

Management Overview

November 2023



The Okinawa Electric Power Company, Inc.

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Overview of Okinawa Prefecture



Basic Data

Population:	1,468,255
No. of Households	640,675
Area	2,282 km ²
Climate	Subtropical / Oceanic
Location	26° 12N 127° 41E
Prefectural GDP	¥4,532.4billion
Tourism Revenue	¥701.3billion

- ◇ 160 islands scattered over a sea area lying about 1,000 kilometers east and west and about 400 kilometers north and south.
- ◇ Okinawa has attracted attention for its advantages and potentials.
 - Geographical characteristics as being located in the center of East Asia.
 - The highest birth rate in Japan.
 - Rich nature and mild climate.
- ◇ Making good use of such advantages and potentials, initiatives are underway.
 - Promotion of tourism.
 - Clustering of international logistics industry.

Population, No. of Households as of September 1, 2023

Area as of July 1, 2023

Prefectural GDP as of Estimated results FY 2022

Tourism Revenue as of Estimated results FY 2022 (Source: Okinawa Prefecture, Geographical Survey Institute)

Corporate Overview of OEPC

- The Okinawa Electric Power Company (OEPC) supplies electricity to 38 inhabited islands including Okinawa main island.
- OEPC maintains 11 isolated systems that are not connected with the transmission lines of other power companies.
- OEPC has no nuclear and hydroelectric power plants and depends on fossil fuels for its power supply.

Established	May 15, 1972
Capital	¥7,586 million
Total assets	¥441.260 billion (Non-consolidated) ¥480.546 billion (Consolidated)
Employees	1,536 (Consolidated: 3,075)

Security code	9511
Service area	Okinawa Prefecture
Generating facilities	Steam-power generators 5 locations 1,629 thousand kW (Oil 2 locations 375 thousand kW) (Coal 2 locations 752 thousand kW) (LNG 1 locations 502 thousand kW) Gas turbine generators 5 locations 326 thousand kW Internal-combustion power generators 12 locations 208 thousand kW Wind power generators 5 locations 2 thousand kW Total 2,165 thousand kW

(as of March 31, 2023)

Ratings

Rating agency	R&I	S&P	Moody's
Rating	AA	A+	A1
Outlook (direction)	Stable	Stable	Stable

* Ratings on long-term preferred debts as of October 31, 2023

Financial Results for FY2023 2Q (Year-on-Year Comparison)

(Unit: million yen, X)

	Consolidated (A)			Non-consolidated (B)			(A) / (B)	
	FY2022 2Q YTD (Results)	FY2023 2Q YTD (Results)	Rate of Change	FY2022 2Q YTD (Results)	FY2023 2Q YTD (Results)	Rate of Change	FY2022 2Q YTD (Results)	FY2023 2Q YTD (Results)
Sales	118,738	130,501	+9.9%	114,888	125,604	+9.3%	1.03	1.04
Operating income	-22,518	4,704	—	-22,905	4,026	—	—	1.17
Ordinary income	-22,473	4,216	—	-22,709	3,814	—	—	1.11
Net income	-16,819*	3,238*	—	-16,871	3,106	—	—	1.04

* Net income attributable to owners of parent.

【Revenue】

- Increase in income from the price revision in Electric business.

【Expenditure】

- Decrease in Fuel costs and purchased power costs due to fuel price fall in Electric business.
- Increase in Non-current assets retirement costs, due to impact of the damage to the coal unloader at the Gushikawa Thermal Power Plant in Electric business.

Annual Outlook Summary FY2023 (1/2)

(Unit: million yen, X)

	Consolidated(A)				Non-consolidated(B)				(A) / (B)	
	FY2022 (Results)	FY2023 (Forecasts)		Change (II) - (I)	FY2022 (Results)	FY2023 (Forecasts)		Change (II) - (I)	FY2022 (Results)	FY2023 (Forecasts)
		Announced in Aug. 2023 (I)	Announced in Oct. 2023 (II)			Announced in Aug. 2023 (I)	Announced in Oct. 2023 (II)			
Sales	223,517	234,400	240,300	+5,900	213,383	222,600	228,800	+6,200	1.05	1.05
Operating income	-48,406	5,100	4,100	- 1,000	-50,582	4,000	3,000	-1,000	-	1.37
Ordinary income	-48,799	4,100	3,100	-1,000	-50,245	3,000	2,000	-1,000	-	1.55
Net income	-45,457*	2,900*	2,200*	-700	-45,934	2,400	1,700	-700	-	1.29

* Net income attributable to owners of parent.

