (the “Revised Act”) and the “Ministerial Order for Organization of Relevant Ministerial Orders Associated with the Coming into Effect of the Act on the Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society” (the “Revised Ministry Ordinance”) came into effect. As a result, the Ministry Ordinance for Decommissioning was abolished and the accounting regulation applicable to utility providers was revised.

Prior to April 1, 2024, nuclear operators are responsible for securing the funds for decommissioning their own nuclear reactors. However, effective April 1, 2024, nuclear operators are exempt from financial responsibility on securing funds for decommissioning their own nuclear reactors by paying decommissioning contributions to NuRO every fiscal year according to the Revised Act. NuRO is responsible for securing and managing funds for the decommissioning of nuclear reactors. NuRO also has financial responsibilities for paying expenditures for the decommissioning of nuclear reactors in Japan.

As a result, in the first quarter of fiscal 2024, the Company derecognized asset retirement obligations and capitalized asset retirement costs related to nuclear power stations by ¥291,011 million (\$1,922,138 thousand) and ¥18,995 million (\$125,462 thousand), respectively.

On the other hand, the Company should pay decommissioning promotion project expenses of ¥274,782 million (\$1,814,944 thousand), including the current portion of ¥10,039 million (\$66,312 thousand), to NuRO pursuant to Article 10, Paragraph 1 of the Supplementary Provisions of Revised Ministry Ordinance. The Company recorded it as debt based on Article 7 of the Supplementary Provisions of Revised Ministry Ordinance.

The amounts of ¥2,765 million (\$18,269 thousand) included in capitalized assets retirement costs as of March 31, 2024, will be transferred to the special account related to nuclear power decommissioning based on Article 8 of the Supplementary Provisions of Revised Ministry Ordinance. The amounts are supposed to be collected through regulated wheeling fees.

These accounting treatments have no impact on profit or loss for the year ending March 31, 2025.

On and after the effective date of the Revised Ministry Ordinance, the Company shall record decommissioning contributions as operating expenses. The decommissioning contributions are prescribed in Article 11, Paragraph 2 of the Act on Implementation of Reprocessing of Spent Fuel and Promotion of Decommissioning at Nuclear Power Stations to which Article 3 of the Amendment Act refers.

SASB INDEX

The table below summarizes the Kyuden Group's results based on the SASB Electric Utilities & Power Generators Standard provided by the International Sustainability Standards Board (ISSB), an arm of the International Financial Reporting Standards (IFRS) Foundation. The SASB Standards are primarily designed for U.S. companies and markets and therefore include items that are not applicable to the Kyuden Group, but we strive to disclose as much information as possible according to the Standards.

Disclosure Topics	Accounting Metrics	Category	Unit	Code	Information Disclosed
Environment					
Greenhouse Gas Emissions & Energy Resource Planning	(1) Gross global Scope 1 emissions (2) Percentage of Scope 1 covered under emissions-limiting regulations (3) Percentage of Scope 1 covered under emissions-reporting regulations	Quantitative	t-CO ₂ %	IF-EU-110a.1	(1) 17,800,000 [t-CO ₂] (2) 0 [%] (3) 100 [%] Note 1: Scope 1 emissions include direct emissions of greenhouse gases as defined in the Act on Promotion of Global Warming Countermeasures (CO ₂ , N ₂ O, SF ₆ , and HFC)
	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	t-CO ₂	IF-EU-110a.2	18,000,000 [t-CO ₂] (28,400,000 [t-CO ₂]) Note 2: Provisional value Note 3: Value in parentheses represents CO ₂ emissions generated by Kyushu Electric Power after adjustments were made in accordance with the FIT system for renewable energy per the Act on Promotion of Global Warming Countermeasures
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	—	IF-EU-110a.3	In order to make a significant contribution to the realization of a carbon-neutral society as one of Japan's industry leaders in low-carbon and carbon-free efforts, the Kyuden Group has clarified its goals for 2050, set its management (environmental) objectives for 2030 by backcasting, and formulated an Action Plan containing specific strategies for achieving these targets. ○ Reduction plan for emissions <ul style="list-style-type: none"> Amount of renewable energy developed: 5,000 MW (2030) Maximum use of nuclear power with safety as a top priority Lowering the carbon intensity of thermal power Conversion of all company cars to 100% EVs*1 (2030) *1: Excl. special purpose vehicles ○ Emissions reduction targets 2050 goals: <ul style="list-style-type: none"> We will reduce greenhouse gas (GHG) emissions from our business activities across the entire supply chain to net zero We will contribute to the reduction of GHG emissions in society by promoting a shift to electricity-based energy consumption to the maximum extent possible providing a stable supply of environmentally-friendly energy, etc. Through these efforts, the Kyuden Group will achieve "carbon negativity" as early as possible before 2050. 2030 management (environmental) targets: <ul style="list-style-type: none"> We will reduce supply chain GHG emissions** by 60% (compared to FY2013 levels); and by 65% for our domestic business (compared to FY2013 levels). *2: Total for Scopes 1, 2, and 3 <ul style="list-style-type: none"> We will contribute to the electrification of Kyushu (Household: 70%; Commercial: 60%) ○ Analysis of achievement level Supply chain GHG emissions for FY2023 were 33.41 million tons-CO ₂ ; about a 45% reduction from FY2013 levels. This result is due to our active development and introduction of renewable energy and stable nuclear power operations.
	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	Quantitative	Number %	IF-EU-110a.4	The RPS Act, which defined RPS regulations in Japan, was abolished in 2012 and replaced with the FIT system Note 4: We purchase electricity generated by renewable energy systems at a fixed price Note 5: The Kyushu region makes up around 10% of Japan's electric power demand, yet the introduction of renewable energy power generation facilities through the FIT system is approximately 20% of the national total
	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , percentage of each in or near densely populated areas	Quantitative	t %	IF-EU-120a.1	(1) 4,822 [t], 100 [%] (2) 3,492 [t], 100 [%] Note 6: Figures are based on results excluding island-based combustion power plants

