

# Management Reference Materials

**November 2022**



The Okinawa Electric Power Company, Inc.

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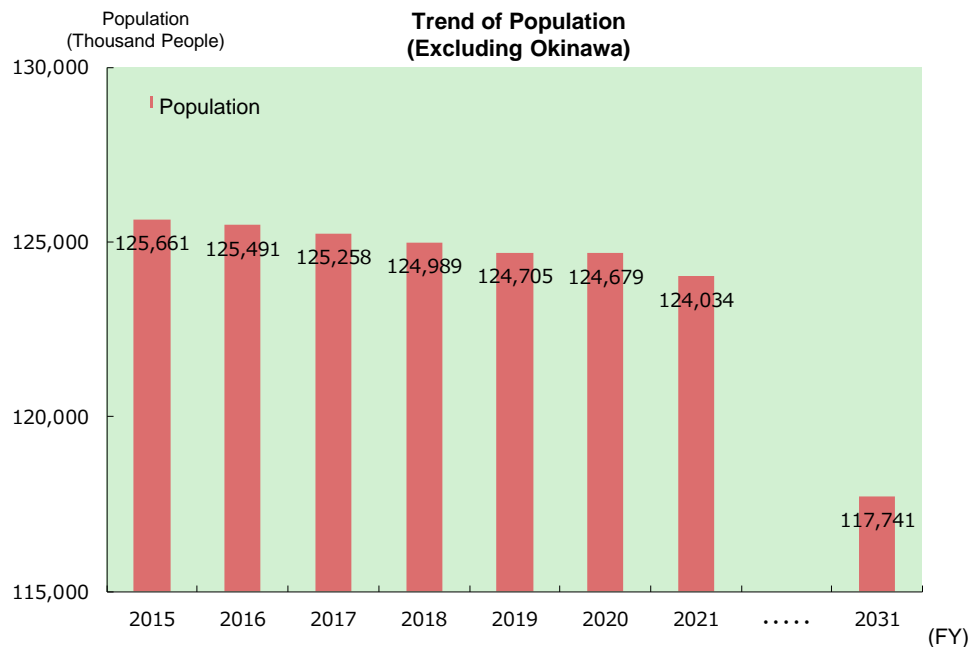
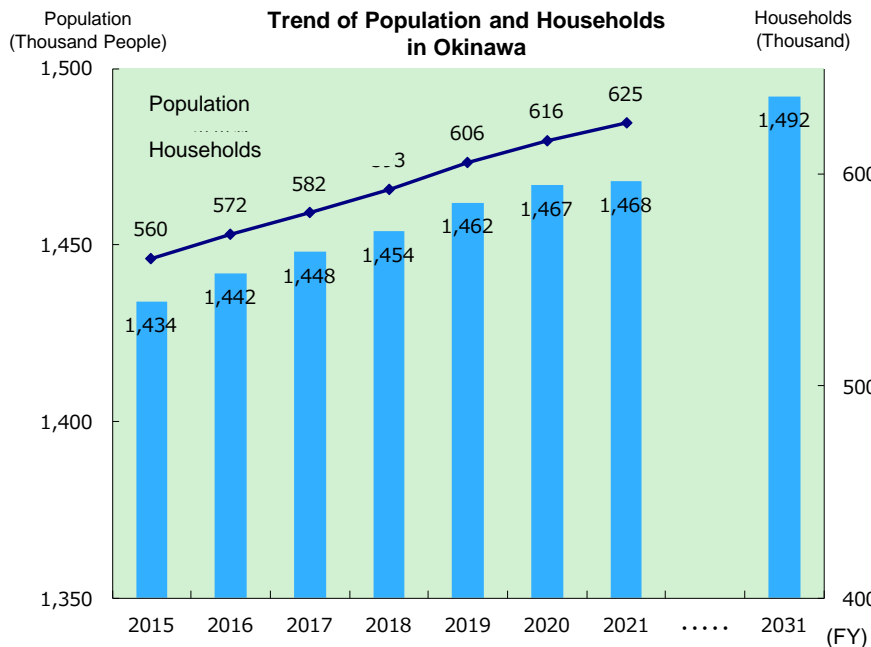
# Characteristics of the Business Bases

Item	Overview	Reference Page
Demand for Energy	<ul style="list-style-type: none"> <li>◆ Increasing demand for energy due to population growth.</li> <li>◆ As the proportion of energy for consumer use is high, effects of economic fluctuations are low for demand for Electric power.</li> <li>◆ Potential demand due to large-scale urban development projects</li> </ul>	2~7
Competition	<ul style="list-style-type: none"> <li>◆ OEPC is outside the framework of wide-area power interchange because it has an isolated system.</li> <li>◆ OEPC has voluntarily released power of 10,000kW supplied by J-Power.</li> <li>◆ Competition is advancing due to the entry of energy suppliers.</li> <li>◆ Biomass power plant by power producer and supplier has started operation.</li> </ul>	8
Electric Power Generation Facilities	<ul style="list-style-type: none"> <li>◆ A high reserve supply capacity is required due to an isolated system.</li> <li>◆ Reliant on fossil fuels only due to difficulties to develop nuclear or hydraulic power generation.</li> <li>◆ Coal-fired thermal power generation is indispensable not only for stable supply but also for maintaining electricity rates.</li> </ul>	9~11
Remote Islands	<ul style="list-style-type: none"> <li>◆ OEPC supplies power to 11 isolated systems including those in the main island.</li> <li>◆ The region has a high cost structure because it has small islands and also because the scale of the economy is small. This leads to constant loss recording.</li> </ul>	12
Global Warming Countermeasures	<ul style="list-style-type: none"> <li>◆ Currently, possible measures are limited due to reasons including the region's geographic characteristics and constraints on the scale of demand.</li> <li>◆ The introduction of renewable energies contributes to reducing fuel consumption and cost on remote islands, where fuel unit price is high.</li> <li>◆ Since the systems of Okinawa area are small and independent, the limit of connection volume is likely to occur when using renewable energies.</li> </ul>	13~20

# Okinawa Prefecture Demographics (1/2)

- While the national population has started decreasing, the population in Okinawa is expected to increase until around 2030. \*
- Demand for lighting is expected to increase as the population and number of households increases in the future.

\* According to the National Institute of Population and Social Security Research, "Regional Population Projections for Japan: 2015–2045 (2018)"



Source:

Population: The actual figures are based on the data provided by the Ministry of Internal Affairs and Communications (MIC).

The figures for FY2031 are based on estimated data provided by the Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO).

No. of households: The figures are based on the data provided by the Okinawa Prefecture Government.

Source: The actual figures are based on the data provided by MIC.

The figures for FY2031 are based on estimated data provided by OCCTO.

# Okinawa Prefecture Demographics (2/2)

- The total fertility rate of Okinawa Prefecture in FY2021 was 1.80, the highest among all prefectures in Japan (nationwide:1.30)
- While the number of the national population in FY2021 decreased by -5.1 persons per 1,000 people, that of Okinawa increased by 0.7 people.

## Okinawa Prefecture Demographics

(People)

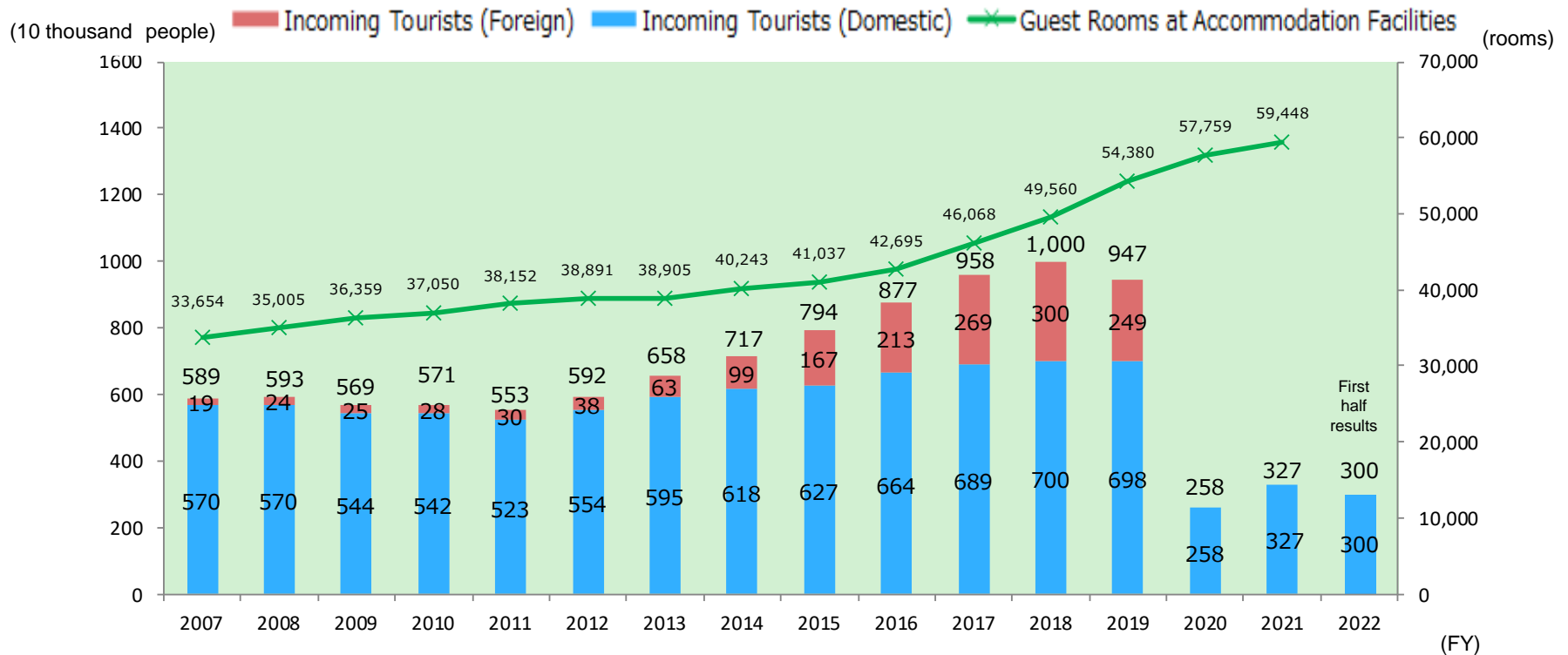
		2017	2018	2019	2020	2021
The total fertility rate (Per Thousand people)	Nationwide	1.43	1.42	1.36	1.34	1.30
	Okinawa	1.94	1.89	1.82	1.86	1.80
	Ranking	(1)	(1)	(1)	(1)	(1)
The Increase of population (Per Thousand people)	Nationwide	-1.8	-2.1	-2.2	-3.2	-5.1
	Okinawa	2.6	3.1	3.9	4.1	0.7
	Ranking	(3)	(2)	(2)	(1)	(1)
The Natural Increase of population (Per Thousand people)	Nationwide	-3.0	-3.4	-3.8	-4.0	-4.8
	Okinawa	2.9	2.6	2.0	1.9	0.9
	Ranking	(1)	(1)	(1)	(1)	(1)
The Social Increase of population (Per Thousand people)	Nationwide	1.2	1.3	1.7	0.3	-0.3
	Okinawa	-0.3	0.5	1.9	1.2	-0.2
	Ranking	(17)	(11)	(8)	(7)	(11)

Source: "Vital Statistics" by Ministry of Health, Labour and Welfare  
 "Population Estimates" by Statistics Bureau, Ministry of Internal Affairs and Communications  
 The figures in brackets in the chart show Okinawa Prefecture's national ranking

# Number of incoming tourists (1/3)

- In FY2021, the number of tourists to the region was 3.27 million, higher than the previous fiscal year, when the number dropped sharply due to the effects of the COVID-19 infection.
- [Incoming tourists]
  - FY2021 : 3,270 thousand people (Growth rate of +26.7% year-on-year)
  - FY2022(First half results) : 3,000 thousand people (Growth rate of +119.7% year-on-year)
- Although the situation is grim compared to before the COVID-19 pandemic, the demand for travel is expected to recover due to start of tourism support measures by the government and the significant relaxation of restrictions on entry into Japan, etc..

Trends of the Numbers of Incoming Tourists and Guest Rooms at Accommodation Facilities



Note: The breakdown and total values do not match sometimes due to rounding decimals.

Source: "Tourism Guidebook", "Summary Statistics on Incoming Tourists to Okinawa", "2021 Accommodations Fact-finding Survey Result", published by Okinawa Prefectural Government

# Number of incoming tourists (2/3)

■ The number of incoming tourists in First half FY2022 exceeded that of the previous year. Although the situation remains difficult compared to that before the spread of the COVID-19, it has recovered significantly.

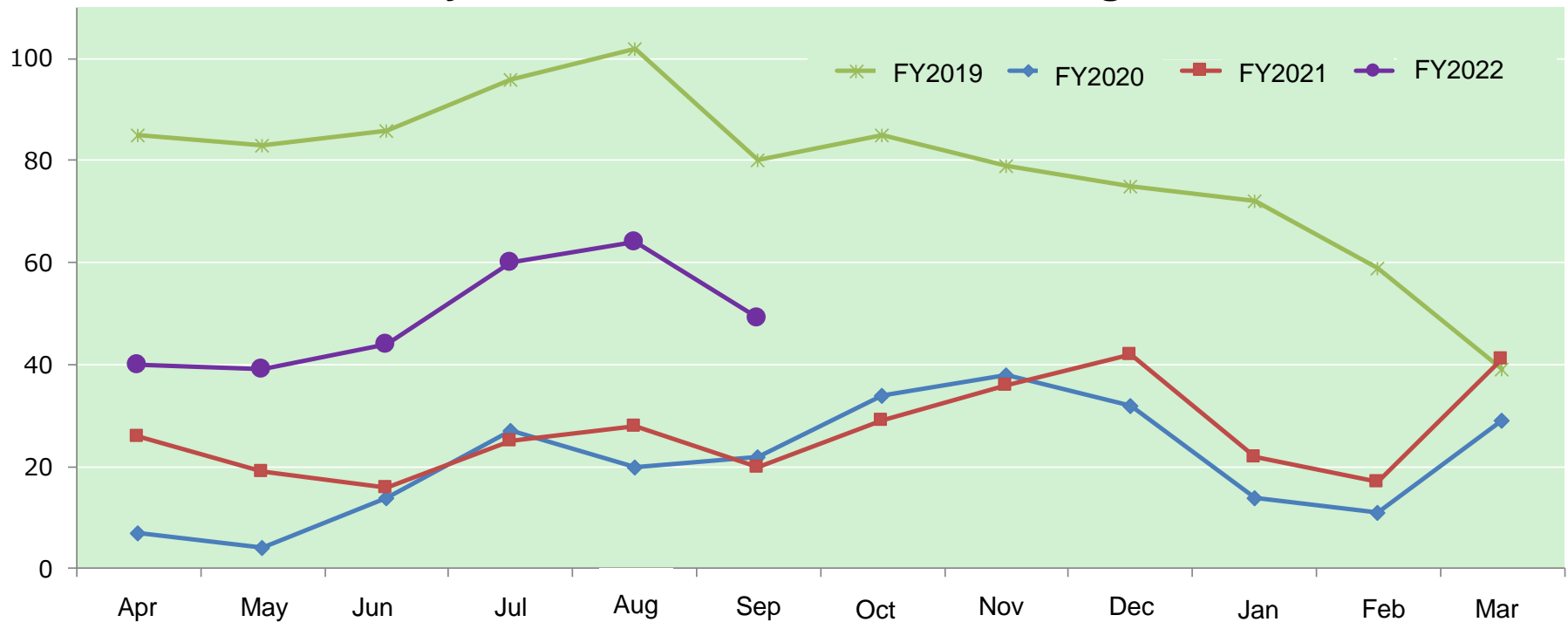
[Incoming tourists]

FY 2022 April to September : 3,000 thousand people (Growth rate of 119.7% year-on-year)

\* Growth rate of -44.0% vs FY2019

(10 thousand people)

## Monthly trend of the number of incoming tourist

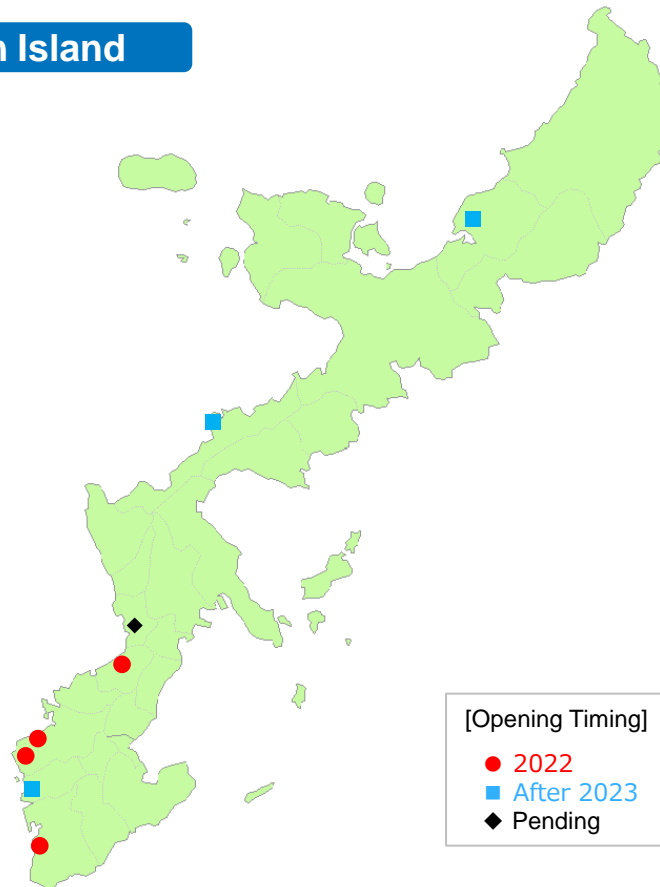


Source: "Tourism Guidebook" and "Summary Statistics on Incoming Tourists to Okinawa" published by Okinawa Prefectural Government

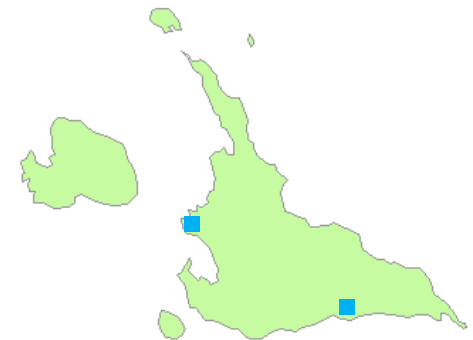
- Going forward, multiple accommodation facilities are planned to open.