We have revised our forecast for FY2023, which we announced on August 18, 2023. The main contents reviewed is the response to the damage to the coal unloader at the Gushikawa Thermal Power Plant that occurred on July 27, 2023. The previous forecast was based on the assumption that the operation of the Gushikawa Thermal Power Plant would return to normal operation in December by resuming coal unloading with the one coal unloader unit that has not been damaged. In the current forecast, we have assumed that the undamaged coal unloader will not be used until the cause of the accident is revealed. The current forecast are based on the assumption that operations at the Gushikawa Thermal Power Plant will return to normal operations in January because coal unloading from the sea will be resumed by vessels equipped with unloading functions. Although costs are expected to increase due to the replacement of the reduced operation of Coal-fired power plants with LNG-fired power plants and other factors, we plan to reduce costs by revising power generation plans and other measures.

[Comparison with previous forecasts (Aug.2023)]

【Revenue】

- Increase in Sales due to increase in Electricity sales , despite decrease in Sold power to other suppliers in Electric business.

【Expenditure】

- Increase in fuel costs due to rise in fuel prices and the impact of the damage to the coal unloader at the Gushikawa Thermal Power Plant in Electric business.
- Increase in Purchased power costs due to rise in coal prices and other factors in Electric business.

Annual Outlook Summary FY2023 (2/2)

- An increase in expenses is expected mainly due to switching to LNG plants to make up for the operational decline of coal-fired plants in response to damage to the coal unloader at the Gushikawa Thermal Power Plant, which occurred on July 27, 2023. To improve the status of revenue and expenditure, expense reductions by reviewing power generation plans and others are included.

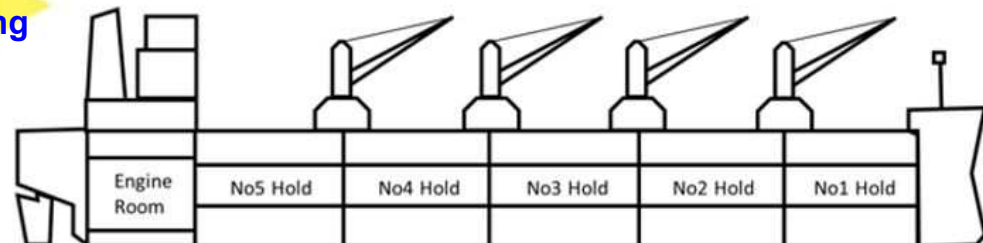
[Status of Gushikawa Thermal Power Plant]

- The damaged coal unloader is under removal work now. The removal is expected to be completed by March 2024.
- To receive coal for the time being, the Kin Thermal Power Plant has already started transporting coal by land, and the Gushikawa Plant has remained in operation.
- From now on, the Company plans to consider methods such as unloading from a vessel that is equipped with an unloading function (a deck crane, etc.) and work for the plant to restart receiving coal from the sea by the end of January.