Note: Quantitative data without a time point are actual results for FY2023.

Disclosure Topics	Accounting Metrics	Category	Unit	Code	Information Disclosed
Environment					
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	1,000m³ %	IF-EU-140a.1	(1) 5,851 [1,000m³], 0 [%] Note 1: Main applications: Water for thermal power generation and nuclear power generation (fresh water) Note 2: The above does not include hydroelectric power water (fresh water) or indirect cooling water (seawater) for thermal or nuclear power generation (2) 5,851 [1,000m³], 0 [%]
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	IF-EU-140a.2	0
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	—	IF-EU-140a.3	Kyushu EP and Kyushu T&D manages the following risks regarding the use of water resources, which are essential for the power generation business. To identify water risks, WRI Aqueduct 3.0 tools were used to verify water stress (current and future) in areas where Kyushu EP and Kyushu T&D facilities are located. The results are as follows: • According to the Baseline Water Stress tool, maximum water stress is low-medium in the Kyushu region where Kyushu EP and Kyushu T&D has installed power plants that use fresh water or seawater, and water-related risks such as droughts are assumed to occur less frequently there. Water-related risks are low. In the hydroelectric power business, we use hydroelectric power plant dams and diversion weirs to release the water needed to maintain our rivers. In addition, we abide by the set amounts of water that we have permission to take from rivers to produce electricity based on laws and regulations. Where river levels are predicted to rise due to heavy rainfall, we release water from our dams in advance based on water governance agreements with the national government or other authorities. We also cooperate to the fullest extent possible in local disaster prevention. In our thermal power generation business, water for power generation is stored in a water storage tank once it is received, so in the event of drought or flooding, there is no immediate output control or suspension of power generation. However, if water is cut off or the amount of water received is limited, we will work to maintain our thermal power operations as much as possible by considering water-saving measures or ways to receive water. Further, as our thermal power generation business and nuclear power generation business use seawater as indirect cooling water for power generation facilities, we monitor the temperature difference between intake water and discharged water. In addition, based on environmental conservation agreements we have entered into, we report on the status of the marine areas around our power plants (water intake and discharge, etc.) to local governments and officials from fishery cooperatives, and exchange opinions with them.
Coal Ash Management	Amount of coal combustion residuals (CCR) generated, percentage recycled	Quantitative	t %	IF-EU-150a.1	713,830 [t], 88.0 [%] Note 3: Amount of coal ash (fly ash and bottom ash)
	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment by the U.S. Environmental Protection Agency	Quantitative	Number	IF-EU-150a.2	Not applicable
Social Capital					
Energy Affordability	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers (per kWh)	Quantitative	Yen/kWh	IF-EU-240a.1	(1) 20.70 [Yen/kWh] (2) (3) 17.95 [Yen/kWh] Note 4: (1) is the average cost of lighting, (2) and (3) are the average cost of electric power
	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Quantitative	Yen	IF-EU-240a.2	(1) 13,612 [Yen] (2) 28,442 [Yen]
	(1) Number of residential customer electric disconnections for non-payment, (2) percentage reconnected within 30 days	Quantitative	Number %	IF-EU-240a.3	(1) 168,690 Note 5: Service stops resulting from non-payment of electricity fees based on the Specified Retail Supply Agreement (2) 82 [%] Note 6: Percentage of resumptions of service within 7 days of service stop (unable to provide percentage for resumptions within 30 days)
	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Discussion and Analysis	—	IF-EU-240a.4	The Electricity Business Act in Japan stipulates that general transmission and distribution operators shall not refuse wheeling service in their supply areas without justifiable grounds. When we accept an application to supply electricity in areas handled by Kyushu T&D, in principle, we supply to the designated area. We believe that there is no difference in the opportunities for consumers to obtain low-cost energy. With that, we recognize that the factors affecting electricity prices include levies for renewable energy generation based on the national system and fuel cost adjustments due to price fluctuations of thermal fuel and fluctuations in trading prices on Japan Electric Power Exchange that affect electricity prices.
Human Capital					
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) (no. of accidents per 200,000 working hours) (2) fatality rate, and (3) near miss frequency rate (NMFR) (no. of accidents per 200,000 working hours)	Quantitative	Number	IF-EU-320a.1	(1) Employees: 0.06, contractors: outside management purview (2) Employees: 0, contractors: 0 Note 7: We report the number of deaths as the SASB standards do not provide a specific calculation formula for the percentage of deaths. (3) Outside management purview Note 8: This information cannot be disclosed because it was not obtained using the measurement method recommended by the SASB standards

