

Presentation Materials for IR meeting

May 10, 2022

President & Chief Executive Officer
Kazuhiro Ikebe

Greetings, everyone. I am Kazuhiro Ikebe, the President and CEO of Kyushu Electric Power Co., Inc.

Thank you for attending this meeting despite your busy schedules. I wish to extend our sincere gratitude for your considerations and support.

Today's presentation covers three themes, i.e. "Performance Highlights," "Progress on Financial Targets" and "Business Topics."

Section 1 Performance Highlights

Section 2 Progress on Financial Targets

Section 3 Business Topics

(Attachment) Financial Results for FY2021

Section 1 Performance Highlights

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Major factors causing income/expense fluctuations in this fiscal year and actions taken	4

- Compared with FY2020, ordinary income decreased although there was an increase in total amount of electricity sales volume and the operation of nuclear power plants. The decrease in ordinary income is due to a negative turn in the effect of the time lag from the fuel cost adjustment system, which was caused by higher fuel prices. Last year it had a positive impact, whereas this year it turned to losses.
- When the effect of the time lag is excluded, the ordinary income has recorded a year-on-year increase.

Performance Highlights (consolidated)

(Billion of Yen,%)

	FY2021	FY2020	Difference	Rate of Change
Ordinary Revenues	1,762.7	1,538.6	224.1	+14.6
Sales [figures are included above]	1,743.3	1,521.9	221.3	+14.5
Ordinary Expenses	1,730.3	1,483.4	246.9	+16.6
Ordinary Income	32.3	55.1	-22.7	-41.3
Extraordinary Loss	* 7.4	—	7.4	—
Net Income attributable to owners of the parent	6.8	31.8	-24.9	-78.4
(Reference) ordinary income excluding effect of time lag	97.3	46.1	51.2	+111.1

* Loss on return of electric imbalance charge 3.9 (It is return amount of electric imbalance adjustments in January 2021.)

Impairment losses 3.5 (The decline in the amount of book value due to the decommissioning of unit No.1 and No.2 of Sendai Thermal power plants, etc.)

Take a look at Page 1.

For FY2021, we enjoyed increased revenue but reduced income, recording 1,743.3 billion yen in revenue and 32.3 billion yen in ordinary income. When the impact of the fuel cost adjustment system lags is excluded, the ordinary income would have totaled at 97.3 billion yen. I have always said that our company's profit level based on true capabilities is around 100 billion yen, and I believe that we have achieved a level close to this figure.

- Total amount of electricity sales volume has increased by 13.3% from last year.
- Retail electricity sales volume increased due to group-wide sales activities and a reactionary increase as the previous year showed a decrease in demand caused by COVID-19. Wholesale sales volume also increased due to the promoting sales expansion of bilateral wholesale electricity trading.
 - ※ The impact of the COVID-19 is around -0.5 billion kWh (+1.5 billion kWh year-on-year)

Consolidated electricity sales volume

(Billion kWh,%)

	FY2021	FY2020	Difference	Rate Of Change
Retail	79.4	75.2	4.2	5.7
Lighting	25.0	25.3	-0.3	-1.3
Power	54.4	49.8	4.6	9.2
Wholesale	17.8	10.7	7.1	67.4
Total	97.3	85.8	11.5	13.3

Note1: Some rounding errors may be observed.

Note2: The figures represent our company and consolidated subsidiaries (Kyushu Electric Power Transmission and Distribution Co., Inc. and Kyuden Mirai Energy Co.,Inc.) (internal transactions have been eliminated).

Page 2 shows the amount of electricity sales volume. Our retail sales grew partly due to the subsided impact of COVID-19 compared to last year, and also thanks to group-wide sales activities. Wholesale sales also performed well due to an expansion of bilateral wholesale electricity trading in response to the tight supply and demand situation in the last year. As a result, the total amount of electricity sales volume totalled 97.3 billion kWh, up 13.3% year on year. This was the highest level recorded in our history.

- In terms of the Forecast of Consolidated Financial Results for FY2022, both Sales and Ordinary Income have not been decided yet because it is difficult to reasonably calculate the forecast values due to the extremely uncertain situation in Russia and Ukraine, which impacts fuel prices and other factors.
- In terms of the dividends for FY2022, both common shares and class A preferred shares have not been decided yet because there is the extremely uncertain situation in Russia and Ukraine, which impacts fuel prices and other factors.
We will continue to make efforts to maintain a certain level of dividends.
- We will provide an update as soon as it is possible to make a sufficiently reliable forecast of Financial Results and Dividends for FY2022

Page 3 shows forecasts of financial results and dividends for FY2022.

In terms of the Forecast of Consolidated Financial Results for FY2022, both Sales and Ordinary Income have not been decided yet because it is difficult to reasonably calculate the forecast values due to the extremely uncertain situation in Russia and Ukraine, which impacts fuel prices and other factors. In terms of the dividends for FY2022, we will make utmost efforts to achieve a stable dividend payment, but both common shares and class A preferred shares have not been decided yet due to the extremely uncertain situation in Russia and Ukraine. We apologize for any concerns and inconveniences caused. We will provide an update as soon as it is possible to make a sufficiently reliable forecast of Financial Results and Dividends for FY2022.

【Main factors affecting the business performance of this fiscal year】

- Decline in the nuclear power utilization rate caused by an extension of the work period for installing Specialized Safety Facility(“SSF”) at Genkai Nuclear Power Station (*negative impact*)

(Difference in the periodic inspection period of nuclear power stations)

	Planned for FY2022 (based on March 30 notification)	Actual inspection period for FY2021	Difference
Total periodic inspection period for Genkai Units 3&4 and Sendai Units 1&2	Approx. 22 months	Approx. 6 months	+ Approx. 15 months

- Impact of fuel pricing and wholesale electricity market price increase due to the protracted Russia – Ukraine crisis (*negative impact*)



【Action plan】

- Steady completion of the SSF at Genkai NPS, based on “Safety First”
- Diversifying methods of fuel procurement to address the risk of a fuel price increase
- Carrying out of Electricity sales taking into account increases in fuel price and electricity wholesale market price

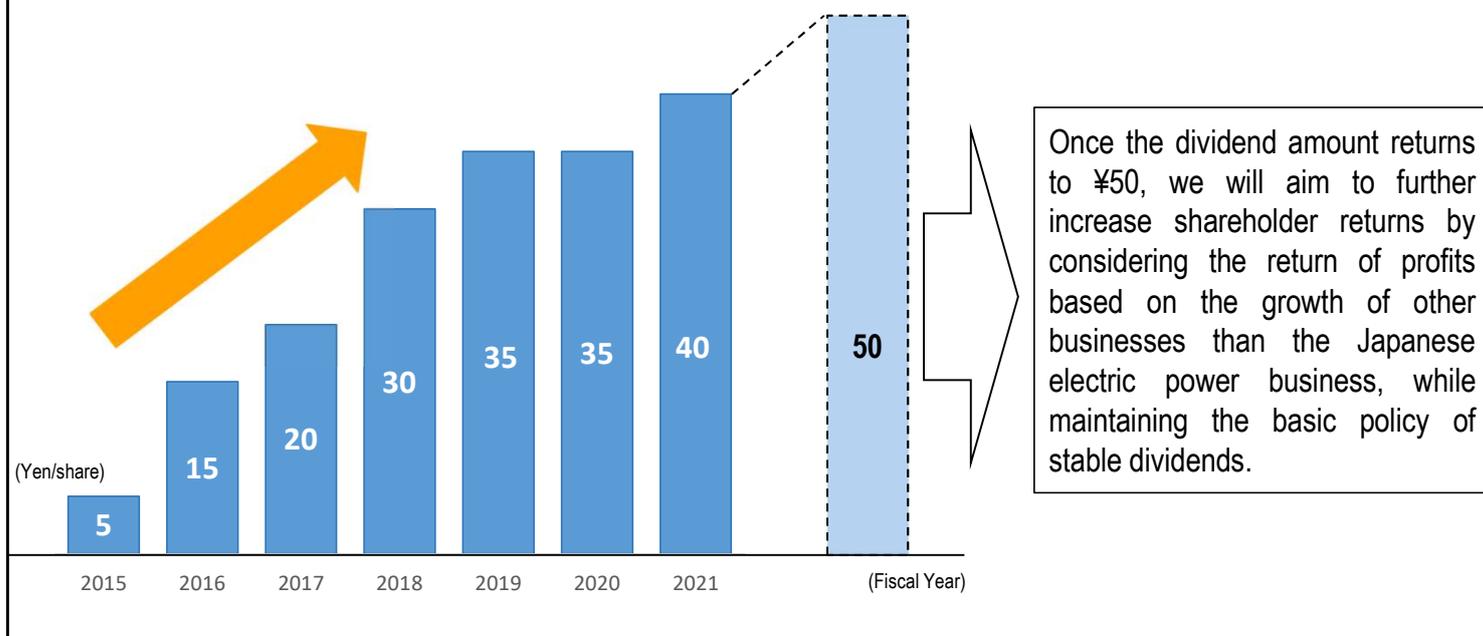
Page 4 provides a summary of major factors causing income/expense fluctuations in this fiscal year and actions taken. The first factor is a reduced nuclear power utilization rate. As announced in March, Genkai NPS has had its operation plan changed as the duration period for installing Specialized Safety Facility(“SSF”) was extended. Compared to the previous fiscal year, the total outage duration of the four units for periodic inspections will be about 15 months longer, and the alternative fuel costs and purchased power costs is expected to increase.