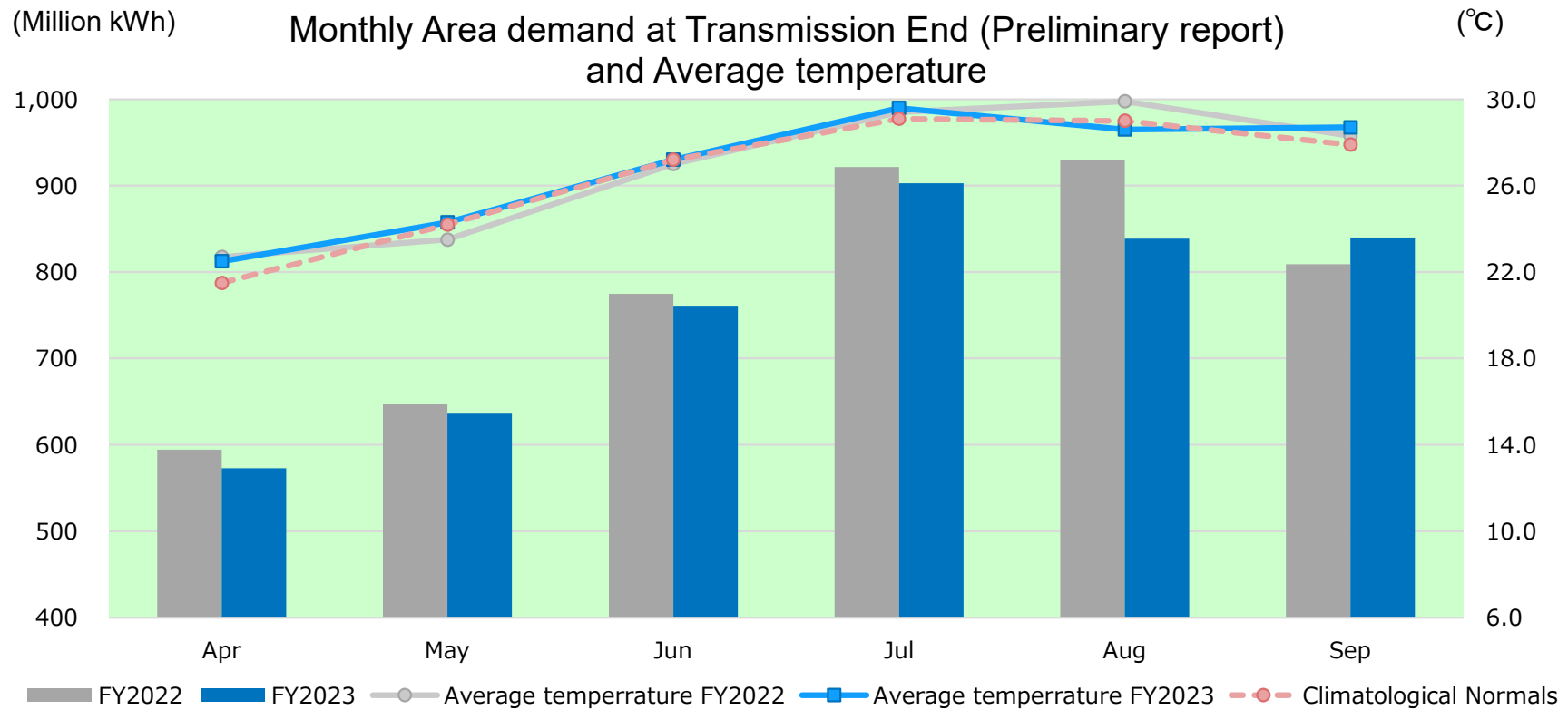
<Conceptual presentation of coal unloading by a vessel equipped with an unloading function (a deck crane, etc.)>



Four large cranes are mounted on the vessel. By using attachments such as grabs, the vessel is capable of loading and unloading cargo on its own.



Electric Energy Demand (Results) (1/2)



Monthly Area demand at Transmission End (Preliminary report)

	Apr	May	Jun	Jul	Aug	Sep	1st Half
FY2023	573	636	760	903	838	840	4,550
FY2022	594	648	775	921	929	809	4,676
Rate of Change	-3.6	-1.8	-1.9	-2.0	-9.8	+3.8	-2.7

(Million kWh, %)

Average temperature

	Apr	May	Jun	Jul	Aug	Sep	1st Half
FY2023	22.5	24.3	27.2	29.6	28.6	28.7	26.8
FY2022	22.7	23.5	27.0	29.4	29.9	28.3	26.8
Climatological Normals	21.5	24.2	27.2	29.1	29.0	27.9	26.5

(°C)

* Climatological Normals is observed data from 1991 to 2020.

