

KYUDEN GROUP

INTEGRATED REPORT 2021

Kyuden Group's Mission

Enlighten Our Future

Towards a comfortable and environment-friendly lifestyle today and for generations to come.
This is the mission of the Kyuden Group.

Our brand message, “Enlighten Our Future,” expresses our commitment amid changing times to remain unchanged in delivering a stable supply of electricity and other forms of energy, and contribute towards a comfortable and environment-friendly lifestyle today and for generations to come. The phrase “comfortable and environment-friendly lifestyle” expresses our desire to contribute to a sustainable society in which people can enjoy comfortable lives while contributing to a better global environment, and in which what is good for the global environment enriches our hearts and provides us with comfort. Kyuden Group's Mission is to contribute toward the realization of a comfortable and environment-friendly lifestyle today and for generations to come.



Steady and reliable, environment-friendly energy.

In order for our customers to lead harmonious lives, we will provide steady and reliable, environment-friendly energy, while anticipating global trends and making full use of our advanced technology and abundant experience with energy and the environment.

Services that truly satisfy.

Customer trust is our top priority. We will listen to the various voices of our customers in order to respond to their needs with services that truly satisfy.

As one with Kyushu, Asia, and the world.

In company with the people of Kyushu, we will work together to take action while thinking of our children's future and of the prosperity of the region. And from there, we will look to Asia and the world.

Discovering solutions, and putting them into practice.

We will discover and implement solutions that lead to a better tomorrow through open, active discussions, believing in people's potential and mutually respecting personalities.

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On the Publication of the Kyuden Group Integrated
Report 2021

Editorial Policy

This report is published with the aim of introducing a uniform, integrated account of the Kyuden Group's mid- to long-term vision and strategies, as well as major policies. Readers' opinions regarding this report will be used as a reference to create easily understandable reports in the future.

Issue Date

September 2021
(Next report: summer 2022 (planned))

Scope of Reporting

Kyushu Electric Power Company,
Incorporated and Group Companies

Reporting Period

April 1, 2020 to March 31, 2021
(However, the report also contains some data from outside this period in the interests of providing timely information.)

Guidelines Consulted

- International Integrated Reporting Framework
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
- Task Force on Climate-related Financial Disclosures (TCFD) Recommendations
- Sustainability Accounting Standards Board (SASB)

Website Information

IR Website
For shareholders and investors
http://www.kyuden.co.jp/english_ir_index.html
Please refer to our website for more detailed information.

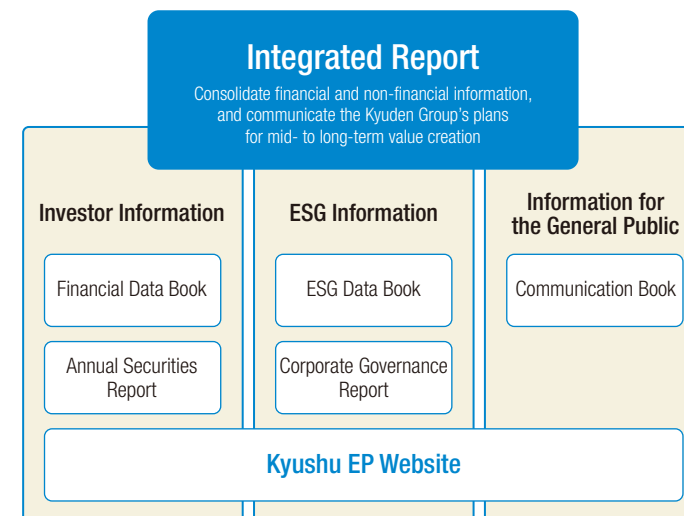


Inclusion in Socially Responsible Investing (SRI) indices

Of the indexes adopted by the Government Pension Investment Fund, Kyushu Electric Power (Kyushu EP) has been incorporated into the following two.

- MSCI Japan ESG Select Leaders Index (as of June 2021)
- S&P/JPX Carbon Efficient Index (as of March 2021)

Information Disclosure System



*In FY2021, we will reorganize the Annual Report, Sustainability Report, and Environmental Report, which we have been issuing up to FY2020, into our Integrated Report and ESG Data Book

Responding to the SDGs

The Kyuden Group will contribute to the achievement of the SDGs.

SDGs (Sustainable Development Goals)

The Sustainable Development Goals for international society as a whole, adopted in 2015 at a United Nations summit, comprise 17 goals to be realized by 2030.



Note Regarding Forward-looking Statements

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

Snapshot of Kyushu

Located nearly at the center of East Asia, Kyushu serves as a hub for interaction with Asia.

Kyushu's economy is roughly 10% of Japan's total; it similarly accounts for about 10% of Japan's land area and population. Kyushu's gross regional product is on par with the nominal gross national product of Iran or Thailand.

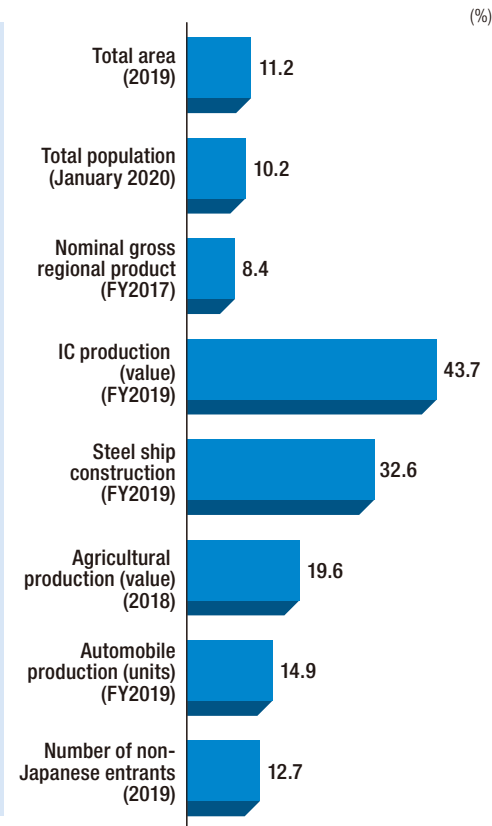
The output of Kyushu's key industries, such as integrated circuit (IC) production, steel shipbuilding, agricultural production and automobile production, account for a high percentage of the national total.

Kyushu as a Part of Asia



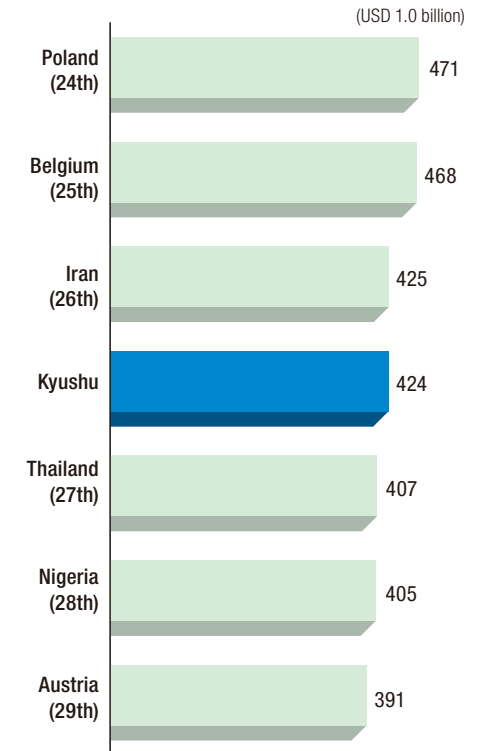
Source: Created based on "Profile of Kyushu 2021," Kyushu Economy International (KEI), Kyushu Bureau of Economy, Trade and Industry

Share of Kyushu Nationwide



Source: Created based on "Kyushu Economic Internationalization Data 2020," Kyushu Bureau of Economy, Trade and Industry

Nominal Gross Regional Product Compared to Other Countries



*Values from 2016

*Numbers in parentheses represent global position

Source: Created based on "Kyushu Economic Internationalization Data 2020," Kyushu Bureau of Economy, Trade and Industry

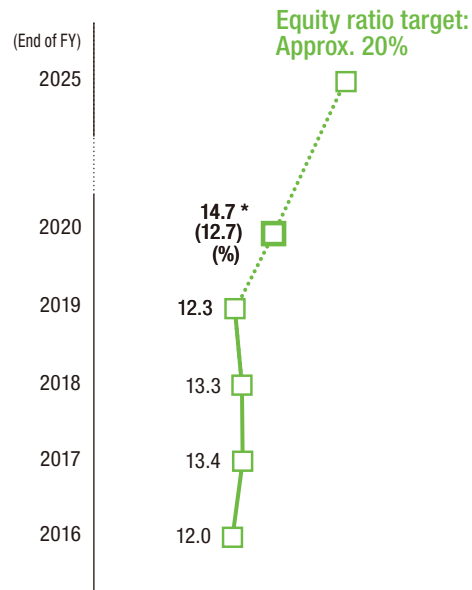
Financial and Non-financial Highlights

Equity Ratio (Consolidated)

14.7%*
(End of FY2020)

Mid-term targets (End of FY2025)

Approx. **20%**



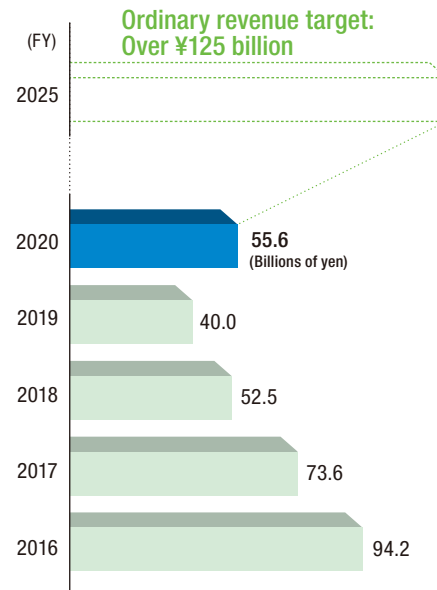
*Includes amount (approx. 2%) recognized as capital from hybrid securities (issued October 2020). Amount shown in parentheses does not include amount recognized as capital from hybrid securities.

Ordinary Income (Consolidated)

¥55.6 billion
(FY2020)

Mid-term targets (End of FY2025)

Over **¥125 billion**

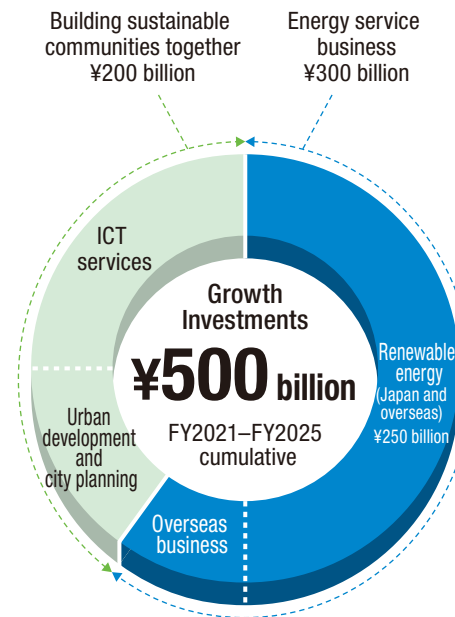


Growth Investments (Consolidated)

Approx. **415 billion**
(FY2017–FY2020 cumulative)

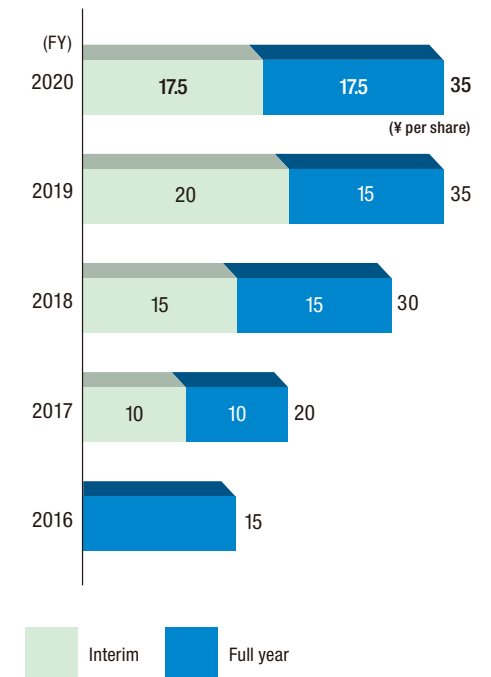
Investment over the next 5 years
(FY2021–2025 cumulative)

¥500 billion



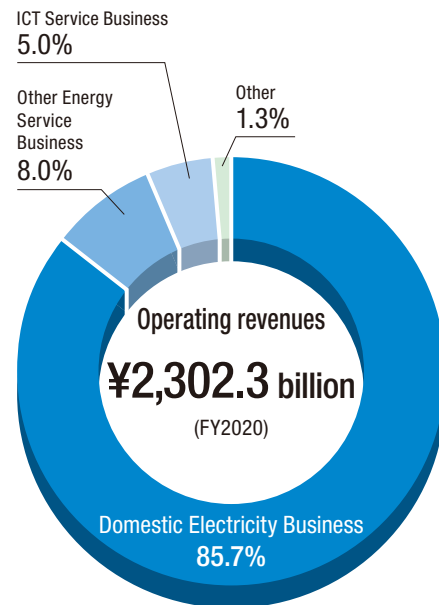
Dividends (per share of common stock) (Kyushu Electric Power)

¥35 per share
(FY2020)



Ratio of Domestic Electricity Business in Sales*1 (Includes intra-company transactions)

85.7%
(FY2020)

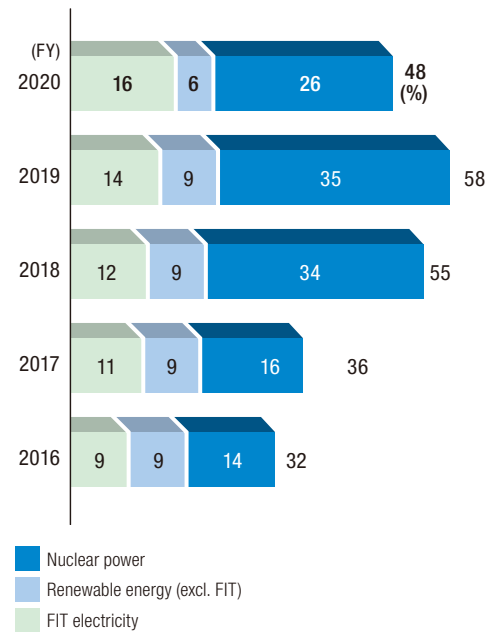


The Kyuden Group consists of Kyushu Electric Power (Kyushu EP), 64 subsidiaries, and 38 affiliated companies.
(as of March 31, 2021)

*1 Before elimination of internal transactions

Ratio of Zero-emission or FIT Electricity*2 in the Domestic Electricity Business

48%
(FY2020)

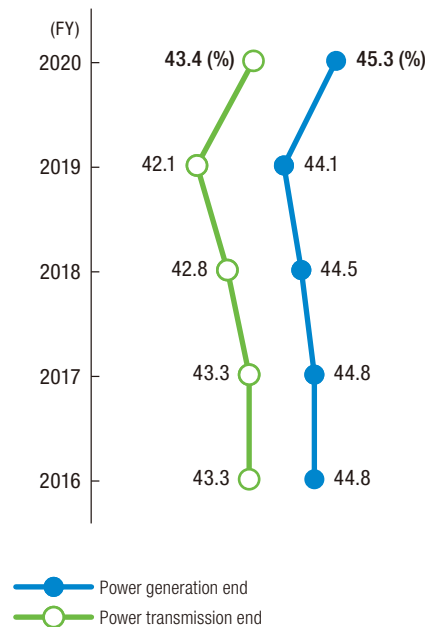


*2 Ratio includes energy produced by Kyushu EP and procured from other companies and represents a value before Non-Fossil Certificate trading.

*For the information given above, amounts for which Non-Fossil Certificates were not used, there is no value for renewable energy or zero-CO₂-emission energy sources, and so these are counted as national average CO₂ emissions for electricity production, including that generated from fossil fuels.

Total Thermal Efficiency for Thermal Power Stations (Power generation end)

45.3%
(FY2020 (Lower heating value*3))

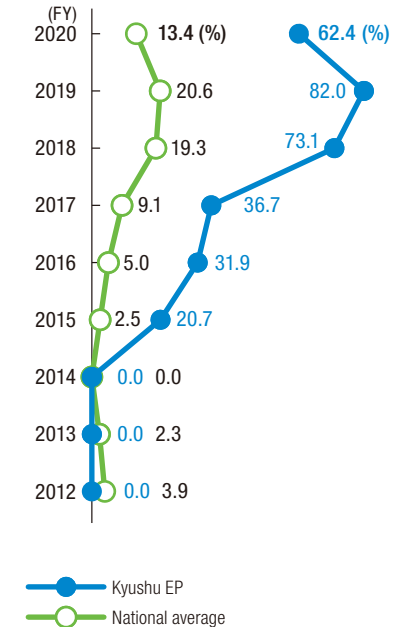


Including Matsuura Power Station Unit 2, which began operating in December 2019, our operations at coal-fired/LNG power stations with high thermal efficiency led Kyushu EP to achieve a 45.3% (power generation end) total thermal efficiency, an improvement of 1.2%.

*3 Amount of heat produced when burning fuel (excl. heat from steam produced)

Nuclear Power Station Utilization Rate

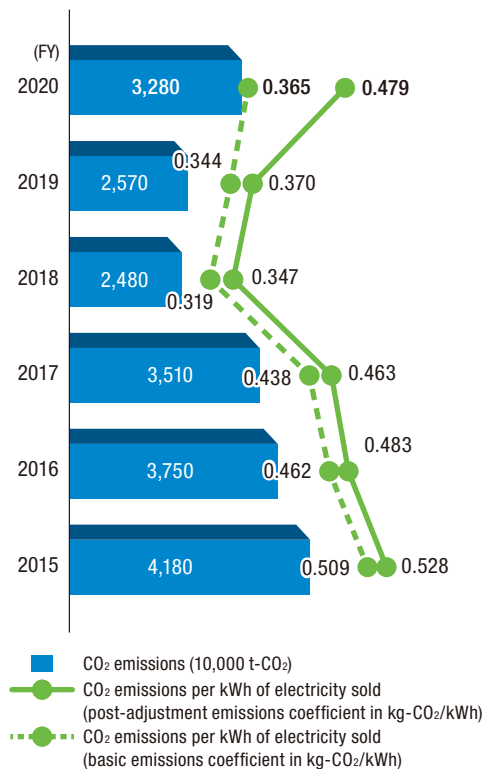
62.4%
(FY2020)



Safe, stable operations continued, and the utilization rate for fiscal 2020 was 62.4%, which continues to be higher than the national average.

CO₂ Emissions per kWh of Electricity Sold

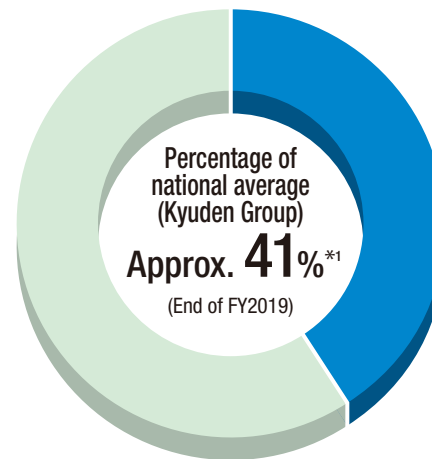
0.479 (post-adjustment emissions coefficient)
kg-CO₂/kWh
0.365 (basic emissions coefficient)
kg-CO₂/kWh
(FY2020)



*Post-adjustment values are those for which adjustments according to CO₂ emissions credit, the feed-in tariff (FIT) system for renewable energy, and other factors have been applied.

Capacity of Geothermal Power Generation Equipment

222 MW
(End of FY2020)

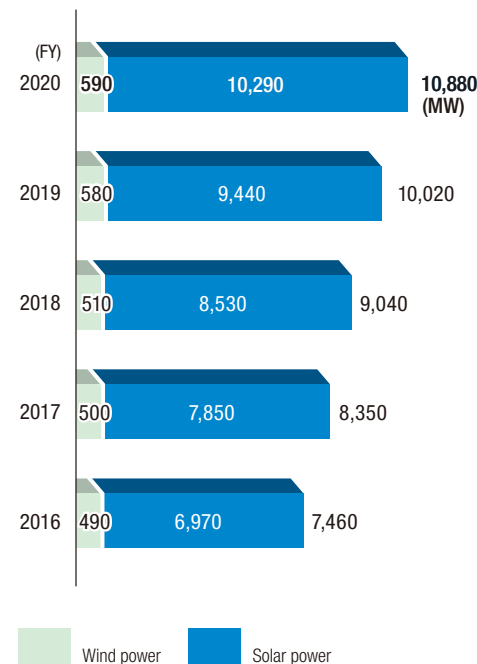


*1 Taken from "The Current State and Trends of Geothermal Power Generation," published by the Thermal and Nuclear Power Engineering Society

The Kyuden Group owns about 41% of all geothermal power generation facilities in Japan, including Hatchobaru Geothermal Power Station, the largest facility in the country.

Grid-connected Solar and Wind Power Generation
(excl. remote islands)

10,880 MW
(End of FY2020)

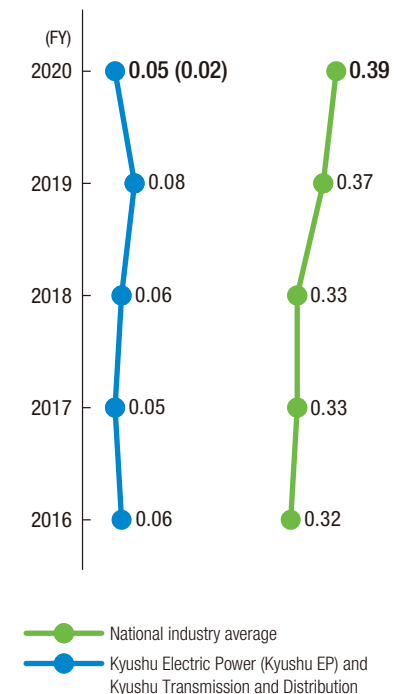


As of the end of March 2021, the connected capacity of solar and wind power on mainland Kyushu stood at approximately 10,880 MW.

As of the end of December 2020, solar and wind power FIT-connected capacity on mainland Kyushu accounts for approximately 17% of the national capacity.

Frequency Rate of Workplace Accidents*2

0.05
(FY2020)



*2 No. of accidents per 200,000 working hours

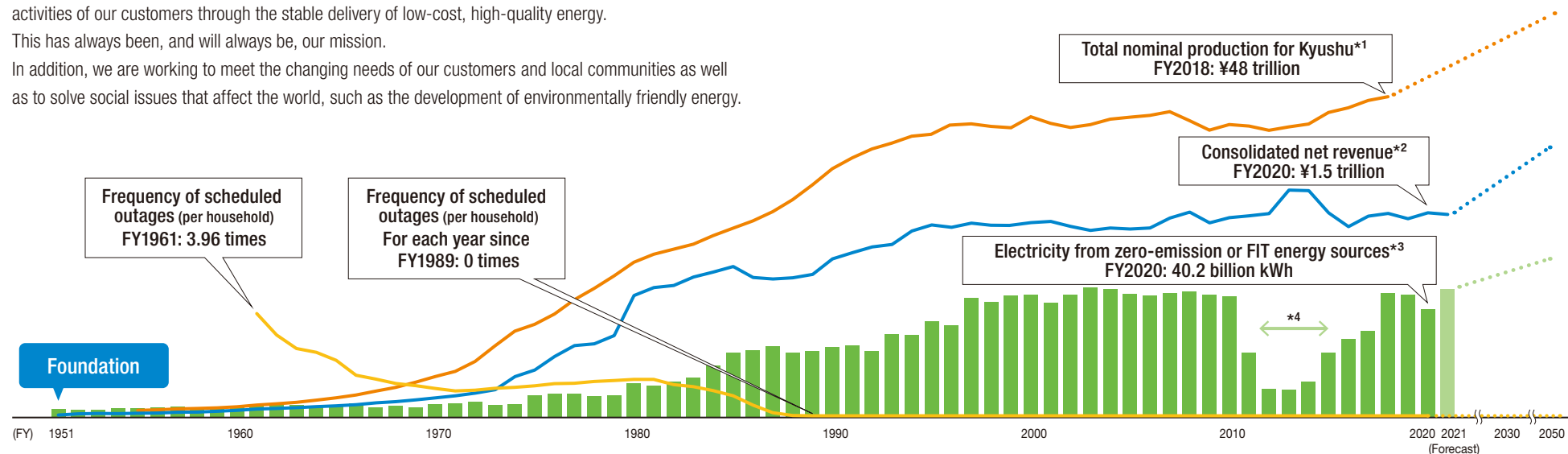
*Figures for FY2020 given in parentheses are those of Kyushu EP only

In order to encourage safety activities throughout the company, we have implemented internal measures such as the establishment of the Kyushu EP Safety Promotion Committee, and in line with Kyushu EP Safety Promotion Basic Policy, all divisions are implementing common initiatives.

History of the Kyuden Group

The Kyuden Group has grown together with the Kyushu region by supporting the lives and economic activities of our customers through the stable delivery of low-cost, high-quality energy. This has always been, and will always be, our mission.

In addition, we are working to meet the changing needs of our customers and local communities as well as to solve social issues that affect the world, such as the development of environmentally friendly energy.



*1 FY1955–FY2018

*2 FY1993 and before: Based on Kyushu Electric Power (Kyushu EP) only

FY1994 and after: Consolidated basis. For FY2011 and after, renewable-energy-related subsidies, etc., are deducted (FY2021's Electricity Business Accounting Regulations have been retroactively applied)

*3 Electricity that Kyushu EP generates from zero-emission sources (nuclear, renewables) and FIT electricity. For amounts for which Non-Fossil Certificates were not used, there is no value for renewable energy or zero-CO₂-emission energy sources, and so these are counted as national average CO₂ emissions for electricity production, including that generated from fossil fuels.

*4 In order to respond to new regulatory standards brought in to raise safety in light of 2011's Great East Japan Earthquake, all nuclear power plant operations in the country were suspended. Kyushu EP was the first to clear the new regulatory standards and restart operations in Japan.

The Kyuden Group Has Contributed to the Growth of the Kyushu Region and Developed Alongside It

Focus 1

Achieving a stable supply of electricity by steadily piling up accomplishments

To cater to the circumstances surrounding energy, which are subject to major change, and the societal issues it sometimes creates, the Kyuden Group has continued to carefully consider the optimal energy mix from both mid- and long-term perspectives, and endeavors to make that a reality. Even as the management environment undergoes dramatic changes, the sense of mission we feel to provide a stable supply of energy does not alter. With that in mind, we will proactively work on initiatives such as developing new technologies, in order to keep supporting our customers' lives and economic activity into the future.

Focus 2

Responding to the diverse needs of society and customers

As the times change, the needs of customers and society become ever more diverse and complex. To respond to these appropriately, and in order to make customers' lives and economic activities richer and more comfortable, we have taken on the challenge of expanding our business areas to include such new areas as telecommunications, infrastructure services, and gas sales. Furthermore, we have made proactive efforts in our overseas business using the technologies and expertise we have developed in our domestic electricity business.

Focus 3

Leading Japan's decarbonization from Kyushu as a leader in low-carbon and carbon-free projects

Our current position as one of Japan's foremost leaders in low-carbon and carbon-free efforts is the result of our proactive development and introduction of renewable energy over many years, our pioneering efforts to restart nuclear power before our competitors after operations were stopped due to the 2011 earthquake, and other factors. To become carbon neutral in the future, we are working on energy sources with little or no CO₂ emissions and to promote electrification. Our aim is to be a corporate group that can lead the charge toward decarbonization in Japan from here in Kyushu.

Progress of Energy Source Development and the Diversification of Our Business Areas

	1950s–1960s From our founding to the period of Japan's rapid economic growth The challenge of a stable supply	1970s–1980s Oil Crises to the end of the Bubble Economy The challenge of energy upheavals	1990s–2000s Gradual deregulation for electric power Responding to full deregulation of the retail electricity sector	2010s onward From the Great East Japan Earthquake to today, and the tomorrow to come Leading Japan's decarbonization efforts from Kyushu
Focus 1 Realization of stable power supply through continuous challenges	1956–1959 Operations at the state-of-the-art, high-capacity Karita Power Station Units 1, 2, and 3 begin (total output: 387 MW)	1977 Changes to Units 1 and 2 at Shin Kokura Power Station for LNG-only operations take place 1980 Transformer stations capable of 500 kV for central and western Kyushu are constructed, and voltage for the Saga main line is raised to 500 kV 1986 Full-scale introduction of Japan's first automatic control system for power distribution lines (Fukuoka Sales Office).	1991 Operations at Kyushu Electric Power's first gas combined-cycle power plant, Shina-Oita Power Station Unit 1 series begin (690 MW) 1995 Operations at the high-capacity Reiho Power Station Unit 1, which uses imported coal, begin (700 MW)	2016 Operations at the highly efficient gas combined-cycle Shin Oita Power Station Unit 3x4 begin 2019 Operations at Matsuura Power Station Unit 2, which uses ultra-supercritical (USC) technology, begin (1,000 MW)
Focus 2 Responding to the diverse needs of society and customers	1960 A service center in the Tenjin Building in the city of Fukuoka is established with such goals as to improve service	1978 Japan-first fiber optic cable for sending information about electric power is put into use 1987 QNet and two other telecommunications companies are established	1996 Introduction of automatic meter reading for major customers begins 2000 Partial deregulation of the retail electricity sector begins 2002 Business supplying gas begins	2016 Full deregulation of the retail electricity sector 2017 Project designed to promote innovation and create new business and services, KYUDEN i-PROJECT, launches 2020 Power transmission and distribution business split off
Focus 3 Leading Japan's decarbonization from Kyushu as a leader in low-carbon and carbon-free projects	1955 Operations at Kamishiba Power Station, Japan's first hydraulic power plant with an arch dam, begin (90 MW) 1967 Japan's first commercial geothermal power plant (Otake Power Station, 11 MW) becomes operational 1968 Proposal to Genkai Town and Saga Prefecture to construct Genkai Nuclear Power Station is submitted	1975 Operations at Genkai Nuclear Power Station Unit 1 begin (559 MW) 1977 Operations at Hatchoubaru Power Station Unit 1, which later becomes Japan's biggest, begin (23 MW) 1981 Operations at Genkai Nuclear Power Station Unit 2 begin (559 MW) 1984 Operations at Sendai Nuclear Power Station Unit 1 begin (890 MW) 1985 Operations at Sendai Nuclear Power Station Unit 2 begin (890 MW)	1994 Operations at Genkai Power Station Unit 3 begin (1,180 MW) 1997 Operations at Genkai Power Station Unit 4 begin (1,180 MW) 2005 Operations at Miyazaki Biomass Recycle Power Station begin (11.4 MW) 2006 Operations at Japan's first geothermal binary power plant, Hatchoubaru Binary Power Station, begin (2 MW) 2008 Operations at Nagashima Wind Power Station, at Nagashima Wind Hill, begin (50.4 MW)	2010 Operations at the Omuta Mega Solar Power Station (3 MW) begin 2014 Group company renewable energy business is reorganized, Kyuden Mirai Energy Company is established 2015 Operations at Sendai Nuclear Power Station Units 1 and 2 restart 2017 Commercial operations at Unit 1 of the geothermal IPP project in Sarulla, Indonesia, begin 2018 Operations at Genkai Nuclear Power Station Units 3 and 4 restart 2020 Operations at the Specific Safety Facilities at Sendai Nuclear Power Station Units 1 and 2 begin 2020 Renovation work at Otake Power Station ends and operations resume (13.7 MW)

| Message from the President

**Here in Kyushu,
we are at the forefront of Japan's
effort toward decarbonization.**

At Kyushu Electric Power, we believe that the trend toward carbon neutrality and the social changes brought about by COVID-19 contain opportunities for us to establish ourselves as the leader in low- and carbon-free projects to create a better future for the next generation.

Kazuhiro Ikebe

Member of the Board of Directors,
President & Chief Executive Officer

President's Message

The year 2020 was pivotal for the energy industry, not only in terms of the great social change brought about by the COVID-19 pandemic, but also the increased momentum seen in efforts toward carbon neutrality. The emergence and spread of COVID-19 had a severe impact on social and economic activities, as well as causing a major shift in the way we work, with work-from-home arrangements becoming mainstream. Meanwhile, in October, amid a global groundswell of demand for action to tackle climate change, the Japanese government declared its intention to become carbon neutral, and reduce greenhouse gas emissions to zero by 2050, thus adding extra force to the energy industry's—and, indeed, the entire Japanese industrial community's—efforts toward decarbonization.

The government's 2050 carbon neutrality target is challenging, as is its goal of cutting greenhouse gas emissions by 46% from fiscal 2013 levels, but it is vital that we do whatever is required to prevent climate change if the world is to achieve environmental sustainability. At the Kyuden Group, we are working hard to reward our stakeholders' faith in us by seeking out ways in which we can make a difference, and bringing all our strengths to bear in the effort to do so.

Fiscal 2020 in Review

The launch of Japan's first Specific Safety Facilities at Sendai Nuclear Power Station Units 1 and 2 was a momentous achievement that significantly improves safety. Specific Safety Facilities are an extremely important for safe and secure operation, as they can cool the reactor from a remote location even in an emergency situation such as terrorist attacks. As such, they are vital to the ongoing safety of nuclear power generation. Maximizing the efficiency of work processes helped the project proceed efficiently and finish ahead of schedule. Nuclear energy will continue to be an important part of the nation's push for carbon neutrality; not only are there no CO₂ emissions, but operational availability is not subject to the whims of the weather, meaning it is highly stable. In order to maintain the hard-won trust of our local communities, we at Kyushu Electric Power are devoted to upholding and improving safety and reliability.

P31–P32

In April 2020, we split off our power transmission and distribution business into a separate entity named Kyushu Transmission and Distribution in order to ensure the neutrality of the transmission and distribution network. Maintaining a stable supply of electricity is, and will always be, our overriding mission, and we are determined not only to improve our ability to ensure swift restoration of services following natural disasters (that are becoming more frequent and intense), but also to further enhance transmission and distribution networks while maintaining a balance between stable supply and low cost. **P33**

In an effort to grow electricity sales, we have worked to strengthen our sales structure by establishing new branch offices that combine our existing branch offices and sales centers. Demand in the Kyushu area decreased 1.1% year on year due to COVID-19, but the progress made by Kyuden Mirai Energy mainly in the Kanto region ensured that total electricity sales volume increased 6.3% across the whole Kyuden Group. **P34**

As of December 2020, Kyuden Mirai Energy boasts the fifth largest electricity sales volume in Japan despite increasingly fierce competition from new entrants to the electricity market such as public gas utilities and major telecom companies.

In our renewable energy business, which we believe will be one of our chief growth drivers in the future, we are developing a variety of projects inside and outside the Kyushu area, including upgrading geothermal and hydroelectricity facilities and building new wind power and biomass generation facilities. Our target is to develop renewable energy facilities with a capacity of 5,000 MW by 2030, and we had reached 2,300 MW by the end of fiscal 2020. We believe that offshore wind power generation will be key to meeting that target. Unlike solar and onshore wind generation, which are restricted to areas with favorable conditions, offshore has the greater potential. Working in partnership with German renewable energy giant RWE Renewables, we are looking to commercialize wind power generation projects in likely locations throughout Japan, including off the coast of Yurihonjo in Akita. **P35–P36**

We are also looking to expand our renewable energy business overseas. To that end, in June 2020, we acquired Thermochem, a geothermal technical services provider in the USA involved in operations

around the world. At present, our geothermal generation capacity of just over 200 MW accounts for around 40% of Japan's total output, which sits at around 500 MW. The field-proven strengths of Kyushu Electric Power, West Japan Engineering Consultants, and the rest of the Kyuden Group had already helped us acquire overseas generation facilities, such as Sarulla, Indonesia, which outputs roughly 330 MW, but the acquisition of Thermochem provides a secure footing from which to expand our operations worldwide. Outside of geothermal power generation, our operations extend beyond Asia and the Americas into new territories such as the Middle East. Our target is a total output of 5,000 MW by our overseas businesses, and we had reached 2,430 MW by the end of fiscal 2020. **P37–P38**

Sales and income both increased year on year in fiscal 2020, despite a number of challenges. These included rising wholesale prices in response to high winter demand in relation to supply capacity, the spread of COVID-19, and the shutdown of the Sendai Nuclear Power Station while the Special Safety Facilities were being installed. Factors behind the improved performance include an increase in retail electricity sales outside of Kyushu and a concerted groupwide push to improve our financial situation.

As we work to turn the Kyuden Group Management Vision 2030 into reality, we recognize there is room for improvement, for instance in the speed with which initiatives are carried out. Nonetheless, we have made a number of achievements that bring us steadily closer to our goal. The shift from face-to-face, in-person interaction to remote interaction has had a palpable impact on social and economic activity, but we believe that such challenges inevitably bring opportunities and we are determined to harness the full spectrum of the Kyuden Group's strengths to pursue a variety of initiatives aimed at increasing corporate value.

Using the Evolution of the Business Environment to Seek Further Progress

The COVID-19 pandemic has brought about great social change. Virtually the whole of humanity has faced some degree of difficulty over the past couple of years and that shared experience has caused people to give thought to how they can make a difference in the future. Even in our increasingly globalized times,



social change on such a scale is unprecedented. Our electricity business has also been impacted by COVID-19: electricity sales in the Kyushu area decreased by around 2 billion kWh in 2020 to around 80 billion kWh. In uncertain times like these, when the whole of society is facing crisis and major change is inevitable, I believe it is my role as a leader, and as the CEO of the Kyuden Group to ensure we are all facing the right way and ready to help guide society to a bright future. Amid such ground-shifting changes in the business environment, I am confident that each member of the Kyuden team is prepared to harness our unique strengths, built up over long years of experience and progress, to find ways that we can help protect the natural environment and make society a better place, thereby seeking out new growth opportunities for the Kyuden Group.

In addition, Japan is facing long-standing issues, such as a declining and aging population, exacerbated by its low birth rates, and the decline of regional economies due to the overconcentration of Japan's government and economy in Tokyo. There have been major changes to working practices in the wake of

the pandemic; remote working has become increasingly widespread, and more companies are promoting “workations.” Data shows that Tokyo recorded a rare year of net population outflow in fiscal 2020. Perhaps these developments would have appeared even if there was no coronavirus pandemic, maybe a decade or so later, but the fact that they have become established in a mere year has been a major boon for regional economies. Kyushu, the Kyuden Group’s home region, is blessed with a mild climate and the people who live there are friendly. We are determined to contribute to Kyushu’s continued development by helping bring extra momentum to these communities, for instance by attracting new enterprises, and launching new services as part of our urban development, real estate, and social infrastructure businesses as vehicles for solving local problems and driving development.

P40, P54–P55

Stronger economic activity throughout Kyushu leads to higher electricity sales and corporate growth for the Kyuden Group. The Kyuden Group cannot develop without the development of Kyushu; that is why we are eager to work side by side with our local communities, investing our shared effort and insights to overcome the challenges to sustained growth. And although Kyushu’s population is in a period of decline, this does not equate to an immediate threat to demand for electricity. Power usage is calculated per household, so as long as household numbers remain stable, a decrease in the number of people in those households will not have a huge effect on consumption. As we head toward a future of carbon neutrality, I believe that encouraging electrification will help offset any decline in demand driven by declining populations.

Another major change has been the marked increase worldwide in momentum toward carbon neutrality, and we recognize that the energy industry is expected to play a significant role. Electric power generation accounts for around 40% of the 1.2 billion tons of CO₂ Japan emits, so it stands to reason that decarbonization of electricity supply and a pivot by consumers away from other heat sources to electric heating are vital to Japan’s efforts to achieve carbon neutrality, and we will work hard to play our part. Not only must we leverage our existing technologies to their fullest potential, but we must also innovate to create revolutionary technologies. For instance, given that renewable energy sources such as solar

power generation are susceptible to the whims of the weather, the ability of storage batteries to balance out supply and demand mean they are a key factor in the effort to broaden the uptake of renewables. But making storage batteries bigger in size and smaller in cost remains a challenge, and further investment and innovation are required. At the Kyuden Group, while taking into account uncertainties such as technical innovation and social structures, our focus is on flexibly pursuing all possibilities that might bring about an age of carbon neutrality. **P22–P25**

Harnessing and Enhancing the Kyuden Group’s Unique Strengths for the Greater Good

It is my hope that our stakeholders—and investors in particular—will consider more than just the electricity sector when gauging the Kyuden Group’s corporate value and growth potential. The Kyuden Group Management Vision 2030 sets out a consolidated ordinary income target of 150 billion yen by 2030 (50% from the domestic electricity business, 50% from other businesses). **P26**

The nature of the power business itself is diversifying, propelled by factors such as rapid change in electric power systems. Amid such transformation, we are working hard not only on our main business which is supplying electricity in Kyushu, but also on retail operations in other areas, electricity generation in Japan and overseas, and renewable energy. We have the largest number of renewable energy generation facilities in Kyushu, and boast a wealth of expertise and knowhow regarding development and operations. Moreover, we are pursuing a variety of new projects, such as urban development and airport operations. In this way, our business model is geared toward expansion from our long-standing business of electricity supply in Kyushu to incorporate a broad range of new businesses in Japan and around the world. One of our foremost strengths is our ability to minimize CO₂ emissions while maintaining low costs. This is made possible by safe, stable operation of our nuclear power stations. As of July 2021, ten nuclear power stations have been allowed to restart operations in the wake of the Great East Japan Earthquake in 2011, and four of them are ours. Those four units were among the first approved to restart, and they remain in safe, steady operation today.

Another of our strengths is the high capacity and efficiency of our renewable energy operations. These are underpinned by the technical capabilities we have built up over long years of experience in resource development and operations, as we were among the first to establish a comprehensive, one-stop system for all five renewable energies—solar, wind, hydro, biomass, and geothermal—covering initial surveying, operations, sales, and everything in between. Moreover, proactive development and acceptance of renewable energy made us the industry leader for zero-emission status and proportion of FIT energy sources.

Achieving carbon neutrality is dependent on combining nuclear power and renewable energy, both of which we excel at. Based on our determination to generate electricity without emitting CO₂, we have invested significant effort into the swift restart of our nuclear power generation facilities and expanding our renewable energy capacity. As a result, fully 58% of our energy sources in fiscal 2019 were zero-emission or FIT sources, with nuclear power accounting for 35% and renewable energy 23% (of which, 14% were FIT). **P22**

Shifting from internal combustion engine (ICE) vehicles to electric vehicles (EV) is cited as a means of reaching carbon neutrality, but auto manufacturer executives have made it clear that abandoning ICE for EV will not be enough by itself, and that we need to think about how the electricity that powers the cars (and, indeed the car manufacturing process) is generated. This is indeed a vital insight: carbon neutrality is impossible if the electricity that powers electric vehicles and their production is generated via a process that results in high CO₂ emissions. At the Kyuden Group, we are dedicated to further carbon reduction and decarbonization in power sources, and I believe that establishing Kyushu as a hub for EV production plants and promoting the spread of electric vehicles nationwide will boost Japan's effort to achieve carbon neutrality.

We have long been the frontrunners of carbon reduction and decarbonization in power sources in Japan, and it is pleasing to see the rest of the nation starting to catch up, thus affirming that the path we forged was the right one. Now we are determined to enhance our initiatives in this area to once again lead the way into the future. For instance, we plan to invest around 500 billion yen in the expansion of zero-

emission and FIT energy sources, in addition to the approximately 800 billion yen spent between fiscal 2016 and fiscal 2020. This will not only contribute to the nation's quest for carbon neutrality, but the effort to grow revenues from effective, efficient use of zero-emission energy sources will bring us closer to achieving our financial targets. **P27–P28**

Our third major strength is the close ties we have forged over the years with the people and communities in Kyushu, an area that is brimming with untapped potential. In addition to its mild climate and friendly people, Kyushu offers a variety of other advantages, including proximity to the capitals and major centers of neighboring countries, making Fukuoka (the economic focal point of Kyushu) particularly promising as an economic hub for the Asian region. I believe that unlocking that potential and establishing Fukuoka as a major Asian financial center would be a significant boon for the Japanese economy overall. Thus, it is our task to strengthen the bonds of trust we enjoy with our communities and customers and work in partnership with local governments and businesses to maximize synergies so that we might contribute further to Kyushu's development and growth, and to our own.



Kyuden Group Carbon Neutral Vision 2050: Turning Our Vision into Reality

According to the Green Growth Strategy Through Achieving Carbon Neutrality in 2050, the government's strategy launched in December 2020, "one estimate says the power demand in 2050 will increase by 30-50% compared with the current demand level due to electrification." Electrification presents us with tremendous growth potential, so we are working to promote it on both the demand and the supply side. For instance, not only are we striving for the maximum uptake of electrification in the household, business, industrial, and transport sectors, but we are also promoting energy efficiency through better home insulation and more efficient energy use by transport and logistics businesses. Initiatives surrounding electrification and energy efficiency require administrative cooperation and a certain degree of rules and regulations. For instance, Berkeley, California, is seeking to encourage electrification by introducing a bylaw prohibiting newly built houses from connecting to the mains gas supply. We foresee that regulations aimed at promoting electrification will be implemented in Japan too, and we have already begun working to ensure we will be able to meet those rules and regulations to the letter.