The second factor is the impact of higher fuel prices and wholesale electricity market price in the event that the current situation in Ukraine is prolonged. Our response policies include installing SSF to Genkai NPS, while keeping Safety as a first priority, reducing the risk of a fuel price increase, and securing profitability in electricity sales.

These response policies will be explained in more detail in Section 3.

- Determine the level of dividend payout based on the stance of maintaining a stable payout and taking into account this fiscal year's business performance as well as mid- to long-term account balance and fiscal conditions.
- Work toward to restore dividends to the "pre-Great East Japan earthquake" level (around 50 yen) as quickly as possible during the new financial target period (by FY2025).

Dividend trends



Page 5 shows our basic dividend policy. While forecast of the dividends for this fiscal year have not been decided, we maintain our basic dividend policy and stance of returning to the 50-yen level as soon as possible.

We apologize for any concerns caused and are determined to make utmost efforts to achieve a stable dividend payment.

Section 2 Progress on Financial Targets

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- Steady progress toward achieving income targets for FY2025
- The crisis in Ukraine and decline in the nuclear power utilization rate are expected to apply a downward pressure on income in FY2022 but the ordinary income will steadily increase from FY2023 onwards with stable NPS operations.

Ordinary Income

(Billion of Yen)

	FY2020	FY2021		FY2025 Target	FY2021 evaluation	
		Plan	Result			
Japanese electric power business <i>excluding the effect of time lag of fuel cost adjustments</i>	30.0 21.0	20.0 72.0	2.1 67.1	75.0		
Total growth business	27.0	30.0	33.8	50.0		
(reproduced)	Renewable energy business	3.0	—	2.6	13.0	<ul style="list-style-type: none"> • Steadily promoting new development despite income decline in wind power generation (+) Commencing new operations including Shimonoseki Biomass Plant (250 MW) (-) Reduced power generation volume due to poor wind conditions
	Overseas business	4.0	—	6.4	7.0	<ul style="list-style-type: none"> • Income increase due to higher sale prices for gas / LNG (+) Higher sale prices for the fuel trading subsidiary
	ICT Services Business	7.0	—	6.1	10.0	<ul style="list-style-type: none"> • Increased depreciation costs due to sales expansion of Optical broadband service business (+) Increased sales of Optical broadband service business (-) Increased depreciation costs of Optical broadband service business
	Urban Development Business	3.0	—	3.8	5.0	<ul style="list-style-type: none"> • Increased income due to progress exceeding targets (+) sale of rental housing complex in the United States and Increased sales of domestic condominiums
Inter-segment transactions eliminated	—	—	-3.5	—		
Total	57.0	50.0	32.3	125.0		

(Note) The FY2021 plan figures are figures that were released in January 2022.

Section 2 is about our progress in achieving fiscal targets.

Page 6 gives an overview.

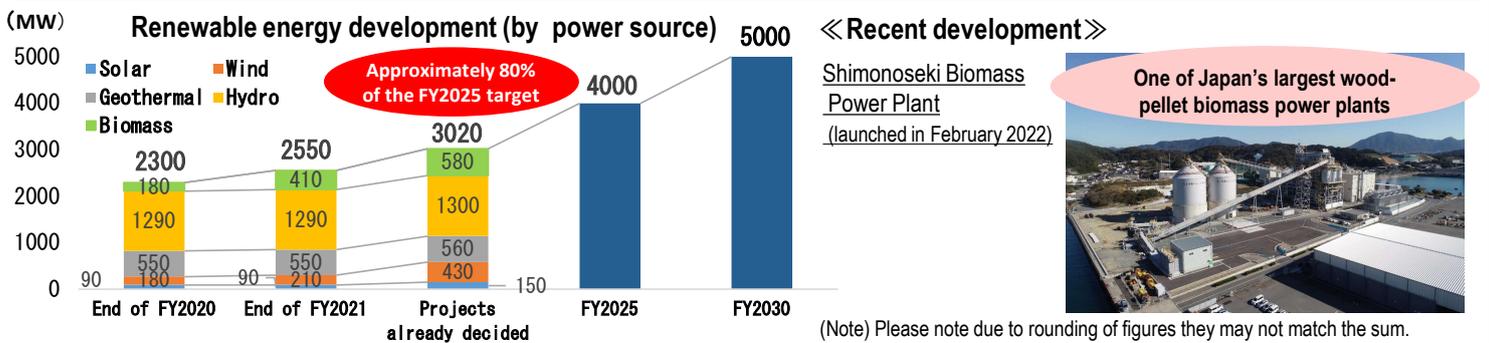
Here, I'd like to stress the fact that our initiatives to achieving the income targets for FY2025 are progressing along steadily.

In this fiscal term, there is a downward pressure on income due to a lower nuclear power utilization rate and higher fuel prices against the backdrop of the Ukraine crisis. Yet, from next fiscal term onwards, four nuclear units will be in stable operation, ensuring a stable flow of income. The likelihood of achieving the ordinary income target of 125 billion yen in FY2025 is considerably high.

- Making group-wide efforts to steadily progress existing projects while also developing new projects (e.g. offshore wind farms, geothermal power generation) and upgrading existing hydropower facilities.

Ordinary Income (Billion of Yen)

	FY2020	FY2021	FY2025 Target	Main initiatives for FY2022
Renewable Energy Business	3.0	2.6	13.0	<ul style="list-style-type: none"> • Steadily progressing existing projects • Developing new projects including offshore wind farms, geothermal / hydro / biomass / solar power facilities • Partnering with renewable energy development companies to expand renewable energy business overseas <p>[Offshore wind farm] <u>Kitakyushu Hibikinada Offshore Wind Farm</u> (due to go operational in FY2025)</p> <p>[Geothermal] Preparation for power plant construction <u>at Mt. Eboshi, Kirishima</u> (due to go operational in FY2024) and development investigation at six other sites in and outside Kyushu</p> <p>[Hydro / biomass] (due to go operational / be upgraded in FY2022) Shikari biomass : Approx. 50MW (August 2022) Shin-Takeda Hydro Power Plant : Approx. 8MW (June 2022)</p>
Mid-term plan				
<ul style="list-style-type: none"> • Promote the development of biomass and offshore wind power with large potential in addition to geothermal and hydropower which are our strengths • Develop new technologies (tidal power generation) 				



Progress of our operations for each of the growth business segments is explained from Page 7 onwards.