Electric Energy Demand (Results) (2/2)

Electricity Sales Volume

(Unit: million kWh, %)

	FY2022 2Q YTD (Results)	FY2023 2Q YTD (Results)	Change	Rate of Change
Lighting	1,580	1,468	-112	-7.1
Power	2,297	2,275	-22	-1.0
Total	3,877	3,743	-134	-3.5

<Lighting>

The demand for Lighting decreased compared with Year-on-Year due to the impact of power saving and customer switching to other suppliers.

<Power >

The demand for Power decreased compared with Year-on-Year due to the impact of the power saving and decreased demand in steel industry, despite increase by customer switching to our company from other suppliers and the recovery from the impact of novel coronavirus.

■ Power Generated and Received

(Unit: million kWh)

		FY2022 2Q YTD		FY2023 2Q YTD		Change	Rate of change
		Electricity generated	Com- position ratio	Electricity generated	Com- position ratio		
OEPC	Coal	1,830	44.0%	1,460	36.1%	-370	-20.2%
	Oil	548	13.2%	636	15.7%	+88	+16.1%
	LNG	954	23.0%	1,073	26.5%	+119	+12.5%
	Total	3,332	80.2%	3,169	78.3%	-163	-4.9%
Other		824	19.8%	878	21.7%	+54	+6.6%
Total		4,156	100.0%	4,047	100.0%	-109	-2.6%

<Power Generated and Received>

- Power generated and received was 4,047 million kWh, down 2.6%. *
- Electricity generated of OEPC's Coal-fired thermal power was down 20.2%. *
- Electricity generated of OEPC's Oil-fired thermal power was up 16.1%. *
- Electricity generated of OEPC's LNG-fired thermal power was up 12.5%. *

*Comparison with the same period of the previous year.

Electric Energy Demand (FY2023 and Long-term Outlook)

Electricity sales volume (FY2023 Outlook)

(Unit: million kWh, %)

	FY2022 Results	FY2023 Forecasts	YoY Rate of Change
Lighting	2,842	2,703	-4.9
Power	4,231	4,258	0.6
Total	7,073	6,961	-1.6

Electricity sales volume (Long-term Outlook)

(Unit: million kWh, %)

	FY2011 Results	FY2021 Results	FY2032 Forecasts	2011-2021 Annual average growth rate	2021-2032 Annual average growth rate
Lighting	2,938	2,895	2,676	-0.1 (-0.2)	-0.7 (-0.6)
Power	4,502	4,138	4,008	-0.8 (-0.8)	-0.3 (-0.2)
Total	7,440	7,033	6,684	-0.6 (-0.6)	-0.5 (-0.4)

* Adjusted for the influence of temperature and leap year.

The demand for Electric Power in Okinawa area

(Unit: million kWh, %)

	Results		Forecasts	Average rate of Increase or decrease
	2011	2021		2021-2032
Okinawa	7,400	7,684	8,231	+0.6
Japan	868,932	836,935	815,547	-0.2

(Lighting)

The demand for Lighting is expected to be lower than the previous fiscal year owing to reactionary decrease from increased demand due to higher than normal temperature in the previous fiscal year, the impact of power saving and customer switching to other suppliers, and other factors (Year-on-year change: -4.9%)

(Power)

The demand for Power is expected to be higher than the previous fiscal year due to increased demand resulting from customer switching to our company from other suppliers and the recovery from the impact of COVID-19, despite reactionary decrease from increased demand owing to higher than normal temperature in the previous year (Year-on-year change: 0.6%)

(Total)

As explained above, the total electricity sales volume is expected to be 6,961 million kWh, lower than the previous year (Year-on-year change: -1.6%)

(Lighting)

The demand for Lighting is expected to increase due to growth in the number of population and households, however is expected to be affected by customer switching to other suppliers (Annual average growth adjusted for temperature: -0.6%)

(Power)

On the assumption that COVID-19 infection converges, while the number of commercial and accommodation facilities is expected to increase due to growth in the number of population and tourists, the demand for Power is expected to be affected by customer switching to other suppliers (Annual average growth adjusted for temperature: -0.2%)

(Total)

As explained above, the total electricity sales volume is expected to be 6,684 million kWh (Annual average growth adjusted for temperature: -0.4%)

Capital Expenditures Plan

- The Company has made it a plan to strive to reduce facility-related total costs and simultaneously, maintain and build appropriate and efficient facilities steadily, based on the premise that the stable supply of electricity is ensured.
- Capital investment in FY2022 was 38.6 billion yen due to an increase in the development of new power sources and measures to address the aging of power sources.
- Regarding supply facilities, it plans to make appropriate future capital investment to renew aging facilities and upgrade to the next-generation electric power networks.