## Major Plans for Opening Accommodations

### Okinawa Main Island



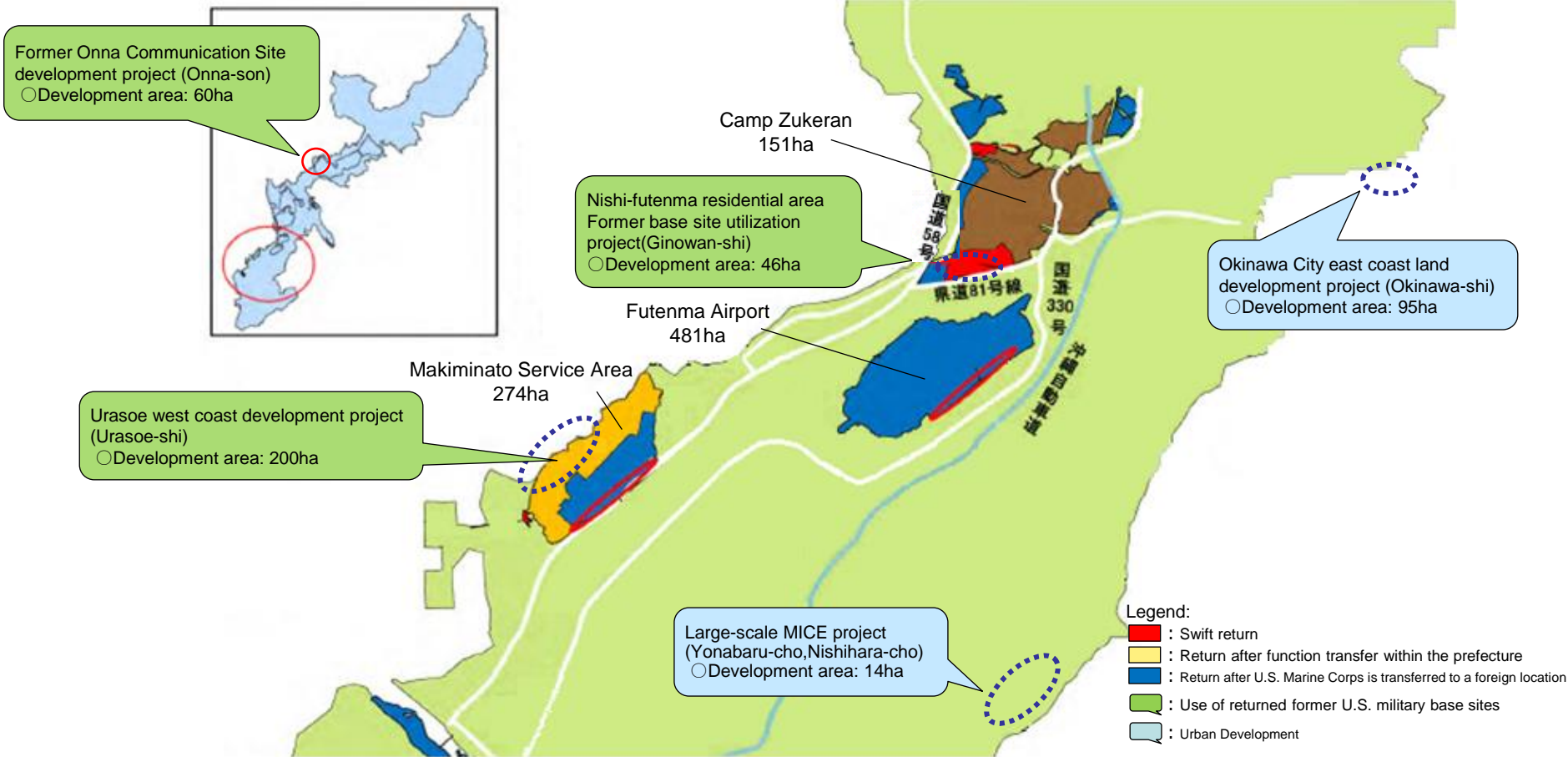
### Miyako Island





# Urban Development of the Returned former U.S. military base sites and Others

■ By actively engaging in urban development projects including the returned U.S. military bases and supplying energy in the entire area, the Company will achieve the continued expansion of energy sales.



\* Source: The material of the Okinawa Revitalization Council Chair and Specialized Committee Meeting (third session) presented on the Cabinet Office website, and Survey of Consideration of Ripple Economic Effects from Utilization of Former U.S. Forces Sites posted on the Okinawa Prefectural Government website

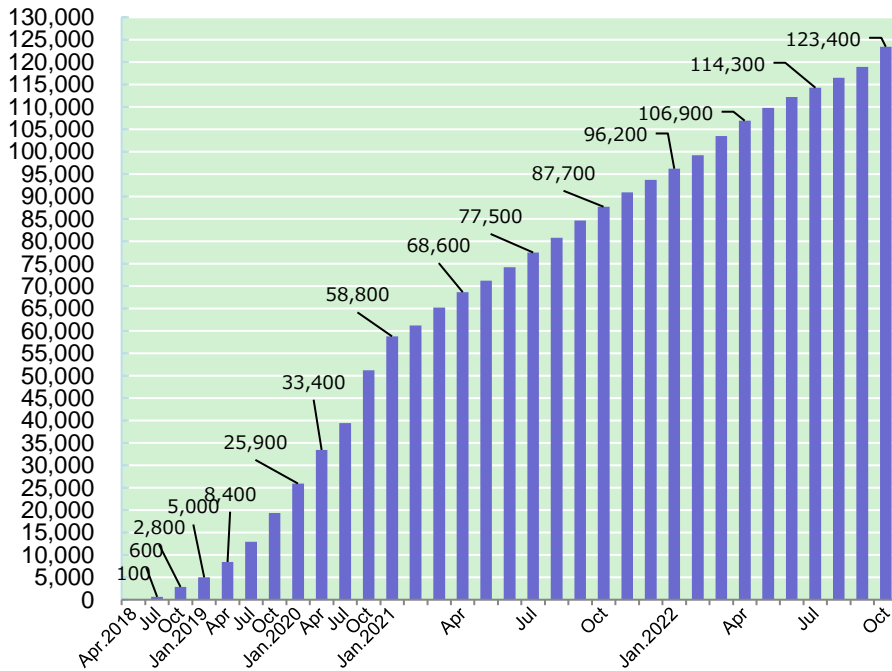
# Full liberalization of the Electricity Market

- As a voluntary initiative to develop the competitive environment in the Okinawa area, which has an independent system, the Company is cutting out part of J-POWER's Ishikawa Coal Thermal Power Station, and offering routinely backing up and the wholesale electricity menu for supply-demand adjustment.
- Liberalization is in progress also in the Okinawa area, PPS's\* share in the electricity sales volume reached 12.7% in the total of all voltages (as of July 2022).
- In July 2021, a biomass power plant by PPS will start of operation , and further competition will develop.

\* new suppliers, officially called power producer and suppliers

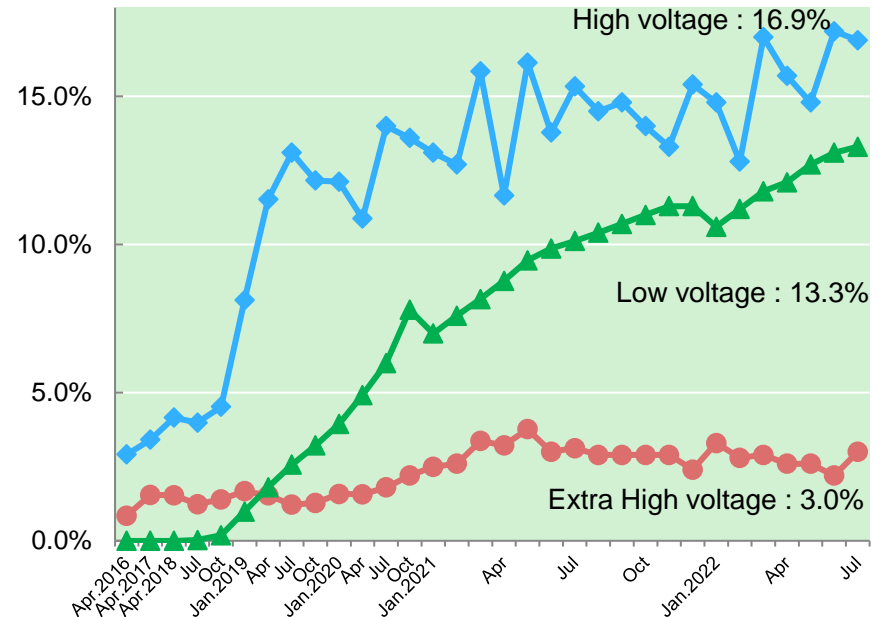
**Usage Status of Switching Support System  
(Cumulative amount)**

(Number)



Source : "Usage Status of Switching Support System".

**Trend of PPS's Share in Electricity Sales Volume  
(By voltage)**



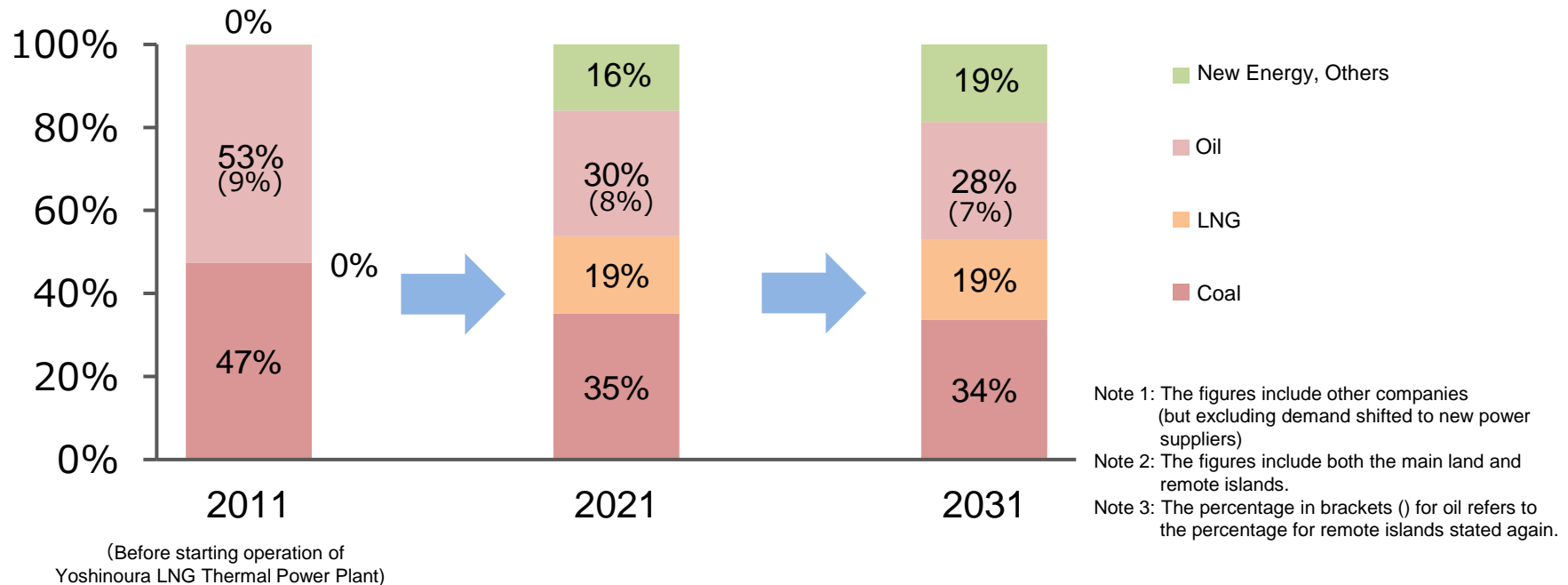
Source : "Electricity Trading Report".

# Power Generation Facilities (Power Supply Composition)

■ The composition of electric power source is highly reliant on fossil fuel, as developing nuclear or hydroelectric power generation is difficult in Okinawa due to the reasons of geographic condition and the small scale of demand. Accordingly, fossil fuels; petroleum, coal and LNG, are the only source for the composition.

■ We have secured long-term power supply capacity, the improvement of energy security, and effective countermeasures for global warming issues by commencing the operation of Yoshinoura Thermal Power Plant(since 2012), our first plant using LNG.

Power Supply Composition Ratio(kW)



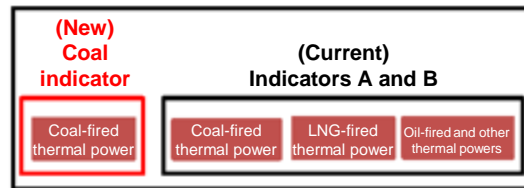
# Response to the Fade-out of Inefficient Coal-fired Thermal Power Generation

- For Okinawa, where thermal power generation has to be the mainstay, coal-fired thermal power generation is indispensable for stable supply, etc. On the other hand, it is necessary to respond appropriately in light of the direction of the national government, such as the 2050 Carbon Neutral Declaration.

## < The policy package for the Fade-out of Inefficient Coal-Fired Thermal Power Generation >

### ① Regulatory measures (Energy Saving Act)

#### New thermal power indicator (Conceptual diagram)



#### Target level: Power generation efficiency of 43%

- \* Corrective measures for calculation of power generation efficiency
  - ✓ Correction of biomass co-firing, etc.
  - ✓ Correction of ammonia/hydrogen co-firing
  - ✓ Correction of reduction in power generation efficiency due to adjusting operation

### ② Guidance by the capacity market

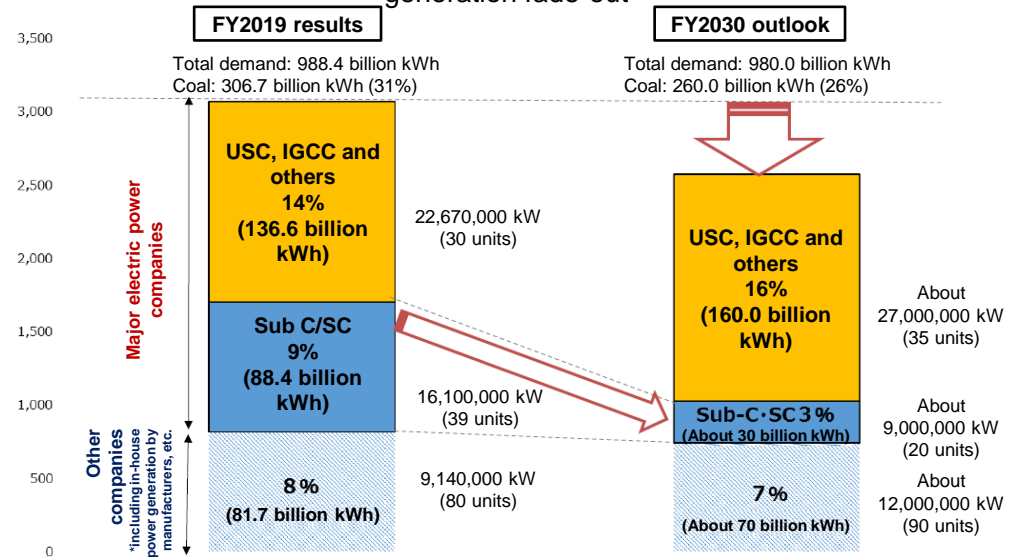
⇒ Not applicable to Okinawa

- \* "As coal-fired thermal power generation plays a role in supporting local employment, the local economy, and the stable supply of electric power, it is important to continue making efforts while listening to the opinions of relevant parties, in light of concerns expressed about the impact of its suspension and abolition."