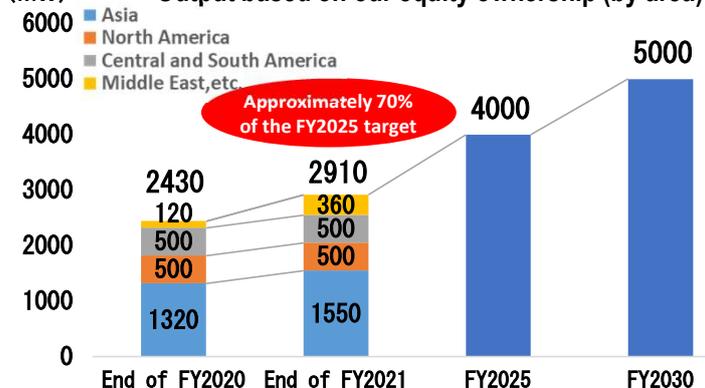
Firstly, our renewable energy business is steadily progressing to achieve the FY2030 development target of 5000 MW. The development output as of the end of March was 2550 MW, but the total including output from projects already decided tops 3000 MW, which is almost 80% of the mid-term target.

- Continuously promoting project development to achieve an equity output target for FY2025, and implementing initiatives that contribute to low-carbon / decarbonization, e.g. efficient thermal power development and power transmission business.

Ordinary Income (Billion of Yen)

	FY2020	FY2021	FY2025 Target	Main initiatives for FY2022
Overseas Business	4.0	6.4	7.0	<ul style="list-style-type: none"> Participating in thermal power development projects that are profitable and contribute to low carbonization Initiatives in Asia and the Middle East, where there is a need for supply / adjustment capacity Participating in power transmission business Exploring participation opportunities in Europe and other regions, in addition to our current presence in the Middle East
<p>Mid-term plan</p> <ul style="list-style-type: none"> Promote business development in Asia, the US, Middle East, Europe as well as Africa, where future growth is expected Expand business in consulting, micro-grid and transmission and distribution 				

(MW) **Output based on our equity ownership (by area)**



«Recent developments»

- UAE: HVDC subsea transmission project**
Kyuden Group's first overseas power transmission project; Transmitting clean electricity, generated with renewable energy, from the mainland to offshore oil / gas production facilities, thereby contributing to significant emission reduction (participation in December 2021)
- Uzbekistan: Gas-fired thermal plant project**
Kyuden Group's first electric power project in the central Asia; Assisting the country in its policy to replace aging power plants with highly efficient gas-fired thermal plants to reduce the emission of greenhouse gasses (participation in March 2022)

(Note) Please note due to rounding of figures they may not match the sum.

Page 8 focuses on overseas business. Projects are building up to achieve the FY2030 equity output target of 5000 MW. Projects already decided bring equity output to over 70% of the mid-term target. As described in the presentation, we are actively promoting projects that contribute to low-carbonization or decarbonization of local areas, such as the subsea transmission project in UAE.

- Reinforcing services mainly in optical broadband service business and data center business to address increased communications needs (e.g. remote work) in the midst of COVID-19 pandemic.

Ordinary Income

(Billion of Yen)

	FY2020	FY2021	FY2025 Target	Main initiatives for FY2022
ICT Services Business	7.0	6.1	10.0	<ul style="list-style-type: none"> • Reinforcing existing business operations that cater to the changes in lifestyles due to COVID-19 such as optical broadband service business "BBIQ" and data center business • Reinforcing DX solution offerings for corporate clients, and creating new business / services [Specific initiatives for new business / services] <ul style="list-style-type: none"> • Establishing a new business model for drones • Deploying premium voucher app nationwide • Externally marketing security-related services that make use of our strengths
Mid-term plan				
<ul style="list-style-type: none"> • Providing optimal solutions with a view toward areas outside of Kyushu • Expanding ICT services to new business domains to increase sales and profit 				

Main businesses

Name	Main businesses
Kyushu Electric Power	Drone business, information platform business, etc.
QTnet	Optical broadband service business "BBIQ", mobile services business "QT mobile", data center business, etc.
Nishimu Electronics Industries	Manufacturing and sales of electrical equipment, construction and maintenance, etc.
Kyuden Business Solutions	Information system development, operation and maintenance business, etc.

« Recent service »**Optical broadband service "BBIQ"**

- ① Highest customer satisfaction rating in the Kyushu area for six straight years
- ② Market share in Kyushu area : 14.2%
- ③ Offering ultra high-speed and large-capacity "10GB plan" (Service launched in April 2022)

Page 9 is about the ICT service business. We are reinforcing services mainly in optical broadband service and data center business in view of diversified communications needs, such as the spread of remote work in the midst of COVID-19 pandemic.

- Steadily carrying out approved projects and investing in / developing industrial properties for logistics facilities and overseas properties mainly in the United States to expand income and diversify income sources.

Ordinary Income

(Billion of Yen)

	FY2020	FY2021	FY2025 Target	Main initiatives for FY2022
Urban Development Business	3.0	3.8	5.0	<ul style="list-style-type: none"> Actively investing in and developing logistics facilities, overseas properties and other areas of assets with good potential Considering the development of large-scale properties, that offer stable long-term income Promoting decarbonization developments that involve improving energy efficiency, creating energy and introducing renewable-derived electricity Building a self-regulated investment cycle and promoting asset management business for gaining management fees
Mid-term plan				
<ul style="list-style-type: none"> In addition to expanding offices, houses and airports, strengthen initiatives in new profit-making businesses such as urban development, mixed use development, development of industrial real estate including logistics facilities Promote area expansion beyond Kyushu and overseas 				

Main businesses

Name	Main businesses
Kyushu Electric Power	Urban development, property development, social infrastructure development, industrial properties, overseas properties, etc
Denki Building	Office buildings, etc.
Kyuden properties	Housing development and rental businesses, etc.
Kyushu maintenance	Building maintenance, etc.

«Recent development»

Fukuoka Maizuru Square (opened in April (2022))



Using 100% renewable-based electricity

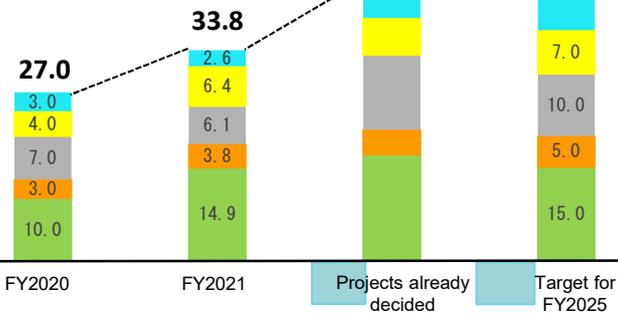
Page 10 is on the urban development business. We are expanding income and diversifying income sources by investing in and developing logistics facilities and overseas properties.

- 90% of the ¥50 billion set as ordinary income target for growth business by FY2025 is projected to be obtained from projects in which we have either already invested or have already decided to invest.

Ordinary income / Growth business

Ordinary income (Billion of Yen)

- Renewable energy business
- Overseas business
- ICT business
- Urban development business
- Others



Cumulative total investment for FY2021 and onwards (Billion of Yen)

500

Main projects in which investment has been made or approved

Segment	Main examples
Renewable energy business	<ul style="list-style-type: none"> Biomass : 180 MW Ishikari, Hirohata, Tahara, etc. Solar / hydro : 120 MW Redevelopment of Takeda Hydro Power Station, etc Geothermal : 5 MW Mt. Eboshi, Kirishima Wind power : 220 MW Hibikinada Offshore Wind Farm
Overseas business	<ul style="list-style-type: none"> UAE: HVDC subsea transmission project Uzbekistan: Gas-fired thermal power plant
Urban development business	<ul style="list-style-type: none"> Fukuoka Maizuru Square office development (opened in April 2022) Commercial facility development at the former site of fresh produce market in Fukuoka City (opened in April 2022) Development of Denki Bldg. at Nagasaki Railway Station (opened in FY2022) Development of apartment compound in Portland, USA (to be completed in FY2023) Use of the former site of Niagemachi Elementary School, Oita City (to open in FY2024) Development of ESG-considerate apartment compounds in southern USA [4 properties] (to start construction by 2023 for completion in about 2 years)

(Note) Showing projects due to go operational in or after FY2022
The output for the hydropower plant shows the figure after replacement / update.

Page 11 gives a summary of progress made in our growth business.

