

Integrated Report 2025

W A T T ' S

N E X T ?



GROUP PHILOSOPHY

The Kyuden Group's Mission

Enlighten Our Future

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

CHALLENGE

1

Steady and reliable, environment-friendly energy.

CHALLENGE

2

Services that truly satisfy.

CHALLENGE

3

At one with Kyushu, Asia, and the world.

CHALLENGE

4

Discovering solutions, and putting them into practice.

Pursuing the next stage of our Group Philosophy



NEW VISION 2035

“ Creating Tomorrow through Energy ”

Rooted in Kyushu, Reaching New Heights



NEXT JOURNEY TO 2035

We are charting our course toward 2035

An era defined by decarbonization, digital transformation, and community co-creation.

We are stirring the winds of change as we look toward the future.

Creating Tomorrow Through Energy

This slogan represents our resolve to evolve from
a traditional power company to a leader driving social transformation.

We are leaving the shores of conventional wisdom behind,
setting sail from Kyushu to the world.



To embrace change, we must first face the present

We are proud of what we have achieved:

a stable energy supply, zero-emission power sources, deep community roots,

and the strength of our people.

At the same time, we must also confront the realities of decarbonization,

meeting growing energy demand, and the need for organizational transformation.

When we confront both opportunities and challenges, a ray of light illuminates our compass.



The winds of change are already here

To keep pace with societal change, we need resilient strength that allows us to adapt and evolve as we progress.

We have united our diverse businesses under one vision to chart a course forward.

ESG is not merely a management slogan.

It's the steadfast will that forms the very keel of our ship.

We sail through uncharted waters toward our envisioned future, the surge of the waves resounding in our hearts.

➔ SECTION 3 HOW-1

Growth Strategy of the Kyuden Group

➔ SECTION 4 HOW-2

Strengthening Our Business Foundation

MESSAGE FROM THE PRESIDENT

**From Kyushu across Japan,
powered by energy,
we grow to brighten lives everywhere.**

President and CEO Masaru Nishiyama, who took office in June, shares how the Kyuden Group's vision extends beyond its core mission of providing a stable energy supply, offering a growth story unlike any other in the energy industry and reflects on the challenges the group must overcome to turn that vision into reality.



Masaru Nishiyama

President & Chief Executive Officer
Representative Director

Born in Nogata City, Fukuoka Prefecture, he began his career at Kyushu Electric Power in 1986, starting at the Kumamoto Customer Service Office. His career has spanned a wide range of responsibilities, including an overseas assignment at the JETRO New York Office, followed by roles in General Affairs, HR and Labor Relations, and as Executive Secretary to both the President and Chairman. He later contributed to the company's overseas business, and played key roles in planning and management. Most recently, as Executive Director of the Energy Service Headquarters, he oversaw Kyuden's core operations of fuel, power generation, and retail, deepening his understanding of the company as a whole and the profound social responsibility that comes with energy. He became president in June 2025. His motto is "bring cheer and joy to work." Inspired by a musical he saw during his time in New York, he became an avid fan of musicals, with his favorite being *Les Misérables*. He also enjoys following sports—especially cheering for the company's rugby team, Kyuden Voltex.

City Lights

As the lights of each home came on, one after another, I felt a quiet sense of awe at the beauty before me. It happened at the end of my junior year of university, as I was hiking down Mt. Fukuchi in my hometown with a friend from high school, looking out over the city at dusk. Electricity is more than simply banishing the darkness. It brings warmth to family gatherings, gently lights the way home at night, and sustains daily life. When I realized this, the ordinary lights I'd never given a second thought to suddenly felt special, and I was moved by how essential electricity is to our lives, and by the purpose behind the work of those who deliver it. Although I went to university in Tokyo, by my first year, I was already thinking of returning to Kyushu to work. That moment looking out over my hometown made the decision clear. I knew then that I wanted to join Kyushu Electric Power.

Nearly forty years have passed since then. In June 2025, I was appointed President and CEO of Kyushu Electric Power, a role that has only strengthened my resolve to serve and support Kyushu.

A New Growth Story

In May 2025, the Kyuden Group announced our Strategic Vision 2035, unveiling a unique growth story. What I am especially passionate about is ushering **in new growth for our founding business—electric power**. As society undergoes rapid transformation, we are rising to the challenge of delivering new value to our customers—and evolving into a corporate group that generates profit through that value. This is the Kyuden Group I envision for 2035.

In recent years, electricity demand has remained flat. Yet even amid these conditions, we have continued to grow. We have strategically applied the technology, expertise, and assets developed through our electric power business to new areas, including ICT, international markets, and urban development. However, the landscape is now clearly changing. We are

seeing positive signs and growing opportunities for expansion of the electric power sector.

Two major changes in the external environment are driving this shift. First, electricity demand in Kyushu is on the rise. A wave of new semiconductor plants and data centers has been planned and announced in recent years, positioning Kyushu for significant growth in electricity demand compared to other regions in Japan. **Second, we are entering an era in which electricity is increasingly expected to carry environmental value.** As society pushes toward decarbonization, demand for low-CO₂ electricity is rapidly increasing. Once seen as a largely undifferentiated product, electricity now carries new value based on its environmental impact. With one of the highest non-fossil power ratios in Japan and strong price competitiveness, we are well positioned to harness these shifts as a powerful tailwind for growth.

We have consistently invested in non-fossil power sources and will continue to direct resources into low- and zero-carbon power as well as renewable energy projects—helping to attract new industries to Kyushu. By pursuing a diverse energy mix and ensuring the stable, continuous supply of competitively priced electricity, we will further hone the Kyuden Group's advantages. In particular, nuclear power remains a vital energy source for both our group and for Kyushu itself. We will continue to pursue and explore the development of next-generation nuclear power plants.

To fully capitalize on these growth opportunities, **retail transformation is essential**. Recently, I had the chance to visit European utilities with members of our retail division. What struck me most was just how different their approach to customer service was. In our group, services are divided across multiple departments, and depending on the customer's request, several staff members may have to take turns handling a single issue. By contrast, the European utilities we observed had undergone bold, DX-driven business transformation, allowing each sales representative to provide seamless, one-stop service. And they delivered both exceptional quality and outstanding efficiency.

Everyone on our visit—including myself—was profoundly inspired, further deepening our resolve to pursue transformation.

With a shared sense of purpose, these colleagues have formed a transformation team and are driving meaningful change across the retail division. Just as the generation division embraces the spirit of “My Plant”—a reflection of deep ownership and pride in our facilities—our retail colleagues embody the principle of “My Customer.” This mindset fuels their dedication to delivering service with loyalty, care, and a human touch. By making our values and people visible to the customer, we aim to build two-way loyalty with our customers. This commitment has inspired a transformation in our retail approach—one that encourages customers to actively choose Kyuden Group services. This requires not only a change in mindset but also a transformation in our operations through DX. **As president, I am fully committed to supporting the transformation team's resolve. I'm working with our DX division to help drive retail reform across the company.**

By pursuing both excellence in power generation and a competitive edge in retail, we are transforming our founding business—electric power—into a new engine for growth.



The Kyuden Group presents *NISHIYAMA NOTE*



Kyushu Electric Power's official YouTube channel features a variety of videos, including a talk program called “NISHIYAMA NOTE,” where President Nishiyama invites fellow futurebuilders, including Kyuden Group employees and many others, as guests to discuss their ambitions and passion.

[Watch on YouTube](#)

Flexible Management Style

It's not only our energy business that is benefiting from strong tailwinds. Our ongoing investments are generating steady results across other sectors, too. Since announcing Management Vision 2030, our growth businesses have seen a **high average annual increase of around 30% in ordinary profit since FY2021**. Under Strategic Vision 2035, our goal is to increase the share of growth businesses in consolidated ordinary profit from around 40% in FY2024 to 50% by FY2030, driving strong group-wide growth alongside our electric power business.

To further strengthen these diverse growth drivers, we are considering transitioning to a pure holding company structure as part of our portfolio management strategy. **I believe the most significant aspect of adopting a pure holding company structure is empowering each group company for autonomous and agile growth**. However, this doesn't mean companies will act independently without oversight. Rather, each business will be responsible for taking on challenges while staying aligned with the group's overall strategy. The key is balancing autonomy with group governance, and we are currently working out the system's specifics.

Additionally, in areas that are difficult to address alone, we will actively seek partnerships and pursue M&A opportunities with external partners who share our vision. When I was overseeing our overseas business, we acquired the IPP* division of a domestic plant manufacturer as part of our efforts to expand operations and strengthen our workforce. At first, we faced some friction due to differences in work processes and culture. But today, the results are clear: we've expanded operations in the Middle East and Europe and entered overseas power transmission markets.

In these kinds of initiatives, it is not always necessary for us to be the buyer. For example, we're considering a model where we take on the risk of developing new projects, then sell them at the right time and reinvest the proceeds into new areas. In the renewable energy sector in particular, we believe

this approach will help us both expand the use of renewables and improve profitability and capital efficiency.

What matters most when working with external partners is mutual trust. Our group is made up of employees who are deeply committed to our mission and approach their work with conviction, and I believe this is the true source of our competitive strength. In our overseas businesses as well, I have seen firsthand how our technical expertise, developed in Japan, and our determination to never give up or to always fulfill our responsibilities are highly valued, especially in challenging situations. Going forward, we will expand the group's expertise and strengths globally, further accelerating our growth as an organization. The trust we have steadily built up through our business activities will surely serve as the foundation for new business opportunities.

I myself have been involved in a wide range of business areas and have made many decisions and judgments over the years. **I will leverage all of my experience thus far to promote portfolio management that maximizes the value of the Kyuden Group.**

* Independent Power Producer



Maximizing Individual Potential

As we create an environment to support growth across all our areas of business, management's most important task is to strategically allocate the people, resources, and capital that will maximize that growth. While we must build consensus both within and outside the organization, my top priority is investing in people.

Until recently, much of our focus in the electric power business has been on refining existing processes. With well-established operations and experienced employees who knew the ropes, there was little room for new ideas from younger staff. But today, things are different. Environmental values are emerging, digitalization is accelerating, and global conditions are shifting rapidly. Who could have predicted that even free trade would be called into question?

To respond to such changes, it is essential to cultivate talent capable of making bold proposals and taking on new challenges, unconstrained by convention, and to build a corporate culture that makes this possible. People are the greatest driving force behind business transformation, and I believe this will remain true, even as AI continues to evolve.

That's why we are committed to fostering a culture that rewards trying new things, and to creating a psychologically safe workplace where failure is accepted. Both risk-taking and failure take on many forms. When failure results from unfocused or careless effort, it should be met with strict evaluation and honest reflection. However, there are times when even worthwhile endeavors fall short, either because society's needs have yet to develop fully, or because essential technologies and resources are still lacking. Those failures hold the potential to create future value. By openly recognizing and sharing these failures within the company, and by valuing and encouraging both risk-taking and failure, we will foster a culture where the next generation is empowered to explore new frontiers and create new social value. **My motto is 'Let's make work bright and joyful.'** I strive to share this mindset with all employees and create a work-

place where everyone can grow and realize their potential.

An experience earlier in my career taught me the importance of trusting employees and giving them responsibility. While I was a manager in the Corporate Strategy Division, I spent nearly three months away from work due to a hospital stay. Deep down, I was anxious about whether the team could function during my prolonged absence. But there was no need to worry. My team stepped up—making decisions, keeping everything running smoothly, and delivering excellent results. Seeing the potential in each employee moved me deeply. **I realized that when you have the courage to entrust work to people with a sense of mission, things naturally move in the right direction. I also became convinced that people are the most valuable form of capital in any organization.**

Everyone has a place where they can realize their strengths. This is one of my core beliefs. In my favorite musicals, while the performers shine under the spotlight, many others—those in charge of music, lighting, set design, and direction—play vital roles behind the scenes, supporting the entire production. If even one is missing, the show cannot go on. United by a common goal to “set the stage” for energy, everyone comes together and gives their best. Within our group, we're fortunate to have exceptional individuals who love Kyushu, support their communities, and share a strong sense of purpose. With a strong sense of mission and responsibility, our employees bring their strengths and individuality to work each day—collaborating to create new value. That is what will shape the future of the Kyuden Group. I'm convinced that the heart of human capital management lies in creating an environment where every employee can reach their full potential and mutual trust can thrive.

Enhancing Market Value

At present, our group's price-to-book ratio (PBR) is not particularly low compared to our industry peers, but it remains below 1.0—an unsatisfactory level. I see two main reasons for this. The first is our dividend policy. We have not presented clear quantitative indicators such as dividend on equity (DOE) and dividend payout ratio, making it difficult for investors to assess our outlook. This reflects our need to pursue both profit growth and a stronger financial base. That said, we remain committed to maintaining our current dividend levels and will clearly communicate our shareholder return policies to ensure stakeholder understanding.

The second reason is a lack of sufficient confidence in our group's future growth potential. For instance, some have pointed out that our profit targets in this vision may not seem ambitious. This is mainly because our growth strategy incorporates proactive investments toward carbon neutrality—such as ammonia, hydrogen, and CCS—as well as necessary safety measures for the stable operation of nuclear power.

Nevertheless, I am confident that these efforts will enable the Kyuden Group to achieve strong growth in the years ahead. This confidence is grounded in the tremendous potential of the Kyushu region. The essential elements for a competitive business location are energy, water, and human capital. Many executives note that Kyushu has all three, and public-private collaboration has long supported the region's development. For example, the Kyushu Regional Strategy Council—established 22 years ago by the Kyushu Governors' Association and the Kyushu Economic Federation—continues to promote cooperation among government, industry, and academia to support Kyushu's unified development.

Let's make work bright
and joyful.
I'm committed to creating
an environment where
everyone can thrive and
mutual trust flourishes.





Today, Kyushu is seeing a surge of investment in semi-conductor plants and data centers, driven by its abundant decarbonized energy and its strategic position as a gateway to Asia. Both our founding business, electric power, and the Kyuden Group as a whole is now poised for growth, **which will allow us to take on challenges that were previously out of reach. For a young child, a basketball hoop seems impossibly high. But with steady growth and tireless effort, even a slam dunk becomes possible. That kind of excitement—that “wow” factor—awaits beyond growth.** Moving forward, we will more clearly articulate the unique nature of our growth strategy and ensure that our story stands apart from the rest.

A Leader’s Pledge

Let me return to my early days at the Kyuden Group, when I was assigned to the Kumamoto Customer Service Office and tasked with bill collection. I often visited households that, for financial reasons, were unable to pay their electricity bills. Until then, I thought of electricity as something everyone took for granted, but those experiences taught me otherwise. I also came to feel a deep sense of responsibility to ensure that the benefits of electricity—so essential to daily life—could be enjoyed by everyone. Since then, I’ve carried the mission of stable energy supply close to heart and committed myself fully to this work.

Nearly forty years have passed since then and today, what society and our customers expect from us goes beyond simply delivering electricity. They look to us to support Kyushu’s growth—and to walk alongside the region as a trusted partner. **Now is the time to achieve new growth on the foundation of the stable supply we have maintained for so long. I firmly believe that Kyuden Group, as a company committed to “creating tomorrow through energy,” has the power to drive sustainable growth both in the community and on the global stage.**

In the musical *Les Misérables*, there is a song called “Stars” and of all the numbers in the musical, it moves me the most. In the scene, Inspector Javert, who relentlessly pursues the fugitive Jean Valjean, sings to the stars, pledging his unwavering mission with firm conviction. It is a moment filled with determination and resolute responsibility.

With the mission of supporting people and society through the power of energy, the Kyuden Group will remain committed to forging a bright future and delivering value to all stakeholders. I pledge to continue walking alongside our employees, “our stars”, as Kyuden Group expands its impact from Kyushu across Japan and into the global energy landscape.

*Thank you for your continued trust.
Together, we are creating a brighter tomorrow.*



Masaru Nishiyama
President & Chief Executive Officer
Representative Director
Kyushu Electric Power Company,
Incorporated

INTRODUCTION Preface

Our Vision for Watt's Next

This year, Kyuden Group has given our integrated report a new name: “Watt’s Next.” The title fuses “What’s Next”—symbolizing our next stage—with “Watt,” a nod to the energy industry. This reflects our commitment to building the future on the strengths we have cultivated through decades in the energy business. This year, we have redefined our Integrated Report as our “growth story for the future.” We hope this report will be a tool to share with our stakeholders what value creation means for the next era of change. This is the vision behind Watt’s Next.

Guided by Kyuden Group Strategic Vision 2035, announced in May 2025, we are committed to forging a brighter future together with the people of Kyushu, advancing in partnership with our communities and society at large.

Have a Good Voyage!



How to read Watt's Next

- In this report, we focus on the topics that matter most to us right now, and we look forward to sharing them with you, including features on our various businesses and conversations with employees, as well as new stories unique to this report.
- For more detailed data, please refer to the links in the text to access our Sustainability Report and other resources.
- Each chapter begins with an illustrated frontispiece and other engaging elements. We hope you enjoy reading through the report as you would a storybook.

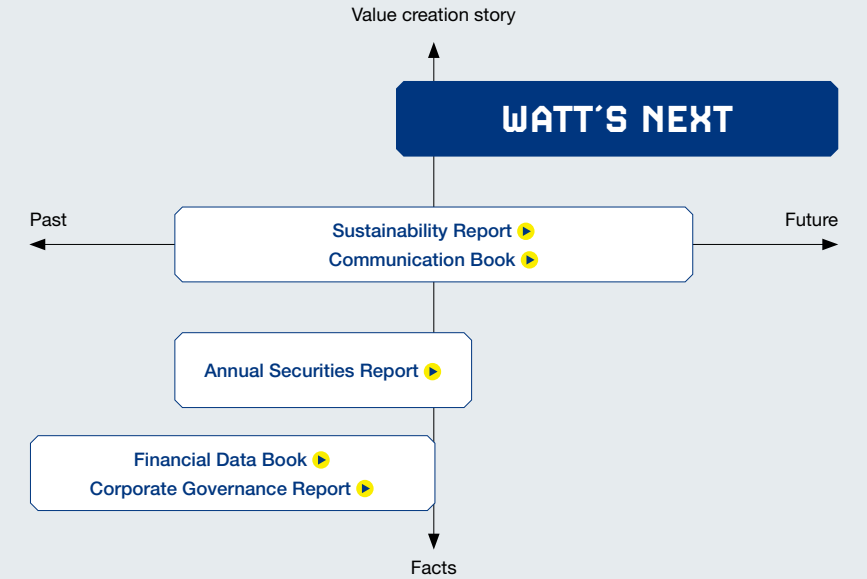
Sincerely,
The Watt's Next Editorial Team

General approach to information disclosure

The Kyuden Group shares our philosophy and initiatives through this integrated report, our Sustainability Report (formerly the ESG Data Book), securities filings, and other communications, ensuring transparency and accessibility for all stakeholders.

This year, we have clarified the role of each disclosure medium, so stakeholders can more easily access the information that matters most to them. By consulting each publication according to your needs, you gain a multifaceted understanding of the Kyuden Group’s business and management practices.

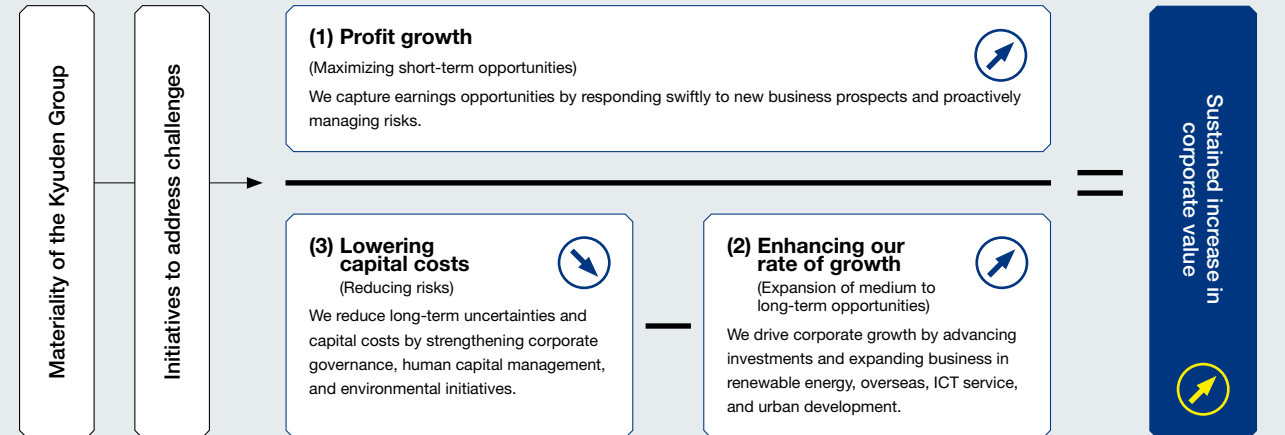
Of all these, Watt’s Next centers on our medium- and long-term vision and strategies, highlighting our value creation story, which brings together both financial and non-financial perspectives. With this in mind, we have updated the structure and content of our integrated report—moving comprehensive data and details to the Sustainability Report and related publications, and focusing this report on telling the story of Kyuden Group’s growth.



Corporate Value Enhancement Model

The Kyuden Group approach to enhancing corporate value comprises three pillars: (1) profit expansion (maximizing short-term opportunities), (2) higher growth rates (expanding mid- and long-term opportunities), and (3) lower capital costs (reducing risks).

By tackling materiality from both business and foundational perspectives, we aim for the continuous, sustainable enhancement of corporate value.



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Inside Watt's Next

Watt's Next is organized around three core ideas: "To Be" (our ideal vision), "As Is" (our current state), and "How" (the strategies to bridge the gap).

This three-part structure allows us to accurately assess where we stand, clarify where we want to go, and chart our story as we rise to new challenges.



SECTION 1 TO BE

By defining our ideal vision and materiality, we clearly articulate where we are headed and the reasons for our chosen direction.

For more information, see P.13

SECTION 3-4 HOW

To bridge this gap, we outline strategies for both our business operations and our organizational foundation, mapping out a vision for sustainable value creation.

For more information, see P.26 and P.43.

SECTION 2 AS IS

By analyzing our group's track record, strengths, and the current business landscape, we share a clear understanding of our starting point on the journey of transformation.

For more information, see P.18

PROLOGUE

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Corporate Data

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“When you talk about ‘fanning the winds of change’ —do you really mean it?”

A recent hire asked timidly after the meeting.

The director looked surprised for a moment, then smiled.

“Of course. That’s at the heart of who we are.”

“But 2035 isn’t that far off.”

“Precisely. That’s what makes it a future we can actually envision.

Energy needs are changing. We’re entering an era when consumers are also creators.

With AI sweeping through technology and innovation,

it’s a whole new landscape that’s radically changing the ways we work.”

“So that’s why you start by envisioning the future you aspire to.”

“That’s right. We don’t predict the future—we choose it with intention.

That’s how we set our course.

And that’s exactly why the choices we make in each moment matter.”

“Now I understand what you meant when you said,

‘Leave the shores of convention, and set out from Kyushu into the world.’”

“Exactly. I want us to talk not about how we’ll respond to a changing society,

but about how we’ll lead it.”

SECTION 1 TO BE | Looking Ahead

VISION2035

Creating Tomorrow through Energy Rooted in Kyushu, Reaching New Heights

Guided by our aspiration to “Enlighten Our Future” the Kyuden Group has united to advance both the realization of a sustainable society and the continued evolution of our organization.

In recent years, the environment surrounding us has undergone significant transformation. Amid these changes, the Kyuden Group has established Strategic Vision 2035 to pursue even greater growth in partnership with Kyushu through our business activities.

This vision reaffirms the value Kyuden Group seeks to provide society over the medium and long term, clarifies our aspirations for 2035, and lays out key management objectives and group-wide strategies for realizing these ambitions.

Pooling our collective strengths to “Creating Tomorrow through Energy” we are committed to reaching new heights—from Kyushu, across Japan, and out to the world.

Positioning of Strategic Vision 2035



Indicator		FY2030	FY2035
I. Financial Targets	Consolidated ROIC	3.3 %	approx. 4 %
	Consolidated ordinary income	¥ 180 billion	¥ 200 billion or more
II. Environmental Targets	Supply chain GHG emission intensity	0.36 kg-CO ₂ /kWh (-50% compared to FY2013)	0.29 kg-CO ₂ /kWh (-60% compared to FY2013)
	Electrification rate in Kyushu	Residential: 70 % / Commercial: 60 %	Residential: 75 % / Commercial: 65 %
III. Human Resources Targets	Employee engagement rating*1	AA	AA
	Value added per employee*2	1.5 x	2 x

*1 Rating from the engagement survey provided by Link and Motivation Inc.

*2 Compared to FY2021. Operating revenues minus external purchase costs (e.g., fuel and outsourcing costs) and depreciation and amortization expenses (ordinary income + personnel expenses + rental fees + financial expenses + taxes and public charges, etc.)



[Kyuden Group Strategic Vision 2035](#)

Background Behind Strategic Vision 2035

The Kyuden Group is undergoing rapid and unprecedented change, driven by advances in carbon neutrality, evolving energy needs, the emergence of geopolitical risks, and accelerating technological innovation. While these shifts present us with new opportunities, they also pose challenges that cannot be met by continuing conventional approaches.

Accordingly, in formulating our vision, we adopted both a “forecast” perspective—projecting environmental changes toward 2035 based on current business conditions—and a “backcast” perspective, working backwards from the long-term changes anticipated in 2050 to determine what will be necessary in 2035.

Furthermore, in crafting this vision, we drew on perspectives from all levels of the organization—including management, younger employees, and supervisory staff—ensuring a unified, company-wide approach.

Value delivered as of 2025

Guided by “Kyuden Group Management Vision 2030,” established in 2019, we have promoted strategies aimed at realizing our ideal future, namely developing the energy service business, building a sustainable community together, and strengthening our business foundation.

We have steadily implemented initiatives such as the stable operation of four nuclear power units and the expansion of our growth businesses.

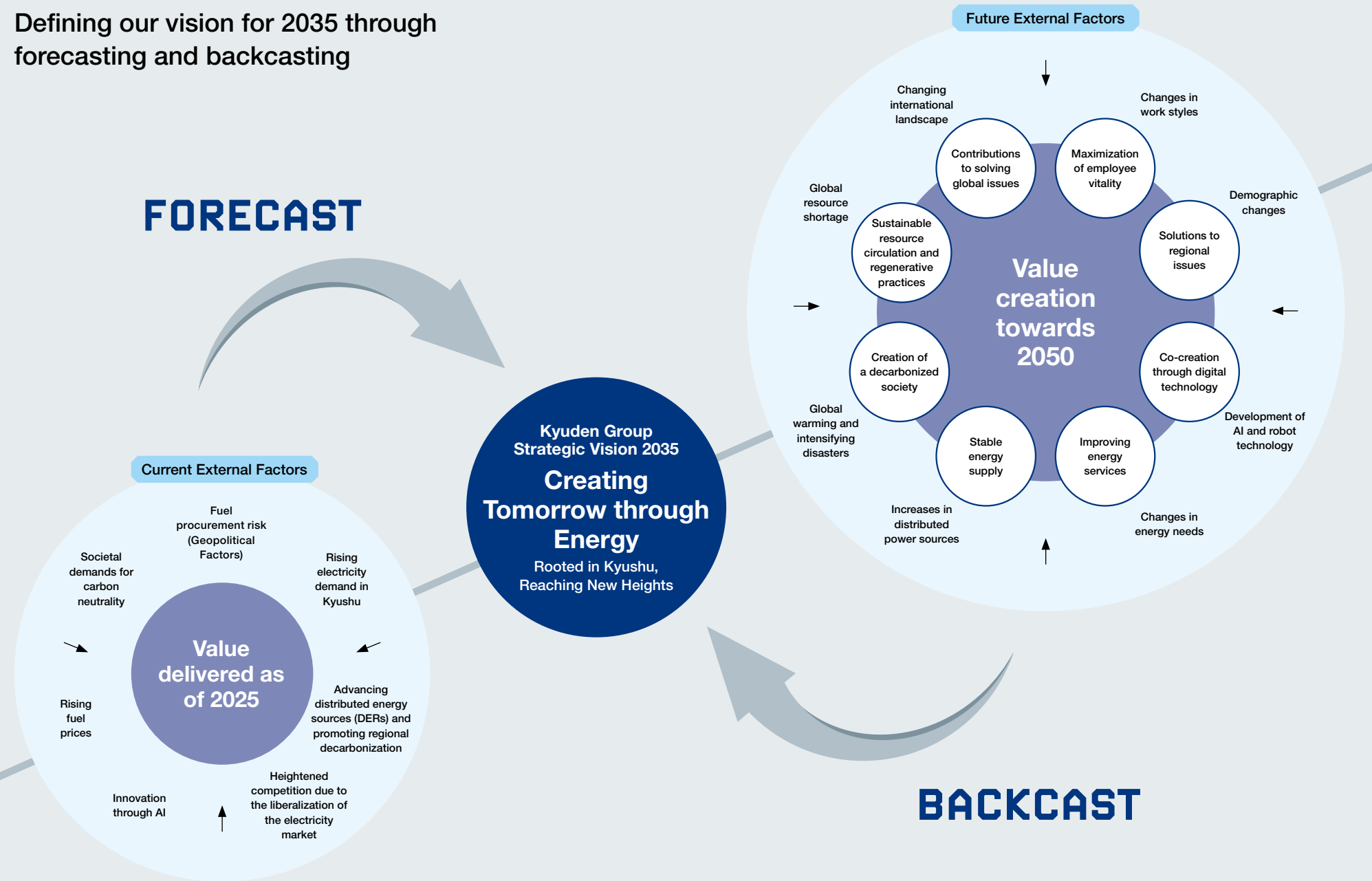
Furthermore, we are broadening our value proposition by responding to the drive for carbon neutrality and the digital transformation of society.

Value creation towards 2050

Looking ahead, we must adopt a longer-term perspective to address population decline and depopulation, global resource shortages, and the challenges of climate change.

From this standpoint, we believe Kyuden Group’s role must extend beyond merely supplying electricity. By making renewable energy a mainstay, addressing regional challenges, and responding to the transformation to a digital society, we aspire to contribute to sustainable societal development, even in these rapidly changing times.

Defining our vision for 2035 through forecasting and backcasting



MATERIALITY

Group Key Strategies / Materiality

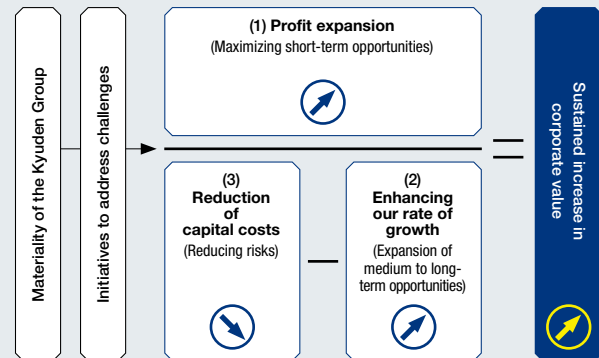
In our current vision, we have set forth our aspiration for 2035: “Creating Tomorrow through Energy, Rooted in Kyushu, Reaching New Heights.” Achieving this vision requires creating value through both our business activities and our operational foundations.

From this standpoint, we have established six key group strategies within our vision to address the critical management challenges facing our company.

Additionally, in the development and announcement of Strategic Vision 2035, we redefined “materiality” which had previously existed in a separate framework, as an integral part of our group’s key strategies.

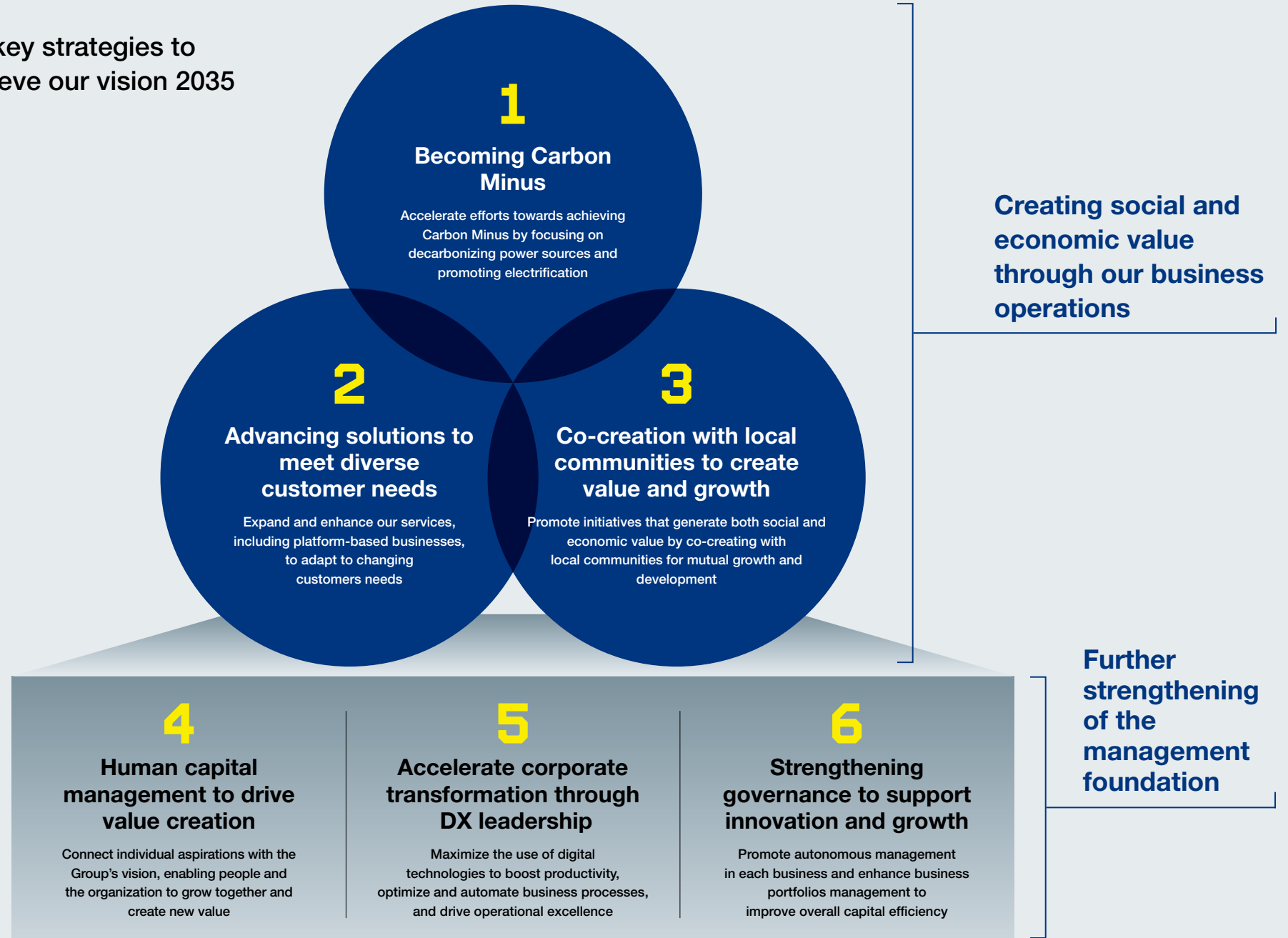
Going forward, under these key group strategies and materiality, every Kyuden Group employee will play a leading role in realizing Strategic Vision 2035 and advancing sustainability management.

Corporate value enhancement model



For more information, see p.11

Six key strategies to achieve our vision 2035



VALUE CREATION PROCESS

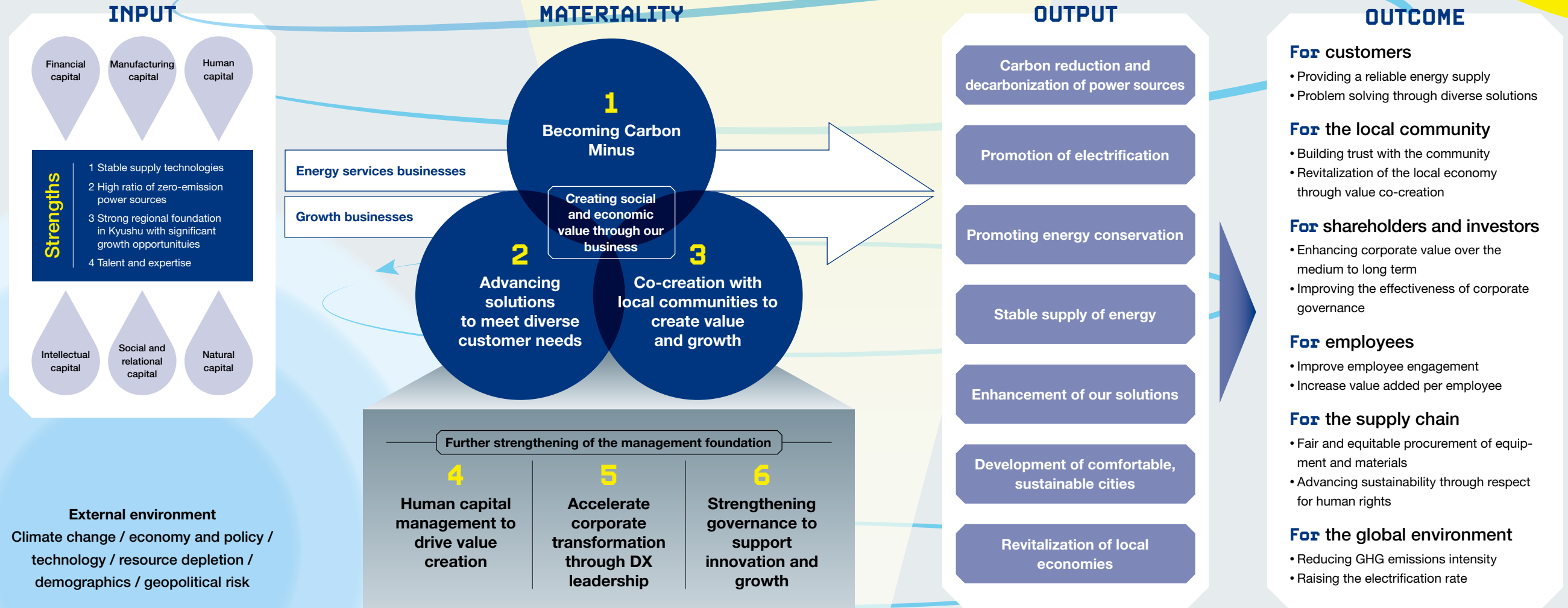
Achieving Kyuden Group Strategic Vision 2035

Creating Tomorrow through Energy

Rooted in Kyushu, Reaching New Heights

The Kyuden Group's Mission

Enlighten Our Future





“I always thought that aging infrastructure was something we’d have to deal with further down the road. But it turns out, the time is now.”
The new hire frowned as she looked over the materials.

“That’s right. Everything may be running smoothly at the moment, but many of our power generation facilities and parts of the grid have been operating for close to 50 years. When geopolitical and procurement risks are added to the mix, the situation can escalate in an instant.”

“It’s easy to miss if you’re only focused on your strengths.”

“That’s why we address both challenges and strengths from the same perspective. A stable supply, the ratio of zero emission power, regional infrastructure, our workforce. All of these are points of pride, but it’s important not to become too complacent.”

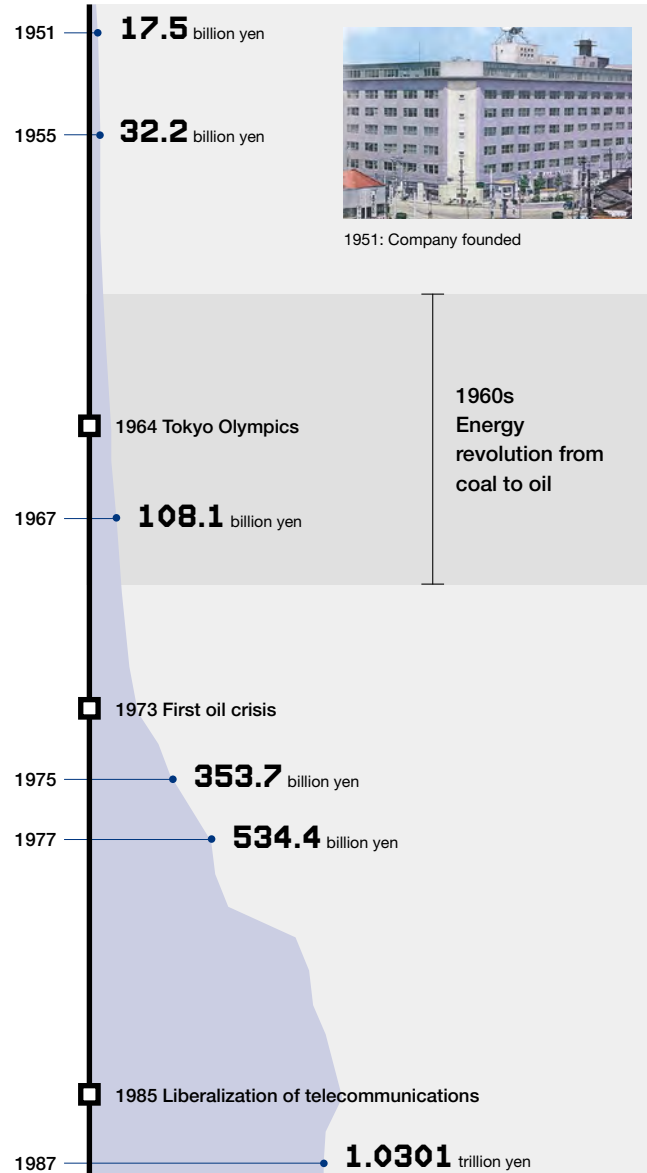
“I see... It’s like taking a fresh look at the present before moving forward. Accepting reality—that’s where the challenge begins.”