Source: Interim Report of Coal-fired Power Study WG (April 23, 2021)

### ③ Fade-out plan (Annual submission)

(Diagram) Outlook of the inefficient coal-fired thermal power generation fade-out



\*Estimation are based on transmission end power generation.

\*The remaining SCs and Sub-Cs in FY2030 will be important facilities for stable supply and local employment, for which it is also necessary to take measures such as reduction of the operating rate and co-firing.

<Reference: Coal-fired thermal power stations owned by the Company>

Power station/unit	Maximum output	Power generation system	Start of operation
Gushikawa Thermal Power Plant	No. 1 Unit	Sub-C	1994.3
	No. 2 Unit		1995.3
Kin Thermal Power Plant	No. 1 Unit		2002.2
	No. 2 Unit		2003.5

# Demand - Supply balance

- A high generation reserve margin is necessary because of OEPC's isolated system and the responsibility to provide stable supply as a public utility.
- The reserve capacity exceeding of the largest unit is secured so that it is possible to provide stable supply even if the largest unit breaks down.



- We would ensure long-term and stable supply.

## Demand-supply balance of maximum electric power (August)

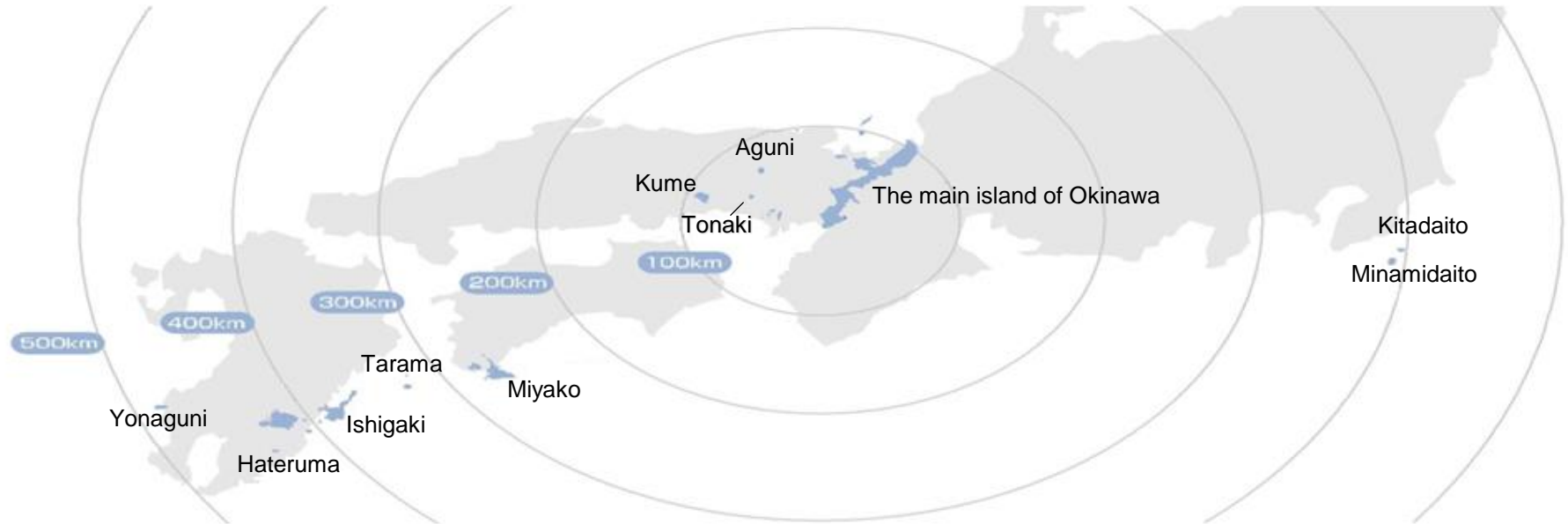
(Unit : Thousand kW, %)

		2021 (Reference)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Demand-supply balance	Supply capacity	2,119	2,134	2,114	2,153	2,077	2,101	2,080	2,203	2,086	2,205	2,207
	Peak load	1,502	1,535	1,555	1,564	1,573	1,582	1,591	1,600	1,609	1,618	1,628
	Reserve supply capacity	617	599	559	589	504	519	489	603	477	587	579
	Reserve supply rate	41.1%	39.1%	35.9%	37.6%	32.1%	32.8%	30.8%	37.7%	29.6%	36.3%	35.5%

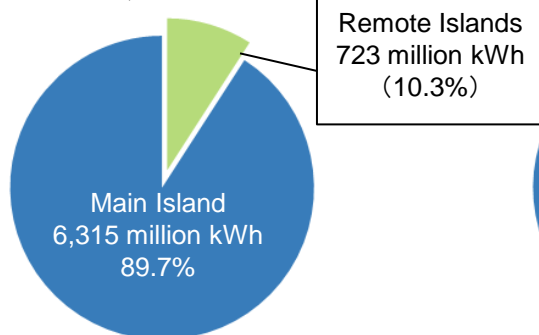
Note: Based on FY2022 Supply Plan Notification. (general transmission / distribution business)

# Remote Islands (Efforts to Improve Income and Expenditure)

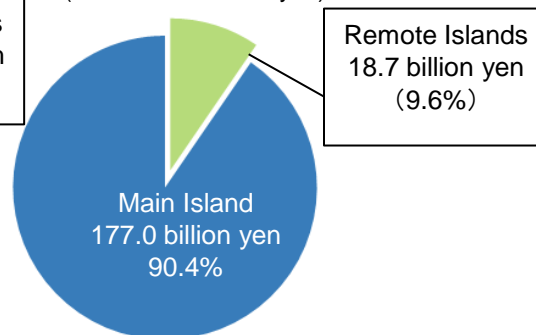
- The region has a high cost structure because of such reasons as having small islands scattered about a vast sea area and the narrow scale of the economy.
- Remote island business occupies about 10% of electricity sales and residential, commercial and industrial use charges.



Electricity Sales Volume  
(FY2022 estimate)  
(Total : 7,038 million kWh)



Electricity Sales  
(FY2022 estimate)  
(Total : 195.7 billion yen)



(Efforts to improve remote island income and expenditure)

- Reducing fuel consumption by introducing renewable energies (Tiltable wind power generators, etc.)
- Effective utilization of waste oil
- Reducing the fuel consumption rate by introducing high-efficiency units

# Comprehensive Partnership Agreements with Municipalities, Private Companies, etc.

- Starting with the 2050 Carbon Neutral Declaration by the central government, Okinawa Prefecture and local governments in the prefecture have issued similar declarations.
- The Company also announced its roadmap in December 2020, implementing various measures to achieve net zero CO<sub>2</sub> emissions in 2050 in terms of both "Make Renewable Energy as Main Power Source" and "Reducing CO<sub>2</sub> Emissions from Thermal Power Plants."
- The Company's initiatives are primarily on the supply side, but it also needs to take initiatives for carbon neutral on the demand side such as households, industries and transportation sectors.
- To date, we have concluded partnership agreements with Okinawa Prefecture, other local governments, University and Companies.
- Through comprehensive partnership agreements with local communities, we will collaborate and cooperate more closely than ever with industry, academia, and government to develop sustainable communities in Okinawa Prefecture and realize a local decarbonized society.

## <Status of Conclusion of Comprehensive Partnership Agreements : 11 agreements >

**Dec 22, 2020 Okinawa Prefecture**  
Partnership agreement for realization of a decarbonized society

**Apr 8, 2022 Nago City**  
Partnership agreement for realization of a decarbonized society

**Jul 19, 2021 Okinawa City**  
Comprehensive Partnership Agreement on the Zero Carbon City Declaration

**Dec 6, 2021 Uruma City**  
Agreement for development of a decarbonized and sustainable community

**Apr 20, 2021 Urasoe City**  
Partnership agreement for realization of a decarbonized society

**Jul 14, 2021 Ryukyu University**  
Agreement on industry-academia collaboration

**Jul 5, 2021 RYUSEKI CORPORATION**  
Partnership agreement for realization of a decarbonized society

### [Expected effects of conclusion of partnership agreements]

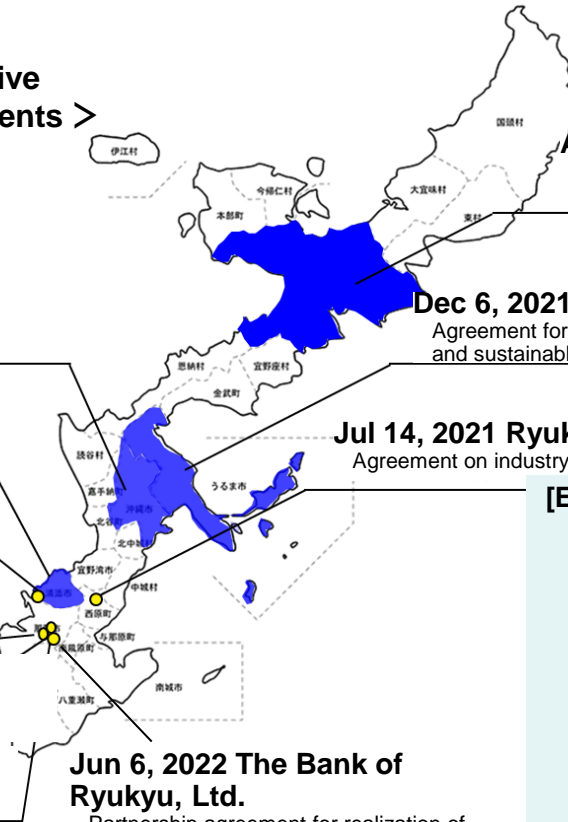
By concluding comprehensive partnership plans to introduce PV-TPO (photovoltaic third-party ownership model), which is one of the measures for mainstreaming of renewable energy, provide an electricity charge menu with the value of CO<sub>2</sub> free, conduct joint research and projects to create new technologies that will contribute to solving decarbonization issues, and promote beach cleaning, environmental education and other initiatives.

**Sep 10, 2021 The Bank of Okinawa, Ltd.**  
Partnership agreement for realization of a decarbonized society

**Mar 11, 2022 THE OKINAWA KAIHO BANK, Ltd.**  
Partnership agreement for realization of a decarbonized society

**Feb 7, 2022 Takushinkai-TAKUNAN GROUP**  
Partnership agreement for realization of a decarbonized and establishment of a Recycling-Oriented society

**Jun 6, 2022 The Bank of Ryukyu, Ltd.**  
Partnership agreement for realization of a decarbonized society



# Introduction status of renewable energy Facilities

- The OEPC Group has introduced various forms of renewable energy such as wind power, solar power, biomass, and small hydroelectric power, maintaining and operating facilities for 32,026 kW in total.

## 【 OEPC 】

	Name	No. of Units	Output	Remark
Wind Power	Ogimi Wind Power	2	4,000 kW	
	Yonaguni Wind Power	1	600 kW	
	Aguni Tilttable Wind Power	1	245 kW	*1
	Minamidaito Tilttable Wind Power	2	490 kW	*1
	Tarama Tilttable Wind Power	2	490 kW	*1
	Hateruma Tilttable Wind Power	2	490 kW	*1
	<b>subtotal (6)</b>	<b>10</b>	<b>6,315 kW</b>	
Solar Power	Abu Mega Solar Power	—	1,000 kW	
	Kitadaito Daini Solar Power	—	100 kW	*2
	Miyako Mega Solar Power	—	4,000 kW	*2
	Miyako Branch Solar Power	—	10 kW	
	Tarama Solar Power	—	250 kW	*2
	Yaeyama Branch Solar Power	—	10 kW	
	Hateruma Solar Power	—	10 kW	
	Yonaguni Solar Power	—	150 kW	*2
	<b>subtotal (8)</b>	<b>—</b>	<b>5,530 kW</b>	
Others	Mix combustion of coal and wood biomass (at Gushikawa Thermal Power Plant)	2	—	*3
	Mix combustion of coal and wood biomass (at Kin Thermal Power Plant)	2	—	*4
	Miyako Small Hydroelectric Power	1	60 kW	
	<b>subtotal (3)</b>	<b>5</b>	<b>60 kW</b>	

## 【 Group company 】

	Name	No. of Units	Output	Remark
Wind Power	Sosu Wind Power	2	3,600 kW	
	Nakijin Wind Power	1	1,995 kW	
	Sashiki Wind Power	2	1,980 kW	
	Iejima wind Power	2	1,200 kW	
	Iejima Daini wind Power	2	1,490 kW	
	Karimata Wind Power	2	1,800 kW	
	Sadefune Wind Power	2	1,800 kW	
	<b>subtotal (7)</b>	<b>13</b>	<b>13,865 kW</b>	
Solar Power	Iejima Solar Power	—	10 kW	
	Tokashiki Solar Power	—	198 kW	
	Nago Mega Solar Power No.1	—	1,990 kW	
	Nago Mega Solar Power No.2	—	1,200 kW	
	Itoman Mega Solar Power	—	1,500 kW	
	PV-TPO business	—	1,358 kW	*5
	<b>subtotal (5)</b>	<b>—</b>	<b>6,256 kW</b>	

(As of September 30, 2022)

- \*1 Tilttable Wind Power
- \*2 Micro grid (a combination of system stabilizing technologies such as storage batteries)
- \*3 Mix combustion of coal and wood biomass (The total output of the Gushikawa Thermal Power Plant is 312 thousand kW).
- \*4 Mix combustion of coal and wood biomass (The total output of the Kin Thermal Power Plant is 440 thousand kW).
- \*5 Total amount installed



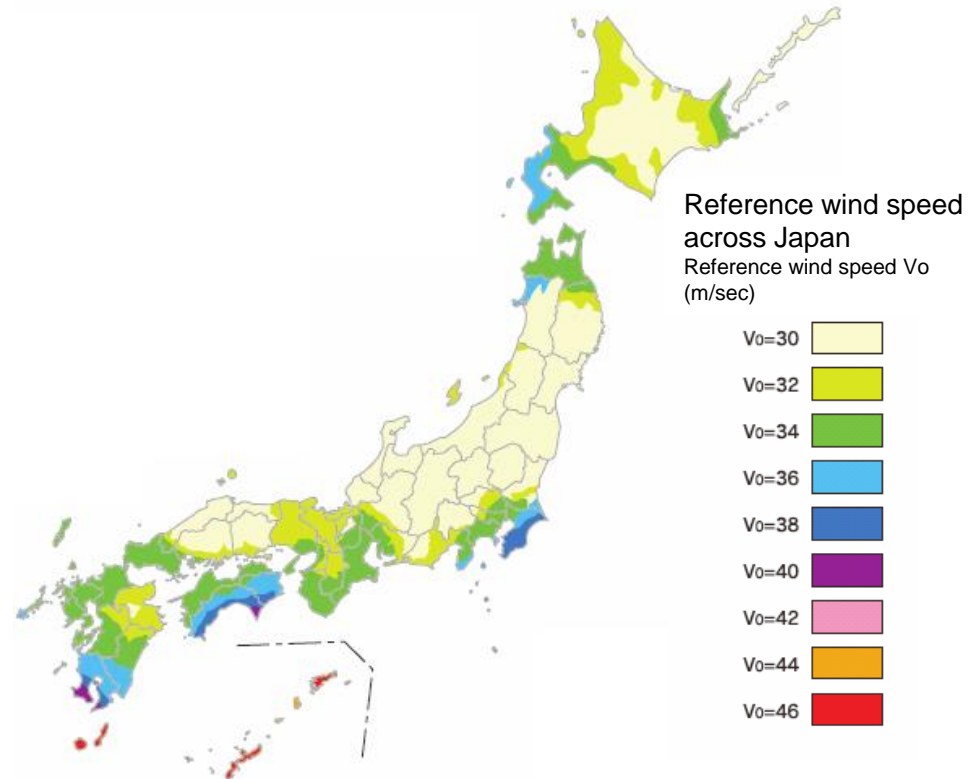
## 1 Wind power generation

- Wind power generation has tended to move toward larger scale for the purpose of reduce costs through economies of scale, the capacity of the mainstream in recent years is 3,000 to 4,000 kW.
- Examination criteria tightened for construction of wind power generation facilities more than 500kW in Japan (2016).
- “Extreme wind speed”\*, which is the construction standards in Okinawa, is or more “90 m/s “equivalent.
- At present, we have not been able to identify any wind turbine manufacturers around the world is producing wind power generation facilities more than 500kW that meet these standards. As a result, it is practically impossible to introduce new ones.
- The Company is considering measures to expand the introduction of wind power generation.