Note: Quantitative data without a time point are actual results for FY2023.

Disclosure Topics	Accounting Metrics	Category	Unit	Code	Information Disclosed
Business Model & Innovation					
End-Use Efficiency & Demand	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Quantitative	%	IF-FU-420a.1	Decoupling and LRAM systems have not been introduced in Japan. Note 1: Sales increases will come from promoting electrification and offering various services that meet customer needs.
	Percentage of electric load served by smart grid technology	Quantitative	%	IF-EU-420a.2	Penetration of smart meters: 100 [%] Note 2: Excluding some locations where replacement work is difficult.
	Amount of electricity reduced through energy conservation efforts	Quantitative	MWh	IF-EU-420a.3	We disclose the following quantitative data in lieu of electricity savings. ○ Number of electrification and energy-saving solution proposals: Approx. 6,700 (for the 5 years from FY2019 to FY2023) Note 3: Kyushu Electric Power provides a variety of solutions to customers for electrification and energy conservation to achieve carbon neutrality by 2050 (Reference URL: https://www.kyuden.co.jp/service_index.html)
Leadership & Governance					
Nuclear Safety & Emergency Management	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Quantitative	Number	IF-EU-540a.1	6 units (breakdown: 4 units at the Genkai Nuclear Power Plant, 2 units at the Sendai Nuclear Power Plant) Note 4: Genkai Nuclear Power Plant Units 1 and 2 are currently being decommissioned Note 5: Sendai Nuclear Power Plant Units 1 and 2 passed inspection under the Nuclear Regulation Authority new regulatory standards and restarted in 2015 Genkai Nuclear Power Plant Units 3 and 4 passed inspection under the Nuclear Regulation Authority new regulatory standards and restarted in 2018
	Description of efforts to manage nuclear safety and emergency preparedness	Discussion and Analysis	—	IF-EU-540a.2	Kyushu Electric Power is working to maintain and improve the safety and reliability of nuclear power plants by accurately implementing safety activities based on the quality management system for nuclear safety headed by the President. In addition, we are continuously working to foster and maintain a corporate culture in which each employee can raise their awareness of the various risks of nuclear power, ask what can be done to improve safety, and demonstrate leadership to improve performance. We have also established the Nuclear Safety and Reliability Improvement Committee comprised of outside experts as a mechanism to receive opinions on our efforts to improve the safety and reliability of nuclear power from a third-party perspective, providing us with objective and specialist assessments and recommendations.
Grid Resiliency	Number of incidents of non-compliance with physical or cybersecurity standards or regulations	Quantitative	Number	IF-EU-550a.1	Not disclosed Note 6: Not disclosed in light of the risks associated with disclosure
	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	Quantitative	Minutes Outages Minutes/ Outage	IF-EU-550a.2	(1) 11 [mins.] (excl. disasters such as typhoons: 2 mins.) (2) 0.08 [outages] (excl. disasters such as typhoons: 0.05 outages) (3) 149 [mins./outage] (excl. disasters such as typhoons: 43 mins./outage)

Note: Quantitative data without a time point are actual results for FY2023.