“Yes. That’s where the Kyuden Group’s journey begins.”

SECTION 2 AS IS | Where We Are

HISTORY OF THE KYUDEN GROUP

Operating revenue



1951: Company founded

1960s
Energy
revolution from
coal to oil

Energy services businesses

P.29

Renewable Energy Business

P.35

1950s–1960s

Acquired strengths: ① Stable supply technologies ② High ratio of zero-emission power sources ④ Talent and expertise

Founding and establishing a stable supply

Founded in 1951, Kyushu Electric Power played a pioneering role in stabilizing Kyushu's electricity supply during Japan's rapid postwar recovery and growth. From the beginning, the company established a nationwide model for stable electricity supply by pioneering developments such as Japan's first large arch dam and advanced, high-capacity thermal power plants.

From the earliest days, we also placed great importance on environmental factors, actively promoting diversification of power sources through hydropower development and early consideration of nuclear power. The Kyuden Group's DNA—its sense of mission to ensure a stable supply, its emphasis on zero-emission energy, and its spirit of seeing change as opportunity—was forged in these formative years.

Major Milestones

1951	Founded
1955	Kamishiiba Power Plant begins operation, featuring Japan's first large-scale arch dam
1967	Otake Power Plant, Japan's first commercial geothermal power plant, commences operation

TOPICS Japan's first large arch dam



Kyushu is blessed with abundant natural resources such as water and geothermal energy, so there was considerable interest in how to make the most of these resources. In 1953, construction began on the Kamishiiba Dam in the upper reaches of the Mimi River in Miyazaki Prefecture. With no domestic precedent and lacking modern construction equipment, Kyuden's engineers tackled the project by learning every aspect, from surveying and design to construction, entirely from scratch. The result was the completion, in 1955, of Japan's first large-scale arch dam, standing 110 meters tall.

1970s–1980s

Acquired strengths: ② High ratio of zero-emission power sources ③ Strong regional foundation in Kyushu with significant growth opportunities ④ Talent and expertise

Meeting the challenges of a turbulent energy era

Prompted by the 1973 oil crisis and the growing societal call for reduced oil dependency and climate change measures, the Kyuden Group accelerated efforts to move away from oil and ensure stable business performance. We advanced the diversification of power sources, focusing on developing renewable energy, including wind power, as well as building the Genkai and Sendai nuclear power plants.

Furthermore, in response to the oil crisis and to prevent economic stagnation in Japan, the enactment of the Telecommunications Business Act spurred us to enter new fields, such as information and communications.

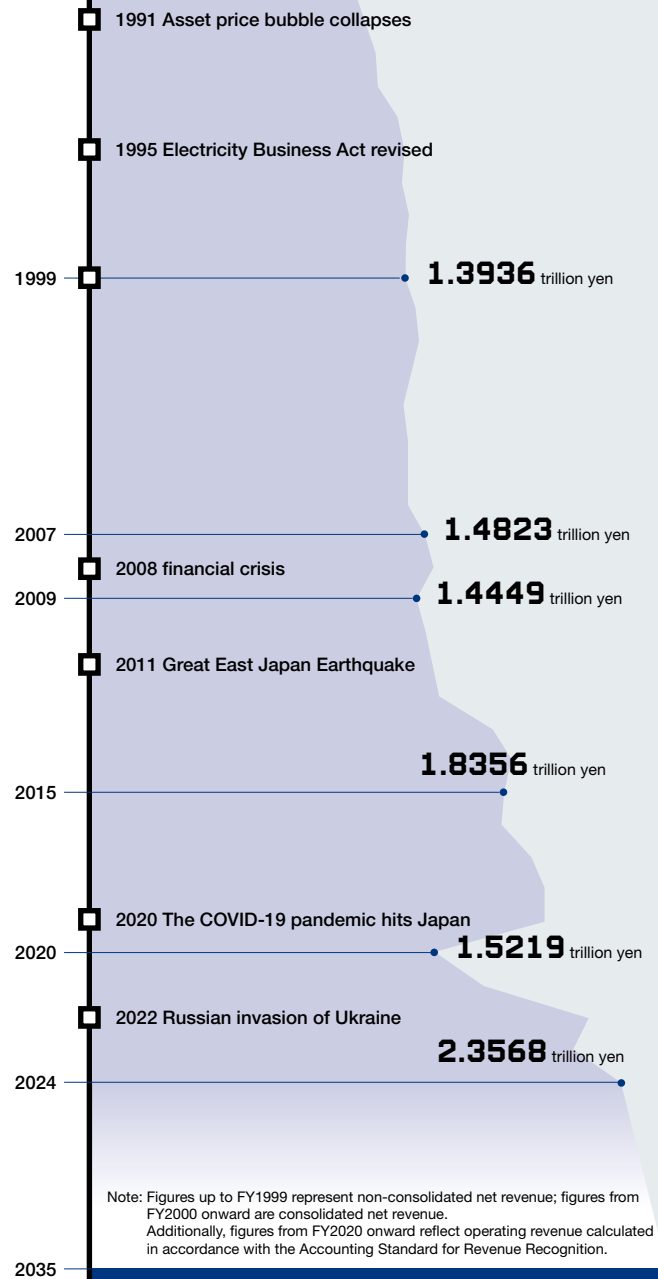
Major Milestones

1975	Genkai Nuclear Power Station Unit1 begins operation
1977	Shin-Kokura Power Plant Units 1 and 2 converted to exclusive LNG use, promoting the shift away from oil
1987	Three information and communications companies, including Kyushu Telecommunication Network (now QTnet), founded

TOPICS Development of our information and telecommunications



To counteract economic stagnation brought on by the oil crisis, the Japanese government enacted sweeping reforms in the telecommunications sector. In 1985, a bill was enacted to liberalize telecommunications and stimulate industry growth. Seizing this opportunity, the Kyuden Group entered the communications business. Today, the Kyuden Group has built an infrastructure that spans the entire Kyushu region and continues to break new ground in areas such as data centers, generative AI, and drones.



Achieving Strategic Vision 2035

1990s-2000s

Acquired strengths: ④ Talent and expertise Leveraged strengths ② High ratio of zero-emission power sources

Electricity deregulation and the challenge of new business ventures

Amid the gradual deregulation of electricity and the slowing domestic electric power demand, the Kyuden Group began exploring entry into overseas markets. To manage investments, financing, project operations, and risk effectively, we established Kyuden International in 1999, specializing in overseas business development. In 2009, we established Kyuden Ecosol (now Kyuden Mirai Energy), the first company in Japan dedicated to on-site solar power generation. We viewed changes in the business environment as opportunities for growth and actively pursued new ventures.

Major Milestones

1999	Kyuden International founded
2007	Introduced the new corporate philosophy, "Enlighten Our Future"
2009	Kyuden Ecosol established

TOPICS Challenges abroad



Since the 1990s, the Kyuden Group has expanded into power generation, transmission and distribution, and overseas consulting, focusing particularly on the high-growth markets of Asia. By dispatching engineers and business experts to the field and engaging deeply in local projects, we built expertise and established a virtuous cycle of growth. Drawing on a pioneering spirit honed through decades of international business, we are contributing to the resolution of global challenges.

2010s-2020s

Acquired strengths: ④ Talent and expertise Leveraged strengths ① Stable supply technologies

Overcoming disaster and leading Japan's decarbonization efforts in Kyushu and beyond

In the wake of the 2011 Great East Japan Earthquake, all nuclear power plants across Japan were taken offline. However, in 2015, Sendai Nuclear Power Station Unit 1 met stringent safety standards and became the first in Japan to restart, helping sustain high operating rates and supporting both stable supply and a high proportion of zero-emission power.

With full liberalization of the electricity retail market in 2016 and the separation of transmission and distribution operations in 2020, the Group also moved into new businesses such as urban development. Upholding our commitment to "Enlighten Our Future" we continue to pursue our vision.

Major Milestones

2015	Sendai Nuclear Power Station Units 1 and 2 resume regular operation
2020	Transmission and distribution operations spun off as Kyushu T&D
2020	The Urban Development Business Division established as an organization under the direct control of the President

TOPICS Community building led by Kyushu EP



Over many years in the energy business, the Kyuden Group has cultivated expertise in civil engineering, property management, and ICT. Urban development initiatives generate new demand for electricity, offering potential for revenue growth across the Group. In light of these opportunities, we established the Urban Development Division in 2020 and made a full-fledged entry into the urban development business. Leveraging strengths unique to a power company, we are helping to create vibrant and attractive communities.

Overseas Business
ICT Service Business
P.37

P.36

Urban Development Business
P.38

Four acquired strengths

- ① Stable supply technologies
- ② High ratio of zero-emission power sources
- ③ Strong regional foundation in Kyushu with significant growth opportunities
- ④ Talent and expertise

STRENGTHS OF THE KYUDEN GROUP

Through many turning points in our history, the Kyuden Group has continued to adapt and cultivate unique strengths. By leveraging these strengths, we continue to achieve sustainable growth, even in times of change.

1

Stable supply technologies

As more semiconductor fabrication plants and data centers are established, electric power demand in Kyushu is projected to grow significantly. To meet this rising demand, we leverage decades of expertise in balancing supply and demand, securing energy sources for the long term, and utilizing advanced system control technologies—including our experience with the large-scale integration of renewables—to ensure a stable supply.

Driven by an unwavering mission to provide stable supply, we remain committed to advancing new technologies and supporting the daily lives and economic activity of our customers.

RELATED CAPITAL

Number of power generation facilities*1 208 locations	Utilization rate of nuclear power plant 88.6 %
Power generation facilities1 16.87 GW	
Average number of power outages (per customer) 0.15 outages (excluding typhoon and disaster-related: 0.06 outages per household)	*1 The number of power generation facilities represents the total for Kyushu EP, Kyushu T&D, and Kyuden Mirai Energy's own facilities. The total generation capacity represents the sum of capacity (on an equity ownership basis) including other Group companies not listed above.

2

High ratio of zero-emission power sources

We have achieved an industry-leading ratio of zero-emission power sources through active development of renewable energy and the safe, early restart and improved utilization of nuclear power.

Going forward, we will fully utilize nuclear power in pursuit of carbon neutrality, accelerate the shift to renewables as a core energy source in harmony with local communities, and continue to lead the nation in low-carbon and decarbonized energy.

RELATED CAPITAL

Ratio of zero-emission power sources*2
56 %
Including FIT electricity

■ Nuclear	■ Coal
■ Renewable	■ LNG
■ FIT Electricity	■ Other

*2 The figures are the ratio to the amount of electricity generated and received by Kyushu EP before Non-Fossil Fuel Certificate trading. The portion of the above that does not use non-fossil fuel certificates has no value as renewable energy, or as a CO₂-free power source, and is treated as having the same CO₂ emissions as the national average for electricity, including thermal power generation.

3

Strong regional foundation in Kyushu with significant growth opportunities

Kyushu, with its growing concentration of semiconductor and data center industries, is one of Japan's regions with the greatest growth potential. Through business activities rooted in Kyushu, we have forged strong relationships of trust with our stakeholders.

Building on these networks, we strive for the co-creation of social and economic value, upholding the philosophy that the future of Kyushu is the future of the Kyuden Group as we envision a sustainable future together with the community.

RELATED CAPITAL

Number of comprehensive partnership agreements (Kyushu EP) 60 municipalities	Trust in the Kyuden Group 76.5 %
Number of partners (procurement) 2,659 companies	
Number of customer accounts 7.94 million units	

4

Talent and expertise

Since our founding, every employee has taken an active role in facing challenges and forging a path to the future. Our corporate culture values people as the source of value creation. This is the DNA of the Kyuden Group.

We will continue to foster the growth of both our people and organization, creating an environment where passionate, talented individuals with diverse strengths can excel. With people at the heart of all we do, we will continue to break new ground to meet the expectations of society and our customers.

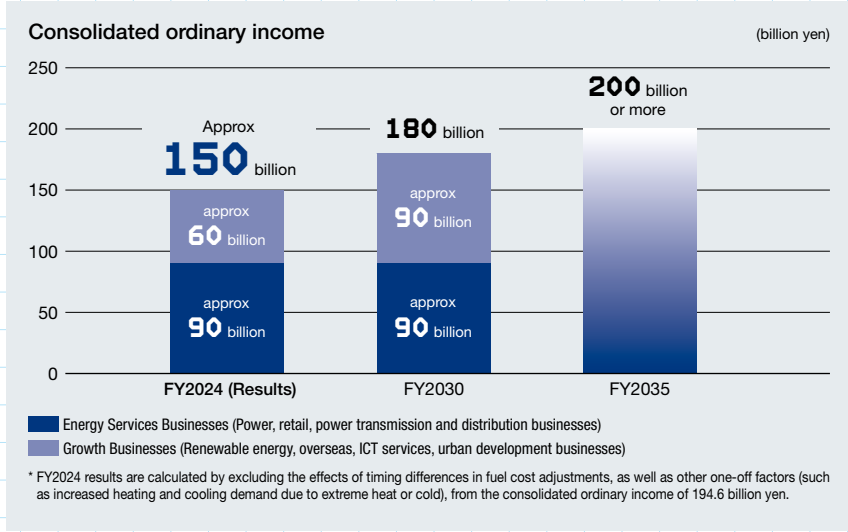
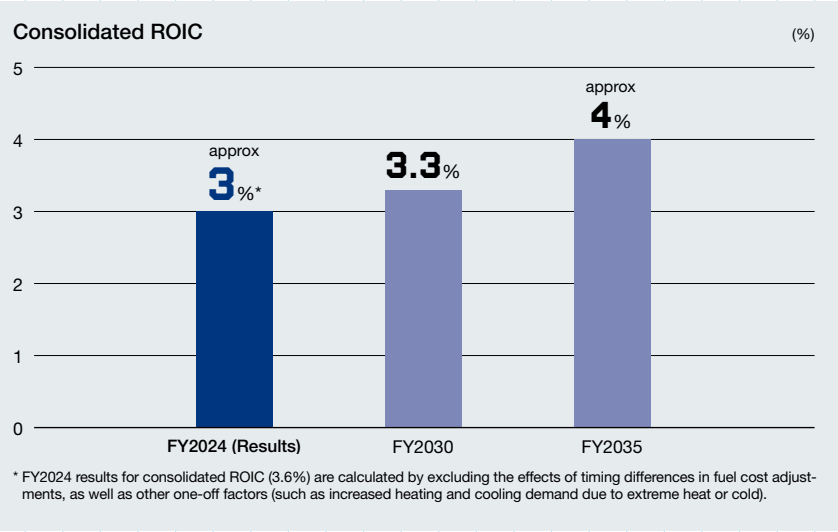
RELATED CAPITAL

Employees (consolidated) 21,173 people	Number of digital transformation (DX) specialist training participants 300 people (cumulative total)
Number of major certifications held*3 13,150 cases (cumulative total)	*3 Kyushu EP and Kyushu T&D Covers official certifications required or important for operations in each division (such as Type 1 Chief Electrical Engineer, Chief Nuclear Reactor Engineer, etc.)
KYUDEN i-PROJECT Participants*4 1,380 people (cumulative total)	*4 A project to drive innovation across the Kyuden Group, fostering the creation of new businesses and services

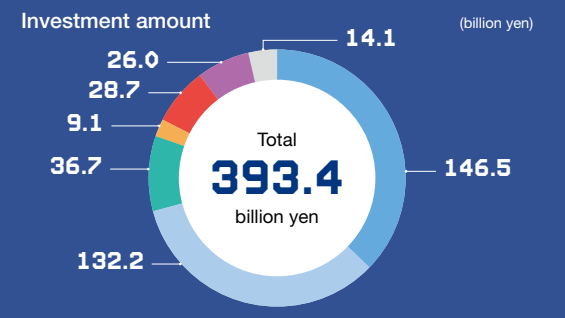
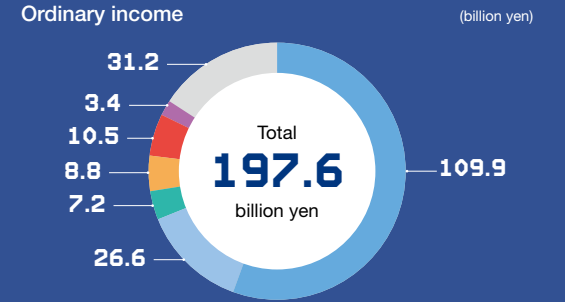
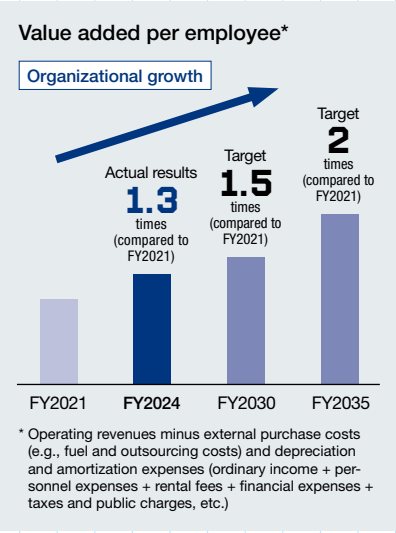
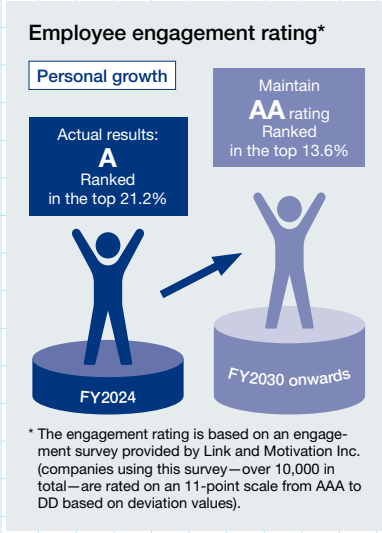
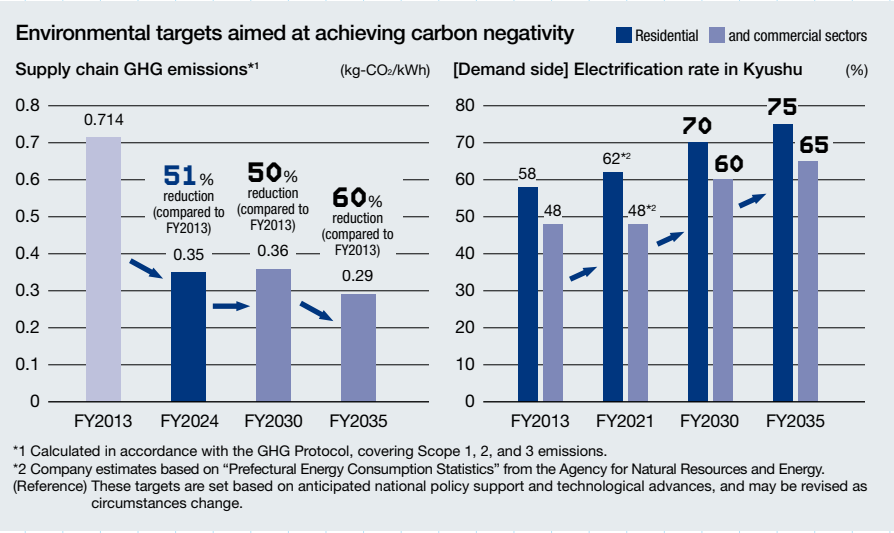
(Note) Data is current as of FY2024 or the end of FY2024.

AT A GLANCE Financial/Non-Financial Highlights

Financial Data

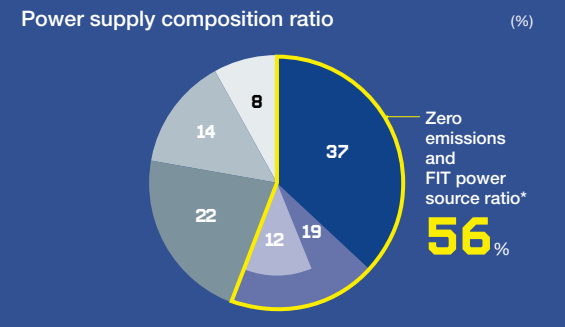


Non-financial data



Legend for charts:
 ■ Power generation and retail business ■ Power Transmission and Distribution
 ■ Renewable energy business ■ Overseas Business
 ■ ICT Service Business ■ Urban development business ■ Other businesses

* FY2024 results Figures are presented before elimination of intercompany transactions. Due to rounding, the totals may not match the sum of individual items.



* The figures are the ratio to the amount of electricity generated and received by Kyushu EP before Non-Fossil Fuel Certificate trading. The portion of the above that does not use non-fossil fuel certificates has no value as renewable energy, or as a CO₂-free power source, and is treated as having the same CO₂ emissions as the national average for electricity, including thermal power generation.

7 QUESTIONS



Hiroto Kido
Senior Managing Executive Officer
Executive Director, Corporate Strategy Division

Joined Kyushu Electric Power in 1987 as a technical specialist. Born in Goto City, Nagasaki Prefecture, Kido was nurtured by the island's natural environment from an early age and continues to live close to the sea in Fukuoka. In addition to his core work in power transmission, he has experience in planning, human resources, and crisis management, and has completed two external secondments. His motto is "always maintain a spirit of adventure."

7 QUESTIONS for the Executive Director of the Corporate Strategy Division

Q1. What is your role, and what do you value most as Executive Director of the Corporate Strategy Division?

This will be my third year as Executive Director of the Corporate Strategy Division since being appointed in 2023. As the officer overseeing investor relations, my ongoing dialogue with our investors has provided me with valuable

insights and daily learnings. Although we sometimes receive candid and critical feedback, we consider these opinions invaluable assets that contribute to the management of our group.

Recently, we announced Strategic Vision 2035 and established consolidated ROIC and consolidated ordinary income as our primary financial targets. Achieving these objectives requires sophisticated portfolio management and further strengthening our governance framework. While committing ourselves to these management challenges, we aim to engage proactively with our stakeholders and provide clear and thorough explanations about our business performance and growth strategies—more so than ever before.

I believe that **the foremost mission of the Executive Director of the Corporate Strategy Division is to enhance the company's value over the medium to long term.** Even in these uncertain times, we will remain steadfast in our pursuit of the Kyuden Group's sustainable growth.

Q2. PBR has fallen below 1.0. What actions are you taking to address this?

In FY2024, our PBR ranged from approximately 0.8 to 1.1 (excluding preferred shares). We are committed to maintaining a PBR above 1.0 on a consistent basis and recognize the ongoing need for improvement.

To enhance our PBR, we are working to improve both our return on equity (ROE) and PER. With regard to ROE, we previously estimated **our cost of shareholders' equity** at around 6%, **but in light of rising interest rates, we now recognize it to be approximately 7–9%.**

In FY2024, our ROE reached approximately 15% (excluding preferred shares), outperforming our cost of equity.

Excluding temporary factors such as the impact of time lag in fuel cost adjustments and fluctuations in temperature, **our underlying profit level was estimated at around ¥100 billion three years ago. Today, we estimate it to be approximately ¥150 billion,** demonstrating a steady increase in our

profitability. We attribute this progress to the stable operation of our four nuclear reactors, the optimization of retail pricing, and increased profitability in our growth businesses. Looking ahead, **we aim to maintain an ROE of around 10% even as our equity ratio rises, by driving growth in both our integrated energy services and growth businesses,** and to consistently deliver returns that exceed our cost of shareholders' equity.

On the other hand, **our price-to-earnings ratio (PER) stood at approximately 5 at the end of FY2024, meaning substantial improvement is needed to reach the Tokyo Stock Exchange Prime Market average of about 15.** We

interpret this as a strong message from the capital markets that we need to provide clear and compelling explanations of our future growth potential. In this integrated report, we have highlighted key topics that we hope will foster anticipation and confidence in **our group's growth story and strengths.** **We will work to clearly communicate these points in our ongoing engagement with investors.**

We believe that achieving the management targets set forth in Strategic Vision 2035 will enable us to surpass a price-to-book ratio (PBR) of 1.0. With strong commitment from management, we will work steadily toward these goals.

Current Analysis of PBR

Our vision	Key perspectives	Evaluation and progress for each area and future plans
<p>Sustained enhancement of corporate value</p> <p>Continuous PBR above 1.0</p> <p>FY2024: Approx. 0.8x</p>	<p>Achieving profitability that exceed our cost of capital</p> <p>Medium-term ROE: Approx. 10%</p> <p>FY2024: Approx. 15%</p>	<p>Financial initiatives</p> <ul style="list-style-type: none"> Consolidated ordinary income and consolidated ROIC have achieved the FY2025 targets of ¥125 billion and 2.5%, respectively, ahead of schedule. The equity ratio is still in the process of recovery but has improved to a level where the target of approximately 20% is now within sight. In view of our profit growth and the recovery in equity ratio, we issued a ¥50 dividend for FY2024. <p>⇒ We aim to achieve both enhanced capital efficiency and profit growth by further advancing our business portfolio management.</p>
	<p>Recognition of growth, building trust through shareholder returns</p> <p>Medium-term PER: Approx. 15x (TSE Prime Market average)</p> <p>FY2024: Approx. 5x</p>	<p>Non-financial initiatives</p> <ul style="list-style-type: none"> Selected for the highest "A List" rating in CDP evaluation for excellence in climate change response and disclosure Won 4th place—the highest in the energy industry (large company category, 5,000+ employees)—in the "Best Motivation Company Award 2025" for efforts in human capital management <p>⇒ We aim to deepen awareness internally about the link between nonfinancial initiatives and corporate value and communicate these efforts effectively to external stakeholders through integrated reports and other channels.</p>
		<p>Dialogue with the market</p> <p>Promoting understanding through proactive dialogue regarding our initiatives</p>

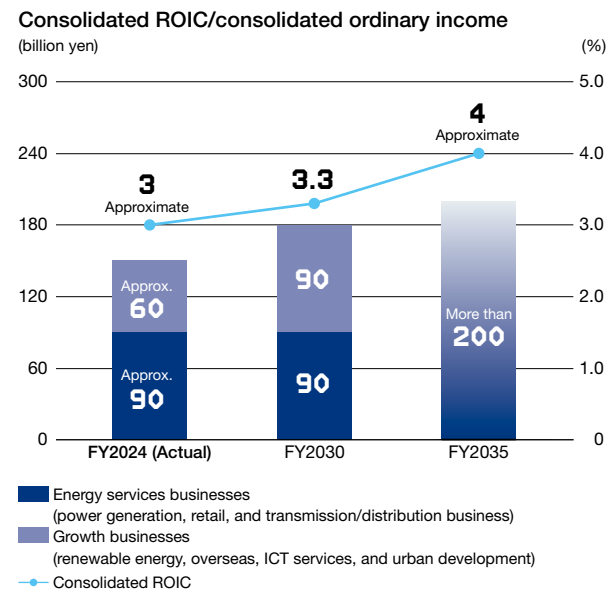
Q3. Could you explain the new financial targets (consolidated ROIC/consolidated ordinary income) outlined in Strategic Vision 2035?

In Strategic Vision 2035, we established consolidated ROIC and consolidated ordinary income as key financial targets, aiming to achieve both enhanced capital efficiency and profit growth through advanced business portfolio management.

For consolidated ordinary income, our target for FY2030 is ¥180 billion, with half generated from our energy services businesses (power generation, retail, and transmission/distribution) and the other half from growth businesses (renewable energy, overseas, ICT services, and urban development). Given our steadily increasing underlying profit, **we regard ¥180 billion as the minimum threshold for 2030. Similarly, we view the goal of ¥200 billion or more by 2035 as a base-line and are committed to raising the level of profits quickly to achieve these targets.**

As for consolidated ROIC, we have set targets of **3.3% for FY2030 and approximately 4% for FY2035.** With respect to our weighted average cost of capital (WACC), factoring in anticipated interest rate increases, we project it will remain around 3% over the medium to long term. Within our group’s management cycle, we utilize the ROIC tree methodology, linking ROIC improvements to KPIs at every workplace level. Through these efforts, we aim to widen the ROIC–WACC spread.

Our consolidated ROIC targets are designed to achieve both increased shareholder value and a stronger long-term financial foundation. Specifically, **the 3.3% ROIC target for 2030 is based on the premise of simultaneously achieving an ROE of around 10% and an equity ratio of approximately 20% (excluding preferred shares).**



* FY2024 results are calculated by excluding the effects of time lag in fuel cost adjustments, as well as other one-off factors (such as increased heating and cooling demand due to extreme heat or cold), from the consolidated ordinary income of 194.6 billion yen and ROIC of 3.6%.

Q4. Could you elaborate on the growth story for achieving these financial targets?

In the Kyushu region, we expect to see the construction of numerous data centers for semiconductor companies and generative AI, driving strong growth in electricity demand. This is thanks to the region’s low electricity rates and a leading nationwide ratio of zero-emission power sources. According to the Seventh Strategic Energy Plan, national electricity demand in 2040 is forecast to be 1.0 to 1.2 times the 2022 level, while **Kyushu’s demand is projected to be 1.2 to 1.3 times the FY2025 level by FY2034.** This highlights that the growth in electricity demand in Kyushu is a significant opportunity for revenue expansion.

On the supply side, **our nuclear facility utilization rate in FY2024 was 88.6%, significantly higher than the national**

average of approximately 32%. We will continue our efforts to improve nuclear power utilization rates through equipment upgrades and extended operating periods. In FY2025, the Hibiki Power Station (LNG) and the Kitakyushu Hibikinada Offshore Wind Farm are scheduled to commence operations. Even taking into account increased demand, we anticipate a stable supply capacity for at least the next decade. **By boosting demand and improving overall facility utilization rates, we will drive further growth in our energy services businesses.**

For our growth businesses, we will focus on enhancing ROIC and expanding profits in areas such as renewable energy, overseas, ICT services, and urban development. **In recent years, our growth businesses have achieved an average annual growth rate (CAGR) of 30%,** reflecting the successful development of projects we have previously initiated. We will continue to pursue revenue growth by leveraging the unique strengths of the group.

* CAGR represents the growth rate of ordinary income in the renewables, overseas, ICT, and urban development businesses for FY2021 to FY2024.

- For a detailed outlook on electricity demand in Kyushu, please refer to p. 28.
- For further details on efforts to improve the nuclear power utilization rates, please refer to p. 34.
- For details on the policy for making renewables a main power source, see p. 41.

Q5. Could you outline your future financial strategy? — Do you have a quantitative shareholder return policy?

With respect to our dividend policy, we have taken a proactive approach to shareholder returns, aiming to implement a ¥50 dividend at the earliest possible date, originally targeting the end of FY2025. Since our former financial objectives (with 2025 as the goal) are now in sight, we decided to advance the ¥50 dividend by a year and implement it from FY2024. This makes us the third fastest among Japanese electric power companies to do so.

We sincerely value and carefully consider shareholders’ feedback regarding the absence of a quantitative policy in our latest vision. In light of the potential for increased

investment in carbon neutrality initiatives and the risks associated with rising interest expenses, our basic policy is to ensure a stable equity ratio of over 20% by FY2030. In the meantime, we are committed to maintaining the ¥50 dividend.

However, we regard ¥50 as the minimum level, with our current dividend policy serving as an effective lower bound. Any dividend increases beyond ¥50 will be decided by taking into account progress toward our 2030 management targets as well as our medium- to long-term financial outlook. Given our solid business performance, **we are committed to increasing dividends as soon as circumstances allow.**

Looking ahead, we plan to utilize quantitative metrics such as the dividend payout ratio, especially for profit growth in our energy services and growth businesses. **By increasing the predictability of dividends, we aim to further enhance shareholder returns.**



— What is your policy after reaching an equity ratio of 20%? Are preferred shares and similar instruments included in this calculation?

For our equity ratio, we have established a policy of maintaining a stable level of over 20% through FY2030. This is to ensure stable funding for large-scale investments to achieve carbon neutrality, while also providing a risk buffer for the expansion of our growth businesses. **Looking ahead to FY2035, with rising uncertainty in the business environment, the scaling up of growth businesses, and the need for agility in M&A activities, we recognize the need to secure an even greater financial buffer.**

Our current equity includes preferred shares and hybrid bonds payable, but as we transition into an environment with higher interest rates, we anticipate increased volatility in the refinancing environment. **Looking to FY2030, we will continue to strengthen our financial foundation—by expanding profits and improving capital efficiency—so that even after redeeming these capital funds, we can reliably maintain an equity ratio above 20%.**

— What is the breakdown of your strategic investments, and how do you determine investment criteria for each project?

Investments to implement our group’s key strategies are defined as strategic investments, with a cumulative allocation of approximately ¥2.5 trillion from FY2025 to FY2035.

Of this total, about ¥1.5 trillion is earmarked for carbon neutrality investments (“CN investments”), and roughly ¥1 trillion for growth investments. As we implement these ¥2.5 trillion in strategic investments, in parallel with improving the equity ratio, we will prioritize projects with strong business potential. **Specifically, we set detailed hurdle rates for each business and project, carefully select those with IRRs above these benchmarks, and make investment decisions through rigorous risk assessment and review by our investment and finance committees, including criteria for potential withdrawal.**

From a portfolio management perspective, we rigorously monitor post-investment performance and actively optimize our asset portfolio using ROIC analysis. As one example, Strategic Vision 2035 sets a KPI of 10 overseas asset recycling transactions, including partial equity sales, over the next

decade. In 2025, we completed the sale of shares in Senoko Energy, Singapore’s largest power company, and divested a stake in a U.S. natural gas-fired power plant that was part of the Kleen Energy Systems Project. **In addition to direct investments, we are also prioritizing capital recycling to further enhance capital efficiency. Simultaneously, we are pursuing off-balance-sheet strategies, all with the goal of achieving a consolidated ROIC of 4% by FY2035.**

Q6. What is the status of your review regarding a transition to a pure holding company structure?

Under a pure holding company structure, the holding company would be responsible for steering overall group management and optimizing resource allocation on a comprehensive scale, while each business subsidiary autonomously advances its respective business with greater agility and speed.

With such an organizational framework in place, we intend to place even greater emphasis on portfolio management going forward. **To further promote group-wide growth and enhance our competitiveness, it is essential that we discuss our business portfolio from a more cross-sectional and long-term perspective.** In light of our recent organizational restructuring, we will establish a forum to discuss our portfolio from a group-wide, cross-functional perspective. We will deliberate on selecting strategic business areas for medium-to long-term focus, entry into new business fields, and withdrawal or sale of existing businesses, **thereby establishing a framework for decisive portfolio transformation.** Naturally, establishing structures is only the first step toward realizing true portfolio management. What ultimately matters is the strength of our leadership and the conviction of our management team. We are fully committed to taking bold, decisive action to drive sustainable growth and enhance corporate value.

Q7. How do you reflect investor dialogue in your management practices?

We regularly engage in dialogue with shareholders and investors in our efforts to enhance PBR, conducting 223 investor meetings in FY2024 alone. We also actively participate in management briefings and small-group meetings. The feedback gathered through these dialogues is periodically reported as the voice of shareholders and investors to the Board of Directors, where it is discussed, including input from outside directors, and incorporated into our business activities. We also provide regular feedback to relevant departments.

As Executive Director of the Corporate Strategy Division, I played a pivotal role in developing Strategic Vision 2035. Our vision is only meaningful when we pursue it and achieve it. Our management team will take the lead—acting with speed and passion—as we boldly drive new corporate value creation. We sincerely appreciate your continued valuable feedback as we strive to realize this vision.

Strategic investments (cumulative overview for FY2025–FY2035)





“Lately I’ve been thinking. With all this renewable energy, urban development, and ICT... the scope of our business keeps growing, and honestly I wonder, what exactly is our core business?”

The director nodded calmly at the recent hire’s candid question.

“I understand. But actually, all of these businesses are connected —not as isolated points, but as a continuous line.”

“What do you mean?”

“It all starts with how we respond to the challenges facing our communities and society. Of course, this applies not only to the domestic energy business, but also to renewable energy, ICT, and overseas business. Each one is a piece that fits together to shape the future.”

“So, what you’re saying is, it’s kind of like a voyage —each crew member doing their part as we sail together toward a single destination.”

“Well put. Our role isn’t just to draw the map, but to choose the right course that will lead to our envisioned future.”

SECTION 3 HOW-1 | Kyuden Group Growth Strategy

27 | Business Areas of the Kyuden Group 28 | TOPIC: New Silicon Island 29 | Strategy by Business: Power Generation Business 30 | Strategy by Business: Retail Business 31 | Strategy by Business: Power Transmission and Distribution Business

32 | SPECIAL FEATURE 01: Nuclear Energy: Powering the Future Reaching peak performance with safety as our top priority 35 | Strategy by Business: Renewable Energy Business 36 | Strategy by Business: Overseas Business

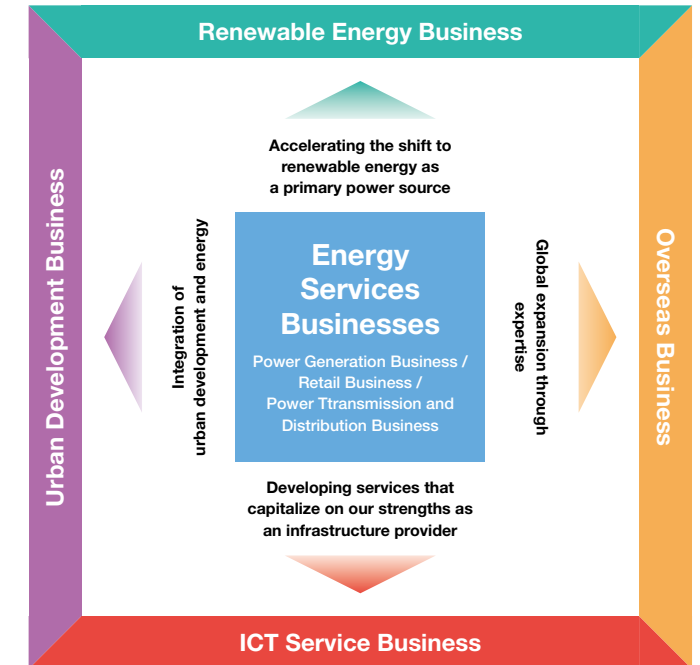
37 | Strategy by Business: ICT Service Business 38 | Strategy by Business: Urban Development Business 39 | SPECIAL FEATURE 02: Pioneering the future of renewable energy with the Kitakyushu Hibikinada Offshore Wind Farm

BUSINESS AREAS OF THE KYUDEN GROUP

In addition to energy services businesses, the Kyuden Group is working as one to advance growth businesses including renewable energy, overseas, ICT services, and urban development.

Energy Services Businesses		Power Generation Business ▶ For more information, see p.29	Guided by the S+3E (Safety, Energy security, Economic efficiency, and Environment), we are committed to realizing the optimal energy mix. To achieve carbon negativity at the earliest possible stage, we are maximizing the use of nuclear power and advancing the decarbonization of thermal power generation, with the goal of achieving both a stable energy supply and decarbonization.
		Retail Business ▶ For more information, see p.30	We provide rate plans and services based on current social trends and the diversification of customer needs. In addition, we are promoting higher electrification rates in both residential and commercial sectors to achieve carbon negativity.
		Power Transmission and Distribution Business ▶ For more information, see p.31	We deliver reliable electricity generated at our power plants to our customers. Through efficient development and proper maintenance of infrastructure, we strive to reduce outages, enhance power quality, and increase our capacity to integrate renewable energy.
Growth Business		Renewable Energy Business ▶ For more information, see p.35	With Kyuden Mirai Energy at its core, Kyuden offers a one-stop solution for the development, operation, and sales of five renewable energy sources: solar, wind, geothermal, hydro, and biomass. Building on our strengths in geothermal and hydro power, we are actively advancing renewable energy development both in Japan and internationally, including promising offshore wind projects.
		Overseas Business ▶ For more information, see p.36	Leveraging the Kyuden Group's strengths and portfolio, we initiate projects in areas such as gas-fired power generation, transmission, and distribution, while promoting expansion into new business fields through collaboration across the group's entire value chain.
		ICT Service Business ▶ For more information, see p.37	We deliver ICT services by leveraging the expertise gained in maintaining and operating highly reliable communications networks and information systems that underpin stable energy supply, and we are accelerating these initiatives in step with rising demand from society's digital transformation.
		Urban Development Business ▶ For more information, see p.38	Drawing on the knowledge and expertise gained from our experience in energy, real estate development, and public-private partnerships, we are advancing urban development initiatives by creating synergies with our electric power business.