We aim to generate 50 billion yen in ordinary income from our growth business in FY2025. Last year, the ordinary income totalled 33.8 billion yen. However, when projects in which we have either already invested or have already decided to invest, listed in the table on the right, are included, the figure reaches around 90% of the income target, indicating that the likelihood of meeting the target is sufficiently high.

We will continue to work on current projects and explore other projects that show good potential to top up the income even further.

Section 3 Business Topics

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Promotion of electrification	20
Promotion of DX (digital transformation)	21
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- Prioritizing the following three focus areas to address changes in business environment (e.g. higher fuel prices) and promote ESG management
 - ✓ Ensuring improvement in profitability
 - ✓ Steadily implementing initiatives toward carbon neutrality
 - ✓ Promotion of digital transformation (DX) for business innovation

Now, let me move onto Section 3 about business topics.

This section focuses on tasks that we should address this year and how we should approach them.

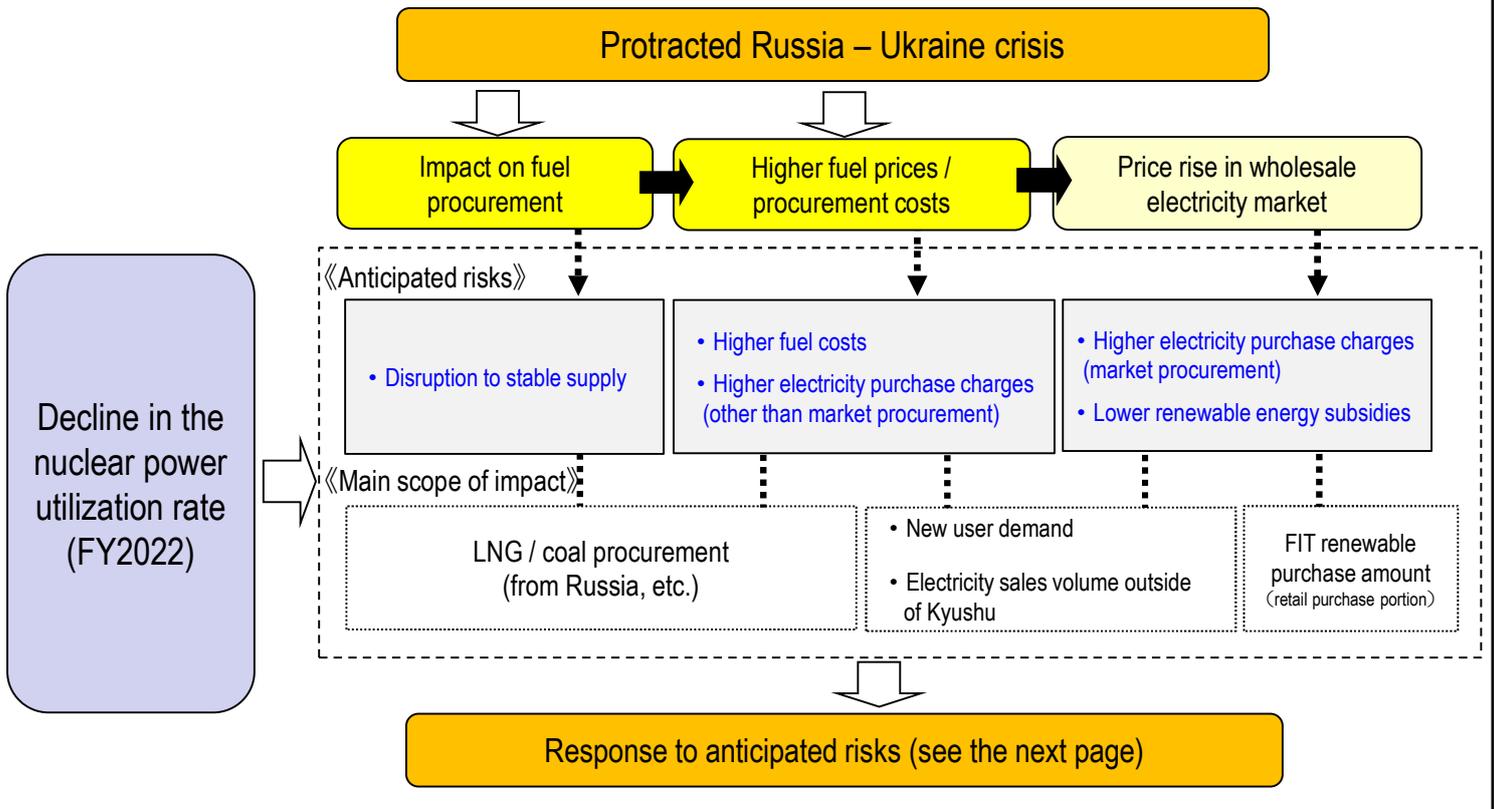
Page 12 shows three priority tasks.

The first is to ensure improvement in profitability in case the Ukraine crisis drags on longer.

The second task is to steadily implement initiatives toward carbon neutrality.

The third task is to promote digital transformation.

- Increased uncertainty about fuel procurement and price outlook due to the Russia – Ukraine crisis
- We are relatively shielded from the impact when four nuclear plants are operating stably. However, in FY2022 the nuclear power utilization rate is expected to decline due to the revision of the construction schedule to install SSF to Genkai NPS.



Page 13 examines recognition of risks in case the Ukraine crisis drags on longer.

Western economic sanctions on Russia are raising concerns about Russia suspending fuel supplies. The tightening supply has sent fuel prices skyrocketing to an unprecedented level, significantly affecting the world’s energy market.

As long as four nuclear units maintain stable operation, we are relatively shielded against higher fuel prices compared to other electric utilities. However, our nuclear power utilization rate will go down this fiscal term and the situation in Ukraine will have a greater impact on our business performance.

We will take necessary measures, based on our assessment of the risk of stable supply due to unstable fuel procurement and the risk of fiscal balance deterioration due to increases in fuel costs and power procurement costs.

- Addressing income and expenditure deterioration risk while securing fuel to maintain stable supply
 - ✓ Response to fuel procurement / price increase risk
 - LNG: Securing most of the required volume in long-term contracts; coordinating with government / vendors to receive LNG from the Sakhalin II project
 - Coal: Securing required volume from alternative supply sources other than Russian imports
 - Mitigating the impact of higher market prices by diversifying procurement methods (type / procurement period)
 - ✓ Response to electricity sales (retail / wholesale)
 - Diversifying procurement of the power supply for electricity retail sales outside of Kyushu
 - Advanced management of electricity supply and demand operations
 - Conducting sales based on higher market price risk and supply capacity
 - ✓ Applying thorough efforts for cost reduction
 - Making maximum group-wide efforts to reduce costs
 - Upper-level management meeting to respond to the tough business environment. It enables early detection of and response to risks, while monitoring progress.

Page 14 lists specific responses to risks.

The first is our response to the risk concerning fuel procurement and price increase.

In order to maintain stable supply, we will secure the required volume and implement measures for mitigating the risk of price increase.

LNG can be sourced on a long-term contract. As for procurement coming from Sakhalin, we will coordinate with stakeholders to ensure continuous procurement.

When it comes to coal, we have already adopted a policy of procuring coal from regions other than Russia. Diversifying procurement methods should mitigate the impact of price increase.

The second response is about electricity sales.

Amidst uncertainty over how long the effect of rising fuel prices and wholesale electricity market price will continue, it is important to mitigate risks in our retail and wholesale business.

Firstly, in terms of power procurement for electricity retail sales outside of Kyushu, we have used bilateral wholesale electricity trading and futures transactions to minimize volatility in purchase prices as much as possible.

The demand and supply departments will work together to maintain optimum supply – demand administration while closely observing the outlook of electric power supply and demand, market conditions.