Activity Metrics

Activity Metrics	Unit	Code	Information Disclosed
Number of: (1) residential, (2) commercial, and (3) industrial customers served	Number	IF-EU-000.A	(1) 7,170,000 (2) (3) total 710,000 Note 1: (1) is the number for lighting, (2) and (3) are the number for electric power Note 2: Non-consolidated results for Kyushu Electric Power
Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	MWh	IF-EU-000.B	The total for (1) to (4) is 73,490,000 [MWh] (retail electric power sales) (5) 16,726,000 [MWh] (wholesale electric power sales)
Length of transmission and distribution lines	km	IF-EU-000.C	• Transmission lines: Overhead 17,092 [km], underground 1,421 [km] (line extensions) • Distribution lines: Overhead 142,330 [km], underground 2,229 [km] (span)
• Total electricity generated • Percentage by major energy source • Percentage in regulated markets	MWh %	IF-EU-000.D	• Total electricity generated: 62,054,500 [MWh] • Percentage by major energy source: Hydroelectric power: 7.12 [%], Coal: 22.95 [%], LNG: 16.96 [%], Thermal power (other): 0 [%], Nuclear: 51.07 [%], Geothermal: 1.89 [%], Biomass: 0.01 [%] • Percentage in regulated markets: Not applicable (as no regulated markets in Japan)
Total wholesale electricity purchased	MWh	IF-EU-000.E	34,183,000 [MWh] (Total for electricity supplied by or purchased from other companies)

Note: Quantitative data without a time point are actual results for FY2023.

Frequently Asked Questions (IR FAQ)

Q1

How do you view the increase in electric power demand due to the concentration of semiconductor fabrication plants in Kyushu? Also, how do you plan to secure the supply capacity for this in the midst of the trend toward decarbonization?

In Kyushu, we estimate that electric power demand may increase by several billion kWh over the next few years due mainly to the concentration of semiconductor fabrication plants and establishment of data centers.

We believe this is the result of our being recognized for having one of the highest ratios of non-fossil power sources in the industry, thanks to the safe and stable operation of our nuclear power plants and our active development and introduction of renewable energy, as well as our rates, which are competitive with other electric utilities in Japan.

In Kyushu, if the current supply capacity is maintained in response to the increase in demand, with the addition of the Hibiki LNG-fired power plant (development scale: 620 MW) scheduled for completion in 2025 and other facilities, we expect to be able to provide a stable supply of electric power for the next 10 years or so.

Furthermore, in order to realize a decarbonized society even while responding to this increase in demand, we are positioning renewable energy as a main power source, making maximum use of nuclear power, and lowering the carbon intensity of thermal power. For example, the Hibiki LNG-fired power plant mentioned above employs a state-of-the-art, highly efficient power generation system with low CO₂ emissions and is designed to utilize carbon-free fuels.

Going forward, we will continue to work to achieve a stable supply of electricity and achieve carbon reduction or decarbonization in power sources in order to achieve carbon neutrality by 2050 and promote the development of the Kyushu region.

Q2

What is your vision for the future of your nuclear power business?

We recognize that nuclear power generation will continue to play a key role in achieving both carbon neutrality and a stable supply of electricity, as it is a stable power source unaffected by weather or climate, and does not emit CO₂ during operation.

In addition, given the low weight of fuel costs in power generation costs and the carbon emission regulations to be introduced in the future, such as carbon pricing, we believe that nuclear power generation can be expected to contribute to our income and expenditures over the medium to long term.

Nuclear power generation, as stated in the Japanese government's Basic Policy for the Realization of Green Transformation (GX), is expected to contribute to energy security and be utilized to the maximum extent possible as a highly decarbonizing power source. Moving forward, we will continue to make maximum use of our nuclear power plants currently in operation as we continuously work to improve their safety and reliability, based on the basic premise of prioritizing safety and gaining the understanding of local communities.

Q3

What is the outlook for your future business performance?

Consolidated ordinary income in FY2024 is expected to be approximately ¥110.0 billion, lower than the ¥238.1 billion in FY2023, despite the increase in operating revenues. The decrease in ordinary income is caused by the following factors: the decrease in the gain on the time lag of fuel cost adjustments due to lower fuel price, as well as the increase in purchased power costs caused by higher prices on the wholesale electricity market.

In the medium term, we are working to achieve the ordinary income target of ¥125 billion in our FY2025 financial objectives.

In the Domestic Electricity Business, we aim for ordinary income of ¥75 billion by continuing the stable and safe operation of four nuclear power plants and promoting wholesale sales across regions in the generation division. This will also be supported by initiatives in the retail division, such as advancing electrification efforts and continuously expanding electricity sales both within and outside the area.

With regard to Growth Businesses (renewable energy, overseas, ICT services, and urban development), we aim to realize a total of ¥50 billion by leveraging the Group's strengths in geothermal and hydro power development, participating in overseas renewable energy projects, and utilizing the group's overall technology and know-how in overseas power generation and transmission projects. This ¥50 billion target is expected to be achieved through projects we have already invested in or have decided to invest in, and we are therefore confident that we will reach this target.