Overview of Business Synergies



The Kyuden Group has strategically leveraged the technology and expertise cultivated in energy services businesses—including power generation, retail, and transmission and distribution—to drive growth in areas such as renewable energy, overseas, ICT services, and urban development.

Under our Strategic Vision 2035, the Kyuden Group aims to generate half of its consolidated ordinary income from Energy services businesses and the other half from growth businesses by FY2030.

By further strengthening collaboration across business units and maximizing synergies, we are committed to advancing the growth of our overall business portfolio.

TOPIC

NEW SILICON ISLAND

Known as the “New Silicon Island,” Kyushu has established itself as a major hub of semiconductor manufacturing, earning a reputation for its exceptional productivity.

With investment in semiconductor plants on the rise across Kyushu and the anticipated surge in data center developments, electric power demand in the region is expected to see significant growth in the coming years.

Major semiconductor and data center projects in Kyushu

Kyushu boasts some of the most competitive electricity rates and one of the highest ratios of non-fossil power sources in the industry. With this favorable environment, Kyushu has become home to a growing cluster of semiconductor factories. In 2024, Taiwan Semiconductor Manufacturing Company (TSMC) opened a new plant in Kumamoto Prefecture, further energizing the region’s semiconductor industry. Numerous new semiconductor plants are planned, and these investments are expected to deliver significant economic ripple effects throughout the region.

Plans for major new data centers are also underway in areas such as Kitakyushu City and Itoshima City in Fukuoka Prefecture. With the government actively supporting the decentralization of data centers, capital investment in Kyushu is expected to accelerate even further in the coming years.

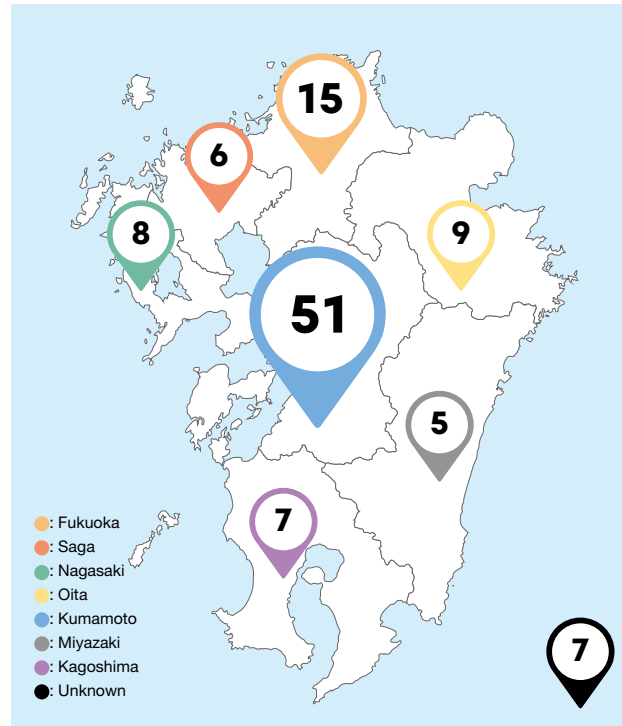
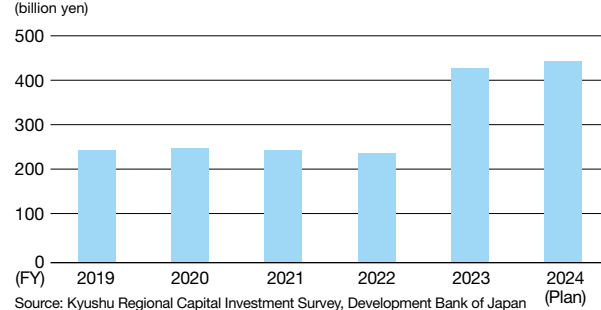
Major Corporate Capital Investment Plans and Location Agreements in Kyushu

Number of investment projects: **108** Total investment: Over **4.75** trillion yen*

- | | |
|---------------------------|--|
| Fukuoka | Kumamoto |
| • Mitsubishi Chemical | • Kumamoto Technology Center, Sony Semiconductor Manufacturing Corporation |
| Saga | • Nippon Express Co. |
| • SUMCO | • Renesas Electronics |
| Nagasaki | Kagoshima |
| • SUMCO TECHXIV | • Kyocera Kagoshima Sendai Plant Campus |
| Miyazaki | • Kyocera Kokubu Plant Campus |
| • LAPIS Semiconductor Co. | |

*1 reported by the Kyushu Bureau of Economy, Trade and Industry. Data as of the end of the period between April 2021 and September 2024. Additionally, the figures are based on materials from the Kyushu Bureau of Economy, Trade and Industry and the Kyushu Semiconductor & Digital Innovation Association, and were compiled by Kyushu EP

Manufacturing Capital Expenditure in the Kyushu Region



Electric power demand outlook

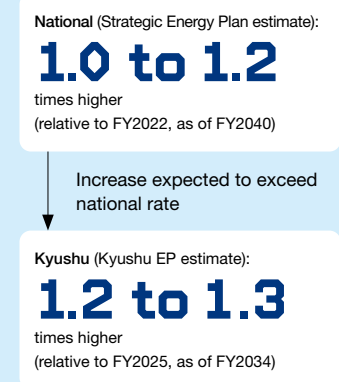
According to Japan’s 7th Strategic Energy Plan, enacted in February 2025, nationwide electric power demand in FY2040 is projected to be approximately 1.0 to 1.2 times higher than the level in FY2022.*2

In addition, according to the FY2025 demand forecast by the Organization for Cross-regional Coordination of Transmission Operators (OCCTO), electric power demand in the Kyushu area is projected to increase by approximately 3% by FY2034, compared with FY2025.*3 However, in the Kyushu area, significant capital investment in the semiconductor and data center sectors is expected to continue, and there is potential for electricity demand to increase beyond the OCCTO’s current projections.

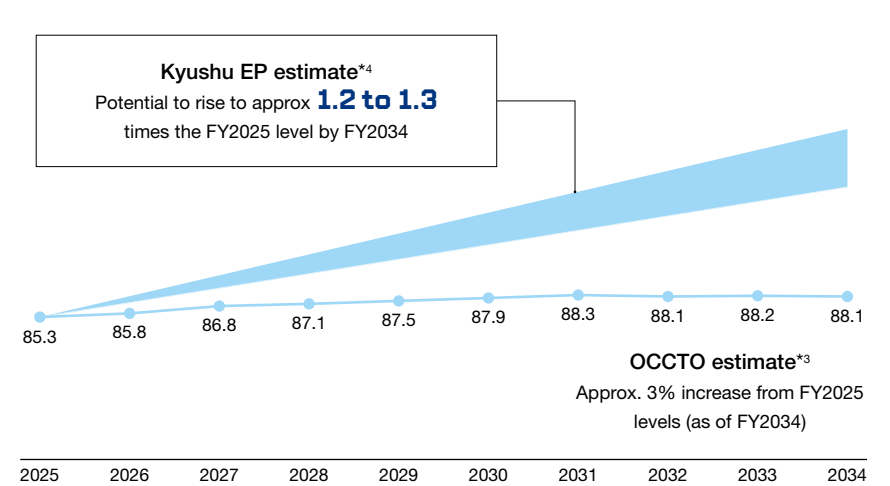
Taking into consideration the outlook for future site development and capital investment plans, the Kyuden Group anticipates that electricity demand could rise to approximately 1.2 to 1.3 times the fiscal 2025 level by fiscal 2034.*4

We view this increase in electric power demand as an opportunity and are committed to supporting a stable energy supply and the sustainable growth of the regional economy, while steadily pursuing profit expansion and enhanced corporate value.

Projected increase in electric power demand



Projected Electric Power Demand in the Kyushu Area



*2 Source: Overview of Japan’s 7th Strategic Energy Plan
*3 Compiled based on OCCTO’s Nationwide and Regional Demand Projections (FY2025). Figures for FY2034 and beyond are projections.
*4 Calculated based on both OCCTO projections and Kyushu EP’s independent analysis. Please note that these projections are based on currently available information and do not guarantee future results.

Strategy by Business

POWER GENERATION BUSINESS



Norihiro Nakamura

Senior Managing Executive Officer
Executive Director of
Energy Service Headquarters

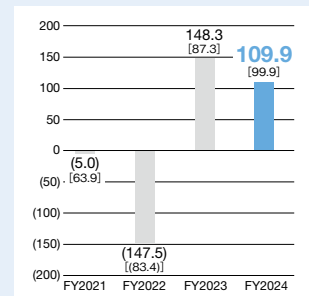
Norihiro Nakamura joined Kyushu EP in 1990. He has been involved in a wide range of operations, such as power generation projects using thermal and renewable energy, as well as energy consulting and new business creation. He is excited about technology and digital advancements and enjoys DIY, gardening, and getting in touch with local history.

		Internal factors	
		<p>Strengths</p> <ul style="list-style-type: none"> Nationally competitive pricing and high ratio of non-fossil power sources Power supply portfolio able to meet a wide range of needs and adapt to supply-demand fluctuations Highly specialized human resources across a wide range of upstream and downstream value chains, from fuel procurement to power generation, supply-demand management, and sales Advanced fuel trading capabilities Trusted relationships with local communities and know-how to ensure safe, reliable operations 	<p>Weaknesses</p> <ul style="list-style-type: none"> The need to build an optimized power supply portfolio that balances future carbon neutrality and stable supply Aging power source infrastructure The need for appropriate response to GX League and other regulatory frameworks Build a solid foundation to support sustainable business operations
External factors	<p>Opportunities</p> <ul style="list-style-type: none"> Increased power demand from semiconductor plants, data centers, and further electrification Increased demand for low-carbon and zero-carbon power sources as carbon neutrality progresses 	<ul style="list-style-type: none"> Expand wholesale by leveraging price competitiveness and non-fossil value Proceed with the renewal of the steam turbines at Genkai Units 3 and 4, and consider extending the intervals between regular operator inspections (hereinafter, regular inspections) Generate profits through new businesses that contribute to carbon neutrality, such as LNG bunkering Utilize digital transformation (DX) to achieve more sophisticated electricity and fuel trading functions to expand earnings 	<ul style="list-style-type: none"> Pursue the development of high-efficiency LNG-fired thermal power plants Reduce power generation costs by maintaining and improving the thermal efficiency of existing power sources Consider the development and installation of next-generation advanced reactors Consider utilizing government support programs to introduce carbon-free fuel and CCS Further utilize pumped-storage power plants (pursue re-pumping of water at Morotsuka and consider shortening the intervals between regular inspections)
	<p>Risks</p> <ul style="list-style-type: none"> Fuel procurement issues due to geopolitical risks Volatility in fuel/electricity markets and foreign exchange Cost increases due to inflation 	<ul style="list-style-type: none"> Ensure flexible procurement to respond to changes in the fuel procurement environment Reduce transaction price volatility risk by utilizing electricity and fuel futures and indirect transmission rights Implement well-measured repairs to reduce costs and ensure stable supply 	<ul style="list-style-type: none"> Consider entering into new long-term LNG contracts in light of factors such as geopolitical risks and carbon pricing Reduce unplanned outages at power generation facilities through the prevention and early detection of problems and subsequent restoration Utilize DX to ensure that the technical capabilities and know-how of veteran employees are passed on to others and improve productivity

FY2024 assessment and progress

- Achieved stable supply and increased earnings by comprehensively operating nuclear, thermal, and pumped-storage power plants in response to increased electricity demand during extreme heat and cold
- Maintained a nuclear power plant utilization rate of 88.6%, the same level as the previous year. We also promoted initiatives to maximize nuclear power utilization, including starting the replacement of the steam turbines at Genkai Units 3 and 4.
- Ensured both economic efficiency and stable supply through flexible operation of thermal power sources in response to supply-demand balance and market conditions. These sources serve as a key power source supporting large-scale renewable energy adoption. Also secured supply capacity for sales outside the region by beginning commercial operation of Goi Thermal Power Station Units 1 to 3

Ordinary income (billion yen)



Note: Classification is based on the Former Financial Objectives. Figures are for the power generation and retail business. Figures in square brackets exclude the impact of delayed fuel cost adjustment.

Business strategies

- Maximizing revenue by leveraging strengths**
 - Expand profits by promoting electric power sales utilizing power sources with superior non-fossil value and price competitiveness
 - Expand our global fuel business by maximizing use of the fuel value chain
 - Enhance electricity and fuel trading functions to expand earnings and reduce business risk
- Building an optimal power source portfolio that balances carbon neutrality and stable supply**
 - Maximize the use of nuclear power, prioritizing safety and understanding of local communities
 - Develop and implement a transition strategy for thermal power as a regulating power source for expanding renewables as a primary source
 - Consider developing and installing next-generation advanced reactors to achieve carbon neutrality and long-term stable supply
 - Build a fuel procurement portfolio that is stable, economical, and flexible
- Strengthening the foundation that supports our business operations**
 - Achieve both stable supply and improved productivity by steadily passing on our accumulated technical capabilities and know-how, and proactively adopting digital technology

Our Vision for 2035

To be a leading clean energy provider driving Japan's decarbonization

KPIs

Nuclear power:

Utilization rate of 90%^{*1}

Thermal power:

Co-firing with 10% hydrogen and 20% ammonia^{*2}

^{*1} Average from FY2031 to FY2035

^{*2} Target for FY2035, assuming national policy support and technological advancements, and may be revised depending on circumstances

Strategy by Business

RETAIL BUSINESS



Norihiro Nakamura
Senior Managing Executive Officer
Executive Director of
Energy Service Headquarters

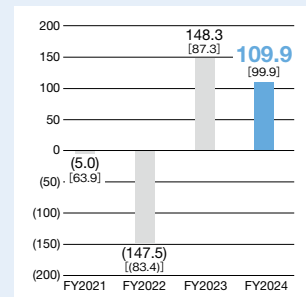
		Internal factors	
		<p>Strengths</p> <ul style="list-style-type: none"> Energy consulting, customer service, rate collection, and other insights as an energy company Touchpoints and data for approximately 8 million customers Customer trust and brand strength 	<p>Weaknesses</p> <ul style="list-style-type: none"> Need to procure low-carbon and carbon-free power sources Need for accurate risk management against market fluctuations
External factors	<p>Opportunities</p> <ul style="list-style-type: none"> Increase in electricity demand due to establishment of semiconductor plants, data centers, and progressive electrification Growing need for low-carbon and carbon-free power sources as carbon neutrality advances Abundant zero-emission power sources with high environmental value in the region Increase in business opportunities as customers upgrade facilities and introduce electric equipment Increased sales opportunities in other areas 	<ul style="list-style-type: none"> Leverage our broad customer base to accurately meet needs for electrification and renewable energy adoption Create new sources of revenue by leveraging brand strength and customer touchpoints 	<ul style="list-style-type: none"> Ensure stable procurement of low- and zero-carbon power sources based on customer needs and regional characteristics
	<p>Risks</p> <ul style="list-style-type: none"> Increasingly intense competition across regions and industries Volatility in fuel and electricity markets and exchange rates 	<ul style="list-style-type: none"> Maintain customer loyalty in a competitive environment by leveraging trust and brand strength Provide services that accurately address customer needs Improve productivity and customer satisfaction through DX-driven business transformation 	<ul style="list-style-type: none"> Enhance risk management and implement risk mitigation measures to cope with market fluctuations Optimize talent development and organizational structure to strengthen resilience to cost fluctuations and uncertainty

FY2024 assessment and progress

- Retail electricity sales volume increased year-on-year to 75.6 billion kWh*, driven by higher demand during summer and winter and increased contracted power outside the region
- We were among the first Japanese electric power companies to launch a discounted daylight hours rate plan that creates daytime demand and contributes to the effective use of renewable energy
- On April 1, 2025, the retail electricity business of Kyuden Mirai Energy Co., Inc. was transferred to KYUDEN NEXT CO., INC. We have established a framework to leverage our expertise and customer relationships for further business expansion

* Total for the Company and its consolidated subsidiaries (Kyushu T&D and Kyuden Mirai Energy) after eliminating intercompany transactions

Ordinary income (billion yen)



Note: Classification is based on the Former Financial Objectives. Figures are for the power generation and retail business. Figures in square brackets exclude the impact of delayed fuel cost adjustment.

Business strategies

- Further advancement of the retail electricity business through DX**
 - Improve operational and system flexibility, efficiency, and customer experience by leveraging digital technology
 - Procure competitive power sources, as well as low- and zero-carbon power sources based on customer needs and environmental goals
 - Set sustainable prices by developing attractive pricing options that include environmental value, and by advancing risk management
- Cultivating new revenue pillars by leveraging strengths in the retail sector**
 - Expand the energy solutions business and realize synergies with retail by leveraging extensive customer touchpoints and data
- Organizational and workforce transformation for new initiatives**
 - Optimize talent development and organizational structure to keep pace with digital advances
 - Reinvest and grow management resources gained from retail business evolution in the energy solutions business
 - Promote alliances with other companies to strengthen competitiveness

Our Vision for 2035

To be the most trusted partner, effectively responding to changing needs and consistently delivering value

KPIs

Additional electricity use due to electrification
Residential sector: 2.3 billion kWh
Commercial sector: 2.6 billion kWh

Note: Cumulative total from FY2021 to FY2035

Strategy by Business

POWER TRANSMISSION AND DISTRIBUTION BUSINESS

Hiroshi Imamura

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

Hiroshi Imamura was born in Usuki City, Oita Prefecture, and joined Kyushu EP in 1985. This summer, he had the honor of riding atop one of the floats in the Hakata Yamakasa festival. From the platform atop the float, he could see far into the distance. At his feet, he felt the excitement of the men carrying the float and the refreshing splash of *chikaramizu*—water thrown to help them endure the heat. He drew a parallel to management, which demands a similar appreciation for one's team and stakeholders.

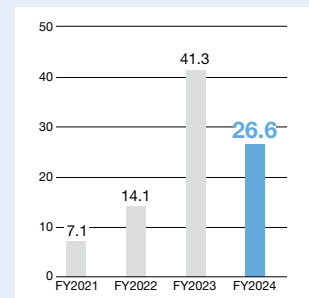


		Internal factors	
<p style="text-align: center;">Cross-SWOT</p> <h2 style="text-align: center;">Power Transmission and Distribution Business</h2>		<p>Strengths</p> <ul style="list-style-type: none"> Facilities and human resources supporting electricity supply in Kyushu Industry-leading technical capabilities (construction, maintenance, operation, and disaster recovery) and high electricity supply quality Data (grid/facilities, supply-demand management, and smart meter data) Touchpoints with stakeholders (customers, local governments, companies, etc.) Recognition and trust in Kyushu 	<p>Weaknesses</p> <ul style="list-style-type: none"> Comply with laws, regulations, and codes of conduct Pursuit of organizational transformation in anticipation of change Need to achieve carbon neutrality Need to secure sustainable and stable earnings
		<p>Opportunities</p> <ul style="list-style-type: none"> Expand adoption of renewable energy to achieve carbon neutrality Introduction of the revenue cap system aimed at securing investment while reducing costs Growth in large-scale demand from data centers, semiconductor factories, and other sources Advances in digital technology 	<p>External factors</p> <p>Risks</p> <ul style="list-style-type: none"> Aging facilities and equipment Tightening of supply and demand Greater complexity in supply-demand management due to increased renewable energy adoption Increase in severity of natural disasters Growing shortage of construction personnel due to declining population
		<ul style="list-style-type: none"> Leverage industry-leading technology to ensure resilience against severe disasters and to manage greater complexity in supply demand operations associated with increased renewable energy adoption 	<ul style="list-style-type: none"> Efficient and appropriate upgrade of aging facilities Comply with laws, regulations, and codes of conduct and prioritize trust and safety in business operations Establish a business foundation that can respond to risk events

FY2024 assessment and progress

- Operating revenue rose 7.1% year-on-year to ¥747.8 billion, primarily due to higher transmission revenue as a result of increased electricity demand. However, ordinary income decreased by 35.7% to ¥26.6 billion due to higher supply-demand adjustment costs
- Established the Kyushu T&D DX Vision to enhance productivity and service quality, proactively address social challenges, and create innovative value
- Established a Business Development Office reporting directly to the President. Made steady progress toward expanding revenues, including in the subsea transmission business for the UK Seagreen Phase1 offshore wind farm

Ordinary income (billion yen)



Note: Classification is based on former financial objectives.

Business strategies (summary)

[See the Kyuden Group's Strategic Vision 2035 for details](#)

- Balancing stable supply and cost reduction**
 - Renew facilities efficiently and appropriately and ensure resilience against increasingly severe natural disasters
 - Leverage digital technology to improve the efficiency of business operations and achieve radical organizational reform
- Improvement of the power transmission and distribution networks toward achieving carbon neutrality**
 - Upgrade interconnection lines according to the wide-area grid development plan, and advance supply-demand management and grid operation technologies to enable large-scale renewable energy adoption
- Enhancement of corporate value through collaboration with diverse partners and regions**
 - Expand earnings by developing growth businesses that leverage our management resources
 - Contribute to regional growth in Kyushu and to achieving carbon neutrality through company attraction initiatives and electrification promotion
- Strengthening the foundation that supports business operations**
 - Maintain rigorous legal compliance, including codes of conduct, and uphold trust and safety as top priorities in all operations.
 - Enhance employee engagement and secure construction capabilities, including with partner companies
 - Achieve radical business transformation and productivity gains through DX
 - Continue to improve the equity ratio

Our Vision for 2035

To become one of Japan's most advanced infrastructure companies through technological excellence and digital transformation

KPIs

Annual power outages:
25.4 MWh or less*1

Facility expansion and renewal projects:
Plan achieved*2

Installation of second-generation smart meters:
100%*3

Vehicle electrification:
100%*4

Growth business initiatives:
1/year*5

*1 FY2023-2027 average *2 FY2023-2027 total *3 FY2034
*4 FY2030 (excluding vehicles not suitable for EV conversion)
*5 Includes new/ participating projects



SPECIAL FEATURE 01

NUCLEAR ENERGY *for* THE FUTURE

Nuclear Energy: Powering the Future
 Reaching peak performance with safety as our top priority



Japan's Nuclear Power Mission and Kyuden Group's Initiatives

Japan's Seventh Strategic Energy Plan, approved by the cabinet in February 2025, calls for "maximum use of renewable energy, nuclear energy, and other power sources that contribute to energy security and have high decarbonization effects." Nuclear power generation technology is also entering a new stage, demonstrated by the rapid development of "next-generation advanced reactors"^{*1} in response to the rising global demand for electricity.

^{*1} next-generation advanced reactors include innovative light-water reactors, small modular reactors, high-temperature gas reactors, fast reactors, and fusion reactors

Kyuden Group has amassed a high level of technological expertise over more than 70 years of operations as an electric power company.

We cherish this identity today, prioritizing the safe and stable operation of Genkai Nuclear Power Station (Saga Prefecture) and Sendai Nuclear Power Station (Kagoshima Prefecture) as our foremost objective. From construction through to operation, and throughout daily maintenance and periodic inspections, we continually strive to upgrade our facilities with the latest equipment, aiming to enhance safety and efficiency. Furthermore, we consider it paramount that local communities and society at large have full confidence in the operation of nuclear power plants, and we strive to proactively disclose information and provide thorough explanations of our activities.

2025 marks the 50th anniversary of the commencement of operations of the Genkai Nuclear Power Station Unit 1 reactor, the first nuclear reactor in Kyushu.

We have decided to terminate the operations of Genkai Nuclear Power Station Units 1 and 2. We have begun disassembly work, with decommissioning expected to be completed in the 2050s. We currently operate with a four-unit structure comprising Sendai Nuclear Power Station Units 1 and 2, and Genkai Nuclear Power Station Units 3 and 4. These models inherit the technological lineage of Sendai Power Station's Units 1 and 2, and this system allows us to steadily carry out our mission of maintaining a stable power supply at inexpensive rates.

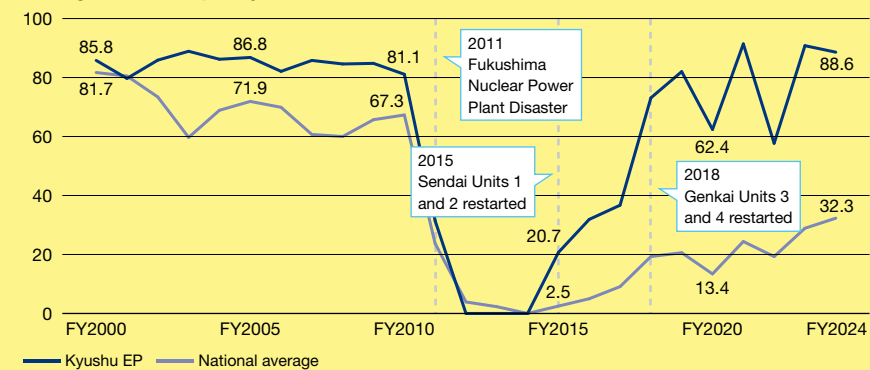
As the graph shows, our nuclear power plant capacity factor remains high compared to the national average. It is clear that we are making a significant contribution to the stable supply of electricity and decarbonization efforts in Kyushu.

In 2011, a massive Mw 9.0 earthquake struck off the Pacific coast of the Tohoku region of northeastern Japan.

The resulting tsunami caused an unprecedented nuclear disaster at TEPCO's Fukushima Daiichi Nuclear Power Plant, resulting in reactor core meltdowns. As a result, nuclear power plants across Japan were gradually shut down, leading to an unstable power supply nationwide, with many areas experiencing rolling blackouts. Kyuden was no exception, as operations of the Sendai and Genkai nuclear power stations were halted.

After this, bearing in mind our mission to ensure a stable power supply as well as the lessons learned from the Fukushima disaster, we rallied together under the slogan

Changes in our capacity factor



Resumption of operations after the disaster

Plant	Month and year of restart ^{**}
Sendai Unit 1	August 2015 (First in the country after the new standards came into effect)
Sendai Unit 2	October 2015 (Second in the country after the new standards came into effect)
Genkai Unit 3	March 2018 (Seventh in the country after the new standards came into effect)
Genkai Unit 4	June 2018 (Ninth in the country after the new standards came into effect)

Numbers in parentheses indicate resumption order after the disaster

“unity and collective strength” to resume operations as quickly as possible. At Kyuden, we mobilized all our personnel, not just those from the Nuclear Power Division, to strive for maximum plant safety and cooperate with inspections conducted by the Nuclear Regulation Agency.

We held numerous discussions with the Nuclear Regulation Agency until reaching an agreement, with intense talks sometimes continuing late into the night. We maintained a sincere approach to the regulatory review process while providing careful explanations to local residents, thereby gaining their understanding of our operations restart. In 2015, we restarted the Sendai Nuclear Power Station Unit 1—the first reactor in Japan to restart.

The year 2025 marks ten years since our first-in-the-nation restart of the Sendai Unit 1 reactor.

Our nuclear power plants have maintained safe and stable operations without incident since restarting, with a capacity factor comparable to that prior to the earthquake.

Our continued competitiveness in nuclear power is sustained by the people who make it possible. To learn more, we turn to the perspectives of employees engaged in the field.

Go to Interviews ▶▶▶

LIST of OUR FIRSTS

Major nuclear power initiatives that Kyuden introduced to Japan

2002 onward | All plants

Introduction of continuous rating thermal output operations

Traditionally, nuclear power plants maintained constant electrical output by adjusting the reactor’s thermal output. In 2002, however, we became the first in Japan to introduce constant rated thermal output operation, a more efficient method of operating nuclear power facilities. This has enabled increased electricity production without raising CO₂ emissions, thereby enhancing our contribution to achieving carbon neutrality and ensuring a stable power supply.

2009 onward | Genkai Unit 3

Commercial operation of plutonium-thermal power

Aiming to make effective use of uranium resources, we began Japan’s first commercial operations using plutonium-thermal (plu-thermal³) power at Genkai Unit 3 in 2009.

³ “Plu-thermal” refers to burning MOX fuel (a mixture of plutonium recovered from spent uranium fuel and less easily fissioned uranium) in nuclear power plants.

INTERVIEW with EMPLOYEES



Ryota Kanegae

Nuclear Power Division
Non-managerial employee

Upon joining the company, worked for 18 years at Sendai Nuclear Power Station in maintenance and related roles. His motto is “don’t bother others.” Currently works at the Fukuoka headquarters and enjoys spending his days off at his home in Kagoshima with his children.

Trust with Partner Companies and the “My Plant” Mindset

We work closely with numerous partner companies, and I believe one of our defining characteristics is the exceptionally close working relationship we maintain with them.

One example of this is the location of our partner companies’ offices within the power plant site itself, right next to the buildings where Kyuden employees carry out their daily work. This proximity allows for constant, close communication with the partner company personnel we work alongside. Communication extends beyond work hours, too, fostering a strong relationship of trust as partners.

Furthermore, as part of our efforts to build unity with our partners, employees, including the head of the Nuclear Power Division and the power plant manager, take the lead in making site visits and actively communicating with the employees. Through daily morning greetings, regular technical trainings and study sessions, and inter-company social gatherings, we strive to enhance mutual understanding and strengthen teamwork.

Through such initiatives, I strongly feel that the “My Plant” mindset is deeply ingrained in our employees. This mindset entails

employees taking pride and ownership in Kyuden’s power plants, treating them as their own. Every staff member, including those from partner companies, possesses this mindset as well as a dedication to nuclear power. They undertake their daily duties with pride, knowing that safeguarding the power plant contributes to the development of Kyushu, and indeed, Japan as a whole. Employees are sure to promptly share anything out of the ordinary that they might notice with equipment, even when it is outside their direct purview, and quickly pursue corrective actions. This kind of behavior fosters a kaizen cycle of improvement, uniting everyone involved with the power plant as a team. We believe this approach is instrumental in achieving safe and stable operations of our nuclear power plants.



Tatsuyuki Ashitani

Nuclear Power Division
General Manager, Nuclear Power Group

Born in Fukuoka City, he has experience handling regional outreach related to the restart and extended operation period of Sendai Nuclear Power Station. One of his hobbies is golf, which he took up during his posting in Kagoshima. With a personal motto of “treasure every encounter,” he approaches his daily work with an appreciation for every relationship and event he is involved with.

People and the On-Site Principle

Our foremost mission is the safe and stable operation of nuclear power plants, and I believe we maintain these plants to an exceptionally high standard. Underpinning this is our “on-site principle.”

For instance, when staff at headquarters and in the field (on-site at power plants) collaborate, headquarters does not unilaterally dictate policy for the on-site staff to follow. Instead, headquarters and the on-site staff discuss the relevant matters until both sides are satisfied, proceeding only once mutual understanding is reached.

One factor underpinning the “on-site principle” is our personnel assignment cycle. Within the Nuclear Power Division, new employees are first assigned to the field, deepening their understanding of plant operations through on-site experience. Subsequently, personnel

with sufficient field experience are transferred to headquarters. There, they gain experience in management-level operations, developing a broader perspective. These employees then return to the field later. This cycle facilitates dialogue between headquarters and the field, enabling both sides to deeply understand each other’s circumstances and allowing operations to be conducted with on-site safety as the absolute priority. The “on-site principle” plays a vital role in supporting the high-quality operations of our nuclear power plants.

Challenges do exist, however. In recent years, veteran engineers possessing specialized expertise have been retiring in greater numbers, making the transfer of technical knowledge a major challenge across industries. Kyuden is no exception. We are focusing efforts on personnel exchanges with partner companies through secondments and the development of younger staff through leveraging career-track employees. It is essential to ensure that technical expertise is passed on steadily and to maintain the quality of our nuclear power plants.

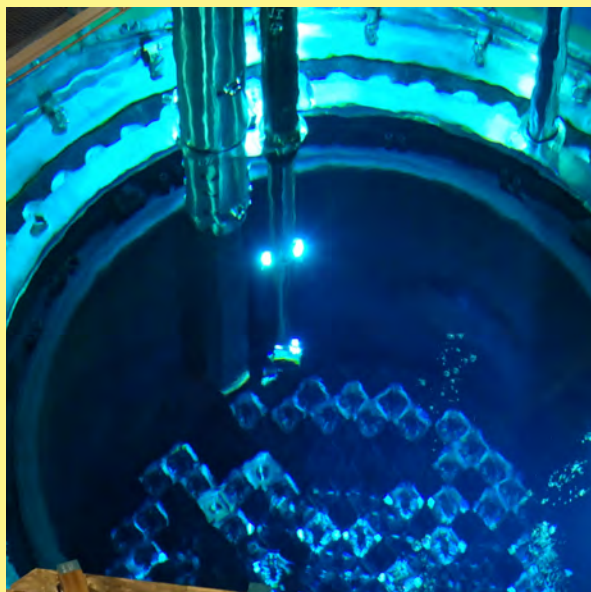
Our nuclear power business has made significant contributions to the stable supply of energy and the realization of a low-carbon society. We will instill this commitment in every employee and continue to pursue safe and stable operations with pride and passion.

Small Steps, Major Progress: The Ongoing Efforts of the Nuclear Power Division

Nuclear power is poised to play an increasingly vital role in achieving carbon neutrality and realizing our Strategic Vision 2035. While ensuring safety remains paramount, we will strive to maximize the utilization of nuclear power in various ways moving forward.

Toward maximum utilization of existing reactors

To maximize the utilization of our existing reactors, we are implementing various measures, encompassing scheduled equipment repairs and maintenance, as well as equipment upgrades based on the state of deterioration in our facilities. One such initiative is addressing aging equipment, where we prioritize safety and reliability above all else while actively leveraging the latest technologies. Specifically, we are steadily addressing aging equipment by identifying deterioration using data analysis and other techniques, then carrying out scheduled maintenance and equipment updates. We will tirelessly continue these efforts as we maximize the utilization of our existing reactors.



Improving our capacity factor

1. Upgrading to the latest steam turbine design

At Genkai Nuclear Power Station Units 3 and 4, we are planning to carry out upgrades to install the latest steam turbines in FY2027 and FY2028, respectively. The new steam turbines boast enhanced reliability through improved power generation efficiency and increased resistance to damage from steam erosion, contributing to greater operational safety and stability.

This will enable reduced fossil fuel consumption, leading to expected reductions in CO₂ emissions and lower power generation costs.

We also replaced Sendai Nuclear Power Station Unit 1 in 2006 and Unit 2 in 2010.

2. Extending regular inspection intervals and streamlining maintenance operations

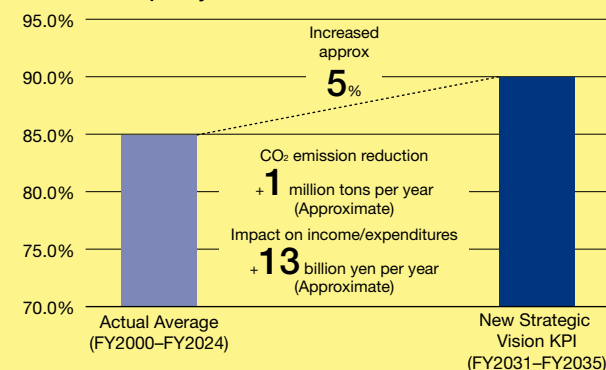
Currently, the cycle time at a nuclear power plant is approximately 13 months, spanning from restart after fuel replacement to the next shutdown for fuel replacement. Based on this timeframe, we currently conduct regular operator inspections (hereafter, regular inspections) at intervals of less than 13 months, but we are considering extending this period. We began serious technical studies for introducing extended regular inspection intervals around 2009, and we have already established the necessary legal framework. Currently, a working group has been formed within ATENA (Atomic Energy Association), composed of electric power companies and plant builders, to assess the impact of extended regular inspection intervals on equipment integrity.

Furthermore, to ensure a stable power supply, we must maintain and enhance the safety of equipment at nuclear power plants. To achieve this goal, the quality of maintenance work is critical. Therefore, we are also undertaking efforts to streamline procedures during regular inspections and to study the introduction of online maintenance (equipment maintenance conducted during plant operations).

Our Strategic Vision 2035 sets a target of 90% capacity factor (average for FY2031–2035). If we improve our capacity factor and achieve our targets through the above-mentioned initiatives, preliminary estimates based on certain

assumptions indicate that we can expect to reduce CO₂ emissions by approximately 1 million tons per year. We can also expect an improvement in income/expenditures of approximately 13 billion yen per year.

Increased capacity factor



Note: The assumptions for the estimates are as follows:
 • The impact on improving income/expenditures and reducing CO₂ emissions was estimated based on parameters such as fuel prices and power source composition in the FY2025 performance outlook.
 • In calculating the actual average, FY2011–2017, FY2020, and FY2022 were excluded because they involved prolonged outages caused by earthquakes and the installation of specialized safety facilities.

Developing and installing next-generation advanced reactors

We are also considering next-generation advanced reactors to achieve carbon neutrality and ensure a stable medium- to long-term power supply. We will continue to gather information on projected future energy supply-demand composition and societal energy usage patterns while evaluating various options. Among next-generation innovative reactors, the advanced light-water reactor (LWR) is a version of the already technologically established LWR with further safety improvements. We are engaged in joint research with Mitsubishi Heavy Industries and operators of pressurized water reactor (PWR) plants such as Hokkaido Electric Power, Kansai Electric Power, and Shikoku Electric Power.

We are also having discussions with the Nuclear Regulation Agency regarding regulations related to the introduction of advanced LWRs.

Building the future of nuclear power from Kyushu

Nuclear power generation has been positioned as an indispensable power source for achieving carbon neutrality under Japan's Seventh Strategic Energy Plan.

Geopolitical risks in the Middle East, Ukraine, and elsewhere may continue to heighten energy tensions. Should these risks materialize, Japan, a country with few natural resources, stands to be significantly impacted by surging fossil fuel prices. Considering not only economic viability and environmental merits, but also these challenges to energy security, the benefit of nuclear power is expected to grow.

Therefore, to achieve maximum utilization, our nuclear power plants must realize even higher generation efficiency than before. Furthermore, as we look ahead to the development and deployment of next-generation advanced reactors, we must ensure that our technical expertise is consistently passed on to accumulate and refine our technological capabilities.

Embracing the "Kyuden DNA" passed down since our founding, we will continue to uphold awareness of our mandate to provide a stable power supply and our spirit to take on challenges, building the future of nuclear power from Kyushu.



Strategy by Business

RENEWABLE ENERGY BUSINESS



Yutaka Mizumachi

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

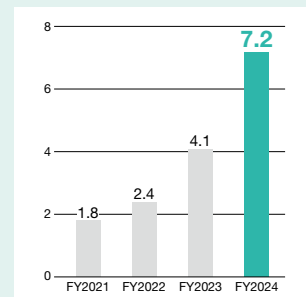
Yutaka Mizumachi was born in Chikugo City, Fukuoka Prefecture, and joined Kyushu EP in 1989. He was first assigned to Matsuura Power Plant. Driven by curiosity and excitement, he has developed a wide range of power sources, from coal and LNG to renewables. On his days off, he enjoys mountain climbing and motor-cycle touring in nature.