Trends in the Capital Investment Amount

(Unit: 100million yen)

FY		2020		2021		2022		2023	
		Results	(Plan)	Results	(Plan)	Results	(Plan)	(Plan)	
Power sources		88	(115)	97	(124)	180	(195)	(187)	
Supply facilities	Transmission	67	(86)	47	(112)	81	(117)	(91)	
	Transformation	63	(76)	69	(74)	35	(45)	(55)	
	Distribution	65	(106)	66	(93)	54	(84)	(78)	
	Subtotal	196	(267)	183	(279)	171	(247)	(225)	
Others		24	(27)	25	(34)	34	(44)	(33)	
Total		309	(409)	307	(438)	386	(485)	(445)	

Note: The figures may not exactly match the figures because of rounding.

Note: The impact of the damage to the coal unloader at the Gushikawa Thermal Power Plant in FY2023 on the capital expenditures plan has not been factored in.

[Major Projects in Capital Investments in FY 2023]

Power sources:

Makiminato Gas engine Power Plant

Responding to aging of Kin Thermal Power Plant

Supply facilities: Responding to increasing demand

Replacement of aging facilities

Responding to shortened power outage times

Responding to supply reliability

Business environment and challenges

Item	Overview and Challenges
Sales	<ul style="list-style-type: none">■ The population and the number of households will continue increasing, but the number of tourists is recovering.■ The demand for Electric Power in Okinawa area will increase, but the rate of its increase has been slowing down.■ The entry of power producer and supplier has advanced competition.■ Challenges will be sales expansion of electricity and gas.
Profitability	<ul style="list-style-type: none">■ The price revision in Electric business allows for appropriate cost recovery.■ A challenge will be to improve profitability.
CF	<ul style="list-style-type: none">■ Capital investment will increase due to the implementation of the Mid-Term Management Plan.■ No large-scale electric power development is planned for the time being.
Capital composition	<ul style="list-style-type: none">■ Capital adequacy ratio significantly lower than previous levels due to significant losses in FY2022.■ A challenge will be to restore financial strength for the time being.

The OEPC Group Vision: Basic Management Stance

What the OEPC Group Aims To Be

With our comprehensive energy business as the core, we aim to create new value through services to support both corporate and individual customers and as a business group with a sense of solidarity, growing and developing hand-in-hand with the community, will contribute to the realization of a sustainable society.

Basic Management Stance

(1) Strive to provide a stable supply of energy

(2) Aggressively take on carbon neutrality

(3) Meet the diverse needs of our customers and do our utmost to enhance customer satisfaction

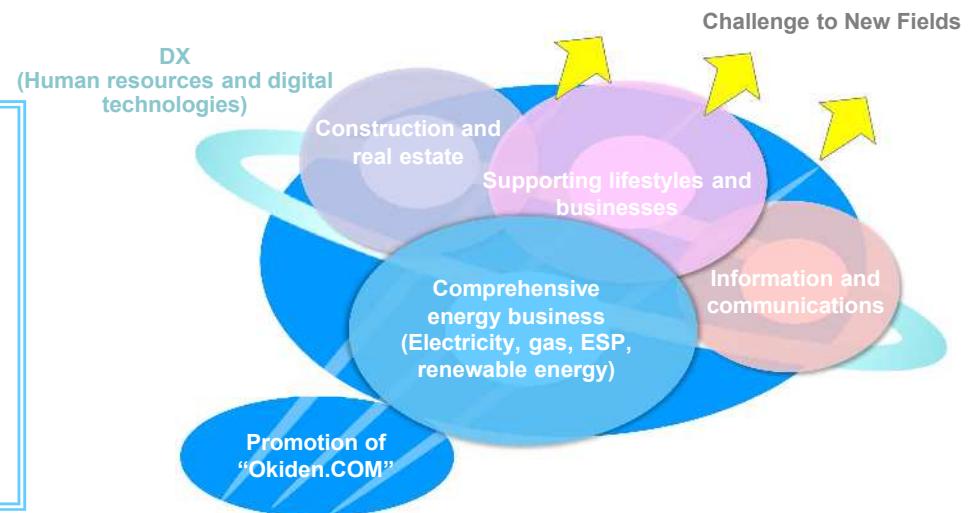
(4) Fulfill social responsibility as a good corporate citizen of local communities