Q4

What is Kyushu Electric Power's basic policy when it comes to shareholder returns?

Our basic policy on shareholder returns has historically been to maintain stable dividends, making decisions based on a comprehensive review of our recent business performance, income and expenditures, and financial condition.

Targeting shareholder returns of ¥50 per share as soon as possible before the financial target date FY2025, we plan to pay ¥50 per share in FY2024. From FY2025 onward, we will first strive to maintain a dividend of ¥50 per share, while we continue to provide stable dividend as a basic policy. Additionally, we will also consider the medium-term approach to shareholder returns based on the future growth and profitability of the Domestic Electricity Business and other operations.

External Assessments and Participation in Initiatives

Major external assessments and awards received

- First electricity utility in Japan to be selected by CDP for the A List, the highest rating, for excellence in climate change measures and information disclosure.
- Eruboshi (level 2) certification (Kyushu EP and Kyushu T&D)
- Kurumin certification (Kyushu EP and Kyushu T&D)
- Recognized as a “White 500” corporations under the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Kyushu EP and Kyushu T&D)
- Selected as Excellent Integrated Report by three GPIF’s domestic asset managers
- Selected as Excellent TCFD Disclosure by one GPIF domestic asset manager in at least one of the four disclosure categories (category Metrics and Targets)
- Obtained certification for “DX Certified Operator” by METI (Kyushu EP)
- First company in the energy industry to win the top award in the corporate culture transformation category (large enterprise division) at Career Ownership Management Awards 2024



Participation in initiatives, activities with industry associations

- Expressed support for the TCFD Recommendations (Kyushu EP)
- Participated in TNFD Forum and registered as TNFD Early Adopter (Kyushu EP)
- Participation in Keidanren’s Challenge Zero (Kyushu EP)
- Participation in the 30by30 Alliance for Biodiversity (Kyushu EP)
- Obtained certification under the SBT Initiative
- Participation in the GX League



Status of inclusion in ESG indices

Kyushu EP has been included in the following four of the six ESG indices used by the Government Pension Investment Fund (GPIF) (as of July 2024).

- FTSE Blossom Japan Sector Relative Index
- MSCI Nihonkabu ESG Select Leaders Index
- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index



2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

FTSE Russell confirms that KYUSHU ELECTRIC POWER CO., INC. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products. THE INCLUSION OF KYUSHU ELECTRIC POWER CO., INC. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KYUSHU ELECTRIC POWER CO., INC. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Disclosure of Sustainability Information

The latest information on the Kyuden Group’s sustainability initiatives is disclosed on the Kyushu Electric Power website.

- [Kyuden Group ESG Data Book](#)
Home > For investors > IR library > ESG Data Book
https://www.kyuden.co.jp/english_ir_library_index.html
- [Environment, social, and governance \(ESG\) information](#)
Home > For investors > Sustainability
https://www.kyuden.co.jp/english_company_esg_index.html

Corporate Data

(As of March 31, 2024)

Company overview	Company name	Kyushu Electric Power Company, Incorporated
	Head office	1-82, Watanabe-dori 2-chome, Chuo-ku, Fukuoka 810-8720, Japan Phone +81-92-761-3031
	Tokyo branch office	7-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan Phone +81-3-3281-4931
	Date of establishment	May 1, 1951
	Paid-in capital	¥237,300 million
	Number of employees	4,668*

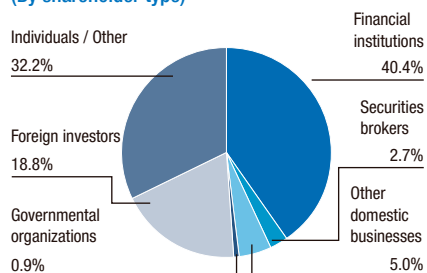
* Number of Employees indicates the number of employees at the parent company
The total number of employees in the Group, including consolidated subsidiaries, is 21,092, of which 3,770 are in the Transmission & Distribution Division

Stock information	Total number of shares authorized	1,000,000,000 shares
	Common stock:	1,000,000,000
	Number of shares issued and outstanding	Common stock: 474,183,951 Class B preferred shares: 2,000
	Number of shareholders	Common stock: 154,645 Class B preferred shares: 3
	General meeting of stockholders	June
	Fiscal year	From April 1 to March 31
	Stock listings	Tokyo Stock Exchange, Fukuoka Stock Exchange (Code: 9508)
	Transfer agent and registrar	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
	Accounting auditor	Deloitte Touche Tohmatsu LLC