On the supply side, our efforts are informed by our dedication to "S+3E" (safety, energy security, economy, and environmental conservation), and are concentrated on carbon reduction and decarbonization in power sources through a system aimed at maintaining an optimal mix of nuclear, renewable, and high-efficiency thermal energy sources. The limits of current technologies prevent us from immediately switching to entirely renewable energy sources; it is important that we move gradually to ensure our shift toward carbon neutrality does not compromise the stable supply of electricity. As a responsible energy supplier, we are endeavoring to make the most efficient use of our thermal and nuclear power plants so as to get the maximum output with the minimum CO₂ emissions, while also investing in the development of other solutions, such as renewable energy, storage, hydrogen, and ammonia.

Innovation through the development of technology is also a vital factor in achieving carbon neutrality. Significantly, innovation in thermal and renewable energy provision has begun to bear fruit; it will be a while yet before those breakthroughs are put to practical use in the field, but we are definitely making progress

and the tipping point is indeed near.

Moreover, the Kyuden Group has established a Sustainability Promotion Committee, with me as head, to oversee progress toward achieving the Kyuden Group Carbon Neutral Vision 2050. We have also established a department dedicated to running and overseeing our initiatives surrounding ESG management, and appointed a corporate officer to head the department. Through firm leadership, we will pursue ESG management (including our quest for carbon neutrality) in order to contribute to the realization of a sustainable society. **P41**

Core Initiatives Aimed at Achieving Kyuden Group Management Vision 2030

Launched in June 2019, Kyuden Group Management Vision 2030 sets forth long-term policies for using our business activities as a vehicle to contribute to sustained development in Kyushu so that we may grow together with our communities. Contributing to the creation of a decarbonized society, maintaining our position as a trusted service company, creating shared value with our communities, and maintaining a workforce capable of identifying and overcoming the challenges to achieving these things...these will be vital to our success in making that vision a reality.

Not only is contributing to the creation of a decarbonized society the duty of all energy businesses, but it is also wind in our sails, adding extra momentum to our efforts in this area. And we know that working hard at decarbonization helps maintain our position as a trusted service company and create shared values with our communities. These days, more and more customers demand electricity generated by processes that emit no CO₂. This is a marked change from a mere three years ago, when our launch of renewable energy options was met with a muted reaction. Nowadays, businesses pay careful attention to their carbon footprint, and choose suppliers accordingly, and local public entities are making an effort to eliminate CO₂ emissions. The times are indeed changing.

Maintaining a workforce capable of identifying and overcoming challenges refers to the importance of having a workforce and an organization that can continually evolve to stay abreast of the times and deliver

the kind of businesses and services that people need. **P51–P52**

The Kyuden Group workforce, a team of skilled and dedicated individuals, are the foundation that underpins our ability to provide unique solutions. Their earnestness compels them to think, to innovate, and to cooperate in the face of challenges, so as to find the right solution. To complement these qualities with greater flexibility, we launched a new program, the KYUDEN i-PROJECT, which seeks to encourage individuals to show greater initiative and act autonomously in tackling challenges—in this sense, the “i” in i-PROJECT stands not only for “i” as in me, but also for “innovation.” In addition to creating a corporate culture that encourages initiative, the KYUDEN i-PROJECT is a sign to our various workplaces that flexibility and diversity of values are to be valued and respected, and that we will support their efforts to innovate. I believe that the project is beginning to have an effect on the Kyuden Group culture, and that a tendency toward initiative and innovation is becoming a part of our mindset.

Each week, I record a 15-minute message for all Kyuden Group employees, which is broadcast as part of *Kaz Site*, a program on our in-house TV network. It is an informal way (coming from “Kazu-san” rather than “the president”) to communicate the importance of our various initiatives aimed at achieving the goals of the Group’s vision, and my gratitude to our workforce for their efforts in making it happen. It is an ideal way to motivate our workforce and improve morale.

To Our Stakeholders

Even in the midst of a drastically changing business environment, we will continue to meet the expectations of all our stakeholders by considering what is best for the natural environment and society, and by continuing to utilize the full potential of our strengths to strive for ever greater heights. We are devoted to pursuing medium- to long-term increases in corporate value and shareholder value through growth investments and robust ESG management, not only to generate shareholder returns, but also to meet shareholders’ expectations. In addition, from the perspective of being in the same boat as our shareholders, I have personally increased my holding in the company in the three years since I became

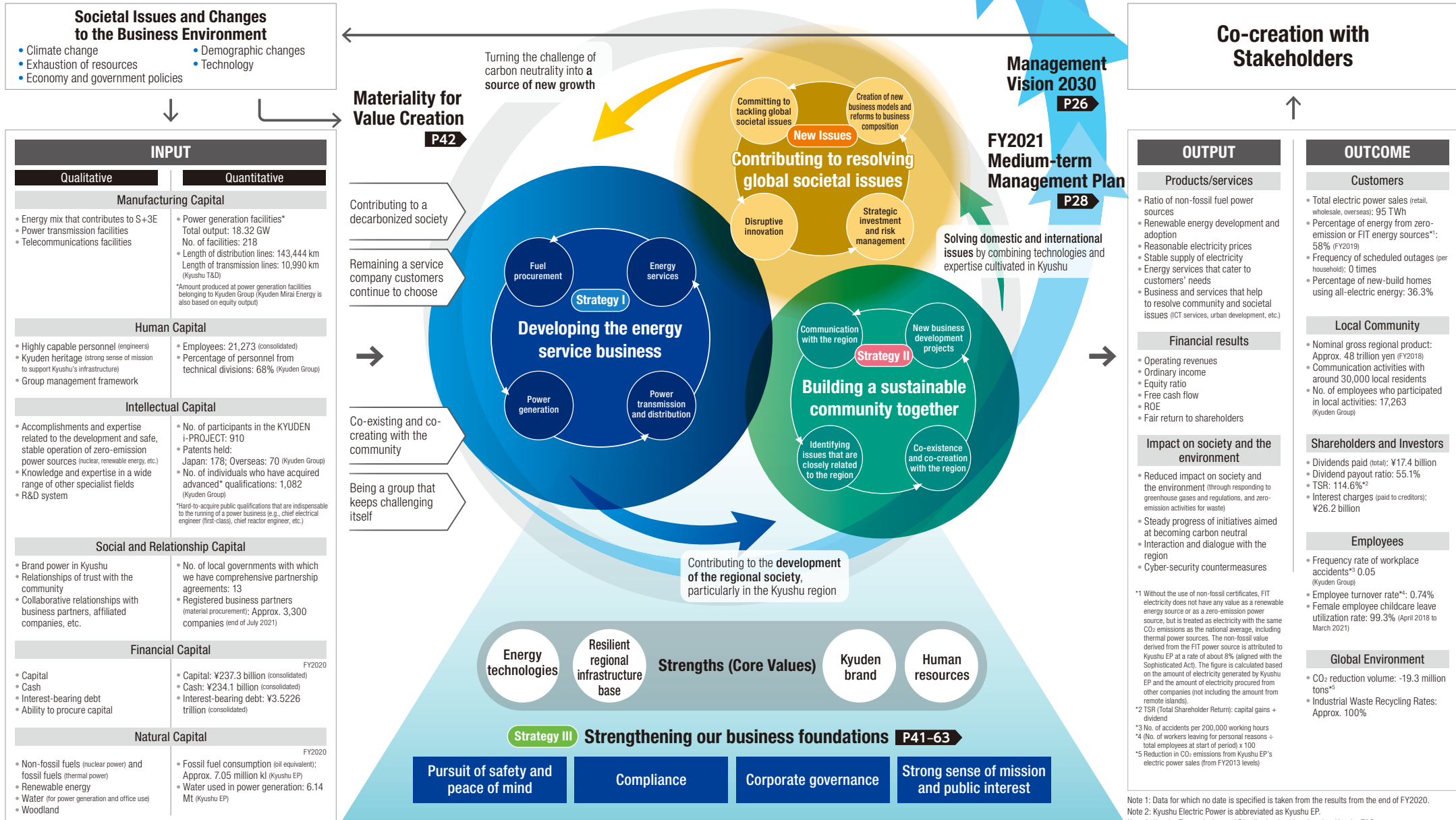
President. Moving forward, I look forward to fine-tuning our earning structure so that half of our revenues come from the domestic electricity business and half come from growth businesses. This will entail a review of our shareholder returns, but for now, I am committed to restoring dividends as soon as possible to their pre-Great East Japan Earthquake level of 50 yen per share.

All of us at the Kyuden Group relish the challenges of forging a new age, and will work as a team to ensure we meet your expectations. We look forward to your ongoing cooperation and support in our journey.



Group principles Enlighten Our Future

Value Creation Process



Note 1: Data for which no date is specified is taken from the results from the end of FY2020.
Note 2: Kyushu Electric Power is abbreviated as Kyushu EP.
Note 3: Kyushu Transmission and Distribution is abbreviated as Kyushu T&D.

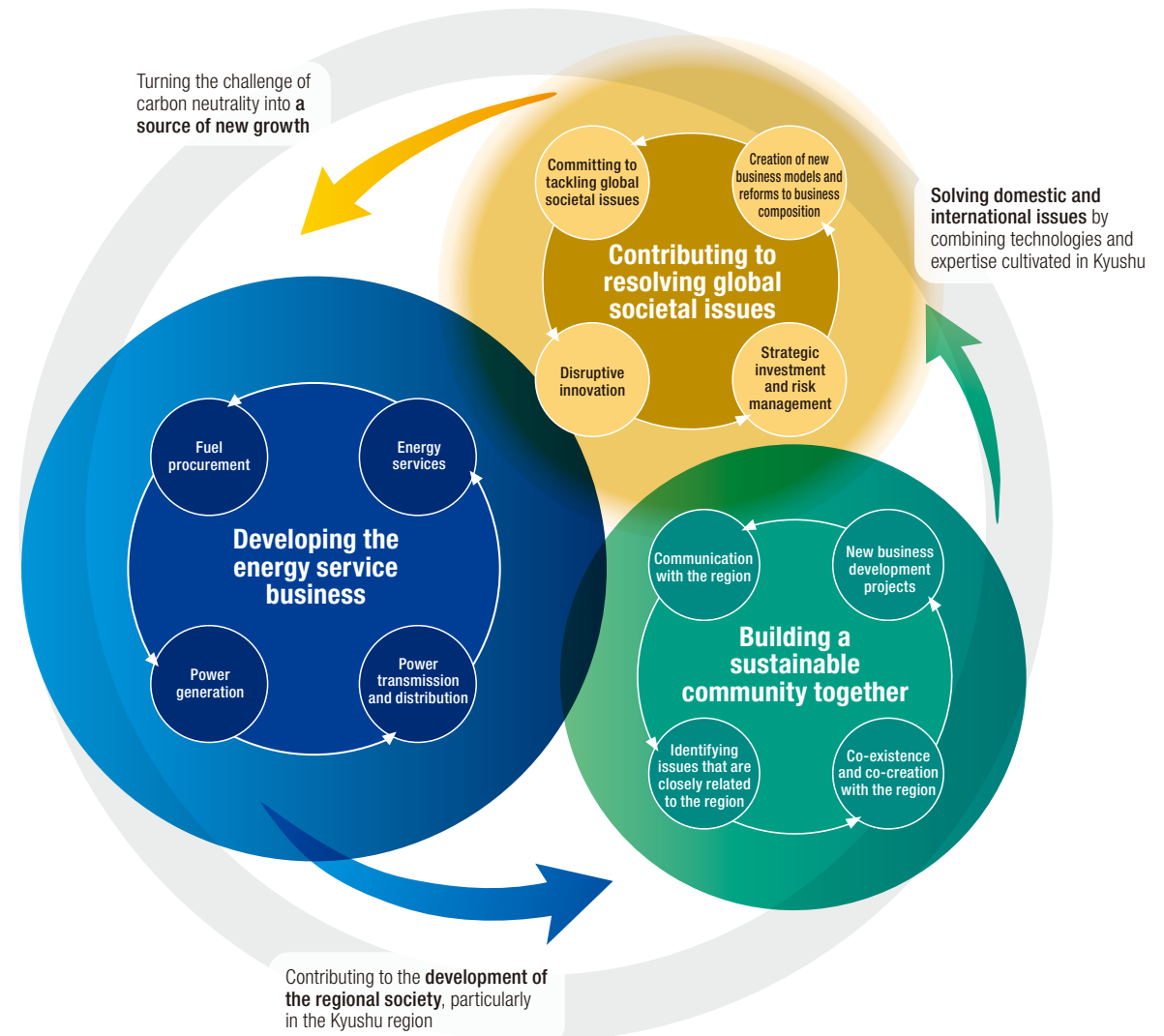
Business Model—Achieving sustainable growth for the Kyuden Group and society—

By seamlessly integrating the three drivers and maximizing synergies, we will achieve sustainable growth for both the Kyuden Group and society.

In addition to working on its main driver of growth—**developing the energy service business**—the Kyuden Group is also **building a sustainable community together** with the region and **contributing to the resolution of global societal issues** so as to expand its business.

By effectively utilizing the tangible and intangible management resources nurtured in the **energy service business**, which is focused on Kyushu, the Group will continue to create a series of new businesses that can help with **building a sustainable community together**. The wealth of expertise accumulated in Kyushu will be expanded to other areas and overseas and by so doing, the Kyuden Group will allow it to continue **contributing to the resolution of global societal issues**, such as the challenge of becoming carbon neutral.

By achieving maximum synergy between these three drivers, we will contribute to resolving societal issues in Japan and overseas but it will also lead to medium- to long-term growth for the entire Kyuden Group. That, in turn, will result in sustainable development for both the Group and society.



Developing the energy service business

Major related businesses and initiatives: Japanese electric power business **P29-34**,
Renewable energy business **P35-36**

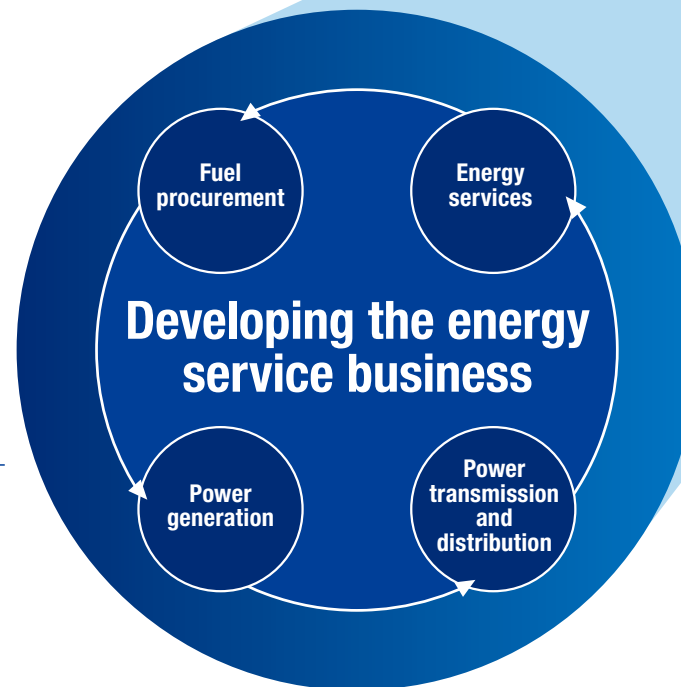
Taking on the challenge of realizing a sustainable, low-carbon society and providing more prosperous, comfortable lifestyles.

• Fuel procurement •

We are moving forward with an array of measures to strengthen our ability to procure fuel, including diversifying the partners from whom we procure, participating in resource development and production projects, and introducing fuel trading to adjust amounts and control prices. In terms of transporting fuels, our ships, whether our own LNG ships or dedicated contracted ships, help us to keep costs down. At the same time, by integrating this operation with our electricity transactions, we are optimizing management of supply and demand and working to maximize profitability for the Group.

• Power generation •

Our aims are to ensure long-term, stable energy supplies, to combat global warming, and to supply affordable electricity. By promoting nuclear power—predicated on safety and peace of mind—proactively developing and introducing renewable energy, raising the efficiency levels of thermal power, and through other means, we are able to generate power from a well-balanced range of sources. As a result of these efforts, the percentage of energy from zero-emission or FIT energy sources that we offer is the highest in the industry.

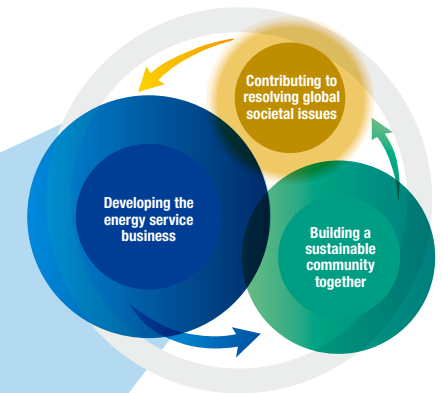


• Energy services •

We provide various energy services that meet the diverse needs of customers, including proposals for plans and services meeting the requirements of household customers and one-stop energy services for corporate customers. Through retail electricity sales outside Kyushu and other initiatives, we are continuing to expand our energy service business inside and outside the region.

• Power transmission and distribution •

We deliver a stable supply of electricity, sending it along transmission lines from power stations to substations, and along distribution lines from substations to places such as homes and factories. To be able to deliver low-cost, stable electricity to support Kyushu's industries and lifestyles, we operate a stable electricity system preserving steady transmission and distribution facilities.



Contributing to the development of the regional society, particularly in the Kyushu region

Building a sustainable community together

Major related businesses and initiatives: ICT service business **P39**, Urban development business **P40**, Resolving community and societal issues **P54-55**

As a local company with operations in all of Kyushu's prefectures, we will grow together with Kyushu's local communities and society through the creation of markets for new businesses and services.

• Communication with the region •

Over the years, the Kyuden Group has developed alongside Kyushu, the base of our business operations. During that time, we have established strong network with customers as well as local authorities, companies, and organizations. That relationship of trust that we have nurtured is one of the Group's most prized assets. As part of that relationship, we are actively promoting communication to help with building a sustainable community together.

• Discovery of issues that are closely related to the region

The Kyushu Group will strive alongside the people of Kyushu, rack its brains, and actively take on the challenge of resolving a variety of issues. We sincerely take on board the feedback we receive as part of our communication with our customers and local residents and share this information within the Group. We also analyze that feedback to identify the issues that face the region and society, and apply what we learn to our business operations.

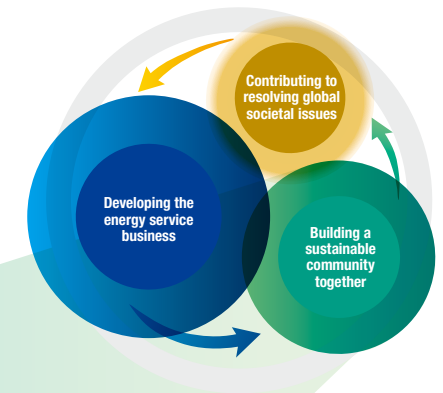


• New business development projects •

We use the wealth of technical capabilities and expertise at our disposal, along with the human resources who form the backbone of our business—regardless of nationality, gender, or age—to drive innovation throughout the Group. We are developing the KYUDEN i-PROJECT as a means of creating new businesses and services. Further, by actively participating in projects where we can utilize the Group's strengths, in areas such as social infrastructure, urban development, or real estate, we are both helping to develop regional communities and resolve issues as well as securing new sources of revenue.

• Co-existence and co-creation with the region •

We are building a sustainable community together with the people and government of the region, as well as with academic research institutions and local companies. Through this collaboration between industry, academia, and government, we are promoting urban development by creating safe and secure, but also vibrant and lively spaces. We are also working with local residents and moving forward with initiatives such as the Q-Den Nigiwai Startup Project, which aims to construct a sustainable business model and so help resolve regional issues.



Developing expertise cultivated in Kyushu on a hybrid basis to resolve issues in Japan and overseas

Contributing to resolving global societal issues

Major related businesses and initiatives: Challenge of Reaching Carbon Neutrality by 2050 **P22-25**, Overseas business **P37-38**

From Kyushu, the center of Asia, we will continue to take on the challenge of trying to resolve global societal issues.

• Committing to tackling global societal issues

As the problem of climate change worsens, expectations are rising around the world for companies to implement decarbonization efforts or promote ESG management. As a leader in low-carbon and carbon-free efforts, we will use the knowledge and expertise we have cultivated in Kyushu to the best of our abilities in other areas and countries and contribute to the fight against this global societal issue.

• Incremental innovation

To become carbon neutral, maximal use of existing technologies and energy reform through revolutionary innovation will be absolutely necessary. We will not merely rely on our existing investments in low- and carbon-free technologies, we will aim to create that revolutionary innovation. To get there, we will pioneer cutting-edge research in multidiscipline laboratories, and spur interaction with partner companies inside and outside Japan through an alliance.

Contributing to resolving global societal issues

Committing to tackling global societal issues

Creation of new business models and reforms to business composition

Disruptive innovation

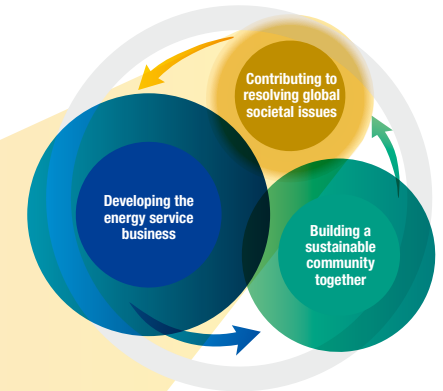
Strategic investment and risk management

• Creation of new business models and reforms to business composition

We gave deep consideration to what we could do for our customers, society, and the environment and as a result, alongside making optimal use of the Group's strengths, we will work ceaselessly to create new business models, such as through the KYUDEN i-PROJECT, and to reform our business portfolio. We will continue to challenge ourselves to always evolve, so as to help resolve issues that face global society.

• Strategic investment and risk management

In addition to using our technologies, expertise, and networks to the maximum effect and steadily promoting our overseas electric power business, we are investing in revenue expansion, such as in particularly promising renewable energy projects. Our goal is to achieve a total power output of 5,000 MW from the overseas projects in which we hold equity by 2030. As such, we are expanding our renewable energy business by developing geothermal power and participating in projects linked to offshore wind power and hydroelectric power. We will develop businesses in new fields that contribute to the stable supply of electric power, environmental protection, and energy saving in each country, such as microgrid businesses and consulting on renewable energy projects. As we do so, we will aim for an optimum asset portfolio as we monitor each project and take their individual characteristics into consideration.



Turning the challenge of carbon neutrality into a source of new growth

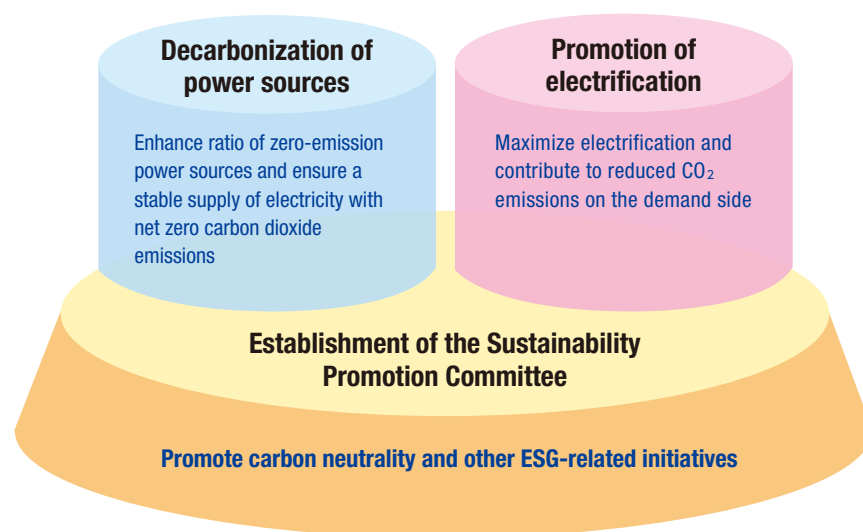
Feature: Challenge of Reaching Carbon Neutrality by 2050

Our aim is to be a corporate group that can lead the charge toward decarbonization in Japan from here in Kyushu

As the problem of climate change worsens, and in light of the Japanese government's 2050 Carbon Neutrality Declaration, expectations for companies to work toward decarbonization and promote ESG management are growing higher. As such, in April 2021, we declared that we would tackle the challenge of achieving carbon neutrality.

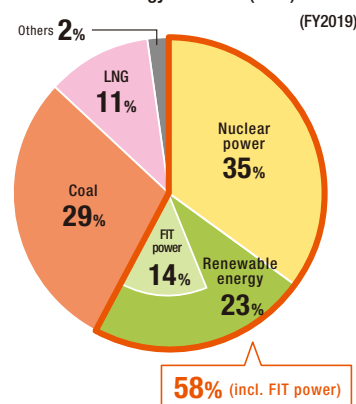
Kyuden Group Carbon Neutral Vision 2050

- The Kyuden Group believes that the fight against global warming presents an opportunity for businesses to grow. We plan to lead Japan's decarbonization from Kyushu as a leader in low- and carbon-free projects.
- As two pillars of our efforts on the energy supply and demand sides, we continue to challenge ourselves on carbon reduction/decarbonization in power sources and promoting electrification.
- By establishing the Sustainability Promotion Committee, with the president as its chair, we are moving forward with ESG initiatives, including those aimed at carbon neutrality. **P41**

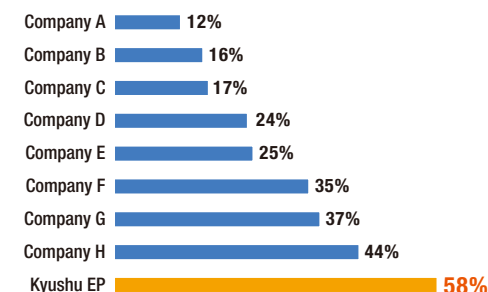


- Through the introduction and expansion of renewable energy, and safe, secure nuclear power operations, **Kyushu Electric Power (Kyushu EP)'s percentage of energy from zero-emission or FIT energy sources* was approximately 60 percent in fiscal 2019, one of the highest in the industry.**
- In response to Japan's target of reducing greenhouse gas emissions by 46% compared to 2013 levels by 2030, **Kyushu EP reduced its CO₂ emissions by around 50% in FY2019.**

Kyuden Group's percentage of energy from zero-emission or FIT energy sources* (kWh)



Company comparison for percentage of energy from zero-emission or FIT energy sources*

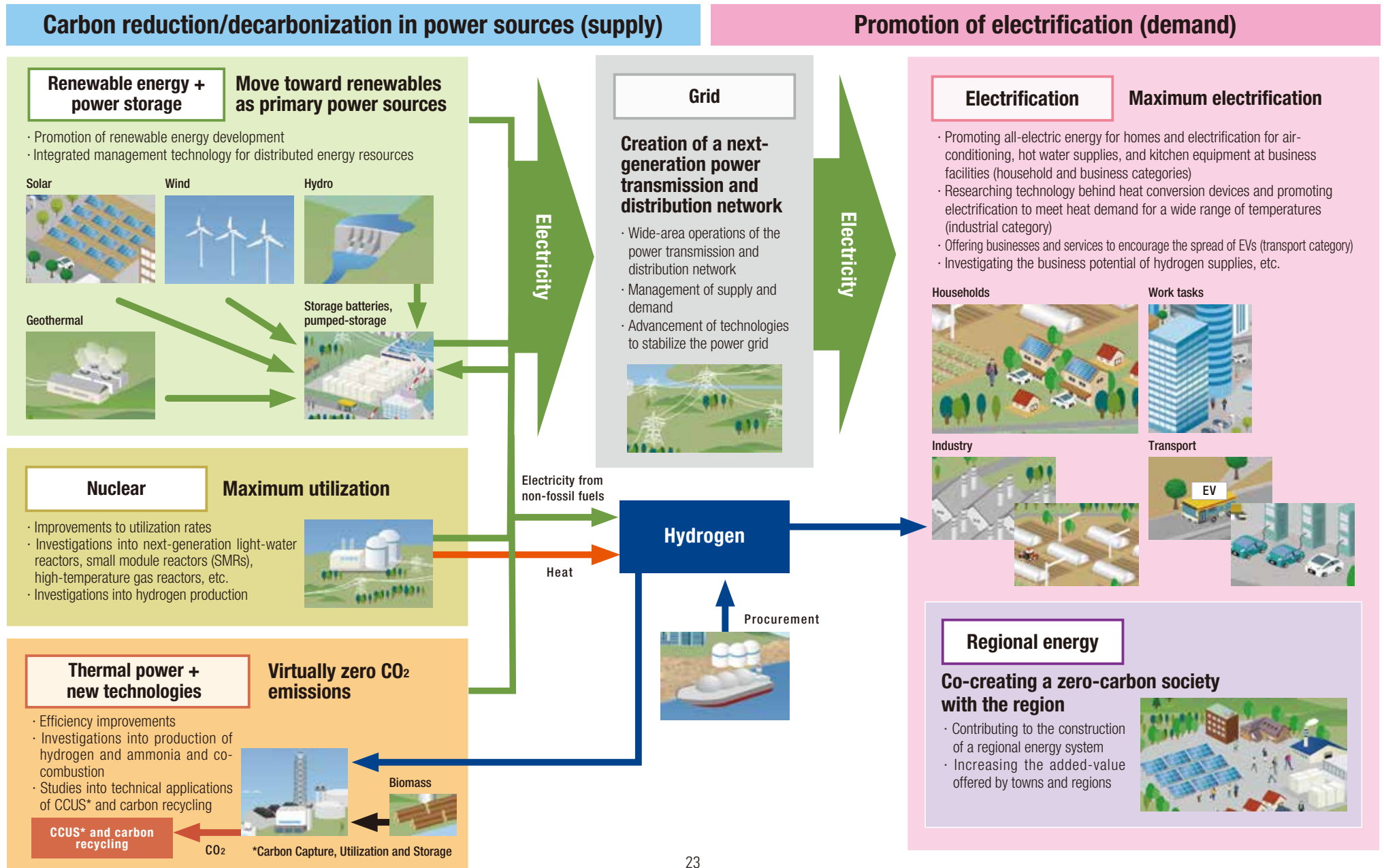


Sources: Created based on data from respective companies' websites
· Comparison with eight major domestic power companies
· Results for FY2019

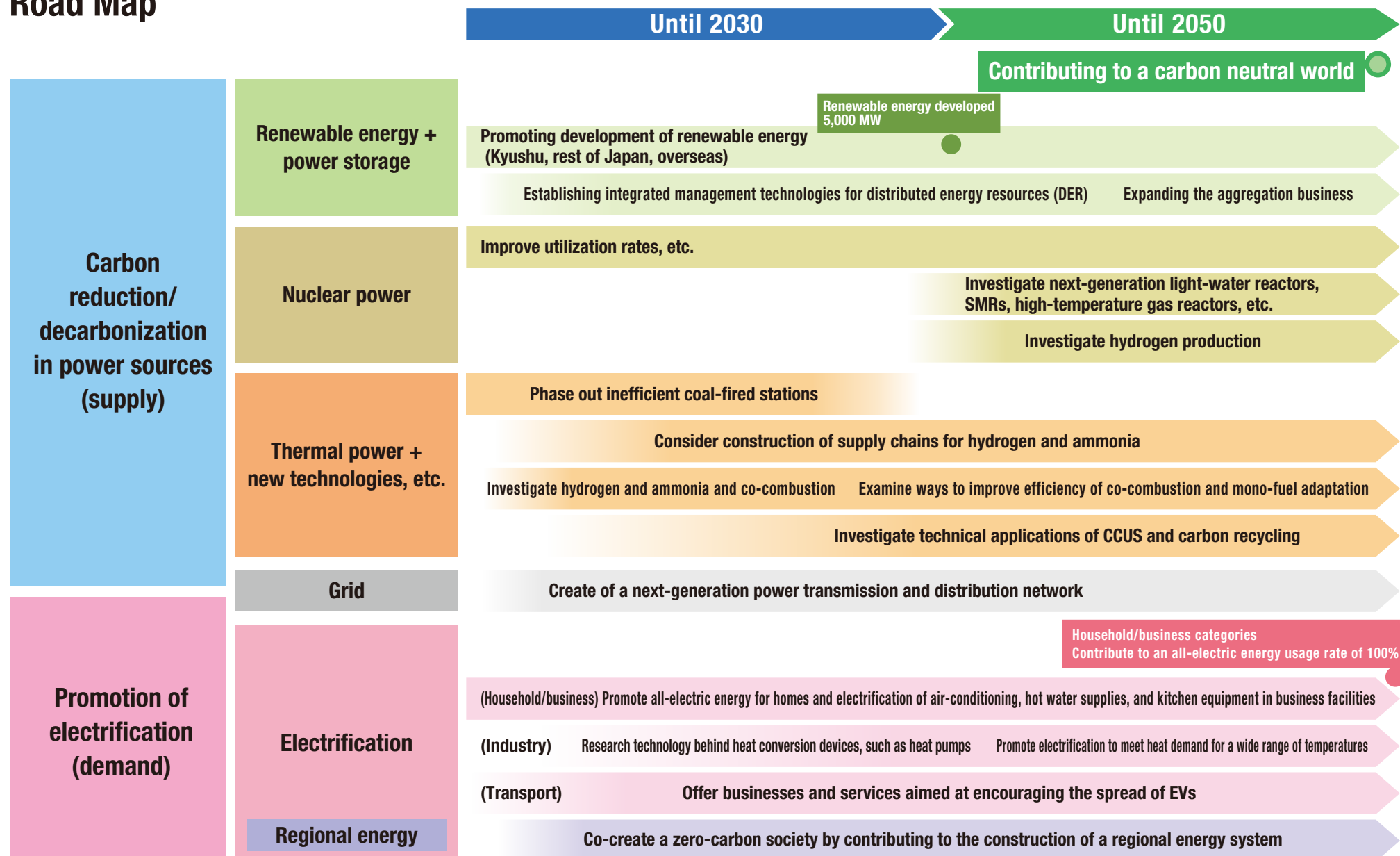
Leader in Japan

*Where Non-Fossil Certificates were not used, there is no value for renewable energy or zero-CO₂-emission energy sources, and so these are counted as national average CO₂ emissions for electricity production, including that generated from fossil fuels. For non-fossil-fuel values derived from FIT power sources, approx. 8% (the amount required for the plan by the Act on Sophisticated Methods of Energy Supply Structures) belongs to Kyushu EP. This figure is calculated by the amount of power generated by Kyushu EP and the amount procured from other companies, but does not include that supplied to remote islands.

The Kyuden Group's Vision of Carbon Neutrality



Road Map



Note: This road map takes into account national energy policies and other factors, and works on the assumption of innovation that will lead to revolutionary new technologies and of economic rationality. Future circumstances may necessitate major changes to these preconditions and so, where appropriate, we will review our road map. Furthermore, we will investigate CO₂ reduction targets for FY2030 considering the contents and other factors of the next Strategic Energy Plan.

Direction of Our Efforts toward Carbon Neutrality

Carbon reduction/ decarbonization in power sources (supply)

We aim to achieve carbon-free energy sources as soon as possible through efforts such as further raising the percentage of our power that comes from zero-emission power sources.

Total investments

Past 5 years
Approx. **¥800** billion
FY2016–FY2020

Next 5 years
Approx. **¥500** billion
FY2021–FY2025

Major activities

- Making renewable energy our main power source **P31, 35–36**
- Maximizing usage of nuclear power in the future, predicated on the understanding of local residents and with safety as our highest priority **P31–32**
- Achieving virtually zero CO₂ emissions from thermal power by applying new technologies (that use hydrogen, ammonia, etc.) and by further raising the efficiency of thermal power generation **P33**

Carbon reduction/decarbonization in power sources



Creation of a next-generation power transmission and distribution network (grid)

Major activities **P33**

- To unleash the full potential of Kyushu's renewable energy, we are putting in place and strengthening interconnectors and bulk systems in line with the government's master plan, as well as making full use of the capacity offered by our power transmission and distribution. Through these and other means, we are working on wide-area management for our power transmission and distribution network.
- In order to introduce high-capacity renewable energy and maintain the quality of our electric power, we will work on the advancement of supply and demand management and grid stabilization using digital technologies.

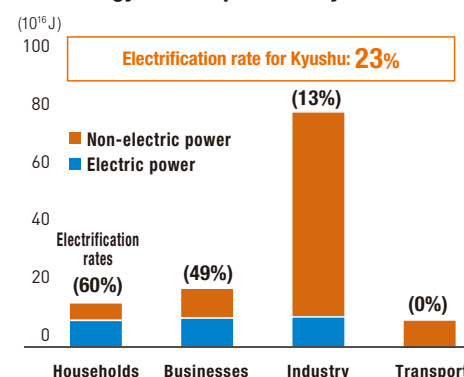
Promotion of electrification (demand)

Between environmentally friendly energy and our resources, we are trying to maximize electrification, particularly in Kyushu which has so much electrification potential

Major activities **P34**

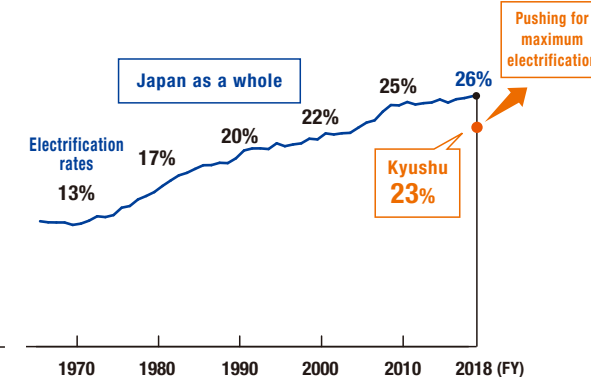
- Promoting all-electric energy usage in the household category and the electrification of air-conditioning, hot water supplies, and kitchen equipment in the commercial sector
- Meeting demands for a wide range of heating needs (hot water, steam, other heating) in manufacturing processes in the industrial sector
- Expanding EV-sharing services and charging infrastructure
- Combining grid power with the region's renewable energies and storage cells, we will contribute to the construction of a regional energy system that will allow the optimal management and control of energy. In this way, we will work together with the region to create a zero-carbon society.

Total energy consumption for Kyushu (FY2018)



Source: Calculated based on "Energy Consumption Statistics by Prefecture," Agency for Natural Resources and Energy

Electrification rates



Source: Created based on "Comprehensive Energy Statistics of Japan" and "Energy Consumption Statistics by Prefecture," Agency for Natural Resources and Energy

Working to Achieve Kyuden Group Management Vision 2030

Kyuden Group Management Vision 2030

To continue contributing to the sustainable development of Kyushu, being our foundation, and to create a brighter future together with the region and society by our business activities, we formulated our management direction based on a long-term perspective in the Kyuden Group Management Vision 2030, which was published in June 2019.

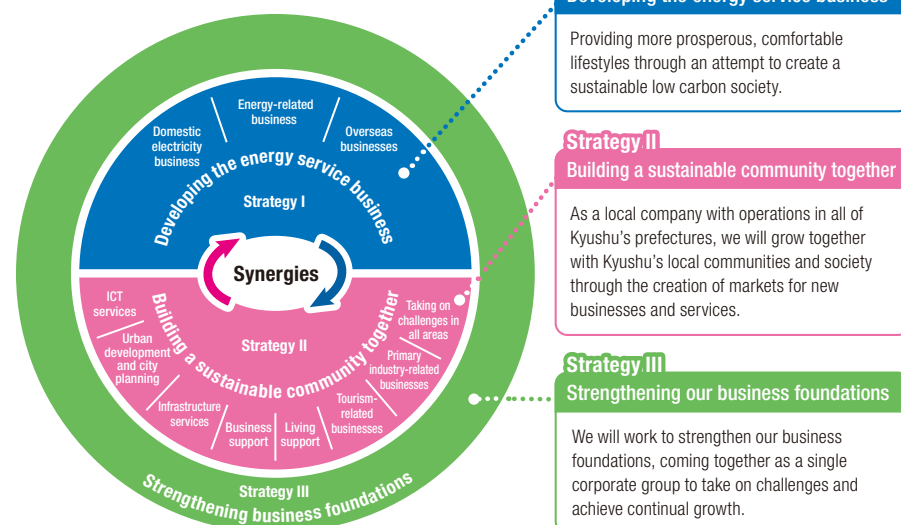
We have described our ideal image for 2030 and for realizing this vision we have set three strategies, along with four business performance targets.

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

Our 2030 Vision

Kyuden Group:
Creating the future, starting from Kyushu
 Providing more prosperous,
 comfortable living to become our customers' No.1 choice

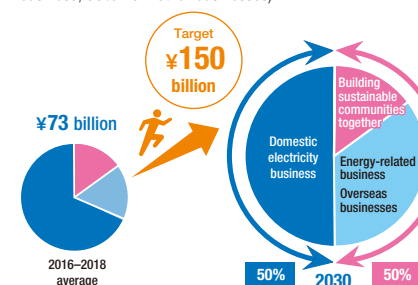
Three Strategies for Achieving Our Vision



Business Performance Targets

Consolidated ordinary profit	¥150 billion
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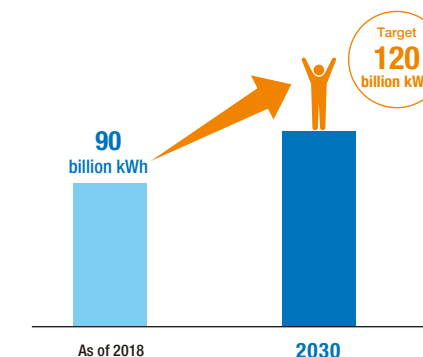
We will come together as a group to pursue the strategies required to realize our vision, targeting ¥150 billion in ordinary consolidated profit by 2030 (50% from the Domestic electricity business, 50% from other businesses).



(As for shareholder return)
 We are currently aiming to achieve the same level of dividends as before the 2011 earthquake (around ¥50 per share). With a basic policy of maintaining a stable dividend, we will then work to provide even greater shareholder returns by adjusting our dividends in the light of growth in other businesses.

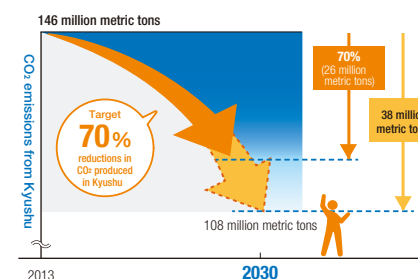
Total electricity sales volume	¥120 billion kWh
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We will aim to achieve total electricity retail and wholesale electric power sales volume of 120 billion kWh in Japan and overseas.



Contributing to reducing Kyushu's CO ₂ emissions by 70%
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By promoting the use of renewable and nuclear energy to improve the proportion of usage of non-fossil fuels and by encouraging electricity usage in various industries, the Kyuden Group will contribute to reductions in CO₂ emissions produced in Kyushu of 70% (26 million metric tons).*

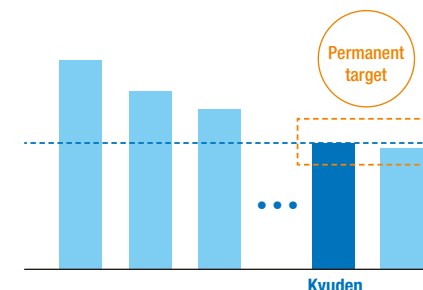


*Japan's intermediate target is to achieve a 26% reduction in comparison to 2013 by 2030. Converting this into a target for Kyushu results in a required reduction of approximately 38 million metric tons, corresponding to 26% of the 146 million metric tons of CO₂ emitted in Kyushu in FY2013.

Note: Japan's intermediate target for 2030 has been revised to a 46% reduction on 2013 levels. In light of this and other considerations, we are currently reviewing our own target.

Permanent pursuit of a reasonable price for electricity

By promoting the strategies required to achieve our vision, Kyuden will always seek to provide leading, reasonably priced electricity service*, contributing to the vitality of the region as the Kyuden Group grows together with Kyushu.

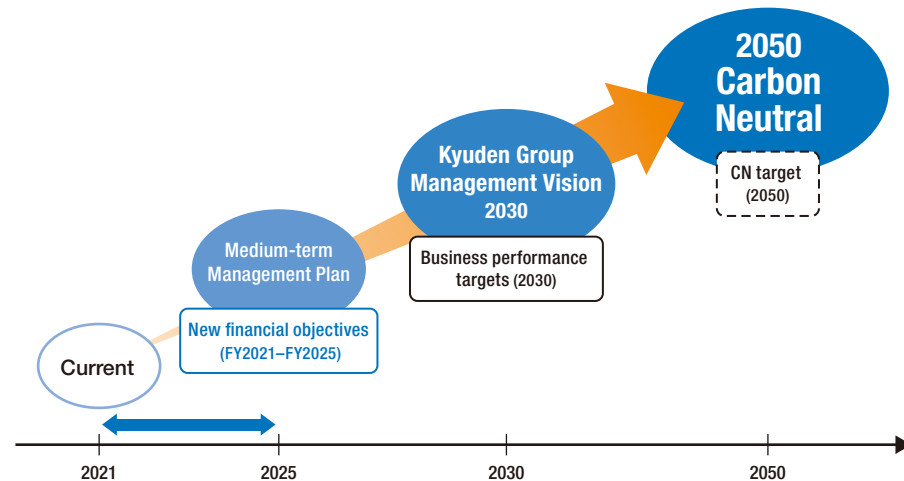


*Excludes renewable energy surcharge, fuel adjustment charge, and consumption tax

Establishing Financial Objectives toward Achieving the Goals of Kyuden Group Management Vision 2030

In April 2021, we set ourselves a range of new financial objectives that would aid our journey toward achieving the targets of our management vision and carbon neutrality.

To that end, we compiled a five-year, concrete action plan: an annual rolling Medium-term Management Plan (for details on the FY2021 plan, see [P28](#))



New Financial Objectives and Reference Indices (FY2021–FY2025)

As we work to reach these new financial objectives, we will appropriately ascertain risks, raise our ability to weather such risks, and make steady progress with our efforts.