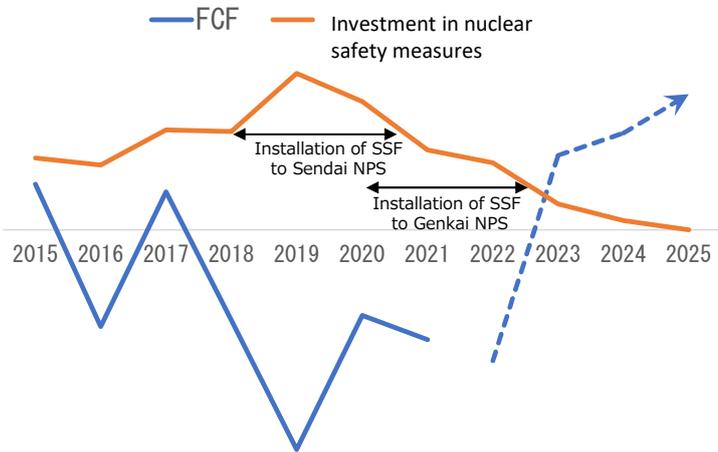
In addition, we must conduct sales based on supply capacity during this fiscal term. We must work on maintaining trusted relations with customers, while reviewing sales prices as required.

The third response is to apply thorough efforts for cost reduction.

In light of tough business conditions at hand, I have instructed our management team to hold as of FY2022 upper-level management meetings to ensure a reliable and agile response to risks and therefore achieve a maximum level of cost reduction.

- Positive FCF is anticipated from FY2023 onwards due to reduced investment in nuclear safety measures after completion of the SSF at Genkai NPS, recovered nuclear power utilization rate and increased return from growth business investment

■ Nuclear safety investment and FCF outlook (image)



FCF-increasing factors other than reduced nuclear investment

- ✓ Recovered nuclear power utilization rate boosting income
- ✓ Increase returns from growth business investment
- ✓ Reduced fixed expenses from increased efficiency

- Even if the current increase of fuel prices should continue into next year onwards, the stable operation of four nuclear plants from FY2023 will make us more resilient to the risk of high fuel price. Therefore, there is no major change in the direction of recovery of the company's financial base.

Page 15 is about the outlook of cash flow in our efforts to strengthen financial foundation.

With the completion of SSF at Genkai NPS to be completed this year, investment in nuclear safety measures will reduce significantly from next fiscal term onwards. In addition, stable operation of four nuclear units, expanded profitability of growth business and reduction of fixed expenses from increased

efficiency will improve the operating cash flow. We expect to see a positive free cash flow from FY2023 onwards.

Even if the impact of high fuel prices should continue into next fiscal term onwards, our outlook of positive cash flow would remain unchanged as the stable operation of four nuclear units will improve our resilience toward the risk of high fuel prices.

The improvement of cash flow will enhance capital adequacy, which is one of our tasks, to achieve management targets for 2030 and reinforce our fiscal foundation for achieving carbon neutrality.

- ROIC (Return on Invested Capital) as management indicator for capital efficiency is scheduled to be introduced by the end of FY2022 to steadily reinforce our fiscal foundation
 - ✓ Business management using ROIC
Setting ROIC targets for FY2030 and applying performance-based management per business segment to reach the targeted level
 - ✓ Direction of considering ROIC targets for FY2030
Considering the ROIC level that should be achieved by our entire group and each business segment based on the direction of future ROE and equity ratio
 - Japanese electric power business : ROIC that exceeds capital costs
 - Growth business : ROIC higher than that of the Japanese electric power business with reference to each industry's WACC level

Page 16 explains the use of ROIC in management.

In order to ensure reinforcement of our fiscal foundation, we plan to introduce business management using ROIC by the end of this fiscal year. Capital efficiency and profitability will be boosted by setting mid- to long-term ROIC targets and managing their progress by business segment.

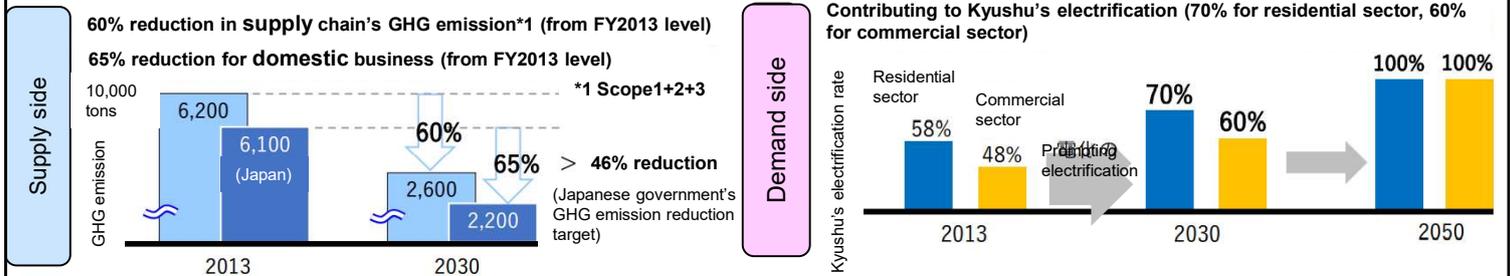
The ROIC levels that should be defined as targets for FY2030 are currently being considered, but it should be comfortably at a level equivalent to or greater than capital costs for Japanese electric power business. For growth business, it should be generally at a higher level than that of Japanese electric power business and show continuous improvement. We will share the information as soon as it is finalized.

Goal to be achieved by 2050

Implement the following initiatives to become “carbon negative” by 2050 as early as possible

- Net zero greenhouse gas (GHG) emissions throughout our supply chain.
- Contribute to the reduction of society's GHG emissions through promoting electrification and the development of renewable energy outside the Kyushu region.

Management targets for FY2030 (environmental targets)



KPIs for FY2030

<p>Turn renewables into a main power source</p> <p>Renewable energy development volume 5 GW (in and outside Japan)</p>	<p>Low-carbonization of thermal power generation</p> <ul style="list-style-type: none"> • Achieving benchmark indicators under the energy conservation act • Establishing technology for mixing 1% hydrogen and 20% ammonia 	<p>Higher electrification rate for Kyushu</p> <p>Electricity volume increase: Residential sector 1,500 GW Commercial sector 1,600 GW Transportation sector 100% EV company fleet</p> <p>(Note)The electricity volume sold as shown above is the cumulative total for 2021 – 2030.</p>
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Now take a look at Page 17. We now provide information about carbon neutrality initiatives from this page onwards.

In November last year, we released an action plan toward achieving carbon neutrality, and declared our commitment to become “carbon negative” at the earliest time as possible before 2050.

By backcasting from 2050, the 2030 target has been revised upward while setting targets on reducing supply chain's greenhouse gas(GHG) emission and expanding the electrification rate of the Kyushu region.

Initiatives to make power sources low-carbon or decarbonized and to promote electrification will be implemented steadily. Information about main initiatives is provided in next page onwards.

- Accelerating renewable energy development in and outside Japan by making group-wide efforts (e.g. offshore wind, biomass, geothermal, hydro power) , while making maximum use of FIT and FIP to realize expected profitability

Initiatives overview

- ✓ Promoting development in Japan
 - Developing new geothermal sites and steadily promoting new development and replacement of hydropower plants
 - Promoting the development of offshore wind farms with a view to win tender
 - Collaborating with local governments' carbon neutral initiatives to deploy land-based wind farms, solar photovoltaic plants and biomass power generation
- ✓ Expanding into renewable energy projects overseas
 - Participating in new products from the initial stage, partnering with / investing in renewable energy development companies, and working with Group companies for renewable energy development
- ✓ Wide-area administration of transmission / distribution networks
 - Making appropriate response to wide-area grid development plans, and building / operating transmission / distribution networks to make the maximum use of renewable energy's potential

Developing the structure

- ✓ Considering the establishment of a company that integrates renewable energy business (April 2022)
 - Integrating renewable energy functions, spread across the Group, to accelerate growth (to be determined in autumn this year)

【Current distribution of renewable energy business】

Kyuden	Kyuden Mirai Energy
<ul style="list-style-type: none"> • Electricity sales • Thermal power • Nuclear power 	<ul style="list-style-type: none"> • Geothermal power (binary) • Hydro power (small scale) • Wind power (offshore / onshore) • Solar power • Biomass power
<ul style="list-style-type: none"> • Geothermal power (large scale) • Hydro power (large scale) 	

Page 18 talks about turning renewables into a main power source.