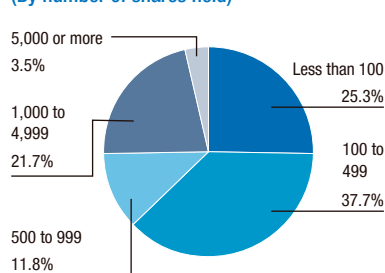
Note: Class B preferred shares issued as of August 1, 2023
(Total Number of Shares Authorized: 2,000, Number of Shares Issued and Outstanding: 2,000, Number of Shareholders: 3)

Common stock

Share ownership composition (By shareholder type)



Shareholder composition (By number of shares held)



Major shareholders

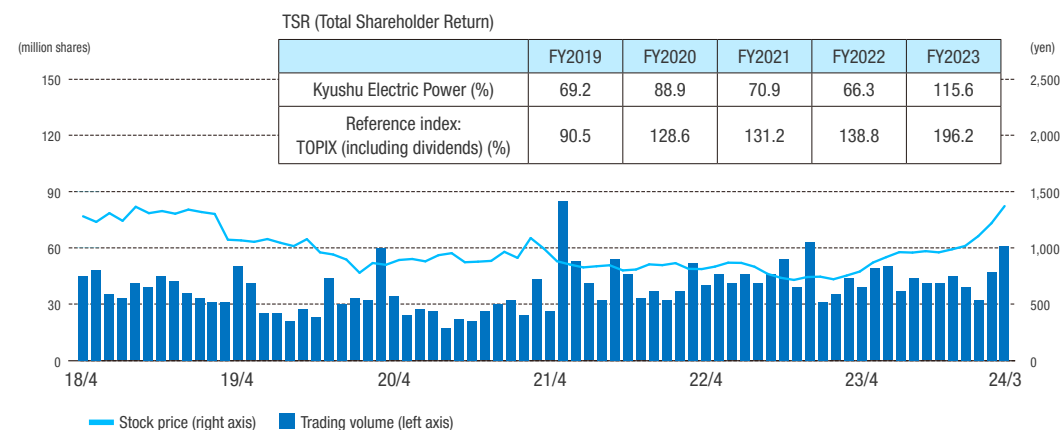
Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust unit)	73,897	15.6
Custody Bank of Japan, Ltd. (trust unit)	25,333	5.3
Meiji Yasuda Life Insurance	20,594	4.3
Nippon Life Insurance Company	11,810	2.5
Kyushu Electric Power Co., Inc. Employees' Shareholding Association*	11,332	2.4
The Bank of Fukuoka, Ltd.	8,669	1.8
JP MORGAN CHASE BANK 385781	6,386	1.3
JPMorgan Securities Japan Co., Ltd.	5,243	1.1
SSBTC CLIENT OMNIBUS ACCOUNT	4,909	1.0
Mizuho Bank, Ltd.	4,834	1.0

* Kyushu Electric Power Co., Inc. Employees' Shareholding Association

Class B preferred shares

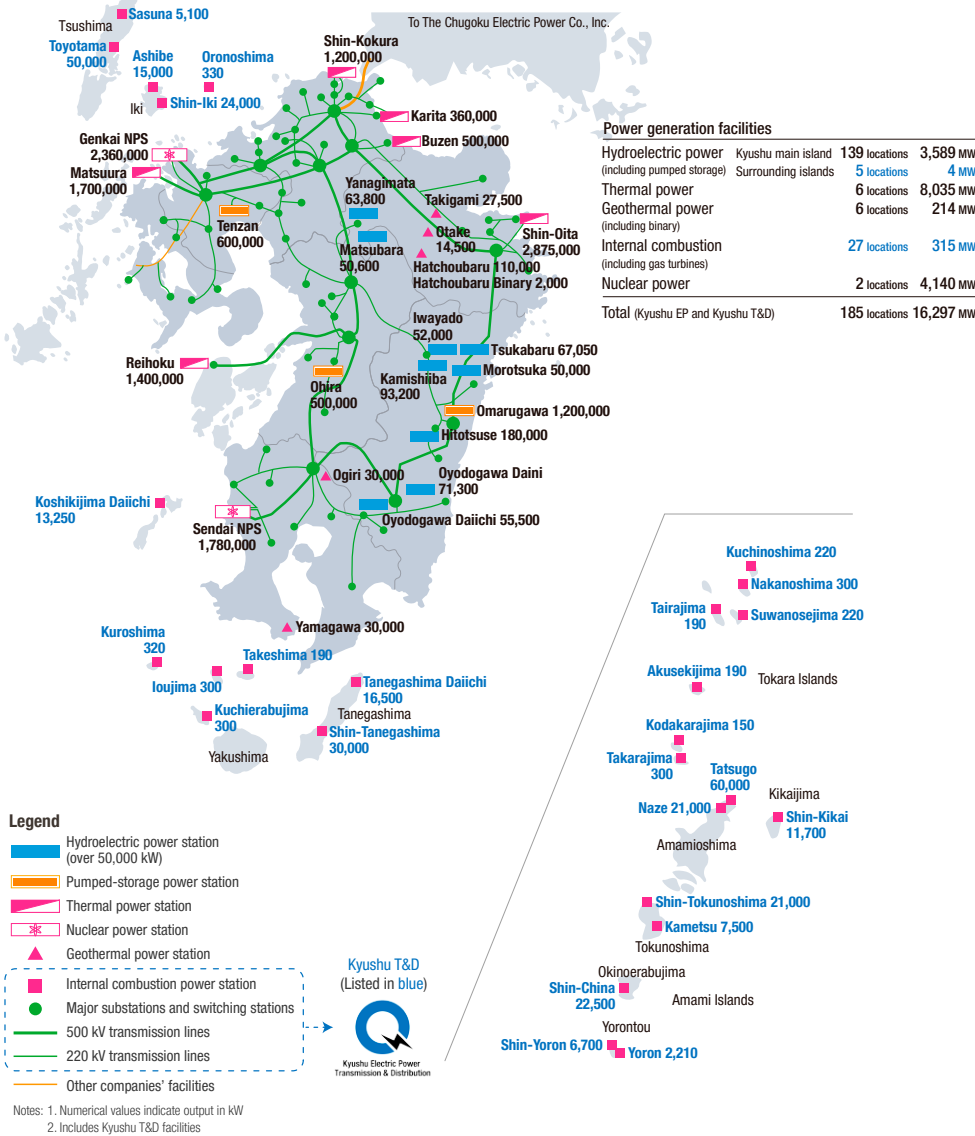
Name	Number of shares held (Shares)	Shareholding ratio (%)
Mizuho Bank, Ltd.	800	40.00
Development Bank of Japan Inc.	800	40.00
MUFG Bank, Ltd.	400	20.00