\* Extreme wind speed  
Extreme mean wind speed that may be experienced in the next 50 years

Extreme wind speed (90 m/s)  
= Reference wind speed (46 m/s)  $\times$  a  $\times$  b  $\times$  c

a: Coefficient corresponding to the terrain  
b: Coefficient corresponding to the hub height, etc.  
c: Coefficient corresponding to the maximum instantaneous wind speed



[Design reference wind speed distribution]

\*Image of "Building Standards Act Notice No.1454" categories

Source: Japan Exterior Industry Association website

## 2 Solar power generation

- The amount of solar PV generation interconnection in the Okinawa area has increased rapidly since the implementation of the feed-in tariff scheme (FIT scheme) in July 2012.
- With the revision of the "Regulation for Enforcement of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities", all solar power generation and wind power generation facilities connected after April 1, 2021 will be subject to unrestricted and uncompensated output control.

[Connection of renewable energies ( As of September 30, 2022 ) ]

(MW)

		Amount already connected	Connection application amount	Total
Main island of Okinawa		373	116	489
Remort island	Miyako	35	4	39
	Ishigaki	22	4	26
	Kume	3	0	3

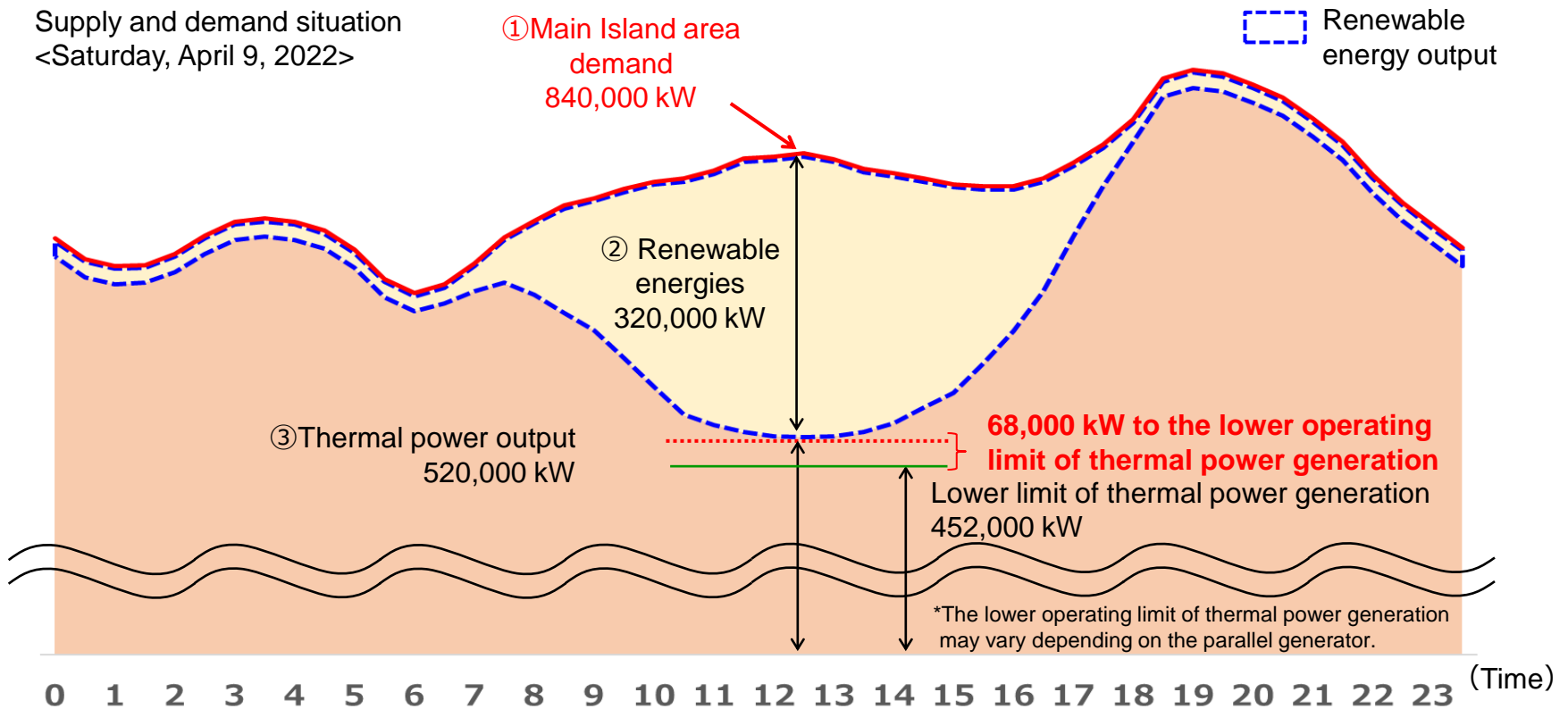
\*The figures may not exactly match the figures because of rounding.

## 3

### Supply and demand situation

- Due to expanded introduction of renewable energies, the lower operating limit of thermal power generation which is necessary for a stable supply is approaching.
- There is an increasing possibility of controlling the output of renewable energies in order to maintain the balance between supply and demand.

Supply and demand situation  
<Saturday, April 9, 2022>



## 4 Output Control Outlook

- Simulations were conducted on the output control outlook for the Okinawa main island in FY2022, taking into account the actual demand in FY2021 and the latest power source repair plan, among others.

### Prerequisites for simulations

- FY2021 data were used for demand, photovoltaic and wind power forecasts (actual).
- For the capacity of photovoltaic generation facilities, the capacity of facilities of 377,000 kW at the end of March 2022 and the latest increase (700 kW/month) were considered.
- FY 2022 repair plan was incorporated in the supply capacity.
- Thermal power was minimum (according to the priority power supply rule)

### < FY2022 Output Control Outlook (by Photovoltaic Power Control Category) > (% , [10,000 kWh])

Output control rate*1 (Amount of electricity controlled)[The output control ratio each for photovoltaic and wind power.]						
	Old rules		New rules	Without limitation no compensation rules	Total target facilities for control	All facilities
	Offline	Online				
FY2022 Estimate	0.4%*2 [133.1] Photovoltaic:0.42% wind power :0.11%	0.3% [1.2] Photovoltaic:0.33% wind power :0%	0.3% [18.9] Photovoltaic:0.33% wind power :0%	0.3% [2.0] Photovoltaic:0.33% wind power :0%	0.4% [155.2] Photovoltaic:0.41% wind power :0.11%	0.3% [155.2] Photovoltaic:0.29% wind power :0.11%
(Reference) FY2022 Whole area online	0.05% [15.4] Photovoltaic:0.05% wind power :0.03%		0.05% [2.6] Photovoltaic:0.05% wind power :0%	0.05% [0.3] Photovoltaic:0.05% wind power :0%	0.05% [18.3] Photovoltaic:0.05% wind power :0.03%	0.04% [18.3] Photovoltaic:0.04% wind power :0.03%

\*1 Calculated by dividing amount of photovoltaic power output control for each category by amount of total photovoltaic power generation for each category (including amount of output control).  
All facilities shows the ratio of the controlled amount of power output to the amount of total power output (including amount of controlled output) including non-target facilities for output control.

\*2 The output control rate (amount of controlled electricity) of the online proxy control portion is calculated using a value converted into one for a control time corresponding to an offline time (eight hours).

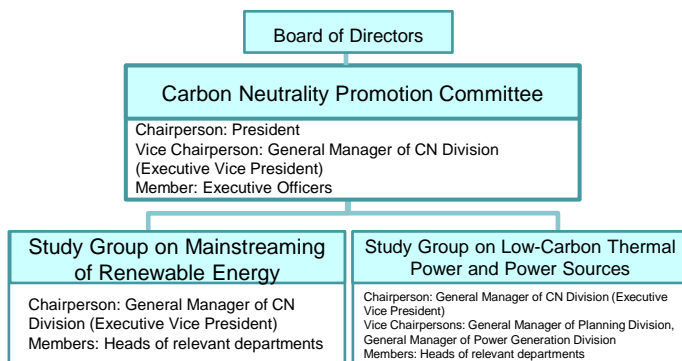
# Efforts to base on TCFD Recommendations (1/2)

- In September 2019, Expressing to support the Recommendations adopted by the Task Force on Climate-related Financial Disclosures (TCFD).
- Besides establishing governance, we referred to multiple climate scenarios to identify potential impacts of climate change on our business.

## [Governance]

- Recognizing that responding to climate change is an important management issue, regularly hold the Carbon Neutrality Promotion Committee, chaired by the president, to discuss various measures and issues, and to improve and enhance initiatives.
- The results of deliberations by the "Carbon Neutrality Promotion Committee" and important issues related to climate change, if any, will be reported to the Board of Directors as appropriate.

## <Carbon neutrality promotion system>

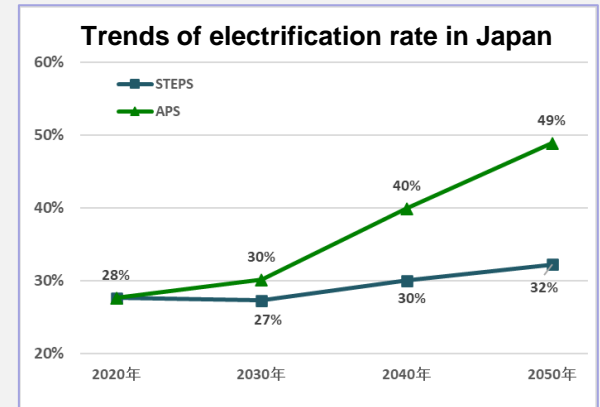


## [Climate Change Risks and Opportunities]

2°C scenario

Refer to World Energy Outlook 2021 - APS (Announced Pledges Scenario) of IEA (International Energy Agency), and arrange transition risks and opportunities for a decarbonized society.

While the population of the whole country has started to decline, the population of Okinawa is expected to increase until around 2030. Accordingly, the impact of the population decline on electricity demand will be limited, and the expected promotion of electrification for decarbonization is likely to lead to steady growth in electricity demand.

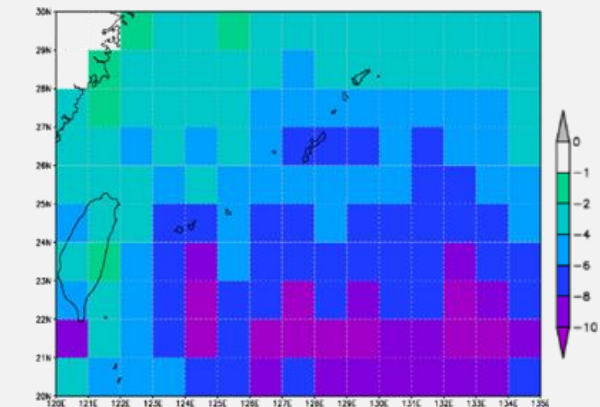


Source: Prepared by our company, referring to IEA World Energy Outlook 2021

4°C scenario

Refer to RCP8.5 of the IPCC (Intergovernmental Panel on Climate Change) and summarize physical risks and opportunities such as extreme weather events.

It is conceivable that the number of typhoons passing through the sea around Okinawa, especially in the southern part of the sea, will "decrease." On the other hand, the frequency of strong typhoons with large maximum wind speeds is expected to "increase."



Changes in the number of typhoons passing through the sea around Okinawa around 2050  
(Difference calculated by deducting current climate from future one) [typhoons/10 years]

# Efforts to base on TCFD Recommendations (2/2)

- We will appropriately respond to the risks and opportunities that climate change poses to our business activities and strive to enhance our corporate value.
- In the FY2022 Integrated Report, the relative qualitative assessment of the impact of risks and opportunities on financial planning, etc. was presented.

## — Summary of risks and opportunities related to climate change —

	Classification	No	Details of risks and opportunities	Manifestation timing		Impact
				Short-to-medium-term	Long-term	
Transition	Policies/laws and regulations <small>Transition to decarbonization policies Increasing demand for CO2 emission reduction</small>	1	Expanding renewable energy and changing the role of thermal power plants <small>(Decline in competitiveness of coal-fired thermal power generation ⇔ Use of decarbonized power sources )</small>	Risk Opportunity		Large
		2	Introduction of carbon pricing, etc.	Risk		Large
		3	Further use of LNG thermal power <small>(Effect of conversion from coal to LNG on fuel cost ⇔ Expansion of LNG utilization in other than electricity business)</small>	Risk Opportunity		Medium
	Technology <small>Progress in low-carbon and decarbonization technologies</small>	4	Expansion of renewable energy introduction through technological progress <small>(Increase in system stabilization cost ⇔ Reduction of renewable energy investment cost)</small>	Risk Opportunity		Medium
		Market/services <small>Changes in customer preferences</small>	5	Progress in electrification including EVs <small>(Changes in electricity demand structure due to climate change)</small>	Opportunity	
	6		Changes in customer preferences <small>(Competition with other companies ⇔ Increasing customer needs for environmentally conscious menus)</small>	Risk Opportunity		Small to Medium
	Reputation <small>Changes in corporate image</small>	7	Social evaluation of responses to climate change	Risk		Small to Medium
Physics	Acute <small>Intensification of abnormal weather</small>	8	Damage due to intensification of typhoons <small>(Increased recovery costs ⇔ Long-accumulated energy security)</small>	Risk Opportunity		Small to Medium
	Chronic <small>Changes in weather patterns</small>	9	Impact of changes in weather patterns on operations, etc. <small>(Unstable revenue and expenditure )</small>	Risk		Small to Medium

\* Risks are shown in red, and opportunities in blue. For the manifestation timing, the short- to medium-term is until 2030, and the long-term until 2050.

\* The contents of this table summarize events that the Company can think of in the midst of many uncertainties, and do not indicate future outlook.

# Q & A

# Q1. Topics of Okinawa's Economy

## 1 Current Status and Future Forecast of Okinawa's Economy

### ■ The current state

The prefectural economy is picking up, with personal consumption showing improved consumer confidence due to increased opportunities to go out, and tourism-related demand for travel rising amid a situation where there are no restrictions on activities.

#### Trends in Main Economic Indicators of Okinawa Prefecture

(Unit: %, X)

Indicators	FY2021													FY2022						
	Apr.	May	Jun	Jul	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY	Apr.	May	Jun	Jul	Aug.	Sep.	1st half
Sales by large-scale retailers	15.1	8.9	-9.2	2.0	-1.4	2.9	5.3	2.9	1.6	1.8	3.7	4.6	2.9	4.8	2.1	10.2	9.1	12.9	-	7.8
No. of new car sold	-9.5	30.4	-11.7	-9.1	-10.5	-38.7	-29.3	-15.6	-10.1	-22.7	-24.4	-18.2	-16.0	9.9	-30.8	4.7	7.6	-7.0	31.9	2.8
No. of incoming tourists	239.7	343.6	13.0	-9.7	42.1	-10.0	-12.4	-3.4	29.9	56.0	50.8	38.9	26.7	55.8	103.3	175.3	142.7	122.3	141.4	119.7
Value of public works contracts	21.3	47.3	-27.9	-0.3	17.2	64.3	-0.6	21.6	1.6	64.1	58.9	60.8	24.7	-41.5	-51.1	132.5	-40.6	12.0	-45.5	-16.8
New residential Construction starts	-19.1	-27.0	-0.8	0.6	-34.9	18.8	-8.9	2.3	15.8	-20.7	-27.8	2.9	-9.9	7.3	12.2	-2.0	-18.9	25.4	-2.1	2.6
Total unemployment rate	3.7	3.6	4.0	4.3	3.7	3.6	2.7	3.1	3.4	3.8	4.1	3.4	3.6	2.8	2.8	2.8	3.9	3.4	3.1	3.1
Job Opening Ratio	0.78	0.81	0.83	0.82	0.80	0.81	0.81	0.82	0.83	0.85	0.86	0.85	0.83	0.92	0.95	0.99	1.01	1.04	1.07	0.93

Note 1: The figures for 'Sales by large-scale retailers' are calculated on an all-store base. The values in August 2022 are preliminary figures. The values for the fiscal year are the total figures from April 2022 to August 2022.

Note 2: The figures for 'Total unemployment rates' are raw data, whereas The figures for 'Job Opening Ratio' are a seasonally adjusted value for the current month. ( The values for the fiscal year are both raw data which use the number of job openings by prefecture received nationwide. )

Source: Okinawa General Bureau, Okinawa Prefecture, Ryugin Research Institute, and others.

### ■ Prospect

The outlook for the prefecture's economy is expected to continue to pick up.