We aim for a high acceleration of renewable energy development with a focus on our strengths, namely hydropower, geothermal energy and offshore wind farms, which have a major potential, while realizing expected profitability of such projects. Alliances will be formed not only in Japan but also overseas to carry out renewable energy development.

We have also started exploring the establishment of a company that integrates renewable energy business. Our current vision is to integrate renewable energy business, spread between Kyushu Electric Power and Kyuden Mirai Energy, to accelerate business growth more efficiently.

- Prioritizing safety in installing SSF at Genkai NPS and conducting special inspection on Sendai NPS
- Continuing to explore raising the nuclear power utilization rate

Genkai NPS

- ✓ Prioritizing safety in installing SSF , to be completed in FY2022
- ✓ Operation plan changed in March this year due to changes of the duration of SSF installation work

◀◀ SSF completion schedule ▶▶

(as of the end of March 2022)

Unit 3: Mid January 2023

Unit 4: Mid February 2023

Sendai NPS

- ✓ Conducting “special inspection” required to apply for approval to extend the 40-year operation period
 - Unit 1: Started on October 18, 2021
 - Unit 2: Started on February 21, 2022
- ✓ The decision on applying for approval to extend the operation period will be made after examining the results of the special inspection.

Change of the operation plan (submitted on Mar 30, 2022)

		FY2022	
Genkai Unit 3 outage (outage period)	Before	(1/21) 6/25 [*] No.16	
	After	(1/21) 2023/1/20 [*] Inspection No 16	
Genkai Unit 4 outage (outage period)	Before	4/30 9/21 [*] No.14	
	After	4/30 7/10 [*] 9/12 2023/2/23 [*] No.14 No.15	

Deadline for application

	Start of operation date	End of the current operational life (40 years)	Application deadline
Unit 1	July 4, 1984	July 3, 2024	July 4, 2023
Unit 2	November 28, 1985	November 27, 2025	November 28, 2024

* The date of resumption of power generation, with return to normal operation (completion of periodic inspections) scheduled for approximately one month later.

Page 19 highlights maximum utilization of nuclear energy generation.

With resource prices skyrocketing, the world has started to give renewed appreciation for nuclear energy as a clean power source that is also excellent in terms of energy security. It is an established decarbonization technology that is essential in our practical and phased transition to carbon neutrality. All of our nuclear plants have resumed operation. They will be utilized to the maximum extent into the future with safety as a top priority, as we strive to raise the nuclear power utilization rate.

This year, we aim to complete SSF at Genkai NPS and carry out a special inspection on Sendai NPS to assess whether it can operate beyond 40 years.

- Promoting electrification in all sectors to expand social awareness and promote proliferation

Initiatives overview

【Residential / Commercial sectors】

- ✓ Promoting full electrification in the residential sector and urging electric conversion for air conditioners, hot water systems and kitchen appliances in the commercial sector to contribute to GHG emission reduction in society

【Industrial / Transportation sectors】

- ✓ Developing technology such as heat pump for factories
- ✓ Exploring a new business model based on the use of EVs
 - EV charging service for housing complexes
 - EV sharing service for condominium residents
 - EV-based taxi electrification project, etc.

Reference: Sales subsidiary's review of the sales structure

- Kyushu Electric Power specializes in retail sales strategy, while its affiliate “Kyuden Next” handles actual sales operations (from July 2022).
- The company plans to conduct consultation / PR to promote electrification further, and offer services and new value toward achieving carbon neutrality.

Reference: Smart Life project

- New service advocating a comfortable and environmentally-friending living environment (Smart Life) involving all-electric appliances, renovation, batteries and EV
- “Kyuden Smart Lease” as the first offering Subscription-style leasing of all-electric appliances, batteries, PV, etc. (No initial costs and including inspections / warranty)

Page 20 is about promotion of electrification.

Electrification is essential in the non-electric sectors, which represent 60% of CO2 emission, in order to promote decarbonization of society. We are promoting electrification in all sectors.

In the residential and commercial sectors, full electrification is promoted to create 3.1 billion kWh of electricity demand by 2030. For the industrial sector, we are undertaking technological research on heat pumps, etc., to cater to thermal demand in a wide range of temperature. In the transportation sector, which has a low electrification rate, we are focusing on developing new business involving electric vehicles.

Starting this year, the sales subsidiary “Kyuden Next” is due to take over actual sales and sales-related activities for added sales mobility. It will also be offering consultation for electrification and other new services toward achieving carbon neutrality.

- Reinforcing the DX promotion structure to fundamentally transform internal work processes and business model; Streamlining operations to evolve into an organization that generates high added value

Initiatives overview

- ✓ Establishing data-driven corporate activities at Kyuden Group
 - Analysing and utilizing Big Data to improve work operations and quality of decision-making
 - Using latest digital technology to reform work process and deploy new business model
- ✓ DX-related external services
 - Supporting the introduction and use of the analysis software “Tableau*” (Kyuden Business Solutions)
 - * BI tool by Tableau Software, Inc. (USA)
 - Partial discharge online remote diagnostic service “PDLOOK” for residential cables (Kyushu Electric Power)

Developing a structure

- ✓ Building an environment that encourages flexible concept development and a speedy promotion structure
- ✓ Establishing the DX Promotion HQ (July 2022)
 - Establishing the DX Promotion HQ, led by the chief DX manager to accelerate fundamental digital-oriented work reform and new business deployment
- ✓ Promoting initiatives for developing / securing DX human resources and transforming the mentality of all employees

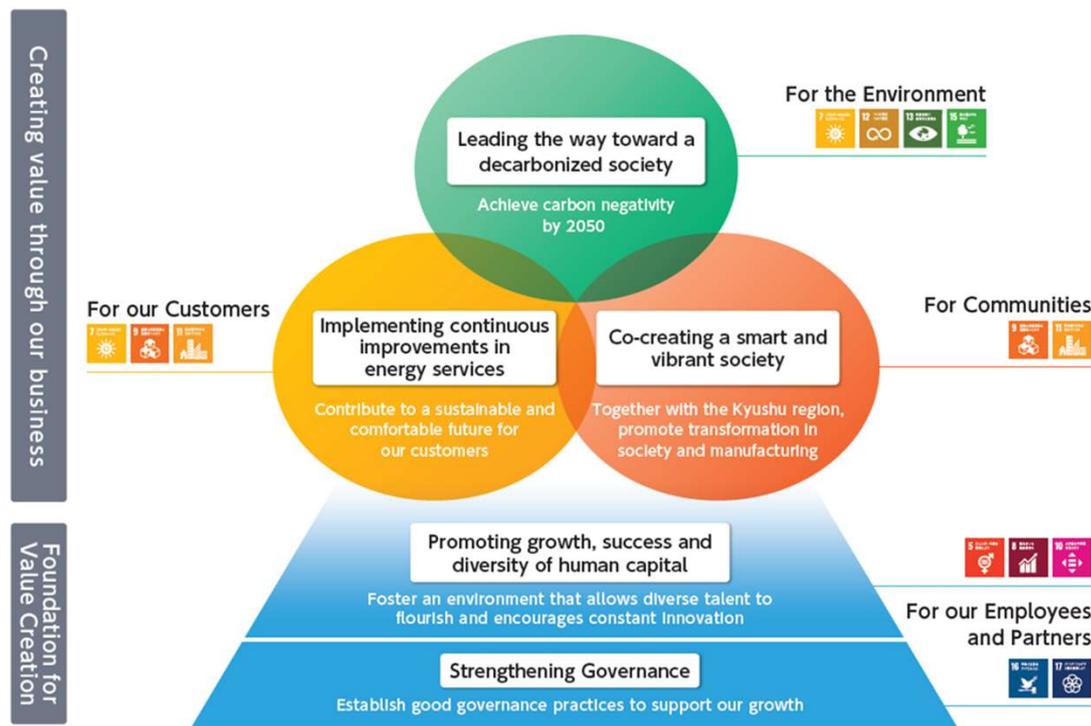
Page 21 is on promotion of DX.

DX will be strongly promoted to fundamentally transform work processes and business models, thereby dramatically improving productivity and delivering new value to customers and society at large.