		Internal factors	
External factors	<p>Opportunities</p> <ul style="list-style-type: none"> Concentration of semiconductor and data center industries and increased demand for low-carbon power sources Expanding government support for floating offshore wind and storage batteries Advances and real-world application of perovskite solar cells and green hydrogen Expansion of the O&M market due to an increase in renewable energy facilities such as wind power, solar power, and storage batteries 	<p>Strengths</p> <ul style="list-style-type: none"> Five major renewable energy sources (solar, wind, biomass, geothermal, hydro) and a robust portfolio Integrated systems for investigation, development, and operation built on a century of expertise and experience Assets and offices throughout Kyushu as well as strong relationships and trust with local communities 	<p>Weaknesses</p> <ul style="list-style-type: none"> Rising construction and operating costs Securing long-term power off-takers under the FIP scheme Need to explore measures to effectively utilize surplus electricity generated using renewable energy
	<p>Risks</p> <ul style="list-style-type: none"> Rising development costs, greater risks, and more intense competition associated with larger projects Diminishing availability of suitable sites for renewable energy in Japan Aging facilities and equipment 	<ul style="list-style-type: none"> Leverage our diverse renewable energy sources and operational know-how to accelerate the development of renewable energy, boosted by the tailwind of expanding demand and government support Promote local business development based on relationships of trust with local communities Leverage our technology and expertise to expand O&M contracting and solution development services 	<ul style="list-style-type: none"> Accelerate development of carbon-free power sources by capturing growing demand and utilizing government support Incorporate technological innovations such as green hydrogen to make effective use of surplus electricity and open up new markets
		<ul style="list-style-type: none"> Leverage our comprehensive expertise in areas such as development and O&M to pursue measures to address aging facilities and improve operational efficiency Boost the added value of renewable energy through advanced supply demand management and proposals that match customer needs 	<ul style="list-style-type: none"> Improve capital efficiency by streamlining the investment-recovery cycle Use DX to improve operational efficiency, achieve cost reductions, and appropriately address rising costs and risks

FY2024 assessment and progress

- Formulated the Kyuden Mirai Energy 2050 Vision, clarifying our long-term management direction by defining aspirations and setting KGIs for profit and EBITDA.
- Integrated Kyushu EP's geothermal business into Kyuden Mirai Energy to maximize the value of renewables and provide more diverse, advanced options for customers
- Accelerated efforts to make renewable energy the main source of power and achieve carbon neutrality, mainly through the steady development of the Kitakyushu Hibikinada Offshore Wind Farm and the Kirishima Eboshidake Binary Power Plant

Ordinary income (billion yen)



Note: Classification is based on the former financial objectives. Overseas renewable energy is included in overseas business

Business strategies

- Acceleration of renewable energy development**
 - In addition to the five major renewable energy sources, we will maintain and expand storage batteries, pumped storage, and floating offshore wind power
 - Co-create businesses through collaboration with local communities
 - Develop expertise concerning the sale of equity interests in advanced solar and geothermal projects and accelerate investment recovery
- Maximization of renewable energy handling volume**
 - Boost the added value of renewable energy through advanced supply-demand management, our unique systems, and proposals that match customer needs
 - Use DX to improve maintenance efficiency, reduce costs, and ensure accurate renewal and replacement work
- O&M value enhancement**
 - Leverage operational record, technical strengths, and community collaboration to commercialize and optimize O&M contracting
- Expansion of next-generation energy**
 - Explore on-site green hydrogen production projects as a future solution

Our Vision for 2035

Japan's largest green energy platform provider, leading the future of renewable energy with a growing global reach

KPIs

Renewable energy installed capacity:

10 GW

Renewable energy handled:

15 billion kWh

Note: By FY2035

Strategy by Business

OVERSEAS BUSINESS



Takashi Mitsuyoshi

President and Representative Director, Kyuden International Corporation

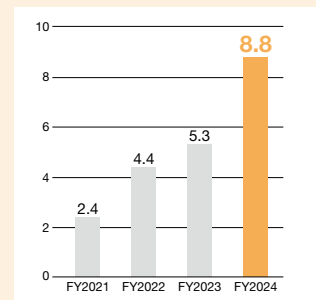
Takashi Mitsuyoshi was born in Kagoshima City, Kagoshima Prefecture, and joined Kyushu EP in 1988. On weekends, after a thorough house cleaning, he enjoys relaxing with a glass of shochu while watching YouTube. His favorite saying is, "Let the burdens of this world weigh ever heavier, for only then can I know my true strength." (Kumazawa Banzan, Edo-era scholar of the Yomeigaku school of neo-Confucianism)

		Internal factors	
		<p>Cross-SWOT</p> <p>Overseas Business</p>	
External factors	<p>Opportunities</p> <ul style="list-style-type: none"> • More business opportunities in renewables due to the continuing need for decarbonization over the medium and long term, as customers work toward carbon neutrality • Rising value of transition power sources (gas-fired plants) due to growing energy demand from emerging countries and data centers, along with heightened energy security concerns 	<p>Strengths</p> <ul style="list-style-type: none"> • Over 20 years of overseas business experience and a strong reputation and trust among business partners • Utilize technical expertise and human resources developed across the full energy value chain in our domestic operations 	<p>Weaknesses</p> <ul style="list-style-type: none"> • The need to optimize the use of limited management resources • The need to firmly establish our competitive advantage • The need to develop new business areas for the future • Establishment and expansion of overseas bases
	<p>Risks</p> <ul style="list-style-type: none"> • Heightened market risks resulting from changes in energy policy, particularly in the U.S. • Increasing geopolitical risks in Europe and the Middle East • Fewer gas-fired power projects with long-term power purchase agreements (PPAs) • Increased competition as support policies for renewables recede—mainly in developed countries—together with further commoditization of renewables 	<ul style="list-style-type: none"> • Participate as a lead developer from the earliest stages of projects to increase added value and profitability by leveraging our longstanding track record and trusted relationships with business partners • Pursue diversified earnings by developing businesses that leverage the comprehensive strengths of the group throughout the energy value chain • Provide optimal solutions, including gas-fired power, renewables, CCS, and hydrogen, tailored to each country's regional and economic characteristics 	<ul style="list-style-type: none"> • Pursue selection and concentration on promising business areas and regions • Expand our overseas offices to discover high-quality projects and strengthen project management • Reform our compensation and benefits systems to attract and retain external professional talent • Boost capital efficiency through the sale and replacement of assets • Pursue initiatives in renewable energy and new business domains by utilizing alliances, including M&A
		<ul style="list-style-type: none"> • Utilize our diverse overseas business experience and knowledge, information channels at each location, and collaboration with specialist organizations to ensure the early identification of country and geopolitical risks • Strengthen our collaborative relationships with blue-chip partners in the renewable energy field and introduce new business models to avoid competition and improve profitability 	<ul style="list-style-type: none"> • Build optimized portfolios based on business domain, business period, and risk-return profile • Construct regional portfolios based on country risk • Enhance hedging capabilities and establish trading functions to reduce market risk • Develop a financing model that takes advantage of market liquidity

FY2024 assessment and progress

- Despite lower revenues from geothermal IPP projects resulting in decreased operating revenue, ordinary income increased by 65.7% year-on-year to ¥8.8 billion, mainly thanks to higher equity-method profit
- Actively pursued projects in gas-fired power generation, renewable energy, and power transmission and distribution, including investment in a submarine power transmission project in the U.K. and the dispatch of employees to the construction work of a high-efficiency Gas-fired power generation in Uzbekistan and UAE submarine power transmission project
- Signed collaboration agreements with several potential partners to acquire knowledge and business opportunities in new areas such as hydrogen, ammonia, and CCUS

Ordinary income (billion yen)



Note: Overseas renewable energy is included in Overseas Business

Business strategies

- 1. Focus and value enhancement of projects**
 - Pursue selection and concentration on promising business areas and regions, and focus on high-value-added products through participation from the early stages of development
 - Leverage the group's comprehensive strengths to develop businesses that connect a wide range of value chains and diversify revenues
- 2. Portfolio optimization via asset recycling**
 - Boost capital efficiency through the sale and replacement of assets
 - Build a balanced portfolio with short, medium, and long-term holdings, considering risk return and regional factors
- 3. Providing optimal solutions by combining business areas**
 - Provide optimal solutions by combining business areas according to regional characteristics, such as thermal power with CCUS
 - Build a business model utilizing supply-demand adjustment functions, such as batteries and pumped storage
- 4. Strengthening the business foundation**
 - Strengthen our business foundation by expanding overseas bases, securing and developing global human resources, and promoting DX

Our Vision for 2035

A solutions provider addressing global energy issues through new value creation

KPIs

Project participation as lead entity: **2/year**

Asset recycling cases: **10*** (including partial equity sales)

Decarbonization investment ratio: **70%***

* Cumulative total from FY2025 to FY2035

Strategy by Business

ICT SERVICE BUSINESS



Atsushi Soda

Vice President & Executive Officer, Executive Director of Technical Solution Headquarters

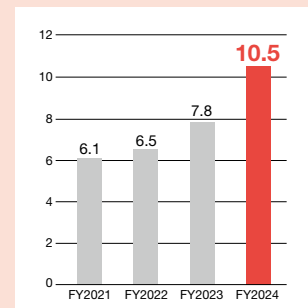
Atsushi Soda was born in Nagasaki City and joined Kyushu EP in 1985. He has experience responding to many major disasters, including Typhoons Kinna and Mireille in 1991, which caused extensive damage in Kyushu. His motto is "work begins with the worksite," and he still regularly visits worksites.

		Internal factors		
		<p>Cross-SWOT</p> <p>ICT Service Business</p>	<p>Strengths</p> <ul style="list-style-type: none"> • Experience and track record of supporting a stable power supply through technologies such as telecommunications and IoT • ICT infrastructure such as optical fiber networks and data centers covering the entire Kyushu region • Diverse business domains, including local government cloud, drones, generative AI, and more 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Further increase the added value of services • Need to develop and secure ICT talent to further expand business domains • Need to ensure group-wide information security
External factors	<p>Opportunities</p> <ul style="list-style-type: none"> • Advances in digital technologies such as AI and mobile communications, and business transformation (DX) leveraging these technologies • Growing environmental awareness • Construction of factories in Kyushu because of low-cost electricity 	<ul style="list-style-type: none"> • Expand services tailored to business transformation needs in Kyushu and beyond, leveraging AI and drone-based infrastructure inspection, DX solutions for industry, and further development of generative AI platforms • Research and test technologies, such as data center linkages powered by next-generation optical communication, to enable the effective use of distributed renewable energy 	<ul style="list-style-type: none"> • Provide high-value-added solutions using digital technology, through partnerships with academic institutions, startups, and others • Use DX to thoroughly reform business processes and improve efficiency, shifting human resources toward creating high-value-added services and expanding business domains 	
	<p>Risks</p> <ul style="list-style-type: none"> • Increasing frequency and severity of natural disasters • Cyber attacks and growing security threats • Intensifying competition and market oligopoly by platformers 	<ul style="list-style-type: none"> • Leverage facility maintenance and management technology from our electric power business to improve the disaster resilience of our services, while also providing technical support and aid equipment to affected areas during disasters • Utilize our advanced information security knowledge and expertise to provide consulting services and a variety of solutions 	<ul style="list-style-type: none"> • Contribute to customer business continuity through disaster-resilient facility design, monitoring systems, and BCP-based response • Promote business portfolio construction with an emphasis on ROIC • Raise the level of information security across the Group by standardizing security infrastructure and strengthening collaboration 	

FY2024 assessment and progress

- Operating revenue increased by 4.9% year-on-year, and ordinary income rose by 35.4%, driven by expanded sales of information systems for local governments and optical broad band services
- Expanded support for local governments by signing new comprehensive partnership agreements to promote municipal DX
- Provided generative AI services and AI-powered production management systems for corporate clients, and promoted initiatives in the AI field, such as developing technology to predict inflows into dams
- Steadily expanded offerings of grid storage station packages and integrated energy storage systems for solar power plants to achieve carbon neutrality

Ordinary income (billion yen)



Business strategies

- Strengthening DX, AI and drone solutions**
 - Provide high-value-added services across a range of fields by incorporating DX support and the latest AI technology
 - Provide services utilizing drone image data and AI analysis
- Promoting data centers supporting AI processing in combination with renewable energy (green DC)**
 - Support high power demands required by AI processing and promote converting green electricity into economic value
- Responding to diverse cybersecurity needs, including attack monitoring and resilience**
 - Address cybersecurity needs to minimize damage from cyber attacks and ensure business continuity
- Creating a comfortable digital life through technology**
 - Provide ICT services that make life more comfortable and convenient by leveraging the internet, IoT home appliances, and more
 - Create new communication services that integrate real and virtual spaces
- Providing next-generation communication networks that support digital services**
 - Provide high-speed, high-capacity, low-latency telecommunication networks based on next generation technologies such as APN*
- Leveraging ICT to achieve carbon neutrality**
 - Provide ICT-based energy storage systems and meet disaster-related needs

*APN: All Photonics Network

Our Vision for 2035

A digital service partner supporting communities and customers in building a smart society

KPIs

Revenue growth fields:

2x or more^{*1}

Service satisfaction survey^{*2}:

No. 1 in Kyushu

^{*1} Operating revenue from the growth areas in business strategies 1-6 (FY2035 vs. FY2024 results)

^{*2} Based on external survey

Strategy by Business

URBAN DEVELOPMENT BUSINESS



Masanori Kozuma

Director of Urban Development Business Division

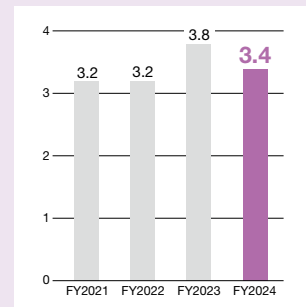
Masanori Kozuma was born in Fukuoka City and joined Kyushu EP in 1990. His favorite foods are cheese and noodles. He was first assigned to the Nagasaki Branch Office, where he was in charge of construction work. He was captivated by the remote islands off Nagasaki's coast. He is engaged in urban development, which has been his ambition ever since he started with the company. His motto is: "Your life is up to you."

		Internal factors	
		<p>Cross-SWOT</p> <h2>URBAN DEVELOPMENT BUSINESS</h2>	
External factors	<p>Strengths</p> <ul style="list-style-type: none"> Development and operational know-how and expertise cultivated through business experience (energy, ICT, civil engineering and construction, finance, real estate, etc.) Strong sense of mission and ability to implement decarbonization Networks and business partnerships with companies, local governments, universities, and economic organizations in Kyushu and other regions 	<p>Weaknesses</p> <ul style="list-style-type: none"> Need for further utilization of energy and digital technology Need to build a balanced portfolio Need to develop and acquire expert talent and improve organizational productivity 	
	<p>Opportunities</p> <ul style="list-style-type: none"> Rising concentration of urban populations and growing demand for regional city revitalization in Japan Market growth in the U.S. and emerging countries Advances in decarbonization, AI, and robotics, and increasing demand for their deployment Expansion of the tourism market and recovery of inbound demand 	<p>Risks</p> <ul style="list-style-type: none"> Risk of shrinking regional markets due to population decline Increasing difficulty in securing and developing highly specialized talent in recruiting and training highly specialized personnel Country risk in overseas investment 	<ul style="list-style-type: none"> Leverage Kyuden Group's strengths in energy, environment, and smart technologies to propose and develop solutions that address market needs from a market-driven perspective Utilize expertise from domestic and international projects to promote urban development in Japan and abroad, starting from Kyushu
		<ul style="list-style-type: none"> Promote sustainable community development by leveraging trusted relationships with local communities and partners, creating new value through co-creation and utilizing regional resources Leverage our diverse networks and overseas business expertise to detect overseas investment risks early 	<ul style="list-style-type: none"> Build an organization where every employee can maximize their skills and individuality, while strengthening efforts to secure and develop specialized talent and improve productivity

FY2024 assessment and progress

- In FY2024, both sales and profits declined compared to the previous year, primarily due to lower sales of all-electric condominiums. Operating revenue was down 1.4%, and ordinary income fell by 10.0%.
- Completed Logi-port Fukuoka Kasuya, a multi-tenant logistics facility. We also actively pursued urban planning and development projects in Japan and overseas, including participation in the development of a multi-family rental housing complex (Durham Miami) and a logistics facility (Chicago) in the United States.
- Expanded the asset management business through the establishment of Kyuden Urban Development Asset Management Co., Ltd.

Ordinary income (billion yen)



Business strategies

- Promoting development via green initiatives and co-creation**
 - Create attractive cities by leveraging the Kyuden Group's strengths, rooted in green initiatives (energy, environmental, and smart initiatives), through asset development and content provision in collaboration with local communities and partners.
- Increasing the value of owned assets through the advancement of operations**
 - Accelerate investment, recovery, and reinvestment through asset management
 - Enhance facility and maintenance management using energy and DX-related technologies and expertise
- Enhancing foundations for creating value**
 - Secure and develop human resources with expertise and experience
 - Build an organization where each individual can achieve their full potential and express their uniqueness while they continue to grow

Our Vision for 2035

A green developer that builds up the community and the future

KPIs

Number of participating projects:
300 or more*1 (including about 10% overseas)
 Environmental certification rate for new buildings:
100%*2

*1 Cumulative total by FY2035
 *2 FY2035

SPECIAL FEATURE 02

ANY WAY THE WIND BLOWS WE LEAD

Pioneering the future of renewable energy with the Kitakyushu Hibikinada Offshore Wind Farm

* The affiliations and positions of the people mentioned in the text are as of the time of these interviews.



Lifting and transporting a pile-type jacket



Installation of blades on a wind turbine

Hibikinada Offshore Wind Power Generation Project

Kyuden Mirai Energy (Mirai) forms the core of the Kyuden Group's renewable energy business. Mirai develops renewable energy power sources that harness the power of nature, aiming to achieve carbon neutrality by 2050. With its frontier spirit, it has focused on moving ahead of the competition by developing one-of-a-kind initiatives such as tidal power generation and floating offshore wind power verification projects, striving to open up the possibilities of marine-based renewable energy in Japan.

The Kitakyushu Hibikinada Offshore Wind Farm, currently under construction in Hibikinada, off the coast of Kitakyushu City, is a symbol of these efforts. We take a closer look at the current status of this project, which is attracting attention as one of the largest offshore windfarms in Japan.

Project Summary

Hibikinada is the name given to the expanse of sea off the coast of Wakamatsu-ku, Kitakyushu City. Here, 25 large wind turbines with an output of 9.6 MW each (total output of 220 MW) are currently under construction. The wind turbines reach a height of approximately 200 meters and are truly a sight to behold, towering high above the waves below. When it is completed and begins commercial operation, this will be the largest offshore wind farm in Japan and will provide approximately 40% of Japan's offshore wind power output. The wind farm is expected to generate approximately 500 GWh of electricity per year, equivalent to the electricity needed to power 170,000 households, reducing CO₂ emissions by approximately 270,000 tons per year.

This project was solicited by the government of Kitakyushu City in 2016 as part of the Green Energy Port Hibiki project, and attracted attention as the first publicly solicited project since the Port and Harbour Act was revised. As a result of public solicitation, Hibiki Wind Energy (HWE) was selected as the project operator. HWE is a joint venture formed by five local companies: Mirai, J-POWER, Hokutaku, Saibu Gas, and Kyudenko (now KRAFTIA).

Major initiatives undertaken by the Kyuden Group as an industry-first leader

Year	Initiative
1955	Kamishiiba Power Plant begins operation, featuring Japan's first large-scale arch dam (Miyazaki Prefecture, 93.2 MW)
1967	Otake Power Plant, Japan's first flash steam geothermal power plant, begins operation (Oita Prefecture, 14.5 MW)
1977	Hatchoubaru Power Plant, Japan's largest geothermal power plant, begins operation (Oita Prefecture, 110 MW)
2003	Koshikijima Wind Power Plant, Japan's first commercial wind power plant, begins operation (Kagoshima Prefecture, 250 kW)
2005	Miyazaki Biomass Recycle Power Plant, Japan's first chicken manure power plant, begins operation (Miyazaki Prefecture, 11.4 MW)
2006	Hatchoubaru Binary Power Plant, Japan's first geothermal binary power plant, begins operation (Oita Prefecture, 2 MW)
2009	Launch of Japan's first on-site solar power generation project (Fukuoka Airport, 200 kW)
2021	Verification testing begins on Japan's first large-scale tidal power plant (Nagasaki Prefecture, 1.1 MW)

Note: Output figures are as of the time of writing.

Our "One" Team Approach in Action

The journey thus far has been anything but smooth. So what trials has HWE overcome, and how did it develop its strengths? Our "One Team" Approach in Action

Design and certification insights

Soon after beginning our surveying work, we were faced with a major challenge. About two years after HWE was selected as the operator, a domestic wind turbine manufacturer—one of a few potential suppliers—decided to withdraw from the project. Working within a limited time frame to select another manufacturer and adjust the specifications, we decided to install wind turbines manufactured by Vestas of Denmark. Given the rapidly advancing trend toward larger wind turbines, we resolved to adopt Japan's first large-scale wind turbines. These turbines have an output of 9.6 MW, more than twice that originally planned.

The change in wind turbine model also had a substantial impact on the basic design. The decision was made to use a pile-type jacket foundation that can flexibly adapt to complex seabed topography and hard geological conditions. It was also essential to design a structure that can withstand the harsh marine conditions unique to Japan, such as earthquakes, typhoons, and tsunamis. Only in this way could we obtain wind farm certification. The technology and knowledge developed for European wind farms could not be used without modification, which meant we had to review the designs from scratch.

After more than three years of design and review, we finally obtained certification. The unique design and certification expertise we gained from the process have become invaluable assets. The design of the wind turbine foundations for this project has been presented at a conference of the Japan Society of Civil Engineers (JSCE), and there are high expectations that this project will serve as a model for large-scale offshore wind power generation in Japan.

... Takeshi Yoshioka
Deputy General Manager, Construction Department and Group Manager,
Civil Engineering and Construction Group, Construction Department, HWE

We have pursued both safety and feasibility, conducting numerous multifaceted and practical technical studies, including site evaluations, design validation, and overall load analysis. We have held over 30 discussions with third-party certification organizations, and we are proud that our steady efforts have borne fruit and contributed to society as a model for future offshore wind power in Japan.

On-site responsiveness and decisiveness

Offshore construction began in March 2023. There, further challenges awaited us.

The greatest challenge was coping with the complex seabed topography. The construction area is extremely complex, with water depths ranging from 8 to 30 meters and a mixture of soft and hard ground. At the same time, the wind turbine foundations are heavy, large-scale structures that must meet both high construction precision and safety standards.

... Naoki Asami
Chief Manager, Civil Engineering and Construction Group,
Construction Department, HWE

We had to pay special attention to horizontal accuracy, as the foundation pile installation, jacket fabrication, and all related installation work had a significant impact on the final result. We repeatedly discussed possible challenges and countermeasures. This included conducting trial construction on land in preparation for underwater work. As a result, we were able to achieve a highly precise inclination for the connection to the wind turbine tower, with an average deviation of just 0.06 degrees. Achieving this despite the harsh construction environment is proof of our strong on-site capabilities.

... Yoshio Ooyama
General Manager,
Construction Department, HWE

Marine construction is greatly affected by weather and waves. The construction site is almost like a living organism: it changes from moment to moment. Every day, we deal with differences of opinion among those involved in the construction work, but as the command tower for the entire project, HWE bases its decisions on what is best for the project at each point in time. Our greatest asset is the ability to make decisions that drive progress on-site.

One team built on mutual understanding

Installation of the wind turbine foundations is progressing, and all wind turbine components manufactured overseas arrived at the Port of Kitakyushu by March 2025. Along with the components, workers from the wind turbine manufacturer came to Japan from Europe and other regions.

With this international cooperative structure put in place, more than 300 workers were involved in the installation of the wind turbines. At first, the construction site was extremely chaotic due to differences in culture, language, and contracting practices. The language and cultural barriers loomed large before the team, as we strove to ensure the accuracy and safety required for wind turbine installation.

What moved the project forward was the mutual understanding that developed out of our respect and recognition for one another.

... Naoya Yoshida
Group Manager, Wind Turbine Construction Group, Construction Department, HWE

Through the daily challenges of negotiating in English, coordinating with domestic construction companies, and understanding the requirements of European manufacturers, I have learned just how important it is to respect one another. Everyone shares the same desire to build the wind turbines safely. I learned that mutual understanding awaits us if we can overcome barriers of culture and language.

Our team's common language was the shared desire to create something great. The companies involved in the project, each with different corporate cultures and business experience, have continued to pursue the single goal of starting operations by the end of FY2025, with their sights set on a new future.

... Satoru Kasahara
Head of Construction Office, HWE

Our motto at HWE is "Let's create something great." Everyone involved in the project worked together to overcome difficulties. These wind turbines represent more than equipment. They embody the collective effort and shared direction of our "One Team" approach.

Advances in our marine renewable energy development capacity

In February 2025, Japan's Cabinet approved the 7th Strategic Energy Plan. The amount of electricity generated from renewable energy in Japan is expected to double from the current level across the board by 2040, based on the Japanese government's policy to "actively promote renewable energy as a major power source" and "encourage the maximum introduction of renewable energy."

Offshore wind power, especially, is positioned as a key driver in these efforts. Japan boasts the world's sixth-largest Exclusive Economic Zone (EEZ), and if floating offshore wind turbines can be installed across this vast area, it would provide momentum toward achieving carbon neutrality by 2050, and—given the scale—create significant economic ripple effects.

In 2024, against this backdrop, we released the Kyuden Mirai Energy 2050 Vision. Subsequently, in May 2025, the Group

released Kyuden Group Strategic Vision 2035, establishing an implementation strategy for the renewable energy business aimed at achieving its vision for 2050, in which offshore wind power is identified as an engine of growth. The knowledge gained from the Hibikinada Offshore Wind Power Generation Project will serve as a bridgehead for the realization of this vision—not as mere experience, but as a tangible strength.

The challenges we have faced in Hibikinada have greatly enhanced Mirai's ability to develop marine renewable energy. Mirai's activities are expanding from land to sea.

Strengths gained from the project

Strengths gained from the project
Certification of our highly unique structural designs / Ultra-high precision construction technology capable of handling complex seabed topography / Ability to overcome cultural and industry barriers in project management / Coexistence with the local community / Fundraising ability

Project management capabilities
• This project has strengthened our ability, as an electricity company, to ensure compliance with domestic laws and regulations, coordinate with local communities, and manage projects
• We are able to optimize construction planning to minimize the risk of delays and cost overruns, and establish an optimal structure for efficient project implementation

Project expertise
• Our expertise in certification and our design and construction technology for complex seabed topography have been elevated into the ability to accurately assess the feasibility of future projects.
• Rather than investing in technically difficult or commercially unviable projects, we carefully select only those that can be brought to successful completion, significantly reducing investment risk.

Incorporating advanced technologies and expanding our business areas
• Through this project, we are laying the groundwork for incorporating advanced renewable energy technologies and know-how from Europe and elsewhere.
• We are strengthening collaboration with overseas operators and manufacturers through overseas project investment and verification testing. By actively working to commercialize next-generation technologies—such as floating offshore wind and tidal power generation—within Japan, we are contributing to the development of domestic marine renewable energy.

The three Cs of renewable energy

Since its founding, the Kyuden Group has actively utilized Kyushu's abundant natural advantages for power generation. Mirai carries on this frontier spirit as it moves forward.

How will Mirai leverage the strengths gained in Hibikinada to chart a path for future growth? The three Cs of renewable energy—Creation (expansion), Continuation (sustainability), and Coordination (harmony)—form the foundation of Mirai's growth strategy for making renewable energy the main power source.

The first step toward making renewable energy the main power source is to increase generation capacity ("Creation"). By working in harmony with local communities, we will draw on the know-how built up over years of constructing and operating the five major renewable energy sources (solar, wind, biomass, geothermal, and hydro) to expand our facility capacity. In addition to new projects in Japan, such as offshore renewable energy and onshore wind, we also aim to pursue overseas projects.

However, Mirai's future extends far beyond simply expanding new developments. It should be noted that by 2050—when Japan aims for carbon neutrality—the FIT periods for existing projects will be phased out in succession. In other words, from a medium- to long-term perspective, the long-term, stable use of renewable energy sources ("Continuation") is crucial. With the post-FIT era in mind, we aim to realize and sustain carbon neutrality by extending the replacement timeline for existing facilities and maximizing the use of renewable energy, based on safe and stable operation. In addition, we will incorporate other companies' renewable energy facilities—including through the purchase of post-FIT facilities—and develop supply-demand balancing capabilities such as storage batteries.

Recently, there has been a growing trend—especially among global tech companies—toward demanding a 24/7 carbon-free power supply.* The output from renewable energy sources is subject to weather conditions. As weather-sensitive solar power accounts for much of Japan's

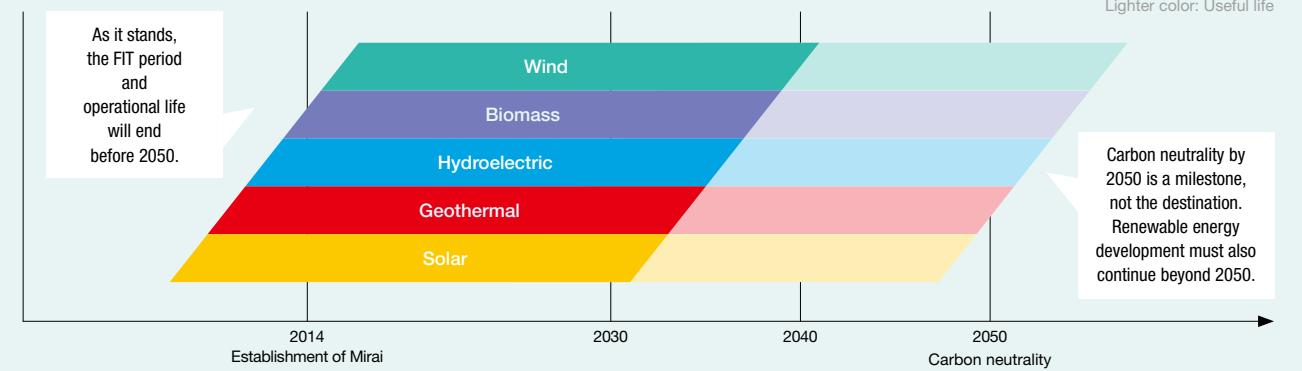
renewable energy, it is becoming increasingly important to coordinate supply and demand by utilizing storage batteries and other balancing capabilities.

We also need to be conscious of the post-FIT era, a world where we strategically sell renewable energy ourselves. To respond to these changes, we will aggregate renewable energy sources—both our own and those of other companies—leveraging supply-demand balancing capabilities, accumulated experience and data, and advanced AI-driven forecasting to generate trading profits through market selection and bid price setting. We also aim to provide supply-demand operation services for other companies' facilities. In addition to advancing supply-demand management, we can also provide solutions tailored to customer needs by leveraging our strength as an owner of the five major renewable energy sources. We will develop new business models to enhance kWh value, aiming to become Japan's largest green energy platform operator.

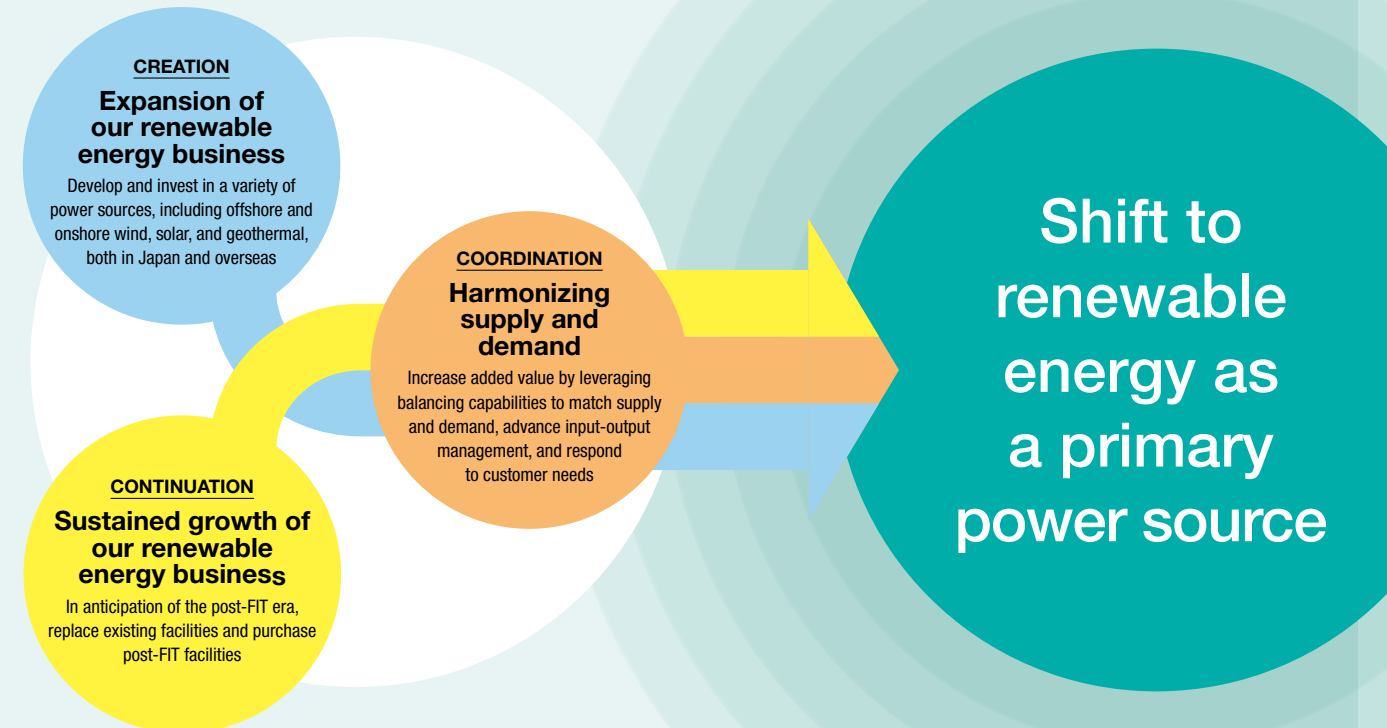
These models must go beyond simple power source development as we seek to improve profitability from every angle, guided by the three Cs of renewable energy. The Kyuden Group's renewable energy businesses are poised for multi-faceted expansion.

* 24/7 carbon-free power supply: The concept of providing zero CO₂ electricity to the grid at all times, 24 hours a day, 365 days a year, for real-time use.

Mirai's renewable energy power plant development track record and operation period (illustration)



The three Cs of renewable energy Our policy on making renewable energy the main power source



Harnessing the wind for the future

In February 2023, Kyushu Electric Power announced it would integrate its geothermal and hydroelectric businesses into Mirai. The geothermal business was integrated in April 2024. Mirai is the only renewable energy operator in Japan to own all five major renewable energy sources. Following the integration of the hydroelectric business, the capacity of its own facilities will be among the highest in Japan. Its greatest strength is that stable renewable energy sources make up 80% of the portfolio, establishing a solid foundation for the shift to renewables as a primary power source.

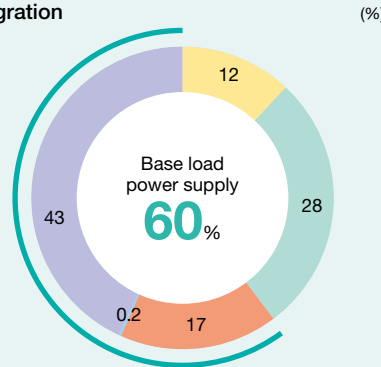
Overview of the Integration

After integration of geothermal
approx. **1,300 MW**
renewable energy developed

approx. **300 MW**
self-owned renewable
energy facilities

Number of power plants
approx. **40** locations

Number of employees
approx. **360**



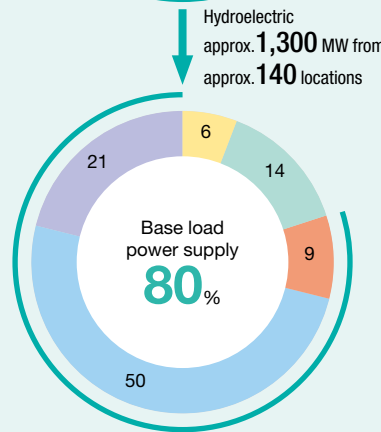
After the integration of
hydroelectric power

approx. **2,600 MW**
renewable
energy developed

approx. **1,600 MW**
self-owned renewable
energy facilities

Number of power plants
approx. **180** locations

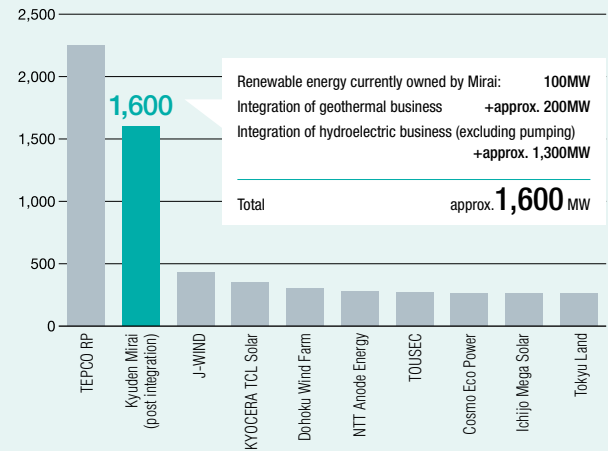
Number of employees
approx. **800**



Legend: Solar (Yellow), Wind (Green), Geothermal (Orange), Hydroelectric (Blue), Biomass (Purple)

Note: Estimate as of April 2024, including projects under development

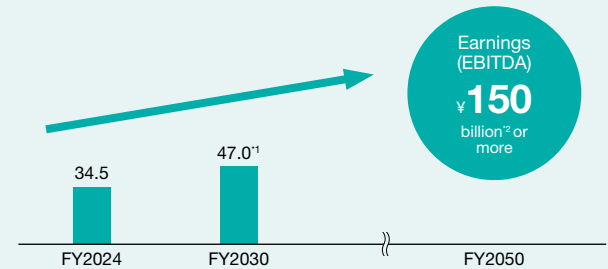
Output scale of renewable energy operators (own facilities only)



Note: Figures represent power sources owned by the company as a renewable energy operator (Electric Power Survey Statistics, February 2025).

After establishing a structure focused on renewable energy, the Group aims to earn ordinary income of ¥47 billion*1 in FY2030 and EBITDA of ¥150 billion*2 in FY2050. For now, we will focus on steadily increasing income, mainly from hydro and geothermal, while developing wind, solar, and other new sources of revenue. At the same time, by establishing a model to sell equity in self-owned facilities from earlier projects, we will accelerate the investment recovery cycle, improve capital efficiency, and create a virtuous cycle of growth.

Ordinary income from the renewable energy business



*1 Source: Kyuden Group Strategic Vision 2035
*2 Source: Kyuden Mirai Energy 2050 Vision

The roadmap to realization is as follows.

1. Expansion of existing businesses

- Maintain stable, long-term operation and high utilization rates by advancing O&M know-how at existing power plants
- Expand competitive renewable energy development by reducing LCOE* through the introduction of new technologies
- Build renewable energy development models tailored to regional characteristics, such as tidal currents and floating offshore technologies
- Implement community contribution initiatives, including job creation, that are truly welcomed and valued by local communities

2. Development of renewable energy-related businesses

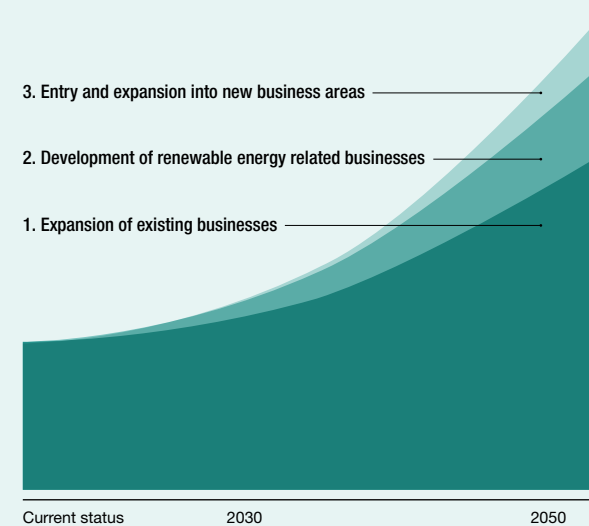
- Build and implement business models leveraging our strengths, such as consulting for development and O&M
- Actively develop supply-demand operation businesses by creating balancing capabilities tailored to customer needs
- Promote measures to enhance competitiveness through DX, including remote maintenance
- Generate innovation by strengthening industry-government academia partnerships

3. Entry and expansion into new business areas

- Deploy green hydrogen and other next-generation energy sources across various sectors, including mobility and steel

*LCOE: Levelized Cost of Electricity. Cost per unit of electricity generated

Illustration of business expansion



The Hibikinada Offshore Wind Power Generation Project is a major step toward realizing our goal of becoming Japan's largest green energy platform operator. Mirai President Yutaka Mizumachi explains.

Yutaka Mizumachi
President of Kyuden Mirai Energy

The Kyuden Group has been a pioneer in marine renewable energy, such as tidal power and floating offshore wind power. The Kitakyushu Hibikinada Offshore Wind Farm, which we are currently working on, is a great learning experience for us and also marks a new beginning for marine renewable energy development. The assets we have gained—risk management, design and certification know-how, and construction capabilities—come from overcoming many challenges. These assets are vital for our future business expansion. We will continue to pursue greater value from renewable energy and achieve our profit targets.

With the Kyuden Group's century long pioneering spirit, fostered since the dawn of hydroelectric development, we aim to contribute to realizing a carbon-neutral society—and, beyond that, a carbon-negative society.

We will continue to advance, leading the next generation of renewable energy and taking on new challenges. The wind is blowing toward the future.





“Sometimes it feels like we’re doing ESG for the sake of the evaluation.”

The new hire spoke with honesty, but the director slowly shook his head in disagreement.

“That’s one side of it, but that’s not what it’s really about.”

“So what is really about, then?”

“ESG is a management stance—a way of deciding what kind of company we aspire to be.

In the future, financial and non-financial factors won’t be considered separately.

They’ll all be integrated into management.”

“Recently, I’ve heard people using the term ‘post-ESG.’ Is that what it means?”

“Yes. Whether it’s reducing GHG emissions and lowering environmental impact to achieve carbon negativity, or promoting human capital management rooted in individual aspirations—all of it is about becoming a company worthy of people’s trust in the future.”

“I see... so it’s more than just short-term profits or evaluations.

It’s about what the company stands for.”

“Yes. The focus isn’t on trimming the branches, but on what kind of roots we put down.

That’s what will contribute to the future value of the Kyuden Group.”