Trends in stock price and trading volume



Power supply facilities in Japan (Kyushu area)

(As of March 31, 2024)



Kyuden Group companies*

(As of March 31, 2024)

Domestic power business			
Kyushu Electric Power Company, Incorporated	Kyuden Mirai Energy Company, Inc.	Kyushu Electric Power Transmission and Distribution Co., Inc.	

Overseas businesses			
Kyuden International Corporation	KYUDEN SARULLA PTE.LTD.	Kyuden International Netherlands b.v.	DGC Westmoreland, LLC
Kyuden International Americas Inc.	Kyuden International Europe B.V.	Kyuden International Kleen, LLC	Kyuden Hsin Tao Power Holdings Co., Ltd.
Kyuden International Westmoreland, LLC	Kyuden Ilijan Holding Corporation	PT. Thermochem Indonesia	Kyuden International South Field Energy, LLC
Lion Power (2008) Pte. Ltd.	Electricidad Aguila de Tuxpan,S.deR.L.deC.V	Electricidad-Sol de Tuxpan,S.deR.L.deC.V	Thermochem, Inc.
PetroGreen Energy Corporation	TEPDIA Generating B.V.	International Offshore Power Transmission Holding Company Limited	Hsin Tao Power Corporation
Sojitz Birdsboro LLC	AEIF Kleen Investor, LLC		AI Dur Holding Company Limited

Other energy services businesses			
Oita Liquefied Natural Gas Company, Inc.	Kitakyushu Liquefied Natural Gas Company Inc.	Kushima Wind Hill Corporation	KYUDEN NEXT CO., INC
Kyushu Rinsan Co., Inc.	Nagashima Windhill Co., Ltd.	Fukuoka Energy Service Co., Inc.	Kyuden Technosystems Corporation
Kyuden High Tech Corporation	KYUDEN T&D SERVICE CO., Inc.	NISHI NIPPON AIRLINES CO., LTD.	Nishinippon Plant Engineering and Construction Co., Ltd.
Kyushu Kouatsu Concrete Industries Co., Ltd.	KYUDEN SANGYO CO., Inc.	WEST JAPAN ENGINEERING CONSULTANTS, Inc.	Koyou Denki Kogyo Co., Ltd.
Nishigi Kogyo	Q United Energy Supply & Trading Co.	Hibiki Power GK	Shimonoseki Biomass Energy GK.
Kyushu Electric Australia Pty Ltd	Kyushu Electric Wheatstone Pty Ltd	Kyushu Electric Trading Pty Ltd	Pacific Hope Shipping Limited
Kyuden T&D Global Co., Inc.	Washiodake Wind Power Co., Ltd.	Nishigi Surveying and Design Co., Ltd.	Munakataasty Solar Power Co.Ltd
QE1 Flexibility Services LLC	Kyuden Energy Investment GK.	Amami Oshima Wind Power Co., Ltd.	KYUDEN INNOVATECH VIETNAM CO., LTD.
Tobata Co-operative Thermal Power Co., Inc.	Hibiki Wind Energy Co., Ltd.	Kyudenko Corporation	Fukuoka Clean Energy Co., Ltd.
Oita Co-operative Thermal Power Co., Inc.	Kyushu Cryogenics Co., Ltd.	KEYS Bunkering West Japan Co., Ltd.	Kyuden Co., Ltd.
Miyazaki Biomass Recycling Co., Ltd.	Seishin Corporation	Nishikyushu Kyodo Kowan Co., Ltd.	Kyuken Corporation
Nishi Nihon Denki Tekkou Co., Ltd.	Tahara Green Biomass LLC	Kyushu Tohoku Enrichment Investing SAS	