(5) Nurture and value people

(6) Achieve sustainable growth through proactive business development and continually enhancing management efficiency

Business Fields

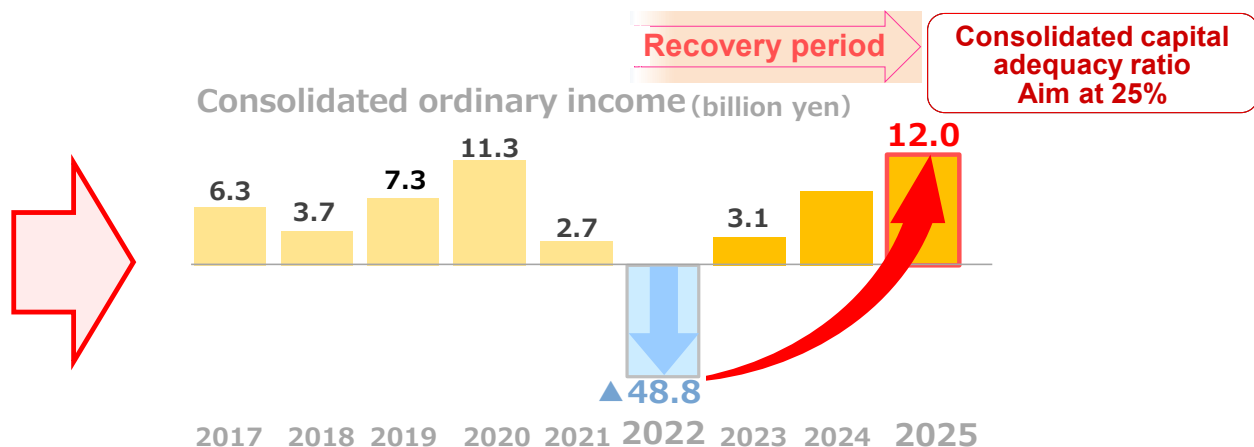
- With comprehensive energy business at its core, the OEPC Group will expand its business fields by further developing businesses in construction and real estate, information and communications, and support for lifestyles and businesses.
- We will also leverage the strengths of the OEPC Group to develop new businesses.



Management Goals: Financial Goals and Business Portfolio

- Although the Company revised and raised its regulated rates for the first time in 43 years, effective June 2023, the Company recorded a loss of 50.2 billion yen (non-consolidated basis) (48.8 billion yen (consolidated-basis)) for the fiscal closing of FY2022, which was the biggest loss in its history.
- As a result of this loss, the Company's capital has significantly deteriorated, which makes it an urgent management issue to restore the financial base. From now on, in order to keep stable corporate management, the Company will add its capital to reach a consolidated capital adequacy ratio of 30% some time in the future, based on the business environment surrounding the Company. Firstly, the Company has set up a "recovery period (up to FY 2025)," when it will concentrate on restoring the financial base in an effort targeting the consolidated capital adequacy ratio to 25%.
- To achieve other financial targets, including ordinary income and ROE, it is important to promote the "initiatives" of the current medium-term management plan. By diligently promoting top-line expansion (sales expansion) and efficiency improvement (cost reduction), we aim to increase profits and improve capital efficiency to achieve a V-shaped recovery toward FY2025.

Financial targets (Consolidated)	FY2025
Ordinary income	12 billion yen or more
ROE (Return on Equity)	5% or more
Capital adequacy ratio	Maintain the 30% level



Concept of investment

- The basic mission of the OEPC Group is to provide stable energy to customers and contribute to the development of local communities and economies in Okinawa.