SECTION 4 HOW-2 | Strengthening Our Business Foundation

44 | Value Creation in the “Post-ESG” Era: Message from the Chief ESG Officer 45 | Value Creation Tree Integrating Financial and Non-financial Factors 46 | SPECIAL FEATURE 03: Dialogue Between External Directors and Investors

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(Kyushu Electric Power)

VALUE CREATION IN THE "POST-ESG" ERA: MESSAGE FROM THE CHIEF ESG OFFICER

[Learn more about the process for identifying materiality](#)

Kyuden Group's course in sustainability management

In 2021, our group established the Sustainability Promotion Committee and strengthened our sustainability management structure by appointing a Chief ESG Officer and setting up a dedicated department. In 2022, we identified key management issues for achieving sustainability as "materiality," which we continue to review and update on an ongoing basis. Although the term was initially unfamiliar, dialogue with employees at worksites and group companies helped us transform materiality into a personal concern for everyone at the Kyuden Group.

Aligned with the creation of social and economic value simultaneously, we tackle challenges and disclose information across a wide range of fields, including human capital and environmental initiatives. Through these efforts, we are delivering meaningful results across a broad range of fields, laying the foundation for sustained corporate value creation.

Post-ESG: Moving to the Next Stage

The Kyuden Group has set forth Strategic Vision 2035 as we look ahead to the next stage of corporate growth. To achieve this vision, ESG should no longer be treated simply as an evaluation metric. Instead, we must embrace it as the very foundation of long-term value creation and management itself. In other words, it is essential to integrate financial and non-financial aspects, moving beyond the conventional ESG framework. Guided by this post-ESG perspective, we are moving to the next stage as we strive for integrated value creation that meets the expectations of all our stakeholders.

For example, with regard to the ROIC tree and the Medium-term ESG Plan, we make the interconnection between financial and non-financial aspects explicit, while also deepening understanding through internal briefings on sustainability management and integrated reporting to enhance corporate value.

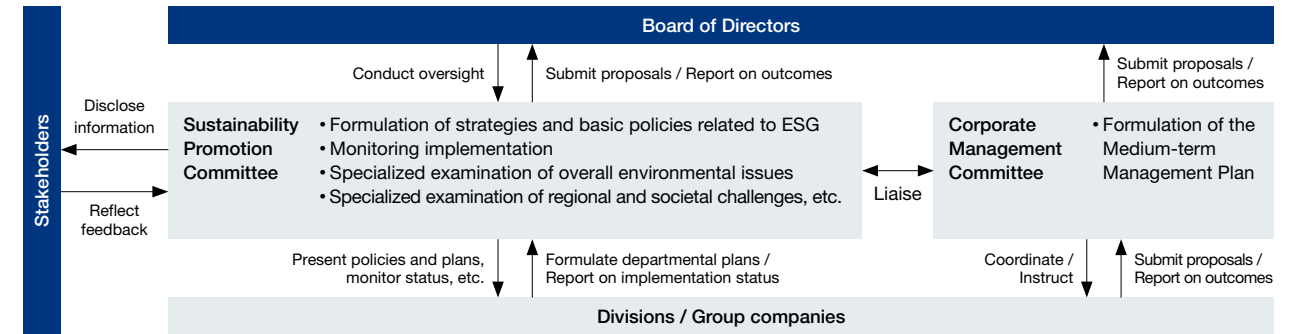
The essence of post-ESG lies not in the pursuit of individual evaluation metrics, but in incorporating ESG into management and realizing value creation. If ESG is naturally woven into and carried out through management, there may no longer be any need to deliberately use terms such as "ESG" or "non-financial."

This section presents the initiatives through which the Kyuden Group, together with its stakeholders, is working to build a sustainable future. We hope this demonstrates how the group is advancing toward the post-ESG era.



Atsushi Soda
Representative Director, Vice President & Executive Officer
Chief ESG Officer

Sustainability Management Promotion Structure



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

Process for identifying materiality

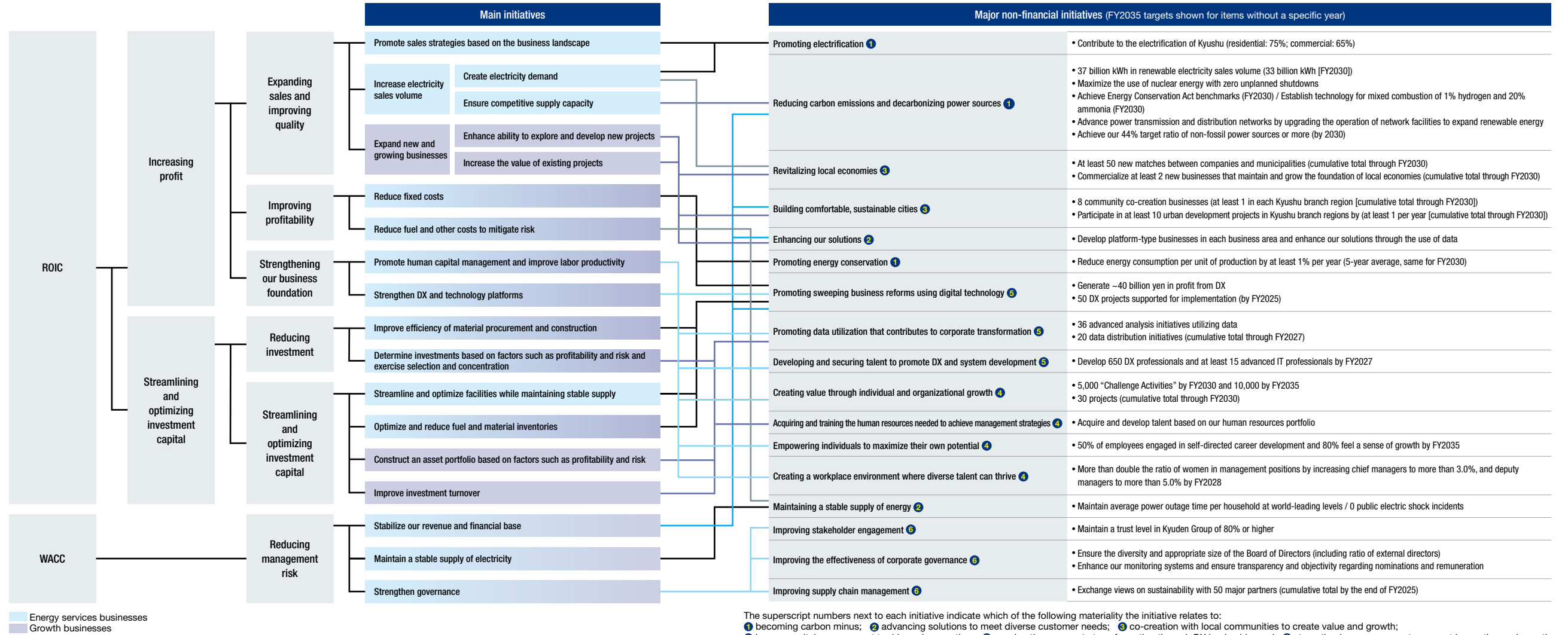
1	Identify the issues	Identify key issues from both social issues, such as the SDGs and Kyushu's growth strategy, and "Kyuden Group-specific issues," such as achieving our management vision
2	Evaluate the issues	Evaluate the items identified in Step 1 in terms of two axes: social value (importance to society) and economic value (importance to the Kyuden Group)
3	Draft materiality proposal	Categorize key issues assessed as highly important in Step 2 for the Sustainability Promotion Committee to review and compile into a materiality proposal
4	Validate proposal	Validate the materiality proposal produced in Step 3 and the process of identifying materiality through consultations with external experts who are familiar with the perspectives of each stakeholder
5	Identify materiality	After the Sustainability Promotion Committee deliberates on the final draft, the Board of Directors makes a final decision. The Board will review the need for revisions on an annual basis.

VALUE CREATION TREE INTEGRATING FINANCIAL AND NON-FINANCIAL FACTORS

The Kyuden Group uses the ROIC tree to deepen understanding of ROIC management and to incorporate it into each employee’s daily work.

By linking the ROIC tree with non-financial initiatives, we take an integrated approach to financial and non-financial aspects and operate a PDCA cycle to enhance corporate value.

Relevant materiality are excerpted in part.
For details, see the Sustainability Report (P.5).



SPECIAL FEATURE 03

THE DiALOGUE

Dialogue Between External Directors and Investors



At the ESG small-group meeting held in December 2024, external directors and investors engaged in dialogue on key issues related to enhancing corporate value, including effective governance, human capital management, and measures to improve PBR. The following is a summary of the responses given by external director Sugihara during the discussions with investors.

The Role of an External Director

As an external director, I try never to lose sight of my role as a representative of the shareholders. If the Board of Directors were comprised solely of internal directors, it would risk being too homogeneous and might easily lose touch with shareholders' perspectives. That is why the presence of external directors is essential in this day and age. For

example, I asked the Board of Directors about the fact that the company had recorded its highest-ever consolidated profits in FY2023 but did not pay its highest-ever dividend.

As an external director, I am in a position to voice honest and sometimes blunt opinions. In light of the requirements of the Corporate Governance Code, I will continue to speak from a shareholder's perspective.

Effectiveness of Board Discussions

Governance is not merely about audits or approvals. It is a mechanism for creating corporate value through forward-looking dialogue. Until recently, the Board of Directors focused mainly on approving individual matters such as capital investment and bid proposals. Since FY2023, however, with greater authority delegated to the president, we have been able to devote more time to management strategy and monitoring.

At board meetings, internal directors take the views and recommendations of external directors seriously and incorporate them into group policies.

Since FY2023, at my suggestion, we have also held an external directors' roundtable discussion after board meetings. The five external directors exchange views for about an hour on topics such as ROIC management, the medium-term management plan, and crisis management. In addition, in-depth discussions that go deeper than those held at board meetings may be held with the attendance of executives and employees from departments related to the topic.

We believe that deepening discussions among external directors through these opportunities will help to improve the quality of dialogue at board meetings since they serve as "representatives of shareholders."

Strengths of the Kyuden Group and Initiatives to Improve the P/B Ratio

The Kyuden Group owns assets such as power plants and transmission lines, which cannot easily be replicated by other companies. In particular, all four of our nuclear power plants are currently operating smoothly. When geothermal, hydro-electric, and other renewable energy sources are also factored in, zero-emission power sources account for 60% of our power generation total, among the highest levels in the industry. In addition, our brand strength and credibility as a leading company in Kyushu are also unique strengths of the Kyuden Group. Having been born and raised in Fukuoka myself, I have always felt this way.

We are constantly exploring ways to further enhance these aspects of our corporate value.

Improving ROE is essential to improving the P/B ratio. We have been pursuing ROIC management since FY2022, and I can sense that understanding of ROIC is gradually spreading when I visit workplaces and group companies and talk with employees.

In addition, the head office considered measures to improve ROE when formulating the strategic vision and medium-term management plan.

We believe that opportunities like this to exchange views with our investors can also contribute to improving our PBR and that the Group's initiatives are worthy of recognition.

Challenges Facing the Kyuden Group

I feel that many employees in our group are diligent, value relationships with others, and are motivated by a desire to contribute to Kyushu. You might say they have an "agrarian" mindset, valuing the preservation of safety and stability much like traditional farming communities. This mindset was a strength under the old full cost pricing system, but now, in an era of liberalization, we also need the spirit of a hunter-gatherer to proactively pursue and seize new opportunities.

Our group's initiatives in human capital management and QX* are aimed not only at uniting the efforts of all employees

in these uncertain times, but also at sending a clear message from management that, in the Reiwa era, simply following orders from above is no longer enough. I look forward to seeing how we can motivate the many diligent and committed employees of the Kyuden Group.

As an external director, I am also committed to keeping the workplace free of compliance violations and misconduct. It is essential to create a transparent organizational climate where no communication is stifled to ensure compliance. Also, as unforeseeable problems occur because management cannot anticipate them in advance, I believe that one of the few ways to address such problems is the whistleblower system. Sometimes, employees on the ground may notice the early signs of trouble even if management is unaware. Since some issues can be avoided if the whistleblower system functions properly, the board has also made recommendations on enhancing the system. As an external director and Audit & Supervisory Committee Member, I will continue to thoroughly fulfill my auditing and supervisory role to maintain high ethical standards.

* QX: Qden transformation. Initiatives to foster an organizational culture in which the people and the organization grow together

Comments from investors after the dialogue

- This dialogue between investors and directors reinforced my impression that Kyushu EP is a company with real potential.
- It was very encouraging to hear the phrase "representatives of shareholders." I was impressed by this because it embodies the role that the capital markets expect from external directors.
- They spoke candidly about the atmosphere of the board meetings, which was informative.



Tomoka Sugihara

Director, Audit & Supervisory Committee Member (External)

Attorney-at-law. Member of the Executive PT Board for External Directors of the Headquarters for the Promotion of Gender Equality of the Japan Federation of Bar Associations. Provides legal counsel and representation on crisis response, HR/labor, and other matters for corporations and municipalities. She is committed to building a society free from harassment. Now that her children are grown, she enjoys spending her time at the Hakataza Theater, watching movies, and attending the ballet.

STRENGTHENING GOVERNANCE: ESTABLISHING GOOD GOVERNANCE PRACTICES TO SUPPORT GROWTH

The group believes 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 conduct these business activities properly is an important materiality for management.

Evolution of Corporate Governance

To respond flexibly and agilely to rapid changes in the business environment, we created the Audit & Supervisory Committee in 2018 since we believed it would be important to both strengthen governance and accelerate decision-making. In addition to consolidating systems for institutional design purposes, we are focused on improving the effectiveness, which includes operational aspects as well. We are working to further enhance the effectiveness of governance by having external directors attend Corporate Management Committee meetings and by establishing a Directors’ Roundtable as a forum for discussion by all directors.

Framework for Promoting Corporate Governance

Kyushu EP’s governance is based on a Board of Directors and an Audit & Supervisory Committee, with highly independent external directors appointed to strengthen oversight of management. Additionally, the Audit & Supervisory Committee and Internal Auditing Body work together to enhance the effectiveness of audits.

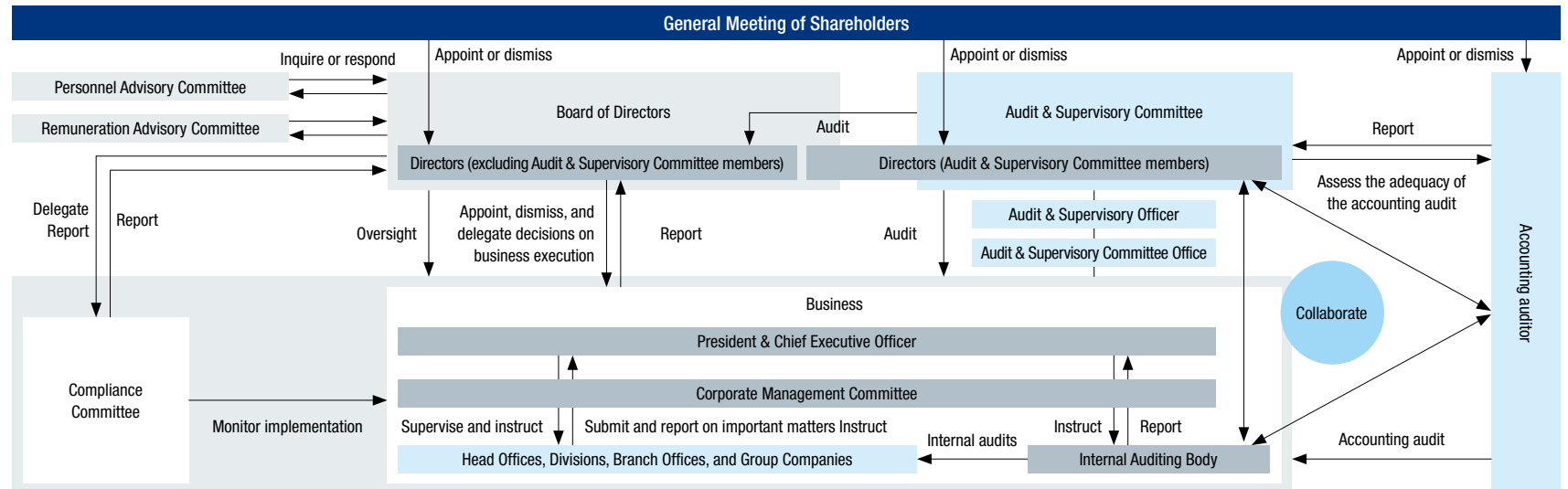
In addition, the company is working to clarify the respective roles of supervision and execution by directors and executive officers, and to thoroughly enforce compliance management. The company has also established the “Framework for Ensuring Proper Business Operations (Internal Controls Policy)” and is continuously enhancing this framework. The company also reports to the Board of Directors on the enhancement of risk management and information security as appropriate, and strives to strengthen the framework further and enhance its efforts.

Major transitions

Fiscal Year		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Composition of Board of Directors	Total number of directors*	20(2)	20(2)	21(2)	19(2)	16(2)	15(3)	15(3)	15(3)	14(3)	14(3)	
	(including external directors*)	5(2)	5(2)	5(2)	5(2)	5(2)	5(3)	5(3)	5(3)	5(3)	5(3)	
Committees	Audit & Supervisory Committee	(Formerly the Audit Committee through FY2017)				→						
	Personnel Advisory Committee	(Formerly the Personnel Investigative Review Committee until Jan.2022)							→			
	Remuneration Advisory Committee	(Formerly the Remuneration Review Committee until Jan.2022)							→			
	Directors’ Roundtable								→			
	External Director Discussion Forum								→			
Other Institutions		(FY2015) Implemented evaluations of director effectiveness		(FY2018) Introduced stock compensation system		(FY2021) Added non-financial indicators to KPIs for executive remuneration						

* Includes auditors through FY2017. Figures in parentheses indicates the number of women.

Corporate governance structure (as of July 2025)



Key Features and Activities of the Board of Directors and Related Committees

In principle, the board meets once a month, or as needed, to make decisions on crucial corporate management matters and to supervise the execution of business operations. To properly fulfill their roles and responsibilities, all directors are required to attend at least 75% of the board meetings, in principle. In addition, five highly independent external directors (including three external directors who are Audit & Supervisory Committee Members), who make up at least one-third of the total Board of Directors, use their insight and experience to provide necessary advice at board meetings, as well as remain appropriately involved and provide guidance regarding the nomination and remuneration of director candidates.

Board of Directors		Audit & Supervisory Committee		Personnel Advisory Committee		Remuneration Advisory Committee	
Composition	14	Composition	4	Composition	4	Composition	4
Number of meetings convened	14	Number of meetings convened	14	Number of meetings convened	4	Number of meetings convened	4
Board member attendance	98.9%	Committee member attendance	100%	Committee member attendance	100%	Committee member attendance	100%
External directors	5/14	External directors	3/4	External directors	3/4	External directors	3/4
Female directors	3/14	Female directors	2/4	Female directors	2/4	Female directors	2/4

In addition, since 2021, we have continued to hold the Directors' Roundtable, where all directors discuss important issues for the entire group at the stage of formulating policies and strategies in an effort to further enhance the effectiveness of the board. In 2023, reflecting feedback from the board effectiveness evaluation, we shifted the Directors' Roundtable from an ad hoc to a regular schedule, providing directors with more opportunities for discussion and timely exchange of views.

Main Discussions at Board of Directors and Directors' Roundtable Meetings in 2024

Board of Directors	Directors' Roundtable
<ul style="list-style-type: none"> Initiatives in 2024 to promote sustainability management (Materiality, priority themes, information disclosure, etc.) Policies for transitioning to a pure holding company structure 2025 Medium-term Management Plan (profit level focused on Strategic Vision 2035) Voices of shareholders and investors in active dialogue (Feedback from shareholders and investors to the Board of Directors) Management overview report (summary of management planning and risk response policies for each organization) Status of internal control system implementation and operation Results of the board effectiveness evaluation Performance evaluation of growth investment projects Status of nuclear power internal audits and nuclear power safety inspections 	<ul style="list-style-type: none"> Efforts toward achieving carbon neutrality (Confirmation of the status of GHG emission reductions and issues to be addressed in 2024) Human capital strategies and information disclosure concerning human capital management (Consideration of human resources strategy, human resources investment, disclosure policy, etc.) Kyuden Group Strategic Vision 2035 (Direction in vision formulation [management target levels, etc.], etc.) Company-wide risk analysis for 2024 (Identification and evaluation of significant risks at the group level) 2025 Medium-term Management Plan (Policy formulation [profit level, financial improvement measures, etc.] and formulation status [profit target achievement status, etc.]) Status of consideration of introducing a pure holding company structure (Sharing of the details of the review [group structure, etc., after the establishment of a pure holding company]) Evaluation of the effectiveness of the board of directors (Discussing about the results of the survey [applies to all directors])

Evaluating the Effectiveness of the Board of Directors

Since 2015, Kyushu EP's Board of Directors has been conducting annual evaluations of its own effectiveness. In 2024, all directors were surveyed on the following items and their opinions were exchanged at the Directors' Roundtable, whereby the Board of Directors identified issues to be addressed to further enhance its own effectiveness.

Survey Items

- Board of Directors composition and operations
- Management and business strategies
- Business ethics and risk management
- Performance monitoring and management evaluation and remuneration
- Dialogue with shareholders and others

Efforts to Improve the Effectiveness of the Board of Directors

	Issues to be addressed to improve effectiveness	
FY2024	Review of the governance structure by the Board of Directors in anticipation of the new group structure (pure holding company)	Initiatives
	Conducting evaluations pertaining to bolstering the governance of the Board of Directors of a pure holding company and enhancing monitoring across the group's business activities	
	<p>The board was found to be effective as a result of surveys and discussions with all directors. On the other hand, some voiced that it is necessary to have more thorough discussions on management strategy and allocation of management resources concerning the pure holding company structure.</p> <p>Main points raised</p> <ul style="list-style-type: none"> Directors' Roundtable meetings result in deeper discussions on medium- to long-term management strategies, business plans, and risk analysis and contribute to a higher level of engagement on the part of the Board of Directors. Deeper discussion on optimizing business portfolios and cash allocation to promote management that is aware of cost of capital and stock prices are desired. Discussion is important to confirm that everyone is "striving to achieve optimal allocation of management resources" concerning a pure holding company structure. 	Evaluation
Deepening of discussions on management strategy and allocation of management resources in anticipation of a pure holding company structure		FY2025
Utilization of Directors' Roundtable meetings, etc. to enhance discussion of management strategy and resource allocation		Direction of efforts

Director Candidate Selection Policy

Selection Policy

Candidates for the Board of Directors are selected based on a comprehensive consideration of their personalities, insights (high ethical standards, sense of responsibility and humanity, etc.), backgrounds, and their ability to appropriately fulfill the functions of the Board of Directors based on a skill matrix.

Specifically, internal director candidates are selected based on comprehensive consideration of their abundant business experience and knowledge, management ability to contribute to the sustainable growth of the Kyuden Group and maximize corporate value over the medium- to long-term. In contrast, external director candidates are selected based on their abundant experience and insights in corporate management and specialized fields and whether they meet the criteria for determining independence. The board as a whole aims to ensure an appropriate size and diversity in terms of gender, internationality, professional experience, and age.

Selection Process

The board makes decisions after deliberations by the Personnel Advisory Committee (chaired by an external director, with a majority of its members being external directors), which was established to enhance independence, transparency, and objectivity.

Additionally, prior consent is obtained from the Audit & Supervisory Committee with respect to candidates for directors who are also members of the Audit & Supervisory Committee. In addition, to fulfill the role of supervision over the execution of duties by directors, Audit & Supervisory Committee members participate in the Personnel Advisory Committee as observers to confirm that the deliberations of the committee are appropriate.

Skills of Directors

Skill Identification and Definition

In May 2025, we announced Kyuden Group Strategic Vision 2035 as the long-term vision and strategy of the Kyuden Group. To realize the aspirations of Strategic Vision 2035, the following six key strategies were established for the group: Becoming Carbon Minus; Advancing solutions to meet diverse customer needs; Co-creation with local communities to create value and growth; Human capital management to drive value creation; Accelerate corporate transformation through DX leadership; and Strengthening governance to support innovation and growth.

To realize these strategies, the skills that our Board of Directors should possess to provide management direction from a highly insightful and multifaceted perspective and to properly fulfill its supervisory function were identified through deliberations by the Personnel Advisory Committee, as shown in the table on the right.

Skills	Necessity of relevant skills
1. Business management and management strategy	To achieve sustainable growth and maximize corporate value, the Group needs directors with management experience across a broad range of fields, proven leadership track records, and a strategic perspective.
2. Finance and accounting	Directors with knowledge and experience in finance and accounting are necessary for accurate financial reporting, building a strong management base, and implementing investment and financial strategies for sustainable growth.
3. Legal affairs, governance, and risk management	In addition to establishing an appropriate governance structure, which is the foundation for sustainable growth, directors with knowledge and experience in legal affairs, governance, and risk management are needed to advance the portfolio management of the group's businesses.
4. Human resources	Directors with knowledge and experience in human resource strategy are needed to promote human capital management and link it to value creation as the organization and its people grow together.
5. Environment	Directors with extensive knowledge and experience in environmental matters are needed to contribute to the reduction of GHG emissions in society as a whole and to meet society's expectations for carbon negativity.
6. ICT/DX	Directors with knowledge and experience in ICT and DX are needed to promote DX to lead corporate transformation and to realize advanced solutions that meet diverse needs.
7. Technological innovation	Directors with knowledge and experience in the latest technologies and new business creation are needed to drive stable supply and safe and stable operation of facilities, which are the basis of trust with the community, and to achieve carbon negativity and evolve solutions that meet diverse needs.
8. Sales and marketing	Directors with knowledge and experience in sales and marketing are necessary to provide and evolve solutions that meet the diverse needs of customers and the community.
9. Global	Directors with overseas management experience and expertise in international business are needed to expand profits by driving overseas business and to ensure appropriate auditing and supervision, including consideration of country risk.

Areas of particular interest*

Name	Position in the company		Areas of particular interest*										Reasons why this was marked as an area of interest		
			Personnel Advisory Committee	Remuneration Advisory Committee	Business management and strategy	Finance and accounting	Legal affairs, governance, and risk management	Human resources	Environment	ICT/ DX	Technological innovation	Sales and marketing		Global	
Kazuhiro Ikebe	Representative Director/ Chairperson				○	○	○	○	○		○				Kazuhiro Ikebe has long served as President of the company and has also held the positions of Chairperson of the Federation of Electric Power Companies of Japan and Executive Director of the Corporate Strategy Division. He brings extensive experience across a wide range of fields, including human resources, labor relations, and overseas study. As such, he is expected to drive the company's overall management strategy and provide effective oversight.
Masaru Nishiyama	Representative Director, President & Chief Executive Officer		Committee Member	Committee Member	○	○	○	○	○		○		○		Masaru Nishiyama has served as Executive Director of the Energy Service Headquarters (power generation/sales), Executive Director of the Corporate Strategy Division, and General Manager of the International Business Office. He has extensive experience in a wide range of areas, including business administration and personnel and labor affairs. As such, he is expected to be able to drive the formulation and execution of business strategies to realize Strategic Vision 2035.
Noboru Hashimoto	Representative Director, Vice-Presidential Executive Officer				○	○	○	○	○				○		Noboru Hashimoto has extensive experience serving as the Executive Director of the Business Solution Headquarters (Accounting, Legal, Human Resources, Environment, etc.), Executive Director of the Kumamoto Branch Office, and Director of General Affairs Department, etc. Therefore, he is expected to be able to promote the strengthening of our business foundation. Additionally, he is also expected to be able to promote management strategies for our business, including growth areas, since he also has experience serving as the Director of the Urban Development Business Division.
Atsushi Soda	Representative Director, Vice-Presidential Executive Officer				○	○	○		○	○					Atsushi Soda has extensive experience serving as Crisis Management Officer in the Corporate Strategy Division and as the Head of the Oita Branch Office. Therefore, he is expected to be able to promote the strengthening of our business foundation. He has also served as Chief Information Officer and has experience in power transmission (engineering). As such, he is expected to help advance management strategies, particularly in IT and the promotion of carbon neutrality, drawing on his strong technical expertise.
Michio Hayashida	Director Senior Managing Executive Officer				○				○				○		Michio Hayashida has extensive experience in the nuclear power generation sector and is highly specialized in this field. In addition, he has experience in building relationships with the local community as the General Manager of the Genkai Nuclear Power Station. Therefore, he can be expected to lead stable nuclear power business operations that give the highest priority to the safety and security of local residents.
Hiroto Kido	Director Senior Managing Executive Officer				○	○	○						○		Hiroto Kido has experience as the Executive Director of the Corporate Strategy Division. Therefore, he is expected to be able to drive the formulation and execution of management strategies to realize Strategic Vision 2035. Additionally, he is also expected to be able to fulfill the oversight role from a risk management perspective based on his experience as a Director of the Risk Management Division and from a technical perspective based on his experience with power transportation (engineering).
Hideo Sato	Director Senior Managing Executive Officer				○	○				○	○		○		Hideo Sato has experience serving in the Corporate Strategy Division and as the Head of the Tokyo Branch Office. Therefore, he is expected to be able to promote management strategy for the company. Additionally, he also has experience in tasks that contribute to new business development, such as in roles where he served as Director of the DX Promotion Division and being dispatched to venture companies. Therefore, he is expected to be able to promote structural reform for our businesses.
Norihiro Nakamura	Director Senior Managing Executive Officer								○		○		○		Norihiro Nakamura has experience serving as the Director of the Planning & Balance Optimization Division (electricity market relations) and in the Thermal Power Division. Therefore, he is expected to be able to drive measures towards becoming carbon neutral and efforts to increase profits in our domestic energy business. He also has experience serving as the Executive Director of the Innovation Division. Therefore, he is expected to be able to drive new business promotion.
Sakie Tachibana Fukushima	Director	● ● ●	Chairperson	Chairperson	○		○	○					○		Sakie Tachibana Fukushima has many years of extensive experience serving as corporate executives in Japan and the U.S. and possesses an extensive knowledge of global human resources management and corporate governance. Therefore, she can be expected to be able to provide guidance and oversight in these related areas.
Yuji Hirako	Director	● ●	Committee Member	Committee Member	○	○	○						○	○	Yuji Hirako has extensive experience as a corporate executive in Japan and the U.S. spanning across many years, and has extensive knowledge of finance and investor relations, as well as sales and marketing. Therefore, he is expected to be able to provide guidance and oversight in these related areas.
Yoshiro Uchimura	Director, Audit & Supervisory Committee Member				○		○	○	○				○		Yoshiro Uchimura has extensive experience across a wide range of the company's operations, having served as Head of the Director of District Symbiosis Division (legal affairs, environment, etc.), Head of the Saga Branch Office, in personnel and labor affairs, and as Head of the Sales Office, where he is currently assigned. Drawing on this diverse background, he is expected to provide appropriate auditing and oversight
Yuji Oie	Director, Audit & Supervisory Committee Member	● ●						○		○	○				As an expert in information network engineering, Yuji Oie is expected to be able to provide guidance and auditing in the areas of ICT/DX and technological innovation. Additionally, he is also expected to be able to contribute in terms of professional development given his experience as a university president.
Tomoka Sugihara	Director, Audit & Supervisory Committee Member	● ● ●	Committee Member	Committee Member			○	○							As an attorney, Tomoka Sugihara has extensive experience in all aspects of legal affairs. Therefore, she is expected to be able to provide guidance and perform audits in the areas of legal affairs, governance, and risk management. Additionally, she is also expected to be able to contribute in the area of human resources based on her experience serving on various external committees.
Yuka Shigetomi	Director, Audit & Supervisory Committee Member	● ● ●				○	○		○				○		Yuka Shigetomi has extensive experience as an international certified public accountant and has extensive knowledge about risk management (e.g., from a global perspective) and ESG management promotion (especially environment). Therefore, she is expected to be able to contribute in the areas of finance and accounting, global, risk management, and environment.

● External ● Independent ● Female

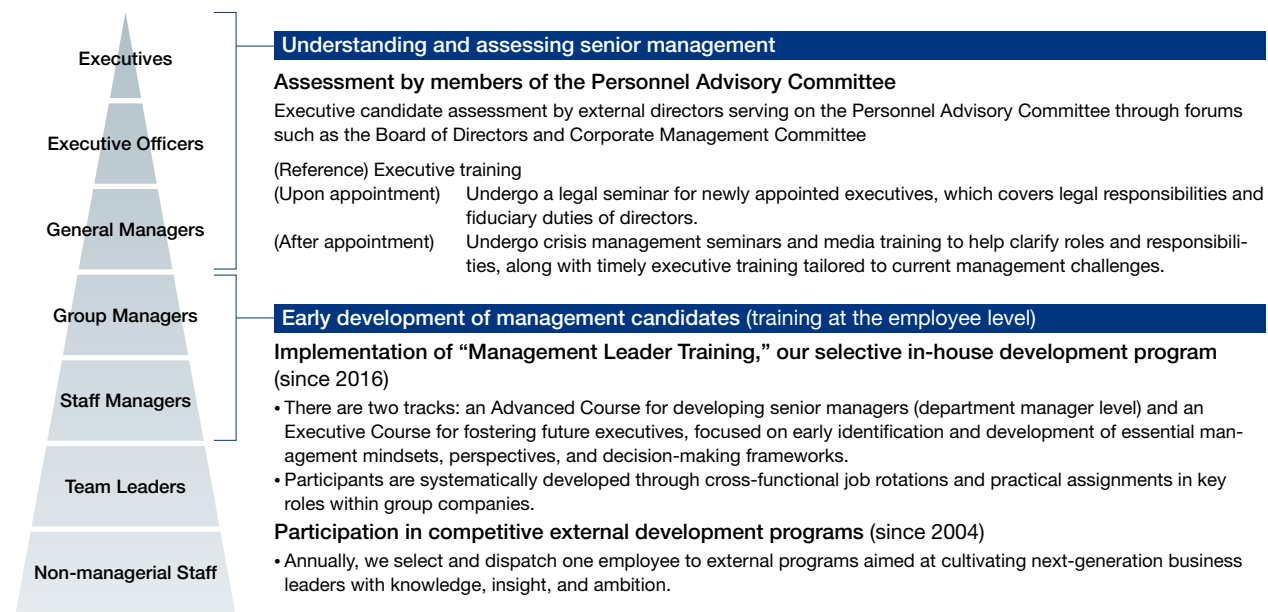
* The information does not constitute an exhaustive list of all of the knowledge and experience possessed by the directors.

Succession Plan

Each business area at the company requires a high degree of specialization, and we conduct professional development and assign personnel primarily based on their expertise in these fields. However, executives responsible for management are required to have not only advanced knowledge and judgment in their specialties, but also the mindset, perspective, and decision-making ability essential for leadership.

The Personnel Advisory Committee discusses the abilities and qualities required for future leaders (human resource requirements). From the perspective of steadily building a pool of future management candidates, we have established a succession plan that emphasizes identifying and developing talent from the early stages of employment—specifically those with the ability to make decisions with a broad, management-wide perspective, to optimize for the organization as a whole, and to demonstrate the leadership and resolve needed to drive change, even while taking calculated risks.

Specifically, the committee identifies promising talent from among the upper management ranks and establishes a systematic development program that links training and experience (practical placement), and also conducts executive training as appropriate to meet management issues after taking on executive positions. The members of the Personnel Advisory Committee also monitor the day-to-day activities of the executives, including their comments at various meetings.



column

Small-Group Meetings with Investors

A “small-group meeting” was held in July 2025 to facilitate dialogue with investors. Attendees from the company included Masaru Nishiyama, who assumed the position of President & Chief Executive Officer in June 2025, and external director Sakie Tachibana Fukushima. Fukushima will provide an explanation about personal involvement in management as an external director and as the Chairperson of the Personnel and Remuneration Advisory Committees regarding the recent change in president.



Sakie Tachibana Fukushima
External Director

Q1. As an external director, how were you involved in the formulation of Strategic Vision 2035?

A: In formulating this vision, external directors were involved in the discussions through Board of Directors and Directors’ Roundtable meetings. What was particularly memorable was the discussion on our vision for the future, centered around enhancing corporate value. We ultimately settled on the phrase “Creating Tomorrow through Energy: Rooted in Kyushu, Reaching New Heights.” Before reaching that point, however, we engaged in repeated discussions on the group’s strengths, organizational culture, and areas of business that should be further developed. The Kyuden Group has the potential to use energy as a foundation for addressing key social challenges, including disaster response and the development of smart cities, while also enhancing corporate value. We had a series of discussions, including on KPIs, about how best to reflect these elements in our vision.

One thing that became clear during the process was Kyuden Group’s genuine commitment to listening to investors and external directors. Suppose an external director has a question about a business or another matter. In that case, they are given a detailed explanation, and their opinion is thoroughly reviewed by the executive side before being placed on the chopping block for consideration and discussion. As external directors, we will continue to monitor the opinions of investors and other stakeholders so that they can be reflected in management.

Q2. As Chairperson of the Personnel Advisory Committee, what was your approach in choosing the new president?

A: Similar to the selection of directors based on the skills matrix, the process for selecting candidates for the new president consists of having the Board of Directors make decisions after the Personnel Advisory Committee has finished its deliberations. The Kyuden Group is at a pivotal moment, embarking on the realization of its new management vision and preparing for the transition to a holding company (HD) structure. At the Personnel Advisory Committee, we clarified the requirements for leaders who can guide the Kyuden Group through this period of transition and further enhance the group’s corporate value. The committee also discussed, from the perspective of external members, which candidates would best meet these requirements.

With the requirements for top management in mind, each committee member regularly assesses the insight, leadership, and character of potential executive candidates through a variety of opportunities, such as the Board of Directors and the Corporate Management Committee, dialogue sessions with executives and employees, and individual interviews. Taking these ongoing assessments into account, the committee members unanimously agreed that Mr. Nishiyama is the most suitable candidate. They recommended him to the Board of Directors, citing his high-level perspective and ability to make decisions for overall optimization, strong leadership and resolve, and well-balanced judgment that combines both logic and empathy. We look forward to the leadership that only Mr. Nishiyama can provide, and the committee will continue to work to ensure that the Kyuden Group succession plan continues to function effectively.

Remuneration system

Remuneration Determination Process

The remuneration amounts are determined by the Board of Directors within the total amount and maximum number of shares set at the General Meeting of Shareholders, based on the deliberations of the Remuneration Advisory Committee, which is chaired by an external director and composed of a majority of external directors. Additionally, Audit & Supervisory Committee members attend the Remuneration Advisory Committee meetings to ensure the appropriateness of the committee's discussions.

Composition of Remuneration

Director remuneration consists of a base salary and performance-linked remuneration (excluding those who are members of the Audit & Supervisory Committee). For external directors, remuneration is limited to a base salary only, considering their role, without applying performance-linked remuneration.

Base remuneration

Base remuneration is paid on a monthly basis. The amount is commensurate with the required job responsibilities, taking into consideration the company's business environment, the level of remuneration at other companies (mainly listed companies) and the level of remuneration for the company's employees.

Performance-linked remuneration

Performance-linked remuneration consists of "bonuses," which are determined based on each fiscal year's performance, and "stock compensation," which is intended to motivate employees to improve corporate value over the medium to long term, in order to provide incentives to improve performance.

Consolidated ordinary income for realizing the management vision, ROIC, and GHG emission reductions aiming toward carbon neutrality, and status of dividends to shareholders are examples of performance indicators*. They are commensurate with the required job responsibilities.

Bonuses are paid at a set time each year, while stock compensation is, in principle, paid upon retirement and may not be paid depending on performance.

* In line with the establishment of "human resource targets" as one of the management goals in the Kyuden Group Strategic Vision 2035 formulated in May 2025, the "Employee Engagement Rating" will be newly added as a performance indicator starting in FY2025.

Director remuneration structure (as of FY2024)

	Type of remuneration		Variable remuneration	Performance indicator			
	Short-term performance-linked incentives	Medium to long-term incentives		Performance indicator	Base value	FY2024 results (Payment rate**)	Evaluation method
Base remuneration (paid monthly) [approx. 60%]	Bonus (Paid annually) [approx. 20%]		0-120%	Consolidated ordinary income	FY2024 ¥117 billion	¥194.6 billion (120.00%)	Payment rate determined based on actual results versus benchmark for the fiscal year
				Determined based on position each fiscal year			
Performance-linked remuneration*1 [approx. 40%]		Stock*2 (vested upon retirement) [approx. 20%]	-	Financial indicator	Consolidated ordinary income	FY2026 ¥130 billion	Payment rate determined based on the performance in the final fiscal year within the target period (three business years), relative to the base value
				ROIC	FY2026 2.6%	—*3	
	Non-financial indicator	Supply chain GHG emission reductions	FY2026 -10.0% (relative to FY2020)	Payment rate determined based on the performance in the final fiscal year within the target period (three business years), relative to the base value			
		Incremental electricity consumption in the residential and commercial sectors	FY2021-2026 Cumulative total of 1.33 billion kWh	Payment rate determined based on cumulative performance since FY2021, relative to the base value set			

Note: Figures in square brackets indicate the proportion of total remuneration

*1 When determining the amount of performance-linked remuneration, the Remuneration Advisory Committee deliberates on the matter, taking into account the above indicators as well as the dividend status.