Financial objective

Perspective	Target
Profitability	○ Consolidated ordinary income: Excess of ¥125 billion (FY2025) · Domestic electricity business: ¥75 billion (FY2025) · Growth businesses: ¥50 billion (FY2025)
Financial robustness	○ Equity ratio: approx. 20% (End of FY2025)

Reference indices

Perspective	Indices
Profitability	○ ROE: approx. 8% (FY2025) ○ Total electric power sales: 105 TWh (FY2025)
Growth potential	○ Growth investments: ¥500 billion (Cumulative FY2021–FY2025) · Renewable energy (reproduced): ¥250 billion (Cumulative FY2021–FY2025) ○ FCF: ¥70 billion (FY2025) - Secure five-year cumulative profitability ○ Power output · Renewable energy developed: 4,000 MW (FY2025) · From equity ownership in overseas businesses: 4,000 MW (FY2025)

(Note) Reference indices: while these indices are not used as financial objectives, they give a sense of when we have achieved our targets by showing indicators prioritized by management.

Previous financial objectives (FY2017–FY2021)

Indices	Previous financial objective	Results				FY2017–FY2020	
		2017	2018	2019	2020		
Equity ratio (End of FY2021)	20%	13.4	13.3	12.3	14.7	14.7	End of FY2020*
Consolidated ordinary income (Average for FY2017–FY2021)	¥110 billion	736	525	400	556	554	Average for FY2017–FY2020
Growth investments (Cumulative FY2017–FY2021)	¥420 billion	900	1,100	1,400	700	4,150	Cumulative FY2017–FY2020

*Post-adjustment for amounts recognized as capital from hybrid securities

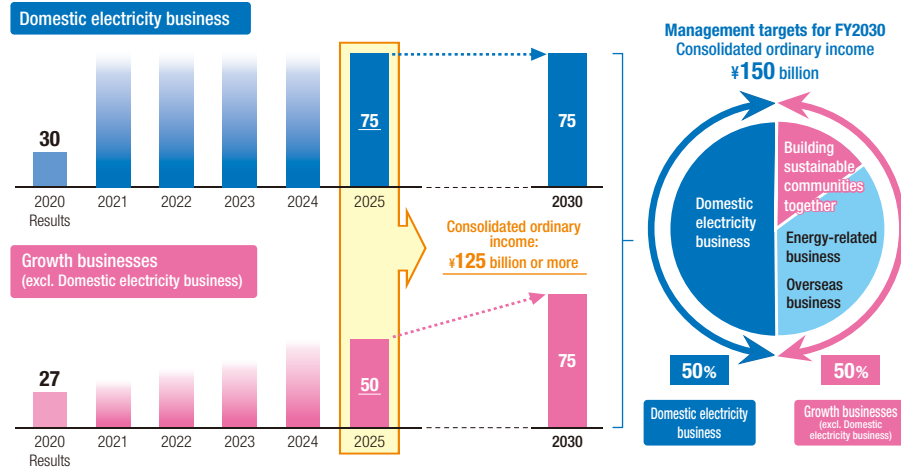
Of the previous financial objectives, the following causes explain why we predict an inability to meet targets for equity ratio and consolidated ordinary income.

Main causes for a failure to meet targets

- Lower profitability as competition intensified
- Reduced operations for nuclear power (delays in restarting operations at Genkai Power Station and work on the Specific Safety Facilities at Sendai Power Station)
- Decreased power sales due to poor weather and COVID-19
- Losses in LNG resales (FY2019)

Considering these circumstances, we aim to respond in various ways to the causes given above—such as by further promoting electrification, diversifying electricity sales, and actively investing in growth businesses—so as to meet the new financial objectives.

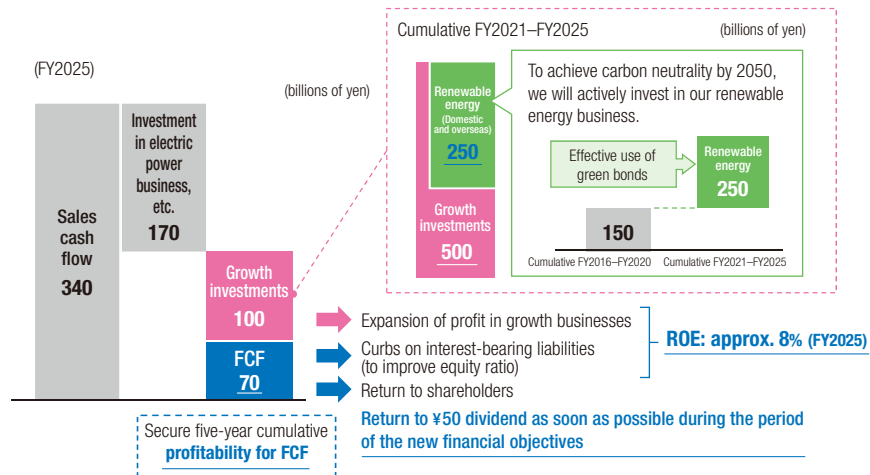
Profit Expansion toward the Goals of Kyuden Group Management Vision 2030



Note: Amounts given as FY2020 results for the domestic electricity business and growth businesses include intra-company transactions

Cash Flow Balance for Financial Objective Deadline (FY2025)

We will allocate cash in a well-balanced manner by measures such as raising equity ratio, securing funds for growth investments, and enhancing return to shareholders.



Initiatives toward Achieving the Financial Objectives— FY2021 Medium-term Management Plan

In the FY2021 Medium-term Management Plan, we have put together a concrete action plan to help us achieve Kyuden Group Management Vision 2030 and the FY2025 financial objectives that are our medium-term goals. In terms of Strategy I: Developing the energy service business, we are trying to create a stable supply of energy as we move toward carbon neutrality as a leader in low- and zero-carbon energy. We are also accelerating our evolution of the energy service business by providing energy services that meet our customers' needs. We will work toward Strategy II: Building a sustainable community together by contributing to the resolution of various regional and societal issues. To allow the Group to come together as one to tackle challenge through such measures, we are striving toward Strategy III: Strengthening our business foundations.

Domestic electricity business

- Expansion of revenue by promoting electrification and diversifying electricity sales
- Expansion of revenue through maximal use of zero-emission power sources
- Reduction of costs by promoting further efficiency improvements

Ordinary income

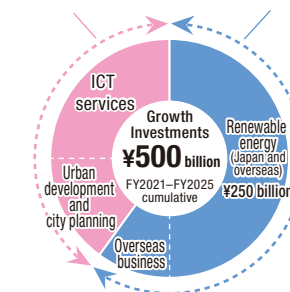
¥75 billion

(FY2025)

Growth businesses

Building sustainable communities together
¥200 billion

Energy service business
¥300 billion



- Development of geothermal, hydropower, offshore wind power, etc., and participation in renewable energy overseas
- Participation in overseas power generation businesses, etc.

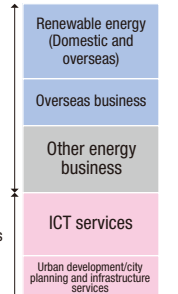
Energy service business
¥35 billion

- Expansion of profitability for ICT services by providing ICT solutions
- Expansion of business for offices and homes and strengthening of efforts in the industrial real estate field

Building sustainable communities together
¥15 billion

Ordinary income

¥50 billion



(FY2025)

Strengthening our business foundations

Domestic Electricity Business

Business Outline

The domestic electricity business is the core business of the Kyuden Group, and we will continue to fulfill our responsibility to provide a stable supply of electricity based on our unchanging mission of “delivering a stable supply of low-priced, high-quality energy.”

Power generation

Based on our preferred perspective of S+3E, we are generating power from a well-balanced combination of various power sources, including renewable energy sources that are expected to become the main power sources, nuclear power sources that do not emit CO₂ during power generation and are not affected by weather and climate, and thermal power sources providing excellent adjustment capabilities to make possible the further introduction of renewable energy sources. We are also strengthening our fuel procurement capabilities through active involvement in the fuel value chain to reduce fuel prices and improve flexibility in fuel procurement.

Power transmission and distribution (conducted by Kyushu Transmission and Distribution)

In the Kyushu area, electricity generated at power plants is delivered to factories, offices, and households via power transmission and distribution facilities. Through efficient facility formation and proper inspection and repair work, we are working to reduce power outage incidents and improve the quality of our electricity, as well as to expand the further introduction of renewable energy.

● Breakdown of total Group electricity sales volume in Japan (billions of kWh)

	FY2020	Ratio to the previous year
Retail*	75.2	+2.7%
Wholesale	10.7	+41.9%
Total	85.8	+6.3%

*Kyuden Mirai Energy	5.8	+106.0%
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Note: Kyuden Mirai Energy Co., Inc. is mainly engaged in retail sales outside the Kyushu region.

Sales

Since the full deregulation of electricity retailing, we have been stepping up our sales activities to increase the amount of electricity sold both in and outside of the Kyushu area. Of particular note is our expansion in sales volume in recent years in the areas of retail sales principally in Kanto and other regions outside the Kyushu region, as well as wholesale sales both in and outside of the Kyushu area.

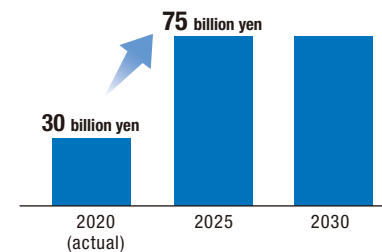
How We See the Business Environment

- Intensifying competition and expansion of sales opportunities outside Kyushu due to full deregulation of electricity retailing
- Heightened interest in climate change and carbon neutrality in Japan and abroad
- A move toward electrification to achieve carbon neutrality; growing calls to make renewable energy the main power source and to fade out inefficient coal-fired power generation
- Expansion of the introduction of distributed power sources such as renewable energy
- Creation of new trading markets such as the capacity market, the non-fossil value trading market, and the supply-demand adjustment market

Vision for the Future

Through the stable supply of environmentally-friendly energy and offering of energy services that meet the needs of our customers, we aim to realize our management vision of “providing more prosperous, comfortable living to become our customers’ No. 1 choice” and to work toward achieving ordinary income of 75 billion yen (i.e., 50% of the 150 billion yen target for consolidated ordinary income).

Ordinary income snapshot



Management targets for FY2030

- Total electricity sales volume of 120 billion kWh (including overseas) (FY2020 results: approx. 95 billion kWh)
- Contribute to the 70% reduction of CO₂ emissions in Kyushu (target: -26% relative to FY2013)
- Unending pursuit of offering some of the best electricity prices available

Forecast for FY2025

- Total electricity sales volume of 105 billion kWh

Business Strategy

Expansion of total electricity sales

In the process of achieving carbon neutrality, along with promoting electrification in all areas of society, we will take steps such as face-to-face sales which make the most of our direct contact with customers, expanding retail sales by group companies outside the Kyushu area (Kanto area, etc.), and ramping up wholesale sales both in and outside of the Kyushu area through actions such as proactive bilateral transactions that leverage our power supply competitiveness. These are among the ways we will diversify sales channels and expand our total electricity sales volume.

Increase profits by maximizing the use of non-fossil power sources

As a top runner in the field of low-carbon and non-carbon power generation, we will promote the development of renewable energy as a main power source through Group-wide efforts, and continue to make maximum use of nuclear power that places the highest priority on safety and gains the trust of local communities. Through these efforts, we will simultaneously promote the decarbonization of power sources and economic efficiency, and expand profits by trading the non-fossil value generated by non-fossil power sources.

Cost reduction through the further promotion of greater efficiency

We will make possible the further reduction of costs through the continuation and greater integration of cost-reduction initiatives which have been taking hold within the organization in recent years as we have been navigating a demanding business environment. Further cost reductions will also be achieved by expanding competitive ordering, improving the efficiency of materials procurement, and promoting more efficient operations through digital transformation.

Expanding Earnings by Leveraging the Advantage of Possessing One of Japan's Top Percentages of Non-fossil Power Sources

Boasting a high ratio of non-fossil power sources (44% in FY2019)* due to the expanded introduction of renewable energy and the safe and stable operation of nuclear power generation, Kyushu Electric Power (Kyushu EP) is expanding its revenue by selling non-fossil fuel certificates to retail businesses and offering a renewable energy menu to household and business customers.

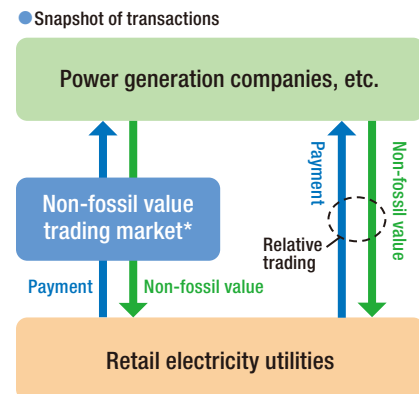
* Out of the electricity generated by Kyushu EP and electricity procured from other companies (before trading in non-fossil fuel certificates, excluding FIT sources), the percentage of electricity generated and received from nuclear power and renewable energy sources

Trading of non-fossil value

The trading of non-fossil fuel certificates derived from nuclear power and non-FIT renewable energy sources began in 2020.

With a high ratio of non-fossil power sources, Kyushu EP has achieved favorable sales performance through market and bilateral transactions, while encouraging other retail power providers to achieve the goals of the Act on Sophisticated Methods of Energy Supply Structures (hereinafter referred to as the “Sophisticated Act”). As the need for non-fossil value is rapidly increasing with the move toward carbon neutrality, we believe that this demand will continue to contribute to increased profits.

Revenue from the sale of non-fossil fuel certificates will be used to pay for the maintenance and expansion of non-fossil power sources, such as the cost of developing and maintaining renewable energy sources (non-FIT power sources) and the cost of safety measures for nuclear power.



*The non-fossil value trading market is to be divided into a market to fulfill the obligations of retail electricity utilities under the Sophisticated Act (the trading of non-FIT certificates that was started in August 2021) and a market for the trading of renewable energy value (the trading of FIT certificates, to be started in November 2021) in which consumers can also participate in market transactions.

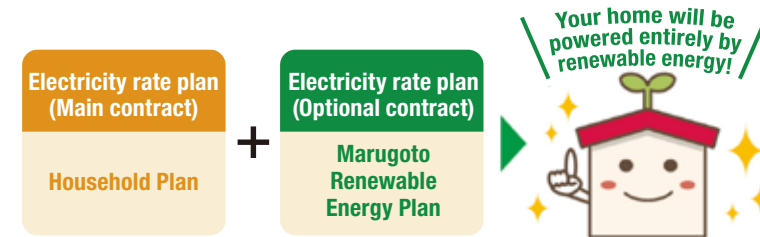
Meeting the obligations of the Sophisticated Act

The Sophisticated Act stipulates that retail power providers are required to increase the percentage of non-fossil power sources procured to be 44% or more by FY2030, with an interim target set for FY2020.

In order to achieve the interim target, retail power providers will be required to purchase non-fossil fuel certificates in the market or through relative transactions.

Provision of a renewable energy rate menu

Kyushu EP offers the Marugoto Renewable Energy Plan for households and the Renewable Energy ECO Plan for corporate customers as energy plans that utilize electricity derived from our renewable energy sources (hydroelectric and geothermal) and have certified environmental value. With heightened environmental awareness in society, these plans have been well received by many customers.



TOPICS Maximizing profits through the effective utilization of new markets

In recent years, new markets such as the capacity market, the baseload (BL) market, and the supply-demand adjustment market have been developed. These markets are leading to diversification of investment recovery methods for power sources, and we will continue to make effective use of them to maximize profits.

Capacity market

- The capacity market was introduced to make sure to secure the future supply capacity of the entire nation by increasing the predictability of investment recovery by power generation operators.
- Retail power providers will pay for the value of the capacity (kW) provided by the power generation operators. Transactions are to begin in FY2024.

Baseload (BL) market

- This market was introduced to facilitate easy access to BL power sources (nuclear, geothermal, large hydro, and coal-fired).
- In the BL market, operators such as former general power providers sell electricity from BL sources at a fixed annual price, which helps stabilize their income. Transactions began in FY2020.

Supply-demand adjustment market

- Based on the need for adjustable power increases due to the expansion of the introduction of renewable energy, this market was introduced for the purpose of securing low-cost and stable adjustable power by general transmission and distribution companies.
- The market makes it possible for power generation operators to secure a fixed level of income through adjustment capabilities. Transactions began in FY2021.

Specific Initiatives

Making Renewable Energy the Main Power Source

The Kyuden Group has developed 2,300 MW of renewable energies to date, and will continue to actively promote the development of offshore wind power and biomass, which have great development potential, in addition to the development of geothermal and hydroelectric power, which are our strengths.

(Target for renewable energy development in Japan and overseas: 4,000 MW in 2025, 5,000 MW in 2030)

In addition, we will proactively integrate renewable energies through steps such as the flexible operation of thermal power generation and utilization of pumped storage power generation, and promote renewable energies as a main power source.

Maintenance and renewal of existing renewable energy facilities

With the use of our existing geothermal and hydroelectric power generation facilities, we will strive to provide a stable supply of electricity while improving efficiency by appropriately renewing and refurbishing facilities with the aim of counteracting aging.

Note: For information on our further development of renewable energy, see "Growth Businesses: Renewable Energy Businesses" on page **P35-36**



Otake Power Station

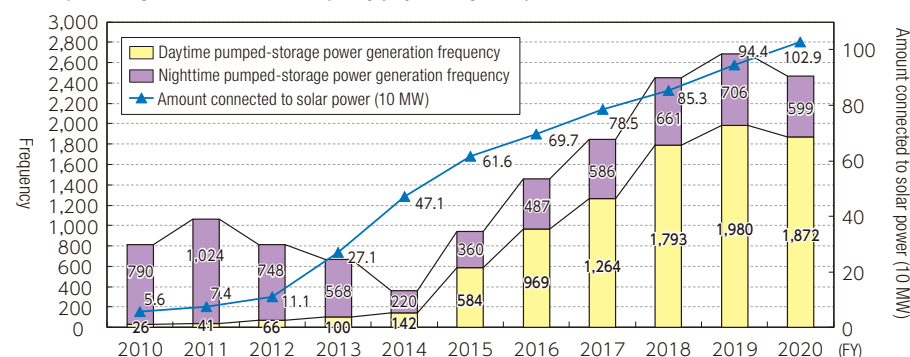


Hitotsuse Power Station

Maximizing the introduction of renewable energy

We are contributing to maximizing the introduction of renewable energies through flexible operation of thermal power generation and storage of electricity by pumped storage power plants.

Pumped-storage Power Generation Frequency (Daytime/Nighttime)



(Note) Daytime pumped-storage power generation: The number of shutdown times that had been recorded as 8:00 to 17:00 until FY2017 have been recorded as 7:00 to 17:00 since FY2018.

Maximizing the Utilization of Nuclear Energy

Since nuclear power is an excellent power source due to benefits such as CO₂ emission reduction and ensuring energy security, we will continue to make maximum use of nuclear power on the premise that safety is ensured.

Nuclear power generation (as of March 31, 2020)

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



Genkai Nuclear Power Station



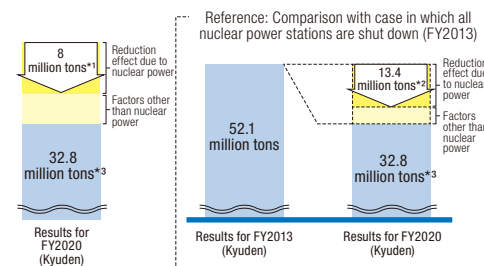
Sendai Nuclear Power Station

Note: Operation of Genkai Unit 1 ended in April 2015, Genkai Unit 2 in April 2019

Continued safe and stable nuclear power station operations at high utilization rates

We aim to maximize the utilization of nuclear power stations currently in operation by continuing safe and stable operation through continuous efforts to improve safety and reliability. We will also continue to consider ways to improve the availability and operability of nuclear power stations that is assuredly safe.

Effect of nuclear power generation on reducing CO₂ emissions

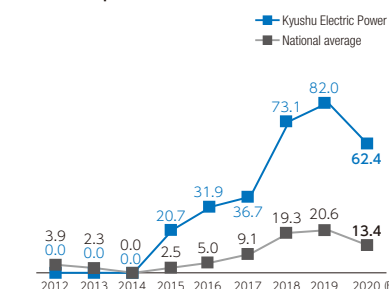


*1 FY2019 CO₂ emissions coefficient (adjusted) 0.370kg-CO₂/kWh is used

*2 FY2013 CO₂ emissions coefficient (adjusted) 0.617kg-CO₂/kWh is used

*3 FY2020 results are provisional. The final figures will be announced by the government in December

Nuclear power station utilization rate



Contribution of nuclear energy to profitability

Since nuclear power is a power source that can generate electricity regardless of weather conditions or time of day, it contributes to securing stable revenue. In addition, since power stations do not emit CO₂ during operation, nuclear power can be expected to generate earnings from the non-fossil value trading market in the same way as renewable energy sources.

Even factoring in costs for safety measures and other necessities, nuclear power is a competitive power source from a medium- to long-term perspective. Based on such points, decisions about whether to invest are made comprehensively.

Initiatives to Improve the Safety and Reliability of Nuclear Power

As Kyushu Electric Power's nuclear power stations were the first to comply with the government's new regulatory standards after the accident at the Fukushima Daiichi Nuclear Power Station, they have been restarted, and, as of July 2021, all four of our nuclear power plants are in stable operation.

We will continue to work to continuously improve safety and reliability, not only within the regulatory framework, but also by doing due diligence in collecting the latest technical insights and data.

Status of Specific Safety Facilities

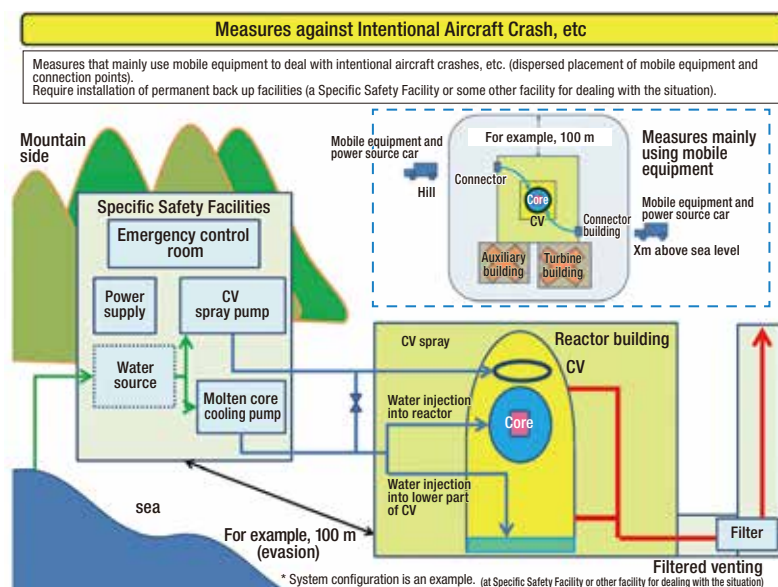
Under the new regulatory standards set by the Japan Nuclear Regulation Authority, it is mandatory to install Specific Safety Facilities* (hereinafter referred to as "SSFs") that are equipped with functions to deal with threats such as terrorism.

The Sendai Nuclear Power Station started operation after becoming the first nuclear power plant in Japan to pass the new regulatory standard compliance inspection. (Unit 1: Nov. 2020; Unit 2: Dec. 2020)

By utilizing the insights gained from the Sendai Nuclear Power Station, the construction work that is underway at the Genkai Nuclear Power Station is planned to be completed by the installation deadline.

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

- Conceptual image of a Specific Safety Facility (Prepared based on materials from the Japan Nuclear Regulation Authority)



(Deadlines for the installation of SSFs at Genkai Nuclear Power Station)

Unit 3	August 24, 2022	Unit 4	September 13, 2022
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Initiatives to prevent nuclear emergencies

In order to be able to promptly respond to any kind of event that could take place at nuclear power plants, we are maintaining and improving our response capabilities by developing emergency systems and repeatedly enacting drills that prepare us to deal with a nuclear emergency.

In addition, we are stepping up cooperation with related organizations and businesses through participation in the comprehensive disaster drills offered by the national and local governments, as well as the joint drills performed by nuclear power operators.



Alternative emergency response centers



Joint cooperation drills by nuclear power operators

Management and disposal of radioactive waste

Waste from nuclear power stations that contains radioactive substances is classified and managed as "low-level radioactive waste."

After the waste is treated, the drums in which it is stored in the power station are transported to the Japan Nuclear Fuel Limited (JNFL) Low-Level Radioactive Waste Disposal Center (Rokkasho Village, Aomori Prefecture) for burial and management to ensure that the waste has zero impact on the environments in which people live.

High-level radioactive waste, which is vitrified high-level radioactive liquid waste generated in the reprocessing process of spent fuel, is stored for 30-50 years for cooling at facilities such as JNFL High-Level Radioactive Waste Disposal Center (Rokkasho Village, Aomori Prefecture), and then finally disposed of safely in a stable geological formation at least 300 meters underground. The final disposal of the waste will be carried out by the Nuclear Waste Management Organization of Japan (NUMO), an organization authorized by the Ministry of Economy, Trade and Industry.

- Volume of Stored Radioactive Solid Waste (as of the end of FY2020) Unit: Drums (200-liter drum equivalent)

(FY2020)	Amount stored in power plant	Amount transported out*
Genkai NPS	38,148 (38,418)	14,432 (12,712)
Sendai NPS	27,873 (27,303)	640 (640)
Total	66,021 (65,721)	15,072 (13,352)

Figures in parentheses indicate figures as of the end of FY2019.

*Amount transported out to the Low-Level Radioactive Waste Disposal Center

Improved communication with local residents regarding nuclear power

In order to give local residents assurance that the generation of nuclear power is safe and reliable, we make sure to disseminate easy-to-understand information about our initiatives to improve the safety and reliability of our power stations. The entire company is committed to making use of visits, tours or other opportunities to provide interactive communication activities.

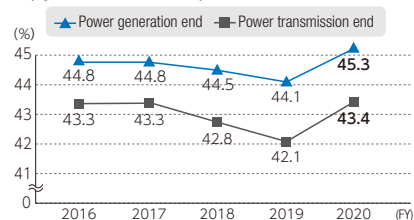


Dialogue with local residents

Utilization of Thermal Power Generation That Is Eco-friendly

As it is a power source that compensates for the output fluctuations brought on by the introduction of renewable energy, we will continue to work to maintain and improve the overall efficiency of thermal power generation from the perspectives of controlling the amount of fuel consumption and CO₂ emissions. With the operation of coal- and LNG-fired power plants with high thermal efficiency, including the Matsuura Power Station Unit 2, which commenced commercial operation in December 2019, the total thermal efficiency of thermal power plants in FY2020 improved by 1.2 percentage points to 45.3% (power generation end). Going forward, we will continue to take steps to reduce our environmental impact in ways such as decommissioning or planning to decommission aging thermal power plants, aiming to fade out inefficient coal-fired thermal power plants by 2030, and studying the use of hydrogen and ammonia, fuels that do not produce CO₂ during combustion for power generation.

Total thermal efficiency for thermal power stations (Kyushu Electric Power)



*Thermal efficiency is calculated on a lower heating value basis.



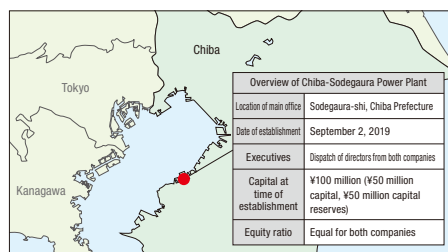
Start of commercial operation of Matsuura Power Station Unit 2 on December 20, 2019 (front side)

Power source development outside of Kyushu

Energy equivalent of power sources developed outside Kyushu by 2030: 2,000 MW

With the aim of increasing profits by supplying stable and inexpensive electricity outside of Kyushu, we are promoting the development of power sources outside the Kyushu area as we move toward our goal of developing 2,000 MW of power outside of Kyushu by 2030.

In September 2019, we joined with Tokyo Gas Co., Ltd. to establish Chiba-Sodegaura Power Co., Ltd., and are investigating the feasibility of developing a LNG-fired thermal power plant.



Strengthening of the fuel business

We will work to expand opportunities for new profits, including the business of supplying LNG fuel for ships by making use of the Kyuden Group's assets and know-how, as well as our alliances with other companies in business areas within the fuel value chain that spans fuel's manufacturing to its transport, trading, base business, and electricity/gas supply.

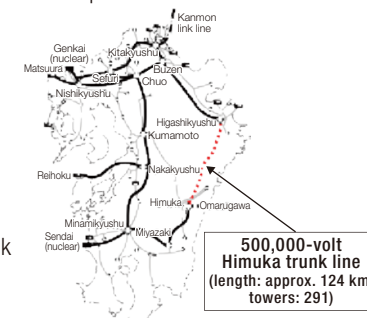
Initiatives in the Power Transmission and Distribution Business

In the power transmission and distribution business, we are engaged in efforts to achieve both stable supply and cost reduction by improving the efficiency and upgrading of maintenance and operations. At the same time, we are working on initiatives such as the creation of demand for electricity by developing technologies to accommodate the next generation of networks and the promotion of electrification.

Efficient facility formation

In the area of power transmission and distribution facilities, we are working to form efficient facilities from a long-term perspective by comprehensively taking into account factors such as demand trends, supply reliability, safety and operational aspects of the facilities, and costs.

Currently, we are constructing the 500,000-volt Himuka trunk line to be operational in 2022.



Initiatives for the expanded introduction of renewable energy

In order to make the most of Kyushu's renewable energy potential, we are promoting a smooth connection to the grid and maximizing the introduction of renewable energy by utilizing one of the world's largest battery storage systems.

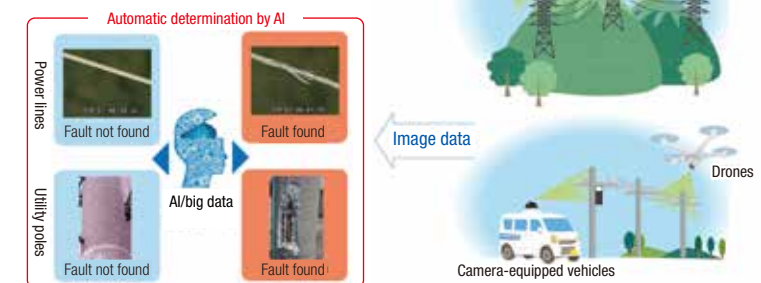
We are also engaged in initiatives such as the use of digital technology to facilitate both the massive introduction of renewable energy and the successful maintenance of power quality.



Buzen Battery Storage and Transformer Station

Technology development to upgrade power grids

To suitably maintain the aging equipment we use to transmit and distribute electricity, we are putting effort into a number of areas. These include finding an effective means of gathering data about the equipment, such as through the use of drones, and research and development into methods to determine deterioration, such as image analysis and artificial intelligence.



▲ Determination of equipment irregularities through the utilization of AI and big data

▲ Efficient acquisition of equipment information

Promotion of Electrification

Combining environmentally friendly energy with the resources of the Kyuden Group, we will take on the challenge of maximizing electrification, especially in the Kyushu area where the potential for electrification is great.

Initiatives in the household and commercial sectors

In the household sector, we will continue to promote the transition to all-electric homes by holding events and mass PR that convey the advantages of all-electric energy, as well as by conducting sales activities to seize various opportunities.

Regarding climate-control and hot water supply systems for the commercial sector, we will continue to offer high-efficiency heat pump systems optimized for the usage conditions of customers' facilities. We will also promote the adoption of electric systems by extensively promoting the advantages of electrified kitchens in terms of ease of use, hygiene, and economy.

By promoting these initiatives, we will contribute to the realization of 100% electrification in the residential and commercial sectors by 2050.

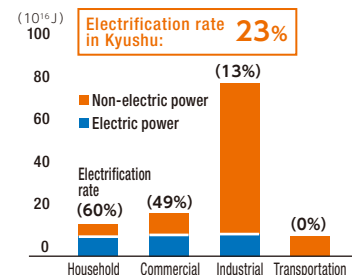
Initiatives in the industrial sector

In the industrial sector, we will take on the challenge of using electrification to meet heat demand in a wide range of temperature zones (hot water, steam, heating, etc.) in production processes, focusing on temperature zones where heat pump technology can be applied.

Development of technologies that contribute to the promotion of electrification

We will engage in the development of technologies that contribute to the promotion of electrification. This will involve the development of technologies such as high-capacity chargers for large vehicles (e.g., buses) and heat pumps in the agricultural sector that contribute to the promotion of electrification in the transportation and industrial sectors, where the electrification rate is otherwise low.

Final energy consumption by sector in Kyushu (FY2018)



Note: Calculations are based on the energy consumption statistics by prefecture reported by the Agency for Natural Resources and Energy

Electric buses and large-capacity chargers/dischargers



(Image provided by Nishi-Nippon Railroad Company, Ltd.)

Use of heat pumps in agriculture (tomato cultivation)



(Joint research with JA Yatsushiro)

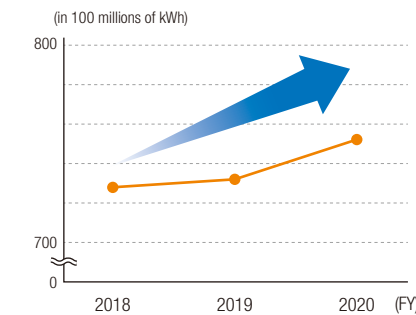
Expanding the Energy Service Business and Providing New Value

In addition to expanding the energy service business both in and outside of the Kyushu area through means such as electricity retailing outside the Kyushu region, we will seek to increase profits by taking steps such as providing new services to meet diversifying customer needs.

Expansion of electric power retailing both in and outside of the Kyushu area

The Kyuden Group is working to increase the amount of electricity sold through Group-wide sales activities. Outside of Kyushu, the Kyuden Group is expanding retail sales of electricity through ways such as offering diverse rate plans: e.g. a plan that enables customers to earn points from Kyuden Mirai Energy Co., Inc.'s partner companies, as well as rate plans for all-electric energy customers. Retail sales of electricity are also being increased by winning contracts from government and other public offices through bidding and other means.

Changes in the amount of electricity retail sales



Kyuden Mirai Energy Co., Inc.'s five rate plans to choose from



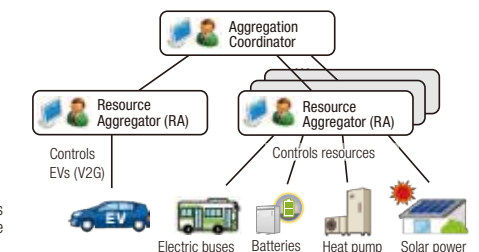
Expansion of wholesale electricity sales

In February 2021, we established a new wholesale power sales center to centralize the entire series of operations related to wholesale power sales, from the consideration of sales menus to payment, in order to improve operational efficiency. At the same time, through the expansion of wholesale electricity sales both in and outside of the Kyushu area, we are working to increase the total amount of electricity sold and improve profits by diversifying our sales channels.

The offering of new energy services

In order to work toward providing new value to our customers, we are promoting innovations in ways such as considering the prospect of an aggregation business*.

*A business that bundles distributed energy resources, such as storage batteries and electric vehicles, to provide the effective utilization of renewable energy and a host of other such services.



Growth Businesses: Renewable Energy Businesses

Business Outline

The Kyuden Group, led by Kyuden Mirai Energy Co., Inc. established in 2014, develops and operates all five main renewable energy sources: solar, wind, hydro, geothermal, and biomass.

The renewable energy business is an area where we can utilize the know-how we have accumulated through our development and operation, and where society has high expectations for us to achieve carbon neutrality. For this reason, we have positioned it as one of our growth businesses and are actively promoting the development of geothermal and hydroelectric power, which are our strengths, as well as offshore wind power, which has great development potential, both in Japan and overseas.

Development volume of renewable energy (as of March 31, 2020. Includes overseas.)



How We See the Business Environment

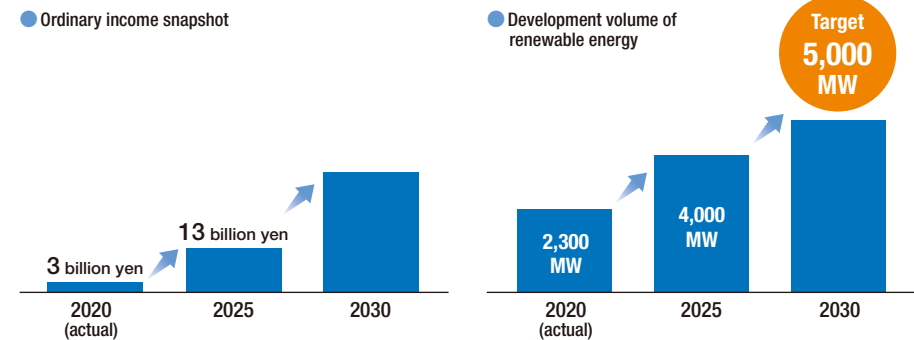
- Growing concern about climate change in the international community as a whole, and rising expectations of renewable energy toward the transition to a low-carbon and non-carbon society
- Development of various systems to support the expansion of the introduction of renewable energies in order to achieve carbon neutrality by 2050 and a 46% reduction in greenhouse gas emissions by 2030 (compared to FY2013).

*Development of related laws and regulations, dedicated ports, etc. to promote the introduction of offshore wind power, development of rules that allow renewable energy sources to use the power grid on a priority basis, etc.

- Increasing need for technological collaboration and support for low-carbon and non-carbon power sources in Asia and other regions
- Decline in FIT price and introduction of FIP system with variable purchase price (from FY2022)

Vision for the Future

Utilizing the technologies and know-how of the Kyuden Group, we will steadily promote the development of renewable energies in Japan and overseas to achieve our management target of developing 5,000 MW in FY2030 (4,000 MW in FY2025) and contribute to the realization of carbon neutrality. We also aim to contribute to the achievement of 75 billion yen in ordinary income from growth businesses in FY2030 through increased earnings from renewable energy development.



Business Strategy

Promoting the development of promising projects

As Japan is a country founded on maritime ventures and Kyushu has truly great potential for the kind of offshore wind power generation for which the government is encouraging development, we will staunchly promote the development of this on a scale that goes beyond the confines of Kyushu. As geothermal and hydroelectric power generation are capable of stable operation regardless of weather conditions and are areas in which we have a robust track record in development, we will continue to promote their development by leveraging the advanced technological capabilities cultivated thus far by the Kyuden Group.

New technology initiatives

We will promote the development of tidal power generation, which has potential principally in Kyushu, by utilizing our expertise such as the insights we have gained from the first ever large-scale pilot project in Japan that is currently underway.

Development of a power supply portfolio based on changes in the environment (system changes)

We will promote development based on an accurate understanding of changes in the business environment surrounding the development of renewable energies, such as the introduction of the FIP system and the implementation of rules for the use of power grids.

Specific Initiatives

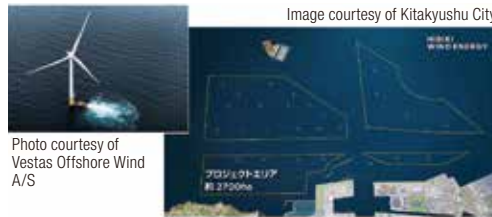
In addition to the development of geothermal and hydroelectric power, which are areas of strength for the Kyuden Group, we are expanding and promoting the use of offshore wind power and biomass as main power sources, as these have great potential for introduction and possibly promise profitability.

Offshore Wind Power

Since FY2017, a consortium led by Kyuden Mirai Energy Co., Inc. has been working to commercialize a project in the Hibikinada area of Kitakyushu City, Fukuoka Prefecture (power output: approximately 220 MW).

In addition, we are actively promoting development outside the Kyushu region through efforts such as a business feasibility study of the sea area off of Yurihonjo City, Akita Prefecture, in collaboration with RWE Renewables GmbH (Germany).

Offshore wind power generation in Hibikinada (conceptual image of the development)



Studying the commercial feasibility of the project in the sea area off of Yurihonjo City



*1 800 MW of renewable energy (wind power, solar power, biomass, geothermal power, and hydroelectric power) achieved in the Hibikinada offshore wind power public offering
*2 2,500 MW of offshore wind power in Europe

Geothermal and Hydraulic Power

In the field of geothermal power, the Kyuden Group has approximately 220 MW of installed capacity in Japan, which accounts for about 41% of the total installed capacity in Japan, including the Otake Power Station, Japan's first commercial power plant that started operation in 1967. We are currently promoting new development projects, including geothermal resource surveys in the Kyushu area (at five sites) and outside the region (at one site).

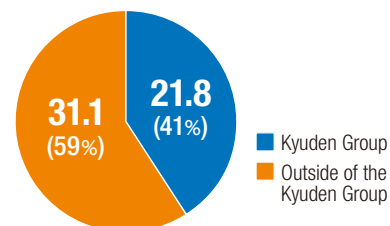
Overseas, we are participating in the Sarulla Geothermal

IPP* Project (approx. 330 MW) in Indonesia, one of the largest geothermal projects in the world.

In the development of hydropower, we have a long track record, including the Koyamada Power Station (Kagoshima Prefecture), the oldest power plant in Kyushu, which was built in 1898. Currently, we are working to increase output and power generation through means such as replacing existing facilities.

*Independent Power Producer

Geothermal power plants in Japan (output of 10MW, as of March 31, 2020)



Source: Taken from "The Current State and Trends of Geothermal Power Generation," published by the Thermal and Nuclear Power Engineering Society

Biomass

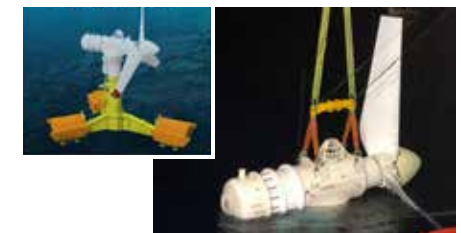
Now actively engaged in developing, Kyuden Mirai Energy Co., Inc. is scheduled to start operation of four plants (approx. 220 MW) in FY2021.

Since May 2021, Kyuden Mirai Energy Co., Inc. has been participating in a fuel pellet production project in Laos in order to secure stable fuel supplies.

Tidal Current

Having started to pilot Japan's first ever large-scale tidal stream power generation (500 kW) at Narueto, off the coast of Goto City in Nagasaki Prefecture in 2021, we will be considering expansion of the scope of the project.

Tidal current power generation (conceptual image of the development)



TOPICS Kyushu Electric Power (Kyushu EP) issues its debut green bond

In June 2021, Kyushu EP issued its debut green bond, a bond that dedicates use of funds exclusively to projects that improve the environment, such as the development of renewable energy sources, in order to increase awareness among a wide range of stakeholders of the Kyuden Group's low-carbon and non-carbon initiatives, as well as to diversify fund procurement. The status of fund allocation and impact reporting for this green bond will be reported in the next and subsequent integrated reports.

Outline of the Kyushu EP debut green bond

Issue amount	15 billion yen	Term	10 years
Interest rate	0.310%	Issue date	June 10, 2021
Use of funds	New investments and refinancing of existing investments in the Shin-Takeda Hydro Power Station, the Jikumaru Hydro Power Station and the Otake Geothermal Power Station		

Growth Businesses: Overseas Businesses

Business Outline

We are developing energy-related businesses in countries around the world by utilizing the technologies and know-how in the electric power industry the Kyuden Group has accumulated in Japan and overseas. With an eye on future market expansion, we have positioned these businesses as some of our most promising growth businesses, and are actively promoting the expansion of the areas and business domains in which we operate.

Overseas Energy Business

We are expanding into the US and the Middle East, with a focus on Asia, where the market has high growth potential, and are aiming to expand into Europe and Africa.

Overseas Consulting Business

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

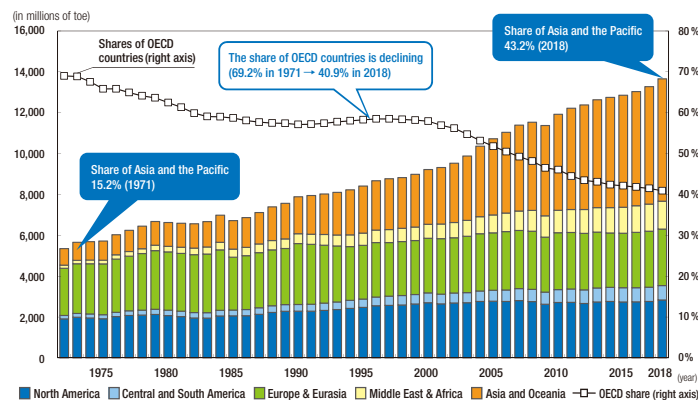
New Business Fields

In recent years, we have been participating in new business fields such as microgrid projects in island countries. In the future, we will continue to expand our business into areas such as the power transmission and distribution business.

How We See the Business Environment

- Increased energy demand in Asia and other emerging countries
- Expanded business opportunities due to the growing need to decarbonize and decentralize power sources
- Changes in the financing environment for power plant construction due to the shift to ESG investment
- The existence of country and market risks specific to each country and region

Changes in primary energy consumption around the world (by region)



Note: "toe" is an abbreviation for "tonne of oil equivalent."

Source: Based on BP "Statistical review of world energy 2018" and Agency for Natural Resources and Energy "White Paper - Annual Report on Energy 2019."