Investment for stable power supply

- With regard to facilities necessary for stable supply, we will steadily implement investments to maintain and build facilities appropriately and efficiently, while reducing the total cost of facility-related costs.

Investment for carbon neutrality

- In order to achieve carbon neutrality, we will promote realistic and effective investment in cooperation with the national government, prefectural governments and other businesses under policy and financial supports.

Investment in growth sectors

- In order to ensure the growth of the entire Group, we conduct appropriate risk management by means of a PDCA cycle based on a regular assessment of the quantity of risks involved, and then make investments for business development.

Basic policy on shareholder return *

- For the distribution of profits, our company will maintain a “consolidated dividend on equity ratio (DOE) of at least 2.0%” based on a “stable and continuous dividend” policy.

* The basic policy on shareholder returns is as mentioned above. However, since the financial base has seriously deteriorated in the wake of the large deficit for FY2022, the Company has set up a recovery period (up to FY2025), when a focus is placed on its recovery, and the Company will pay dividends based on the following thinking.

- ✓ The Company aims at paying dividends continuously, raising the dividend level in phases, and returning dividends to the previous level after the recovery period ends.
- ✓ The Company will determine the dividend amount for each fiscal year by considering the balance between the recovery of the deteriorated financial base and shareholder returns.

- For the fiscal year ending March 2024, the Company plans to pay an interim dividend of 5 yen per share and a term-end dividend of 5 yen per share (an annual 10 yen per share).

Direction of Initiatives in the Medium-Term Management Plan: Direction of Initiatives to Realize What the OEPC Group Aims To Be

- To realize what the OEPC Group aims to be, under the concept of “Okiden.COM,” we will promote the “expansion of the topline,” “proactive streamlining” and “challenge to become carbon neutral,” to provide customers with energy and new extra value.

What the OEPC Group Aims To Be

Creating new value

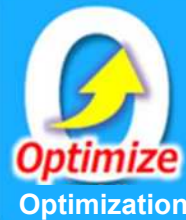
Main directions

Expansion of the topline

Proactive streamlining

Challenge to become carbon neutral

Okiden.COM

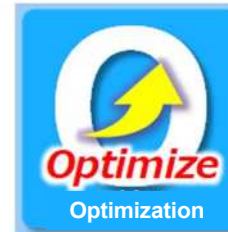


[Concept of ‘Okiden.COM’]



Convert (Digitalization): “Give it a try and change”

- ✓ Promote DX and review business processes to transform cost structures, sophisticate operations, and further improve efficiency



Optimize (Optimization) “Connect and be connected”

- ✓ Strengthen and further optimize business collaboration within and outside the Group from a broad perspective of the entire supply chain



Make (Value creation) “Creating value”

- ✓ Aim to create new value and enhance competitiveness under the concept of “Okiden.COM”

Okinawa Electric Power Company (OEPC) aims to achieve net zero CO₂ emissions by 2050

- In December 2020, the Group has set up “Zero Emission Initiatives of OEPC” as a long-term policy in response to the growing social demand for measures to combat global warming. We will work towards achieving net zero CO₂ emissions by 2050, by showing measures as a road map, based on two directions, “make renewable energy as the main power source” and “reduce CO₂ emissions from thermal power sources,” and will promote the initiatives by the Group as a whole.

Okinawa Electric Power's Power Supply Development to Date

- We have been developing power sources in response to social conditions and social demands.
 - In response to the oil crisis of the 1970s, we developed coal-fired power plants in Gushikawa and Kin in 1994 and 2002, respectively, on the main island of Okinawa to reduce our dependence on oil. In the remote islands, we have been demonstrating renewable energy sources such as wind and solar power.
 - We have positioned global warming countermeasures as an important management issue and has been promoting efforts to address this issue, expanding the introduction of renewable energy, biomass co-firing in coal-fired power plants, and introducing the Yoshinoura LNG-fired power plant in 2012. As a result, CO₂ emissions from energy use peaked out in 2008.
 - The Makiminato Gas Engine Power Plant, fueled by LNG, is under construction as a reserve source on the site of the decommissioned oil-fired Makiminato Thermal Power Units No. 5-8, scheduled to start operation in March 2024.