*2 Stock compensation consists of points based on position and points linked to the achievement of performance indicator

*3 Each target period consists of three fiscal years, and evaluations are based on the end date of each period (current target period: fiscal years 2024 to 2026).

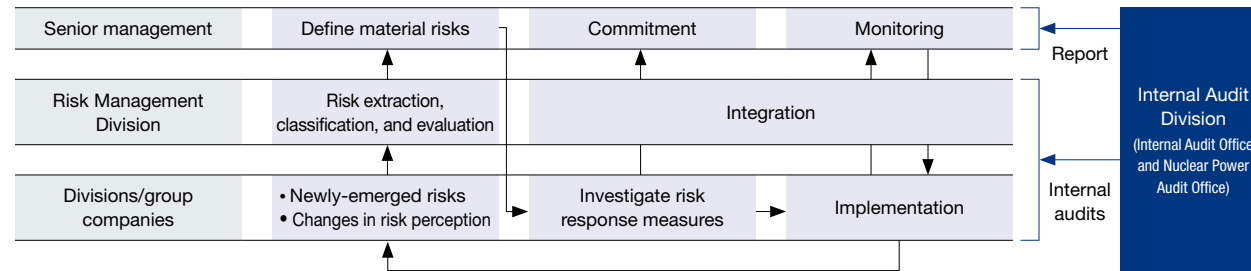
Director remuneration amounts (FY2024)

Category	Base remuneration		Performance-linked remuneration				Total amount (million JPY)
	Monetary remuneration		Non-monetary remuneration		Total amount (million JPY)		
	Monthly remuneration		Bonuses (short-term performance-linked)			Share-based remuneration (mid- to long-term performance-linked)	
	Number of persons	Total (million JPY)	Number of persons	Total (million JPY)	Number of persons	Total (million JPY)	
Directors (excluding Audit & Supervisory Committee members)	12	347	8	117	8	84	548
Directors (Audit & Supervisory Committee members)	6	79	—	—	—	—	79
Total (including external directors)	18 (7)	426 (60)	8 (—)	117 (—)	8 (—)	84 (—)	628 (60)

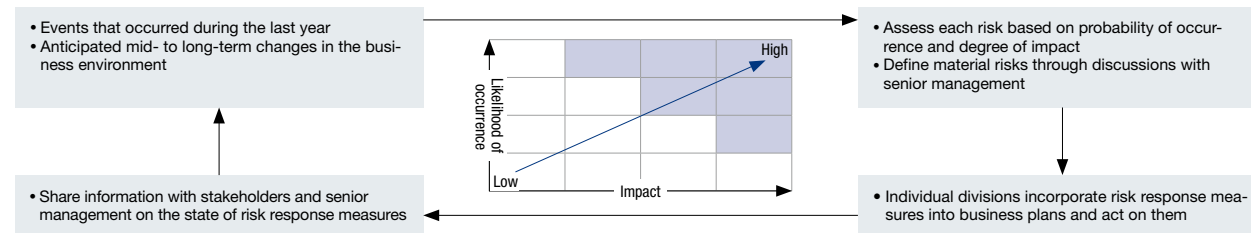
Risk Management

Risks affecting management are identified, classified, and evaluated annually to identify material risks. Each division and business office incorporates risk countermeasures into its business plan and manages them appropriately. To ensure the appropriateness of risk management, the Internal Audit Division, which maintains a position neutral to the execution of business, audits the implementation of risk management in each division and group company.

Risk management framework

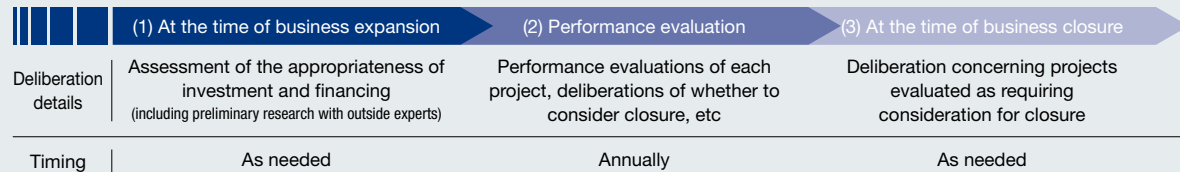


Risk management process



Risk management for growth investment projects

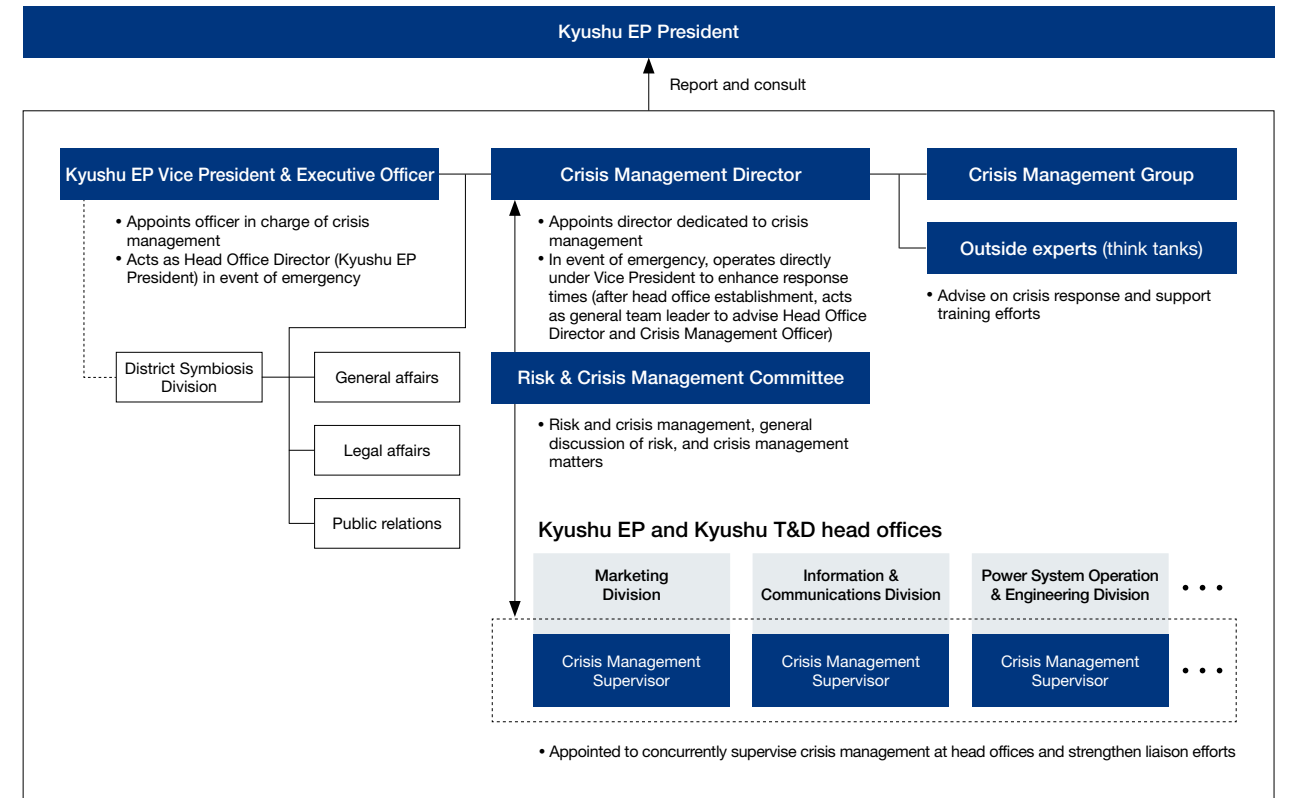
For investment decisions above a certain threshold, final decisions are made by the Board of Directors after deliberation by an internal committee composed of management and subject matter experts. Furthermore, even after investment, we manage risk through continuous monitoring and make decisions on whether to continue or close the business based on performance and changes in the external environment.



Crisis Management

As part of our Crisis Management Framework, a crisis management officer (Kyushu EP's Vice President and Executive Officer) and a crisis management director have been appointed, along with crisis management supervisors at Kyuden EP and Kyushu T&D head offices, to share information and liaise in the event of a crisis.

In our constant efforts to strengthen and improve our crisis management capabilities, we have also established a Risk & Crisis Management Committee alongside a support system of outside experts who offer specialized, advanced knowledge.

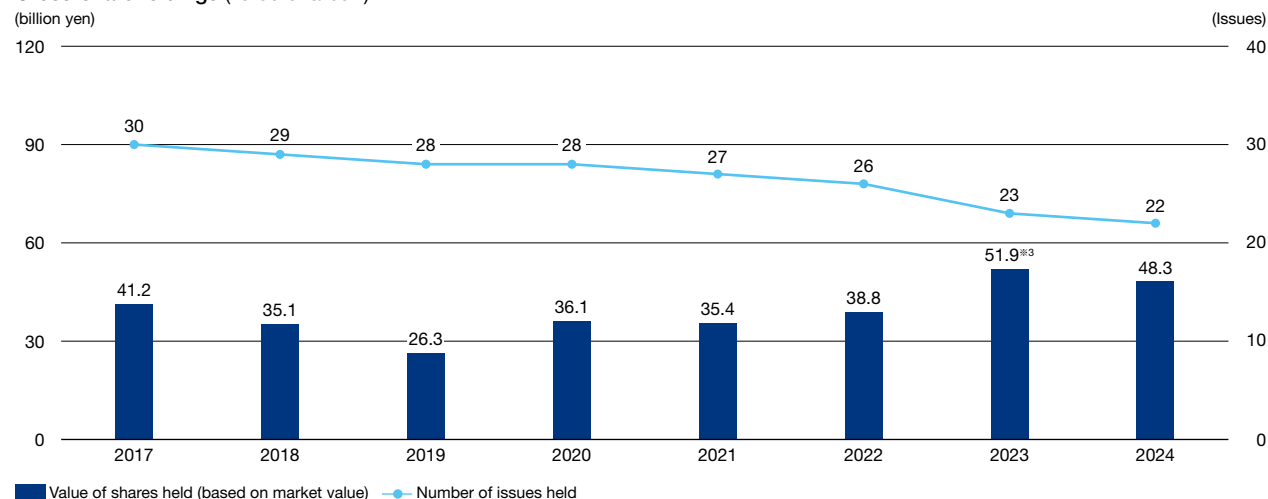


Cross-shareholdings

Basic policy

The Board of Directors annually confirms the significance of holding individual cross-shareholdings*1 after comprehensively considering stable procurement of funds and equipment, contribution to regional development, and other factors, as well as examining profitability and future prospects based on the cost of capital and other factors. As a result, assets determined to lack sufficient holding significance will be sold, and even assets deemed significant will be divested to the extent possible. Note that in FY2024, the number of holdings decreased by eight compared to FY2017 (prior to the revision of the Corporate Governance Code), and we are continuing to make steady progress in reducing the total number of such holdings.

Cross-shareholdings (listed shares*2)



*1 Investment stocks held for purposes other than pure investment (including specified investment stocks and listed stocks held as "deemed holdings")

*2 As of the end of FY2024, Kyushu EP held 125 unlisted stocks totaling 64.3 billion yen (of which 52.9 billion yen are shares in Japan Nuclear Fuel Limited), as these holdings contribute to the stable and ongoing business operations of the company. Furthermore, Japan Nuclear Fuel Limited's operations play a vital role in Japan's nuclear fuel cycle. The reprocessing of spent fuel and other activities carried out by Japan Nuclear Fuel Limited are essential for the stable operation of nuclear power plants and ensuring a stable energy supply. For this reason, we invest in the company to support its stable operations.

*3 Increase in value of shares held is due to higher share prices

Criteria for Exercising Voting Rights for Cross-Shareholdings

In exercising voting rights, the company makes a comprehensive judgment of approval or disapproval of each individual proposal from the perspective of improving the mid- to long-term value of the company and the companies in which it holds shares. In particular, with respect to proposals that could potentially damage shareholder value, we gather sufficient information from the companies in which we hold shares with the aim of sharing management risks and other information before exercising our voting rights in an appropriate manner.

STAKEHOLDER ENGAGEMENT

See the Sustainability Report for details (P. 33)

Guided by the "Kyuden Group Corporate Code of Conduct," our group aims to enhance trust with our customers, local communities, shareholders, investors, supply chain partners, and employees. We promote communication throughout across all aspects of our business and promptly incorporate feedback and requests in our operations.

Customers	We will strive to enhance customer satisfaction by providing products and services that address the needs and challenges of customers, including for comfortable environments and eco-friendly energy, while responding sincerely to customer feedback.
Local communities and society	We will build trusting relationships by carefully communicating with local communities and society, working together to solve problems, and collaborating on business operations and facility development.
Shareholders and investors	We will meet the expectations of shareholders and investors by continuously improving management quality and corporate value, as well as building trusting relationships through proactive information disclosure and sustained dialogue.
Supply chain	Based on equal partnerships with our business partners, we will fulfill our corporate social responsibility throughout the supply chain, and thereby contribute to the sustainable enhancement of corporate value for both our group and our business partners.
Employees	By respecting diversity and working to create an environment in which all employees can fully demonstrate their capabilities, we will foster a corporate culture in which employees feel fulfilled in their work and grow with us as an organization.

Summary of FY2024 Results and FY2025 Targets

(Note) Measured via a web survey conducted by the company

Categories	FY2024 results	FY2025 targets
Trust level in Kyuden Group	76.5%	76.5% or more (exceed FY2024 result)

Main IR activities

Note: "Chief IR officer" here refers to either the president or an executive appointed by the president to take charge of IR

Stakeholders	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 and investors	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 businesses, and other members	As needed
Individual investors	Posting of IR-related information on our website	—	As needed
	Briefings for individual investors	Chief IR officer, division directors, and other members	Twice
	Dissemination of information to shareholders and investors through various means	—	Once

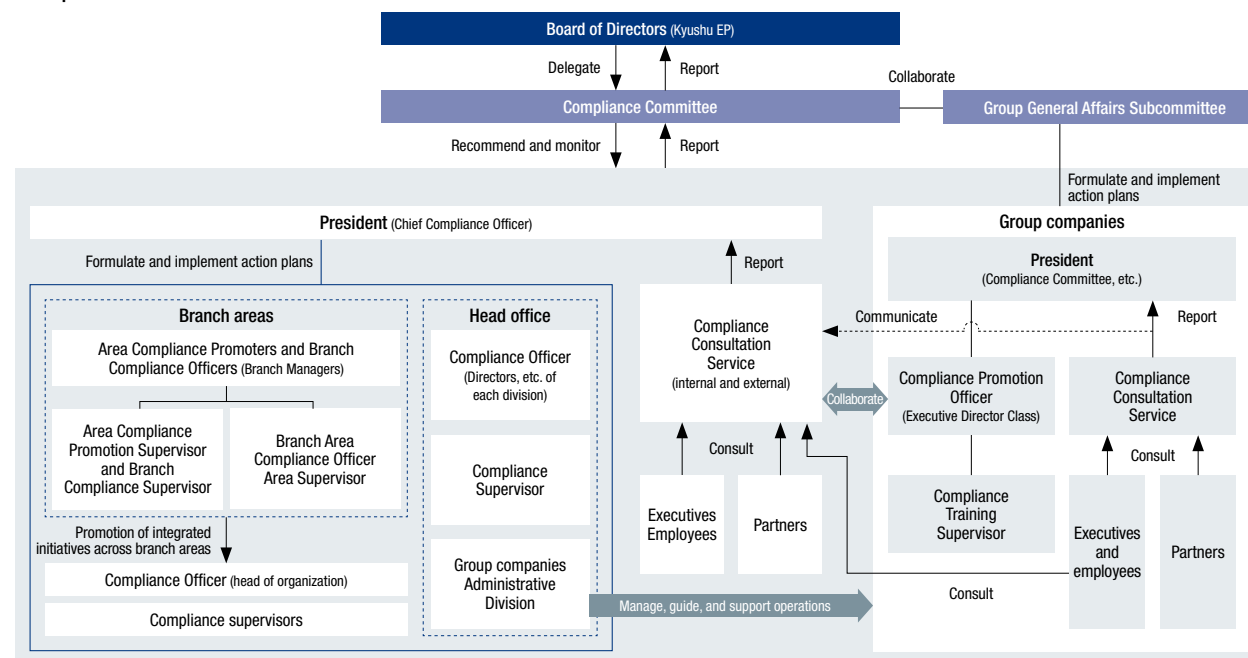
COMPLIANCE MANAGEMENT

See the Sustainability Report for details (P. 73)

At the Kyuden Group, we promote compliance management with the recognition that the public’s trust is essential to the group’s existence. 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 ensured that—more than ever—compliance is our top priority across all business activities.

In promoting compliance, Kyushu EP has taken the initiative to create a framework for preventing corruption through the establishment of a Compliance Committee. This committee, delegated and supervised by the Board of Directors and leaders of executive divisions acting as compliance officers, formulates and implements action plans. We have also established internal and external consultation services as part of our compliance promotion framework.

Compliance Promotion Framework



FY2024 Results and FY2025 Targets

Categories	FY2024 results	FY2025 targets
Cases of serious compliance violations	0	0

Compliance Committee

The Compliance Committee, which is chaired by the president and includes outside experts and labor union members as committee members, regularly makes recommendations and monitors compliance from an objective and neutral perspective. The recommendations made by the Compliance Committee are also shared with group companies and integrated into the initiatives of the entire group.

Roles	<ul style="list-style-type: none"> Proposing, deliberating on, and monitoring the implementation of compliance-related policies and measures Seeking advice from external experts in cases of misconduct with significant social impact
Composition	Chairperson: President Committee members: Outside experts (3 individuals), head of the labor union, and relevant executives
Meeting frequency	Convened twice a year in principle
Main agenda items	Status of compliance hotline operations / causes of compliance violations and recurrence prevention measures

Compliance consultation services

To prevent and detect violations of laws and corporate ethics at an early stage, Kyushu EP and Kyushu T&D each have established a “Compliance Consultation Service.” Employees and business partners can consult when they have questions about business operations or the conduct of executives and employees from the perspective of laws, regulations, corporate ethics, or other matters, and the privacy of users remains strictly protected. We have also established a consultation service at a law firm outside the company.

In FY2024, 93 consultations and whistleblower reports were received, and appropriate action was taken, including necessary investigations and consideration of measures to prevent recurrence.*

*In FY2024, we changed to a system in which all cases received, including inquiries, are accounted for

Ensuring Compliance

In our efforts to further raise executive and employee awareness about compliance and the need to prevent corruption, we are undertaking a wide range of initiatives, including compliance-focused workplace training.

Main Initiatives

- All executives and employees are familiarized with our “Compliance Action Guidelines,” which clearly define standards for interactions with customers, shareholders, and investors, and provide guidelines to keep in mind when in doubt about the best course of action.
- To create an open workplace culture in which employees can recognize the risk of compliance violations, a message from the president was sent out, and compliance workplace training (under themes such as psychological safety) was conducted for all employees in the form of discussions
- As part of efforts to ensure compliance with laws and regulations, training for executives and employees on laws and regulations, including the Code of Conduct and the Antimonopoly Act, was conducted.

SUPPLY CHAIN

See the Sustainability Report (P. 76) for details.

The Kyuden Group believes that fulfilling its social responsibility throughout the entire supply chain is the key to realizing a sustainable society in the stable procurement of safe, high-quality materials and equipment.

To this end, Kyushu EP and Kyushu T&D aim to improve sustainability throughout the entire supply chain through active dialogue and requesting partners to cooperate with the “Sustainable Procurement Guidelines.”

Sustainable Procurement Guidelines

Procurement Policy

1. Open procurement
2. Fairness and equitable business practices
3. Compliance with laws, ordinances, and conventions
4. Dissociation 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 and establishment of mutual trust
10. Creation of new value
11. Contribution to local communities and society

Request to Our 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. Building management structures
12. Promotion of open communication

FY2024 Results and FY2025 Targets

Categories	FY2024 results	FY2025 targets
Exchanged views on sustainability with major partners	19 companies	17 companies

INFORMATION SECURITY

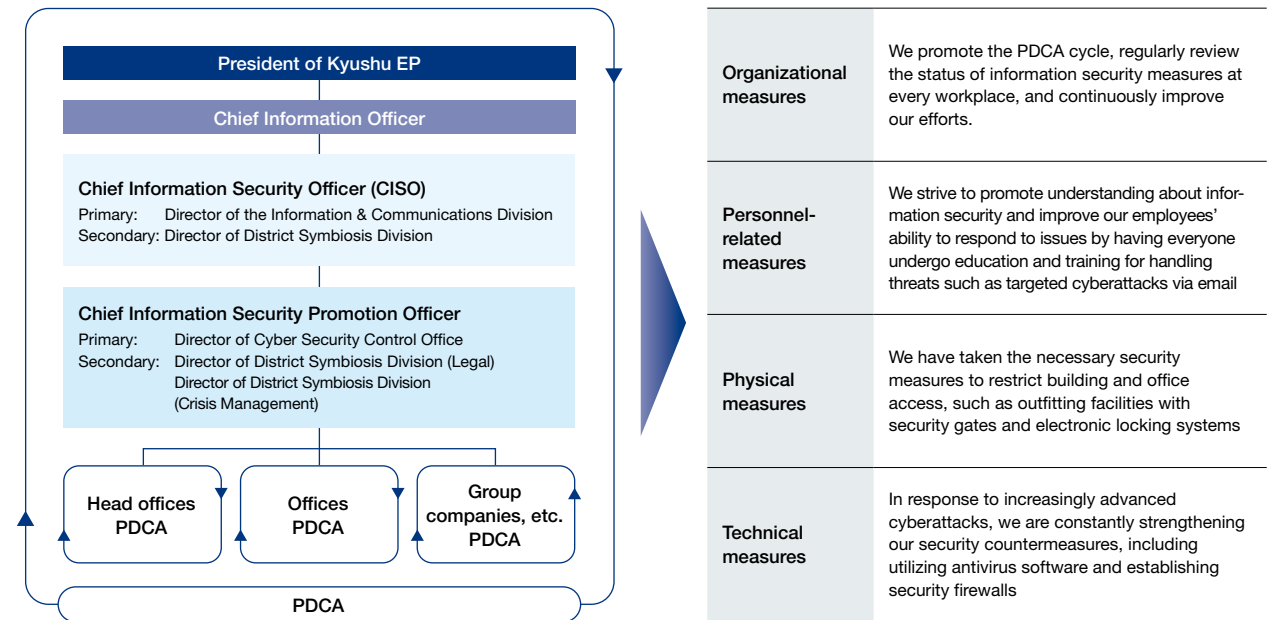
See P. 53 for details on our response in the event of a nuclear emergency

See the Sustainability Report (P. 77) for details.

The Kyuden Group promotes awareness of information security among executives and employees, maintains information security, and protects personal information based on a basic ideology regarding information security and the protection of personal information.

Based on the promotion framework established by the president of Kyushu EP, the Chief Information Officer, and the Chief Information Security Officer (CISO), a company-wide Plan-Do-Check-Act (PDCA) system was established to implement organizational, human, physical, and technical measures through a multi-tiered approach. We strive to maintain business continuity and stakeholder trust through thoroughly protecting personal information and properly managing My Number information and strengthening our ability to respond promptly to cyber threats when they occur.

Information Security Promotion Framework and Measures



FY2024 Results and FY2025 Targets

Categories	FY2024 results	FY2025 targets
Personal information leak incidents	3	0
Serious information security incidents due to cyberattacks within the Kyushu EP and Kyushu T&D	0	0

HUMAN RIGHTS

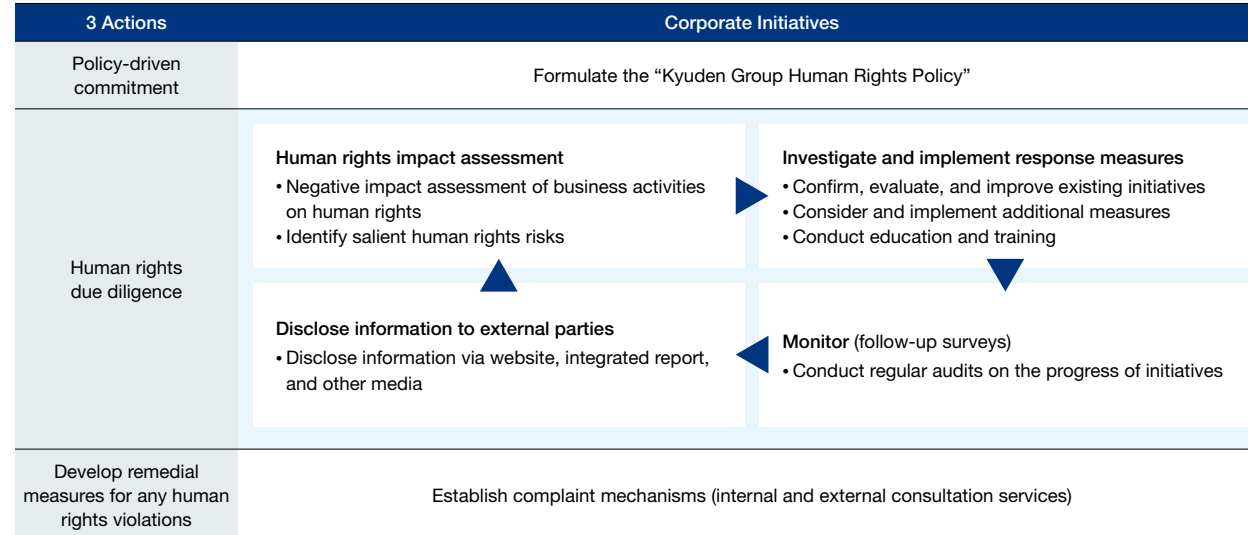
[See the Sustainability Report \(P. 79\) for details.](#)

To enhance sustainable corporate value, it is essential that we act responsibly and respect the human rights of our employees, local communities, and those in our supply chain. Under the “Kyuden Group Human Rights Policy” formulated in 2023, we are rolling out business activities that respect human rights through human rights due diligence and other measures.

Kyuden Group Human Rights Policy

- | | | |
|-------------------------------|--|--|
| 1. Commitment to human rights | 4. Correction and remediation of human rights violations | 6. Awareness training and education for executives and employees |
| 2. Scope of impact | 5. Dialogue and consultation with stakeholders | 7. Information disclosure |
| 3. Human rights due diligence | | |

Overview of Our Human Rights Initiatives



FY2024 Results and FY2025 Targets

Categories	FY2024 results	FY2025 targets
0 significant human rights violations (including entire supply chain)	0	0

SAFETY

[See the Sustainability Report \(P. 64\) for details.](#)

We create an environment where diverse talent can work with peace of mind and maximize their potential by prioritizing safety in business operations and promoting health management.

Prioritizing safety in our operations

We are committed to maintaining safe and secure workplaces so that our employees’ families can feel at ease when they leave for work each day.

Safety is the cornerstone of our business operations. Guided by our “safety first” policy, we comply with the Kyuden Group Safe Conduct Charter, which sets out our fundamental safety policies as the foundation for our awareness and actions. We also promote a variety of initiatives that reinforce our philosophy that “safety is the foundation of management.” Through these initiatives, we aim to raise safety standards and create a workplace environment where everyone can work with peace of mind.

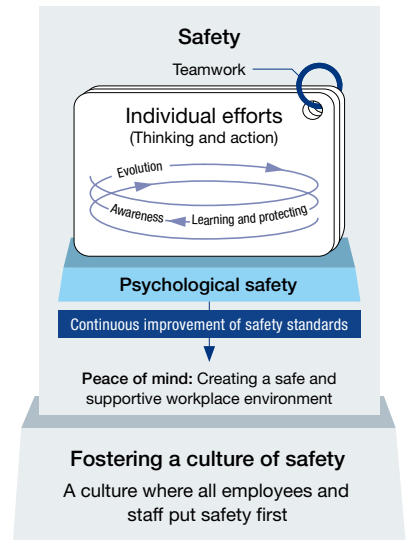
Kyuden Group Safe Conduct Charter

The Kyuden Group is committed to protecting the safety of all people involved in our business, thereby fostering a sense of security and trust. To achieve this, we prioritize safety as the foundation of our management and are committed to the following five actions from the perspectives of occupational safety and equipment security.

1. Creation and evolution of safety
2. Reflecting feedback and sharing information
3. Creating an open and transparent environment
4. Self-development
5. Passing on our DNA

Workplace: Kyuden Group Safety Pledge

Individuals: Three principles of safe conduct for all employees



Initiatives to eliminate all major accidents

We are working to eliminate serious accidents through a range of initiatives, including among contractors and subcontractors.

- | | |
|---|---|
| <ul style="list-style-type: none"> Collaborative disaster prevention initiatives with contractors and subcontractors, based on real worksite conditions Conducting safety patrols accompanied by safety consultants | <ul style="list-style-type: none"> Implementing disaster prevention measures that address the root causes of risk-taking Safety activities incorporating the “Safety II*” concept |
|---|---|

* A new safety approach shifting from preventing accidents to ensuring successful outcomes

Initiatives to foster a safety culture: Safety training at Anzen Mirai Kan

Safety training is provided for group employees at Anzen Mirai Kan, a safety training facility launched in April 2023.

Here, employees study disaster case studies, learn about human factors, and experience simulated disasters using hands-on equipment. By providing effective training to raise safety awareness, we are fostering a culture of safety.



Using equipment for hands-on disaster simulations

HUMAN CAPITAL MANAGEMENT ROOTED IN PURPOSE: MESSAGE FROM THE DIRECTOR OF THE HUMAN RESOURCES VITALIZATION DIVISION

For more information, see p. 60

Human Capital Management: Our aspirations and the stories that shaped them

In Strategic Vision 2035, we positioned Human capital management to drive value creation as one of the Kyuden Group's Key Strategies, reflecting our desire to build a strong foundation for value creation, which is guided by the core philosophy: "Creating the future, starting from our aspirations." There are two things that are essential to bring this vision to life. One is to empower individuals who can spark passion in others, think and act independently, and embrace change with enthusiasm. The second is to build a culture of psychological safety, where diverse talents can challenge each other, collaborate, and generate powerful synergies.

Our 2035 vision defines the ideal state of both individuals and the organization through two sets of four keywords. For individuals: passion, adventure, growth, and co-creation. For the organization: security, excitement, evolution, and diversity. This reflects a relationship between employees and the company built on autonomy and trust. At the heart of this vision are two bold commitments from leadership: to believe in the potential of every individual and to continuously evolve our organizational culture.

This vision is deeply personal to me. I began my career in the information systems division, later moved to HR where I worked on reforming personnel systems, and eventually took on my first management role at the Miyazaki branch, away from headquarters. Soon after arriving, a local manager invited me to participate in a workshop for mid-career employees. What I saw there left a lasting impression: a manager speaking with heartfelt passion, and young professionals responding with energy—sharing ideas, challenging each other, and growing together. For someone like me, who had mostly worked on policy from behind a desk, this was a powerful reminder of our group's strength in on-the-ground capability and the true essence of people and organizational growth. The vision we have set forth for 2035 reflects the spirit of that moment.



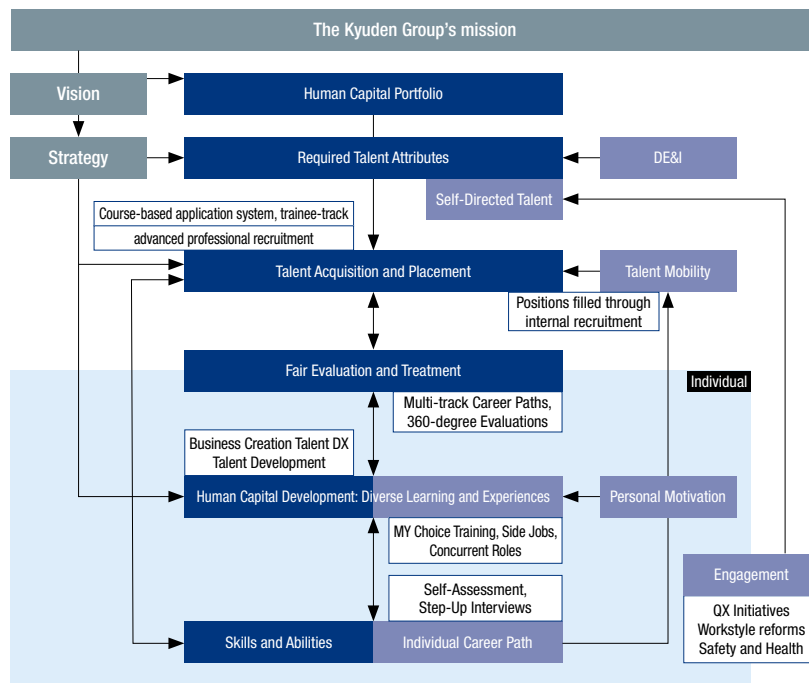
Kikuyo Tsuno
Executive Officer Director,
Human Resources
Vitalization Division

Q.1

You have identified five key pillars in your Human Resources and Organizational Strategy. How do you view the linkage between your human capital strategy, overall management strategy, and the enhancement of corporate value?

The five pillars of our Human Resources and Organizational Strategy are not independent, but closely interrelated. We have positioned them as an integrated "Human Capital Value Creation Story," which demonstrates how individual growth and organizational development together drive value creation across the Kyuden Group.

Human capital value creation story



■ Elements directly linked to business strategy execution
■ Elements that contribute to sustainable outcomes □ Key initiatives

Details of QX Initiatives: P. 61

Details on DE&I, workstyle reforms, and safety and health can be found in the Sustainability Report, on pages 61, 63, and 64, respectively.

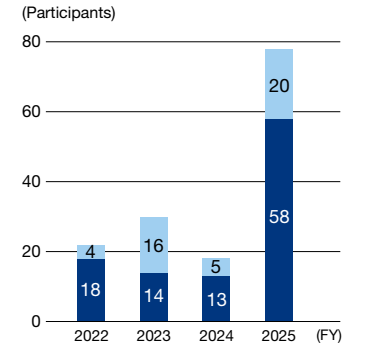
Alignment of our Human Resources Strategy with Management Strategy

Achieving the business strategies outlined in our vision requires securing, developing, and enabling diverse talent. This corresponds to the dark blue sections of our Human Capital Value Creation Story. As a first step toward execution, we developed a human capital portfolio last fiscal year, targeting growth business areas. Based on this portfolio, we are working to recruit individuals with key skills and experience, and to identify and place internal talent in the right roles in line with each business's current and future phases.

Specifically, we are hiring professionals with experience in overseas project development and real estate asset management, along with data analysts and UI/UX designers driving digital transformation in power transmission and distribution. Some are employed through a specialized professional track.

Going forward, we will continue to broaden our recruitment channels and diversify career tracks to further accelerate the execution of our business strategies through the capabilities of diverse talent.

Number of mid-career hires each fiscal year (Participants)



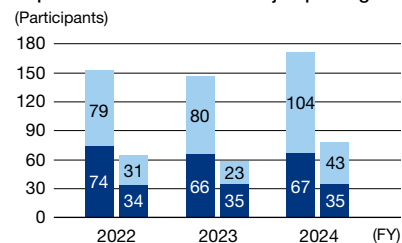
* Number of highly specialized hires in FY2025 reflects projected recruitment plans

Integrating career ownership into strategic alignment

As shown in light blue in our Human Capital Value Creation Story, we have incorporated a variety of systems that offer employees opportunities to unlock their motivation and potential, and take initiative in pursuing new challenges. These include the MY Choice training program, which lets employees choose what they want to learn from a wide range of options; side jobs and concurrent roles that enable diverse experiences; and self-nomination-based transfers through internal job postings and the Aspire & Achieve Initiative program. Many employees are using these systems to challenge themselves and explore their potential, and we are seeing a growing mindset of career ownership take root across the organization. We want each employee to actively shape their own career, including advancing in their current role, by continuing to develop their skills and creating a path they find rewarding.

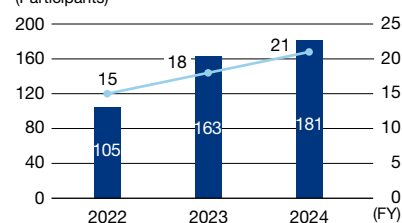
Progress on Key Challenge Initiatives

Number of applicants and transfers for Aspire & Achieve and internal job postings (Participants)



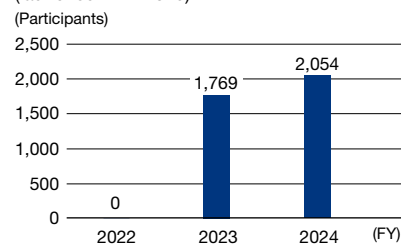
Legend: Aspire & Achieve: applicants (left) and transfers (right); Internal job posting: applicants (left) and transfers (right)

Internal and external side job participation (Participants)

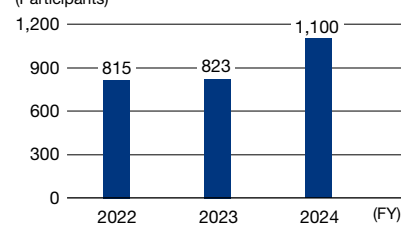


Legend: Internal side job participants (cumulative); External side job participants (cumulative)

MY Choice training participation (launched in FY2023) (Participants)



Professional qualifications obtained (Participants)



Q.2

How are the two human capital indicators currently performing? What challenges are you facing, and what initiatives are in place to help achieve the targets?

In human capital management, it is essential to continuously assess whether our human resource and organizational strategies are genuinely contributing to increased corporate value, and to enhance their effectiveness accordingly. With this in mind, our Vision sets two human capital targets: employee engagement rating and value added per employee.

These targets are not something that can be improved overnight or through a single initiative. We believe that a sustained, integrated approach, where various initiatives interact organically, will enhance the value of our human capital, transform our organization, and drive greater value creation. Based on this approach, we have established KPIs to measure the progress of five strategic initiatives tied to the two human capital indicators. By steadily advancing these efforts, we aim to achieve our human capital goals and enhance corporate value.

Employee engagement rating

Employee engagement reflects our aim to continuously evolve into a company that attracts and retains highly motivated individuals and is seen as an appealing place to work.

In FY2024, we received an A rating—a level indicating a strong relationship of trust between employees and the company—placing us among the top companies using the same engagement survey tool.*1 We scored particularly high in areas such as sense of responsibility and job fulfillment, sense of social impact and contribution, and respect for employee input. We see this as a reflection of our employees' high aspirations and integrity, which we find deeply encouraging.

At the same time, the survey offered insights for future improvement. Specifically, our score for change readiness was slightly lower than the average of other companies. We believe this reflects our corporate culture, which emphasizes stability and safety, and may at times lead to a more cautious mindset.

However, we do not see integrity and a mindset for change as conflicting. Rather, this aligns with our QX (Qden Transformation) Initiative,*2 which promotes positive self-driven change while building on our strengths. Through the ongoing spiral-up cycle of QX activities, we will continue moving away from outdated practices where necessary, evolving into a new corporate culture that encourages ambition and challenge, while staying grounded in the Kyuden Group's DNA of integrity and a strong sense of mission.

*1 Based on comparison with over 10,000 companies using the same engagement survey tool
*2 Qden Transformation: An initiative to foster a culture where people and organizations grow together

Value added per employee

Value added per employee reflects our aim to create added value through human capital and to promote highly productive ways of working, even as the working population continues to decline.

In FY2024, this figure was approximately 1.3 times higher than in FY2021. However, because it is heavily influenced by fluctuations in ordinary profit, it should be considered in conjunction with long-term trends and other KPIs. We are committed to accelerating value creation through the sustained and embedded practice of QX activities. At the same time, we will drive productivity gains by fundamentally reforming our operations through active use of digital transformation (DX) and IT technologies.

Q.3 How is Kyuden approaching investment in human capital?

We view investment in human capital as a stepping stone to the future. Our current Vision clearly states our intention to create a virtuous cycle: making meaningful investments in people, and accelerating corporate growth by reinvesting the value generated through the power of our human capital.

While compensation often draws attention in discussions of human capital investment, we believe it is equally important to invest in four areas that support employee well-being: compensation, learning and growth, the work environment, and health.

Recent efforts include raising annual compensation by around 5% for two consecutive years. Education investment has also increased by about 15% year over year, with a focus on strengthening management capabilities and promoting cross-boundary learning. We are also expanding investment in office transformation.

Going forward, we will continue to make meaningful human capital investments as a management decision, taking into account changes in employee values and shifts in the labor market.

Average Training Investment per Employee	FY2023: ¥156,000 ▶ FY2024: ¥180,000
Average Training Hours per Employee	FY2023: 36 hours ▶ FY2024: 43 hours

Final thoughts

Human capital management begins with shared intention between management and employees. From the perspective of people and organization, it is a process through which the company and its workforce build the future together. That's why we place importance on listening to the voices of employees on the front lines, those who give their best each day, and reflecting their perspectives in management.