In July this year, the DX Promotion HQ, led by the chief DX manager, will be established to accelerate this initiative. Firstly, unnecessary work processes within our company will be eliminated to build an environment that encourages employees to adopt a flexible work approach and transform the Kyuden Group into a value-added organization with a high level of creativity.

- Implementing group-wide initiative for creating both social value and economic value in order to further promote ESG management

Kyuden Group`s Materiality



Finally, take a look at Page 22.

The purpose of ESG management is to create both “social value” and “economic value” at the same time through business activities. The Kyuden Group has newly defined its materiality and five key issues for promoting ESG management further this year.

Three values to be created through business, namely “decarbonization,” “energy services” and “smart society,” indicate that our business activities are directly linked to sustainability in society. To actualize these values, it is essential to enhance human capital and strengthen governance.

We will make Group-wide efforts to address these five key issues to bring about sustainable growth to the Kyuden Group and the society we live in.

This concludes my explanation for this material.

Despite uncertainty about our business outlook in this fiscal term, we will move forward with a solid focus on addressing each of the risks and implementing initiatives for achieving mid- and long-term strategies and targets.

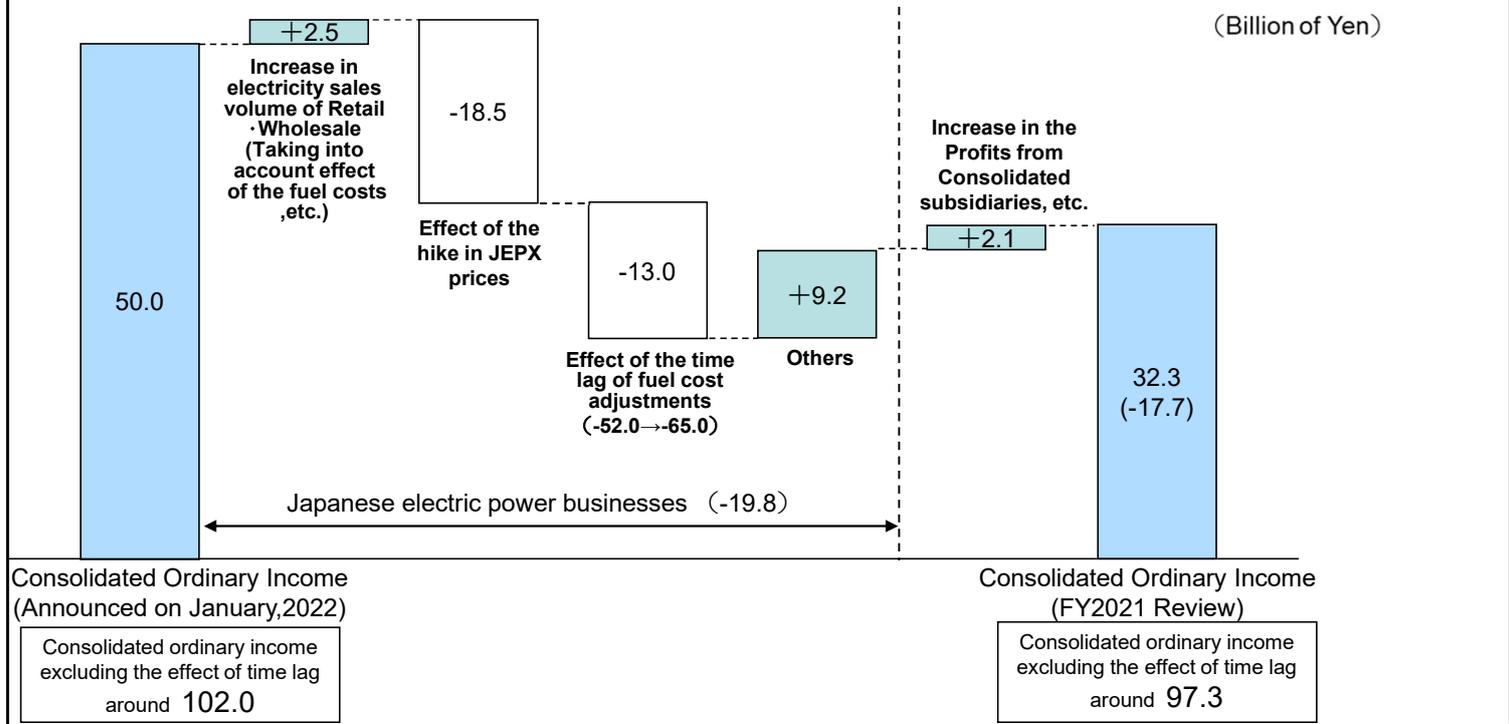
■ Reference material

Factors that affected change of FY2021 consolidated ordinary income from the figures released in January	23
Renewable energy business (main new projects)	24
Development of Kitakyushu Hibikinada Offshore Wind Farm	25
Development of the Hibiki Power Station	26
Issuance of Kyuden Transition bond	27
Winning the METI Minister Award in the Global Environment Awards	28
Considerations for the introduction of hydrogen and ammonia	29
Overseas business (main new projects)	30
Urban development business	32

- The ordinary income for FY2021 was 32.3 billion yen, down 17.7 billion yen from the initial figure forecasted as approx. 50 billion yen in January

【Factors affecting the discrepancy between actual and originally-released figures】

- Increase of purchased power costs due to the increase of prices in the wholesale electricity market
- Expanded negative turn in fuel price adjustment lags



Shimonoseki Biomass Power Station

- Commenced commercial operation in February 2022. One of Japan's largest biomass power stations, where Kyuden Group covered both development and operation.

Operator	Shimonoseki Biomass Energy LLC (Jointly capitalized by companies including Kyuden Mirai Energy)
Location	Kanda-machi, Miyako-gun, Fukuoka
Output	Approx. 75 MW
Fuel	Wood pellets

Renewable energy development plan (as of May 10, 2022)

※ Under development by Kyuden Mirai Energy

	Power station, etc.	Prefecture	Total output (kW)	Remarks
Solar	【Outside Kyushu】 Miya River Watarai※	Mie	59,900	Due to start operation in FY2023
Wind	Kitakyushu Hibikinada offshore wind farm※	Fukuoka	220,000	Due to start operation in FY2025
Hydro	Shin-takeda	Oita	8,300	Due to start operation in June 2022 [Redevelopment (7,000kW→8,300kW)]
Geothermal	Kirishima Eboshi area	Kagoshima	4,500	Due to start operation in FY2024
Biomass	【Outside Kyushu】 Ishikari Biomass※	Hokkaido	51,500	Due to start operation in August 2022
	【Outside Kyushu】 Hirohata Biomass※	Hyogo	74,900	Due to start operation in FY2023
	【Outside Kyushu】 Tahara Biomass※	Aichi	50,000	Due to start operation in FY2025
	Subtotal		176,400	—
	Total		469,100	—

- Five companies including Kyuden Mirai Energy and Kyudenko established Hibiki Wind Energy in April 2017 to undertake an offshore wind farm project in Hibikinada in Kitakyushu, Fukuoka.
- The company is currently conducting an environmental impact assessment, wind turbine design and activities to gain understanding from residents of the region.

Business summary

Operator	Hibiki Wind Energy
Capital partners (ratio)	Kyuden Mirai Energy (30%) Kyudenko (10%) Saibu Gas (10%) J-Power (40%) Hokutaku (10%)
Power station name	Kitakyushu Hibikinada Offshore Wind Farm
Output	Up to 220MW
Number of wind turbines	25 units with a rated power of 9,600kW
Construction commencement	FY2022 (plan)
Operation commencement	FY2025 (plan)



- We partnered with Saibu Gas to establish Hibiki Power Generation LLC in April 2022 and develop an LNG combined cycle power station in Hibikinada, Kitakyushu.
- The project uses cutting-edge combined cycle technology with minimal CO2 emission, and also foresees the use of carbon-free fuel (hydrogen, etc.), thereby contributing to low-carbon or decarbonization of power generation facilities in the Kyushu region.