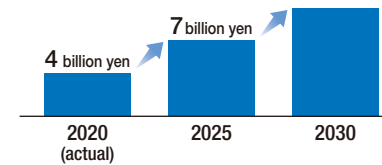
Vision for the Future

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

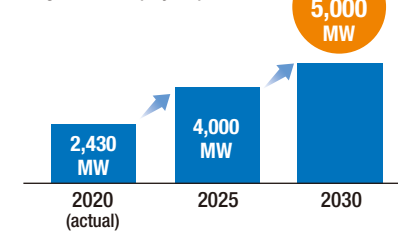
In addition to achieving an overseas equity output of 5,000 MW by 2030, we will generate profits as the core of the Kyuden Group's growth fields, and aim to contribute to the achievement of 75 billion yen in ordinary income from growth businesses in FY2030.

Ordinary income snapshot

Ordinary income from overseas renewable energy business is included in the ordinary income from "Growth Businesses: Renewable Energy Businesses."



Overseas power generation equity output



Business Strategy

Expansion of renewable energy

Together with group companies, we will promote the further development of geothermal power generation, an area in which the Kyuden Group has a proven track record in Japan and overseas, and is of a high technical standard worldwide. We will also participate in promising projects such as offshore wind power and hydroelectric power, where we can utilize the insights we have gained through our experience in Japan, with the aim of increasing profits.

Expansion of development areas and business domains

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

We will continue to focus on the consulting business by leveraging the technology and know-how we have cultivated in Kyushu regarding the formation and operation of facilities and grid operation, as exemplified by our approach to the large-scale introduction of renewable energies. We will also develop businesses in the fields of microgrids and power transmission and distribution, aiming to cultivate them as new sources of revenue.

Risk management initiatives

We conduct monitoring based on the characteristics of each investment project in order to identify signs of possible value loss. We also conduct risk-return analysis and other measures to optimize our asset portfolio.

Specific Initiatives

Renewable energy

Sarulla Geothermal IPP Project, Indonesia

One of the world's largest geothermal power generation projects, this is being developed and operated in North Sumatra, Indonesia. In Indonesia, where demand for electric power is expected to increase in the future, we have constructed a geothermal power plant with an output of approximately 330 MW, and have been selling the power to the Indonesian State Electricity Company for three decades.



Renewable energy

Thermochem Inc., USA

Thermochem Inc. is a geothermal technology service provider that was jointly acquired by Kyuden International Corporation and West Japan Engineering Consultants, Inc.

The company provides advanced geothermal technology services, as well as manufacturing, sales, research and development of specialized equipment, and has made a significant contribution to the Sarulla Geothermal IPP Project in Indonesia.

- IPP or other investment projects
- Overseas consulting
(Countries in which there have been major initiatives in recent years are listed.)



Power generation and desalination business

Taweelah B, United Arab Emirates; Al Dur 1, Bahrain

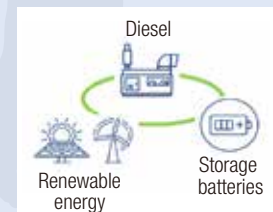
In December 2019, we participated in the Taweelah B Power Desalination Project in the Taweelah region of Abu Dhabi, UAE, which owns and operates a natural gas-fired power generation facility with a total output of 2,000 MW and a seawater desalination plant with a capacity of 730,000 tons per day, and supplies power and water to Emirates Water and Power Company under a long-term contract. (This is the Kyuden Group's first ever power generation and desalination project in the Middle East.)

In August 2021, Kyushu Electric Power also participated in the Al Dur 1 power generation and seawater desalination plant project (total output: 1,230 MW, daily capacity: approximately 220,000 tons) in the neighboring Kingdom of Bahrain, supplying power and water to the Bahrain Electricity and Water Authority under a long-term contract.

Microgrid business

Enernet Global Inc., USA.

Enernet Global Inc. is a US venture company in which Kyuden International Corporation has invested and entered into a strategic partnership agreement. Enernet Global Inc.'s microgrid business serves customers who mainly use diesel power generation by planning the optimal configuration and operation of facilities that combine distributed power sources such as renewable energy and storage batteries using software developed by the company. (Main business regions: Asia, Oceania, and the Caribbean)



Growth Businesses: ICT Service Business

Business Outline

We provide ICT services by leveraging the accumulated strengths of the Kyuden Group as we have developed technologies and expertise through our electric power business in the development, maintenance and operation of highly reliable communication network facilities and information communication systems that contribute to the stable supply of electric power. As demand for electricity is expected to expand in line with the promotion of the digital transformation of society, the Kyuden Group has positioned the ICT service business as one of our growth businesses and is proceeding forward with initiatives in this area.

BtoC services

We provide ICT services that support our customers in their desire to lead more comfortable lives.

- Optical internet service and smartphone service (mobile service)

Note: The above services are also available for corporate customers.

BtoB Services

Solution services that use ICT technology to address the business challenges of companies and local governments are among the BtoB services that we offer.

- Data center services
- Information security services
- Information platform services
- Information consulting services
- Total support services for the design, development, implementation, maintenance and operation of information and communication systems
- Manufacturing and sales services of communication equipment and power supply equipment, etc.

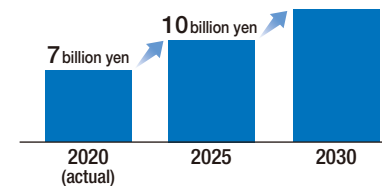
How We See the Business Environment

- Advances in digital technologies such as AI, IoT, and mobile technologies (5G/Beyond5G)
- Acceleration of digital transformation (DX) in society that accompanies the above developments
- Expansion of demand for data centers due to the increased use of cloud services caused by the pandemic and other factors
- Increasing severity and frequency of natural disasters (and the consequent need for disaster preparedness and greater network resilience)
- Growing need for enhanced security due to increases in cyber attacks

Vision for the Future

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

Ordinary income snapshot



Improvement of the operating profit margins of existing businesses

(As of FY2025, achieve increases of 50% or more relative to FY2020)

Development and offering of new services

- Advertising (digital advertising production and planning, etc.)
- Financial and medical services (fintech, AI pathology analysis, etc.)
- Primary industries (IT sensors for agriculture, etc.), etc.

Business Strategy

Profit expansion in existing businesses

We will expand earnings by providing ICT solution services that best meet the diverse needs of our customers, including the need to strengthen security in line with the promotion of digital transformation by utilizing our high-security networks, data centers, and information and telecommunications know-how. We will also expand our business areas outside Kyushu and overseas by establishing new bases for providing services outside Kyushu.

Development and offering of new businesses and services

We will diversify our business portfolio and increase sales and profits by expanding ICT services that target new business domains.

We will promote the rapid development and offering of services through collaboration among Group companies, human resource development, M&A, and collaboration with other companies.

We will contribute to the promotion of digital transformation by local governments and local companies.

Main services provided



BBIQ has been the No. 1 fiber optic internet service in the Kyushu area for five consecutive years. QTmobile (QTnet Co., Ltd.) is an affordable smartphone service that supports the lines of three major carriers.



Fukuoka No.3 Data Center (QTnet Co., Ltd.) is a reliable urban data center created to be impervious to disasters.



QTnet Co., Ltd., and Kyuden Business Solutions Co., Ltd., offer corporate security-related services to protect customers' information assets.



NAST (Kyushu Electric Business Solutions Co., Ltd.) is a comprehensive management system that centrally manages aircraft operation and maintenance information.



Kyuden Drone Services (Kyushu Electric Power) provides aerial photography, inspection, surveying with the use of drones, and video editing.



MIHARAS (Nishimu Electronics Industries Co., Ltd.) offers IT sensors for agriculture in overseas markets.

Growth Businesses: Urban Development Business

Business Outline

We are engaged in urban development, real estate, and social infrastructure businesses by leveraging the knowledge and expertise we have accumulated in our business activities to date span various areas such as civil engineering and construction, plumbing, energy services, and ICT. As these businesses are expected to generate synergies with the electric power business, such as increased demand for electric power through regional development, we have positioned them as growth businesses and are promoting related initiatives across the entire Kyuden Group.

Urban development and real estate

We are engaged in a wide range of urban development and real estate businesses in Japan and overseas, including office building development, commercial facility development, leasing, housing, and building maintenance.

Social infrastructure

In addition to steadily promoting management business at Fukuoka, Kumamoto, and Hiroshima airports, we are also considering offerings in social infrastructure fields other than airports.

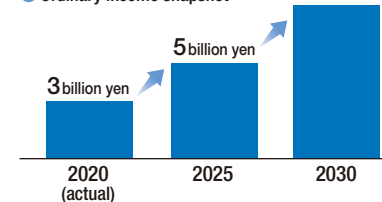
How We See the Business Environment

- Growing global push for low-carbon and non-carbon power sources to reduce environmental impact
- Evolution of technology in ways such as the acceleration of digital transformation
- Structural changes to society due to the pandemic
- Increasing interest in sustainability through means such as diversified lifestyles and the reuse and extended lifespan of assets
- Accelerated developments by using private sector funds and ingenuity to promote smart cities and public services

Vision for the Future

We aim to contribute to the achievement of 75 billion yen in ordinary income from growth businesses in FY2030 by expanding earnings in Japan and overseas through the continuous acquisition of the most profitable projects by using our corporate network and promoting development that leverages synergy with the electric power business and other energy-related businesses. We will also contribute to the sustainable development of communities and society through our businesses.

Ordinary income snapshot



Expansion of business domains and areas

- Urban development and mixed-use development
- Industrial real estate (logistics facilities, data centers, etc.)
- Fee-based business
- Overseas real estate development projects, etc.

Business Strategy

Expansion of revenue and diversification of revenue sources

We will expand existing businesses such as offices, housing, and airports while utilizing the corporate network of the Kyuden Group.

In addition to area development such as urban development and mixed-use development, we will step up initiatives in new profit-generating businesses, including industrial real estate such as logistics facilities and fee-based businesses that are expected to generate synergy with the electric power business.

In addition to Kyushu, we will also promote the expansion of our business areas outside Kyushu and overseas.

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

We will contribute to the realization of a low-carbon and non-carbon society by promoting environmentally friendly urban development through the promotion of electrification, improved energy efficiency, and effective use of renewable energy.

As a platform to support infrastructure, we will provide a variety of services such as energy, ICT, and area management.

Major projects



Development of office buildings in Chuo-ku, Fukuoka City [Fukuoka Maizuru Square] (to be completed in spring 2022)



Project to utilize the former Fukuoka City fruit and vegetable market site (to open in spring 2022)



Public complex project at the former site of Oita City's Niagemachi Elementary School (to open in spring 2024)



Logistics facilities business in Fukuyama City, Hiroshima Prefecture (acquired in March 2021)



Development of rental housing in Atlanta, USA (completed in May 2021)



Kumamoto Airport New Terminal Building (to be operational in spring 2023)

Promotion of Sustainability

Policy and Approach

Based on the Group philosophy “Enlighten our future,” the Kyuden Group has been promoting CSR management that meets the expectations and demands of a wide range of stakeholders, led by the CSR Promotion Committee chaired by the president in order to improve and enhance our business activities based on the opinions of our stakeholders and external experts, with the aim of realizing a sustainable society.

As we continue these efforts, social issues on a global scale, such as climate change, are increasingly intensifying. As a responsible energy provider, we think it is extremely important to actively contribute to solving these issues. In April 2021, we formulated the Kyuden Group Carbon Neutral Vision 2050.

P22–25 In July of the same year, we established our Sustainability Promotion Committee in order to step up our initiatives to address ESG (environmental, social and governance) issues in general—initiatives that assuredly work toward solutions for these issues.

Under this new system, we will further accelerate our efforts to solve regional and global social issues through our business activities and contribute to the realization of sustainability.

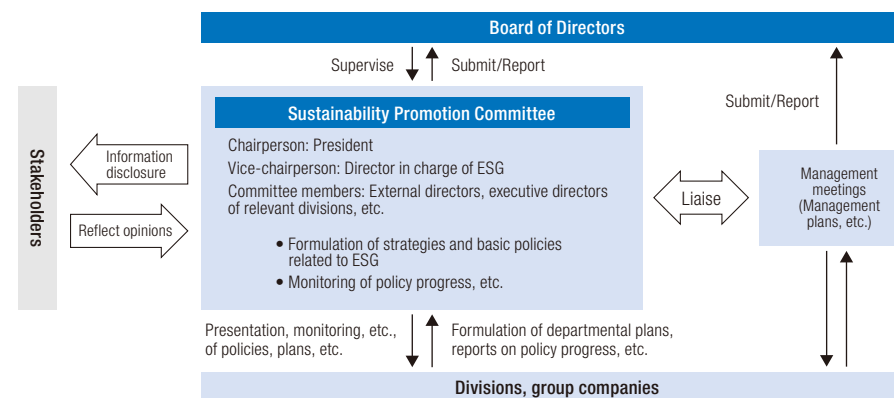
Establishment of the Promotion System (July 2021)

Having reviewed the existing CSR Promotion Committee, we established the Sustainability Promotion Committee as a deliberative body under the supervision of the Board of Directors.

In addition, we have appointed a director in charge of ESG and established a new department dedicated to ESG promotion within the Corporate Strategy Division to set up a promotion system for implementing sustainability management.

We will further incorporate ESG perspectives into our management and business activities, and promote initiatives to contribute to a sustainable society and increase the continuous corporate value of the Kyuden Group.

Sustainability Promotion Committee



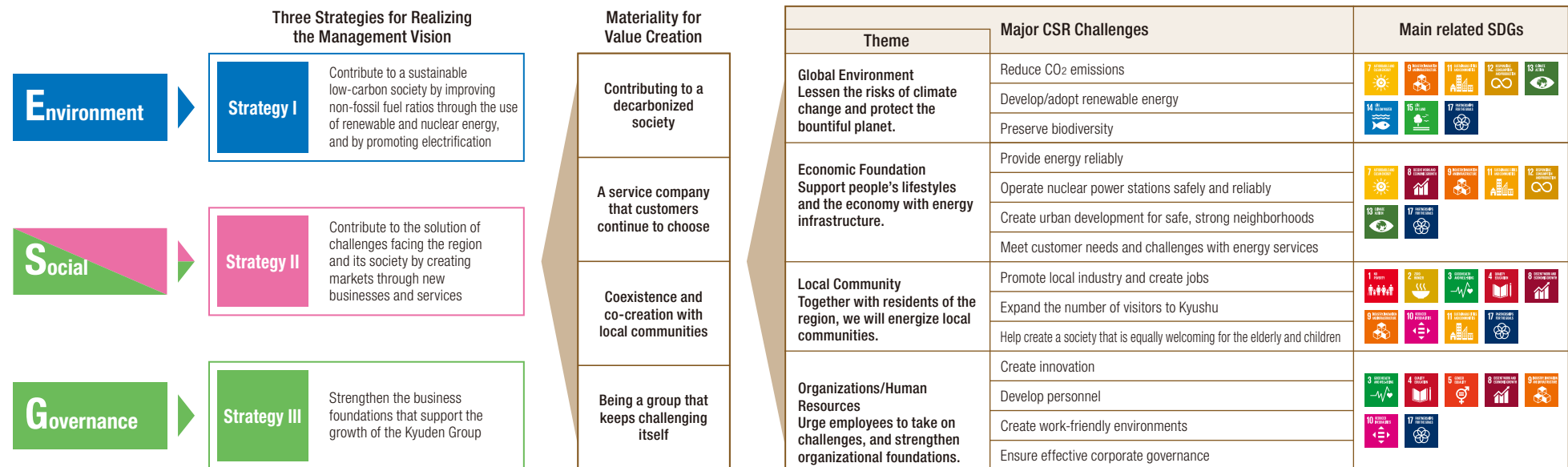
Major Challenges to Address in the Continuous Creation of Value

Recently, with the adoption of the Sustainable Development Goals (SDGs) by the United Nations and the spread of ESG investment, there has been a growing interest in global social issues, and there are growing expectations in individual companies to play a role in resolving these issues.

Based on our recognition of this business environment, the Kyuden Group has identified 14 areas in which stakeholders have particularly high expectations as our major CSR challenges. We are proceeding forward with proactive initiatives to resolve these issues. (For more information on the major CSR challenges, see "ESG Data Book 2021," p. 3.)

It bears adding here that the Group's management strategies and ESG (environmental, social and governance) initiatives are inseparable, and Strategies I, II and III of Kyuden Group Management Vision 2030 are each linked to E, S and G.

Based on our major CSR challenges, we have identified the issues that will help us close the gap between our current situation and the goals set out in the Management Vision 2030 and Carbon Neutral Vision 2050. These major challenges that we address as we move toward value creation in medium- to long-term growth for the Kyuden Group have been identified as *materiality*. The major challenges identified as materiality will be reviewed in light of social trends and changes in the business environment, and will be addressed to contribute to a sustainable society and the continuous enhancement of the Kyuden Group's corporate value.



Environment

Initiatives Based on the TCFD Recommendations

The Kyuden Group considers climate change to be a major challenge for management, and will fulfill its accountability to stakeholders by utilizing the TCFD recommendations in analyzing risks and opportunities, and by enhancing information disclosure in line with the framework of the recommendations.



TCFD: Task Force on Climate-related Financial Disclosures
This task force was established by the Financial Stability Board (FSB) at the request of the G20 Finance Ministers and Central Bank Governors Meeting. In June 2017, TCFD issued a set of recommendations to encourage the disclosure of information related to the financial impacts of climate-related risks and opportunities, to aid investors in making appropriate investment decisions.

1. Governance and Risk Management

Response System for Climate Change (risk and opportunity assessment and management process)

To promote carbon neutrality and other ESG-related initiatives, in July 2021 we set up the Sustainability Promotion Committee, which is chaired by the president.

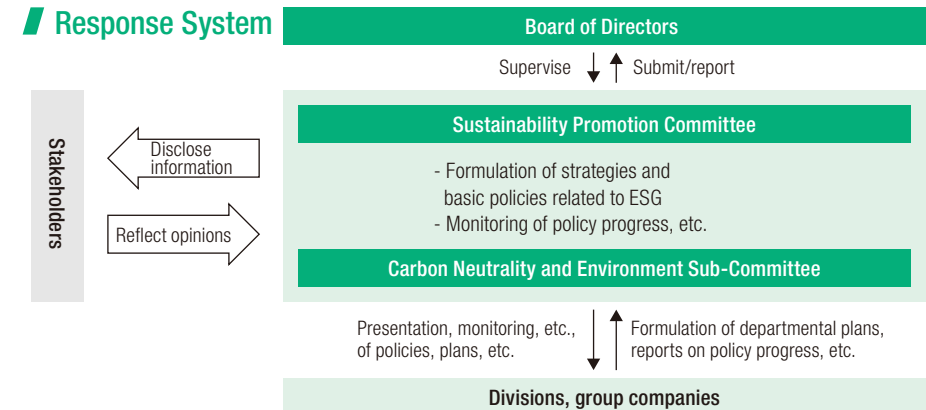
In addition to the formulation of strategies and basic policies related to ESG (identification of major challenges), discussions on specific measures, and management of policy progress, the Committee is also tasked with discussing and supervising strategies and risks related to climate change. The Committee meets more than twice yearly, and the results of their discussions are reported without delay to the Board of Directors. The Board of Directors supervises all activities related to ESG.

Underneath the Sustainability Promotion Committee is the Carbon Neutrality and Environment Sub-Committee. From a more specialized standpoint, this Sub-Committee discusses all matters related to environmental issues, including carbon neutrality.

Through platforms such as these, we have been able to improve and reinforce our assessment and management of climate change risks and opportunities, and we will look to link this to the sustainable growth and enhanced corporate value of the Kyuden Group.

The Kyuden Group Carbon Neutral Vision 2050 (announced in April 2021) was prepared through discussions with directors, including those from outside the Group.

Response System



Sustainability Promotion Committee

Structure	Frequency
Chairperson: President	Twice yearly in principle, and additionally as necessary
Vice-chairperson: Director in charge of ESG	
Committee members: External directors, executive directors of relevant divisions, etc.	

Carbon Neutrality and Environment Sub-Committee

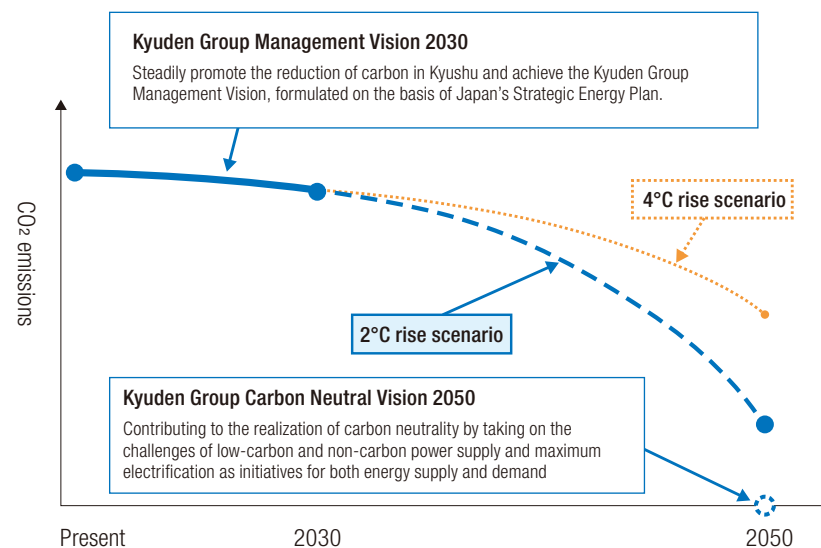
Structure	Frequency
Chairperson: Director in charge of ESG	Twice yearly in principle, and additionally as necessary
Vice-chairperson: Executive Director of Corporate Strategy	
Department and Executive Director of the District Symbiosis Division	
Committee members: Directors of relevant divisions, etc.	

2. Strategy (risks/opportunities and countermeasures)—Climate Change Countermeasures Based on Scenario Analysis—

(1) Assumptions behind consideration

Target periods	2030 and 2050
Envisioned scenarios	2°C rise scenario (International Energy Agency (IEA) WEO2020 “Sustainable Development Scenario,” 5th Strategic Energy Plan, etc.)
	4°C rise scenario (Intergovernmental Panel on Climate Change (IPCC): 5th Assessment Report (RCP8.5 scenario))

Scenario analysis is being reviewed in light of the IPCC's 6th Assessment Report and discussions on the next Strategic Energy Plan.



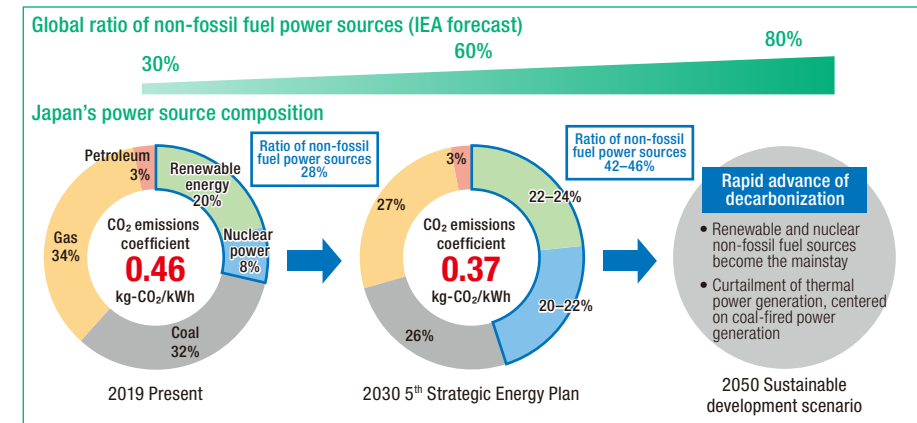
(2) Factors affecting forecasts and the electricity business

Supply Side 2°C rise scenario

- According to forecasts by IEA, non-fossil fuel power sources will increase significantly around the world, with the ratio of non-fossil fuel power sources expected to reach 80% by 2050.
- Japan aims for carbon reduction by achieving the power source composition (energy mix) for 2030 indicated in the country's 5th Strategic Energy Plan and expects the rapid advance of decarbonization of power sources after 2030.

*IEA WEO (World Energy Outlook) 2020

Prediction Model: Changes in electrical power source composition



Major factors affecting the electricity business

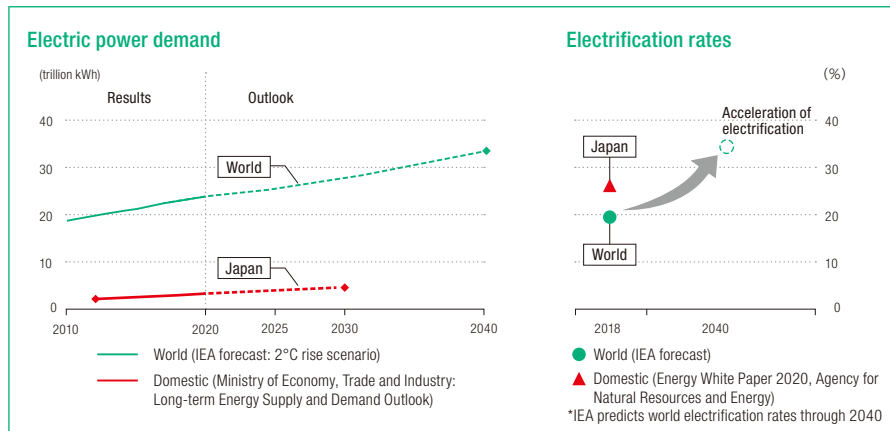
- Growing demands for strengthened global warming regulations aimed at decarbonization (fading out of inefficient coal-fired power generation, etc.)
- Increased value of non-fossil fuel power sources, heightened need for large-scale adoption of renewable energy, decreased acceptance of fossil fuel use
- Low assessment of CO₂-emitting businesses from investors
- Heightened need for carbon reduction/decarbonization technology, and progress in practical application of technology
- Expanding investment in decarbonization technologies in line with the ambitious investment targets set by the government, such as those of the Green Growth Strategy

Demand Side 2°C rise scenario

- According to forecasts by IEA*¹, global electrical power demand will continue to grow steadily even after 2030, and electrification rate growth will accelerate.
- Japan's 5th Strategic Energy Plan and other sources predict that with the progress in energy conservation by 2030, electric power demand in Japan will increase gradually and the demand structure is expected to change due to digitalization development such as IoT/AI and VPP*².

*1 IEA WEO (World Energy Outlook) 2020

*2 Virtual power plants

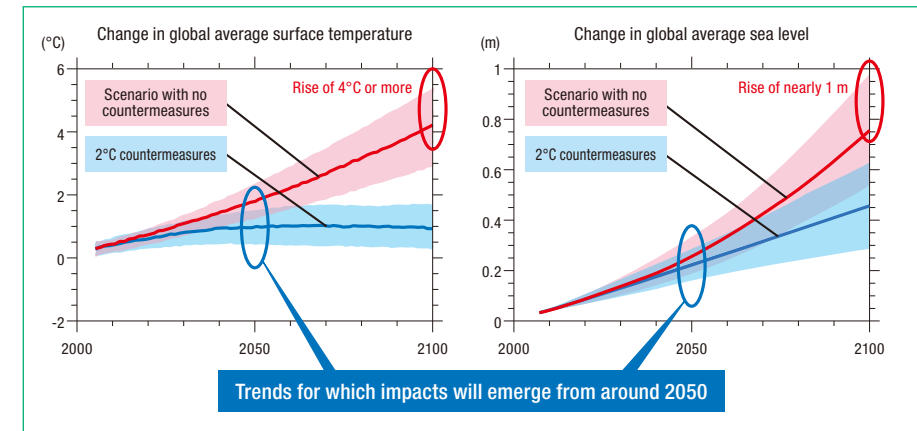
Prediction Model: Electrical power demand and electrification rate**Major factors affecting the electricity business**

- Expansion of electrification in all sectors (household, commercial, industrial, transportation, etc.) due to factors such as increased social awareness of the environment and government regulations and policy guidance
- Further expansion of decentralized energy systems
- Progress in energy conservation

Climate Disasters 4°C rise scenario

- According to IPCC predictions*³, without the enforcement of global warming countermeasures, the global average surface temperature is predicted to rise by 4°C or more and the average sea level by nearly one meter by 2100. There is concern that intensifying weather disasters and other physical risks will emerge, particularly after 2050.

*3 IPCC 5th Assessment Report

Future Prediction Model: IPCC (prediction of global average surface temperature rise and average sea level rise)**Major factors affecting the electricity business**

- Torrential rains/flooding, increase in storms, intensification and prolongation of high temperatures/heat waves
- Increased damage to customers' facilities and electric power supply facilities
- Inoperability of resource development areas
- Increasing need for disaster prevention and mitigation

(3) Risks/opportunities and countermeasures

Analysis of risks and opportunities

Impacting Factors		Risks and Opportunities		Impact level
2°C case	Supply side	(A) Policy measures/regulation	Increased costs and investments associated with strengthening of greenhouse gas emission regulations	Transition risks Minor to medium
		(B) Technology	- Decreased grid stability associated with large-scale introduction of renewable energy/distributed power sources - Technical adaptation to increasing distributed power sources	Transition risks Minor to medium
		(C) Market	- Loss of customers and withdrawal of investment associated with decreased acceptance of fossil fuel power generation - Decrease in electricity sales due to the expansion of decentralized energy systems	Transition risks Minor to medium
		(D) Determination	Deterioration of corporate image due to passive stance on climate change initiatives	Transition risks Minor to medium
		(E) Products/services	- Progress in electrification in all sectors associated with government support policies - Proliferation of new energy services utilizing digital technologies	Opportunities Major
		(F) Energy sources/resource efficiency	- Expansion of opportunities to develop and adopt zero-emission power sources in association with government support policies - Advances in low-carbon and decarbonization and expansion of opportunities for profit through the practical application of innovative technologies such as decarbonization technologies, storage batteries, and next-generation energy - Emergence of various businesses related to the value chain of hydrogen, ammonia, etc.	Opportunities Major
4°C case	Demand side	(G) Products/services	- Meet ever-diversifying customer needs and increasing demand for carbon-free electricity - Expansion of demand for low-carbon and decarbonization technologies in emerging countries, etc.	Opportunities Major
		(H) Climate disasters	- Increased facility damage associated with increasing and intensifying climate disasters Acute risk - Increasing difficulty of fuel procurement associated with inoperability of resource development areas Acute risk - Decrease in hydroelectric power generation due to changes in precipitation (droughts) Chronic risk	Physical risks Major
		(I) Resilience and toughness	- Improved evaluation of business operators with regard to climate change response - Increasing need for disaster prevention and mitigation	Opportunities Minor

Consideration of measures based on analysis results

Direction of measures based on analysis results

(1) Make renewable energy a mainstream power source —Renewable energy + energy storage— (B • D • F • G)	- Promote the development of biomass and offshore wind power in addition to geothermal and wind power, power sources that are our strengths - Develop an aggregation business using integrated technologies for decentralized energy solutions, including FIT-expired power sources, storage batteries, and EVs
(2) Maximize the utilization of nuclear energy —Nuclear energy— (A • C • F)	- Through means such as improving the utilization rate of existing reactors, maximize the utilization of nuclear energy for which safety is the highest priority - Consider next-generation reactors with superior safety features
(3) Net zero CO ₂ emissions from thermal power —Thermal power + new technologies, etc.— (A • C • D • F • G)	- Manufacture and co-fire (exclusively use) hydrogen and ammonia by utilizing surplus electricity from renewable energy sources - Realize net zero CO₂ emissions from thermal power plants through technologies such as CCUS
(4) Transition to next-generation power transmission and distribution networks —Systems— (B • F)	- Wide-area operation of power transmission and distribution networks, including the development and reinforcement of interconnection lines and transmission systems, based on the national government's master plan - Upgrade supply and demand operation and grid stabilization technologies through the use of digital technology
(5) Maximum electrification (E • G)	Household: All electrification Commercial: Electrification of HVAC systems, kitchen equipment, etc. Industrial: Electrification of heat demand in a wide range of temperatures Transportation: EV sharing and expansion of charging infrastructure
(6) Co-creation of a zero-carbon society with local communities: —Community energy— (C • E • F)	- Contribute to the construction of regional energy systems that combine grid power, local and urban renewable energy, and energy storage sites - Improvement of carbon neutrality and energy resilience
(7) Disaster countermeasures and systems (H • I)	- Consider countermeasures based on the national government's response policy - Improvement of response capability

Realization of sustainability
Formulation of a roadmap
P24

[Reference 1] Total amount of investment for reduced carbon/decarbonization in power sources

Total investment over the past five years (FY2016-2020)

Approx. 800 billion yen

(about 150 billion yen of which is related to renewable energy)

Total investment over the next five years (FY2021-2025)

Approx. 500 billion yen

(about 250 billion yen of which is related to renewable energy)

[Reference 2] Financial impact of climate-related risks and opportunities

Annual financial impact of the stable operation of nuclear power stations*¹

Approx. 30 billion yen/reactor

Sales of non-fossil fuel energy certificates due to the stable operation of non-fossil power sources

Approx. 6-13 billion yen if 10 billion kWh are sold

Disaster recovery costs

Approx. 6 billion yen

(actual results for FY2020)

*¹ Simulation based on outcomes such as fuel cost reduction effects, etc.

TOPICS

IEA warns that rapid reduction in nuclear power use will jeopardize energy security and the achievement of global warming prevention goals

In a report*² published by the IEA, there is a warning that a rapid reduction of nuclear power generation capacity in developed countries will lead to increased CO₂ emissions. The report also states that the continued use of nuclear power will have the effect of increasing energy security and maintaining low electricity prices, and therefore recommends that existing nuclear power plants be operated for as long as they are safe.

*² "Nuclear Power in a Clean Energy System" (May 2019)
(Source: Federation of Electric Power Companies of Japan website)

3. Indicators and Targets—Setting Climate-related Targets—

In Japan's 5th Strategic Energy Plan, nuclear power that is based on the premise of ensuring safety is positioned as an important base-load power source that contributes to the stability of the energy supply and demand structure over the long term. Also, renewable energy is positioned as an important low-carbon domestic energy source that should be utilized with a view to reducing the environmental burden over the long term. With the premise that there is an optimal energy mix based on the roles of each power source, the mid-term targets (2030) and long-term targets (2050) have been set as follows. These are set as climate change related targets based on the TCFD recommendations.

(1) CO₂ reduction

Mid-term target (2030)
Contribute to a 70% reduction of Kyushu's CO₂ reduction requirements
 —Be Japan's top runner in terms of zero-emissions and FIT power supply ratio—

Japan's mid-term target (2030), which is based on the current 5th Strategic Energy Plan, is to achieve a –26%* reduction from the 2013 level. For Kyushu, this translates to a reduction in the amount of CO₂ emissions of approximately 38 million tons by 2030. The Kyuden Group will contribute to the reduction of 26 million tons, or 70% of this amount.

*With work underway in Japan for the formulation of the next Strategic Energy Plan (2030) that sets a –46% reduction from the 2013 level, revision of the target is currently under review.

(Reference) Reduction results to date

Kyushu Electric Power's ratio of zero-emissions and FIT power sources makes us the top runner in Japan. As a result, the amount of CO₂ emissions reduced in FY2019 was 26.4 million tons, a decrease of approximately 50% from the FY2013 level and thus exceeding the national government's new 2030 greenhouse gas reduction target of 46%.

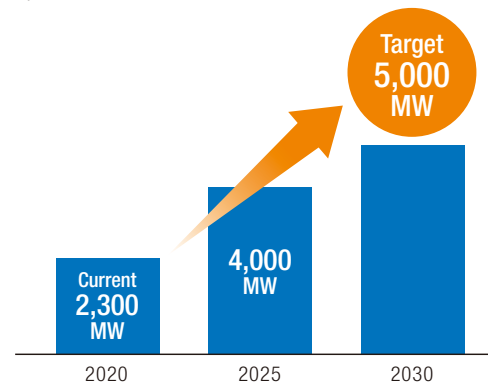
The vision for long-term goals (2050)
Contribute to the realization of carbon neutrality P22
 —Meet the challenges of a transition to low- and no-carbon power supply and the promotion of electrification—

We will continue to take on the challenge of transitioning to low- and no-carbon power sources and promoting electrification as the two pillars of our initiatives for both energy supply and demand.

(2) Renewable energy development

Mid-term target (2030)
Amount of renewable energy development in Japan and overseas: 5,000 MW
 —A renewable energy development target among the highest domestically—

In addition to the development of geothermal and hydroelectric power, which are the strengths of the Kyuden Group, Kyuden Mirai Energy Co., Inc. will play a central role in promoting the development of biomass and offshore wind power, which have great potential for introduction.



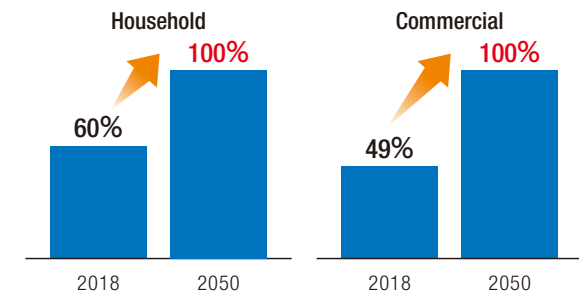
(Reference) Status of current initiatives

As the Kyuden Group owns about 40% of all geothermal power generation, we are promoting the development of geothermal power, as well as hydroelectric power, biomass, and other technologies. We are also actively engaged in the development of offshore wind power. P35–36

(3) Electrification rate

Long-term goal (2050)
Contribute to the realization of a 100% electrification rate in the residential and commercial sectors:
 —Taking on the challenge of maximizing electrification, especially in the Kyushu area where there is great potential—

We will contribute to the realization of 100% electrification rate by 2050 through means such as promoting all-electrification in the household sector, electrification of air conditioning and hot water supply facilities in the commercial sector by proposing equipment such as high-efficiency heat pump systems, and upgrading the electricity rate menus that we offer.



(Reference) Status of current initiatives

We are working on the electrification of industrial, commercial, and residential applications in order to make more customers aware of the benefits and value of electricity that is both environmentally friendly and convenient.

We are also working toward making 100% of our company vehicles EVs, as well as offering EV sharing services for general customers.

P34, P54

Environmental Management

The Kyuden Group, as a corporate group whose operations impact the environment, has a sincere commitment to caring for the environment.

That is why environmental preservation is a key business focus and why environmental management is promoted across all of our operations, ensuring that the growth of our business does not come at the expense of the environment. And, in order to concretely express our attitude toward, and guiding principles for, environmental action, we have established the Kyuden Group Environmental Charter.

Kyuden Group Environmental Charter

—A Commitment to Environmentally-Friendly Corporate Activity—

The Kyuden Group develops globally-focused initiatives geared towards protecting the earth's environment and cultivating harmonious local coexistence in order to achieve a more sustainable society.

1. We seek appropriate responses to global environmental challenges and to make effective use of resources so that our business activities will contribute to a better future.
2. We strive for harmonious coexistence with society by engaging in activities which will enrich local environments.
3. We work to raise environmental awareness and to become a corporate group that earns the trust of its customers.
4. We are proactive about disclosing environmental information and facilitating communication with the community.

Revised June 2018

Environmental Action Policies

Based on the Kyuden Group Environmental Charter, our basic policy for the medium-to-long term is aimed at steadily implementing environmental management to balance business operations and environmental preservation, and is made up of five basic pillars: initiatives to address global environmental issues, initiatives to establish a recycling society, local environment preservation, collaborating with communities, and promoting environmental management. In accordance with this policy, we will contribute to the realization of a sustainable society through our environmental activities, while always taking biodiversity into account.

Environmental Action Plan

Based on the Kyuden Group Environmental Charter, each fiscal year we formulate a Kyuden Group Environmental Action Plan to ensure steady promotion of environmental management. The Kyuden Group Environmental Action Plan comprises our Environmental Action Policies, Environmental Targets, and specific action plans. We also identify priority issues, and in addition to incorporating them into the medium-term management plans of each division, we set and announce targets for each fiscal year, as well as the medium to long term.

Further, through analysis, assessment, and reviews of our environmental activities based on the PDCA cycle, we are working to improve and enhance our environmental initiatives.

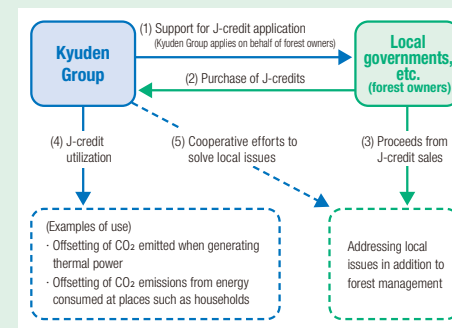
TOPICS Project to create and utilize J-credits through the utilization of forest resources

As one of the specific actions of Kyuden Group Carbon Neutral Vision 2050, we are engaged in the J-credit* Creation and Utilization Project that Utilizes Forest Resources. **P22-25**

This project supports the creation of J-credits from forests owned by local governments, etc., and uses the resultant J-credits to offset carbon emissions from thermal power generation and other sources for which the achievement of zero CO₂ emissions is difficult. In addition, we will also draw on the technology that has been cultivated through over a century of forest management of the Kyuden Group (Kyushu Rinsan Corporation and others) to propose comprehensive solutions to address various issues in forest management, such as forest resource visualization services using information and communication technology.

Based on a comprehensive partnership agreement entered into between Hisayama Town, Fukuoka Prefecture, Kyushu Electric Power, and Kyushu University Urban Institute, we are piloting this project in a town-owned forest in Hisayama Town to confirm its feasibility and effectiveness. Based on the results of the piloted project in Hisayama Town, we will finalize the method of this project and expand it to other areas, and also consider the establishment of carbon offset methods other than those derived from forests.

*A scheme in which the national government awards credits by (1) certifying the amount of CO₂ emission reduction through the introduction of energy-saving equipment and the use of renewable energy and (2) the amount of CO₂ absorption increase achieved through proper forest management.



Project outline (conceptual image)



Field survey in Hisayama Town
(town-owned forest)

Development of Zero-emission Activities for Waste Materials

Based on the Kyuden Group Environmental Charter, the Kyuden Group has been engaged in zero waste emission activities since 2001 to promote the 3Rs (reduce, reuse, recycle) as well as the proper management and disposal of waste to create a recycling-oriented society.

We are also working to promote green procurement and to steadily complete the disposal of polychlorinated biphenyl (PCB) waste within the legal deadline.

Proper Management and Disposal of Waste (industrial waste)

Industrial waste generated by the Kyuden Group includes byproducts of thermal power generation (coal ash and gypsum) and debris such as the materials that are removed in the process of construction work. In addition to ensuring appropriate management and disposal of this industrial waste, we also practice the 3Rs: reduce, reuse, and recycle.

Efforts to Reduce Waste

At power plants operated by Kyushu Electric Power, we undertake careful maintenance and risk management of power generation facilities. Through the formulation and implementation of appropriate construction plans in line with the above, we are working to reduce the amount of waste we generate.

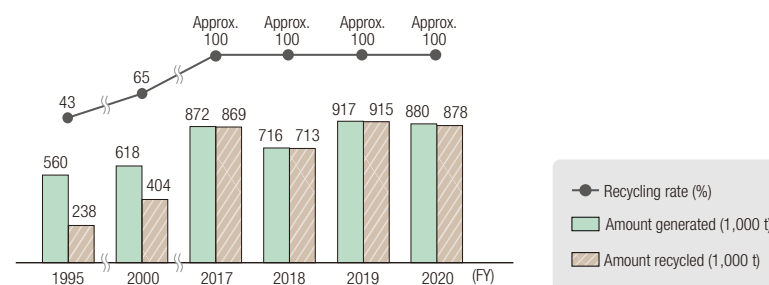
Efforts to Reuse Waste

For power equipment and materials that are removed during power distribution work, Kyushu Transmission and Distribution assesses whether their performance and quality meets the requirements for reuse. Equipment and materials that meet the requirements are then reused.

Efforts to Recycle Waste

In FY2020, the Kyuden Group recycled nearly all of the 880,000 tons of industrial waste we generated. As a result of its unique properties, all coal ash—which accounts for the majority of this industrial waste—is effectively used as a raw material in the creation of cement.

Amount of industrial waste generated and recycling rates



Green Procurement

At the Kyuden Group, in FY2002 we introduced a Green Procurement System that aims to ensure we only purchase environmentally friendly products and materials. And so, through collaboration with our clients, we are making every effort to procure environmentally friendly products and materials.

Appropriate Management of Polychlorinated Biphenyls (PCBs)

For the electronic equipment we own that use a high concentration of PCBs, we undertake scheduled detoxification treatment at Japan Environmental Storage & Safety Corporation's PCB waste treatment facilities.

Further, for electronic equipment that uses only a small amount of PCB pollutant, we undertake scheduled detoxification treatment at certified disposal companies.

Until its disposal, PCB waste is strictly stored and managed in line with the Waste Management and Public Cleansing Law and others.

Amount of toxic waste (PCB waste) treated

Unit: tons

	FY2017	FY2018	FY2019	FY2020
High concentration	2.9	0.9	0.5	0.01
Low concentration	422.0	399.9	570.4	237.9
Total	424.9	400.8	570.9	237.9

Water Resources

Water resources are fundamental to the Kyuden Group's business activities. At not only our hydroelectric power plants but also at our thermal power and nuclear power plants, we use large amounts of water as coolants and for other uses. As such, limitations on water supplies due to droughts or other issues are expected to have huge impacts on the Group's businesses.

As a business that uses water resources, we will continue to comply with permitted amounts of water intake based on relevant laws and ordinances, and are working to reduce the amount of water we consume by, for example, recirculating water at our power plants.

Further, each of our worksites and Group companies is engaged in water-saving efforts at their offices to reduce the total amount of water consumed.