This commitment was reaffirmed during the Women's Council proposal session held in May 2025. The Council was launched last fiscal year to incorporate the voices of female employees into reforms aimed at advancing DE&I and promoting women's participation. Teams were formed across branch offices, and after nine months of activity, proposals were presented directly to senior management. Each proposal reflected a strong desire to "do more and contribute to the company" and was concrete and actionable. One member shared a powerful message: "We want those who join after us to feel glad they chose Kyuden—to see it as a place where they can take a chance on their potential." This deeply resonated with management and renewed our resolve to drive meaningful reform.

Going forward, I will continue to approach human capital management with the strong conviction that supporting the aspirations of employees who look to the future is both my mission and the foundation of Kyuden's sustainable growth.

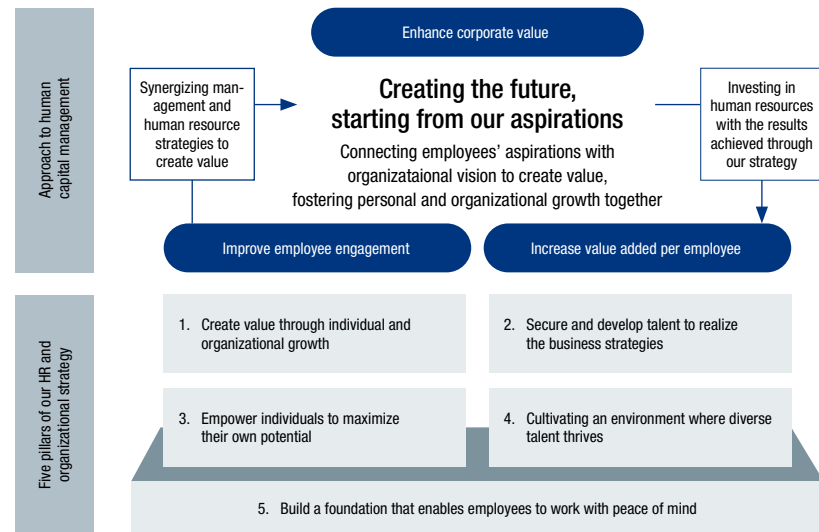
DRIVING VALUE CREATION THROUGH HUMAN CAPITAL DEVELOPMENT

See the Sustainability Report for details (P.56)

Amid rapid changes in the business environment surrounding the Kyuden Group, our people are the driving force behind the execution of our management strategy. In 2025, under our Strategic Vision 2035, the Kyuden Group identified human capital as one of its core management foundations. Our core philosophy is to connect the each individual's aspirations with the organization's vision, enabling people and the organization to grow together and create value. Guided by this principle, we are working to further strengthen our human capital management.

Human resources and organizational strategy pillars and the value creation process in human capital development

By promoting human capital management, we aim to enhance both employee engagement and value added per employee, driving sustainable growth in corporate value. The five pillars of our human resource strategy will guide our efforts to advance our initiatives toward achieving this goal.



Five pillars and KPIs of the Human Resources and Organizational Strategy

We monitor progress toward our human capital goals by setting KPIs linked to initiatives under the five pillars. As shown in the diagram on the right, we continue to evaluate and strengthen the effectiveness of our value creation process, ensuring that the capabilities of our people lead directly to greater corporate value.

Strategic pillars / Objectives	KPIs	Targets	FY2024 results	Main initiatives to achieve KGIs	
Create value through individual and organizational growth	Transform the organizational culture to respect and support the aspiration of each individual	<ul style="list-style-type: none"> Management transformation training Number of challenge activities 	Attended by all organizational heads 5,000 (FY2030) 10,000 (FY2035)	All leaders completed the program —	<ul style="list-style-type: none"> Leveraging engagement surveys Workplace dialogues regarding QX initiatives For details on QX, see p. 61
	Promote innovation that creates new businesses and services	<ul style="list-style-type: none"> Number of i-PROJECT participants Commercialized businesses and services 	100 participants/year 30 or more (cumulative total by FY2030)	112 participants 13 cases	<ul style="list-style-type: none"> Business idea development project i-Challenge
Secure and develop talent to realize the business strategies	Acquire and utilize talent with diverse knowledge and experience	<ul style="list-style-type: none"> Planned fulfillment rate of mid-career hires: 	100%	90%	<ul style="list-style-type: none"> Expansion of mid-career recruitment (career-track and highly specialized talent)
	Develop talent to achieve management strategies	<ul style="list-style-type: none"> Fulfillment rate of management talent pool Number of personnel undergoing DX training 	Acquire and develop talent based on our human capital portfolio Followers: All employees to complete training Specialists: Approx. 400 cumulative	— 10,000 employees 300 specialists	<ul style="list-style-type: none"> Implementation of management leader training Dispatch to the Kyushu-Asia Institute of Leadership DX training (for followers and specialists) DX competency assessments
Empower individuals to maximize their own potential	Promote active participation and growth through support for career ownership	<ul style="list-style-type: none"> Percentage of employees engaged in self-directed career development 	50% (by FY2035)	23.8%	<ul style="list-style-type: none"> Matching-based initial placement For more information, see p. 61 Voluntary transfers (Aspire & Achieve initiative, internal postings) Opportunities to take on challenges inside and outside the company (external side jobs, internal concurrent roles)
		<ul style="list-style-type: none"> Sense of growth (annual/medium-term) 	80%	79.6%	
Cultivating an environment where diverse talent thrives	Provide support and opportunities tailored to diverse characteristics and circumstances	<ul style="list-style-type: none"> Percentage of female managers 	Double the ratio by FY2028* Managers: 3% Assistant Managers: 5% *XXXXXXXXXXXXX (15% by end of FY2028)	Managers: 1.7% Assistant Managers: 3.2%	<ul style="list-style-type: none"> "Rikejo" (Women in Science) development project Activities of the Women's Council For more information, see p. 61
		<ul style="list-style-type: none"> Percentage of female hires among new science and engineering graduates 	12.8%		
	<ul style="list-style-type: none"> Ratio of paternal leave Employment rate of persons with disabilities 	100% Above the legally mandated rate	105.1% 2.63% (target achieved)	<ul style="list-style-type: none"> Promotion of childcare leave utilization ("Ikukatsu") and introduction of childcare support allowance Expansion of special subsidiary businesses (In-house wellness support services, among others) 	
Create a comfortable and empowering work environment	<ul style="list-style-type: none"> Perception of workstyle reforms 	75% (by FY2030)	59.9%	<ul style="list-style-type: none"> Expansion of eligibility for full-remote work 	
Build a foundation that enables employees to work with peace of mind	Operate business with safety as the highest priority	<ul style="list-style-type: none"> Number of major accidents (including for contractors and subcontractors) 	0	8	<ul style="list-style-type: none"> Safety training for all employees at Anzen Mirai Kan
	Promote health and productivity management	<ul style="list-style-type: none"> Overall health risks identified during stress checks Certification as a Health & Productivity Management Outstanding Organization Percentage of employees at healthy body weight 	Maintain below 80 points Continued certification 66% or higher	75 points Continued certification 63.6%	

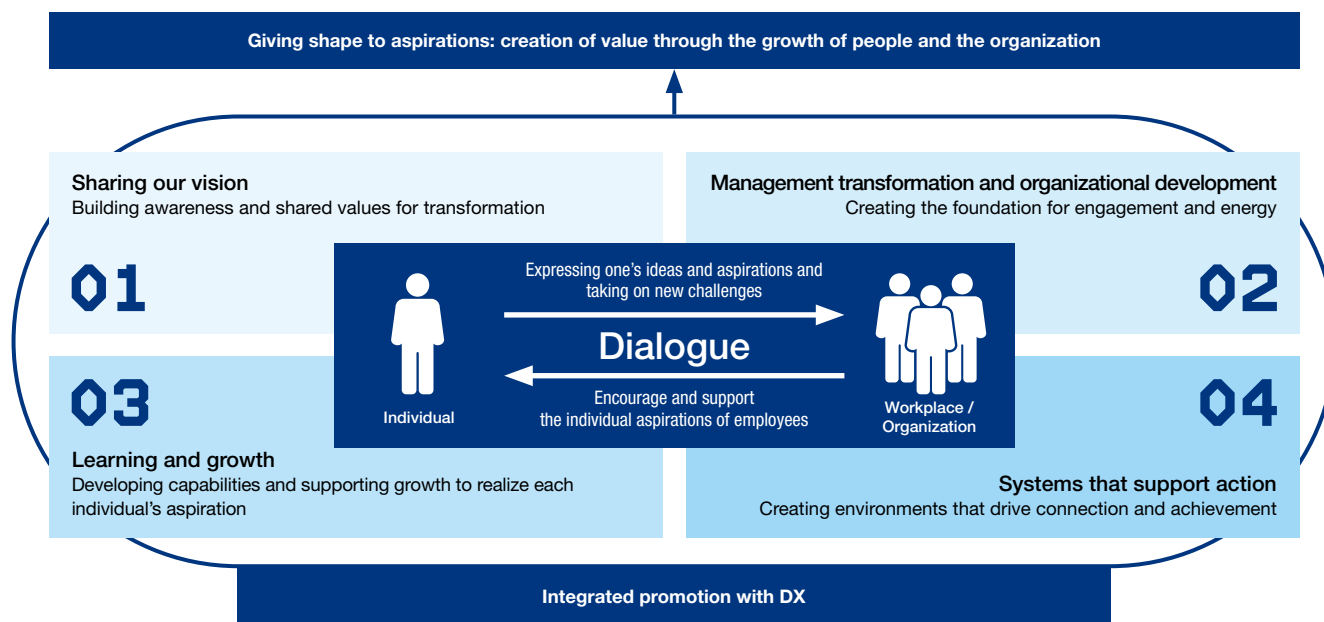
KGIs	Employee engagement rating Maintain AA rating (from FY2030 onward)	Value added per employee 1.5x compared to FY2021 (by FY2030) / 2.0x compared to FY2021 (by FY2035)
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QX (Qden Transformation)

As a central initiative in our human resources strategy—aimed at enabling people and organizations to grow together and generate value—we are promoting QX (Qden transformation) across the company on an ongoing basis.

Through dialogue, we uncover each employee’s individual aspirations and connect it with the organization’s vision, encouraging individuals to take initiative in driving improvement, reform, and new service creation. To support these efforts, we focus on four core domains to enable QX in the workplace and promote organizational transformation and autonomous growth.

QX Overview



Examples of QX initiatives

To widely share the will of our employees and creative efforts, we regularly post interviews highlighting these activities on our internal portal.



Example of business efficiency through DX

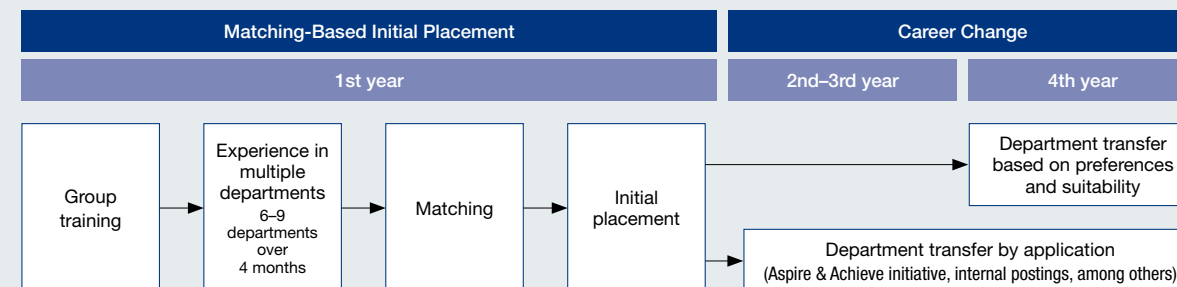


Example of a tool developed to support sales activities

column

Matching-based initial placement (for new administrative graduates)

To support employees’ self-directed career aspirations and to promote early development and contribution, we revised the initial placement system for newly hired administrative employees starting in FY2025. After joining the company, new employees take part in work experiences across multiple departments based on their interests and aspirations. Initial placement is then determined through mutual matching between the employee and the department. To reduce mismatches after placement, we are also developing a system that allows career changes after a set period, based on individual aspirations and organizational circumstances.



Activities of the Women’s Council

In FY 2025, the Women’s Council submitted proposals to management aimed at addressing challenges related to women’s participation and DE&I. The approximately 100 proposals, collected from 62 female employees across nine teams spanning diverse departments and generations—including field operations such as power plants—were reviewed by senior management and are being developed into concrete actions.



Examples of proposals:

- Internal showcase of diverse leadership role models (“Encyclopedia of Kyuden’s Best Managers”)
- Formalizing workplace location flexibility based on childcare or family needs
- Providing flexible leave options for female-specific health concerns (e.g., pregnancy, menopause, PMS)
- Establishing a focused “Diversity Week” for awareness and engagement

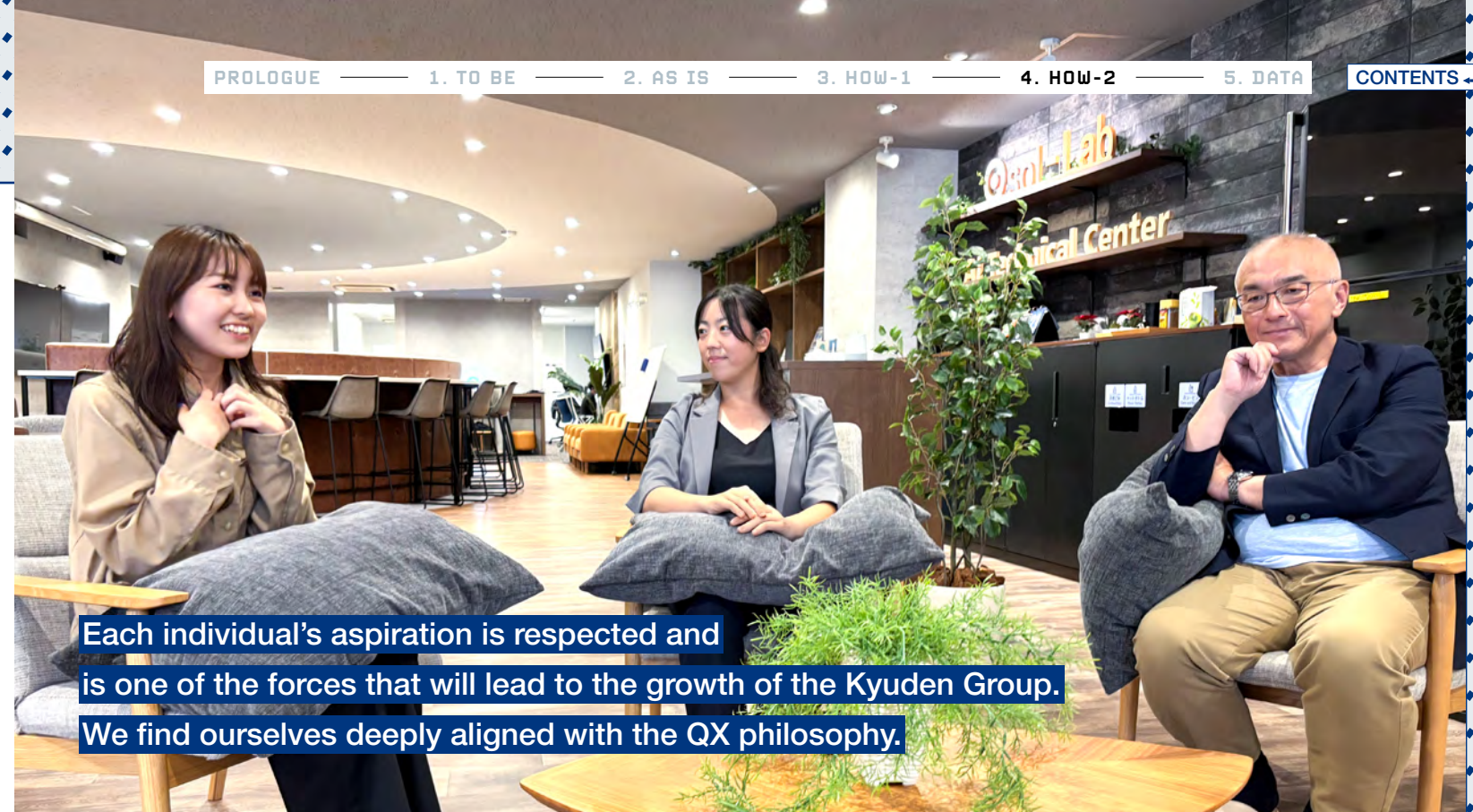
BRIDGING GENERATIONS

Enduring Values, Evolving Innovation:
Driving transformation through people.

In May 2025, we announced Strategic Vision 2035. Initiatives such as the QX Project are underway to respond to changes in the business and management environment.

How do the employees perceive these changes and reflect them in their individual work?

In this roundtable discussion with three employees spanning veteran, mid-career, and younger generations, we explore the "power of people and organization" within the Kyuden Group.



Each individual's aspiration is respected and is one of the forces that will lead to the growth of the Kyuden Group. We find ourselves deeply aligned with the QX philosophy.



Veteran

Yasuaki Nakamura (42 years of service)

From bill collecting to employee training, Yasuaki Nakamura has seen it all. Strict boss turned training expert, Nakamura is a career professional who continues to learn and grow even after retirement.



Mid-career

Erika Tasaki (15 years of service)

Erika Tasaki joined the company as the first female employee in our thermal power division. Hard-working and reliable, she has experience in thermal power plant operation, construction, and tackling new business development projects as a midcareer professional.



Early career

Misako Ito (3 years of service)

From corporate sales to driving QX initiatives and collaborating with various people and organizations, Misako Ito is still exploring her own approaches to work by exposing herself to a diverse set of values.

— One thing all three of you have in common is that you've experienced internal transfers through our job posting system. What motivated each of you to apply?

Nakamura: Working at branch offices and call centers gave me management experience, and it made me realize that I grew most through my interactions with others. I used to be known as a "strict" supervisor. However, as my career progressed and as times changed, I learned through conversations with various people that sternness alone was limiting how much my colleagues could absorb. That sparked my interest in the professional development of our employees, which led me to apply for a position at our Employee Training Institute about 20 years ago.

Tasaki: I'd been in thermal power division since joining the company, but when I heard about the launch of our Incubation Lab

for new business development, I applied out of pure curiosity. It sounded interesting even though I didn't really know what it involved. I was originally drawn to the company because I saw it as a conservative company that supported the country's power supply, but the Great East Japan Earthquake was a turning point that shifted both our corporate culture and my own sense of values towards being more open and willing to take on challenges.

Ito: That's interesting. When I was job-hunting, my impression was that the Kyuden Group was actively pursuing innovation. I joined because it felt like a place where I could take on a variety of challenges. So I am surprised to hear that Ms. Tasaki joined with the impression that we were more conservative. So much has changed in the ten years separating Ms. Tasaki and me.

What prompted me to apply for the internal posting was

watching a training video on QX, which stands for Kyuden (Qden) Transformation, while I was handling corporate sales. It suddenly hit me, “This is exactly what I want to do!” The QX philosophy of valuing the ideas and aspirations of each employee and connecting personal growth to organizational growth resonated deeply with me, prompting me to apply through the Job Challenge system and subsequently transfer to the Human Resources Vitalization Division.

— Since the QX Project launched in 2023, what changes have you noticed?

Nakamura: Our “New Group Leader Training” and “Management & Leadership Training” programs at the Employee Training Institute have become QX-focused. We used to teach only command-and-control management skills, but now we’ve added a dimension of collaborative co-creation management. We’re teaching that leadership isn’t just about being a strong team leader—it’s also about fostering collaboration through group dialogue.

Ito: I participated in the Aspirations Development Program as part of the Next Generation Capacity Building Course, which came

from the QX Project. Teams formed across departments based on individual aspirations, and we developed proposals for the company’s future. This training strengthened my mindset to think and act independently, rather than just executing orders quickly and accurately.

In my day-to-day work, I am involved in initiatives to embed QX across the organization, giving me the opportunity to engage with colleagues from a wide range of departments and all levels of the company. I’ll be honest—I’ve felt firsthand how challenging it is to change the mindset of a large, established organization. At the same time, I can sense firsthand that the circle of colleagues who recognize the company’s transformation, and who are passionate about changing themselves, is definitely expanding.

Tasaki: Absolutely. I believe it’s becoming much easier for people to openly share their own aspirations—their ambitions and ideals for the future. In the past, people would sometimes try to read their boss’s mood and avoid rocking the boat. Now, however, more and more people are reflecting on what they truly want to do and are increasingly willing to speak up and share their intentions at work.

— While the QX Project has brought about changes, what do you feel are the challenges facing the Kyuden Group today?

Ito: Although we are striving to promote women’s activities, we still have a long way to go. We have various systems in place, but that alone is not enough. For instance, there remains a considerable difference between male and female employees in the length of parental leave taken. For people of all genders to truly have equal opportunities to excel, we still need to change workplace attitudes towards different workstyles. I believe that giving form to individual aspirations through the QX project can be part of the solution. That’s why I’m committed to advancing the QX Project, especially from the perspective of promoting women’s participation and leadership.

Tasaki: I have a personal goal of moving into executive management someday. Currently, I’m working on a new business with a small, focused team, gaining experience in management decisions

and organizational leadership on a smaller scale. I plan to draw on this experience when I reach the executive level. I’ve also participated in career development training for future executives, and feel the company’s commitment to supporting employees in achieving their career vision. That said, if the new business I’m working on were spun off as a separate company, I honestly can’t picture myself immediately being given a shot at the CEO role—that’s just my gut feeling right now.

Nakamura: The Kyuden Group is considering a transition to a pure holding company structure. What Ms. Tasaki mentioned touches on an important point. In transitioning to a pure holding company structure, individual businesses become separate entities, meaning we’ll need many more people capable of serving as MDs and key executives. When people think of Kyuden Group executives, they picture a much older generation, but going forward, people in Ms. Tasaki’s generation will also have opportunities to step into management roles. With this in mind, we enhanced our “Management & Leadership Training” content in FY2024 to develop people who can think from an executive perspective and support the company. We had a strong turnout from the very first session and really felt both the need for and impact of the training. We aim to utilize training as a means to reform our organizational culture, making management more accessible.

— How do you interpret the newly announced Kyuden Group Strategic Vision 2035, and how do you want to contribute to realizing this vision?

Nakamura: Looking at the six group priority strategies, my role at the Employee Training Institute draws my attention especially to human capital management. We need to communicate to employees at every level that there is more than one right answer. When we bring in external trainers for our programs, we often hear feedback that Kyuden Group employees are afraid of failure and immediately look for the right answer. There’s a reason for this. We have many employees who’ve devoted themselves wholeheartedly to work with the single focus of delivering electricity reliably, no matter what. However, in the future, there will be no definitive answers for strategies and measures to deliver reliably, and we’re



entering an era in which what is considered right today may not be right tomorrow. I see my mission as using training to support a shift in mindset toward it being acceptable to fail—so long as you’re trying.

Tasaki: As Mr. Nakamura says, that passion for delivering electricity and supporting Kyushu is something all Kyuden Group employees share, regardless of their generation, and it’s a value we should continue to safeguard.

Nakamura: Our employees are genuinely earnest people, which has both pros and cons, which is precisely why having the company show clear direction through the QX initiative has proven to be such an effective catalyst. The direct message from our president at the time, Mr. Ikebe, to all employees was that taking action to realize your own aspirations contributes to organizational growth and this has really resonated with each of our characteristically “serious” Kyuden Group employees.



Ito: Looking at this management vision made me realize all over again how complex the environmental changes we’re anticipating will be, not just for 2035 but all the way out to 2050. I realized that in order to become a company capable of responding to societal and regional needs and delivering diverse value, even in uncertain times, I too need to grow into someone who can meet those challenges. That’s why the idea of applying human capital management to drive value creation is so important to me, and the QX Project’s emphasis on the individual aspirations could act as the key. I love people and am very curious about others. That is precisely why I resonated so strongly with the QX philosophy of advancing together, moving forward through dialogue while aligning our individual aspirations.

In my current department, I’m the only person in my twenties, and my supervisors are nearly 20 years older than me, so to be honest, our values often clash—like in Close Encounters of the Third Kind (laughs). But what really matters is not to dismiss someone just because we do not understand them. I want to continue finding ways to bring people together and co-create value without rejecting each other’s values.

Tasaki: In my department, we have people from their twenties to their sixties working together, each contributing their strengths. The new-generation lithium-ion battery system business I’m working on is also a joint project with partner companies. Much like Mr. Ito, I also encounter value gaps and conflicting perspectives in my work due to generational and corporate differences. But I don’t think we need to force everyone in one direction. As long as we share an ultimate goal, we can reach the same destination via very different paths. Forcing everyone to march in step could actually reduce our momentum. My role is to bridge the younger and veteran generations, blending different values to ensure that individual and organizational growth support one another.

The individual employee’s aspiration is vital for achieving what our new management vision has termed “pioneering the future through energy” as we continue to face various environmental changes and a diversity of social values. On reflection, I realize



that the corporate culture forming our foundation was already in place, even before the QX Project began.

Nakamura: I agree. During my training role at the Employee Training Institute, I relearned our company’s history and discovered the story behind our corporate message: “Enlighten our future.” At the same time as this message was crafted, the “Four Challenges” were also established. The phrase that carried the deepest meaning for me was “discovering solutions and putting them into practice.” The importance of connecting with diverse stakeholders and individual employees through dialogue was something we recognized back in 2007 when we conceived this message. Putting the spotlight on individual aspirations to this foundation—that’s exactly what the QX project is about. The Kyuden Group’s aspirations have always been, and will always remain, to keep the future bright, even when it is hard to predict. The QX project, I believe, is simply the latest expression of this enduring vision. That’s how I see it.

INTEGRATED DISCLOSURE OF ENVIRONMENT-RELATED FINANCIAL INFORMATION

(DISCLOSURE BASED ON TCFD AND TNFD RECOMMENDATIONS)



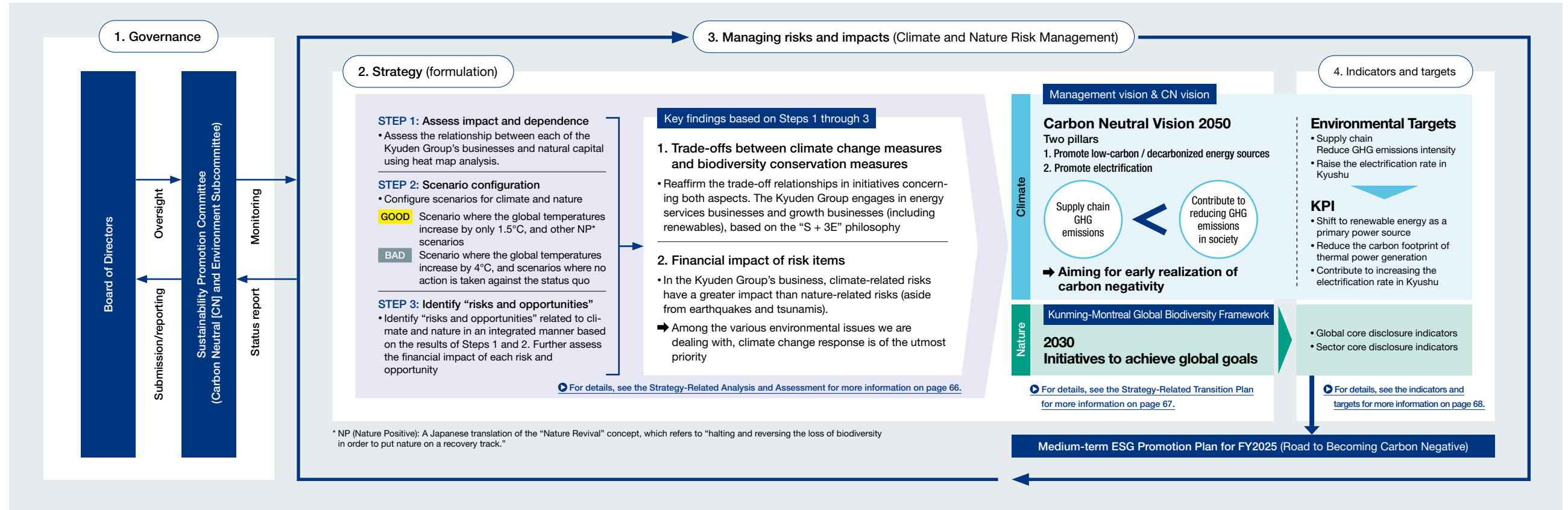
Purpose of integration

Until 2024, the Kyuden Group disclosed climate and nature-related information separately. In 2025, with the goal of “addressing environmental issues in an integrated manner and establishing analysis, strategic decision-making, and risk management that take their interrelationships into account,” the Group undertook integrated disclosure of environment-related financial information. The overall outline of “climate and nature-related management” is summarized as follows.

Results and responses

As a result of the analyses and evaluations conducted through integration, we once again recognized that there is a trade-off between climate change mitigation measures and biodiversity conservation measures in our business operations. In addition, integrated comparisons of climate- and nature-related “risks and opportunities” and their financial impact assessments are now partially possible. These results are being utilized, for example, in the formulation of strategies to address various environmental issues concerning the Kyuden Group.

Comprehensive Outline of “Climate and Nature Management” Based on Integration



Strategy-Related Analysis and Assessment

STEP 1: Assessment of impact and dependency

The relationship between each Kyuden Group business and natural capital in terms of impact and dependency was assessed on a five-point scale.

STEP 2: Scenario Configuration (Climate and Nature Scenarios)

For climate, the “4°C Scenario” and “1.5°C Scenario” were configured based on references, such as the IPCC Sixth Assessment Report, IEA reports, and the Seventh Strategic Energy Plan. For nature, a “Status Quo Scenario” and a “Nature-Positive Transition Scenario” were established.

Scenario	Climate change		Natural capital
	Our company	The world at large	
GOOD	1.5°C	Steady progress to achieve CN	Progress on GHG reductions
	Migrate to a nature-positive future		Not only are regulations being tightened, but private initiatives are also moving forward
BAD	4°C	Steady progress to achieve CN	GHG reductions are delayed
	Status quo maintained		Regulations are not being strengthened, and private initiatives are also delayed

STEP 3: Identification of “Risks and Opportunities” and Financial Impact Assessment

Risk and financial impact assessment

Financial impact was assessed for “items evaluated as having a significant impact on or dependence on natural capital,” and for “climate- and nature-related risk items identified as likely to emerge through scenario analysis.”

Key finding 2

Of the five risks identified as having a financial impact of over 10 billion yen, four relate to GHG emissions, reinforcing that climate change response is a particularly critical environmental issue.

Number of risk items	Financial impact		
	Up to 1 billion yen	1–10 billion yen	Over 10 billion yen
Climate and nature	0	3	2
Climate only	6	4	2
Nature only	25	11	1

Opportunity and financial impact assessment

The rich climate and natural environment of Kyushu are key pillars that underpin the Kyuden Group’s business activities. The growing social importance of these initiatives in recent years is regarded as an opportunity for the Kyuden Group.



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Trade-offs between climate change mitigation and biodiversity conservation

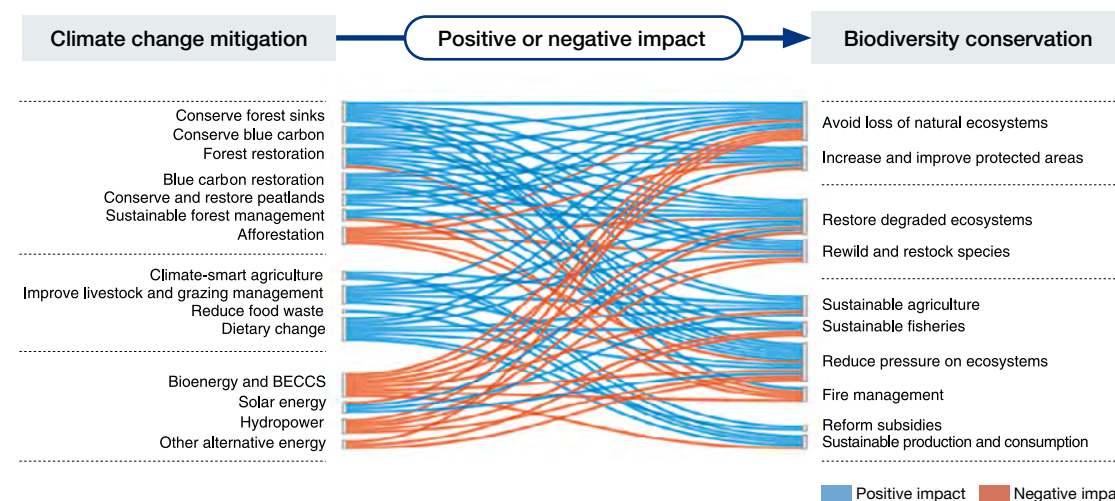
The assessment of “impact and dependency” (using heatmap analysis) found that, while thermal power generation has taken certain steps to address local environmental impacts (biodiversity) due to accumulated pollution control measures, avoiding GHG emissions is still difficult. On the other hand, renewable energy is effective in reducing GHG emissions but imposes some burden on the local environment. Therefore, it was once again recognized that the introduction of renewable energy presents a trade-off between climate change mitigation and biodiversity conservation.

In addition, as a result of Step 3 (identifying risks and opportunities), it was found that thermal power generation poses major financial risks related to GHG emissions, while renewable energy is viewed as an opportunity.

Furthermore, in energy supply for resource-scarce Japan, it is essential to consider not only environmental aspects, but also all elements of “S+3E*.” The Kyuden Group recognizes that, although no single energy source is superior in every respect, it is vital to create a multi-layered energy supply structure in which the strengths of each source are fully leveraged and their weaknesses are mutually compensated.

*S+3E: A concept that emphasizes safety as a fundamental premise, while simultaneously achieving energy security, economic efficiency, and environmental compatibility.

Reference: How climate change mitigation measures affect biodiversity conservation



Source: Based in part on “Biodiversity and Climate Change: IPBES-IPCC Joint Workshop Report, Translation and Commentary by IGES” (2021)

Strategy: transition plan

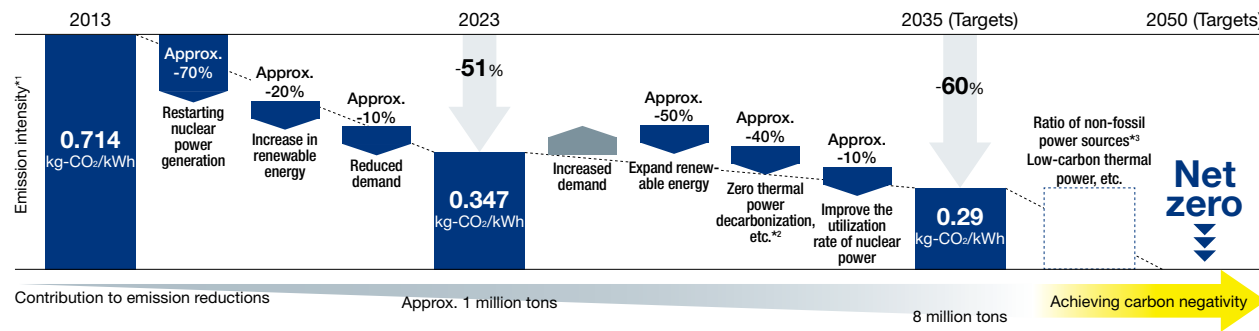
To help realize a sustainable society, the Kyuden Group has established the Kyuden Group Environmental Charter, which guides our efforts to protect the global environment and promote harmony with local communities.

Climate transition plan

Based on the findings from Steps 1 through 3 and recognizing the critical importance of addressing climate change in our business, the Kyuden Group formulated the Kyuden Group Carbon Neutral Vision 2050 as its climate transition plan. The Kyuden Group aims to become the corporate group that leads the decarbonization of Japan from Kyushu as the front-runner in carbon reduction or decarbonization, seizing its response to global warming as an opportunity for corporate growth.

Roadmap to 2050

For details, see Kyuden Group Carbon Neutral Vision 2050.



Note: The targets for carbon neutrality in 2050 and environmental goals for 2035, as well as this roadmap, have been set on the assumption of government policy support and technological advancements, and are subject to review depending on future circumstances.

*1 In accordance with the GHG Protocol, Scopes 1, 2, and 3 are covered.

*2 Includes new high-efficiency LNG thermal power plants, hydrogen-ammonia co-firing at existing plants, CCS, and procurement from low-carbon power sources.

*3 Includes the consideration of expanding renewable energy and developing and installing next-generation advanced reactors.

	By FY2035	By FY2050
Supply chain GHG emissions reduction	Thermal/nuclear Develop high-efficiency LNG power generation, introduce hydrogen/ammonia co-firing, and begin partial deployment of CCS Replace steam turbines, improve utilization rates by extending inspection intervals, and consider the development and installation of next-generation advanced reactors.	Increase hydrogen/ammonia co-firing ratios, transition to dedicated combustion, and implement CCS/CCUS at scale
	Renewable energy and energy storage Develop solar and geothermal power, and energy storage systems Develop fixed-bottom offshore wind and pumped-storage hydropower	Develop next-generation power storage, advanced solar power, and deep geothermal energy Develop floating offshore wind, offshore wind in the EEZ, and tidal power
Contribute to reducing society's GHG emissions	Electrification Switch residential and commercial heat sources, introduce industrial heat pumps, and promote EV buses	Electrify ports and construction equipment, and introduce smart agriculture
	CO ₂ capture and sequestration Promote forest growth, support advanced forest management, and encourage timber utilization	DACCS

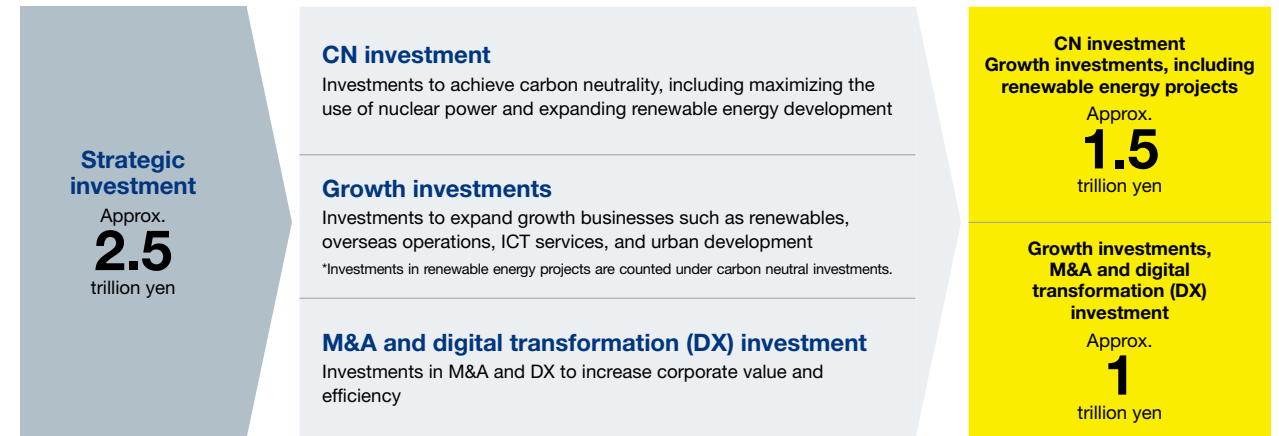
Internal carbon pricing (in-house carbon price)

To promote renewable energy projects, the Kyuden Group sets an in-house carbon price based on conditions in the non-fossil value trading market and other factors, using this as a benchmark for investment decisions. The in-house carbon price is set at approximately 1,400 to 3,100 yen per ton-CO₂, based on transaction prices (0.6 to 1.3 yen per kWh) in the non-fossil value trading market (the market for meeting requirements under the Sophisticated Methods Act), among other factors.

Investments in low- and decarbonized power sources

Over the 11 years from FY2025 through FY2035, the Kyuden Group will allocate approximately 1.5 trillion yen of its strategic investment budget to carbon-neutral initiatives to drive growth.

Strategic investments (cumulative overview for FY2025–FY2035)



Nature transition plan

Under the Kunming-Montreal Global Biodiversity Framework, the “2030 Global Goals” have been set as a nature transition plan to realize the “2050 Vision: Living in harmony with nature.”

The Kyuden Group will further advance initiatives that align with these goals.

Indicators and targets

Climate indicators and targets

As a front-runner in low-carbon and decarbonization, we have set a goal not only to achieve net-zero GHG emissions across our entire supply chain by 2050, but also to achieve “carbon minus” status—making a substantial contribution to society’s GHG reduction—before 2050. We have also set environmental targets and KPIs for 2030 and 2035 and are monitoring progress to ensure these targets are steadily achieved.

The Kyuden Group’s actual results for GHG emissions (Scope 1, Scope 2, and relevant Scope 3) are disclosed in the Kyuden Group Sustainability Report 2025.

For details on actual GHG emissions for Scope 1, Scope 2, and relevant Scope 3, see p. 87 of Sustainability Report 2025.