## 2 Economic Growth of Okinawa Prefecture under the Okinawa Promotion Plan

- As a result of the implementation of various measures based on the “Basic Plan of Okinawa 21st Century Vision (FY2012 to FY2021)” , the gross prefectural product of Okinawa Prefecture has been growing faster than the national average, but is affected by the novel coronavirus at the moment.
- The Okinawa economy is expected to develop further through the implementation of various measures based on the new Okinawa Promotion Plan that started in FY2022.

### Prefectural GDP and National GDP

(billion yen)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Prefectural GDP	3.3% 4,200.2	1.6% 4,268.7	1.5% 4,334.4	-0.4% 4,315.1	-9.6% 3,901.2	- -
National GDP	0.8% 543,462.4	1.8% 553,191.7	0.3% 554,608.5	-0.9% 549,885.0	-4.6% 524,859.6	2.3% 536,861.6

Sources: “Prefectural Accounts for FY2018”, “Prefectural economic outlook for FY2020” and Cabinet Office “List of Statistical Tables” (Second Preliminary Data for the April-to-June 2022 period)

Note : Prefectural GDP's for FY2019 and FY2020 are estimates. Figures in the upper row are growth rates on a Y to Y basis.

### New Okinawa Promotion Plan

The new Okinawa Promotion Plan includes 35 basic measures, including the “creation of sustainable tourist destinations,” “upgrading and increasing the value of the information and communications related industries,” and the “creation of international logistics bases and the accumulation of airport and seaside industries.”

The gross prefectural product (nominal) is projected to be 5,721 billion yen in FY2031 from 4,505.6 billion yen in FY2018.

# Q2. What is the Current State of U.S. Military Bases?

## Outline of the U.S. military Forces in Okinawa

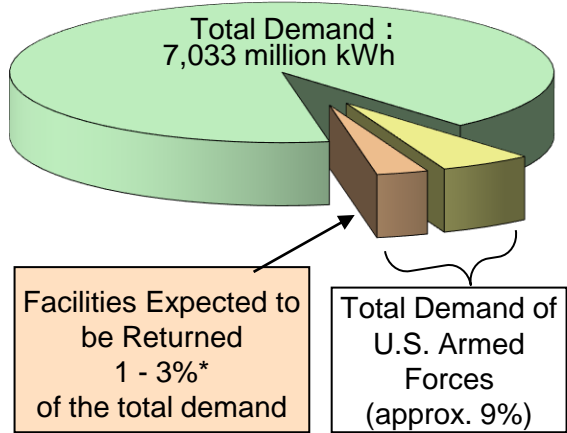
No. of Facilities	33
Area	186,970km <sup>2</sup>

<Reference>

No. of employees working for the U.S. Armed Forces in Okinawa: 8,866  
 \*As of the end of July 2022.

Sources : Japan Ministry of Defense "US Forces and SDF Bases in Okinawa March 2021", Military Base Affairs Division, Executive Office of the Governor, Okinawa Prefecture

## The U.S. Armed Forces' share of total electricity demand (FY2021)



\* Range in figures due to planned return of facilities includes partial return.

## Principal electricity supply destination facilities \*1

Name	Location *2	Area
Camp Gonsalves [ US Marine Corps ]	Kunigamison, Higashison	36,590km <sup>2</sup>
Okuma Rest Center [ US Air Forces ]	Kunigamison	546km <sup>2</sup>
Iejima Auxiliary Air Base [ US Marine Corps ]	Ieson	8,015km <sup>2</sup>
Yaedake Communication Site [ US Air Forces ]	Motobucho, Nago-shi	37km <sup>2</sup>
Camp Schwab [ US Marine Corps ]	Nago-shi, Ginozason	20,626km <sup>2</sup>
Camp Hansen [ US Marine Corps ]	Nago-shi, Ginozason, Onnason, Kincho	48,728km <sup>2</sup>
Kadena Ammunitions Storage Are [ shared use ]	Onnason, Uruma-shi, Okinawa-shi, Kadenacho, Yomitanson	26,584km <sup>2</sup>
Camp Courtney [ US Marine Corps ]	Uruma-shi	1,339km <sup>2</sup>
Camp Mc Tureous [ shared use ]	Uruma-shi	379km <sup>2</sup>
Camp Shields [ shared use ]	Okinawa-shi	700km <sup>2</sup>
Torii Station [ US Army ]	Yomitanson	1,895km <sup>2</sup>
Kadena Airbase [ US Air Forces ]	Okinawa-shi, Kadenacho, Chatancho, Naha-shi	19,855km <sup>2</sup>
White Beach Naval Facility [ shared use ]	Uruma-shi	1,568km <sup>2</sup>
Camp Kuwae [ US Marine Corps ]	Chatancho	675km <sup>2</sup>
Camp Zukeran [ US Marine Corps ]	Uruma-shi, Okinawa-shi, Kitanakagusukuson, Chatancho, Ginowan-shi	5,341km <sup>2</sup>
Futenma Airport [ US Marine Corps ]	Ginowan-shi	4,758km <sup>2</sup>
Makiminato Service Areas [ US Marine Corps ]	Urasoe-shi	2,676km <sup>2</sup>
Naha port facilities [ US Army ]	Naha-shi	559km <sup>2</sup>

\*1 Professional use and large-demand customers

\*2 Areas where facilities exist on a cross-area basis

\*3 Facilities south of Kadenacho are scheduled to be returned (Partial return applies to Camp Zukeran )

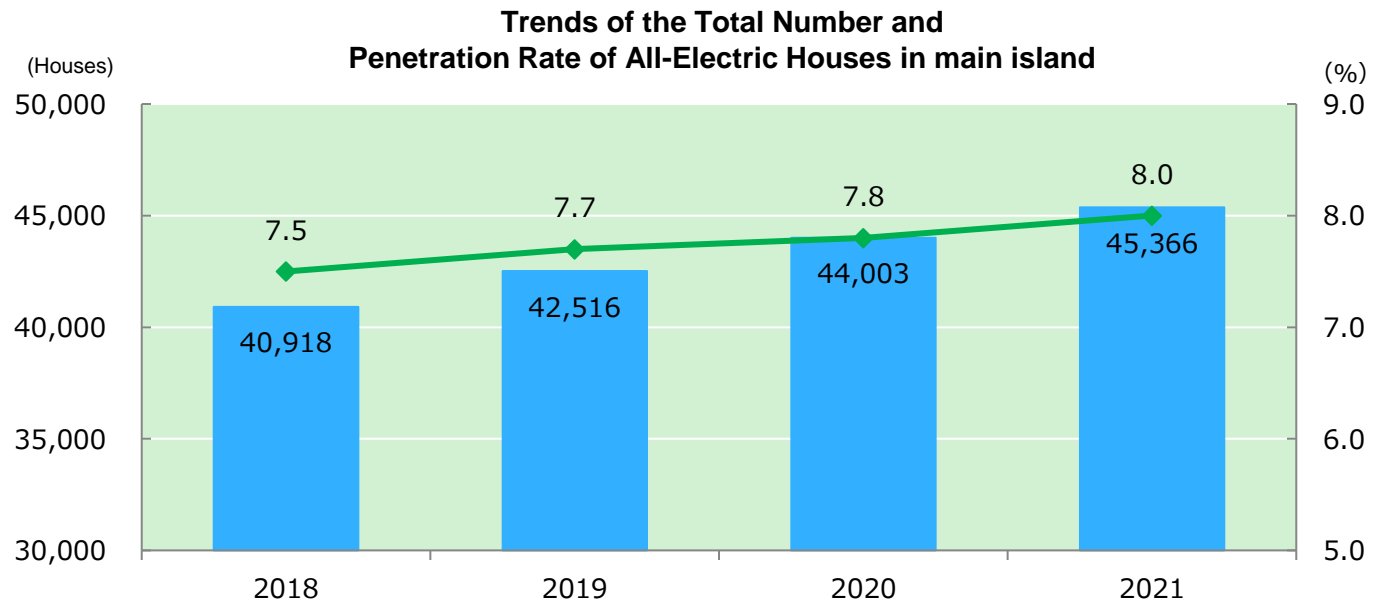
# Q3. What is the Current State of Promotion of Electrification?

## ■ Approach for sales promotion in the corporate sector

1. Offering customers comprehensive proposals for electrification (air-conditioning systems, kitchens, and water heaters) appropriate for their power usage.
2. Strengthening of cooperation with sub-users including manufacturers, contractors, design offices, etc.
3. Utilization of public subsidy system, etc.

## ■ Approach for the promotion and growth in the household sector

1. Promotion of electrification (all-electrification and half-electrification).
2. Strengthening of electrification proposal activities in cooperation with external partners.
3. Promotion of electrification utilizing "Rikka Denka Lease", "KarE-roof" Service (PV-TPO), etc.
4. Maintenance and expansion of market share through prevention of defection and recovery marketing.
5. Acquisition of members by expanding the services of the member site "OEPC more - E."

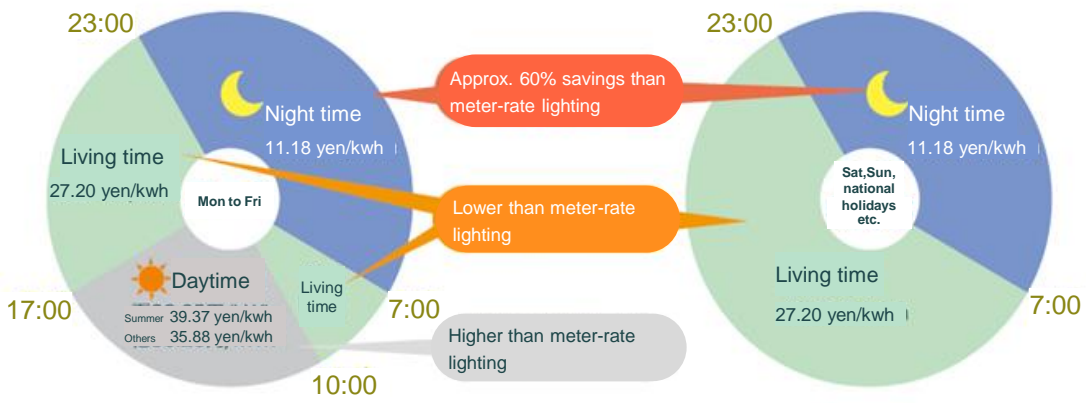


# Q4. What is the enrichment of electricity rate menus? (1/2)

## The electricity rate menu for all electrification

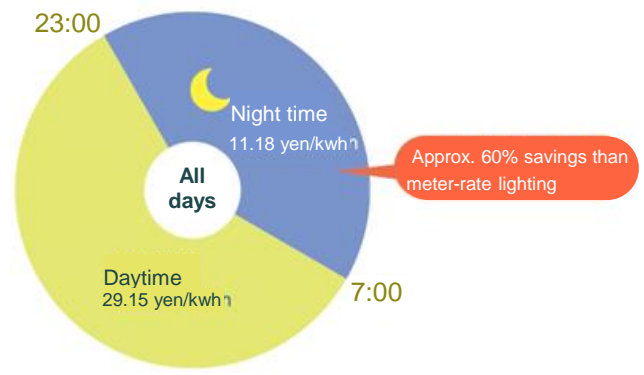
### ◆ Ee Home Holiday

Suitable for double-income households who use less electricity on weekdays.



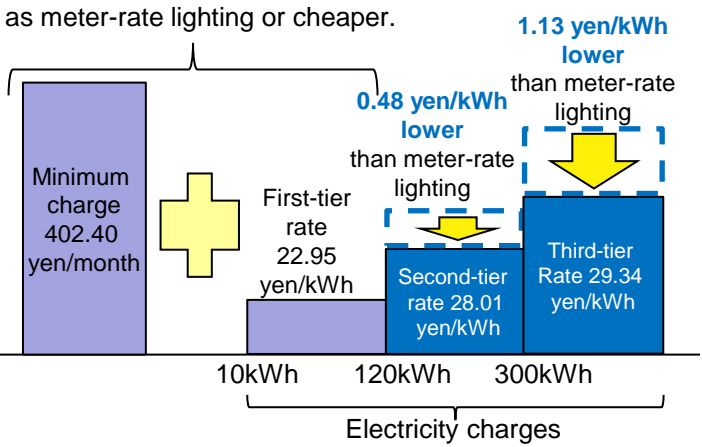
### ◆ Ee Home Flat

Suitable for households of full-time housewives and senior citizens who use more electricity during the daytime on weekdays.



## Good Value Plan

The plan that is more advantageous than meter-rate lighting by setting the unit price to be the same as meter-rate lighting or cheaper.



## au Denki



- ✓ This is a service for customers using au.
- ✓ OEPC supplies electricity as before.
- ✓ The electricity tariff is equivalent to the electricity tariff charged at the meter-rate lighting plan by OEPC.
- ✓ The au WALLEET points corresponding to up to 5% of electricity tariff are returned.

## Premium Value Plan



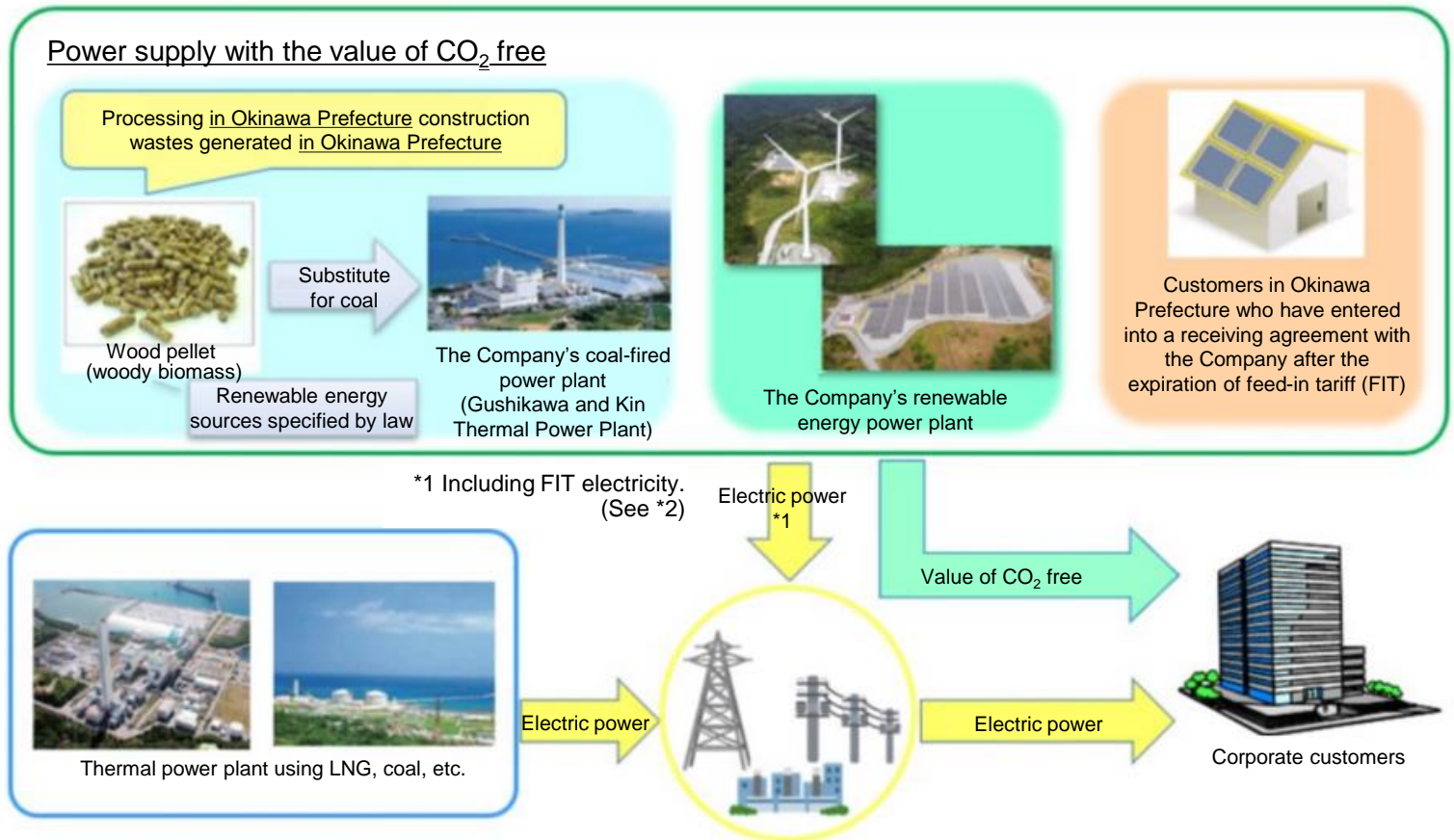
	Category	Unit	Unit price (yen)
Basic charge	Up to first 400 kWh	One contract	10,590.00
Electricity charge	Over 400 kWh	1kWh	26.37

Recommended menu for customers with monthly power consumption exceeding 400 kWh

# Q4. What is the enrichment of electricity rate menus? (2/2)

## Uchina CO<sub>2</sub> free menu

- Deploying an electricity rate menu with the value of CO<sub>2</sub> free derived from renewable energy electricity sources.
- We will work with our customers to realize a decarbonized society in Okinawa Prefecture as a whole by using only resources in the prefecture.