Power station overview

Planned site	Koyo-machi, Wakamatsu-ku, Kitakyushu (adjacent to the Hibiki LNG terminal)
Development scale	620 MW×1 unit
Power generation method	Gas turbine combined cycle
Fuel	LNG
Thermal efficiency	Approx. 64% (Lower heating value)
Construction commencement	January 2023 (scheduled)
Operation commencement	End of FY2025 (scheduled)



- Issuing “**Kyushu Electric Power Transition Bond**”*, being the first to do so as a former General Electric Utility
- Fund to be raised will be used for investing in the development of a cutting-edge LNG power station in Hibikinada, Kitakyushu, and for decommissioning existing thermal power plants
- Verified by a third-party evaluation organization as being compliant with various standards related to green, transition and sustainability-linked finance

* Bond to be issued for an initiative in line with a company’s long-term transition strategy toward mitigating greenhouse gas emission

Overview of the issuance of Kyushu Electric Power Transition bond (plan)

Period to maturity	5 years and 10 years
Total amount of issuance	Approx. 40 billion yen
Issue date	May 2022
Fund usage	Investing in / extending loans to Hibiki Power Generation LLC Decommissioning existing thermal power plants (Sendai Units 1 & 2, Shin-Kokura Unit 4)
Lead managers	Mizuho Securities Co., Ltd. Nomura Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Daiwa Securities Co., Ltd.

- Winning the Minister of Economy, Trade and Industry Award at the 30th Global Environment Awards, run by the Fujisankei Communications Group; Second time to win the honor since 2018

Award won in recognition of:

- ✓ Active development of renewable energy including hydro, geothermal and wind power
- ✓ Receiving renewable energy through the maximum use of existing transmission / substation capacity
- ✓ Promoting the use and proliferation of EVs by switching the entire company fleet to EVs and deploying EV-sharing services
- ✓ Contributing to building a sustainable society overseas through the acquisition of a U.S. geothermal technology service provider to reinforce the structure to develop and run geothermal projects overseas
- ✓ Conserving biodiversity through collaboration with local communities to undertake conservation activities

Kushima Wind Power Farm



Bogatsuru burn-off



- JERA, Kyushu Electric Power and Chugoku Electric Power signed a memorandum of understanding to explore collaboration in the use of hydrogen and ammonia as fuel for power generation. (April 2022)

【Purpose】

The three companies that operate large-scale thermal power stations in Japan agreed to explore possible collaboration in building and expanding a supply chain for hydrogen and ammonia as fuel for power generation in order to address their common challenge on decarbonization.

【Items to be considered for potential collaboration】

- ✓ Joint procurement aimed at reducing the cost of buying hydrogen and ammonia for domestic power plants
- ✓ Establishment of means of transportation and storage for hydrogen and ammonia
- ✓ Lobbying for policy support and rulemaking concerning hydrogen and ammonia
- ✓ Approaching other domestic power companies and other companies for possible participation in this collaboration

Syrdarya thermal power plant project in Uzbekistan

- In March 2022 an agreement was signed to build a natural gas-fired thermal power plant in Uzbekistan to generate and supply electricity for 25 years.
- This is Kyuden Group's first gas-fired thermal power project in the Central Asia. The plant will contribute to the country's policy of replacing aging facilities to high-efficiency thermal plants to reduce greenhouse gas emissions.

Operator	"ENERSOK" Foreign Enterprise Limited Liability Company
Location	Syrdarya region, Uzbekistan
Capacity	Approx. 1.600 MW (equity output: approx. 230 MW)
Client	Uzbekistan's national power grid
Fuel	Natural gas

HVDC subsea transmission project in UAE

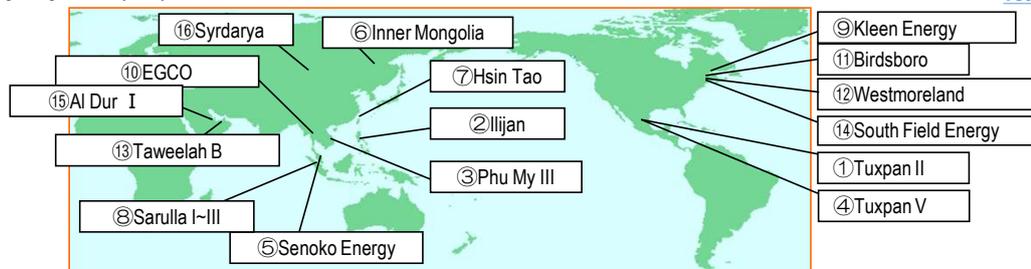
- In December 2021, an agreement was signed for a transmission project to deliver clean energy from mainland UAE to offshore oil/gas production rigs via subsea cables.
- This is Kyuden Group's first overseas power transmission project. The subsea system will begin full operation in 2025 and will transmit electricity for 35 years.

Business Development Overseas (As of May 10, 2022)

Project name		Fuel	Start of Operation /Investment	Output	Ownership	Project name
In operation	① Mexico: Tuxpan II	Gas	2001/12	495 MW	50.0%	248 MW
	② Philippines: Ilijan	Gas	2002/6	1,200 MW	8.0%	96 MW
	③ Vietnam: Phu My III	Gas	2004/3	744 MW	26.7%	199 MW
	④ Mexico: Tuxpan V	Gas	2006/9	495 MW	50.0%	248 MW
	⑤ Singapore: Senoko Energy	Gas	[Investment] 2008/9	2,382 MW	15.0%	357 MW
	⑥ China: Inner Mongolia	Wind	2009/9	50 MW	29.0%	15 MW
	⑦ Taiwan: Hsin Tao	Gas	[Investment] 2010/10	630 MW	33.2%	209 MW
	⑧ Indonesia: Sarulla I~III	Geothermal	2018/5	330 MW	25.0%	83 MW
	⑨ USA : Kleen Energy	Gas	[Investment] 2018/5	620 MW	20.3%	126 MW
	⑩ Thailand : EGCO-related power generation assets	Gas/Coal Renewable	[Investment] 2019/5	5,959 MW	6.1%	366 MW
	⑪ USA : Birdsboro	Gas	[Investment] 2018/1	488 MW	8.3%	41 MW
	⑫ USA : Westmoreland	Gas	[Investment] 2019/11	940 MW	12.5%	118 MW
	⑬ UAE : Taweelah B	Gas	[Investment] 2020/3	2,000 MW	6.0%	120 MW
	⑭ USA: South Field Energy	Gas	2021/10	1,182 MW	18.1%	214 MW
	⑮ Bahrain : Al Dur I	Gas	[Investment] 2021/8	1,234 MW	19.8%	244 MW
Under construction	⑯ Uzbekistan : Syrdarya	Gas	[Investment] 2022/3	1,600 MW	14.3%	230 MW

(Note) Please note due to rounding of figures they may not match the sum.

Total 2,910MW



Main investment / development projects (as of May 10, 2022)

Category	Region	Project name (including joint projects)	Schedule
Composite facility	Kyushu	Use of the former site of a fresh produce market in Fukuoka City (LaLaport Fukuoka)	Opened in April 2022
		Use of the former site of Niagemachi Elementary School in Oita City	Due to open in April 2024 (design stage)
		Use of the former site of Nagasaki Broadcasting Corporation's head office	Selected for the project in September 2021
Logistics	Outside Kyushu	Fukuyama City logistics project	Participated in March 2021
		Higashi-Ogishima logistics project	Participated in November 2020
Office buildings / Hotels	Kyushu	Fukuoka Maizuru Square	Opened in April 2022
		Denki Building in front of Nagasaki Railway Station	Due to open in August 2022 (under construction)
		Use of the former site of Fukuoka City Office North Annex	Selected for priority negotiation in July 2021
	Outside Kyushu	Investment in domestic hotels in Kanto, Kansai, etc.	Participated in December 2019
Housing	Kyushu	Island City condominium	Selected for the project in April 2022
	Overseas	Apartment complex in Atlanta, USA	Sold in November 2021
		Apartment complex in Portland, USA	Due to be completed in May 2023 (under construction)
		ESG-considerate apartment complexes in southern USA (4 properties)	Due to start construction by 2023 for completion in around 2 years
Airport	Kyushu	Fukuoka Airport	Commenced operation in April 2019
		Kumamoto Airport	Commenced operation in April 2020
	Outside Kyushu	Hiroshima Airport	Commenced operation in July 2021

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