Water Risk Assessments

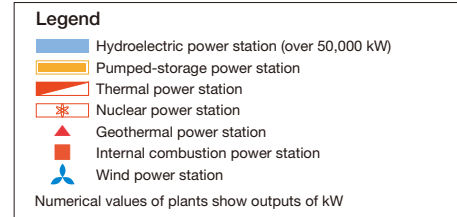
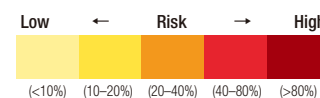
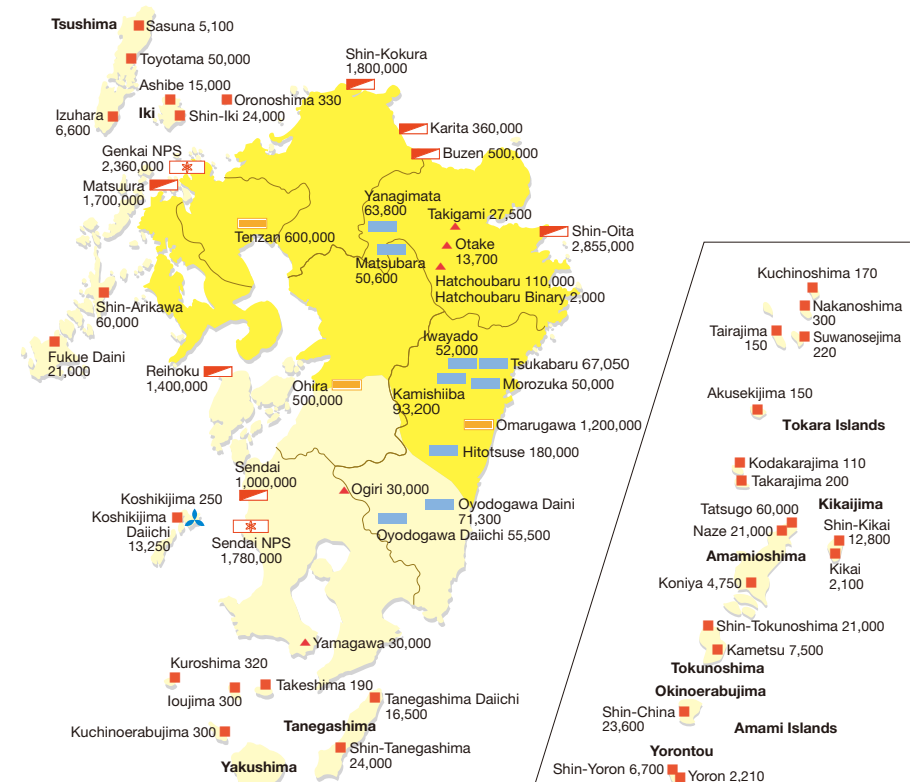
Water resources are essential for the power generation businesses of the Kyuden Group, and as such we conduct the following risk management activities.

In the hydroelectric power generation businesses, we discharge the necessary amount of water to maintain the river environment downstream from the dams and weirs of our hydroelectric power plants. In addition, when drawing water from rivers for our power generation, we ensure strict compliance with permitted amounts of water intake based on relevant laws and ordinances.

Further, when river levels are predicted to rise due to heavy rainfall, we take actions such as discharging water from our dams in advance based on flood control agreements we have concluded with the national government and others to provide maximum cooperation to the extent possible to prevent regional disasters. In our thermal power generation businesses, we are working to reduce water intake volume by collecting and reusing the water required for power generation. Moreover, both our thermal power and nuclear power generation facilities use seawater as indirect cooling water, so we monitor things such as water temperature differences of the intake and discharge water.

We have also determined the current and future level of water stress in regions in which our facilities are located using the WRI Aqueduct (3.0) tool, which verifies water-related risks, the results of which are as follows.

According to the Baseline Water Stress results provided by this tool, in the Kyushu region where the Kyuden Group operates power plants using freshwater and seawater, at most, the water stress level is Low-Medium. As such, it is thought that the frequency of water-related risks is low.



Note 1: Created by the Kyuden Group based on Aqueduct Water Risk Atlas/Baseline/Water Stress (current as of July 31, 2020)
Source: <https://www.wri.org/aqueduct>
Note 2: Kyuden Group facilities shown on the map are current as of March 2021.

Social

Human Resources and Organizational Development

The Kyuden Group is working to create a workplace and organizational climate where each employee can maximize his or her individuality and abilities, and job satisfaction and growth development are tangible factors.

Respect for Human Rights

By conducting training and education aimed at raising awareness and facilitating an accurate understanding of what human rights are, the Kyuden Group is proceeding with Group-wide initiatives by providing consulting services to reduce the risk of human rights violations and detect potential problems at an early stage.

Main initiatives taken to address human rights issues

Stakeholders	Main initiatives
Employees	• Provide consultation services through the Harassment Advice Counter. • Hold seminars for executives and general managers of head office departments on the roles expected of management. • Implement various education and training programs that contribute to raising awareness of and respect for human rights. • Provide to Group companies training materials pertaining to human rights.
Business partners	• Gain an understanding of the status of efforts to address human rights issues through questionnaires to business partners, and share instances of good practices.

Promoting Diversity

In order to strengthen our management base, the Kyuden Group respects the diverse values and individuality of its employees and is promoting various initiatives to create an organization where each employee can play an active role while demonstrating their own strengths and abilities.

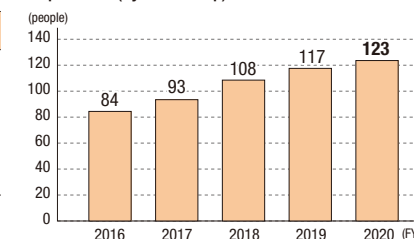
Main initiatives to promote diversity

Subject	Main initiatives
Support for activities regardless of gender	• Provide individual consultation and information to support career development for women • Hold seminars for men and women on how to balance work and home life
Promotion of employment of people with disabilities	• Subtitling business and business-support business at Q-CAP, a special subsidiary • Employment rate of 2.32%, which exceeds the legally mandated minimum employment rate (as of June 2020)
Support the activities of senior employees	• Development of a continuous work environment for reemployment after retirement through the Career Employee Program • Development of a working environment in the form of outsourcing through a career bank program

Targets and track record pertaining to the appointment of females in top management positions (Kyuden Group)

Subject	Target	Results
No. of new female managers appointed	More than three times the percentage during FY2009-2013 (54 employees) (FY2019-2023)	18 employees (FY2019-2020)
No. of females appointed to top management positions in the organization	More than three times the percentage during FY2009-2013 (total of 21 employees) (FY2019-2023)	15 employees (FY2019-2020)

Changes in the number of females in top management positions (Kyuden Group)



Eruboshi and Kurumin certification

We have acquired Eruboshi certification, which is granted by the Minister of Health, Labour and Welfare to companies that have demonstrated excellence in the implementation of measures to promote the advancement of women.



Eruboshi certification mark

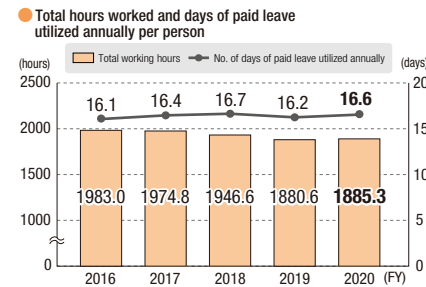
In accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, the Minister of Health, Labour and Welfare has granted us Kurumin certification as a company that meets the required standards.



Kurumin certification mark

Promotion of Work Style Reform

To improve employee productivity, the Kyuden Group is promoting work style reforms by integrating into a single approach work reforms, improvement of work systems and environments, and awareness and management reforms.



Main approaches to work style reform

Work reforms	- Spreading of company-wide rules on how to proceed with work and sharing of best practices - Operational reforms to improve efficiency and productivity
Improvement of work systems and environments	- Development of systems that promote flexible work styles, such as remote work - Putting in place of work systems and platforms for operations (satellite offices, etc.)
Attitude and management reform	- Raising of awareness to increase productivity - Implementation of effective training about management skills

Health and Productivity Management

As our employees are the very foundation of all business operations, the Kyuden Group aims to increase our ambition and vitality through the promotion of health management initiatives so that our vigour revitalizes the organization and achieves lasting corporate development.

In recognition of our efforts such as our support for the health of our employees, in March 2021 the Kyuden Group was certified as an excellent corporation under the Certified Health & Productivity Management Outstanding Organization Recognition Program (White 500) for the fourth consecutive year.



Development of Human Resources

The Kyuden Group has formulated educational policies and plans and implement a variety of education and training programs in order to promote the growth of employees toward the human resource model to which we aspire.

In addition, we have established the Actions Required of Each Individual to Realize the Management Vision (Openness, Speed & Challenge, Learning) and are promoting initiatives to encourage the implementation of these actions, as well as introducing various systems from the perspective of creating an environment where human resources with diverse experience can play an active role.

Initiatives to secure and develop human resources who can contribute to the realization of the management vision

Support for employees who autonomously take on challenges	- In-house recruitment and Job Challenge Program - Human resource bank systems - Introduction of side jobs outside the company and concurrent jobs within the company - Leave of absence for privately funded study abroad, etc.
Onboarding of human resources with diverse experience	- Open recruitment (recruitment of people with experience working outside the company) - Job return recruitment (rehiring of former employees who had changed jobs) - Comeback recruitment (rehiring of employees who retired due to reasons such as childcare or nursing care) - Utilization of human resources outside the company (side jobs and concurrent jobs)

Pursuit of Safety

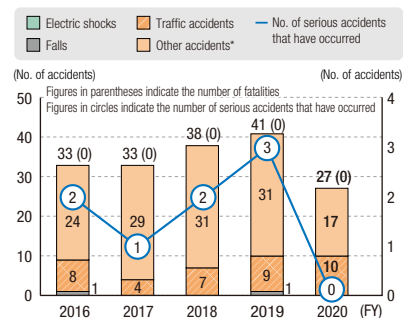
Based on the recognition that safety takes precedence over all else, the Kyuden Group is promoting initiatives related to safety as the foundation of our management, using the Kyuden Group Safety Conduct Charter, which enunciates the basic policy, as the basis for awareness and action.

Promotion of Initiatives to Eliminate All Major Accidents

In order to thoroughly enact safe practices onsite as we work toward the goal of "zero serious accidents," we are promoting proactive serious-accident prevention measures such as risk assessment, implementing measures to prevent the recurrence of accidents by digging deeper into the root causes after the occurrence of the accident, and monitoring the status of implementation of these initiatives. We also provide training on case studies of accidents in safety education and hazard experience training to enhance hazard sensitivity.

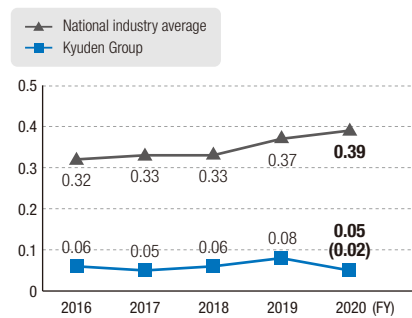
In April 2023, the Kyuden Group Safety Education Center (tentative name) will be newly established to further improve the safety awareness of each and every employee, including those of group companies.

Work-related accidents at the Kyuden Group



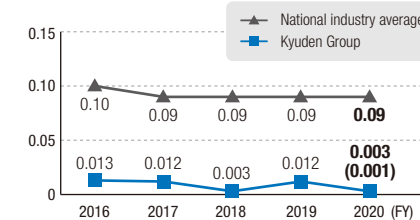
*This category includes falls from failing to check footing and mishandling of tools.

On-the-job accident rate*



*No. of accidents per 200,000 working hours
Note: Figures in parentheses are non-consolidated figures for Kyushu Electric Power.

Labor accident severity* (degree of business impact)



*Days of labor lost due to labor accidents per 1,000 hours worked
Note: Figures in parentheses are non-consolidated figures for Kyushu Electric Power.

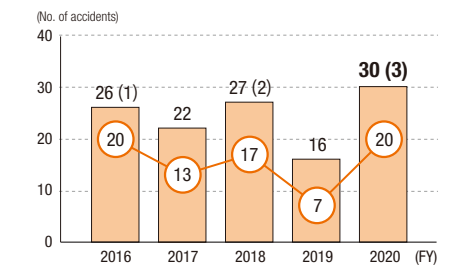
Safety education record (FY2020)

Education subjects		Number of attendees
Statutory training	When hired (new employees)	295
	Foreman	457
	Safety manager	87
	Total	839
Training by level	Safety training for general employees	177
	Safety training for management	308
	Total	485

Promoting Safety Activities with Contractors and Subcontractors

In order to ensure the thorough implementation of safety activities, we are working together with contractors and subcontractors to promote safety activities that focus on the most frequently occurring accidents. Specifically, we are engaged in actions such as sharing case studies through safety roundtables and dialogue activities, and checking the status of safety management at work sites through safety patrols and diagnosis by safety consultants.

Contractor and subcontractor accidents*



*Number of work absences of 4 days or more (including accidents involving fee collection)

Figures in parentheses indicate the number of fatalities
Figures in circles indicate the number of serious accidents that have occurred

Safety Management for Radiation Workers

In order to minimize possible radiation doses for those who work in radioactive environments, we have installed shielding equipment at our nuclear power plants or made changes such as enabling automation or remote operation.

The actual exposure dose received by radiation workers was 0.3 millisieverts on average in FY2020, which is far below the legal dose limit.*

*Annual limit for workers at power stations and other facilities: 100 millisieverts per 5 years and not exceeding 50 millisieverts per year

Solving Local and Social Issues

As a local company in Kyushu, the Kyuden Group believes that the sustainable development of the region is essential, and we are contributing to the co-creation of sustainable communities by working with local residents, local governments, academic research institutions, and local companies to solve the problems the region is facing.

Promotion of Initiatives to Resolve Local Issues

Establishing a model for regional revitalization through collaboration between industry, academia, and government

Kyushu Electric Power (Kyushu EP) has concluded comprehensive cooperation agreements with municipalities, academic research institutes, and other organizations regarding safe and secure community development and vibrant and attractive community development, and is promoting solutions to each region's problems and sustainable community development.

● Status of conclusion of comprehensive cooperation agreements (municipalities)

Period of agreement	Signed by
FY2018	Hisayama Town
FY2019	Kumamoto Pref., Aira City (Kagoshima Pref.), Kasuya Town, Asakura City
FY2020	Ukiha City, Yame City, Yanagawa City, Dazaifu City, Shime Town, Tsushima City (Nagasaki Pref.), Nakagawa City, Kurate Town

*Municipalities not indicated by a prefecture name are located in Fukuoka Prefecture.

Creating innovation

The Kyuden Group is working on the KYUDEN i-PROJECT, a project to promote group-wide innovation and create new businesses and services.

In Kyushu, the very foundation of the Kyuden Group, we aim to change the world by contributing to making the lives of our customers more comfortable and environmentally friendly through our innovative efforts and by creating world-class businesses and services from Kyushu.



Change from Kyushu, through team creation and my efforts

● EV car sharing service exclusively for condominium residents

In Kyushu and the Tokyo metropolitan area, Kyushu EP provides a car-sharing service called "weev," which uses EVs to make available safe, convenient, and reasonable cars for use by condominium residents.



● Aerial photography, inspection and surveying services using drones

Kyushu EP provides Kyuden Drone Service, which uses drones for aerial photography, inspection, surveying, and video editing throughout Kyushu.



● Child monitoring service through the use of IoT

Kyushu Transmission and Distribution has been providing Qottaby, a service for monitoring children, the elderly and other important individuals in people's lives, in Fukuoka City, Kasuya Town and Hisayama Town, and is working to further expand the service area.



Qottaby

Q-Den Nigiwai Startup Project

In July 2019, Kyushu Electric Power (Kyushu EP) launched the Q-den Nigiwai Startup Project, which aims to solve regional issues by building sustainable business models in collaboration with local residents. In cooperation with the Higashisonogi Hitokotomono Public Corporation, in Higashisonogi Town, Nagasaki Prefecture, we have started selling local specialties such as *kujira-monaka* (cookies) and are also working on the development of places where people can interact. We have also started to consider a project in Aijima, Shingu Town, Fukuoka Prefecture. Through this project, we will continue to strive for regional revitalization, promoting local industries and increasing the number of people that interact with one another in the region.



Kujira-monaka, a new specialty product in Higashisonogi Town, Nagasaki Prefecture, where the project started in 2020

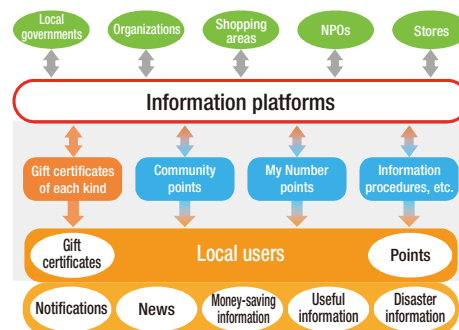


Press conference for initiatives at the new Aijima location (Shingu Town, Fukuoka Prefecture)

Revitalization of Local Communities through the Use of Local Resources

Providing an information platform to digitize premium gift certificates, etc.

The three companies Kyushu EP, Chikuho Bank and SBI Holdings will utilize information platforms to develop businesses that promote regional development and revitalization of local economies, including services to issue and operate electronic gift certificates or region-specific vouchers with premiums.



Electric power infrastructure tourism

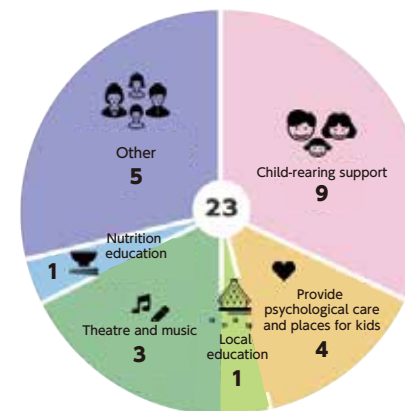
We will promote infrastructure tourism using electric power infrastructure such as dams, power plants, and transmission and distribution facilities, and contribute to the revitalization and publicity of Kyushu by increasing the number of people who interact with one another in the region.



Tour of a dam and power plant in the Mimikawa River basin

Supporting the Development of the Next Generation

Kyushu EP, through the Mirai Foundation that we established, provides supportive services to NPOs and other organizations for activities to foster the healthy development of the next generation of children, who will drive Kyushu's future. The foundation is also committed to the healthy development of the young and the promotion of sports in the Kyushu region through activities such as tag rugby clinics conducted by the Kyushu EP Kyuden Voltex rugby team.



Number of grants received (FY2020)



Tag rugby clinic

Governance

Corporate Governance

At Kyushu Electric Power, we aim to generate sustainable value for all shareholders in keeping with the Kyuden Group's Mission by engaging in operations that are socially meaningful from a long-term perspective. It is a top management priority to strengthen corporate governance to ensure that we do so properly.

Our operating environment is changing rapidly. We believe that strengthened governance and accelerated decision-making are essential if we are to respond to these changes more flexibly and dynamically. To that end, we have adopted an Audit & Supervisory Committee model.

Going forward, we will endeavor to enhance our corporate governance to achieve sustainable growth and enhance medium- to long-term corporate value.

Promotion Framework

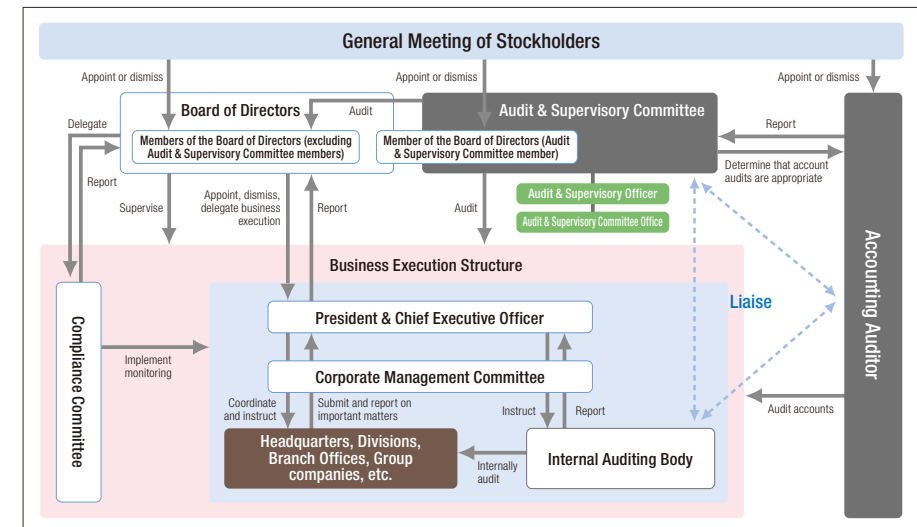
We have established a basic internal control policy to ensure that our organization is equipped for appropriate corporate operation, and are engaged in an ongoing effort to enhance that organization.

- Strengthen oversight functions through the appointment of highly independent external directors, who will comprise at least one third of the Board of Directors
- Improve transparency and objectivity for the nomination of directorial candidates and directors' compensation, by establishing committees that are chaired by external directors and for which more than half the members are external directors
- Ensure efficient operation of the Audit & Supervisory Committee through close coordination with our internal audit structure
- Clarify the role of directors and executive officers in oversight and execution
- Strict compliance
- Enhancement of a consistently neutral internal audit structure (separate, specialized audit structure established for the nuclear power)

With an eye on encouraging debate and improving oversight functions, we have set the composition of the Board of Directors at 19 or fewer members (of whom 5 or fewer are Audit & Supervisory Committee members) in the articles of incorporation.

The composition of the board takes all of our business fields into consideration and includes directors who have come up from among the ranks of the company and who have differing specialisms and careers, and external directors with a wealth of experience and insights on running a business and other specialist fields. We ensure that the member count of the board is appropriate as well as that diversity is well served by nominating individuals who fully meet our standards for independence and by including at least three female directors, among other policies.

Corporate Governance Structure (as of July 2021)



Risk Management

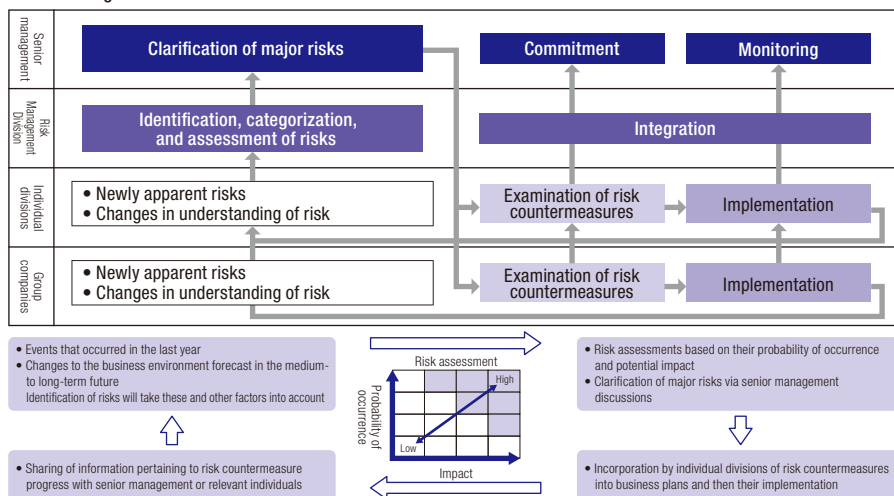
To manage risk, Kyushu Electric Power (Kyushu EP) regularly identifies, categorizes and assesses risks based on its risk management rules, clarifying Company-wide and division-specific threats that could affect Kyuden Group management.

Each division and business office produces contingency plans to appropriately manage clear major risks. With regard to risks that relate to multiple departments and risks for which concerns of manifestation are high, we share information among related departments, clarify response structures and address these risks appropriately.

For nuclear power in particular, we take external expertise and opinions into consideration as we work to identify a broad range of risks, share this information with members of the Board of Directors and executive officers, and address the risks thoroughly and on an ongoing basis.

In addition, to respond rapidly and appropriately to emergencies and disasters, we have established rules, in advance, covering response structures and procedures, and we conduct regular drills.

● Risk Management Processes



● Business Risks Announced by Kyushu EP (as of June 2021)

Main risks that have the potential to affect the Kyuden Group's business performance, financial situation, etc., include, but are not limited to, the following.

Risk	Details	Countermeasures	Related pages This report ESG Data Book
Changes in the competitive environment			
Domestic power business	Impact of temperature rises and economic trends Intensification of competition due to the full deregulation of the retail electricity sector Trends in wholesale electricity transactions	Provide competitive products and services Expand sales in new regions Create demand for electricity in the region	P29–30, 34 P51–52
Other Businesses (Overseas Business, etc.)	Country risks Intensification of competition	Assess potential profitability and risk Establish a risk management framework Optimize our business portfolio	P37
Status of the situation surrounding nuclear power			
Stable operation of nuclear power	Cessation of operations due to new regulatory standards Successful litigation against nuclear power	Respond to new regulatory standards (bolster safety) Implement appropriate countermeasures to such litigation	P32
Atomic Fuel Cycle and Back-end of Nuclear Operations	Uncertainty accompanying extremely long-term projects	Alleviate impact through government measures	P32
Fluctuations in market prices			
Fluctuations in fuel costs	Changing conditions in the international fuel markets and fluctuations in foreign exchange rates Changes in procurement conditions (difficulties meeting demand) Losses due to LNG resale	Diversify procurement sources and ensure we remain flexible Make use of foreign exchange forwards and fuel price swaps Create fuel demand (to reduce the risk of surpluses)	P33 P42
Interest rate fluctuations	Outstanding interest-bearing liabilities	Raise long-term capital with fixed interest	P28
Prices of wholesale electricity transactions	Dramatic price increases due to changes in supply and demand	Optimize our energy source portfolio	P31, 33
Changes in systems related to the power industry			
Strategic Energy Plan Electricity system reform	System change and amendments to the Strategic Energy Plan Development of electricity markets and rules	Gather data on system design and respond appropriately	P29–30
Climate change			
Climate change	Rise in capital investment and expenses due to reviews of regulations aimed at reducing or eliminating carbon-based energy sources Changes in actions by investors concerning ESG Loss in reputation due to insufficient efforts or disclosure	Promote electrification and low- or zero-carbon energy sources Establish an ESG promotion framework Disclose information regarding our efforts to reduce or eliminate carbon-based energy sources (disclose information—including declarations that are in accordance with the Task Force on Climate-related Financial Disclosures (TCFD)—and hold discussions, etc.)	P22–25, 41, 43–47
Facility accidents/failures and system failures			
Natural disasters System difficulties, etc.	Large-scale natural disasters Aging and breakdown of equipment System failure Cyber-attacks	Formulate business continuity plans Cooperate with relevant organizations and local governments Carry out priority inspections and repairs, improve maintenance efforts, etc. Constantly monitor system operations and update systematically Maintain and improve our information security level	P58 P49–51, 53
Operational risks			
Inadequate business (employee accidents, etc.)	Incidents involving static electricity, etc., that results in injury or death Large-scale or long-term blackouts Loss of trust from customers or society Expenses relating to post-incident response	Establish detailed plans in advance and put in place a work task management framework Conduct job training and drills Put in place an in-house safety promotion framework	P53 P33–34, 49–50, 53
Violation of laws and regulations	Legal breaches resulting from insufficient understanding of laws and regulations Violations of compliance policy	Thoroughly implement compliance to laws and regulations Establish a compliance promotion framework	P59 P69–71
Infectious disease outbreaks	Impediments to business continuity Difficulties maintaining supply chains	Formulate business continuity plans	—
Lack of human resources and skills	Inability to secure and train human resources or exodus of existing personnel	Systematically hire human resources Train personnel to cultivate improved human resources Put in place better working environments	P51–52 P37–41

Note: More information on the Kyuden Group's business risks can be found in the FY2020 Securities Report.

Information Security

Information security incidents* resulting from cyber-attacks: 0

*Incidents such as a cessation in electricity supply or leak of large amounts of personal information that have a major impact on society or on the running of the company.

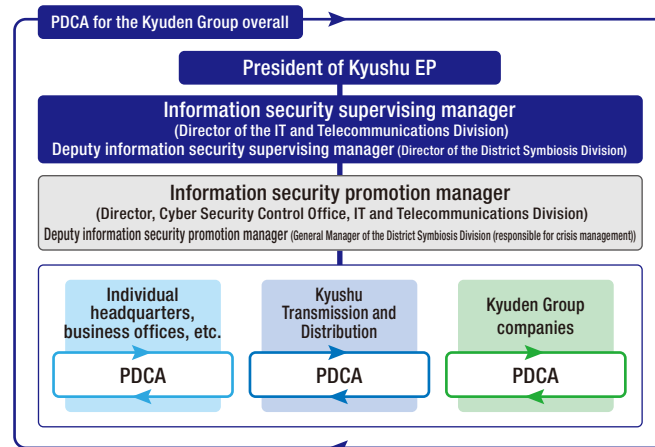
We have set down our fundamental approach to information security and the protection of personal information and we are working to ensure that this approach is cemented among executive officers and employees. We also strive to maintain an appropriate level of information security and to protect personal information.

Promotion Framework

Kyushu Electric Power (Kyushu EP) has created a framework under which the president is ultimately responsible and where the director of the IT and Telecommunications Division acts as information security supervising manager.

The Cyber Security Control Office, which forms part of the framework, is at the heart of the group-wide efforts to promote the security PDCA cycle, and is working to guarantee information security.

Information security promotion structure



Information Security Measures

To ensure that no information security incidents occur, we are implementing multi-faceted initiatives that include organizational, human resource, physical, and technical measures. These efforts have our Cyber Security Control Office at their heart, and involve cooperation between those responsible for information security at each of our sites, including those of group companies.

Organizational measures

Under the framework detailed above, we are promoting the use of the PDCA cycle throughout the entire group, checking on the progress being made by information security efforts at each workplace, and making continuous improvements.

Human resources measures

All employees undergo information security training and drills related to targeted cyber-attacks via email. Through these and other types of training, we are raising awareness and understanding of information security and improving employees' ability to respond.

Physical measures

As well as introducing security gates and electronic locks, we are implementing necessary measures at facilities to control who can enter our buildings and offices.

Technical measures

To prepare for cyber-attacks, which are always becoming more advanced, we are constantly strengthening our security countermeasures, through such means as utilizing antivirus software or introducing security firewalls.

My Number (Personal ID Number) System

In accordance with the goals and requirements of relevant laws and regulations, we make sure to confirm individuals' identities when we are required to confirm their personal ID number. Where its use is no longer necessary, we handle it appropriately, such as by promptly disposing of or deleting the information.

Moreover, when a customer contracts with us for electricity, we do not require them to provide us with their personal ID number.

Preventing Information Leaks or Recurrences

During FY2020, there was one case where many customers' personal information was unfortunately leaked, and this was due to an error in work practices and a lack of confirmation.

We have taken the circumstances that led to this error extremely seriously, and to implement fully measures to prevent a recurrence of a data leak, we carry out surveys regarding the individual facts and investigate and enforce measures so that it cannot happen again. We will do our utmost to manage personal information in a suitable manner.

Compliance

Major compliance breaches*: 0

*Breaches of laws or regulations deemed to have a major impact on society (incl. bribery or other corruption).

We believe the trust of society is the very foundation of our business activities and so we believe that it is vital that business operations are highly transparent, honest and fair. This has led us to work to ensure that every employee is well aware of compliance, and to endeavor to prioritize compliance, including efforts to prevent bribery or other corruption, in our business activities, whatever may happen.

Promotion Framework

At Kyushu Electric Power (Kyushu EP), under the Compliance Committee, which is delegated to and overseen by the Board of Directors, we have set the heads of different organizations as compliance officers who formulate and implement action plans. We have also prepared a framework involving elements such as the establishment of consultation desks both within and outside the company. In these ways, we are promoting compliance, including corruption prevention.

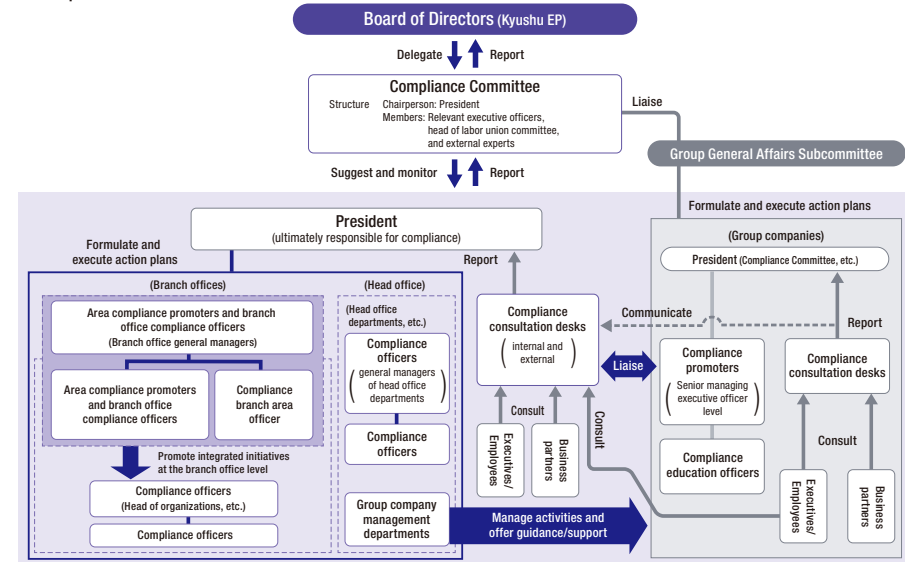
For group companies, we have a Group General Affairs Subcommittee, which includes members from each company. The subcommittee shares information relating to compliance and acts as a forum where members can exchange ideas. As well as promoting a group-wide, unified approach, the subcommittee clearly defines the roles of the management departments that guide and support the group companies, and strengthens the Kyuden Group's compliance promotion framework.

Compliance Committee

We established a Compliance Committee, which is chaired by the president. In addition to periodically making suggestions and monitoring compliance, the committee is able to solicit advice from external experts should a scandal with a major social impact occur.

Compliance Committee suggestions are also shared with group companies to reflect group-wide initiatives.

Compliance Promotion Framework



Compliance Committee Framework

	Roles	Structure
Compliance Committee	Regarding compliance: - Proposes and deliberates policies, measures, etc. - Monitors implementation	Chairperson: President Members: External experts (3) Head of labor union committee Relevant executive officers
	Able to receive suggestions from its external experts should a scandal occur that has a major social impact	Frequency Twice a year, in principle

Major items for deliberation/reporting by the Compliance Committee (FY2020)

- Issues and future initiatives in compliance promotion
- Operational status of the compliance consultation desks



Compliance Committee

Members of the Board of Directors (Kyushu Electric Power) (As of July 1, 2021)



Michiaki Uriu
Member of the Board of Directors, Chairperson

Common stock in the company held 29,200 shares

Overview of career, positions, and responsibilities

1975 Joined Kyushu EP
2009 Member of the Board of Directors, Senior Managing Executive Officer, Director of Thermal Power Division
2011 Member of the Board of Directors, Vice President, Director of Thermal Power Division
2012 Member of the Board of Directors, Vice President
2012 Member of the Board of Directors, President
2018 Member of the Board of Directors, Chairperson (current position)

Important concurrent positions

External Director, Audit & Supervisory Committee Member, The Nishi-Nippon City Bank, Ltd.
External Audit & Supervisory Board Member, Kyushu Railway Company External Director, RKB Mainichi Holdings Corporation



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

Common stock in the company held 22,900 shares

Overview of career, positions, and responsibilities

1981 Joined Kyushu EP
2016 Executive Officer, Deputy Director of Management Strategy Division
2017 Executive Officer, Deputy Director of Corporate Strategy Division
2017 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Corporate Strategy Division
2018 Member of the Board of Directors, President & Chief Executive Officer (current position)

Important concurrent positions

Chairperson, The Federation of Electric Power Companies of Japan



Ichirou Fujii
Member of the Board of Directors, Vice-Presidential Executive Officer

Common stock in the company held 20,790 shares

Overview of career, positions, and responsibilities

1979 Joined Kyushu EP
2016 Managing Executive Officer, Director of Human Resource Vitalization Division
2017 Managing Executive Officer, Director of Business Solution Headquarters, Director of Human Resource Vitalization Division
2018 Member of the Board of Directors, Senior Managing Executive Officer, Director of Business Solution Headquarters, Director of Human Resource Vitalization Division, Matters relating to the President's Office
2020 Member of the Board of Directors, Vice-Presidential Executive Officer, Director of Business Solution Headquarters, Matters relating to CSR
2021 Member of the Board of Directors, Vice-Presidential Executive Officer, Director of Business Solution Headquarters (current position)

Important concurrent positions

External Director, Audit & Supervisory Committee Member, Nishi-Nippon Railroad Co., Ltd.



Makoto Toyoma
Member of the Board of Directors, Vice-Presidential Executive Officer

Common stock in the company held 17,778 shares

Overview of career, positions, and responsibilities

1981 Joined Kyushu EP
2016 Executive Officer, General Manager of Fukuoka Branch Office
2018 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Corporate Strategy Division
2020 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Corporate Strategy Division, Matters relating to Internal Audit Office
2020 Member of the Board of Directors, Vice-Presidential Executive Officer, Executive Director of Corporate Strategy Department
2021 Member of the Board of Directors, Vice-Presidential Executive Officer, Crisis Management Officer, Matters relating to ESG (current position)

Important concurrent positions

External Director, Nippon Tungsten Co., Ltd.



Naoyuki Toyoshima
Member of the Board of Directors, Senior Managing Executive Officer

Common stock in the company held 18,749 shares

Overview of career, positions, and responsibilities

1982 Joined Kyushu EP
2015 Executive Officer, General Manager of Miyazaki Branch Office
2017 Managing Executive Officer, Deputy Director of Nuclear Power Division
2018 Member of the Board of Directors, Senior Managing Executive Officer, Director of Nuclear Power Division (current position)



Yoshio Ogura
Member of the Board of Directors, Senior Managing Executive Officer

Common stock in the company held 21,233 shares

Overview of career, positions, and responsibilities

1979 Joined Kyushu EP
2016 Managing Executive Officer, Director of Business Promotion Division
2017 Managing Executive Officer, Director of Planning and Balance Optimization Division of Energy Service Headquarters
2019 Senior Managing Executive Officer, Matters relating to International Business Office
2020 Member of the Board of Directors, Senior Managing Executive Officer, Matters relating to International Business Office (current position)



Yasuji Akiyama
Member of the Board of Directors, Senior Managing Executive Officer

Common stock in the company held 13,214 shares

Overview of career, positions, and responsibilities

1979 Joined Kyushu EP
2014 President of Kyuden Ecosol Co., Ltd. (now Kyuden Mirai Energy Company, Incorporated)
2014 Trustee, seconded to Kyuden Ecosol Co., Ltd.
2018 Executive Officer, seconded to Kyuden Mirai Energy Company, Incorporated
2019 Retired as President of Kyuden Mirai Energy Company, Incorporated
2019 Senior Managing Executive Officer, Deputy Executive Director of Energy Service Headquarters, Director of Planning and Balance Optimization Division
2020 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Energy Service Headquarters (current position)



Junichi Fujimoto
Member of the Board of Directors, Senior Managing Executive Officer

Common stock in the company held 16,273 shares

Overview of career, positions, and responsibilities

1980 Joined Kyushu EP
2014 Executive Officer, General Manager of Kumamoto Branch Office
2017 Managing Executive Officer, Deputy Director of Nuclear Power Division and Deputy Director of Siting Affairs & Communication Division
2018 Managing Executive Officer, Director of Siting Affairs & Communication Division
2019 Senior Managing Executive Officer, Director of Siting Affairs & Communication Division
2021 Member of the Board of Directors, Senior Managing Executive Officer, Director of Siting Affairs & Communication Division (current position)



Yoshifumi Kuriyama
Member of the Board of Directors, Senior Managing Executive Officer

Common stock in the company held 11,083 shares

Overview of career, positions, and responsibilities

1981 Joined Kyushu EP
2016 Executive Officer, General Manager of Oita Branch Office
2018 Managing Executive Officer, Deputy Director of Marketing Division, Energy Service Headquarters
2019 Managing Executive Officer, Deputy Director of Marketing Division, Energy Service Headquarters
2020 Senior Managing Executive Officer, Deputy Executive Director of Energy Service Headquarters, Director of Marketing Division
2021 Member of the Board of Directors, Senior Managing Executive Officer, Deputy Executive Director of Energy Service Headquarters, Director of Marketing Division (current position)

Note 1: Common stock held correct as of March 31, 2021.
Note 2: Kyushu Electric Power is abbreviated as Kyushu EP.



Sakie Tachibana
Fukushima

**Member of the
Board of Directors
(External)**

Common stock in the company held 900 shares

Overview of career, positions, and responsibilities

1980 Joined Blackstone International, Ltd.
1984 Left Blackstone International, Ltd.
1987 Joined Bain & Company, Inc.
1990 Left Bain & Company, Inc.
1991 Joined Korn Ferry International-Japan (Now Korn Ferry Japan)
1995 Member of the Board of Directors, Korn Ferry International U.S. Headquarters
2000 President, Korn Ferry International-Japan
2001 President and Representative Director, Korn Ferry International-Japan
2007 Retired as Member of the Board of Directors, Korn Ferry International U.S. Headquarters
2009 Chairperson and Representative Director, Korn Ferry International-Japan
2010 Retired as Chairperson and Representative Director
2010 President and Representative Director, G&S Global Advisors, Inc. (current position)
2011 Vice Chairperson, Japan Association of Corporate Executives (through 2015)
2016 Member of the Board of Directors, Ushio, Inc. (part-time, current position)
2019 Member of the Board of Directors, Konica Minolta, Inc. (part-time, current position)
2020 Member of the Board of Directors, Kyushu EP (current position)

Important concurrent positions

President and Representative Director, G&S Global Advisors, Inc.,
External Director, Ushio, Inc.,
External Director, Konica Minolta, Inc.



Junji Tsuda
**Member of the
Board of Directors
(External)**

Common stock in the company held None

Overview of career, positions, and responsibilities

1976 Joined Yaskawa Electric Mfg. Co. Ltd. (now Yaskawa Electric Corporation)
1998 Vice President of Yaskawa America, Inc.
2003 Retired as Vice President of Yaskawa America, Inc.
2005 Member of the Board of Directors, Yaskawa Electric Corporation
2009 Managing Director of the Board of Yaskawa Electric Corporation
2010 President (Representative Director) of Yaskawa Electric Corporation
2013 Representative Director, Chairman of the Board, President of Yaskawa Electric Corporation
2016 Representative Director, Chairman of the Board (current position) of Yaskawa Electric Corporation
2017 Chairman, board of directors, the University of Kitakyushu (current position)
2018 Outside Director of TOTO Ltd. (current position)
2021 Member of the Board of Directors, Kyushu EP (current position)

Important concurrent positions

Representative Director and Chairman of the Board of Yaskawa Electric Corporation
Chairman, board of directors, the University of Kitakyushu
Outside Director of TOTO Ltd.



Yasuaki Endo
**Member of the
Board of Directors,
Audit & Supervisory
Committee Member**

Common stock in the company held 12,169 shares

Overview of career, positions, and responsibilities

1980 Joined Kyushu EP
2015 Executive Officer, General Manager of Saga Branch Office
2018 Managing Executive Officer, Director of District Symbiosis Division, Business Solution Headquarters
2019 Senior Managing Executive Officer, Director of District Symbiosis Division, Business Solution Headquarters
2021 Audit & Supervisory Committee Member (current position)



Kazutaka Koga
**Member of the
Board of Directors,
Audit & Supervisory
Committee Member
(External)**

Common stock in the company held 6,400 shares

Overview of career, positions, and responsibilities

1986 Registered as attorney (to present)
1989 Established Kazutaka Koga Law Office (Now Koga Hanashima Kuwano Law Office)(to present)
2007 Auditor (part-time), MaxValue Kyushu Co., Ltd.*
2012 Vice President, Kyushu Federation of Bar Associations (through 2013)
2012 Chairperson, Fukuoka Bar Association(through 2013)
2014 Vice President, Japan Federation of Bar Associations (through 2015)
2016 Audit & Supervisory Board Member, Kyushu EP
2018 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)
2020 Auditor, AEON KYUSHU Co., Ltd.* (part-time, current position)

Important concurrent positions

Attorney at Law (Koga Hanashima Kuwano Law Office)
External Auditor, AEON KYUSHU Co., Ltd.

*MaxValu Kyushu and AEON KYUSHU were merged on September 1, 2020.



Kazuko Fujita
**Member of the
Board of Directors,
Audit & Supervisory
Committee Member
(External)**

Common stock in the company held 700 shares

Overview of career, positions, and responsibilities

1971 Joined Chuo Accounting Office (Auditing Corporation, subsequently Misuzu Audit Corporation)
1975 Registered Certified Public Accountant (to present)
1983 Member, Chuo Accounting Office
1989 Representative Member, Chuo Shinko Audit Corporation (Subsequently Misuzu Audit Corporation)
2007 Left Misuzu Audit Corporation
2007 Partner, Tohmatsu Auditing (now Deloitte Touche Tohmatsu LLC)
2009 Retired as Partner
2009 Established Fujita Certified Public Accountants (to present)
2010 Registered Tax Accountant (to present)
2012 Controller, Kyushu University (part-time)
2016 Resigned the above position
2016 Controller, University of Teacher Education Fukuoka (current position)
2017 Controller, Fukuoka Gakuen (part-time, current position)
2020 Retired as Controller, University of Teacher Education Fukuoka (part-time)
2020 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)

Important concurrent positions

Certified Public Accountant
Tax Accountant (Fujita Certified Public Accountants)



Hiroko Tani
**Member of the
Board of Directors,
Audit & Supervisory
Committee Member
(External)**

Common stock in the company held 1,100 shares

Overview of career, positions, and responsibilities

1982 Joined Asahi Tax Corporation (Now KPMG AZSA LLC)
1989 Registered Certified Public Accountant (to present)
2004 Member, Azusa Audit Corporation (now KPMG AZSA LLC)
2018 Left KPMG AZSA LLC
2018 Established Tani Certified Public Accountants (to present)
2019 Representative Member, Choshu Audit Corporation (current position)
2020 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)

Important concurrent positions

Certified Public Accountant (Tani Certified Public Accountants, Choshu Audit Corporation)

Note 1: Common stock held correct as of March 31, 2021.
Note 2: Kyushu Electric Power is abbreviated as Kyushu EP.