\*1 Including FIT electricity. (See \*2)

\*2 Part of the cost of procuring this electricity is covered by Renewable Energy Power Promotion Surcharge by electricity users, including customers other than our company's.

# Q5. What are the efforts to fuel cost reduction? (1/2)

## Efforts toward stable procurement of fuels and reduction of fuel costs.

Making Ishikawa Thermal Power Plant the base of distributing fuel oil to remote islands

Reduction of fuel costs through measures including purchasing fuel oil on the spot market

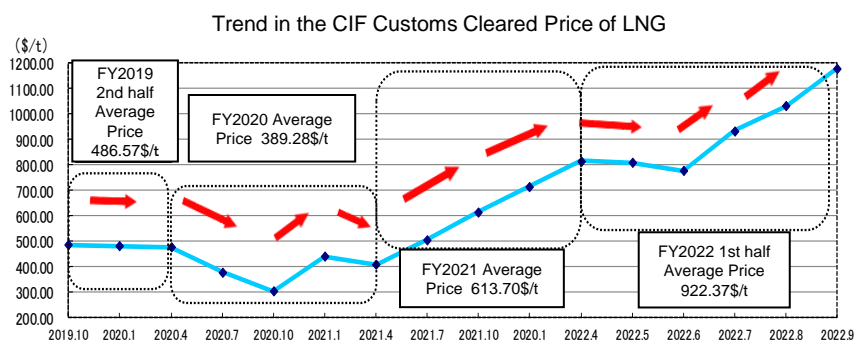
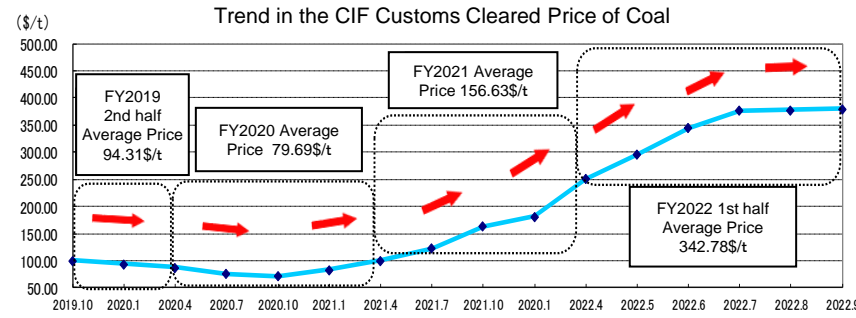
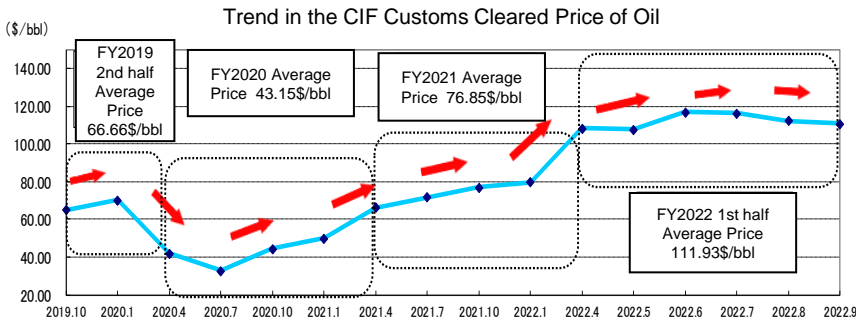
Stable procurement through long-term coal purchase contracts

Continued use of sub-bituminous coals that are low in not only prices but also transport costs

Stable procurement through long-term LNG purchase contracts

Efficient operation of coal-fired plants by reducing consumption of fuel oil and LNG

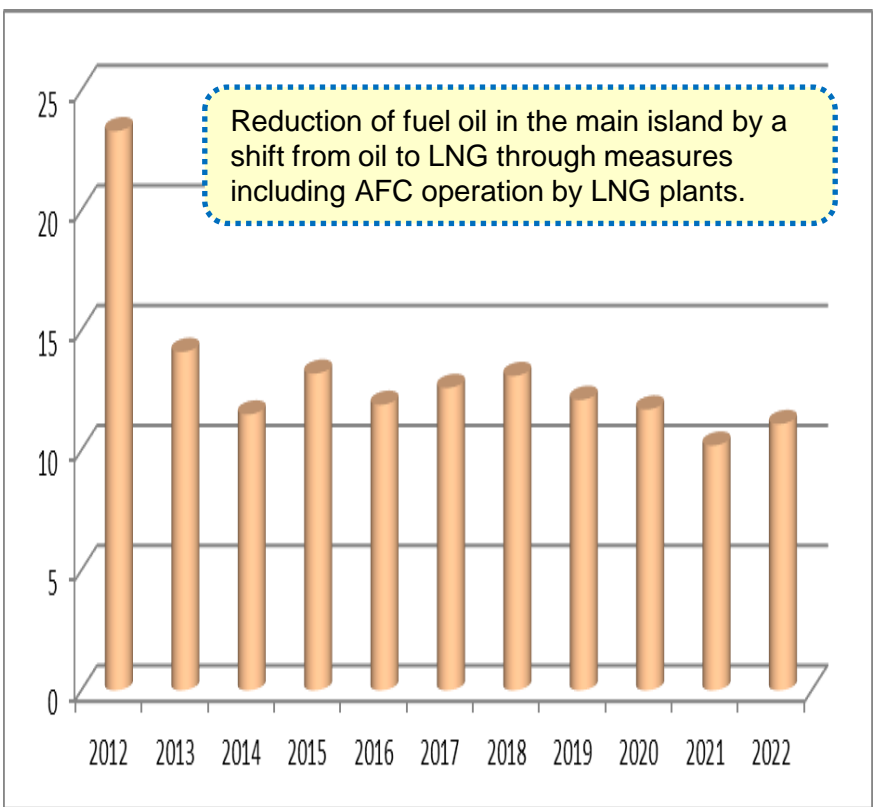
**Achieving stable fuel supply and pursuing cost reductions**



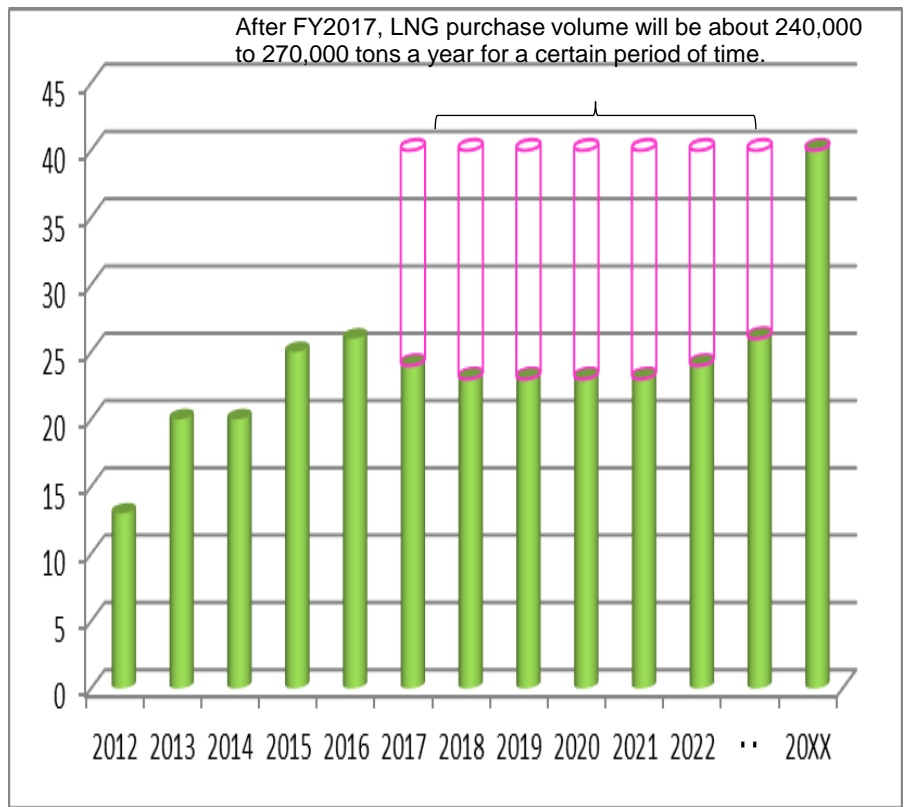
# Q5. What are the efforts to fuel cost reduction? (2/2)

- Efficient operation of coal-fired plants and LNG-fired plants by reducing consumption of fuel oil.
  - Reduction of oil consumption by shifting AFC\* that oil-fired plants took charge of to LNG-fired plants.
- \* AFC=Automatic Frequency Control

(10,000 kl) **Trend in Fuel Oil Consumption by Main Island**



(10,000 t) **Trend in LNG Purchase Volumes**



(FY)

(FY)

# Q6. The Fuel Cost Adjustment System

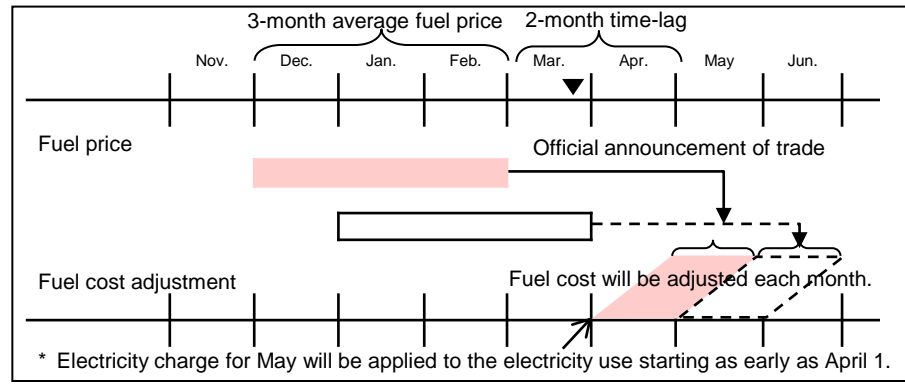
■ The fuel cost adjustment system was introduced for the purpose of clarifying the “internal factors” such as the results of efforts to promote management efficiency at electric power companies and reflecting “external factors” onto electricity rates such as exchange rates and oil and coal and LNG prices that alter the economic situation.

[ Range of fuel cost adjustment ]

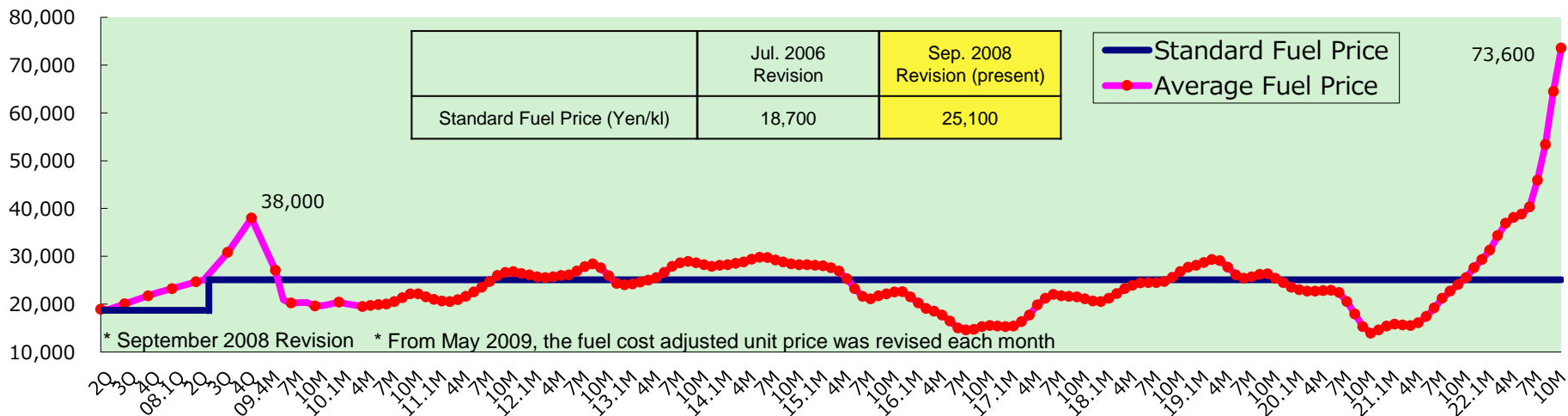
- We will calculate the average fuel price based on the prices of crude oil, coal and LNG on the trade statistics during the period between five months and three months prior to the fuel cost adjustment, and electricity charge will be automatically adjusted each month by comparing the above price with the standard fuel price at the time of electricity rate revision.
- The maximum level of fuel cost adjustment will be 50%.
- There will be no lower adjustment limit.
- The average fuel cost adjustment price for October 2022 was 73,600 yen (the upper limit on plus adjustment was 37,700 yen).
- There is no upper limit on plus adjustment for the free rate menu that we started to offer after the full liberalization of the retail electricity market in April 2016.

[ Conceptual drawing of the fuel cost adjustment system ]

E.g. The average fuel price during the period between December and February of the following year will be applied to fuel cost adjustment for the electricity charge for May in the following year.  
 The average fuel price during the period between January and March will be applied to fuel cost adjustment for the electricity charge for June in the same year.



[ Trend of Average Fuel Price and Standard Fuel Price (Since July 2006) ]





# Q7. Status of Transitional Measures for Retail Charges

- With the elimination of regional monopolies due to the complete liberalization of entry into the electricity retail sector, rate regulations will become unnecessary in principle.
- On the other hand, it has been decided with the liberalization that rate regulations will be abolished after a transitional period so as not to interfere with the stable supply of electricity or cause confusion among consumers.
- Currently, only the Okinawa area still has transitional treatment fees in the high-voltage area, whose treatment is under consideration by the central government.

	OEPC		< Reference > Nine electric power companies in the mainland	
	Retail department	Transmission and distribution department	Retail company	Transmission and distribution company
<b>Extra-high voltage</b> ⇒ Large factories, large shopping centers, etc.	Free rate [20%] (18%) Upper limit on fuel cost adjustment exists ⇒ Moving to no upper limit in the future	Last resort supply rate	Free rate	Last resort supply rate
<b>High voltage</b> ⇒ Supermarkets, office buildings, etc.	Transitional treatment fee *Regulated rate [13%] (16%) Upper limit on fuel cost adjustment exists (Upper limit on fuel cost adjustment is set by a national scheme)	Free rate [21%] (19%) Upper limit on fuel cost adjustment exists ⇒ Moving to no upper limit in the future	Free rate	Last resort supply rate
<b>Low voltage</b> ⇒ For household use, small stores, etc.	Transitional treatment fee *Regulated rate [32%] (34%) Upper limit on fuel cost adjustment exists (Upper limit on fuel cost adjustment is set by a national scheme)	Free rate [14%] (13%) Upper limit on fuel cost adjustment exists (Some menus have no upper limit)	Transitional treatment fee (Regulated rate)	Free rate

- The percentage of retail electricity sales to total electricity sales in FY2021 is shown in [ ], and the percentage when remote islands are included is shown in ( ).
- Areas for which transitional measures have been lifted may receive last resort supply from the general electricity transmission and distribution utility.

# Q8. What is the approval that it's possible to engage in electricity transmission and distribution on concurrent?

- After April 2020 when the amended Electricity Business Act comes into effect, the general electricity transmission and distribution utilities must not engage in electricity retail or electricity generation on concurrent business. (Restrictions on Concurrent Business)
- As an exception to the restriction on Concurrent Business, OEPC became the “the approved general electricity transmission and distribution utility” which can operate power retail business and power generation business, and this means that OEPC can continue maintaining the integrated system for power transmission and distribution.
- On the other hand, OEPC implemented the organizational revision to respond conduct regulations aimed at ensuring neutrality of the transmission/distribution sector.

