

February 27, 2023

Notice regarding decision on the direction of the Demerger (Simplified Absorption-type Demerger) of the Renewable Energy Power Generation Business

Kyushu Electric Power Co., Inc. (the “Company”) hereby announces that the Company have decided the direction of the Company Split in that the renewable energy power generation business will be transferred to the wholly owned subsidiary Kyuden Mirai Energy Co., Inc. (“Mirai Energy”) in accordance with the resolution passed at the meeting of the Board of Directors held February 27, 2023.

The assets that need to be transferred as a result of the Demerger and timing of the transfer are currently being carefully examined to ensure that there are no obstacles to operations of the renewable energy power generation business after the Company Split.

1. Purpose and background of the Demerger

In the Kyuden Group Carbon Neutral Vision 2050 formulated in April 2021, the Group declared its commitment to the challenge to achieve carbon neutrality by 2050 and to become the industry's top runner in low-carbon and decarbonization by making renewables the main power source.

This time, with the aim of streamlining decision-making in the Group’s renewable energy business and effectively acquiring management resources and information, it has been decided to carry out the Company Split as stated below. This will not only accelerate the Group's initiatives to achieve its 2030 renewable energy development target of 5 GW, but also enable the Group’s aim to be a leading corporate group that responds to the wide-ranging needs of customers and society, while taking on the challenge of creating new value in the renewable energy business.

2. Summary of the Demerger

(1) Schedule of the Demerger

Direction decided on the Demerger of the renewable energy business		February 27, 2023
Geothermal power generation business	Approval of Absorption-type Demerger agreement (Board resolution)	December 2023 (planned)
	Signing of the Absorption-type Demerger agreement	
	Effective date of Absorption-type Demerger	April 1, 2024 (planned)

Hydroelectric power generation business	Approval of Absorption-type Demerger agreement (Board resolution)	TBD
	Signing of Absorption-type Demerger agreement	
	Effective date of Absorption-type Demerger	

Pursuant to Paragraph 2 of Article 784 of the Companies Act of Japan, the Company Absorption-type Demerger will be conducted without the approval by a resolution of the Company's General Meeting of Shareholders.

(2) Demerger method

An absorption-type Company Split that the Company will be the splitting company and Mirai Energy will be the successor company.

The following (3) to (7) will be announced as soon as the details have been decided.

(3) Details of the allotment related to the Demerger

(4) Treatment of share acquisition rights and corporate bonds with share acquisition rights following the Demerger

(5) Change in capital due to the Demerger

(6) Rights and obligations to be assumed by the successor company

(7) Prospects for fulfilment of obligations

3. Summary of companies involved in the Demerger

	Splitting company	Successor company
Trade name	Kyushu Electric Power Co., Inc.	Kyuden Mirai Energy Co., Inc.
Address	2-1-82 Watanabe-dori, Chuo-ku, Fukuoka	KMG Building 8F, 3-2-23 Yakuin, Chuo-ku, Fukuoka
Business description	Electric power business, etc.	Renewable energy power generation business, Retail electric power business, etc.
Founded	May 1, 1951	July 1, 2014
Business relationship with the Company	-	A wholly owned subsidiary of the Company (Kyushu Electric Power Company)

4. Summary of the business divisions to be Demerged

(1) Businesses of the divisions to be Demerged

Successor company	Business description
Kyuden Mirai Energy Co., Inc.	Renewable energy power generation business (Geothermal power generation business and hydroelectric power generation business)

The following (2) and (3) will be announced as soon as the details have been decided.

(2) Financial results of the division to be demerged

(3) Category and carrying amount of assets and liabilities to be demerged

5. Status of the companies after the Demerger (As of April 1, 2024)

	Splitting company	Successor company
Trade name	Kyushu Electric Power Co., Inc.	Kyuden Mirai Energy Co., Inc.
Address	2-1-82 Watanabe-dori, Chuo-ku, Fukuoka	KMG Building 8F, 3-2-23 Yakuin, Chuo-ku, Fukuoka
Business description	Electric power business, etc.	Renewable energy power generation business, Retail electric power business, etc.

6. Future outlook

The impact of the Demerger on the Company's consolidated financial results will be immaterial as the Demerger is a simple absorption-type demerger between the Company and its wholly owned subsidiary.

7. Other

Further details will be announced as soon as they have been decided.