Diversity among the Board of Directors

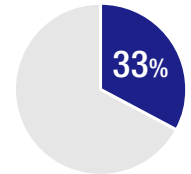
Name	Position within Kyushu Electric Power		Personnel Committee	Compensation Committee	Fields with particularly high expectations								
					(1) Corporate management and group strategy	(2) Finances and accounting	(3) Legal affairs and risk management	(4) Technology, manufacturing, and R&D	(5) Sales and marketing	(6) Personnel and human resources development	(7) ESG and sustainability	(8) Global business	(9) Innovation
Michiaki Uriu	Chairperson				○			○			○		○
Kazuhiro Ikebe	President & Chief Executive Officer		Member	Member	○	○				○	○		
Ichirou Fujii	Vice President				○		○			○	○		
Makoto Toyoma	Vice President				○	○		○					○
Naoyuki Toyoshima	Senior Managing Executive Officer				○			○					
Yoshio Ogura	Senior Managing Executive Officer				○			○				○	
Yasuji Akiyama	Senior Managing Executive Officer				○			○	○				
Junichi Fujimoto	Senior Managing Executive Officer						○			○			
Yoshifumi Kuriyama	Senior Managing Executive Officer								○				
Sakie Tachibana Fukushima	Director	External Female Independent	Member	Member	○					○		○	○
Junji Tsuda	Director	External Independent	Chairperson	Chairperson	○			○	○			○	
Yasuaki Endo	Audit & Supervisory Committee Member						○			○	○		
Kazutaka Koga	Audit & Supervisory Committee Member	External Independent	Member	Member			○						
Kazuko Fujita	Audit & Supervisory Committee Member	External Female Independent				○							
Hiroko Tani	Audit & Supervisory Committee Member	External Female Independent				○							

Note: Not all director opinions and experiences are listed

Percentage of external directors in Board of Directors and other committees (as of July 2021)

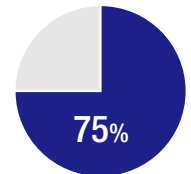
Board of Directors

5 / 15



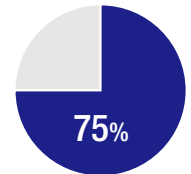
Audit & Supervisory Committee

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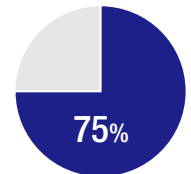
Personnel Committee*

3 / 4



Compensation Committee*

3 / 4



*Chaired by external directors

Messages from Our External Directors



Sakie Tachibana Fukushima

Profile

Since 2010, President and Representative Director of G&S Global Advisors, Inc., her current position. In June 2020, Ms. Tachibana became an external member of the Board of Directors for Kyushu Electric Power. Formerly a director at Korn Ferry International's headquarters in the U.S., she has acted as an external director at more than 10 companies since she returned to Japan in 2002. Ms. Tachibana has many years of experience and wide-ranging knowledge about the globalization of human resources and corporate governance.

Looking back at the past year

Through my experiences with governance in companies in the U.S. and Japan, I've come to realize that my role is to provide a yardstick from an outside perspective, and my advice should be focused not on defense—protecting the company from the industry's characteristic regulations or restrictions—but on offense. My intention is to provide new perspectives by taking advantage of my own expertise in global business and human resources management. In addition, from the standpoint of offering oversight for the management team, I have been considering how to optimize corporate governance for Kyushu Electric Power (Kyushu EP).

Current evaluation and future prospects for Kyushu EP

I am strongly impressed by the steady and tremendous efforts to support the stable supply of electricity under severe conditions, such as disasters and pressing demand during extreme weather. I am also impressed by the company's strong desire to fulfill its public duties, while at the same time aiming to increase shareholder value in the capital market. In the future, as decarbonization is expected to lead to structural changes in the energy sector, I believe that the challenge is not to remain fixed on conventional methods. I think that we have to create new core businesses by leveraging Kyushu EP's unique strengths, while aiming to achieve the ESG and SDGs goals, and to tie this all in to increased corporate value.

As we work toward achieving our carbon neutral vision, I hope to to regularly check the progress and supervise and support the steady implementation of efforts to that end.



Junji Tsuda

Profile

Since 2013, Representative Director and Chairman of the Board at Yaskawa Electric Corporation. In June 2021, Mr. Tsuda became an external member of the Board of Directors for Kyushu Electric Power. Over the course of his career, he has been, among other roles, Representative Director and Vice President of Yaskawa America, Inc., President of the International Federation of Robotics, Chairman of the Monodzukuri Nippon Conference. Mr. Tsuda has a wealth of experience as a manager in companies in Japan and the U.S., as well as a wide breadth of knowledge about marketing and manufacturing.

Reason for taking the role of external director

Since October 2020, when the Japanese government declared carbon neutrality as one of the pillars of its policies, carbon neutrality has been widely adopted. Energy portfolios are expected to change dramatically as a result. The use of electricity as energy to drive motors and power ICT systems is estimated to increase, but it is also expected to play an active role in the production of energy generation sources such as hydrogen and ammonia. I'm incredibly interested to see the potential for the rapid expansion of fields that use electricity and how we will prepare to provide the electricity needed for it. I took up this role because I want to play a part in the decision-making process.

Future roles to achieve

For Yaskawa Electric, where I also serve, 70% of sales come from overseas so we are exposed to international competition. In order for Japan to maintain a stable industry, it requires reasonably priced, and more importantly stable, electricity that can be ranked among the world's best. To achieve this, governance has to be made more effective in order to achieve carbon neutrality. However little it may be, I hope to help in these endeavors.

SASB INDEX

Results related to the Kyuden Group are organized on the basis of Electric Utilities & Power Generators industry standard provided by the U.S. Sustainability Accounting Standards Board (SASB).

The SASB Standards are primarily designed for U.S. companies and markets and therefore include items that are not applicable to the Kyuden Group, but we strive to disclose as much information as possible according to the Standards.

Disclosure topics	Accounting metrics	Category	Unit	Code	Information disclosed for FY2020
Environment					
Greenhouse Gas Emissions & Energy Resource Planning	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulation	Quantitative	t-CO ₂ , %	IF-EU-110a.1	(1) 22,110,000 [t-CO ₂] (2) 0 [%] (no regulated markets in Japan) (3) 100 [%] Note 1: Scope 1 emissions include direct emissions of greenhouse gases as defined in the Promotion of Global Warming Countermeasures (CO ₂ , N ₂ O, SF ₆ and HFC)
	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	t-CO ₂	IF-EU-110a.2	25,000,000 [t-CO ₂] (32,800,000 [t-CO ₂]) Note 2: Provisional value Note 3: Value in parentheses represent CO ₂ emissions generated by Kyushu Electric Power after adjustments made in accordance with the FIT system for renewable energy per the Promotion of Global Warming Countermeasures.
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	—	IF-EU-110a.3	○ Reduction plan for emissions • CO₂ emissions intensity: approx. 0.37 kg-CO₂/kWh (2030) • Amount of renewable energy developed: 5,000 MW (2030) • Maximum utilization of nuclear power, predicated on ensuring safety • Switch to EV for all*1 company vehicles (2030) *1 Excl. vehicles not suited to electrification ○ Emissions reduction targets • Reduction of CO₂ emissions by 26 million t*2 compared to 2013 levels (2030) *2 Equivalent to 70% of Kyushu's required reduction amount • Contributing to carbon neutrality (2050) ○ Analysis of achievement level • CO₂ emissions reduction for 2019 was 26.4 million t, more than achieving the target, and we are currently considering new emissions targets.
	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	Quantitative	Number, %	IF-EU-110a.4	The RPS Act, which defined RPS regulations in Japan, was abolished in 2012 and replaced with a FIT system. Note 4: We purchase electricity generated by renewable energy systems at a fixed price. Note 5: The Kyushu region makes up around 10% of Japan's electricity demand, yet the introduction of renewable energy equipment through the FIT system is approximately 20% of the national total.

Disclosure topics	Accounting metrics	Category	Unit	Code	Information disclosed for FY2020
Environment					
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N ₂ O) and (2) SO _x ; percentage of each in or near areas of dense population	Quantitative	t, %	IF-EU-120a.1	(1) 6,081 [t], 100 [%] (2) 4,532 [t], 100 [%] Note 1: Figures are based on results excluding island-based combustion power plants.
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	1,000m ³ , %	IF-EU-140a.1	(1) 6,523 [1,000 m ³], 0 [%] Note 2: Main applications: Water for thermal power generation and nuclear power generation (fresh water) Note 3: The above does not include hydroelectric power water (fresh water) or indirect cooling water (seawater) for thermal power generation. (2) 2,867 [1,000 m ³], 0 [%]
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	Number	IF-EU-140a.2	0
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	—	IF-EU-140a.3	The Kyuden Group manages the following risks regarding the use of water resources, which are essential for the power generation business. In the hydroelectric power business, we use hydroelectric power station dams and diversion weirs, which discharge the water needed to maintain our rivers. We abide by the set amounts of water that we have permission to take from rivers to produce electricity based on laws and regulations. Where river levels are predicted to rise due to heavy rainfall, we implement water discharges or similar at our dams based on water governance agreements with the national government or other authorities. In terms of preventing regional disasters, too, we do everything possible to cooperate to the best of our abilities. Our thermal power generation business collects and reuses water for power generation to reduce the amount of water intake. Our thermal power generation business and nuclear power generation business use seawater as indirect cooling water for power generation facilities. As such, we monitor the temperature difference between water intake and discharge. The results of verifying water stress in the current and future Kyuden Group facility locations using WRI Aqueduct 3.0 tools to identify water risks are as follows: According to the Baseline Water Stress tool, maximum water stress is low-medium in the Kyushu region where the Kyuden Group has installed a power plant that uses fresh water or seawater. Water-related risks such as droughts are assumed to occur less frequently there.
Coal Ash Management	Amount of coal combustion residuals (CCR) generated, percentage recycled	Quantitative	t, %	IF-EU-150a.1	744,000 [t], 100.0 [%] Note 4: Amount of coal ash (fly ash and bottom ash)
	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification (according to the U.S. Environmental Agency) and structural integrity assessment	Quantitative	Number	IF-EU-150a.2	Reused 100% of coal ash produced at thermal power stations (FY2020)

Disclosure topics	Accounting metrics	Category	Unit	Code	Information disclosed for FY2020
Social Capital					
Energy Affordability	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Quantitative	JPY	IF-EU-240a.1	(1) 22.46 [Yen/kWh] (2) (3) 15.34 [Yen/kWh] Note 1: (1) is an average cost of lighting. (2) and (3) are the average cost of electric power
	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Quantitative	JPY	IF-EU-240a.2	(1) 14,106 [Yen] (2) 29,390 [Yen]
	(1) Number of residential customer electric disconnections for non-payment and (2) percentage reconnected within 30 days	Quantitative	Number, %	IF-EU-240a.3	(1) 106,400 Note 2: Service stops resulting from non-payment of electricity fees based on the Specified Retail Supply Agreement (2) 86 [%] Note 3: Percentage of resumptions of service within 7 days of service stop (unable to provide percentage for resumptions within 30 days)
	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Discussion and Analysis	—	IF-EU-240a.4	The Electricity Business Act in Japan stipulates that general transmission and distribution operators shall not refuse consignment supply in their supply areas without justifiable grounds. When we accept an application to supply electricity in areas handled by Kyushu Transmission and Distribution, in principle, we supply to the designated area. We believe that there is no difference in the opportunities for consumers to obtain low-cost energy. With that, we recognize that the factors affecting electricity prices include the promotion of renewable energy generation based on the national system and fuel cost adjustments due to price fluctuations of thermal fuel that affect electricity prices.
Human Capital					
Workforce Health & Safety	(1) TRIR: Total recordable incident rate (no. of accidents per 200,000 working hours), (2) fatality rate, and (3) NMFR: near miss frequency rate (no. of accidents per 200,000 working hours)	Quantitative	Number, %	IF-EU-320a.1	(1) [Employees] 0.05 [%], [Contractors] outside management purview (2) [Employees] 0, [Contractors] 3 Note 4: We report the number of deaths as SASB standards do not provide a specific calculation formula for the percentage of deaths. (3) Outside management purview Note 5: This information cannot be disclosed because it was not obtained using the measurement method recommended by SASB standards.
Business Model & Innovation					
End-Use Efficiency & Demand	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Quantitative	%	IF-FU-420a.1	Decoupling and LRAM systems have not been introduced in Japan Note 6: Sales increases will come from promoting electrification and offering various services that meet customer needs.
	Percentage of electric load served by smart grid technology (MWh)	Quantitative	%	IF-EU-420a.2	Penetration of smart meters: 73 [%]
	Customer electricity savings from efficiency measures, by market	Quantitative	MWh	IF-EU-420a.3	The following information is disclosed as quantitative data instead of reduced power amounts. ○ Number of electrification and energy-saving solution proposals: Approx. 2,200 (5 years from FY2016 to FY2020) Note 7: Kyushu Electric Power provides a variety of solutions to customers for electrification and energy conservation to become carbon neutral by 2050. (URL: http://www.kyuden.co.jp/service_index/)

Disclosure topics	Accounting metrics	Category	Unit	Code	Information disclosed for FY2020
Leadership & Governance					
Nuclear Safety & Emergency Management	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Quantitative	Number	IF-EU-540a.1	6 units (breakdown: 4 units at the Genkai Nuclear Power Station, 2 units at the Sendai Nuclear Power Station) Note 1: Genkai Nuclear Power Station is in the process of decommissioning Units 1 and 2.
	Description of efforts to manage nuclear safety and emergency preparedness	Discussion and Analysis	—	IF-EU-540a.2	Kyushu Electric Power is working to maintain and improve the safety and reliability of nuclear power stations by accurately implementing safety activities based on the quality management system for nuclear safety headed by the President and steadily making continuous improvements, including risk management to prevent abnormalities. In addition, we are continuously working to foster and maintain a corporate culture in which each employee can raise awareness of various risks of nuclear power, ask what can be done to improve safety, and demonstrate leadership to improve performance. We have also established the Nuclear Safety and Reliability Improvement Committee as a mechanism to receive opinions on the operation of nuclear power from a third-party perspective as part of efforts to further improve the safety of nuclear power.
Grid Resiliency	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Quantitative	Number	IF-EU-550a.1	0 (number of non-compliance issues with cybersecurity regulations)
	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	Quantitative	Minutes, Outages, Mins./Outage	IF-EU-550a.2	(1) 139 [minutes] (excl. disasters such as typhoons: 2 mins.) (2) 0.21 [outages] (excl. disasters such as typhoons: 0.04 outages) (3) 661.9 [mins/outage] (excl. disasters such as typhoons: 50 mins./outage)

Activity Metrics

Accounting Metric	Unit	Code	Information disclosed for FY2020
Number of: (1) residential, (2) commercial, and (3) industrial customers served	Number	IF-EU-000.A	(1) 7,290,000 (2) 3,730,000 Note 2: (1) is the number for lighting. (2) and (3) are the number for electric power.
Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	MWh	IF-EU-000.B	The total for (1) to (4) is 75,171,000 MWh (retail electric power sales) (5) 10,652,000 MWh (wholesale electric power sales)
Length of transmission and distribution lines	km	IF-EU-000.C	• Transmission lines: Overhead 16,707 [km], underground 1,409 [km] (line extensions) • Distribution lines: Overhead 141,327 [km], underground 2,117 [km] (span)
• Total electricity generated • Percentage by major energy source • Percentage in regulated markets	MWh, %	IF-EU-000.D	• Total electricity generated: 60,000,000 [MWh] • Percentage by major energy source: Hydroelectric power: 7.87 [%], Coal: 30.54 [%], LNG: 22.25 [%], Thermal power (other): 1.54 [%], Nuclear power: 36.09 [%], Geothermal: 1.70 [%], Biomass: 0.01 [%] • Percentage in regulated markets: Not applicable (as no regulated markets in Japan)
Total wholesale electricity purchased	MWh	IF-EU-000.E	33,147,000 [MWh] (Total for electricity supplied by or purchased from other companies)

Consolidated Eleven-year Financial Summary

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31

	Millions of Yen										Thousand US dollars	
For the Year:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020
Operating revenues:	¥1,486,083	¥1,508,084	¥1,545,919	¥1,791,152	¥1,873,467	¥1,835,692	¥1,827,524	¥1,960,359	¥2,017,181	¥2,013,050	¥2,131,799	\$19,253,966
Electric	1,354,204	1,367,610	1,406,218	1,633,023	1,719,570	1,688,328	1,681,066	1,804,418	1,844,850	1,800,189	1,876,648	16,949,500
Other	131,878	140,474	139,700	158,129	153,897	147,364	146,458	155,940	172,331	212,860	255,150	2,304,466
Operating expenses:	1,387,174	1,692,939	1,845,347	1,886,974	1,916,782	1,715,435	1,704,883	1,857,235	1,930,606	1,949,236	2,054,401	18,554,929
Electric	1,261,425	1,562,055	1,715,262	1,746,890	1,779,711	1,584,556	1,574,890	1,713,322	1,771,776	1,751,766	1,789,688	16,164,092
Other	125,748	130,883	130,085	140,083	137,070	130,879	129,993	143,913	158,829	197,469	264,713	2,390,837
Interest charges	34,025	34,025	37,407	39,429	40,148	39,317	36,008	33,416	31,397	28,990	26,258	237,162
Income (loss) before income taxes and minority interests	48,318	(214,750)	(334,298)	(73,732)	(72,901)	92,499	82,840	73,558	52,276	40,170	56,255	508,084
Income taxes	19,245	(48,760)	(2,195)	20,786	40,324	17,359	2,230	(14,470)	19,773	38,594	22,183	200,354
Net income (loss) attributable to owners of the parent	28,729	(166,390)	(332,470)	(96,096)	(114,695)	73,499	79,270	86,657	30,970	(419)	32,167	290,532
	Yen										U.S. dollars	
Per Share of Common Stock:												
Basic net income (loss)	¥60.73	¥(351.80)	¥(702.98)	¥(203.19)	¥(242.38)	¥155.17	¥159.97	¥175.56	¥58.05	¥(6.05)	¥63.57	\$ 0.57
Diluted net income	—	—	—	—	—	—	159.78	144.03	47.51	—	57.01	0.51
Cash dividends applicable to the year (common stock)*1	60.00	50.00	—	—	—	—	15.00	20.00	30.00	35.00	35.00	0.31
Cash dividends applicable to the year (Class A preferred shares)*1	—	—	—	—	—	—	3,500,000.00	3,500,000.00	3,500,000.00	1,599,452.00	2,100,000.00	18,966.76

*1 The amounts of cash dividends per share are based on the recorded earnings for each fiscal year. At the General Meeting of Shareholders on June 28, 2016, it was decided that the other capital surplus amount as of March 31, 2016, would form the source for the following allocations.

Dividend per share: common stock: ¥5.00; Class A preferred shares: ¥7,153,703.00*2

*2 Including cumulative unpaid Class A preferred shares, each single share equates to ¥7,153,763.00.

	Millions of Yen										Thousand US dollars	
At Year-End:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020
Total assets	¥4,185,460	¥4,428,093	¥4,526,513	¥4,549,852	¥4,784,735	¥4,748,237	¥4,587,541	¥4,710,073	¥4,794,039	¥4,948,063	¥5,126,822	\$46,304,392
Net property	3,033,125	2,997,232	2,941,114	2,941,142	2,985,935	3,073,861	3,134,911	3,229,489	3,344,082	3,483,659	3,589,225	32,417,141
Long-term debt, less current portion	1,714,429	2,188,601	2,526,729	2,804,896	2,844,538	2,745,848	2,789,038	2,699,097	2,666,177	2,795,794	2,944,963	26,598,296
Total equity	1,079,679	888,131	557,799	494,232	450,990	499,903	574,577	653,963	665,250	637,957	682,752	6,166,477

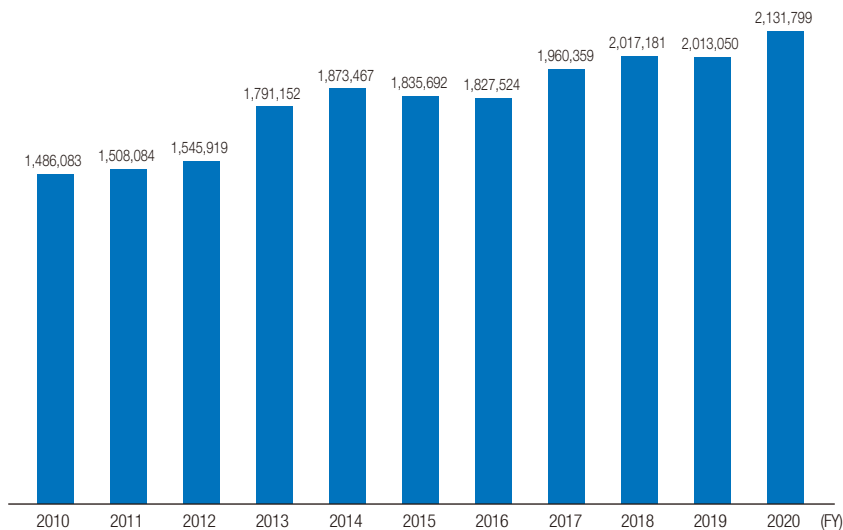
Note 1: U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥110.72 = U.S.\$1, the approximate rate of exchange at March 31, 2021.

Note 2: Figures less than a million yen are rounded down.

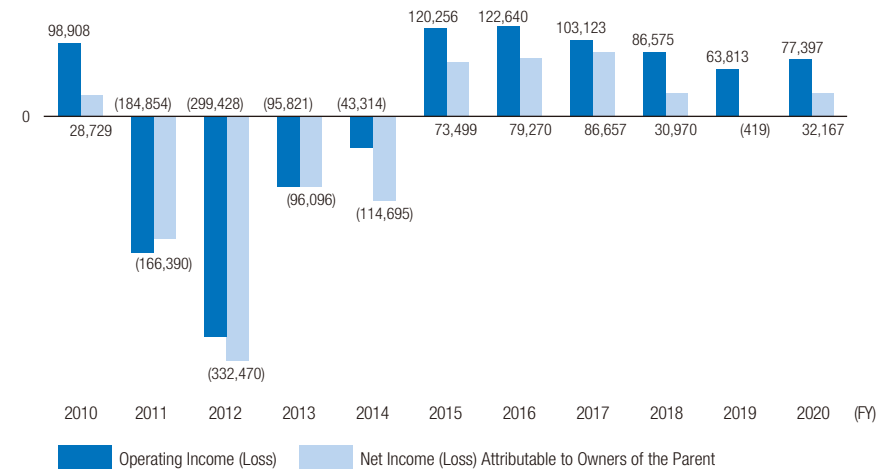
Summary of the Year Ended March 31, 2021

In terms of business results for the fiscal year ending March 31, 2021, the jump in prices in the wholesale power exchange markets resulting from pressure on supply last winter, alongside the pandemic, had an effect, as did the halt to operations at Sendai Nuclear Power Station due to work to install Specific Safety Facilities. On the other hand, the decrease in depreciation costs due to changes to the depreciation calculation method combined with improved retail electric power sales outside the Kyushu region for improved ordinary income and net income attributable to owners of the parent compared to the previous fiscal year. Ordinary income was ¥55.6 billion, while net income attributable to owners of the parent totaled ¥32.1 billion.

Sales (Operating Revenues) (Millions of yen)



Operating Income (Loss)/ Net Income (Loss) Attributable to Owners of the Parent (Millions of yen)



For more information on financial conditions, please refer to the Securities Report.

Management Discussion and Analysis

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries

Operating Results

In terms of income, in the domestic electricity business, retail electric power sales increased but the impact of fuel cost adjustments in light of a drop in fuel prices, among other factors, meant that retail electric power sales income decreased. On the other hand, increased income from wholesale electric power sales and renewable energy-related subsidies meant that sales (operating revenues) totaled ¥2.1317 trillion, a 5.9% increase year on year.

Operating expenses in the domestic electricity business were affected by a decrease in depreciation costs but there was also an increase in the cost of power purchased from other companies due to an increase in amounts purchased from renewable electricity generators and the jump in prices in the wholesale power exchange markets last winter. Operating expenses were ¥2.0544 trillion, a 5.4% increase year on year.

As a result, operating income for the term under review rose 21.3% year on year, to ¥77.3 billion.

Other revenues decreased 1.9% year on year, to ¥16.6 billion.

Other expenses decreased 5.8% from the previous fiscal year to ¥38.3 billion, partly due to a decrease in interest charges.

Ordinary income was ¥2.1484 trillion, an increase of 5.8% over the previous fiscal year, while ordinary expenses reached ¥2.0927 trillion, up 5.2%. As a result, ordinary income increased 39.0% year on year, to ¥55.6 billion.

Also, net income attributable to owners of the parent rose by ¥32.5 billion over the previous fiscal year, to ¥32.1 billion. The basic net income per share of common stock increased by ¥69.62, resulting in ¥63.57 per share.

Segment Information

(Before Elimination of Internal Transactions)

(1) Domestic Electricity Business

Power generation and sales business, power transmission and distribution business

Group total retail electric power sales increased 2.7% over the previous fiscal year to 75.2 TWh. While there was a negative impact from COVID-19, the group company Kyuden Mirai Energy Company, Incorporated saw an increase in electricity sales outside the Kyushu region and a rebound after the mild summer and warm winter in the previous fiscal year. Total group wholesale electric power sales increased 41.9% year on year to 10.7 TWh.

As a result, the total electricity sales volume sold by the Group increased by 6.3% over the previous fiscal year to 85.8 TWh.

We maintained stable supplies of retail and wholesale electric power through coordinated operation of our nuclear, thermal, and pumped-storage and other facilities. In terms of supply and demand in the region, the stable supply there was due to operating power sources with adjustment capabilities and by implementing renewable energy output controls based on national rules.

Last winter, the intermittent waves of cold weather led to significant uptakes in demand for electricity, alongside which factors such as a national shortage of LNG meant that electric supply was hard-pressed. We put in place every measure possible, such as increasing thermal power generation, as well as electricity supplied by or purchased from other companies, and thereby managed to ensure a stable supply.

In terms of operating results, sales increased in retail electric power sales but retail electric power sales income actually decreased as a result of the drop of fuel prices due to fuel cost adjustments, and other factors. The increase in income from wholesale electric power sales and renewable energy-related

subsidies meant, though, that sales increased 6.7% from the previous fiscal year to ¥1.9725 trillion. The jump in prices in the wholesale power exchange markets resulting from pressure on supply last winter, alongside the pandemic, had an effect, as did the halt to operations at Sendai Nuclear Power Station due to work to install Specific Safety Facilities. However, alongside the increase in operating revenues was a decrease in depreciation costs due to changes to the depreciation calculation method, and so ordinary income rose 72.0% to ¥28.5 billion year on year.

In the constituent parts of the domestic electricity business—power generation and sales business, and power transmission and distribution business—operating results were as detailed below. Creating segment results for previous fiscal years is difficult and so only operating results for the period under review are given.

Power generation and sales business

Due to the recording of income from retail electric power sales income and renewable energy-related subsidies, sales were ¥1.8908 trillion, while ordinary loss was ¥500 million, due to recording of the cost of purchased power, wheeling charges, fuel expenses, and contributions associated with the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.

Power transmission and distribution business

Due to the recording of wheeling revenue, sales were ¥599.2 billion, while ordinary income was ¥29.1 billion, due to the recording of the cost of purchased power, repair expenses, contracting expenses, and depreciation costs.

(2) Other Energy Service Business

Sales decreased 4.5% from the previous fiscal year to ¥185.3 billion due to a decrease in work to replace electric meters and a decline in LNG sales prices in overseas LNG projects. Ordinary income increased 3.3% year on year to ¥17.6 billion due to the increase in equity method investment profits and other factors.

(3) ICT Service Business

Sales increased 2.1% over the previous fiscal year to ¥115 billion due to an expansion in sales of fiber-optic broadband and smartphone services. Ordinary income increased 72.5% to ¥6.8 billion due to a decrease in expenses resulting from the end of IoT services using voice terminals, etc.

(4) Other Business

Sales increased 2.2% over the previous fiscal year to ¥29.4 billion partly due to an increase in administration contracting. Ordinary income decreased 7.5% to ¥4.2 billion due to an increase in expenses relating to real estate sales and property leasing.

Financial Position

(1) Assets, Liabilities and Equity

Assets increased by ¥178.7 billion year on year to ¥5.1268 trillion mainly due to an increase in fixed assets from capital investments as well as an increase in current assets such as cash and cash equivalents, and receivables.

Liabilities increased by ¥133.9 billion over the end of the previous fiscal year to ¥4.444 trillion due to an increase in interest-bearing debt and other factors. The balance of interest-bearing debt increased by 116.3 billion year on year to ¥3.5226 trillion.

Total equity increased by ¥44.7 billion over the end of the previous fiscal year to ¥682.7 billion, and the equity ratio was 12.7%.

While equity decreased due to dividend payments, there were increases in the amount recorded as net income attributable to owners of the parent and defined retirement benefit plans. The latter was the result of a difference that occurred in calculations due to investment earnings from the defined benefit pension fund exceeding forecasts, etc.

(2) Cash Flows

Cash flows provided by operating activities rose by ¥26.6 billion from the previous fiscal year to ¥253.4 billion, despite an increase in expenditures for cost of purchased power, because of such factors as increases in renewable energy-related subsidies and income from wholesale electric power sales, as well as a decrease in fuel expenses.

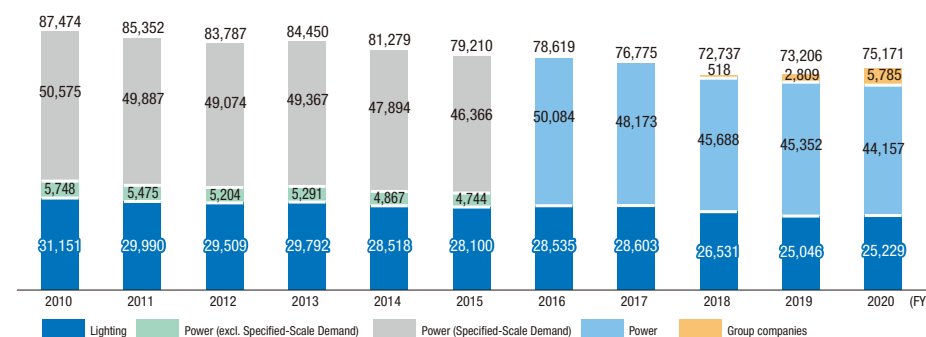
Net cash used in investment activities ended ¥94.0 billion lower than at the close of the previous fiscal year, at ¥330.5 billion. This was due, in part, to decreased expenditures for capital investments.

Net cash provided by financing activities amounted to ¥95.5 billion, a decrease of ¥62.4 billion from the previous fiscal year, mainly due to an increase in expenditures for the issuance and redemption of commercial paper, despite a decrease in repayments of long-term debt.

As a result, the balance of cash and cash equivalents at the end of the term was ¥223.9 billion, ¥18.4 billion up from the close of the previous fiscal year.

Retail Electric Power Sales

(Millions of kWh)



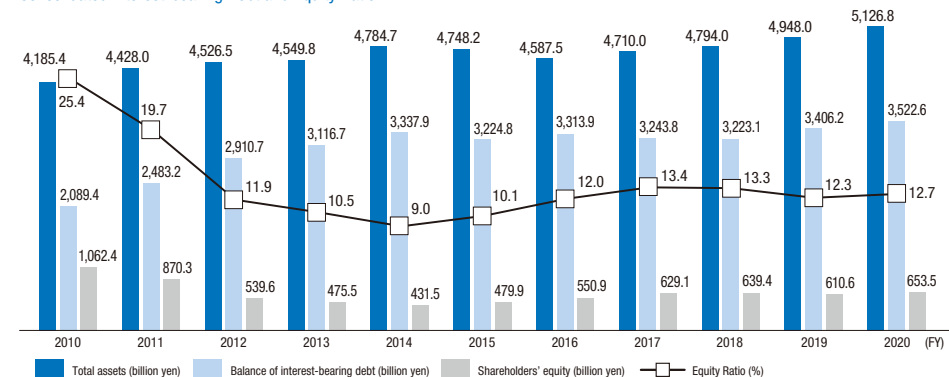
Note 1: Specified-Scale Demand is 6 kV or higher at standard voltage and 50 kW or higher of contracted power

Note 2: Display categories changed from FY2016

Note 3: Values before FY2017 describe the amount of electricity sold separately by the Company. Values from FY2018 onward describe the amount of electricity sold including group companies.

Note 4: Group companies include Kyuden Mirai Energy Company, Incorporated

Consolidated Interest-bearing Debt and Equity Ratio



Consolidated Balance Sheet

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2021	2020	2021
PROPERTY (Note 5):			
Plant and equipment	¥ 10,975,903	¥ 10,608,007	\$ 99,132,080
Construction in progress	504,045	641,816	4,552,431
Total	11,479,949	11,249,824	103,684,512
Less:			
Contributions in aid of construction	235,049	221,603	2,122,914
Accumulated depreciation	7,655,674	7,544,561	69,144,456
Total	7,890,723	7,766,165	71,267,371
Net property	3,589,225	3,483,659	32,417,141
NUCLEAR FUEL	229,765	240,942	2,075,196
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 6 and 17)	94,868	82,924	856,832
Investments in and advances to nonconsolidated subsidiaries and affiliated companies (Note 17)	172,739	166,612	1,560,151
Assets for retirement benefits (Note 9)	22,493	6,210	203,154
Deferred tax assets (Notes 3 and 12)	143,901	164,272	1,299,689
Special account related to nuclear power decommissioning (Note 2.h)	41,926	43,535	378,668
Special account related to reprocessing of spent nuclear fuel (Note 2.o)	75,470	54,777	681,630
Other	127,398	126,008	1,150,635
Total investments and other assets	678,797	644,340	6,130,762
CURRENT ASSETS:			
Cash and cash equivalents (Note 17)	223,901	205,485	2,022,230
Receivables (Note 17)	292,807	258,646	2,644,571
Allowance for doubtful accounts	(3,734)	(773)	(33,730)
Inventories, principally fuel	70,533	83,059	637,047
Prepaid expenses and other	45,525	32,702	411,172
Total current assets	629,032	579,121	5,681,293
TOTAL	¥ 5,126,822	¥ 4,948,063	\$ 46,304,392

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	2021	2020	2021
LONG-TERM LIABILITIES:			
Long-term debt, less current portion (Notes 8 and 17)	¥ 2,958,147	¥ 2,807,217	\$ 26,717,374
Liability for retirement benefits (Note 9)	88,107	102,265	795,766
Asset retirement obligations (Note 10)	278,031	268,332	2,511,118
Other	64,807	64,865	585,328
Total long-term liabilities	3,389,093	3,242,680	30,609,587
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 8 and 17)	418,763	404,208	3,782,186
Short-term borrowings (Notes 11 and 17)	123,108	118,012	1,111,893
Commercial paper (Note 17)	40,000	92,000	361,271
Notes and accounts payable (Notes 15 and 17)	146,172	142,732	1,320,197
Accrued income taxes (Note 17)	9,537	3,471	86,137
Other	309,126	298,160	2,791,964
Total current liabilities	1,046,708	1,058,585	9,453,650
RESERVE FOR FLUCTUATIONS IN WATER LEVEL (Note 2.s)	8,268	8,840	74,676
COMMITMENTS AND CONTINGENCIES (Note 19)			
EQUITY (Note 13):			
Common stock—authorized, 1,000,000,000 shares; issued, 474,183,951 shares	237,304	237,304	2,143,288
Preferred stock—authorized, 1,000 shares; issued, 1,000 shares			
Capital surplus	120,007	120,008	1,083,884
Retained earnings	291,659	276,997	2,634,203
Treasury stock—at cost, 1,158,956 shares in 2021 and 1,194,235 shares in 2020	(1,454)	(1,501)	(13,138)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	3,704	2,115	33,457
Deferred gain on derivatives under hedge accounting	3,495	713	31,568
Foreign currency translation adjustments	(5,169)	(4,697)	(46,687)
Defined retirement benefit plans	4,037	(20,298)	36,470
Total	653,585	610,641	5,903,047
Noncontrolling interests	29,166	27,316	263,430
Total equity	682,752	637,957	6,166,477
TOTAL	¥ 5,126,822	¥ 4,948,063	\$ 46,304,392

Consolidated Statement of Operations

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
OPERATING REVENUES:			
Electric	¥ 1,876,648	¥ 1,800,189	\$ 16,949,500
Other	255,150	212,860	2,304,466
Total operating revenues	2,131,799	2,013,050	19,253,966
OPERATING EXPENSES (Note 14):			
Electric	1,789,688	1,751,766	16,164,092
Other	264,713	197,469	2,390,837
Total operating expenses	2,054,401	1,949,236	18,554,929
OPERATING INCOME	77,397	63,813	699,037
OTHER EXPENSES (INCOME):			
Interest charges	26,258	28,990	237,162
Share of profit of entities accounted for using the equity method (Note 15)	(9,884)	(9,247)	(89,276)
Other—net	5,340	4,018	48,233
Other expenses—net	21,714	23,761	196,120
INCOME BEFORE INCOME TAXES AND REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	55,683	40,052	502,917
REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	572	118	5,167
INCOME BEFORE INCOME TAXES	56,255	40,170	508,084
INCOME TAXES (Note 12):			
Current	13,322	6,953	120,323
Deferred	8,861	31,640	80,030
Total income taxes	22,183	38,594	200,354
NET INCOME	34,071	1,576	307,730
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,904	1,995	17,198
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 32,167	¥ (419)	\$ 290,532

	Yen		U.S. Dollars
	2021	2020	2021
PER SHARE OF COMMON STOCK (Note 2.v):			
Basic net income (loss)	¥ 63.57	¥ (6.05)	\$ 0.57
Diluted net income	57.01		0.51
Cash dividends applicable to the year:			
Common share	35.00	35.00	0.31
Class A preferred share	2,100,000.00	1,599,452.00	18,966.76

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET INCOME	¥34,071	¥1,576	\$307,730
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20):			
Unrealized gain (loss) on available-for-sale securities	1,064	(1,776)	9,616
Deferred gain on derivatives under hedge accounting	3,470	5,121	31,347
Foreign currency translation adjustments	302	(923)	2,729
Defined retirement benefit plans	23,889	(6,362)	215,769
Share of other comprehensive loss in nonconsolidated subsidiaries and affiliated companies	(35)	(588)	(324)
Total other comprehensive income (loss)	28,691	(4,530)	259,138
COMPREHENSIVE INCOME (LOSS)	¥62,763	¥(2,954)	\$566,869
TOTAL COMPREHENSIVE INCOME (LOSS)			
ATTRIBUTABLE TO:			
Owners of the parent	¥60,403	¥(4,861)	\$545,547
Noncontrolling interests	2,360	1,906	21,321

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2021

	Thousands of Shares / Millions of Yen														
	Common Stock		Preferred Stock		Capital Surplus	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount			Shares	Amount	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE AT APRIL 1, 2019	474,183	¥237,304	1		¥120,831	¥300,551	1,209	¥ (1,524)	¥ 4,090	¥ (4,306)	¥ (3,582)	¥ (13,928)	¥639,435	¥ 25,814	¥665,250
Change in the parent's ownership interest due to transactions with noncontrolling interests					21								21		21
Cash dividends, ¥35 per common share						(16,588)							(16,588)		(16,588)
Cash dividends, ¥2,296,575 per class A preferred share						(2,296)							(2,296)		(2,296)
Net loss attributable to owners of the parent						(419)							(419)		(419)
Purchase of treasury stock (Note 13)							14	(100,857)					(100,857)		(100,857)
Disposal of treasury stock (Note 13)					(844)		(29)	100,880					100,035		100,035
Adjustment of retained earnings for inclusion of companies accounted for by the equity method						(4,250)							(4,250)		(4,250)
Net change in the year									(1,975)	5,019	(1,114)	(6,370)	(4,440)	1,502	(2,938)
BALANCE AT MARCH 31, 2020	474,183	237,304	1		120,008	276,997	1,194	(1,501)	2,115	713	(4,697)	(20,298)	610,641	27,316	637,957
Cash dividends, ¥32.5 per common share						(15,402)							(15,402)		(15,402)
Cash dividends, ¥2,102,877 per class A preferred share						(2,102)							(2,102)		(2,102)
Net income attributable to owners of the parent						32,167							32,167		32,167
Purchase of treasury stock							10	(9)					(9)		(9)
Disposal of treasury stock					(0)		(45)	56					56		56
Net change in the year									1,588	2,781	(471)	24,336	28,235	1,850	30,086
BALANCE AT MARCH 31, 2021	474,183	¥237,304	1		¥120,007	¥291,659	1,158	¥ (1,454)	¥ 3,704	¥ 3,495	¥ (5,169)	¥ 4,037	¥653,585	¥ 29,166	¥682,752

(Continued)

Consolidated Statement of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2021

Thousands of U.S. Dollars (Note 1)

	Common Stock	Preferred Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Unrealized Gain on Available- for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE AT MARCH 31, 2020	\$2,143,288		\$1,083,888	\$2,501,780	\$ (13,565)	\$ 19,107	\$ 6,445	\$ (42,427)	\$ (183,330)	\$5,515,186	\$ 246,713	\$5,761,900
Cash dividends, \$0.29 per common share				(139,116)						(139,116)		(139,116)
Cash dividends, \$18,992.74 per class A preferred share				(18,992)						(18,992)		(18,992)
Net income attributable to owners of the parent				290,532						290,532		290,532
Purchase of treasury stock					(85)					(85)		(85)
Disposal of treasury stock			(3)		511					507		507
Net change in the year						14,350	25,123	(4,259)	219,801	255,015	16,716	271,731
BALANCE AT MARCH 31, 2021	\$2,143,288		\$1,083,884	\$2,634,203	\$ (13,138)	\$ 33,457	\$ 31,568	\$ (46,687)	\$ 36,470	\$5,903,047	\$ 263,430	\$6,166,477

(Concluded)

Consolidated Statement of Cash Flows

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 56,255	¥ 40,170	\$ 508,084
Adjustments for:			
Income taxes paid	(7,315)	(5,963)	(66,071)
Depreciation and amortization	205,749	261,369	1,858,285
Decommissioning costs of nuclear power units	10,737	9,450	96,976
Amortization of special account related to nuclear power decommissioning	1,609	2,056	14,537
Loss on disposal of plant and equipment	6,106	4,874	55,155
Reversal of reserve for fluctuation in water level	(572)	(118)	(5,167)
Share of profit of entities accounted for using the equity method	(9,884)	(9,247)	(89,276)
Changes in assets and liabilities:			
Increase in trade receivables	(22,565)	(7,074)	(203,810)
Decrease in inventories, principally fuel	12,519	8,766	113,069
Increase (decrease) in trade payables	12,889	(5,083)	116,415
Increase in liability for retirement benefits	650	793	5,875
Increase or decrease in consumption taxes payables or receivables	(9,569)	273	(86,430)
Increase (decrease) in accrued expenses	7,641	(35,473)	69,017
Other—net	(10,791)	(37,942)	(97,469)
Total adjustments	197,204	186,682	1,781,107
Net cash provided by operating activities	253,459	226,852	2,289,192

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures including nuclear fuel	¥ (351,764)	¥ (425,054)	\$ (3,177,059)
Proceeds from contribution in aid of construction	31,638	38,444	285,756
Payments for investments and advances	(27,461)	(58,525)	(248,026)
Proceeds from sales of investment securities and collections of advances	15,391	14,020	139,011
Other—net	1,608	6,492	14,524
Net cash used in investing activities	(330,587)	(424,623)	(2,985,793)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	288,619	259,154	2,606,751
Repayments of bonds	(195,000)	(194,600)	(1,761,199)
Proceeds from long-term loans	277,009	271,470	2,501,891
Repayments of long-term loans	(205,384)	(248,443)	(1,854,990)
Net increase in short-term borrowings	5,096	2,948	46,032
Net (decrease) increase in commercial paper	(52,000)	92,000	(469,653)
Cash dividends paid	(17,450)	(18,820)	(157,612)
Other—net	(5,340)	(5,709)	(48,232)
Net cash provided by financing activities	95,549	157,999	862,987
FORWARD	¥ 18,422	¥ (39,770)	\$ 166,386

(Continued)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
FORWARD	¥ 18,422	¥ (39,770)	\$ 166,386
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(72)	(16)	(652)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,350	(39,787)	165,734
CASH AND CASH EQUIVALENTS OF A NONCONSOLIDATED SUBSIDIARY MERGED WITH A CONSOLIDATED SUBSIDIARY	65		590
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	205,485	245,273	1,855,906
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 223,901	¥ 205,485	\$ 2,022,230

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2021

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Kyushu Electric Power Company, Incorporated (the “Company”) has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Business Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. Especially, the accounting related to the nuclear power generation is regulated by the above accounting regulations, which are dependent on a governmental long term nuclear energy policy.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2020, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2021.

The U.S. dollar amounts included herein are provided solely for the convenience of readers outside Japan and are stated at the rate of ¥110.72 = U.S.\$1, the approximate exchange rate prevailing on March 31, 2021. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation and Application of the Equity Method—The consolidated financial statements as of March 31, 2021, include the accounts of the Company and its 46 (47 for 2020) subsidiaries (together, the “Companies”). All significant intercompany transactions and balances have been eliminated in consolidation. Investments in 18 (17 for 2020) nonconsolidated subsidiaries and 22 affiliated companies are accounted for by the equity method.