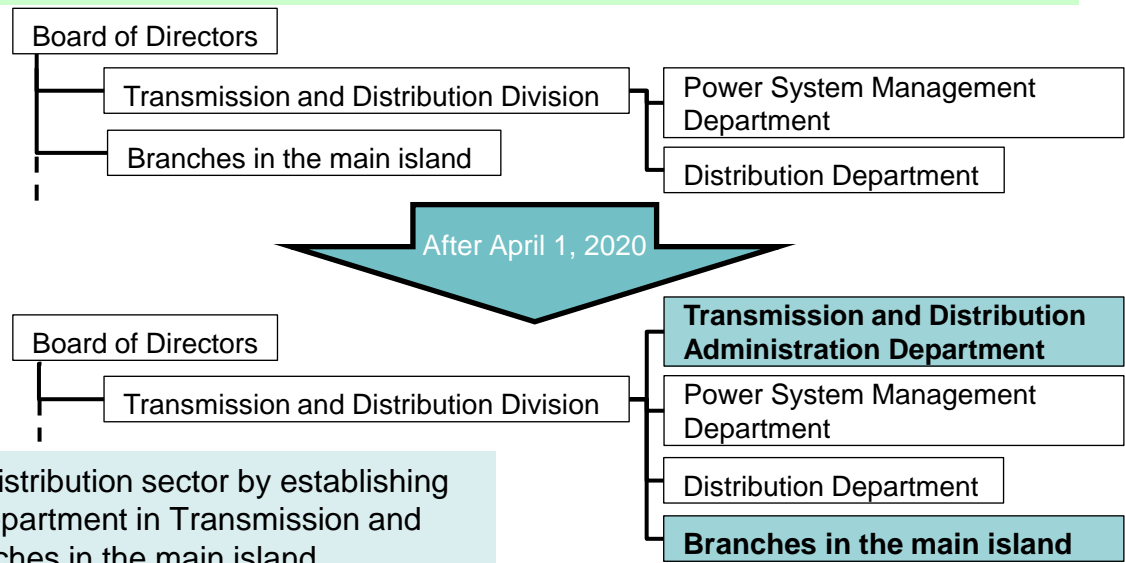
## Reasons for exceptions to Restriction on Concurrent Business

- ✓ There is a particularly high need for flexible power supply operation because OEPC's power grid is small-scale power system and independent from the mainland.
- ✓ There is a particularly high need for the transmission and distribution, retail and power generation divisions to work together in disaster response.

## Conduct regulations

- ✓ Prohibition of use/provision of information for other purposes
- ✓ Prohibition of discriminatory treatment
- ✓ Prohibition of competitive inhibition acts
- ✓ Establishment of appropriate information management system, etc.

Further ensuring neutrality of the transmission/distribution sector by establishing Transmission and Distribution Administration Department in Transmission and Distribution Division, and transferring each branches in the main island.



\* The organization chart is as of revision on April 1, 2020. As of July 2022, the main island branch offices are placed under the Distribution Department, and the Site Acquisition and Management Department has been transferred to the Transmission and Distribution Division.

# Q9. What are the Special Tax Measures?

- We consider that special taxation measures are necessary for promoting business in Okinawa Prefecture and improving the lives of Okinawa residents on the grounds that disadvantages inherent in Okinawa's electricity business have remained unchanged. For example, there are many small and isolated systems and Okinawa is dependent on thermal power.
- The amount of tax exemption based on the special taxation measures is deducted from the cost of electricity charge.

## Currently Applied Special Tax Measures

	Preferential Measure for Standard Taxable Values Relating to Fixed Property Tax	Exemption from the Oil and Coal Tax Relating to Specific Coal, etc. (Coal and LNG) Used for Power Generation in Okinawa
Details	Alleviation to 2/3 of Standard Taxable Values	(1) Exemption from the Oil and Coal Tax for coal (2) Exemption from the Oil and Coal Tax for LNG
Period	April 1, 1982 - March 31, 2024 * Extended for 2 years from April 1, 2022	(1) October 1, 2003 – March 31, 2024 * Extended for 2 years from April 1, 2022 (2) April 1, 2012 – March 31, 2024 * Extended for 2 years from April 1, 2022
Basic Law	Supplementary Provisions of the Local Tax Law (Article 15.5)	Special Measures Law for the Promotion of Okinawa (Article 64) Special Taxation Measures Law (Article 90.4.3.1)

### Revision of the Act on the Special Measures for the Promotion and Development of Okinawa

- The Act on the Special Measures for the Promotion and Development of Okinawa was revised in March 2022, and the revised law came into effect on April 1, 2022.
- Under the revised law, etc., OEPC receives favorable treatment based on "Preferential Measure for Standard Taxable Values Relating to Fixed Property Tax" and "Exemption from the Oil and Coal Tax Relating to Specific Coal, etc. (Coal and LNG) Used for Power Generation in Okinawa".

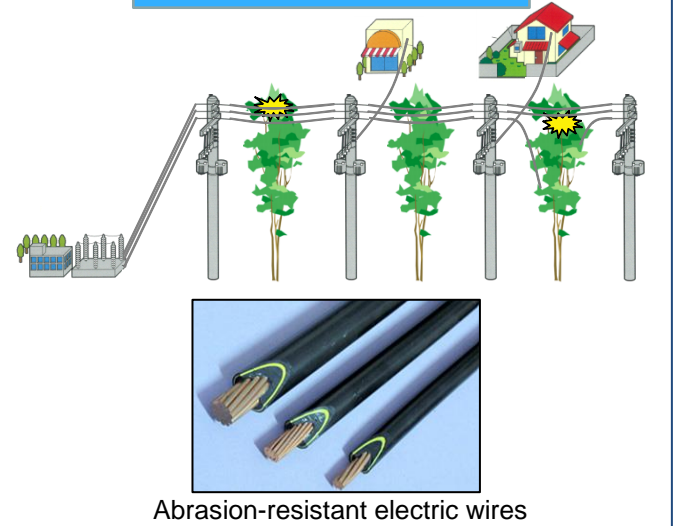
### Value of Tax Alleviation Due to the Special Measures

- FY2020 : about 3.4 billion yen.
- FY2021 : about 3.4 billion yen.
- FY2022 (Forecast) : about 3.6 billion yen.

# Q10. What are the efforts to typhoon measures?

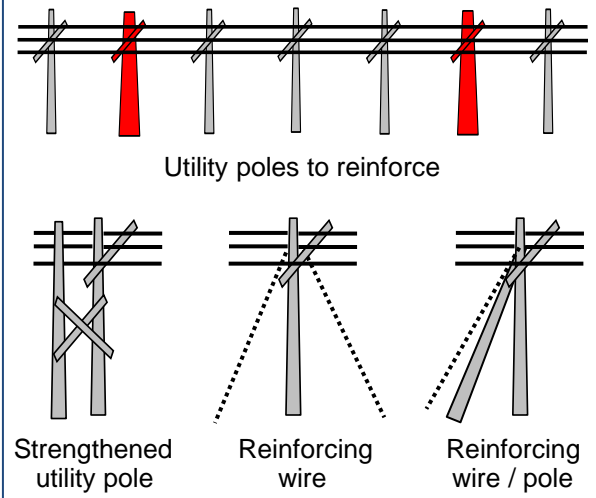
- Since many typhoons approach Okinawa every year, the we are taking basic measures by thoroughly inspection patrol electricity transmission/distribution facilities and regularly cutting trees, and is also taking various other precautionary measures.
- After the Electric Power Resilience WG compiled the verification results concerning the power failure restoration and others, we have implemented new measures, such as maximizing the number of patrol personnel in the distribution division to quickly grasp the damage situation.

## Replace to abrasion-resistant electric wires



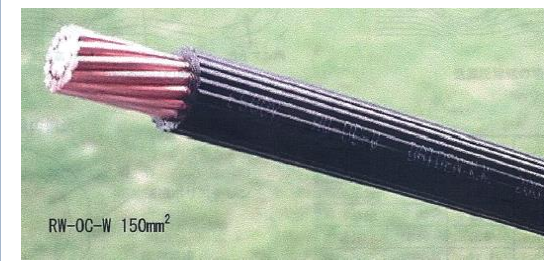
Abrasion-resistant electric wires resist to damage from trees contacting them and prevent disconnection caused by abrasion.

## The measures to prevent the continuous collapse of utility poles



It's possible to prevent the continuous collapse of utility poles by reinforcing utility poles.

## Use of electric wires to reduce wind pressure



Electric wire that reduces wind pressure  
Reduce the wind pressure load by providing grooves on the surface of the electric wire.

## Design standard for transmission towers

Regarding the transmission tower, the Ministerial Ordinance on Technical Standards for Electric Facilities (Ministry of Economy, Trade and Industry) stipulates that the larger load should be taken into account by comparing the wind pressure load at the reference wind speed of 40 m/sec with that at the base wind speed for each region. Our company has designed the transmission tower taking into account the maximum wind speed at the time of past typhoons, and the larger load by comparing the wind pressure load at the wind speed of 60 m/sec with that at the base wind speed for each region.

## Maximizing the number of patrol personnel in power distribution department

We get the most out of the personnel in power distribution department and construction companies as patrol personnel in order to quickly grasp damages after pass typhoons. In addition, we utilize the personnel other than power distribution department as drivers.

## Public relations activities

We are making an effort to prevent the spread of damage by disseminating typhoon measures at home on TVCM, Radio, SNS before the typhoon approaches. Moreover, we also disseminate information using the website and SNS among others on power outages, the state of restoration works, and restoration prospects.

# Q11. Response to the Corporate Governance Code

- In order to achieve sustainable growth and enhance corporate value over the medium to long term, our company respects the principles of the Corporate Governance Code and strives to realize effective corporate governance. In the "Report on Corporate Governance" submitted in July 2022, our company disclosed that "It has implemented all of the principles."

## Basic Approach to Corporate Governance

The OEPC group will do its utmost to become a business group of choice by complying with the relevant laws and regulations, striving to conduct business with high ethical standards and morale, disclosing information promptly and accurately and establishing a more profound relationship of trust with shareholders, investors and customers.

To achieve this, our Group will proactively enhance corporate governance throughout the group.

## Basic Policy on Corporate Governance

### (1) Securing the rights and equality of shareholders

- Our company will strive to create an environment where shareholders' rights, including voting rights at general meetings of shareholders, are effectively secured and shareholders can exercise their rights appropriately.
- We will also give consideration to ensuring the environment and substantial equality in the exercise of rights by foreign shareholders and other minority shareholders.

### (2) Appropriate cooperation with stakeholders

- Based on the OEPC Group Vision and Basic Philosophy, our company engages in CSR (Corporate Social Responsibility) activities and appropriately responds to the needs of various stakeholders through two-way communication, thereby striving to increase corporate value and contributing to the sustainable development of society.

### (3) Ensuring appropriate information disclosure and transparency

- In accordance with laws and regulations, our company will appropriately disclose financial information, such as the financial position and results of operations of the Company, as well as non-financial information, such as management strategies and management issues. In addition, our company will strive to provide highly useful information in disclosure other than that based on laws and regulations.

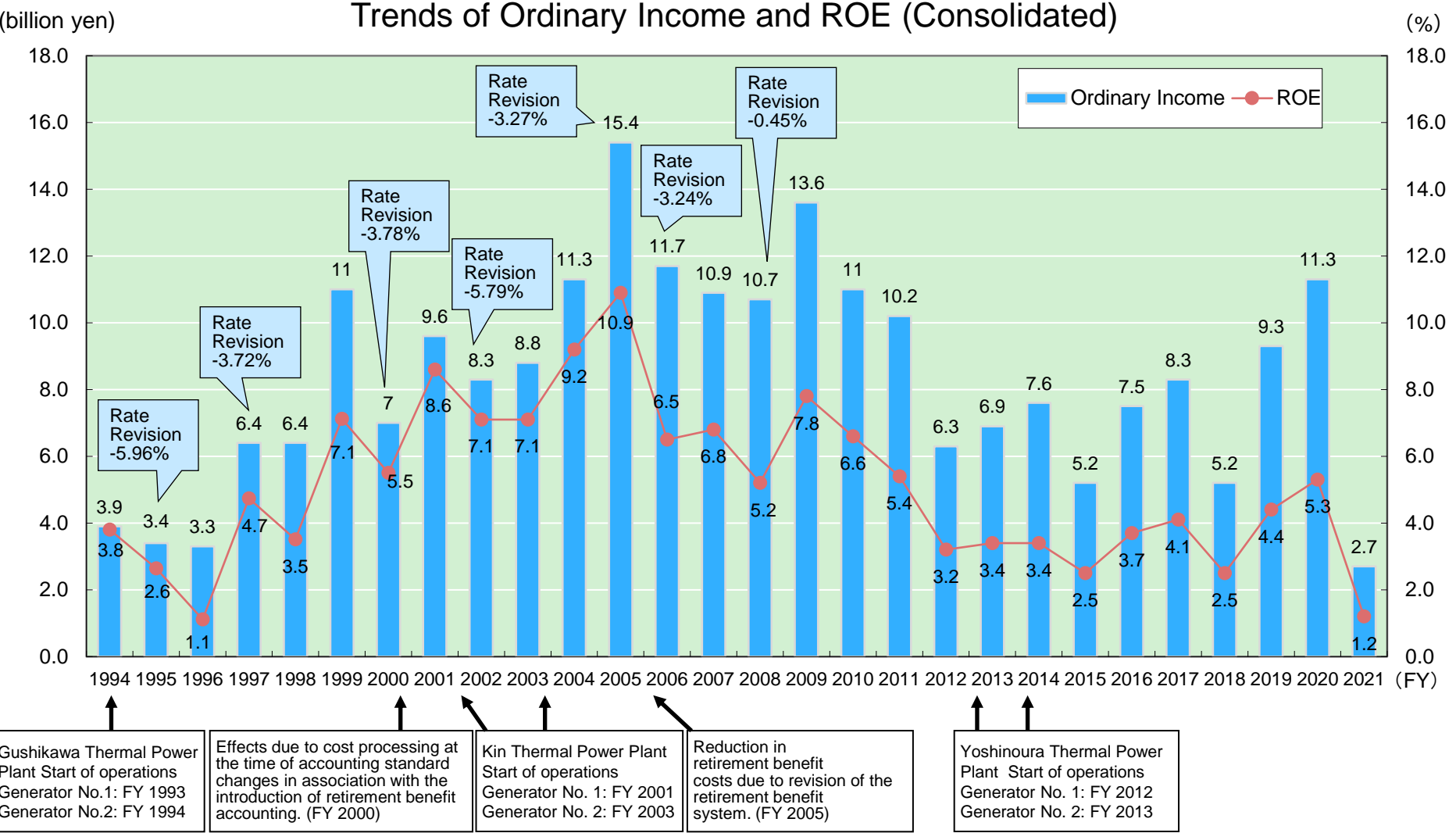
### (4) Responsibilities of the Board of Directors

- Based on its fiduciary responsibility and accountability to shareholders, our Board of Directors will appropriately fulfill its roles and responsibilities by setting forth the direction of its management strategy and conducting highly effective supervision in order to achieve sustainable growth of the Company and increase its corporate value over the medium to long term.

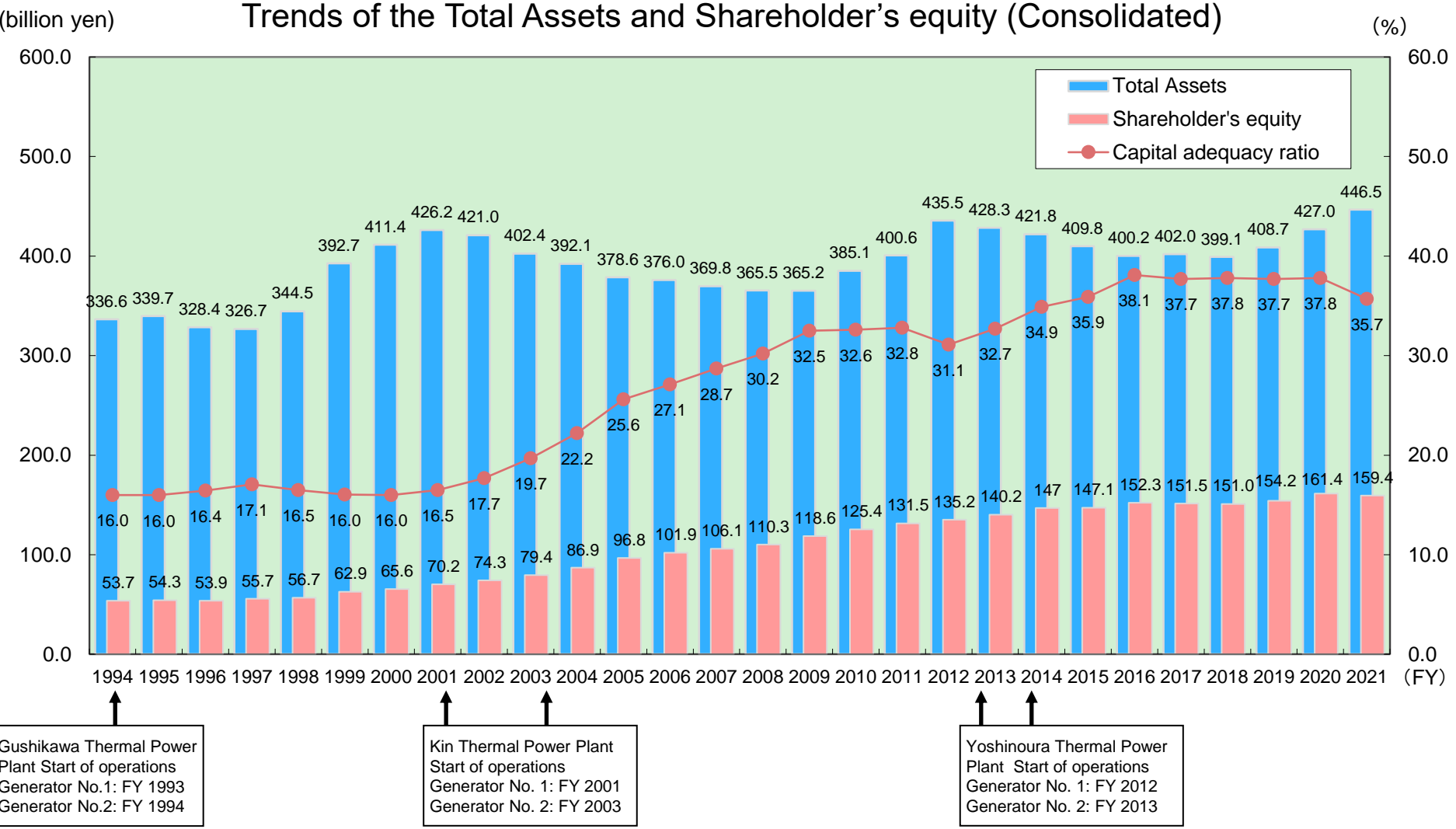
### (5) Dialogue with shareholders, etc.