ICT services businesses			
QTnet, Inc.	Nishimu Electronics Industries, Co., Ltd.	Qsol Corporation	RKKCS Co., Ltd.
NETWORK APPLICATION ENGINEERING LABORATORIES LTD.	QTmedia, Inc.	RKKCS Soft Co., Ltd.	

Urban development businesses			
DENKI BLDG. Co., Ltd.	Kyuden Fudosan Co., Ltd	Kyushu Maintenance Co., Ltd.	Kyuden Urban Development America, LLC
Oak Partners Co., Ltd.	Hakata Naka6 Kaihatsu Tokutei Mokuteki kaisha	Fukuoka Airport Holdings Co., Ltd.	

Other businesses			
Kyuden Business Front Inc.	Kyuden Good Life Company, Inc.	Kyuden Good Life Company, Inc. Higashi Fukuoka	Kyuden Good Life Company, Inc. Fukuoka Josui
Kyuden Good Life Company, Inc. Kumamoto	Kyuden Good Life Company, Inc. Kagoshima	Kyuden Business Partner Co., Inc.	Records & Intelligence Management Co., Ltd
Circular Park Kyushu Co., Ltd.	Q-caption Center	Sengoku Co., Ltd.	Kyushu Highlands Development Co., Ltd.
Fish Farm Mirai LLC	Kyushu Housing Guarantee Corporation		

* The Kyuden Group's businesses and major affiliated companies

On the Publication of the Kyuden Group Integrated Report 2024

The Kyuden Group has been publishing an integrated report since fiscal 2021 in order to weave together our medium- to long-term vision, strategies, major policies, and other information in to a single coherent story.

This year, we wanted to create an integrated report that more clearly expressed our value creation story, with a greater awareness of the overall connections. To that end, we have enhanced the messages from senior management and employees and aimed to improve readability by developing a model for enhancing corporate value and a materiality-based approach. Furthermore, as part of our efforts to increase corporate value, this report not only provides financial analyses and future strategies but has been enhanced with detailed explanations and new top messages regarding non-financial aspects such as carbon neutrality, which is the group's top priority issue, and human capital.

We also tried to further improve the overall report by enhancing the information and data sections related to governance, which are of great interest to our shareholders and investors.


This report is prepared under the editorial leadership of the Corporate Strategy Division and in collaboration with a range of company departments. As the Chief ESG Officer responsible for the creation of this report, I would like to state that the process of preparing the report was appropriate and that the contents are accurate.

We hope that this report—one of the communication tools to engage with stakeholders—will help to further deepen understanding of the Kyuden Group. We will continue to actively engage in dialogues with stakeholders in order to enrich the report and would be delighted to receive your frank views and feedback on the report.

Atsushi Soda

Member of the Board of Directors
Vice-Presidential Executive Officer
Chief ESG Officer

Kyushu Electric Power's official social media accounts

Kyushu EP Website https://www.kyuden.co.jp/english_index.html 

Facebook <https://www.facebook.com/kyuden.jp> 


Official Facebook page of the Kyuden Group, where we share information on the electricity business, volunteer activities, local information on Kyushu, and much more.

Instagram https://www.instagram.com/kyuden_official/ 

Official Instagram of the Kyuden Group, where we share photos and videos under the themes "Kyushu night views and illuminated landscapes" and "scenes of electricity being generated and connected."

X https://twitter.com/kyuden_official 

Official account of the Kyuden Group, where we disseminate information on power outages and other information in the event of a typhoon or other emergency disaster.

Kyuden Channel <https://www.youtube.com/user/Kyudenchannel> 

Official YouTube channel of Kyushu Electric Power Company, Incorporated, where we post a variety of video content, including commercials, electricity experiments, and documentation of power plant construction.



Kyushu Electric Power Company, Incorporated

ESG Promotion Group, Corporate Strategy Division

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