The Company adopts the control and influence concepts. Under these concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are treated as subsidiaries and those companies over which the Companies have the ability to exercise significant influence are treated as affiliated companies.

Consolidation of the remaining subsidiaries and the application of the equity method to the remaining affiliated companies would not have a material effect on the accompanying consolidated financial statements.

The fiscal year-end of 10 consolidated subsidiaries and several nonconsolidated subsidiaries and affiliated companies is December 31. The Company consolidates such consolidated subsidiaries' financial statements and accounts for investments in such nonconsolidated subsidiaries and affiliated companies by the equity method using their financial results for the year ended December 31. The effects of any significant transactions during the period between the subsidiaries' and affiliated companies' fiscal year-end and the Company's fiscal year-end are reflected in the consolidated financial statements.

b. Business Combination—Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount

by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

c. Property and Depreciation—Property is stated at cost. Contributions in aid of construction including those made by customers are deducted from the cost of the related assets.

Depreciation is principally computed using the straight-line method based on the estimated useful lives of the assets. Depreciation of easements related to transmission lines is computed using the straight-line method based on the estimated useful lives of the transmission lines.

Under the accounting regulations applicable to electric utility providers in Japan, properties, which are required for decommissioning of nuclear power units or which need maintenance and management even after nuclear power units have been in the process of decommissioning, are to be included in “Plant and equipment.”

Change in depreciation method for plant and equipment

Prior to April 1, 2020, the Companies had applied the declining-balance method as their principal depreciation method for plant and equipment. However, the Companies changed their principal depreciation method to the straight-line method for the year ended March 31, 2021.

For the Kyushu region, which is the main supply area of the Companies, it is expected that electricity demand remains stable, due to decline in population and widespread use of energy-saving facilities.

Also, the power generation and sales business is placed in a competitive environment due to progress in deregulation of the electricity power industry in response to the electric power system reform (see Note 4). The electricity transmission and distribution business is expected to play a role in contributing to safe and stable supply of electricity by ensuring neutrality, equity, and efficient operation.

For the power generation business, the development of major power station has come to an end by installation of Matsuura Power Station Unit 2 in December 2019. In addition, the installation of specified major incident response facility at Sendai Nuclear Power Station has been completed in December 2020. Therefore, the capital expenditures of the Companies are expected to be conducted mainly to maintain existing power production facilities.

Also, a stable operation is expected for the electricity transmission and distribution business in consideration of such as demand trends, supply reliability, safety and operation of the equipment, and cost.

Reflecting such internal and external environments, the Companies have positioned the efficient and stable operation of all facilities as one of the priority strategies in the mid-term business plan starting on April 1, 2020.

As mentioned above, stable use of the facilities is expected in the future, mainly in the electricity business. Therefore, the Companies has determined that changing the depreciation method for plant and equipment to the straight-line method will better reflect the consumption pattern for future economic benefits of plant of equipment.

Compared to the declining-balance method, income before income taxes increased by ¥58,730 million (\$530,443 thousand) for the year ended March 31, 2021.

d. Leases—Finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet. All other leases are accounted for as operating leases.

e. Impairment of Fixed Assets—The Companies review their fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

f. Amortization of Nuclear Fuel—Amortization of nuclear fuel is computed based on the proportion of current heat produced to the estimated total potential heat production over the estimated useful life of the nuclear fuel.

g. Investment Securities—Investment securities are classified and accounted for, depending on management's intent, as follows: (a) held-to-maturity debt securities are stated at cost with discounts or premiums amortized throughout the holding periods; and (b) available-for-sale securities, which are not classified as the aforementioned securities and investment securities in nonconsolidated subsidiaries and affiliated companies, are stated at market value; and nonmarketable securities are stated at cost.

The Companies record unrealized gains or losses on available-for-sale securities, net of deferred taxes, in equity presented as "Unrealized gain on available-for-sale securities."

For other-than-temporary declines in fair value, investment securities are written down to net realizable value by a charge to income.

h. Special Account Related to Nuclear Power Decommissioning—On March 13, 2015, the Japanese government, i.e., the Ministry of Economy, Trade and Industry ("METI"), revised the accounting regulation applicable to electric utility providers in Japan. Under the revised accounting regulation effective on March 13, 2015, in case the Company decides to decommission nuclear power units due to factors such as a change of the government's energy policy, the Company is permitted to transfer the carrying amounts related to nuclear power units and costs related to nuclear power decommissioning to "special account related to nuclear power decommissioning" when the Company decides to decommission nuclear power units and applies to the Minister of METI for adopting the above special account, because they are expected to be collected through regulated electricity fees. The special account is amortized in proportion to the amounts of future regulated electricity fees collected, after approval of the Minister of METI.

In accordance with the Electricity Business Act which requires former General Electricity Utility to legally split the General Transmission and Distribution Business ("Legal Unbundling"), the Company transferred the General Transmission and Distribution Business to Kyushu Electric Power Transmission and Distribution Co., Inc., a wholly owned subsidiary of the Company on April 1, 2020 (see Note 4).

Therefore, based on the approval of the Minister of METI, the carrying amount of special account related to nuclear power decommissioning has been collected through regulated wheeling fees, instead of regulated retail fees, by Kyushu Electric Power Transmission and Distribution Co., Inc. on and after October 1, 2020.

i. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and mutual fund investments in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

j. Inventories—Inventories are stated at the lower of cost, principally determined by the average method, or net selling value.

k. Foreign Currency Transactions—Receivables and payables denominated in foreign currencies are translated into Japanese yen at the rates in effect as of each balance sheet date.

l. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries, and nonconsolidated foreign subsidiaries and foreign affiliated companies which are accounted for by the equity method, are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

m. Derivatives and Hedging Activities—Derivative financial instruments are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of operations and (b) for such derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Liabilities denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge accounting. Forward contracts applied for committed transactions are measured at fair value and the unrealized gains/losses are deferred until the underlying transactions are completed.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges.

n. Severance Payments and Pension Plans—The Companies have unfunded retirement plans for most of their employees and the Company and most of the consolidated subsidiaries also have contributory funded defined benefit pension plans covering substantially all of their employees.

Under the Accounting Standards Board of Japan (“ASBJ”) Statement No. 26, “Accounting Standard for Retirement Benefits” and ASBJ Guidance No. 25, “Guidance on Accounting Standard for Retirement Benefits,” the Companies accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over five years, which is no longer than the expected average remaining service period of the employees.

o. Accounting for Contributions Concerning Reprocessing of Spent Nuclear Fuel and Concerning Processing of Nuclear Fuel Material Separated in Reprocessing—The Act for Partial Revision of the Spent Nuclear Fuel Reprocessing Implementation Act was enforced on October 1, 2016. The act aims to secure the funds stably for reprocessing costs without being influenced by the financial position of nuclear operators under the competitive environment on April 1, 2016, when full liberalization of participation in retail electricity sales began.

The Nuclear Reprocessing Organization of Japan (the “NuRO”) was established on October 3, 2016, under the act. Nuclear operators including the Company are obliged to contribute the funds for reprocessing nuclear fuel to the NuRO every year. Nuclear operators fulfill the obligation to bear the reprocessing costs when they pay contributions to the NuRO, and the funds belong to the NuRO.

Contributions to NuRO consist of two parts. One is concerning reprocessing of spent nuclear fuel (part “A”), the other is concerning processing of nuclear fuel material separated in reprocessing (part “B”).

In accordance with the accounting regulations applicable to electric utility providers in Japan, the Company records the part A of contributions to the NuRO, the amount of which is calculated based on quantities of irradiated nuclear fuel resulting from operation of nuclear power stations, as operating expenses. On the other hand, the Company records part B of the contributions to the NuRO as assets and presents them as “Special account related to reprocessing of spent nuclear fuel” in the consolidated balance sheet.

p. Accounting for Contributions Concerning Final Disposal of High-Level Radioactive Waste—

The Designated Radioactive Waste Final Disposal Act was enforced on June 7, 2000. The act aims to disposal of high-level radioactive wastes, which are unavoidably generated through nuclear power generation, in stable geological strata at a depth of 300 meters or greater. Under the act, the Nuclear Waste Management Organization of Japan (the “NUMO”) was established in December 2000 which is responsible for the disposal of high-level radioactive wastes. Nuclear operators including the Company are obliged to contribute the fund to NUMO for disposal of high-level radioactive wastes every year. Nuclear operators fulfill the obligation to bear the disposal costs when they pay contributions to the NUMO, and the funds belong to the NUMO.

The Company records the disposal costs of high-level radioactive wastes, the amount of which is calculated based on quantities of irradiated nuclear fuel resulting from the operation of nuclear power station, as operating expenses.

q. Asset Retirement Obligations—Under ASBJ Statement No. 18, “Accounting Standard for Asset Retirement Obligations,” an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement. The Company recognizes the asset retirement obligation as the sum of the future decommissioning costs of nuclear power station which is calculated based on a formula using the quantities by type of waste generated from decommissioning of nuclear power station in accordance with the ordinance set forth by the METI, discounted at 2.3%.

In accordance with the accounting regulations applicable to electric utility providers in Japan, asset retirement costs are allocated to expense over the remaining useful lives of nuclear power units through depreciation based on the straight-line method, except for asset retirement costs of nuclear power units decommissioned due to factors such as a change of a government energy policy which are continuously allocated to expense over 10 years from the month that includes the date of decommissioning of the nuclear power unit.

r. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement of operations. The Company and its wholly owned domestic subsidiaries adopted the consolidated taxation system.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

s. Reserve for Fluctuations in Water Level—This reserve is provided to stabilize the Company's income level based on the Electricity Business Act and related accounting regulations. This reserve is recorded when the volume of water for generating hydroelectric power is abundant and available for future power generation, and reversed in years when there is an insufficient volume of water. Also, this reserve must be shown as a liability under the act and regulations.

t. Treasury Stock—The accounting standard for treasury stock requires that where an affiliated company holds a parent company's stock, a portion which is equivalent to the parent company's interest in such stock should be presented as treasury stock as a separate component of equity and the carrying value of the investment in the affiliated company should be reduced by the same amount.

u. Board Benefit Trust (BBT)—The Company has a performance-based stock compensation plan called "Board Benefit Trust (BBT)," (the "Plan") for directors (excluding outside directors) and executive officers (together, the "Directors").

(a) Overview of the Plan

The Plan is a stock compensation plan under which shares of the Company will be acquired through a trust (the "Trust" refers to a trust established based on the Plan) using funds contributed by the Company. The shares of the Company and cash equivalent to the value of the Company's shares converted at market value (the "Company's Shares, etc.") will be provided to the Directors through the Trust, pursuant to the "Rules on Provision of Shares to Officers" set forth by the Company. The Company's Shares, etc. will be provided to the Directors at the time of retirement of the Directors, in principle.

(b) Shares of the Company held by the Trust

The Company records shares of the Company in the Trust as treasury stock at cost (excluding acquisition-related costs). As of March 31, 2021, the number of shares was 603 thousand.

v. Net Income and Cash Dividends per Share—Basic earnings per share ("EPS") are computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the year, and diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock.

The weighted-average number of common stock used in the computation of basic EPS and diluted EPS during the year excludes treasury stock held by the Trust established based on BBT (618 thousand shares and 657 thousand shares for the years ended March 31, 2021 and 2020, respectively).

Diluted EPS at year ended reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted EPS of common stock assumes full conversion of the outstanding convertible bonds at the time of issuance with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Diluted EPS for the year ended March 31, 2020, is not disclosed because it is anti-dilutive due to the Companies' net loss position.

Cash dividends per share represent actual amounts applicable to earnings of the respective years.

w. Revenue Recognition—Electricity revenue of the Company is recognized on the day of meter reading in accordance with the accounting regulations applicable to electric utility providers in Japan. Electricity revenue does not include sales of electricity supplied to customer between the date of last meter reading and the year-end.

x. Research and Development Costs—Research and development costs are charged to income as incurred.

y. New Accounting Pronouncements

Accounting Standard for Revenue Recognition and Revised Accounting Regulations Applicable to Electric Utility Providers in Japan

On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition" (the "New Accounting Standards"). The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting regulations applicable to electric utility providers in Japan were revised due to the issuance of the New Accounting Standards. Accordingly, the Companies changed the accounting treatment of surcharges and subsidies for purchasing renewable energy under the feed-in tariff (FIT) scheme, which is based on the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities. Prior to April 1, 2021, the Companies recorded those as operating revenues. However, effective April 1, 2021, the Companies do not recognize surcharges as revenue because they are amounts collected on behalf of a third party, and deduct subsidies for purchasing renewable energy from expenses for purchase of electricity.

Electricity revenue of the Company is recognized on the day of meter reading in accordance with the accounting regulations applicable to electric utility providers in Japan. Electricity revenue does not include sales of electricity supplied to customer between the date of last meter reading and the year end. This accounting treatment is not changed in this revision of the regulation.

The Companies apply the New Accounting Standards and the revised accounting regulations effective April 1, 2021. The effect of this application decreases operating revenue by approximately ¥700,000 million (\$6,322,254 thousand), however, the impact on income is immaterial.

Accounting Standard for Fair Value Measurement

To enhance comparability of financial statements among domestic and overseas companies, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards") on July 4, 2019. The New Accounting Standards define the guidance for fair value measurements. The New Accounting Standards are applied for fair value measurements as follows:

- Financial Instruments defined by "Accounting Standard for Financial instruments"
- Measurement method of Inventories held for trading purpose defined by "Accounting Standard for Measurement of Inventories"

In accordance with the New Accounting Standards, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised and the revised guidance requires an entity to disclose details of financial instruments by levels of the fair value hierarchy.

The New Accounting Standards are effective for the annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2020, or annual periods ending on or after March 31, 2020. The New Accounting Standards shall be applied prospectively, however, under certain circumstances, it is permitted to be applied retrospectively.

The Companies expect to apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021, and are in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Deferred Tax Assets

	Millions of Yen	Thousands of U.S. Dollars
(1) <i>Carrying amounts</i>	2021	2021
Deferred tax assets	¥ 143,901	\$ 1,299,689
Deferred tax assets relating to tax loss carryforwards included in above	34,476	311,380

(2) *Information on the significant accounting estimate*

(a) The calculation method of the carrying amount

The deferred tax assets were calculated by estimating the future taxable income based on the business plan approved by the Board of Directors of the Company.

(b) The primary assumption used for the calculation

The Companies made the best estimation based on available information at preparation of the consolidated financial statements, such as outlooks on electricity sales volume and projections regarding nuclear power plant operation.

(c) The possible effects within the next financial year

The Companies' financial performance may be affected when deferred tax assets were reversed by decreasing the future taxable income. Decreasing the future taxable income will occur by such as decline of electricity sales volume which is influenced by external environment, such as changes in temperature, climate and economic trend, and unscheduled shutdown of nuclear power plants.

Applying the Accounting Standard for Disclosure of Accounting Estimates

On March 31, 2020, the ASBJ issued ASBJ Statement No. 31, "Accounting Standard for Disclosure of Accounting Estimates." To help the users of the financial statements understand the assumptions and related risks, the new accounting standard requires an entity to disclose the information of estimation uncertainty at the end of the reporting period that has a significant risk of resulting in a material adjustment to the financial statement within the next financial year.

The Companies applied the accounting standard for the year ended March 31, 2021.

Chapter 11 of the accounting standard permitted the Companies not to disclose the previous information retrospectively.

4. BUSINESS COMBINATION

Execution of the Absorption-Type Split Agreement

With respect to Japanese energy policy, the electric power system reform has been enacted in order to realize secure stable supply of electric power, suppress electricity rates and expand choices for consumers and business opportunities for electric providers.

In June 2015, the Electricity Business Act was revised as a part of the reform. The revised act requires former General Electricity Utility to legally split the General Transmission and Distribution Business in April 2020 ("Legal Unbundling"). The revised Act also forbids General Transmission and Distribution Utility to operate power generation or retail electricity businesses for the purpose of neutrality fairness of general transmission and distribution division.

The Company carried out an absorption-type split in which the general transmission and distribution business was transferred to Kyushu Electric Power Transmission and Distribution Co., Inc. (the succeeding company), a wholly owned subsidiary of the Company. The business split aimed not only to respond to Legal Unbundling appropriately but also to improve value of the entire group and build a competitive business management system.

(a) Description of business

General electricity transmission and distribution business, power generation business in remote islands and any business incidental thereto

(b) Effective date of the absorption-type split

April 1, 2020

(c) Method of the absorption-type split

This was an absorption-type split where in the Company was the splitting company and the subsidiary wholly owned by the Company was the succeeding Company.

(d) Outline of accounting treatment applied

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019), and "Guidance on Accounting Standard for Business Combinations and Business Separations" (ASBJ Guidance No. 10, issued on January 16, 2019), this business combination was accounted for as business combinations under common control.

5. PROPERTY

The breakdown of property at March 31, 2021 and 2020, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Costs:			
Electric power production facilities:			
Hydroelectric power	¥ 816,202	¥ 832,774	\$ 7,371,770
Thermal power	1,468,618	1,484,717	13,264,258
Nuclear power	2,097,891	1,861,669	18,947,719
Internal-combustion engine power	135,925	136,986	1,227,648
Renewable power	124,060	113,642	1,120,492
Total	4,642,698	4,429,789	41,931,889
Transmission facilities	1,924,558	1,893,384	17,382,209
Transformation facilities	1,115,806	1,062,761	10,077,733
Distribution facilities	1,508,705	1,490,384	13,626,310
General facilities	423,533	409,446	3,825,269
Other electricity-related facilities	138,796	144,818	1,253,585
Other plant and equipment	1,221,804	1,177,421	11,035,083
Construction in progress	504,045	641,816	4,552,431
Total	11,479,949	11,249,824	103,684,512
Less:			
Contributions in aid of construction	235,049	221,603	2,122,914
Accumulated depreciation	7,655,674	7,544,561	69,144,456
Carrying amount	¥ 3,589,225	¥ 3,483,659	\$ 32,417,141

6. INVESTMENT SECURITIES

The costs and aggregate fair values of investment securities at March 31, 2021 and 2020, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2021				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,683	¥ 2,875	¥ 25	¥ 4,533
Debt securities	281	27		309
Other securities	312	108	1	418
Held-to-maturity	141		6	134

March 31, 2020

Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,681	¥ 1,677	¥ 85	¥ 3,272
Debt securities	250	31		281
Other securities	311	42	2	351
Held-to-maturity	141		9	131

The Company contributed certain securities with a fair value of ¥2,352 million to the retirement benefit trust for the Company's retirement benefit plans and recognized a noncash gain of ¥656 million for the year ended March 31, 2020.

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2021				
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 15,204	\$ 25,967	\$ 227	\$ 40,944
Debt securities	2,546	250		2,796
Other securities	2,822	975	15	3,783
Held-to-maturity	1,273		58	1,215

7. PLEDGED ASSETS

All of the Company's assets amounting to ¥4,453,127 million (\$40,219,718 thousand) are subject to certain statutory preferential rights established to secure a portion of bonds and a portion of loans borrowed from the Development Bank of Japan Inc. The carrying amount of bonds and loans borrowed from the Development Bank of Japan Inc. secured by the assets for the year ended March 31, 2021, were ¥1,244,900 million (\$11,243,677 thousand) and ¥200,776 million (\$1,813,367 thousand), respectively.

Certain assets of the consolidated subsidiaries, amounting to ¥68,067 million (\$614,771 thousand), are pledged as collateral for a portion of their long-term debt at March 31, 2021.

Investments in affiliated companies held by consolidated subsidiaries, amounting to ¥16,751 million (\$151,295 thousand), are pledged as collateral for bank loans and derivatives, mainly interest rate swaps of the affiliated companies and the subsidiary of the affiliated companies at March 31, 2021.

8. LONG-TERM DEBT

Long-term debt at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Yen bonds, 0.01% to 1.884%, due serially to 2049	¥ 1,169,898	¥ 1,274,898	\$ 10,566,281
First series of subordinated unsecured yen bonds with interest deferral option and early redemption option, 0.99%, due serially to 2080 (Notes a and d)	70,000		632,225
Second series of subordinated unsecured yen bonds with interest deferral option and early redemption option, 1.09%, due serially to 2080 (Notes b and e)	30,000		270,953
Third series of subordinated unsecured yen bonds with interest deferral option and early redemption option, 1.30%, due serially to 2080 (Notes c and f)	100,000		903,179
Yen-denominated zero coupon convertible bonds due 2022 (Notes g and h)	75,000	75,000	677,384
Loans from the Development Bank of Japan Inc., 0.32% to 3.15%, due serially to 2038	267,269	278,339	2,413,920
Loans, principally from banks and insurance companies, 0.07% to 3.239%, due serially to 2040:			
Collateralized	65,637	64,201	592,821
Unsecured	1,581,734	1,503,820	14,285,898
Obligations under finance leases	17,371	15,166	156,896
Total	3,376,911	3,211,425	30,499,561
Less current portion	418,763	404,208	3,782,186
Long-term debt, less current portion	¥ 2,958,147	¥ 2,807,217	\$ 26,717,374

The annual maturities of long-term debt outstanding at March 31, 2021, were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	¥ 418,763	\$ 3,782,186
2023	351,155	3,171,566
2024	386,763	3,493,169
2025	354,134	3,198,469
2026	249,320	2,251,815
2027 and thereafter	1,616,772	14,602,353
Total	¥ 3,376,911	\$ 30,499,561

Notes:

- a. The fixed interest rate has been applied since the day after October 15, 2020, and will be applied until October 15, 2025, and a variable interest rate will be applied from the day after October 15, 2025 ("Step-up interest rates" will be applied from the day after October 15, 2030, and the day after October 15, 2045.)
- b. The fixed interest rate has been applied since the day after October 15, 2020, and will be applied until October 15, 2027, and a variable interest rate will be applied from the day after October 15, 2027 ("Step-up interest rates" will be applied from the day after October 15, 2030, and the day after October 15, 2047.)
- c. The fixed interest rate has been applied since the day after October 15, 2020, and will be applied until October 15, 2030, and a variable interest rate will be applied from the day after October 15, 2030 ("Step-up interest rates" will be applied from the day after October 15, 2030, and the day after October 15, 2050.)
- d. The Company may redeem the hybrid corporate bonds at its discretion on each interest payment date from and including October 15, 2025.
- e. The Company may redeem the hybrid corporate bonds at its discretion on each interest payment date from and including October 15, 2027.
- f. The Company may redeem the hybrid corporate bonds at its discretion on each interest payment date from and including October 15, 2030.
- g. The offer price of yen-denominated zero coupon convertible bonds is ¥102.0, and issue price ¥100.0 has been paid to the Company.
- h. The contents regarding yen-denominated zero coupon convertible bonds at March 31, 2021, were as follows:

Stock Name	Yen-denominated Zero Coupon Convertible Bonds due 2022
Stock will be converted	Common stock
Issue price of stock acquisition rights (yen)	Gratis free
Issue price of stock	¥1,379.9 (\$12.46)
Amount of zero coupon convertible bonds	¥75,000 million (\$677,384 thousand)
Amount of stock price issued by exercising stock acquisition rights	—
Application rate of stock acquisition rights (%)	100
Period of exercise stock acquisition rights	From April 13, 2017 to March 17, 2022

In the case of exercising stock acquisition rights, yen-denominated zero coupon convertible bonds shall be deemed to be acquired by the Company as a capital contribution in kind by such bond holder at the price equal to the principal amount of the bond.

At the general shareholders' meeting held on June 25, 2021, the Company's shareholders approved a ¥17.5 (\$0.15) cash dividend per share. As a result, under the constriction rules of convertible bonds, the issue price of stock of yen-denominated zero coupon convertible bonds due 2022 has been changed from ¥1,379.9 (\$12.46) to ¥1,354.6 (\$12.23), with an effective date on April 1, 2021.

9. SEVERANCE PAYMENTS AND PENSION PLANS

Employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled, under most circumstances, to severance payments based on credits earned in each year of service, length of service and certain other factors. As for the Company and a part of the consolidated subsidiaries, if the termination is made voluntarily at one of a number of specified ages, the employee is entitled to certain additional payments.

Additionally, the Company and most of the consolidated subsidiaries have contributory funded defined benefit pension plans covering substantially all of their employees. In general, eligible employees retiring at the mandatory retirement age receive pension payments for the fixed term selected by them. As for the Company and one of the consolidated subsidiaries, Kyushu Electric Power Transmission and Distribution Co., Inc., eligible employees retiring after at least 20 years of service but before the mandatory retirement age, receive a lump-sum payment upon retirement and an annuity. The Company and Kyushu Electric Power Transmission and Distribution Co., Inc. have established retirement benefit trusts for the their defined retirement benefit plan.

Certain consolidated subsidiaries calculate liability for retirement benefits and periodic benefit costs related to defined retirement benefit plans by the simplified method. Under the simplified method, projected benefit obligations are principally stated at the necessary payment amounts for voluntary retirement as of the end of the fiscal year. The simplified method for accounting for defined retirement benefit plans is allowed for a specified small-sized entity under accounting principles generally accepted in Japan.

Defined Retirement Benefit Plans (excluding Plans Applying the Simplified Method)

(1) The changes in defined benefit obligation for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 400,955	¥ 408,992	\$ 3,621,347
Current service cost	13,483	13,422	121,780
Interest cost	3,095	3,200	27,959
Actuarial losses (gains)	2,430	(1,142)	21,948
Benefits paid	(23,726)	(23,528)	(214,295)
Effect of change from the simplified method to the principle method	1,415		12,788
Other	(0)	11	(8)
Balance at end of year	¥ 397,653	¥ 400,955	\$ 3,591,521

(2) The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 308,016	¥ 326,512	\$ 2,781,937
Expected return on plan assets	6,605	7,202	59,663
Actuarial gains (losses)	28,283	(18,318)	255,446
Contributions from the employer	6,811	6,729	61,516
Benefits paid	(16,170)	(16,461)	(146,052)
Effect of change from the simplified method to the principle method	1,097		9,908
Contribution of securities to retirement benefit trust		2,352	
Balance at end of year	¥ 334,642	¥ 308,016	\$ 3,022,420

(3) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2021 and 2020, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Funded defined benefit obligation	¥ 390,207	¥ 394,037	\$ 3,524,274
Plan assets	(334,642)	(308,016)	(3,022,420)
	55,565	86,021	501,854
Unfunded defined benefit obligation	7,445	6,917	67,246
Net liability for defined benefit obligation	¥ 63,010	¥ 92,939	\$ 569,100

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Liability for retirement benefits	¥ 84,795	¥ 98,484	\$ 765,856
Assets for retirement benefits	(21,784)	(5,544)	(196,755)
Net liability for defined benefit obligation	¥ 63,010	¥ 92,939	\$ 569,100

(4) The components of net periodic benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Current service cost	¥ 13,483	¥ 13,422	\$ 121,780
Interest cost	3,095	3,200	27,959
Expected return on plan assets	(6,605)	(7,202)	(59,663)
Recognized actuarial losses	7,463	7,783	67,411
Amortization of prior service cost	(1)	504	(12)
Others	423	315	3,821
Net periodic benefit costs	¥ 17,858	¥ 18,023	\$ 161,297

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Prior service cost	¥ (1)	¥ 503	\$ (12)
Actuarial gains (losses)	33,316	(9,391)	300,907
Total	¥ 33,315	¥ (8,887)	\$ 300,895

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrecognized prior service cost	¥ (16)	¥ (15)	\$ (150)
Unrecognized actuarial gains (losses)	7,428	(25,888)	67,089
Total	¥ 7,411	¥ (25,903)	\$ 66,939

(7) Plan assets as of March 31, 2021 and 2020

a. Components of plan assets

Plan assets consisted of the following:

	2021	2020
Debt investments	38%	39%
Equity investments	30	21
General account of life insurance companies	20	21
Others	12	19
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering distribution of plan assets currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rates	Mainly 1.0%	Mainly 1.0%
Expected rates of return on plan assets	Mainly 2.0%	Mainly 2.0%

Defined Retirement Benefit Plans Applying the Simplified Method

(1) The changes in the net carrying amount of liabilities and assets for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 3,115	¥ 3,021	\$ 28,134
Periodic benefit costs	215	72	1,949
Benefits paid	(251)	(311)	(2,271)
Contributions from the employer	(248)	(323)	(2,246)
Effect of change from the simplified method to the principle method	(227)		(2,054)
Balance at end of year	¥ 2,603	¥ 3,115	\$ 23,511

(2) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Funded defined benefit obligation	¥ ¥5,210	¥ 6,105	\$ 47,059
Plan assets	(4,842)	(5,563)	(43,740)
	367	541	3,318
Unfunded defined benefit obligation	2,235	2,573	20,192
Net carrying amount of liabilities and assets	¥ 2,603	¥ 3,115	\$ 23,511
Liabilities for retirement benefits	¥ 3,311	¥ 3,781	\$ 29,910
Assets for retirement benefits	(708)	(665)	(6,398)
Net carrying amount of liabilities and assets	¥ 2,603	¥ 3,115	\$ 23,511

(3) Periodic benefit costs

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Periodic benefit costs calculated under the simplified method	¥ 215	¥ 728	\$ 1,949

Defined Contribution Plans

The required contribution to defined contribution plans by the Company and its certain consolidated subsidiaries for the years ended March 31, 2021 and 2020, was ¥2,147 million (\$19,394 thousand) and ¥2,209 million, respectively.

10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 268,432	¥ 264,166	\$ 2,424,424
Net change in the year	9,598	4,265	86,694
Balance at end of year	¥ 278,031	¥ 268,432	\$ 2,511,118

11. SHORT-TERM BORROWINGS

Short-term borrowings were generally represented by bank loans, bearing interest at rates ranging from 0.17% to 0.49% and from 0.014% to 0.48% for the years ended March 31, 2021 and 2020, respectively.

12. INCOME TAXES

The Companies are subject to national and local income taxes. The aggregate normal statutory tax rates for the Company approximated 27.9% for the years ended March 31, 2021 and 2020.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Tax loss carryforwards	¥ 155,044	¥ 169,277	\$ 1,400,328
Depreciation	51,828	50,466	468,101
Liability for retirement benefits	34,793	38,819	314,246
Asset retirement obligations	29,450	29,102	265,990
Other	81,962	78,909	740,270
Total of tax loss carryforwards and temporary differences	353,079	366,576	3,188,937
Less valuation allowance for tax loss carryforwards	(120,568)	(121,512)	(1,088,948)
Less valuation allowance for temporary differences	(50,962)	(48,374)	(460,285)
Total valuation allowance	(171,531)	(169,886)	(1,549,233)
Deferred tax assets	181,548	196,689	1,639,704

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax liabilities:			
Capitalized assets retirement costs	¥ 9,611	¥ 9,863	\$ 86,812
Assets for retirement benefits	6,343	1,761	57,291
Accrued income of foreign subsidiary	6,078	5,616	54,899
Gain on contributions of securities to retirement benefit trust	5,619	5,619	50,751
Amortization in foreign subsidiary	3,864	3,708	34,904
Deferred gain on derivatives under hedge accounting	3,026	1,439	27,333
Other	11,382	11,944	102,806
Deferred tax liabilities	45,926	39,952	414,799
Net deferred tax assets	¥ 135,621	¥ 156,737	\$ 1,224,905

The expiration of tax loss carryforwards, the related valuation allowance and the resulting net deferred tax assets as of March 31, 2021 and 2020, were as follows:

		Millions of Yen						
		1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
March 31, 2021								
Deferred tax assets relating to tax loss carryforwards (Note a)	¥	86,967	¥ 32,608	¥ 24,996	¥ 897	¥ 352	¥ 9,220	¥ 155,044
Less valuation allowances for tax loss carryforwards		77,330	28,593	13,836	275	20	511	120,568
Net deferred tax assets relating to tax loss carryforwards		9,636	4,015	11,160	622	331	8,709	34,476 (Note b)

Notes: a. The tax loss carryforwards were the amount multiplied by the normal effective statutory tax rate.

b. Tax loss carryforwards mainly resulted from the long-term shutdown of nuclear power plants of the Company in past years. Deferred tax assets relating to tax loss carryforwards were recognized at amounts the Company judged those were recoverable from expectations of future taxable income based on the business plan approved by the Board of Directors.

		Millions of Yen						
		1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
March 31, 2020								
Deferred tax assets relating to tax loss carryforwards (Note c)	¥	15,308	¥ 86,959	¥ 32,653	¥ 25,021	¥ 926	¥ 8,409	¥ 169,277
Less valuation allowances for tax loss carryforwards		9,486	69,562	26,923	14,511	404	623	121,512
Net deferred tax assets relating to tax loss carryforwards		5,821	17,396	5,729	10,509	521	7,785	47,765 (Note d)

Notes: c. The tax loss carryforwards were the amount multiplied by the normal effective statutory tax rate.

d. Tax loss carryforwards mainly resulted from the long-term shutdown of nuclear power plants of the Company in past years. Deferred tax assets relating to tax loss carryforwards were recognized at amounts the Company judged those were recoverable from expectations of future taxable income based on the business plan approved by the Board of Directors.

		Thousands of U.S. Dollars						
		1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
March 31, 2021								
Deferred tax assets relating to tax loss carryforwards (Note a)	\$	785,476	\$ 294,516	\$ 225,765	\$ 8,107	\$ 3,181	\$ 83,281	\$ 1,400,328
Less valuation allowances for tax loss carryforwards		698,437	258,249	124,967	2,486	187	4,620	1,088,948
Net deferred tax assets relating to tax loss carryforwards		87,039	36,267	100,797	5,621	2,994	78,660	311,380 (Note b)

Notes: a. The tax loss carryforwards were the amount multiplied by the normal effective statutory tax rate.

b. Tax loss carryforwards mainly resulted from the long-term shutdown of nuclear power plants of the Company in past years. Deferred tax assets relating to tax loss carryforwards were recognized at amounts the Company judged those were recoverable from expectations of future taxable income based on the business plan approved by the Board of Directors.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2021 and 2020, was as follows:

	2021	2020
Normal effective statutory tax rate	27.9%	27.9%
Valuation allowance	14.0	69.2
Expenses not deductible for income tax purposes	1.1	1.4
Equity in earnings of nonconsolidated subsidiaries and affiliated companies	(4.9)	(6.4)
Other-net	1.3	4.0
Actual effective tax rate	39.4%	96.1%

13. EQUITY

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general shareholders' meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Acquisition and Disposal of Class A Preferred Stock

The Company acquired the previous Class A preferred stock based on the articles of incorporation and has issued the new Class A preferred stock. The information of the new Class A preferred stock is as follows:

(1) Way of offering

Third-party allotment to the Mizuho Bank, Ltd., Development Bank of Japan Inc. and MUFG Bank, Ltd.

(2) Class and number of new shares to be issued

1,000 shares of Class A preferred stock

(3) Issue price

¥100 million per share

(4) Total amount of the issue price

¥100,000 million

(5) Issue date

June 28, 2019

(6) Uses of proceeds

The proceeds from the issuance of new Class A preferred stock will be used to repay a part of a bank loan the Company borrowed for the acquisition of current Class A preferred stock.

(7) Characteristics of the preferred stock

The preferred stock provides no provision for acquisition or right to request acquisition using common stock as consideration that will not dilute common stock. These stocks also do not provide any voting rights at the general shareholders' meeting.

The preferred stock has a provision for acquisition allowing the Company to acquire this preferred stock in exchange for cash the day after the payment date or thereafter. Furthermore, the preferred stock will provide the preferred shareholders with the right to request acquisition of this preferred stock in exchange for cash of the Company the day after the payment date or thereafter if the preferred shareholders follow the prescribed procedures, but the exercise of this right by the preferred shareholders is limited by the agreement to underwriting of the preferred stock.

Annual preferred dividend for the preferred stock is ¥2,100,000 per share. (Annual preferred dividend as of the record date of March 31, 2020, is ¥1,599,452 per share.)

The information of the previous Class A preferred stock was as follows:**(1) Way of offering**

Third-party allotment to the Development Bank of Japan Inc.

(2) Class and number of new shares to be issued

1,000 shares of Class A preferred stock

(3) Issue price

¥100 million per share

(4) Total amount of the issue price

¥100,000 million

(5) Amount of preferred stock and additional paid-in capital to be increased

Amount of preferred stock to be increased: ¥50,000 million (¥50 million per share)

Amount of additional paid-in capital to be increased: ¥50,000 million (¥50 million per share)

(6) Issue date

August 1, 2014

(7) Uses of proceeds

The proceeds from the issuance of the preferred stock are planned to be used entirely for construction to enhance the safety of the Company's nuclear power plants to meet new regulations for safety of nuclear power plants.

(8) Characteristics of the preferred stock

The preferred stock provides no provision for acquisition or right to request acquisition using common stock as consideration that will not dilute common stock. These stocks also do not provide any voting rights at the general shareholders' meeting.

The preferred stock has a provision for acquisition allowing the Company to acquire this preferred stock in exchange for cash the day after the payment date or thereafter. Furthermore, the preferred stock will provide the preferred shareholders with the right to request acquisition of this preferred stock in exchange for cash of the Company the day after the payment date or thereafter if the preferred shareholders follow the prescribed procedures, but the exercise of this right by the preferred shareholders is limited by the agreement to underwriting of the preferred stock.

Annual preferred dividend for the preferred stock is ¥3,500,000 per share.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥5,101 million (\$46,076 thousand) and ¥5,525 million for the years ended March 31, 2021 and 2020, respectively.

15. RELATED PARTY DISCLOSURES

a. Significant transactions of the Company with an affiliated company for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Kyudenko Corporation:			
Transactions— purchase of construction works on distribution facilities and other		¥ 40,217	
Balances at year end— payables for construction works		3,160	

b. Significant transactions of a consolidated subsidiary with an affiliated company for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Kyudenko Corporation:			
Transactions— purchase of construction works on distribution facilities and other	¥ 43,321		\$ 391,266
Balances at year end— payables for construction works	4,900		44,260

Notes Concerning the Parent Company or Important Affiliates*Important affiliates' financial summary*

For the year ended March 31, 2021 and 2020, Kyudenko Corporation was an important affiliate. The financial summary of its financial statements was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Total current assets	¥ 182,828	¥ 184,812	\$ 1,651,270
Total noncurrent assets	149,629	144,096	1,351,420
Total current liabilities	132,584	143,524	1,197,472
Total noncurrent liabilities	12,195	14,144	110,148
Total equity	187,678	171,239	1,695,069
Operating revenues	337,432	365,128	3,047,621
Income before income taxes	29,528	28,677	266,697
Net income	20,393	19,225	184,193

16. LEASES

The minimum rental commitments under noncancelable operating leases at March 31, 2021 and 2020, were as follows:

(1) Lessee

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Due within one year	¥ 1,070	¥ 420	\$ 9,665
Due after one year	10,655	1,053	96,237
Total	¥ 11,725	¥ 1,474	\$ 105,902

(2) Lessor

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Due within one year	¥ 122	¥ 22	\$ 1,110
Due after one year	2,099	90	18,960
Total	¥ 2,222	¥ 112	\$ 20,070

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Items Pertaining to Financial Instruments

(a) The Companies' policy for financial instruments

The Companies use mainly long-term debt, including bonds and loans, to raise funds required for investments in electric utility plant and equipment and repayments of bonds and loans. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used not for speculative purposes, but to manage exposure to financial risks as described in (b) below.

(b) Nature and extent of risks arising from financial instruments and risk control system

Investment securities, mainly held-to-maturity debt securities and equity securities issued by companies related through business, and investments in and advances to nonconsolidated subsidiaries and affiliated companies which have a quoted market price in an active market are exposed to the risk of market price fluctuations. Such market risk is managed by monitoring market values and financial position of the issuers on a regular basis. Investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies which do not have a quoted market price in an active market are managed by monitoring financial position of the issuers on a regular basis. In addition, the Company requires its nonconsolidated subsidiaries and affiliated companies to submit business plans and performance reports, and to consult in advance on any items that could have a significant impact on the Companies' business activities.

Receivables are exposed to customer credit risk. Payment terms are set forth in specific retail electricity power supply provisions and so on. The Companies manage their credit risk from receivables by monitoring payment terms and balances of each customer and identifying and reducing the default risk of customers at an early stage.

Bonds and loans are mainly used to raise funds for investments in plant and equipment. Foreign currency denominated debt is exposed to the market risk of fluctuations in foreign exchange. Such risk is mitigated by using currency swaps. Financial liabilities with variable interest rate are exposed to interest rate fluctuation risk. Such risk is mitigated by using interest rate swaps as necessary.

Payment terms of notes and accounts payable are less than one year. Accounts payable to purchase fuel in foreign currencies is exposed to the market risk of fluctuations in foreign exchange and fuel price. Such risks are mitigated by using foreign exchange forward contracts and financial energy swaps as necessary.

Liquidity risk comprises the risk that the Companies cannot meet their contractual obligations in full on maturity dates. The Companies manage their liquidity risk by holding an adequate volume of liquid assets based on monthly financial planning and diversifying sources of their financing.

Fair Values of Financial Instruments

The carrying amounts and aggregate fair values of financial instruments at March 31, 2021 and 2020, were as follows:

	Millions of Yen		
March 31, 2021	Carrying Amount	Fair Value	Unrecognized Gain (Loss)
Investment securities:			
Held-to-maturity debt securities	¥ 141	¥ 134	¥ (6)
Available-for-sale securities	5,261	5,261	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	43,884	68,105	24,220
Cash and cash equivalents	223,901	223,901	
Receivables	292,807	292,807	
Total	¥ 565,995	¥ 590,209	¥ 24,214
Long-term debt:			
Bonds	¥ 1,444,898	¥ 1,463,907	¥ 19,008
Loans	1,914,641	1,948,290	33,649
Short-term borrowings	123,108	123,108	
Commercial paper	40,000	40,000	
Notes and accounts payable	146,172	146,172	
Accrued income taxes	9,537	9,537	
Total	¥ 3,678,358	¥ 3,731,016	¥ 52,658
Derivatives	¥ 5,873	¥ 5,873	

	Millions of Yen		
March 31, 2020	Carrying Amount	Fair Value	Unrecognized Gain (Loss)
Investment securities:			
Held-to-maturity debt securities	¥ 141	¥ 131	¥ (9)
Available-for-sale securities	3,906	3,906	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	39,593	47,061	7,467
Cash and cash equivalents	205,485	205,485	
Receivables	258,646	258,646	
Total	¥ 507,773	¥ 515,232	¥ 7,458
Long-term debt:			
Bonds	¥ 1,349,898	¥ 1,358,316	¥ 8,417
Loans	1,846,361	1,879,188	32,827
Short-term borrowings	118,012	118,012	
Commercial paper	92,000	92,000	
Notes and accounts payable	142,732	142,732	
Accrued income taxes	3,471	3,471	
Total	¥ 3,552,476	¥ 3,593,721	¥ 41,245
Derivatives	¥ 1,189	¥ 1,189	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrecognized Gain (Loss)
March 31, 2021			
Investment securities:			
Held-to-maturity debt securities	\$ 1,273	\$ 1,215	\$ (58)
Available-for-sale securities	47,524	47,524	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	396,355	615,110	218,755
Cash and cash equivalents	2,022,230	2,022,230	
Receivables	2,644,571	2,644,571	
Total	\$ 5,111,956	\$ 5,330,653	\$ 218,696
Long-term debt:			
Bonds	\$13,050,024	\$13,221,704	\$ 171,680
Loans	17,292,640	17,596,558	303,918
Short-term borrowings	1,111,893	1,111,893	
Commercial paper	361,271	361,271	
Notes and accounts payable	1,320,197	1,320,197	
Accrued income taxes	86,137	86,137	
Total	\$33,222,164	\$33,697,763	\$ 475,598
Derivatives	\$ 53,049	\$ 53,049	

The securities whose fair value cannot be reliably determined are excluded from investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies (see (b) below).

Advances are excluded from investments in and advances to nonconsolidated subsidiaries and affiliated companies because they are immaterial.

Long-term debt contains its current portion, and obligations under finance leases are excluded because they are immaterial.

Derivatives are stated at the net amount.

(a) *Methods used to calculate fair values of financial instruments*

Investment Securities and Investments in and Advances to Nonconsolidated Subsidiaries and Affiliated Companies

The fair values of investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies are measured at the quoted market price of the exchanges for the equity securities. Some of the debt securities are measured principally at the quoted price obtained from financial institutions for other securities. Fair value information for investment securities by classification is included in Note 6.

Cash and Cash Equivalent, and Receivables

The carrying amounts of cash and cash equivalents, and receivables approximate fair values because of their short maturities.

Bonds

The fair values of bonds are based on market price.

Long-Term Loans

The fair values of long-term loans at fixed interest rates are determined by discounting the cash flows related to the loans at the Company's assumed corporate borrowing rate. Because loans at variable interest rates reflect short-term movements in market interest rates and there has been no substantial change in the Company's credit position since the loans were implemented, the carrying amounts approximate fair values. A part of loans is subjected to interest rate swaps, which qualify for hedge accounting and meet specific matching criteria (see Note 18), and the fair values are determined by discounting the cash flows related to the loans with the interest rate swaps at the Company's assumed corporate borrowing rate.

Short-Term Borrowings, Commercial Paper, Notes and Accounts Payable, and Accrued Income Taxes

The carrying amounts of short-term borrowings, commercial paper, notes and accounts payable, and accrued income taxes approximate fair values because of their short maturities.

Derivatives

Fair value information for derivatives is included in Note 18.