- In order to contribute to the sustainable growth of our company and the enhancement of its corporate value over the medium to long term, our company will endeavor to promote understanding of our company business through constructive dialogue with shareholders, investors, etc., and will utilize their opinions in our management.

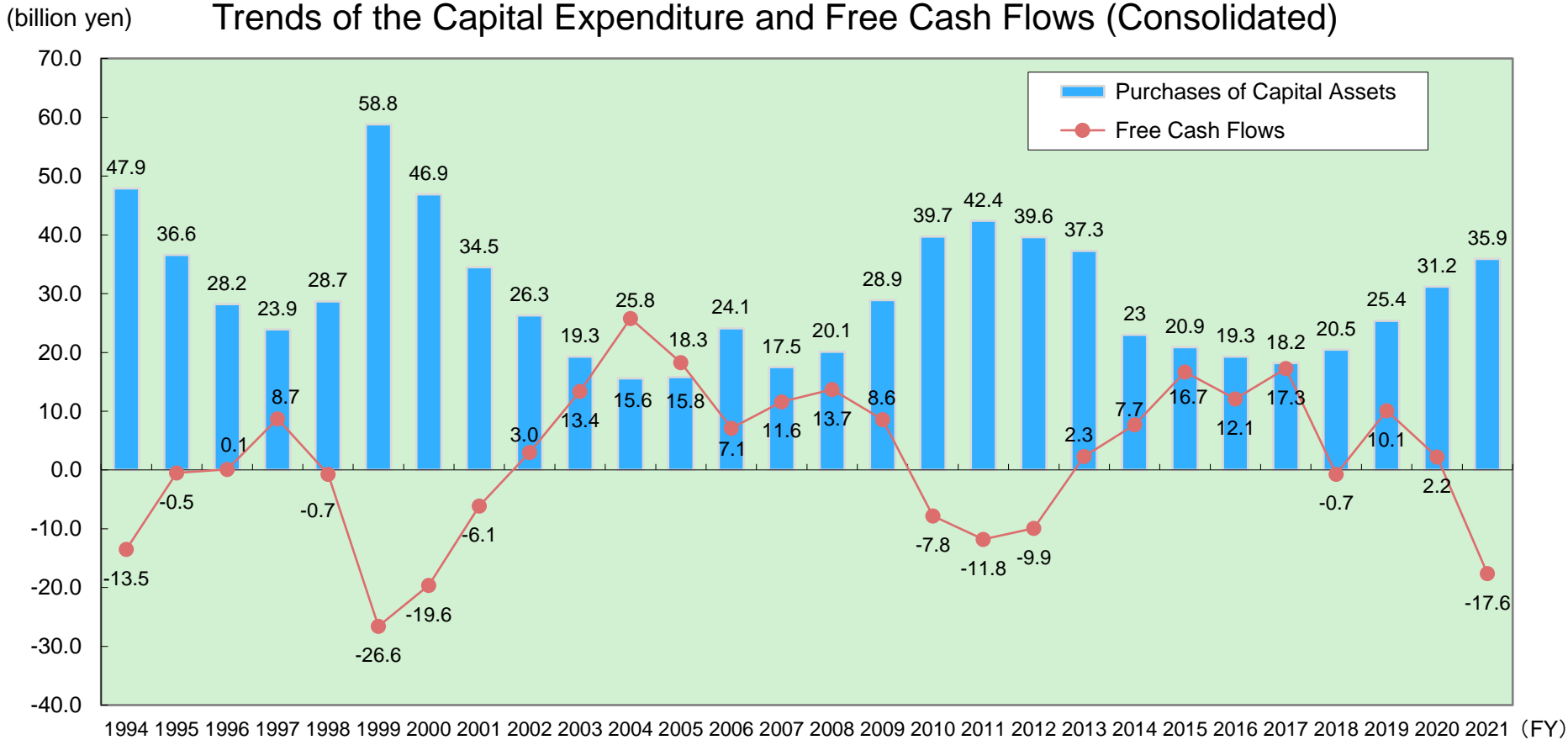
# Reference 1: Trends of Ordinary Income and ROE



# Reference 2: Trends of the Total Assets and Shareholder's equity



# Reference 3: Trends of the Capital Expenditure and Free Cash Flows



Gushikawa Thermal Power Plant Start of operations  
 Generator No.1: FY 1993  
 Generator No.2: FY 1994

Kin Thermal Power Plant Start of operations  
 Generator No. 1: FY 2001  
 Generator No. 2: FY 2003

Yoshinoura Thermal Power Plant Start of operations  
 Generator No. 1: FY 2012  
 Generator No. 2: FY 2013

\* Based on "Income and Expenditure Statement (Non-consolidated)" on and before 1998, and "Statement of Cash Flow (Consolidated)" on and after 1999, respectively.



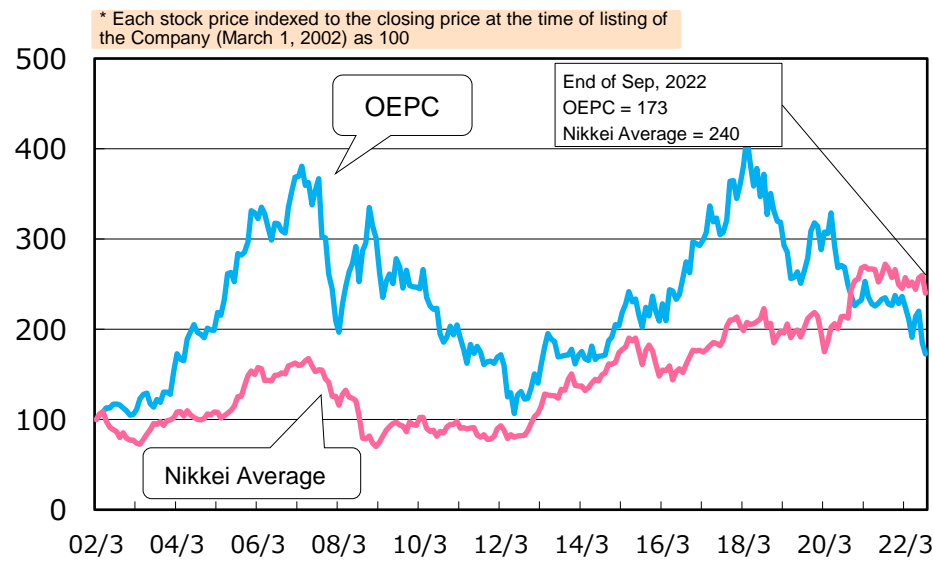
# Reference 4: Change in Okinawa Electric Power's Stock Price

Recent stock price changes: from January 4, 2022 to September 30, 2022

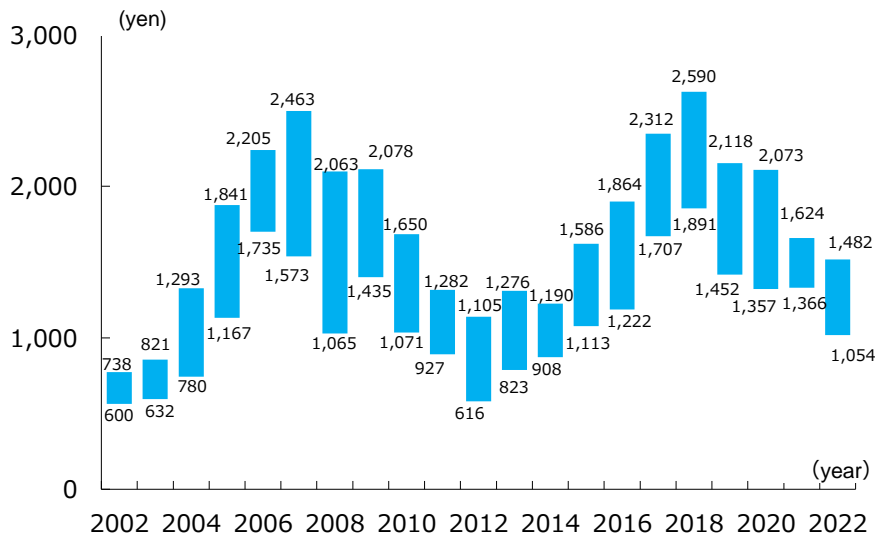
	Okinawa Electric Power Company, Inc.	Nikkei Average
Stock price as of January 4, 2022 (closing price)	1,463 yen	29,302 yen
All-time high (closing price)	1,471 yen (+0.5%) as of Mar. 3, 2022	29,332 yen (+0.1%) as of Jan. 5, 2022
All-time low (closing price)	1,058 yen (-27.7%) as of Sep. 30, 2022	24,718 yen (-15.6%) as of Mar. 9, 2022
Stock price as of September 30, 2022 (closing price)	1,058 yen (-27.7%)	25,937 yen (-11.5%)

(Note) Figures in bracket indicate percentage change in the stock price from its closing price on January 4, 2022.

**Changes in the Stock Price of the Company and the Nikkei Stock Average (month-end closing price)**



**Changes in the Highest and Lowest Prices of the Stock of the Company**



(Note) The stock split was implemented seven times in the indicated period (Record date :End of March 2005, End of March 2007, End of May 2015, End of May 2016, End of May 2017, End of May 2018 and End of May 2020), and adjustment has been made for the figures before the end of May 2020.

# Reference 5: Earnings Per Share and Payout Ratio

## Earnings per Share and Payout Ratio

FY		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net income <sup>*1</sup>	Million yen	4,318	4,731	4,943	3,647	5,517	6,273	3,751	6,705	8,341	1,959
Earnings per Share <sup>*1</sup>	yen	247.20	270.80	282.99	139.22	140.41	147.00	72.38	129.39	153.29	36.05
(Post-adjustment after stock split) <sup>*2</sup>		(76.10)	(83.36)	(87.12)	(64.29)	(97.25)	(112.00)	(68.94)	(123.22)		
Dividend per Share	yen	60	60	60	60	60	60	60	60	60	60
(Post-adjustment after stock split) <sup>*2</sup>		(18)	(18)	(18)	(28)	(42)	(46)	(57)	(57)		
Payout Ratio <sup>*1</sup>	%	24.3	22.2	21.2	43.1	42.7	40.8	82.9	46.4	39.1	166.4
Dividend Yield	%	1.87	1.72	1.38	1.98	2.27	1.96	3.18	3.03	3.87	4.35
Price Book-value Ratio <sup>*1</sup>	x	0.41	0.44	0.52	0.54	0.68	0.84	0.65	0.67	0.52	0.47
Price Earning Ratio <sup>*1</sup>	x	13.0	12.9	15.4	21.8	18.8	20.8	26.0	15.3	10.1	38.2

\*1 Net Income, EPS, Payout Ratio, PBR, PER are on a consolidated basis

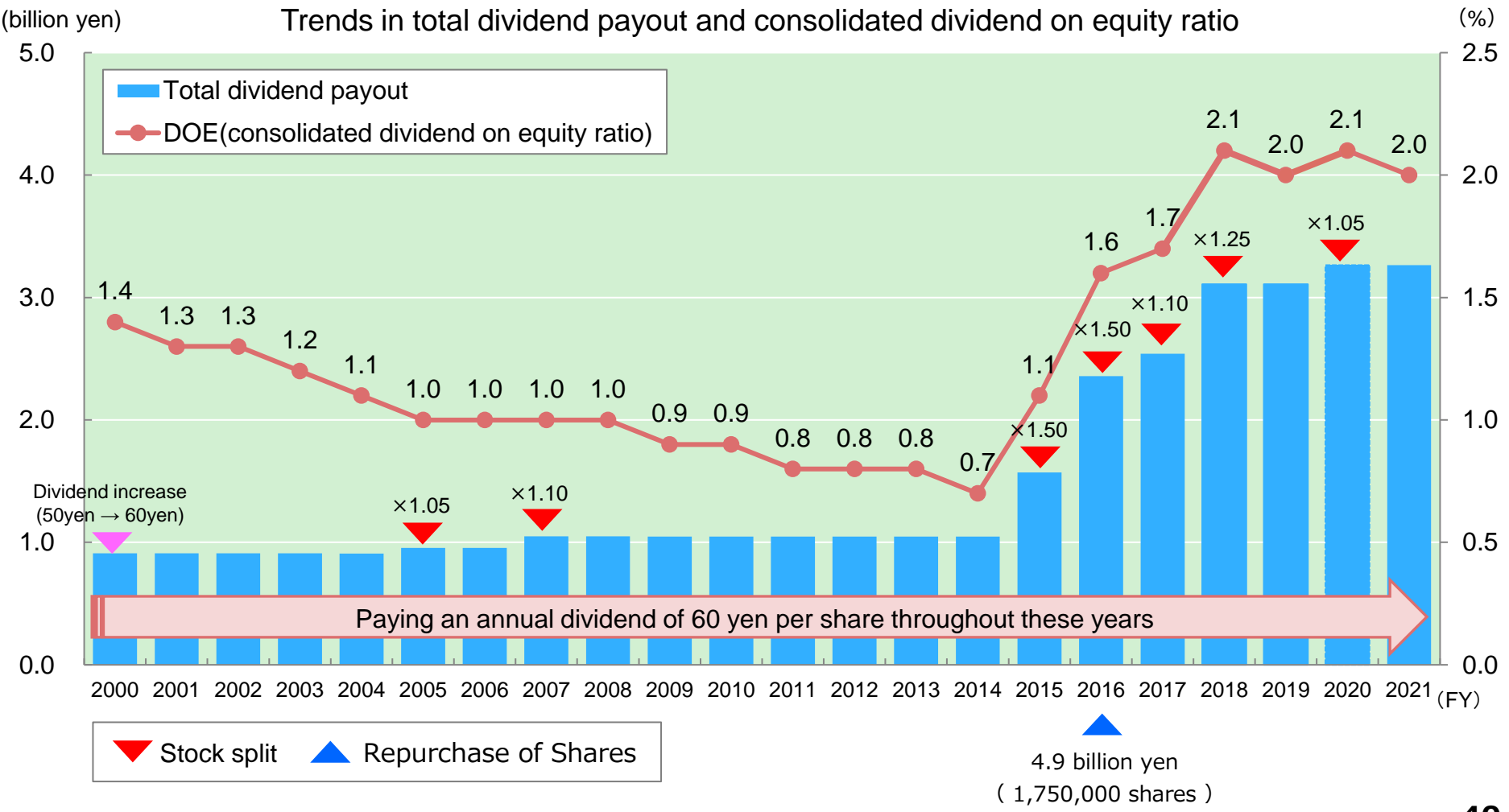
\*2 Shown in the brackets are numbers adjusted for the effects of past stock splits.

### FYE Mar 2023 (FY2022) Dividends

- Our company has decided to forgo an interim dividend for the fiscal year ending March 2023, due to the expected severe revenue and expenditure in earnings forecasts for the current fiscal year. Moreover, our company will also forgo the year-end dividend.

# Reference 6: Policy for Returning Profits to Shareholders

■ Our basic policy for profit distribution is to “distribute stable and continuous dividends,” and we will make efforts to maintain “a consolidated dividend on equity ratio (DOE) of over 2.0%”.



This document includes statements concerning future results. Such statements are based on calculations and predictions and are neither definite nor guaranteed. Please be aware that future results may change in accordance with changes in assumptions related to the management environment and the like.

**【Enquiries regarding this document】**

Budget & Finance Group, Accounting & Finance Department  
Okinawa Electric Power Company, Inc.

TEL : +81-98-877-2341 FAX : +81-98-879-1317

Email : [ir@okiden.co.jp](mailto:ir@okiden.co.jp)