Goals for 2050 (KGI)		Indicator		Strategic goals (environmental goals)/KPIs		FY2024 results	
				Details	Annual targets		
Supply side	Net zero GHG emissions across the entire supply chain	Supply chain GHG emissions intensity		0.29 kg-CO ₂ /kWh (-60% compared to FY2013)		2035	
				0.36 kg-CO ₂ /kWh (-50% compared to FY2013)		2030	
		KPIs	Accelerate the shift to renewable energy as a primary power source	Renewable electricity sales volume	37 billion kWh	2035	28 billion kWh
					33 billion kWh	2030	
KPIs	Reduce the carbon footprint of thermal power generation	10% hydrogen and 20% ammonia co-firing		2035	Conduct R&D on hydrogen and ammonia co-firing technology		
		Establish techniques for 1% hydrogen and 20% ammonia co-firing		2030			
Demand side	Contribute to reducing GHG emissions in society	Electrification rate in Kyushu		Residential: 75% / Commercial: 65%		2035	
				Residential: 70% / Commercial: 65%		2030	
		KPIs	Contribute to increasing the electrification rate in Kyushu	Additional electricity for residential sector	2.3 billion kWh (FY2021–FY2035 total)	2035	480 million kWh (FY2021–FY2024 total) 100 million kWh (FY2024)
					1.5 billion kWh (FY2021–FY2030 total)	2030	
		KPIs	Contribute to increasing the electrification rate in Kyushu	Additional electricity for commercial sector	2.6 billion kWh (FY2021–FY2035 total)	2035	560 million kWh (FY2021–FY2024 total) 160 million kWh (FY2024)
					1.6 billion kWh (FY2021–FY2030 total)	2030	
KPIs	Transportation	Maintain 100% EV adoption rate for company vehicles*2		2035	30.0% EV rate (102 vehicles added in FY2024)		
		100% conversion of company vehicles to EVs*2		2030			
Contribute to reducing GHG emissions in society		Level of contribution toward reducing emissions		8 million t-CO ₂		2035	
				7 million t-CO ₂		2030	

*1 Our calculations are based on the Agency for Natural Resources and Energy, Energy Consumption Statistics by Prefecture 2021 Annual Values (Fixed Values)

*2 Excluding vehicles not suitable for EV conversion

Nature indicators and targets

The TNFD v1.0 disclosure framework proposes both global core disclosure indicators and sector core disclosure indicators (for electric utilities) as nature-related indicators. Further details on these indicators are provided in Kyuden Group TCFD/TNFD Report 2025.

The Kyuden Group has also established the following nature-related targets under these two indicator frameworks. As in previous years, progress on these targets will be disclosed annually in our Sustainability Report.

Indicator*3			Targets		FY2024 results
			Details	Annual targets	
Pressure from environmental change	Contamination/decontamination	Total amount of contaminants released into the soil by type	0 legal violations related to soil contamination	2035	0 legal violations
		Wastewater discharge	0 violations of laws and regulations related to wastewater discharge	2035	0 legal violations
		Waste generation and disposal	More than 98% of waste recycled, excluding coal ash	2035	• Industrial waste generated*: 170,166 tons • Amount recycled: 163,599 tons
		Plastic waste	Plastic waste recycling rate: 100%	2035	• Amount of plastic waste generated: 1,235 tons • Amount recycled: 1,186 tons
		Total amount of air pollutants other than GHG	0 violations of laws and regulations related to air pollutants other than greenhouse gases	2035	0 legal violations
	Resource use and replenishment	Water withdrawal and consumption from water-stressed areas	0 violations of laws and regulations related to water resources	2035	0 legal violations
		Volume of high-risk natural commodities sourced (land/ocean/freshwater)	Green procurement rate (office supplies): At least 99%	2035	Green procurement rate (office supplies): At least 98%

*3 Indicators and targets related to climate change are omitted from the global core disclosure indicators.

*4 Excludes coal ash and radioactive waste.

Reference: TCFD (2017) Final Report of the Task Force on Climate-related Financial Disclosures
TNFD (2023) Recommendations of the Task Force on Nature-related Financial Disclosures
TNFD (2024) Additional sector guidance Electric utilities and power generators
TNFD (2025) Additional sector guidance Engineering, construction and real estate

CHECK! For more information

Detailed, integrated disclosures, such as our assessments of impacts and dependencies, and risks and opportunities, are available in Kyuden Group TCFD/TNFD Report 2025 on our website.



PROMOTION OF DIGITAL TRANSFORMATION

[See the Sustainability Report for details \(P. 55\)](#)

Promotion of digital transformation

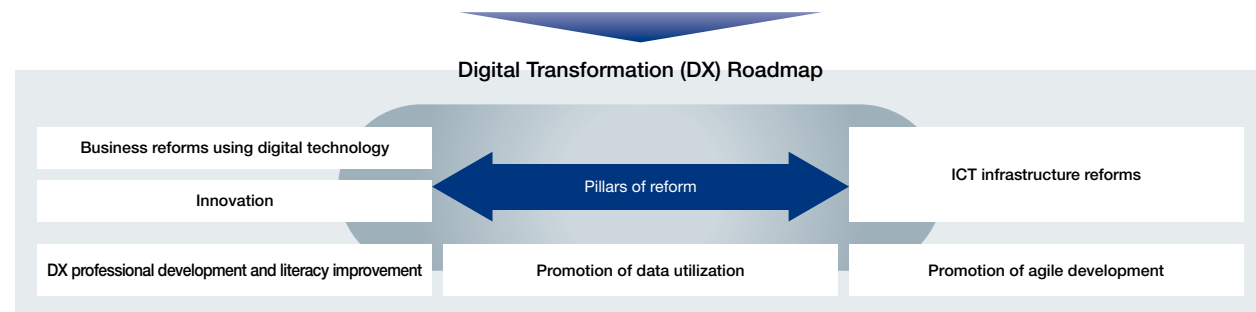
The Kyuden Group has designated ‘Accelerate Corporate Transformation through DX Leadership’ as a core group strategy in Strategic Vision 2035. As a core strategy essential for creating corporate value, our aim is not only to improve operational efficiency but also to fundamentally transform services and business processes by leveraging digital technology and data.

Specifically, we are implementing initiatives such as business transformation through generative AI, advanced analytics including predictive forecasting and data-driven optimization, and the development of DX specialists. These efforts aim to expand revenue, improve productivity, and strengthen our business foundation.

These initiatives have been highly evaluated, and as a result, Kyushu EP is the only electric utility selected as a “DX Noteworthy Company 2025” by the Ministry of Economy, Trade and Industry, in cooperation with the Tokyo Stock Exchange and the Information-technology Promotion Agency.



Kyuden Group Digital Transformation (DX) Vision 2035



We are driving DX by advancing both business reform and innovation together with ICT infrastructure reform, further bolstered by professional development, advancement of data utilization, and promotion of agile development.

Summary of FY2024 Results and FY2025 Targets

Categories	FY2024 results	FY2025 targets
Number of separate DX projects supported for implementation	51	50
Number of advanced analysis initiatives utilizing data	—	20 (cumulative total)
DX Follower Training participants	10,000	All current employees have completed the training
DX Specialist Human Resources Training participants	300	Approx. 400 (cumulative total)

Business reforms

For ‘business transformation utilizing digital technology’ initiatives, each business division has a designated executive director or similar business reform officer. Under their leadership, business divisions collaborate with the DX Promotion Division and Information & Communications Division to drive these efforts forward.

Particularly regarding generative AI, we have put systems in place so that all employees can utilize this technology to boost productivity, and we are also working to improve their AI skills through training sessions and other means. At the same time, we are working to further improve productivity and expand revenue by radically reforming business processes in each department using generative AI. We will continue to actively promote the use of AI under the Kyuden Group’s AI Policy, which clarifies our basic stance and philosophy toward AI.

We are also strengthening our support for employee-driven app development using low-code development tools. After establishing guidelines, we will accelerate employee-led DX by enhancing training to improve development skills and strengthening our support systems.

Professional development for DX promotion

To further accelerate the transformation of operations driven by digital technology and the development of new businesses, we offer practical, hands-on training programs. These include DX Specialist Training, which focuses on data analysis, visualization, and report creation, as well as DX Follower Training, which provides all employees with foundational knowledge and skills. Additionally, we conduct skill assessments to visualize employees’ DX knowledge and skills and to identify potential talent within the company.

For management, we have introduced a “reverse mentoring” system that encourages communication with younger employees about IT knowledge and related topics. Our aim is to enhance management’s DX-related knowledge while also fostering an open and transparent workplace culture through these initiatives.



Innovation

We are leveraging digital technology to improve the value of our products and services, reach customers in new ways, and fundamentally transform our business models. They are putting effort into partnerships that blend the technology and ideas of startups with the management resources of the Kyuden Group. Part of these efforts includes engaging in the open innovation program “Inspiration and Co-Creation” and the co-creation consortium Shinketsugo! Fukuoka.

Additionally, as of FY2025, we have begun relocating to the Cambridge Innovation Center (CIC) Fukuoka, which is home to startups and other businesses. We are working to strengthen connections between Kyuden Group companies and other firms.

column

Creating mechanisms for data utilization

We are working to build company-wide mechanisms for data utilization to realize data-driven corporate activities. By minimizing reliance on intuition and experience, and establishing systems for managing operations and making decisions based on objective data, we are promoting productivity improvement and business transformation.

As part of this initiative, we launched trial operations of our data-driven dashboard in June 2025. The dashboard supports swift and objective decision-making by monitoring ROIC trees and KPIs, and aims to improve ROIC and drive data-driven corporate transformation.

In our data utilization initiatives, we emphasize that “data is alive.” Creating a dashboard alone does not lead to action. We believe that enhancing corporate value comes from each employee gaining insights from living data, and from the entire company working together to turn those insights into action.

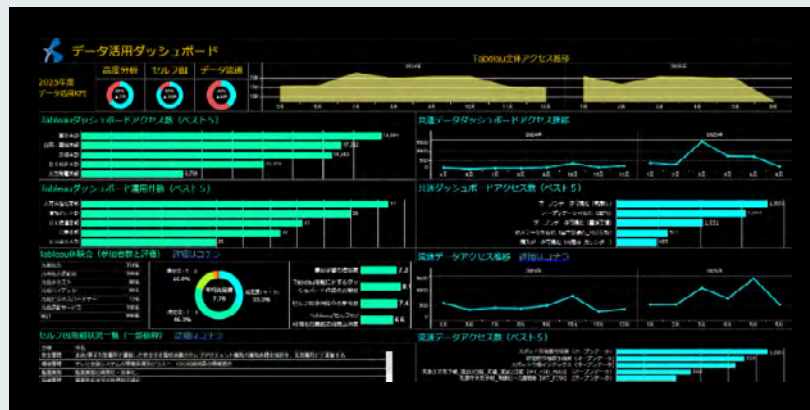
Cultivation of ROIC Awareness

- Timely visualization of the ROIC tree and key KPIs
- Sharing unified metrics company-wide and working together toward management goals

Transformation through data utilization

- Centralize platforms to streamline data use and collection
- Support decision-making based on objective data

Data-driven dashboard



Enables timely and visual monitoring of the ROIC tree for each headquarters and the progress of the KPIs that make up each tree.

Profit improvement through mathematical optimization

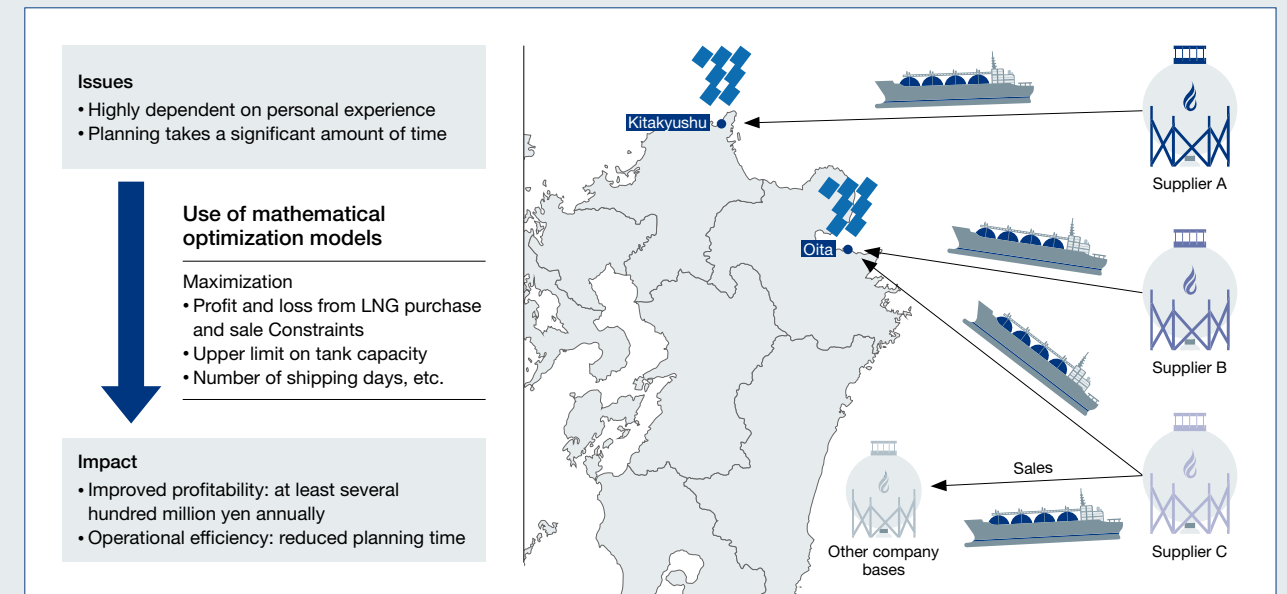
Our group maintains daily coordination with stakeholders, including suppliers and shipping companies, to transport LNG to storage terminals, primarily for use in thermal power plants.

Traditionally, LNG trading and shipping allocation plans were prepared based on the knowledge and experience of skilled personnel. The transaction price of LNG fluctuates depending on various factors such as market conditions. Even the most skilled personnel had to rely on a trial-and-error approach to optimize profits and losses. Additionally, passing on know-how during personnel changes was a challenge, so there was a need to eliminate reliance on individual skills and create a system that enables anyone to formulate optimal plans.

To address these challenges, we introduced mathematical optimization methods. These methods enable us to formulate the most cost-effective plans by taking into account various constraints and market information, contributing to improved profitability and operational efficiency.

Mathematical optimization methods are being increasingly applied not only to operational planning for various facilities, but also to other business operations.

Example of optimizing LNG trading and vessel allocation planning using DX



MEMBERS OF THE BOARD OF DIRECTORS (KYUSHU ELECTRIC POWER)

(As of July 1, 2025)



Overview of career, positions, and responsibilities
 1981 Joined Kyushu Electric Power
 2017 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Corporate Strategy Division
 2018 Representative Director, President & Chief Executive Officer
 2025 Representative Director, Chairperson (current position)
Current external appointments
 Chairman, Kyushu Economic Federation

Kazuhiro Ikebe
 Chairperson

Common shares held 120,019



Overview of career, positions, and responsibilities
 1986 Joined Kyushu Electric Power
 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
 2025 Representative Director, President & Chief Executive Officer (current position)

Masaru Nishiyama
 Representative Director
 President & Chief Executive Officer

Common shares held 37,470



Overview of career, positions, and responsibilities
 1984 Joined Kyushu Electric Power
 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 Representative Director, Vice President & Chief Executive Officer, Executive Director of Business Solution Headquarters (current position)

Noboru Hashimoto
 Representative Director
 Vice President & Executive Officer

Common shares held 54,656



Overview of career, positions, and responsibilities
 1985 Joined Kyushu Electric Power
 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 Representative Director, Vice President & Executive Officer, Crisis Management Officer (ESG Matters)
 2024 Representative Director, Vice President & Executive Officer, Crisis Management Officer (ESG Matters), Chief Information Officer
 2025 Representative Director, Vice President & Executive Officer, Crisis Management Officer, ESG Matters, Chief Information Officer, Executive Director of Technical Solution Headquarters (current position)

Atsushi Soda
 Representative Director
 Vice President & Executive Officer

Common shares held 50,778



Overview of career, positions, and responsibilities
 1985 Joined Kyushu Electric Power
 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

Common shares held 39,954



Overview of career, positions, and responsibilities
 1987 Joined Kyushu Electric Power
 2020 Director of Power System Operation & Engineering Division (Technical Planning), Kyushu Electric Power Transmission and Distribution
 2020 Executive Officer, Deputy Director, District Symbiosis Division, Business Solution Headquarters
 2023 Senior Managing Executive Officer, Executive Director of the Corporate Strategy Division
 2025 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Corporate Strategy Division (current position)

Hiroto Kido
 Member of the Board of Directors
 Senior Managing Executive Officer

Common shares held 30,753



Overview of career, positions, and responsibilities
 1988 Joined Kyushu Electric Power
 2019 Director of Corporate Strategy Division (Group Management Strategy)
 2022 Executive Officer and General Manager of Tokyo Branch Office
 2024 Executive Officer of Technical Solution Headquarters, Director of Digital Transformation, Chief Digital Transformation Officer
 2025 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Business Solution Headquarters, Operation Division (current position)

Hideo Sato
 Member of the Board of Directors
 Senior Managing Executive Officer

Common shares held 17,573



Overview of career, positions, and responsibilities
 1990 Joined Kyushu Electric Power
 2016 Deputy General Manager of Power Generation Division General Manager of Thermal Construction Group
 2018 Director of Corporate Strategy Division (Incubation)
 2018 Director of Incubation Lab in the Corporate Strategy Division
 2020 Director of Planning & Balance Optimization Division, Energy Service Headquarters (Planning)
 2022 Executive Officer, Director of Director of Planning & Balance Optimization Division, Energy Service Headquarters
 2025 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Energy Service Headquarters (current position)

Norihiro Nakamura
 Member of the Board of Directors
 Senior Managing Executive Officer

Common shares held 18,852

Note 1: Common shares held as of March 31, 2025
 Note 2: Includes the individual's equity in corporate stock compensation system Board Benefit Trust (BBT)



Sakie Tachibana Fukushima

Member of the Board of Directors (External)

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)

Current external appointments

President and Representative Director, G&S Global Advisors, Inc.
 External Director, Aozora Bank, Ltd.

Common shares held
 11,800



Yuji Hirako

Member of the Board of Directors (External)

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 from ANA
 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 JVC KENWOOD Corporation (part-time, current position)
 2024 Special Advisor to ANA HD (current position)
 2024 Member of the Board of Directors, Kyushu EP (current position)
 2025 Director (part-time), SMBC Nikko Securities Inc. (current position)

Current external appointments

Special Advisor to ANA HD
 External Director of Seven Bank
 External Director of JVC KENWOOD Corporation
 External Director, SMBC Nikko Securities Inc.

Common shares held
 900



Yoshiro Uchimura

Member of the Board of Directors Audit & Supervisory Committee Member

Overview of career, positions, and responsibilities

1985 Joined Kyushu Electric Power
 2018 Executive Officer and General Manager of 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)

Common shares held
 29,882



Yuji Oie

Member of the Board of Directors Audit & Supervisory Committee Member (External)

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 Institute of Technology
 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)

Common shares held
 3,700



Tomoka Sugihara

Member of the Board of Directors Audit & Supervisory Committee Member (External)

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)

Current external appointments

Attorney (Partner, Miura Okuda Sugihara Law Office)
 External Director, Audit & Supervisory Committee Member, Nippon Tungsten Co., Ltd.

Common shares held
 3,400



Yuka Shigetomi

Member of the Board of Directors Audit & Supervisory Committee Member (External)

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 from ShinNihon Audit LLC (now EY Ernst & Young ShinNihon LLC)
 2018 Head of assurance services for Japanese companies at EY Greater China (Mainland China, Hong Kong and Taiwan)
 2024 Retired from EY Greater China
 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)
 2025 Outside Audit & Supervisory Board Member, Canon Inc. (part-time, current position)
Current external appointments
 Senior Advisor, Hong Kong Office of Ernst & Young
 Certified public accountant (Japan, U.S. and Hong Kong)
 Outside Audit & Supervisory Board Member, Canon Inc.

Common shares held
 0

Note 1: Common shares held as of March 31, 2025
 Note 2: Not eligible for the Board Benefit Trust (BBT), a stock remuneration system; no individual equity

SECTION 5

CORPORATE
DATA

FIVE-YEAR CONSOLIDATED FINANCIAL DATA

For more details, see the Financial Data Book

(billion yen)

Fiscal Year	2020	2021	2022	2023	2024
Operating revenue	1,521.9	1,743.3	2,221.3	2,139.4	2,356.8
Electric utility operating revenue	1,284.2	1,486.1	1,946.7	1,904.3	2,098.5
Other business operating revenue	237.7	257.1	274.5	235.0	258.2
Operating income (loss)	76.8	48.6	-72.9	254.9	199.5
Ordinary income (loss)	55.1	32.3	-86.6	238.1	194.6
Net income attributable to owners of the parent	31.8	6.8	-56.4	166.4	128.7
Capital expenditure	355.8	312.1	306.5	320.2	350.3
Depreciation and amortization (including nuclear fuel impairment)	205.7	225.2	221.0	249.9	250.6
Research and development expenses	5.1	4.8	4.7	4.6	4.8
Cash flows from operating activities	253.4	257.8	30.5	586.0	431.8
Cash flows from investing activities	-330.5	-320.8	-328.8	-344.3	-358.8
Free cash flows	-77.1	-63.0	-298.3	241.7	73.0
Cash flows from financing activities	95.5	79.4	324.7	-150.5	-91.3
Dividends paid	17.4	19.8	10.5	0	30.4
Net assets	681.4	676.3	617.2	921.0	1,031.2
Total assets	5,128.5	5,342.3	5,603.6	5,727.2	5,774.0
Outstanding interest-bearing liabilities	3,522.6	3,638.0	3,991.5	3,765.4	3,718.8
Interest expenses	26.2	25.0	27.9	28.0	30.0

Reference Information

Fiscal Year	2020	2021	2022	2023	2024
Electric sales volume (billion kWh)	85.8	97.3	96.0	90.2	101.0
Nuclear power plant utilization rate (%)	62.4	91.4	57.7	90.8	88.6

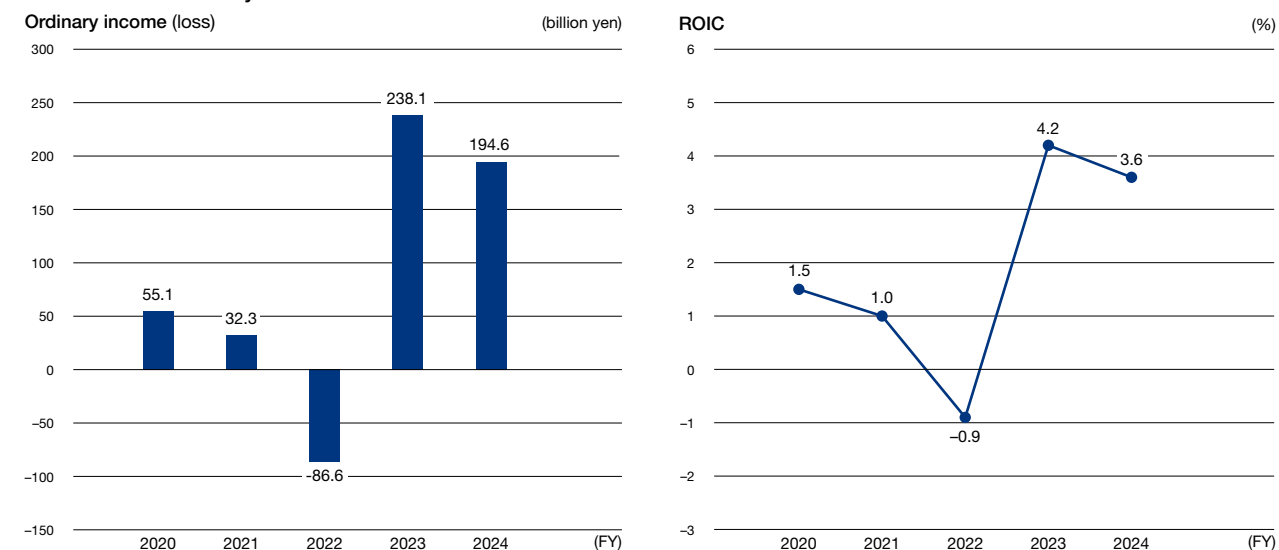
(Note) Amounts are truncated to below 100 million yen

Key Indicators

Fiscal Year	2020	2021	2022	2023	2024
ROE (%)	5.0	1.1	-9.2	22.6	13.6
ROE (excluding preferred shares) (%)	5.4	0.9	-11.7	23.6	15.4
ROIC (%)	1.5	1.0	-0.9	4.2	3.6
Equity ratio (%)*	12.7	12.1	10.4	15.5	17.3
Equity ratio (excluding preferred shares) (%)*	10.8	10.2	8.6	12.1	13.8
D/E ratio (%)	540.03	563.61	685.75	422.83	372.08
Dividend payout ratio (%)	55.68	396.43	—	7.30	19.22
Year-end stock price (yen)	1,092	817	757	1,377	1,306
PER (times)	17.37	80.97	—	4.02	5.02
PBR (times)	0.94	0.71	0.75	0.95	0.77
Dividend yield (%)	3.21	4.90	—	1.82	3.83

* Excluding the portion of hybrid bonds recognized as equity

Five-Year Trends in Key Data



NON-FINANCIAL DATA

Environmental

		Unit	2020	2021	2022	2023	2024	Scope of data collection
Zero emissions and FIT power source ratio	Zero emissions and FIT power source ratio in the domestic energy business*(Total)	%	49	55	43	60	56	Kyushu EP
	Renewable energy (excluding FIT)	%	7	6	6	7	7	
	FIT electricity	%	16	14	14	14	12	
	Nuclear	%	26	35	23	39	37	
Greenhouse gas	Supply chain GHG emissions Scope 1, 2, and 3 Total (Market-based)	million t-CO ₂	43.38	40.88	46.29	34.61	38.92	Kyushu EP and consolidated subsidiaries
	Scope 1	million t-CO ₂	22.11	17.49	23.69	17.79	17.39	
	Scope 2 (market-based)	million t-CO ₂	0.00005	0.00005	0.00005	0.00005	0.00006	
	(Location-based)	million t-CO ₂	0.00005	0.00005	0.00005	0.00005	0.00006	
	Scope 3	million t-CO ₂	21.27	23.39	22.60	16.82	21.53	Kyushu EP
	CO ₂ emissions (pre-adjusted emissions)	million t-CO ₂	25.00	21.80	29.90	17.70	22.00 ¹⁶	
	CO ₂ emissions (base and adjusted emissions)	million t-CO ₂	32.80	28.10	33.90	28.10	31.80 ¹⁶	
	CO ₂ emissions by electricity sales volume (Pre-adjusted emission factor)	kg-CO ₂ /kWh	0.365	0.296	0.407	0.253	0.310 ¹⁶	
CO ₂ emissions by electricity sales volume (Basic and post-adjustment emissions factors)	kg-CO ₂ /kWh	0.479	0.382	0.462	0.402	0.449 ¹⁶	Kyushu EP	
Renewable energy	Renewable energy development achievements (domestic and international)	MW	2,300	2,550	2,610	2,740	2,740	Kyuden Group
Energy (raw material usage)	Energy consumption (crude oil equivalent)	million kl	7.69	6.12	8.22	6.18	5.96	Kyushu EP and Kyushu T&D
Water	Water consumption	m ³ /person	27	24	27	26	25	Kyushu EP and Kyushu T&D
	Water used for power generation at power plants (thermal, nuclear, internal combustion) (Total)	million t	6.14	5.24	6.09	5.44	5.60	Kyushu EP and Kyushu T&D
	Wastewater discharge from power generation at power plants (thermal, nuclear, internal combustion) (Total)	million t	2.62	2.36	2.57	2.45	2.44	Kyushu EP and Kyushu T&D
Industrial waste	Amount generated	t	880,177	782,307	1,037,934	860,791	898,112	Kyushu EP and Kyushu T&D
	Amount recycled	t	877,737	776,846	1,013,576	774,769	815,764	Kyushu EP and Kyushu T&D
	Recycling rate	%	Approx. 100	Approx. 100	98	90	91	Kyushu EP and Kyushu T&D
Atmosphere	SOx emissions from thermal power plants	t	4,532	3,747	4,619	3,492	2,888	Kyushu EP
	NOx emissions from thermal power plants	t	6,081	5,358	6,771	4,822	4,351	Kyushu EP
Electric vehicles (EVs)	Electric vehicles introduced***(Total)	vehicles	199	259	354	555	657	Kyushu EP and Kyushu T&D
Energy and environmental education**	Outreach lessons**	Times (people)	188 (6,070)	286 (8,800)	456 (13,530)	635 (16,350)	618 (16,920)	Kyuden Group
	Environmental and energy education using digital content (re-shown)**	Times (people)	—	15(501)	23(650)	72(2,510)	102(5,450)	Kyuden Group
	Environmental education at locations such as Kyuden Mirai Forest**	Times (people)	3(246)	2(100)	11(610)	17(960)	25(1,120)	Kyushu EP

Social

		Unit	2020	2021	2022	2023	2024	Scope of data collection
Employees	Employees (total)	people	12,717	12,543	12,339	12,092	11,888	Kyushu EP and Kyushu T&D
	Male	people	11,660	11,481	11,267	11,045	10,833	
	Female	people	1,057	1,062	1,072	1,047	1,055	
Average years of continuous employment	Average years of continuous employment (overall)	years	24.2	24.4	24.5	24.4	24.2	Kyushu EP and Kyushu T&D
	Male	years	24.8	25.0	25.1	25.1	24.9	
	Female	years	17.8	17.8	17.6	17.7	17.3	
Number of female managers	Number and ratio of female managers	people (%)	123 (2.6)	127 (2.7)	136 (2.9)	138 (3.0)	147 (3.2)	Kyushu EP and Kyushu T&D
Utilization rate of childcare leave	Utilization rate of childcare leave by eligible male employees ¹⁷	%	3.5	8.3	80.6	103.6	105.1	Kyushu EP and Kyushu T&D
Employment rate of persons with disabilities	Employment rate of persons with disabilities	%	2.32	2.29	2.46	2.51	2.63	Kyushu EP and Kyushu T&D
Work Environment Improvements	Per employee							Kyushu EP and Kyushu T&D
	Number of days of annual paid leave taken	days	16.6	16.6	17.4	17.1	16.7	
Health and productivity management	Regular health checkup attendance	%	100	100	100	100	100	Kyushu EP and Kyushu T&D
	Percentage of employees at healthy body weight	%	63.3	63.3	65.5	64.5	63.6	Kyushu EP and Kyushu T&D
	Stress check attendance	%	94.5	94.8	94.8	95.8	94.9	Kyushu EP and Kyushu T&D
	Overall health risks identified during stress checks	points	79	78	76	76	75	Kyushu EP and Kyushu T&D
Community	Number of volunteer time off days taken	days	117	66	70	124	132	Kyushu EP and Kyushu T&D
	Employees recognized for their local community contributions	people	28	11	18	7	5	Kyushu EP and Kyushu T&D
Innovation	KYUDEN i-PROJECT Number of participants (cumulative)	people	910	1,030	1,130	1,260	1,380	Kyuden Group
Human Resource Development	Average training hours	Hours	21.8	76.4	51.0	36.3	42.6	Kyushu EP and Kyushu T&D
Labor union membership rate	Percentage of all employees	%	67.4	66.7	54.5	54.0	52.9	Kyushu EP and Kyushu T&D
	Employees excluding special managers, among others	%	100.0	100.0	100.0	100.0	100.0	Kyushu EP and Kyushu T&D

Governance

		Unit	2020	2021	2022	2023	2024	Scope of data collection
Board of Directors composition	People	People	15	15	15	14	14	Kyushu EP
	Ratio of external director	%	33.3	33.3	33.3	35.7	35.7	Kyushu EP
	Percentage of male employees	%	80.0	80.0	80.0	78.6	78.6	Kyushu EP
	Percentage of female employees	%	20.0	20.0	20.0	21.4	21.4	Kyushu EP
Board of Directors activities	Number of board meetings held	visits	19	15	23	18	14	Kyushu EP
	Attendance rate of all directors	%	98.6	99.6	97.1	97.3	98.9	Kyushu EP

¹ The figures are the ratio to the amount of electricity generated and received by Kyushu EP before Non-Fossil Fuel Certificate trading. The portion of the above that does not use non-fossil fuel certificates has no value as renewable energy, or as a CO₂-free power source, and is treated as having the same CO₂ emissions as the national average for electricity, including thermal power generation.

² Total for EVs and PHVs. ³ The figures in parentheses indicate the number of participants.

⁴ From FY2024, the method for aggregating results for "outreach lessons" and "environmental and energy education using digital content" has been partially revised.

⁵ Since FY2022, environmental education has been held at IsahayaKyudenMirai Forest, and since FY2023, at the Kirishima KyudenMirai Forest.

⁶ FY2024 results are provisional, and the government is set to announce the final figures in December.

⁷ Calculated as the percentage of male employees whose spouse gave birth who took childcare leave or similar leave.

EXTERNAL EVALUATION

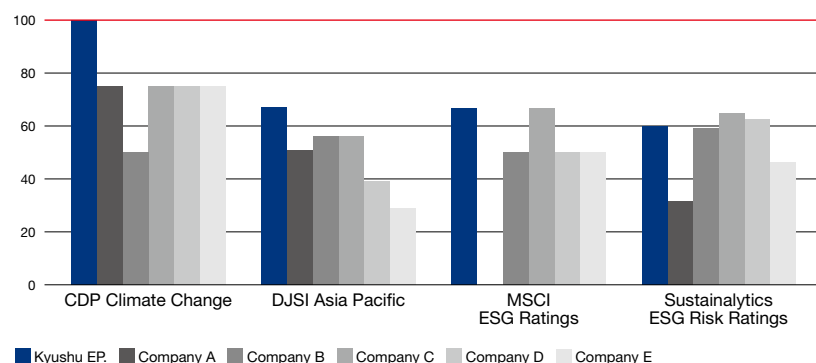
The Kyuden Group is highly rated by domestic and international third-party evaluation organizations for its efforts in non-financial areas.

In the area of human capital, the company received a Bronze rating in the PRIDE Index 2024, which evaluates LGBTQ+ initiatives, and was recognized as a KENKO Investment for Health 2025 Outstanding Organization, making the White 500 list.

Regarding DX, we were the only electric power company to be included in the “Noteworthy DX Companies 2025” list. This ranking recognizes DX Stocks—companies that leverage digital technology to fundamentally change their business models and create new opportunities for growth and competitiveness by engaging in digital transformation. The company has received special recognition for its notable contributions to corporate value.

Kyuden is also included in four of the six ESG indices used by Japan’s GPIF, the world’s largest pension fund, and has been the only A-list Japanese electric power company in CDP 2024 (Climate Change) for two consecutive years. Among its many achievements, the company was also chosen as a constituent stock of the DJSI Asia Pacific—the only Japanese electric power company to be selected.

Key ESG score comparison with other electric power companies (FY2024)*



* Evaluation criteria differ for each index, so a relative score with a maximum rating of 100 and minimum of 0 is shown for each index.

Area	Evaluating agency/index	Evaluation scope	Current results	Special notes	
Human capital	PRIDE Index 2024	Unique Japanese evaluation for visualizing corporate LGBTQ+ engagement. 3-tier evaluation conducted by work with Pride that assigns a Gold, Silver, or Bronze rating.	Bronze rating		Three former general electricity utilities certified (One gold company, one silver company)
	KENKO Investment for Health 2025 Outstanding Organization White 500 List	Joint accreditation by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council). The top 500 corporations are designated “White 500” based on employee health management and their implementation of health and productivity management.	Certified as a White 500 company		
Digital Transformation (DX)	Noteworthy DX Companies 2025	Recognizes companies making continuous efforts to transform their business models and management via approaches grounded in digital technology.	Noteworthy DX Companies 2025		Only electric power company recognized
Climate Change	CDP 2024 Climate Change	Evaluation based on the quality of climate change response and related information disclosure. Scores are assigned on an 8-point scale from A to D-. Conducted by international NGO CDP.	Selected as an A-List Company		First Japanese electric power company to achieve an A score in FY2023, achieving the highest rating for two consecutive years
Overall	S&P Global DJSI Asia Pacific Index	ESG investment index that selects the top companies in the Asia-Pacific region. Constituent stocks are selected based on a thorough assessment of a company’s economic, environmental, and social factors.	Selected as constituent stock		Only Japanese electric power company selected
	MSCI ESG Ratings	7-tier rating based on assessments of risk and management capabilities for each industry sector, with scores ranging from AAA to CCC. Key ESG evaluation metric for investors.	A		Has maintained top ranking among former general electricity utilities since FY2022
	Sustainalytics ESG Risk Ratings	Morningstar Sustainalytics (U.S.) provides this ESG risk assessment. A lower score means lower risk, and a higher rating (0-100).	40.9		
	GPIF ESG Investment Index	6 ESG indices used by Japan’s Government Pension Investment Fund (GPIF). Reliable investment appraisals by institutional investors.	Used by 4 indices		Selected for inclusion in the following 4 indices: 1) FTSE Blossom Japan Sector Relative Index 2) MSCI Japan Equity ESG Select Leaders Index 3) S&P/JPX Carbon Efficient Index 4) Morningstar Japan ex-REIT Gender Diversity Tilt Index

THE USE BY KYUSHU ELECTRIC POWER CO., INC. OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES (“MSCI”) DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF KYUSHU ELECTRIC POWER CO., INC. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED ‘AS-IS’ AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI. 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. 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.

COMPANY DATA

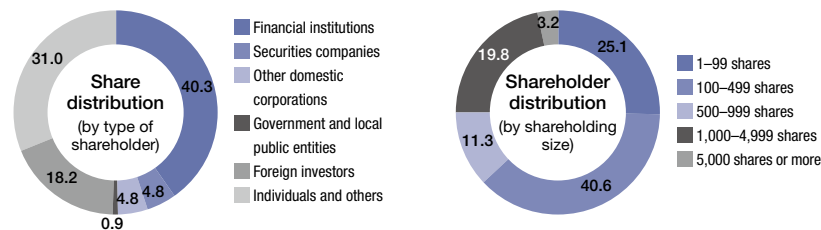
Overview

Company name	Kyushu Electric Power Company, Incorporated
Head office	2-1-82 Watanabe-dori, Chuo-ku, Fukuoka
Tokyo branch office	1-7-1 Yurakucho, Chiyoda-ku, Tokyo
Founded	May 1, 1951
Capital	237.3 billion yen
Employees	4,446

Stock Information

Listed stock exchanges	<ul style="list-style-type: none"> • Tokyo Stock Exchange (Prime Market) • Fukuoka Stock Exchange
Securities code	9508
Authorized shares	1,000,000,000
	Common shares 1,000,000,000
Shares issued and outstanding	Common shares 474,183,951
	Class B preferred stock 2,000
Shareholders	Common shares 171,236
	Class B preferred stock 3
Annual general meeting of shareholders	June
Fiscal year	April 1 to March 31
Registrar and transfer agent	Sumitomo Mitsui Trust Bank, Limited
Accounting auditor	Deloitte Touche Tohmatsu LLC

Common Shares (%)



Major Shareholders

Shareholder name	Number of shares held (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	73,498	15.5
Custody Bank of Japan, Ltd. (trust account)	29,691	6.3
Meiji Yasuda Life Insurance Company	20,594	4.3
J.P. Morgan Securities Japan Co., Ltd.	10,910	2.3
Employee Shareholding Association, Kyushu Electric Power Co., Inc.	10,168	2.1
The Bank of Fukuoka, Ltd.	8,669	1.8
Nippon Life Insurance Company	7,818	1.6
JP MORGAN CHASE BANK 385781	6,065	1.3
STATE STREET BANK AND TRUST COMPANY 505001	6,028	1.3
STATE STREET BANK WEST CLIENT – TREATY 505234	5,092	1.1

Class B preferred stock

Shareholder name	Number of shares held	Shareholding ratio (%)
Mizuho Bank, Ltd.	800	40.0
Development Bank of Japan Inc.	800	40.0
MUFG Bank, Ltd.	400	20.0

Official website and social media accounts

Kyushu Electric Power website
<https://www.kyuden.co.jp/english>

Facebook
<https://www.facebook.com/kyuden.jp>

Instagram
https://www.instagram.com/kyuden_official/

X
https://x.com/Kyuden_official

YouTube
<https://www.youtube.com/user/Kyudenchannel>

Preparation of the Integrated Report

As the ESG officer responsible for preparing this Integrated Report, I affirm that the report was compiled through a fair and proper process, and that its contents are accurate.

I hope this report will serve as a means of communication with all our stakeholders and further deepen your understanding of the Kyuden Group. Going forward, we will strive to further enhance the content of this report through active dialogue with all stakeholders. We sincerely welcome your candid feedback and suggestions.



Atsushi Soda
 Representative Director
 Vice-Presidential Executive Officer
 Chief ESG Officer



Kyushu Electric Power Co., Inc.

ESG Coordination Group, Corporate Strategy Division

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