(b) Financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Investment securities—Available-for-sale:			
Equity securities	¥ 67,103	¥ 67,007	\$ 606,064
Other securities	22,362	11,868	201,969
Investments in and advances to nonconsolidated subsidiaries and affiliated companies:			
Equity securities	89,876	88,193	811,742
Other securities	29,115	30,201	262,966
Total	¥ 208,457	¥ 197,270	\$ 1,882,744

Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2021				
Investment securities:				
Held-to-maturity debt securities	¥ 5		¥ 34	¥ 102
Available-for-sale securities with contractual maturities		¥ 14		309
Cash and cash equivalents	223,901			
Receivables	292,807			
Total	¥ 516,713	¥ 14	¥ 34	¥ 411

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2021				
Investment securities:				
Held-to-maturity debt securities	\$ 45		\$ 307	\$ 921
Available-for-sale securities with contractual maturities		\$ 131		2,796
Cash and cash equivalents	2,022,230			
Receivables	2,644,571			
Total	\$ 4,666,848	\$ 131	\$ 307	\$ 3,718

Please see Note 8 for annual maturities of long-term debt.

18. DERIVATIVES

The Company enters into foreign exchange forward contracts, currency swaps, interest rate swaps and financial energy swaps to manage its exposures to fluctuations in foreign exchanges, interest rates and fuel price, respectively.

Consolidated subsidiaries of the Company enter into foreign exchange forward contracts and interest rate swaps to manage their exposures to fluctuations in foreign exchanges and interest rates, respectively.

The Companies do not enter into derivatives for trading or speculative purposes.

Foreign exchange forward contracts, currency swaps, interest rate swaps and financial energy swaps are not subject to any market risk except for abandoning potential income by market fluctuations in hedged items.

The Companies do not anticipate any losses arising from credit risk, which is the possibility that a loss may result from counterparties' failure to perform according to the terms and conditions of the contract, because the counterparties to those derivatives have high credit ratings.

The derivative transactions are executed by specific sections, and the administrative section monitors them based on internal policies.

Derivative Transactions to Which Hedge Accounting Is Applied

Millions of Yen				
March 31, 2021	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Buying U.S. dollar (Note a)	Accounts payable	¥ 55,830	¥ 54,274	¥ 4,706
Buying Canadian dollar (Note a)	Accounts payable	23,101	22,767	1,492
Interest rate swaps:				
Principle treatment (Note b)—pay fixed / receive floating	Long-term loans	57,829	55,607	(4,229)
Special treatment (Note c)—pay fixed / receive floating	Long-term loans	1,889	1,672	
Financial energy swaps—				
Principle treatment (Note b)—pay fixed / receive floating	Accounts payable	9,406		3,904
Total				¥ 5,873

Millions of Yen				
March 31, 2020	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Buying U.S. dollar (Note a)	Accounts payable	¥ 55,830	¥ 55,830	¥ 5,749
Buying Canadian dollar (Note a)	Accounts payable	23,101	23,101	(1,028)
Interest rate swaps:				
Principle treatment (Note b)—pay fixed / receive floating	Long-term loans	58,815	5,539	(3,531)
Special treatment (Note c)—pay fixed / receive floating	Long-term loans	2,106	1,889	
Total				¥ 1,189

Thousands of U.S. Dollars				
March 31, 2021	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Buying U.S. dollar (Note a)	Accounts payable	\$504,251	\$490,195	\$ 42,509
Buying Canadian dollar (Note a)	Accounts payable	208,650	205,627	13,478
Interest rate swaps:				
Principle treatment (Note b)—pay fixed / receive floating	Long-term loans	522,299	502,237	(38,198)
Special treatment (Note c)—pay fixed / receive floating	Long-term loans	17,063	15,103	
Financial energy swaps—				
Principle treatment (Note b)—pay fixed / receive floating	Accounts payable	84,956		35,260
Total				\$ 53,049

Notes: a. The fair value of derivative transactions is measured at the forward foreign exchange rate.

b. The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

c. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges. As a result, the fair values of interest rate swaps are included in those of hedged items (i.e., long-term loans) in Note 17.

d. The contract or notional amounts of derivatives, which are shown in the above table, do not represent the amounts exchanged by the parties and do not measure the Companies' exposure to market risk.

19. COMMITMENTS AND CONTINGENCIES

At March 31, 2021, the Companies had a number of fuel purchase commitments, most of which specify quantities and dates for fuel deliveries. However, most of purchase prices are contingent upon fluctuations in market prices.

Contingent Liabilities

Contingent liabilities at March 31, 2021, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans, mainly in connection with procurement of fuel	¥ 78,270	\$ 706,925
Guarantees of employees' loans	45,439	410,400
Other	10,195	92,081

Loan Commitments

Kyuden International Corporation, a consolidated subsidiary of the Company, has entered into the Shareholder Loan Agreement with Senoko Energy Pte Ltd. The unexercised portion of loan commitments under the agreement as of March 31, 2021, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Total loan limits	¥ 1,727	\$ 15,605
Loan executed		
Unexercised portion of loan commitments	1,727	15,605

20. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ 1,503	¥ (1,756)	\$ 13,581
Reclassification adjustments to profit or loss	0	(703)	1
Amount before income tax effect	1,503	(2,459)	13,582
Income tax effect	(439)	682	(3,965)
Total	¥ 1,064	¥ (1,776)	\$ 9,616
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	¥ 3,601	¥ 5,936	\$ 32,525
Reclassification adjustments to profit or loss	1,083	255	9,783
Amount before income tax effect	4,684	6,191	42,309
Income tax effect	(1,213)	(1,070)	(10,961)
Total	¥ 3,470	¥ 5,121	\$ 31,347
Foreign currency translation adjustments:			
Gains (losses) arising during the year	¥ 1,421	¥ (959)	\$ 12,839
Amount before income tax effect	1,421	(959)	12,839
Income tax effect	(1,119)	36	(10,110)
Total	¥ 302	¥ (923)	\$ 2,729

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Defined retirement benefit plans:			
Gains (losses) arising during the year	¥ 25,811	¥ (17,175)	\$ 233,120
Reclassification adjustments to profit	7,504	8,287	67,775
Amount before income tax effect	33,315	(8,887)	300,895
Income tax effect	(9,425)	2,525	(85,126)
Total	¥ 23,889	¥ (6,362)	\$ 215,769
Share of other comprehensive loss in nonconsolidated subsidiaries and affiliated companies:			
Losses arising during the year	¥ (507)	¥ (699)	\$ (4,587)
Reclassification adjustments to profit or loss	472	110	4,263
Total	¥ (35)	¥ (588)	\$ (324)
Total other comprehensive income (loss)	¥ 28,691	¥ (4,530)	\$ 259,138

21. SEGMENT INFORMATION

(1) Description of reportable segments

The Companies' reportable segments are those for which financial information is available separately and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Companies. Therefore, the Companies' reportable segments consist of power generation and sale, electricity transmission and distribution, other energy services, information and communication technology ("ICT") services and other.

- Power Generation and Sale segment: This segment is engaged in the business of power generation and retail electricity in Japan.
- Electricity Transmission and Distribution segment: This segment is engaged in the business of general transmission and distribution in Kyushu region.
- Other Energy Services segment: This segment is engaged in the business that provides a stable supply of electric power, such as construction and maintenance of electricity-related facilities, selling gas and LNG, a renewable energy business, and overseas business.
- ICT Services segment: This segment is engaged in the data communication business, optical broadband business, construction and maintenance of telecommunications facilities, information system development business, and data center business.
- Other segment: This segment is engaged in the real estate business, back office outsourcing business, staffing business and other business.

(2) Methods of measurement for the amounts of sales, profit, assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

Change in depreciation method for tangible fixed assets

As described in Note 2.c, prior to April 1, 2020, the Companies had applied the declining-balance method as their principal depreciation method for plant and equipment. However, the Companies changed their principal depreciation method to the straight-line method for the year ended March 31, 2021. Subsequently, the depreciation method for the reportable segments has been changed as well. As a result of this change, segment profit for the year ended March 31, 2021, increased by ¥36,374 million (\$328,524 thousand) in the "power generation and sale segment," ¥22,992 million (\$207,661 thousand) in the "electricity transmission and distribution segment," ¥151 million (\$1,371 thousand) in the "other energy services segment," ¥1 million (\$12 thousand) in "other segment," and decreased by ¥789 million (\$7,126 thousand) in "reconciliations."

(3) Information about sales, profit, assets and other items at March 31, 2021 and 2020, was as follows:

Millions of Yen									
2021									
Reportable segment									
Energy Services									
Domestic Electric Power									
	Power Generation and Sale	Electricity Transmission and Distribution	Other Energy Services	ICT Services	Other	Total	Reconciliations	Consolidated	
Sales:									
Sales to external customers	¥ 1,777,340	¥ 191,316	¥ 67,470	¥ 81,753	¥ 13,918	¥ 2,131,799		¥	2,131,799
Intersegment sales or transfers	113,474	407,974	117,858	33,262	15,567	688,137	¥ (688,137)		
Total	¥ 1,890,815	¥ 599,290	¥ 185,328	¥ 115,016	¥ 29,486	¥ 2,819,936	¥ (688,137)	¥	2,131,799
Segment profit (loss)	¥ (564)	¥ 29,101	¥ 17,632	¥ 6,891	¥ 4,263	¥ 57,324	¥ (1,641)	¥	55,683
Segment assets	4,090,421	1,879,200	553,686	196,678	138,132	6,858,119	(1,731,296)		5,126,822
Other:									
Depreciation	101,502	68,002	11,563	23,189	3,620	207,878	(2,128)		205,749
Interest income	10,499	24	645	2	59	11,231	(10,444)		786
Interest charges	22,156	10,055	4,094	187	209	36,702	(10,444)		26,258
Share of profit (loss) of entities accounted for using the equity method			10,277	78	(230)	10,125	(241)		9,884
Increase in property and nuclear fuel	208,932	108,026	16,063	21,171	4,843	359,037	(3,143)		355,894

Millions of Yen									
2020									
Reportable segment									
Energy Services									
	Domestic Electric Power	Other Energy Services	ICT Services	Other	Total	Reconciliations	Consolidated		
Sales:									
Sales to external customers	¥ 1,844,326	¥ 74,158	¥ 81,005	¥ 13,559	¥ 2,013,050		¥	2,013,050	
Intersegment sales or transfers	4,069	119,811	31,690	15,292	170,863	¥ (170,863)			
Total	¥ 1,848,395	¥ 193,970	¥ 112,696	¥ 28,851	¥ 2,183,913	¥ (170,863)	¥	2,013,050	
Segment profit	¥ 16,584	¥ 17,073	¥ 3,995	¥ 4,611	¥ 42,264	¥ (2,212)	¥	40,052	
Segment assets	4,230,126	535,988	190,967	181,174	5,138,256	(190,193)		4,948,063	
Other:									
Depreciation	227,214	10,624	22,692	3,648	264,179	(2,810)		261,369	
Interest income	330	726	1	92	1,150	(312)		837	
Interest charges	23,720	5,155	207	220	29,303	(312)		28,990	
Share of profit (loss) of entities accounted for using the equity method		9,523	(86)	(42)	9,395	(147)		9,247	
Increase in property and nuclear fuel	383,047	13,049	25,691	5,341	427,130	(5,398)		421,731	

Thousands of U.S. Dollars								
2021								
Reportable segment								
Energy Services								
Domestic Electric Power								
	Power Generation and Sale	Electricity Transmission and Distribution	Other Energy Services	ICT Services	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	\$ 16,052,572	\$ 1,727,926	\$ 609,375	\$ 738,382	\$ 125,709	\$ 19,253,966		\$ 19,253,966
Intersegment sales or transfers	1,024,878	3,684,740	1,064,472	300,420	140,602	6,215,114	\$ (6,215,114)	
Total	\$ 17,077,451	\$ 5,412,667	\$ 1,673,847	\$ 1,038,803	\$ 266,312	\$ 25,469,081	\$ (6,215,114)	\$ 19,253,966
Segment profit (loss)	\$ (5,095)	\$ 262,838	\$ 159,253	\$ 62,239	\$ 38,506	\$ 517,742	\$ (14,825)	\$ 502,917
Segment assets	36,943,837	16,972,545	5,000,782	1,776,356	1,247,582	61,941,105	(15,636,712)	46,304,392
Other:								
Depreciation	916,747	614,182	104,439	209,444	32,697	1,877,511	(19,225)	1,858,285
Interest income	94,827	221	5,826	24	536	101,436	(94,330)	7,105
Interest charges	200,108	90,822	36,978	1,694	1,889	331,493	(94,330)	237,162
Share of profit (loss) of entities accounted for using the equity method			92,822	708	(2,077)	91,453	(2,177)	89,276
Increase in property and nuclear fuel	1,887,032	975,677	145,086	191,214	43,742	3,242,752	(28,391)	3,214,361

Notes: a. Reconciliations of segment profit (loss) and segment assets are intersegment transaction eliminations.

b. Segment profit (loss) is adjusted to reflect ordinary income.

Ordinary income is calculated by adding interest income, dividends, share of profit of entities accounted for using the equity method and other income to, and deducting interest charges and other expenses from operating income.

Geographic segment information is not disclosed because the Companies' overseas operations are immaterial.

Information for overseas sales is not disclosed due to overseas sales being immaterial compared with consolidated net sales.

(4) Change in reportable segments

Effective April 1, 2020, the Companies divided domestic electric segment into "power generation and sale segment" and "electricity transmission and distribution segment." Power generation and sale segment includes the Company and Kyuden Mirai Energy Company, Incorporated. Electricity transmission and distribution segment includes Kyushu Electric Power Transmission and Distribution Co., Inc. Consequently, the Companies' reportable segments consist of five segments.

In addition, due to the merger of Capital Kyuden Co., Ltd., one of consolidated subsidiaries which

provide the cash management service, with the Company in August 2020, the Company positioned the cash management service as a part of power generation and sale business. As a result, money lending business was reclassified from "other segment" to "power generation and sale segment."

Effective April 1, 2020, segment income was changed from "operating income" to "ordinary income." Ordinary income is calculated by adding interest income, dividends, share of profit of entities accounted for using the equity method and other income to, and deducting interest charges and other expenses from operating income.

As it is difficult to reclassify segment information for the year ended March 31, 2020, to conform to reportable segments for the year ended March 31, 2021, the additional segment information for the year ended March 31, 2021, which was reclassified to conform to reportable segments of prior fiscal year is presented.

Millions of Yen

2021

Reportable segment

Energy Services

	Domestic Electric Power	Other Energy Services	ICT Services	Other	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥ 1,968,656	¥ 67,470	¥ 81,753	¥ 13,918	¥ 2,131,799		¥ 2,131,799
Intersegment sales or transfers	3,886	117,858	33,262	15,567	170,574	¥ (170,574)	
Total	¥ 1,972,542	¥ 185,328	¥ 115,016	¥ 29,486	¥ 2,302,373	¥ (170,574)	¥ 2,131,799
Segment profit	¥ 28,522	¥ 17,632	¥ 6,891	¥ 4,263	¥ 57,309	¥ (1,626)	¥ 55,683
Segment assets	4,370,187	553,686	196,678	189,700	5,310,252	(183,430)	5,126,822
Other:							
Depreciation	169,504	11,563	23,189	3,620	207,878	(2,128)	205,749
Interest income	464	645	2	59	1,171	(385)	786
Interest charges	22,152	4,094	187	209	26,643	(385)	26,258
Share of profit (loss) of entities accounted for using the equity method		10,277	78	(230)	10,125	(241)	9,884
Increase in property and nuclear fuel	316,944	16,063	21,171	4,843	359,022	(3,128)	355,894

Thousands of U.S. Dollars

2021

Reportable segment

Energy Services

	Domestic Electric Power	Other Energy Services	ICT Services	Other	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	\$ 17,780,499	\$ 609,375	\$ 738,382	\$ 125,709	\$ 19,253,966		\$ 19,253,966
Intersegment sales or transfers	35,098	1,064,472	300,420	140,602	1,540,593	\$ (1,540,593)	
Total	\$ 17,815,597	\$ 1,673,847	\$ 1,038,803	\$ 266,312	\$ 20,794,560	\$ (1,540,593)	\$ 19,253,966
Segment profit	\$ 257,607	\$ 159,253	\$ 62,239	\$ 38,506	\$ 517,607	\$ (14,689)	\$ 502,917
Segment assets	39,470,620	5,000,782	1,776,356	1,713,336	47,961,096	(1,656,703)	46,304,392
Other:							
Depreciation	1,530,930	104,439	209,444	32,697	1,877,511	(19,225)	1,858,285
Interest income	4,196	5,826	24	536	10,584	(3,478)	7,105
Interest charges	200,079	36,978	1,694	1,889	240,641	(3,478)	237,162
Share of profit (loss) of entities accounted for using the equity method		92,822	708	(2,077)	91,453	(2,177)	89,276
Increase in property and nuclear fuel	2,862,573	145,086	191,214	43,742	3,242,616	(28,255)	3,214,361

22. SUBSEQUENT EVENTS

a. Year-End Cash Dividends

At the general shareholders' meeting held on June 25, 2021, the Company's shareholders approved the following appropriation of retained earnings as of March 31, 2021:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥17.50 (\$0.15) per common share	¥ 8,293	\$ 74,907
Year-end cash dividends, ¥1,050,000.00 (\$9,483.38) per Class A preferred share	1,050	9,483

b. Investigation by the Japan Fair Trade Commission

On July 13, 2021, the Company and one of the consolidated subsidiaries, Kyuden Mirai Energy Company, Incorporated were investigated by the Japan Fair Trade Commission (the "JFTC") under Article 47 of the Antimonopoly Act of Japan. The allegation is that "some of the former General Electricity Utilities are suspected of jointly restricting the acquisition of customers of each other in Chubu, Kansai, Chugoku and Kyushu areas, regarding services of supplying extra-high voltage power and high voltage power." The Companies take this matter seriously and cooperate fully with the investigation by the JFTC. The investigation is currently ongoing; therefore, it is difficult to evaluate the effect on the financial performance and position among others of the Companies as of the date of preparation of the consolidated financial statements for the year ended March 31, 2021.

23. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2021 and 2020, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2021	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Net income attributable to owners of the parent	¥ 32,167			
Amount not attributable to common shareholder—Preferred dividend	(2,100)			
Basic EPS—Net income available to common shareholders	¥ 30,067	473,015	¥ 63.57	\$ 0.57
Effect of dilutive securities—Convertible bonds		54,352		
Diluted EPS—Net income for computation	¥ 30,067	527,367	¥ 57.01	\$ 0.51

	Millions of Yen	Thousands of Shares	Yen	
Year Ended March 31, 2020	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Net loss attributable to owners of the parent	¥ (419)			
Amount not attributable to common shareholder—Preferred dividend	(2,443)			
Basic EPS—Net loss available to common shareholders	¥ (2,862)	472,986	¥ (6.05)	
Effect of dilutive securities—Convertible bonds				
Diluted EPS—Net income for computation				



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kyushu Electric Power Company, Incorporated:

Opinion

We have audited the consolidated financial statements of Kyushu Electric Power Company, Incorporated and its consolidated subsidiaries (the "Companies"), which comprise the consolidated balance sheet as of March 31, 2021, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Companies as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Companies in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed in Note 2.c to the consolidated financial statements, prior to April 1, 2020, the Companies had applied the declining-balance method as their principal depreciation method for plant and equipment. However, the Companies changed their principal depreciation method to the straight-line method for the year ended March 31, 2021. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of
Deloitte Touche Tohmatsu Limited

Recoverability of deferred tax assets	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described in Note 3 and Note 12 to the consolidated financial statements, the carrying amount of deferred tax assets was ¥143,901 million (\$1,299,689 thousand) as of March 31, 2021. Of this amount, ¥34,476 million (\$311,380 thousand) was relating to tax loss carryforwards. The deferred tax assets were calculated by estimating the future taxable income based on the 2021 mid-term business plan approved by the Board of Directors of Kyushu Electric Power Company, Incorporated. The business plan is influenced by assumptions and forecasts of future events that depend on management's intent and subjectivity. Specifically, significant accounting estimates such as outlooks of operating revenue including electricity revenue as well as other revenues, projections regarding nuclear power plant operation, fuel costs and repair costs involve management's subjective judgment and uncertainties. Considering factors such as the quantitative materiality of deferred tax assets in the consolidated financial statements and the complexity of management's estimate of future taxable income, we have determined this as a key audit matter.	We obtained the business plan used as the basis to calculate the recoverable amount of deferred tax assets, understood the internal controls over management's estimation of the business plan and evaluated the reasonableness of management's estimation of the business plan. Our audit procedures to evaluate the reasonableness of management's estimation included the following, among others: (1) We assessed the following assumptions which have particularly significant impact on the estimate of taxable income out of all the assumptions applied by management, by inquiring of management and inspecting related supporting documentation. 1. For operating revenue, including electricity revenue as well as other revenues, we evaluated whether the business plan reflected the most recent available facts. Specifically, we evaluated whether management's projected outlooks of electricity sales volume and unit price were consistent with the demand forecast for the Kyushu region published by the Organization for Cross-regional Coordination of Transmission Operators, the actual results of the most recent electricity sales volume, the most recent competitive environment and other factors which were taken into consideration in the outlooks. 2. For the projections regarding nuclear power plant operation, we evaluated the reasonableness of the construction schedule for the specified major incident response facility at the Genkai nuclear power station, and the regular inspection schedule for the Sendai and Genkai nuclear power stations by inquiring and inspecting related materials. 3. For fuel costs, the levels of fuel costs related to particularly liquified natural gas ("LNG") and coal, have a significant impact on expenditures and ultimately on income as well. We evaluated the reasonableness of the nuclear power plant operation projections, which significantly impact on the estimates of LNG and coal consumption, as stated in 2. Additionally, as the purchase prices of LNG and coal are affected by the international fuel market price and foreign exchange rate, we tested the consistency of the international fuel market price and foreign exchange rate used to estimate fuel costs with the projected values published by external specialists. 4. For repair costs, we evaluated whether the estimated cost was consistent with the regular inspection schedule for each power station and whether the estimates were overly optimistic by comparing the projected repair costs with actual repair costs of previous years. Particularly for the regular inspections of nuclear power stations which have larger repair costs, we inspected whether the projected amount of repair costs was consistent with the actual repair costs of previous years. 5. For the estimates of other revenue or costs, we inquired the reasonableness of the assumptions and compared with the results from previous years. (2) In order to evaluate the reasonableness of the assumptions used in management's estimates, we compared the projections for the same period in previous years with the actual results and inspected the achievement status of previous years' estimates over multiple years.

Change in depreciation method for plant and equipment	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described in Note 2.c to the consolidated financial statements at March 31, 2021, prior to April 1, 2020, the Companies had applied the declining-balance method as their principal depreciation method for plant and equipment. However, the Companies changed their principal depreciation method to the straight-line method for the year ended March 31, 2021. Compared to the declining-balance method, income before income taxes increased by ¥58,730 million (\$530,443 thousand) for the year ended March 31, 2021. Reflecting such internal and external environments, the Companies have positioned the efficient and stable operation of all facilities as one of the priority strategies in the mid-term business plan starting on April 1, 2020. As mentioned above, stable use of the facilities is expected in the future, mainly in the electricity business. Therefor the Companies have determined that changing the depreciation method for plant and equipment to the straight-line method will more appropriately reflect the consumption pattern for future economic benefits. Whether this change in the depreciation method was based on justifiable reasons is a matter subject to significant judgment by management. In addition, the change in depreciation method significantly impacts income before income taxes. Therefor we have determined justification of this change as a key audit matter.	In order to examine whether management's judgment for the change in the accounting policy on the depreciation method was based on justifiable reasons, we classified the plant and equipment between power generation facilities and power transmission and distribution facilities, and performed the following audit procedures, among others: (1) We evaluated that the change in the depreciation method was made in response to changes in the external environment, including trends in the electricity system reform and the Strategic Energy Plan in Japan as well as changes in the Companies' internal environment, by inquiring of management and inspecting related supporting documentation describing the changes in the internal and external environment, such as the transitions in the composition of the facilities, recent results of facilities usage, the Strategic Energy Plan in Japan, as well as the Companies' policy on including projections related to the usage of the facilities in the mid-term business plan. (2) We also assessed that the straight-line method was a more appropriate depreciation method that reflects the consumption pattern for future economic benefits for the facilities by inquiring of management and inspecting supporting documentation related to the transitions in the composition of the facilities, recent results of facilities usage, and the Companies' policies related to the usage of the facilities in the mid-term business plan. (3) We evaluated the reasonableness of changing the depreciation method for the year ended March 31, 2021, with consideration of the environmental changes and the approval timing of the mid-term business plan that takes these changes into account, by inquiring of management and inspecting related documentation supporting the timing of the change, such as information on the transition in the composition of the facilities, recent results of facilities usage, and the Companies' policies related to the usage of the facilities in the mid-term business plan.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Companies' ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Companies or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Companies' financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Companies' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Companies to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Companies to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Companies which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



June 25, 2021
(August 13, 2021 as to Note 22.b)

Overview of Power Generation Facilities (As of March 31, 2021)

Kyushu Electric Power

Nuclear Power (2 facilities/maximum output 4,140,000 kW)

Station name	Maximum output (kW)	Operation commencement date	System	Location
Genkai	2,360,000 (1,180,000×2)	Mar. 1994	Pressurized water reactor	Genkai-cho, Higashi Matsuura-gun, Saga Prefecture
Sendai	1,780,000 (890,000×2)	Jul. 1984	Pressurized water reactor	Satsumasendai-shi, Kagoshima Prefecture

Thermal Power (7 facilities/maximum output 9,615,000 kW)

Station name	Maximum output (kW)	Operation commencement date	System	Location
Shin Kokura	1,800,000 (600,000×3)	Sep. 1978	LNG	Kokura Kita-ku, Kitakyushu-shi, Fukuoka Prefecture
Karita	360,000 (360,000×1)	Jul. 2001	Coal	Kanda-machi, Miyako-gun, Fukuoka Prefecture
Buzen	500,000 (500,000×1)	Jun. 1980	Heavy oil/crude oil	Buzen-shi, Fukuoka Prefecture
Matsuura	1,700,000 (700,000×1 1,000,000×1)	Jun. 1989	Coal	Matsuura-shi, Nagasaki Prefecture
Shin Oita	2,855,000 (120,000×6 230,000×4 245,000×3 480,000×1)	Jun. 1991	LNG	Oita-shi, Oita Prefecture
Reihoku	1,400,000 (700,000×2)	Dec. 1995	Coal	Reihoku-machi, Amakusa-gun, Kumamoto Prefecture
Sendai	1,000,000 (500,000×2)	Jul. 1974	Heavy oil/crude oil	Satsumasendai-shi, Kagoshima Prefecture

Hydroelectric power (138 locations/maximum output 3,580,328 kW)

Station name	Maximum output (kW)	Operation commencement date	System	Location
Tenzan	600,000 (300,000×2)	Dec. 1986	Dam and conduit system (pure pumped-storage)	Karatsu-shi, Saga Prefecture
Matsubara	50,600	Aug. 1971	Dam system	Hita-shi, Oita Prefecture
Yanagimata	63,800	Jun. 1973	Dam and conduit system	Hita-shi, Oita Prefecture
Ohira	500,000 (250,000×2)	Dec. 1975	Dam and conduit system (pure pumped-storage)	Yatsushiro-shi, Kumamoto Prefecture
Kamishiiba	93,200	May. 1955	Dam and conduit system	Shiiba-son, Higashi Usuki-gun, Miyazaki Prefecture
Iwayado	52,000	Jan. 1942	Dam and conduit system	Shiiba-son, Higashi Usuki-gun, Miyazaki Prefecture
Tsukabaru	67,050	Oct. 1938	Dam and conduit system	Morotsuka-son, Higashi Usuki-gun, Miyazaki Prefecture
Morotsuka	50,000	Feb. 1961	Dam and conduit system	Morotsuka-son, Higashi Usuki-gun, Miyazaki Prefecture
Hitotsuse	180,000	Jun. 1963	Dam and conduit system	Saito-shi, Miyazaki Prefecture
Oyodogawa Daiichi	55,500	Jan. 1926	Dam system	Miyakonojo-shi, Miyazaki Prefecture
Oyodogawa Daini	71,300	Mar. 1932	Dam and conduit system	Miyazaki-shi, Miyazaki Prefecture
Omarugawa	1,200,000 (300,000×4)	Jul. 2007	Dam and conduit system (pure pumped-storage)	Kijo-cho, Koyu-gun, Miyazaki Prefecture

(With outputs of 50,000 kW or higher)

Geothermal Power (6 facilities/maximum output 213,200 kW)

Station name	Maximum output (kW)	Operation commencement date	Location
Hatchoubaru	110,000 (55,000×2)	Jun. 1977	Kokonoe-machi, Kusu-gun, Oita Prefecture
Hatchoubaru Binary	2,000	Apr. 2006	Kokonoe-machi, Kusu-gun, Oita Prefecture
Takigami	27,500	Nov. 1996	Kokonoe-machi, Kusu-gun, Oita Prefecture
Otake	13,700	Aug. 1967	Kokonoe-machi, Kusu-gun, Oita Prefecture
Yamagawa	30,000	Mar. 1995	Ibusuki-shi, Kagoshima Prefecture
Ogiri	30,000	Mar. 1996	Makizono-cho, Kirishima-shi and Yusui-cho, Aira-gun in Kagoshima Prefecture

Kyushu Transmission and Distribution

Internal Combustion Power (31 facilities/maximum output 395,240 kW; including gas turbines on remote islands)

Station name	Maximum output (kW)	Operation commencement date	Location
Shinarikawa	60,000	Jun. 1982	Shinkamigotou-cho, Minami matsuura-gun, Nagasaki Prefecture
Toyotama	50,000	Jun. 1978	Tsushima-shi, Nagasaki Prefecture
Tatsugo	60,000	Jun. 1980	Tatsugo-cho, Oshima-gun, Kagoshima Prefecture

(With outputs of 50,000 kW or higher)

Wind Power (1 facility/maximum output 250 kW)

Station name	Maximum output (kW)	Operation commencement date	Location
Koshikijima wind power	250	Mar. 2003	Satsumasendai-shi, Kagoshima Prefecture

Hydroelectric power (5 locations/maximum output 3,723 kW)

Note 1: The operation commencement date given is that of the oldest unit still in operation.

Note 2: Refer to pages 35–36 for information on the main renewable energy facilities of the Kyuden Group.

Subsidiaries and Affiliated Companies (As of March 31, 2021)

Consolidated Subsidiaries (46)

Company Name	Capital (Millions of yen)	Equity Ownership (%)	Business
Domestic Power Business			
Kyushu Electric Power Transmission and Distribution Co., Inc.	20,000	100.0	General power transmission and distribution business
Kyuden Mirai Energy Company, Incorporated	6,020	100.0	Renewable energy service and energy supply
Other Energy Service Business			
Kyuden International Corporation	38,447	100.0	Acquisition and holding of securities of overseas companies operating electricity, gas, and other energy businesses
Oita Liquefied Natural Gas Co., Inc.	7,500	98.0	Receipt, storage, vaporization and delivery and sales of LNG
Kitakyushu Liquefied Natural Gas Co., Inc.	4,000	75.0	Receipt, storage, vaporization and delivery and sales of LNG
Kushima Wind Hill Co., Ltd.	2,821	51.0	Sales of electric power from wind generation
Nishinippon Environmental Energy Co., Inc.	1,068	100.0	Distributed Power Business and Effective Energy Usage Consulting
Kyushu Rinsan Co., Inc.	490	100.0	Greening construction at power stations and other facilities
Nagashima Wind Hill Co., Ltd.	490	86.0	Sales of electric power from wind generation
Fukuoka Energy Service Co., Inc.	490	80.0	Heat supply business
Kyuden Technosystems Corporation	327	85.2	Manufacture and sales of electric machinery; installation, maintenance and management of electrical measurement equipment
Kyuden High Tech Corporation	200	100.0	Maintenance and repair of electricity facilities
Nishi Nippon Airlines Co., Ltd.	360	54.7	Air cargo transportation
Nishinippon Plant Engineering and Construction Co., Ltd.	150	85.0	Construction, maintenance and repair of power generation facilities
Kyushu Kouatsu Concrete Industries Co., Ltd.	240	51.3	Manufacture and sales of concrete poles
Kyuden Sangyo Co., Inc.	117	100.0	Environmental preservation work at power stations
Miyazaki Biomass Recycle Co., Inc.	100	42.0	Power-generation activities using poultry dung fuel
West Japan Engineering Consultants, Inc.	40	100.0	Consultation and planning of civil engineering and construction
Koyo Denki Kogyo Co., Ltd.	20	97.3	Manufacture and sales of HV and LV insulators and other items
Nishigi Kogyo, Co., Inc.	20	74.0	Civil engineering and other construction and maintenance projects and manufacturing, installation, and maintenance of steel structures
Shimonoseki Biomass Energy Co., Ltd	1	100.0	Sales of electricity generated by biomass

Company Name	Capital (Millions of yen)	Equity Ownership (%)	Business
Other Energy Service Business			
Kyushu Electric Australia Pty Ltd.	214,721 Thousand U.S. dollars	100.0	Share ownership and management (funding, tax, accounting, etc.) of Kyushu Electric Wheatstone Pty Ltd
Kyushu Electric Wheatstone Pty Ltd.	201,317 Thousand U.S. dollars	100.0	Ownership of mining interests and assets, trading and sales of output in Wheatstone LNG project
KYUDEN SARULLA PTE. LTD.	166,221 Thousand Singapore dollars	100.0	Geothermal power generation
Kyuden International Netherlands B.V.	6,545	100.0	Acquisition and holding of securities of overseas electric companies
Kyuden Hsin Tao Power Holdings	2,400,000 Thousand Taiwanese dollars	100.0	Investment in Hsin Tao IPP business company
Pacific Hope Shipping Limited	4,071	60.0	Purchasing, operating, chartering and renting of LNG carriers
Kyuden International Americas Inc.	1 U.S. dollar	100.0	Investment in, and acquisition and holding securities of, overseas electric companies
Kyuden International Europe B.V.	1 U.S. dollar	100.0	Acquisition and holding of securities of overseas electric companies
Kyuden International Kleen, LLC	—	100.0	Investment in overseas electric companies
Kyuden International South Field Energy, LLC	—	100.0	Investment in overseas electric companies
Kyuden International Westmoreland, LLC	—	100.0	Investment in overseas electric companies
ICT Service Business			
QTnet Co., Ltd.	22,020	100.0	Fiber-optic cable and broadband services
Nishimu Electronics Industries, Co., Ltd.	300	100.0	Manufacture, sales, installation and maintenance of telecommunication devices
Kyuden Business Solutions Co., Inc.	100	100.0	Development, operation and maintenance of information systems
RKKCS Inc.	100	61.3	Development and sales of computer software
Other			
DENKI BLDG. CO., Ltd.	3,395	91.9	Leasing and management of real estate
Kyuden Good Life Company, Inc.	300	100.0	Paid elderly nursing home management and nursing services
Kyuden Good Life Higashifukuoka Company, Inc.	100	70.0	Paid elderly nursing home management and nursing services
Kyuden Good Life Fukuoka Josui Company, Inc.	100	100.0	Paid elderly nursing home management and nursing services
Kyuden Good Life Kumamoto Company, Inc.	200	100.0	Paid elderly nursing home management and nursing services
Kyuden Good Life Kagoshima Company, Inc.	100	90.0	Paid elderly nursing home management and nursing services
Kyuden Business Front Inc.	100	100.0	Temporary staffing and job-placement services
Kyuden Fudousan Co., Ltd.	32	99.0	Buying and leasing of real estate
Kyuden Office Partner Co., Inc.	30	100.0	Clerical work acceptance on trust and consulting business
Kyushu Maintenance Co., Ltd.	10	82.0	Cleaning and maintenance of real estate

Non-consolidated Subsidiaries and Affiliated Companies Accounted for under Equity Method (40)

Company Name	Capital (Millions of yen)	Equity Ownership (%)	Business
Other Energy Service Business			
Washiodake Wind Power Co., Ltd.	10	100.0	Sales of electric power from wind generation
NISHIGI SURVEYING AND DESIGN CO., LTD.	10	100.0	Investigation, measurement, design, drafting and care of civil engineering/construction projects
Munakataasty Solar Power Co., Ltd.	10	100.0	Sales of electricity generated by solar power
QE1 Flexibility Services LLC	10	100.0	Provision of ancillary service utilizing rechargeable battery system
Amami Oshima Wind Power Co., Ltd.	10	75.0	Sales of electric power from wind generation
KYUDEN ILIJAN HOLDING CORPORATION	3,050 Thousand U.S. dollars	100.0	Investment in Ilijan IPP business company
Kyuden Innovatech Vietnam Co., Ltd.	4,200 Thousand U.S. dollars	100.0	System sales and consulting for dam and power generation operations
Thermochem Inc.	17 Thousand U.S. dollars	100.0	Geothermal technical services; research, development, manufacturing, and sales of specialist equipment; and consulting
PT. Thermochem Indonesia	11.05 Billion Indonesian rupiah	95.0	Geothermal technical services and consulting
Tobata Co-operative Thermal Power Co., Inc.	9,000	50.0	Thermal power generation business
Kyudenko Corporation	12,561	22.7	Electric work
Fukuoka Clean Energy Co., Ltd.	5,000	49.0	Waste incineration and power generation business
Oita Co-operative Thermal Power Co., Inc.	4,000	50.0	Thermal power generation business
KYUSYU CRYOGENICS CO., LTD.	450	50.0	Manufacture and sales of liquid oxygen, liquid nitrogen and liquid argon
Kyuhon Co., Ltd.	225	35.9	Manufacture and sales of electrical equipment
Seishin Corporation	200	27.3	Sale of electrical equipment
Nishikyushu Kyodo Kowan Co., Ltd.	50	50.0	Operation and maintenance of coal handling equipment
Kyukon Corporation	100	15.2	Construction and repair of transmission lines
Nishi Nihon Denki Tekkou Co., Ltd.	30	33.5	Design, production and sales of steel towers and steel conduits
Lion Power (2008) Pte. Ltd.	1,161,994 Thousand Singapore dollars	21.4	Investment in overseas electric companies
Electricidad Aguila de Tuxpan, S. de R.L. de C.V.	641,743 Thousand Mexican pesos	50.0	Power-generation activities using natural gas fuel
Electricidad Sol de Tuxpan, S. de R.L. de C.V.	493,407 Thousand Mexican pesos	50.0	Power-generation activities using natural gas fuel
Hsin Tao Power Corporation	5,000,000 Thousand Taiwanese dollars	33.2	Power-generation activities using natural gas fuel
Kyushu Tohoku Enrichment Investing SAS	62,583 Thousand Euros	50.0	Investment in uranium enrichment business

Company Name	Capital (Millions of yen)	Equity Ownership (%)	Business
Other Energy Service Business			
TEPDIA Generating B.V.	18 Thousand Euros	25.0	Acquisition and holding of securities of overseas electric companies
Sojitz Birdsboro LLC	0.1 U.S. dollars	25.0	Investment in overseas electric companies
AEIF Kleen Investor, LLC	–	25.0	Investment in overseas electric companies
DGC Westmoreland, LLC	–	25.0	Investment in overseas electric companies
ICT Service Business			
Network Application Engineering Laboratories Ltd.	45	99.9	Development and sales of information and communication systems
QTmedia, Inc.	40	99.9	Internet website planning, development, and management
RKKCS Software	10	100.0	Development and sales of computer software
Other			
Kyushu Highlands Development Co., Ltd.	300	100.0	Management of golf courses
Records & Intelligence Management Co., Ltd.	80	98.1	Recycling of confidential documents
Q-CAP Co., Ltd.	60	78.3	Subtitle production for broadcasting
Sengoku Co., Ltd.	46	74.9	Planning and operation of e-sports business
Oak Partners Co., Ltd.	3	100.0	Real estate management on trust
Kyuden Urban Development America, LLC	–	100.0	Investment in U.S. real estate business
Hakata Naka6 Kaihatsu Tokutei Mokuteki kaisha	9,001	25.0	Asset management related to utilization of the former Fukuoka City fruit and vegetable market site
Kyushu Housing Guarantee Corporation	272	33.3	Housing and building reviews, assessments and guarantees.
Fukuoka Airport Holdings Co., Ltd.	100	26.7	Investment in the airport operations business

Corporate Data (As of March 31, 2021)

Company Overview

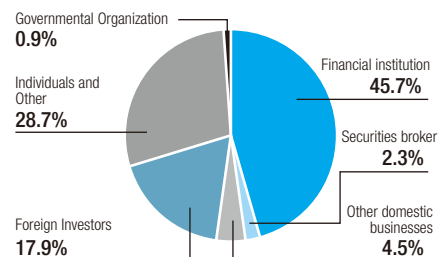
Trade Name	Kyushu Electric Power Company, Incorporated
Head Office	1-82, Watanabe-dori 2-chome, Chuo-ku, Fukuoka 810-8720, Japan Phone +81-92-761-3031
Tokyo Branch Office	7-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan Phone +81-3-3281-4931
Date of Establishment	May 1, 1951
Paid-in Capital	¥237,300 million
Number of Employees	5,348
Note: No. of employees denotes employees working for the parent company The no. of employees for the entire Group (parent and consolidated subsidiaries) is 21,273	

Stock Information

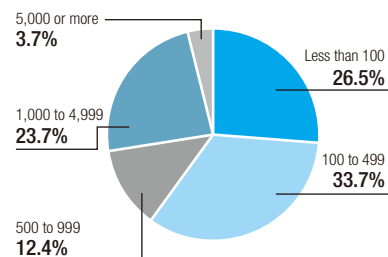
Total Number of Shares	1,000,000,000 shares
Authorized	Common stock: 1,000,000,000 Class A preferred shares: 1,000
Number of Shares Issued and Outstanding	Common stock: 474,183,951 Class A preferred shares: 1,000
Number of Shareholders	Common stock: 137,953 Class A preferred shares: 3
General Shareholders Meeting	June
Fiscal Year	From April 1 to March 31
Stock Listings	Tokyo Stock Exchange, Fukuoka Stock Exchange (Code: 9508)
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Accounting Auditor	Deloitte Touche Tohmatsu LLC

Common stock

Composition of Shareholders (By Type of Shareholder)



Composition of Shareholders (By Number of Shares Held)



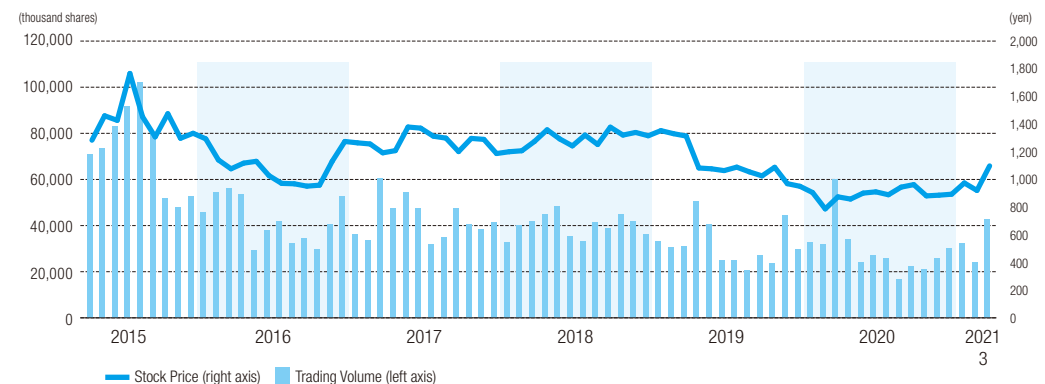
Major Shareholders

Name	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust unit)	41,884	8.8
Meiji Yasuda Life Insurance	22,882	4.8
Custody Bank of Japan, Ltd. (trust unit)	22,639	4.8
Nippon Life Insurance Company	11,810	2.5
Kyushu Electric Power Co., Inc. Employees' Shareholding Association	11,412	2.4
Mizuho Bank, Ltd.	9,669	2.0
The Bank of Fukuoka, Ltd.	8,669	1.8
Kochi Shinkin Bank	7,882	1.7
Custody Bank of Japan, Ltd. (trust unit 5)	6,771	1.4
STATE STREET BANK WEST CLIENT-TREATY 505234	6,705	1.4

Class A preferred shares

Name	Number of Shares Held (shares)	Shareholding Ratio (%)
Mizuho Bank, Ltd.	400	40.00
The Development Bank of Japan	400	40.00
MUFG Bank, Ltd.	200	20.00

Trends of Stock Price and Trading Volume



On the Publication of the Kyuden Group Integrated Report 2021

This report integrates financial and non-financial information previously published via our annual reports and sustainability reports. In order to disclose a uniform account that weaves together our medium- to long-term vision, strategies, major policies, and other information, we will publish an integrated report from fiscal 2021 onward.

In this inaugural issue, in the section entitled “Value Creation Story,” we clarify our medium- to long-term ideal for the Group and strategies, and how these are connected to initiatives being undertaken in each of our businesses. Alongside the story of our growth, we feature a “Message from the President,” in which the president talks about his thoughts and commitment to medium- to long-term growth as a member of the top management.

As well as providing full information concerning TCFD, we have also included a feature article about the “Kyuden Group Carbon Neutral Vision 2050,” which was first announced in April 2021. This is just

one of the looks we take at our response to climate change in these pages.

Going forward, we will strive to ensure that our integrated reports—one of the ways in which we can communicate with all stakeholders, including shareholders and investors—contains as much information as possible.

I look forward to hearing any frank feedback or wishes you may have regarding this report.



Makoto Toyoma

Member of the Board of Directors,
Vice-Presidential Executive Officer,
ESG Officer

Created by, and inquiries to:

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