Makiminato Thermal Power Plant (oil)



Ishikawa Thermal Power Plant (oil)

Reduce dependence on oil



Gushikawa Thermal Power Plant (coal)



Kin Thermal Power Plant (coal)

CO₂ emission reduction



Tiltable wind power generators



Biomass co-firing facilities



Mega Solar Power Plant



Yoshinoura Thermal Power Plant (LNG)



Makiminato Gas Engine Power Plant (LNG)

Until the 1980s
Oil-dependent power supply configuration

Diversification of power sources in the wake of the oil crisis

the 1990s
Introduce of coal-fired power

the 2000s
Development of initiatives to reduce CO₂ emissions
Expand the introduction of renewable energy
Biomass co-firing in a coal-fired power generator

Introduction of LNG-fired power generation

the 2010s

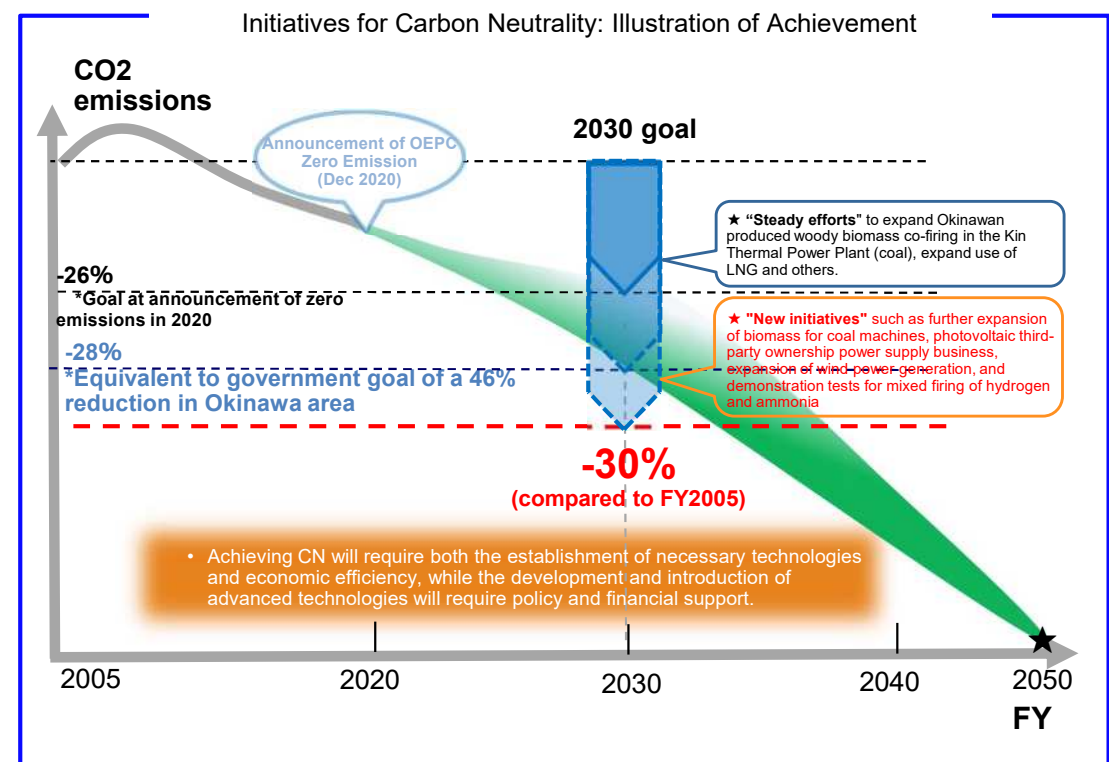
the 2020s
LNG Gas Engine



“ Just Transition in the Okinawa area ” FY2030 ambitious target

- Toward zero emissions in 2050, we published "Just Transition in the Okinawa Area" in the 2022 Integrated Report as a unique path that will not have a significant impact on the local economy, taking into account the regional characteristics of the Okinawa area.
- The power source composition of the FY2030 government target of -46% includes renewable energy power sources and nuclear power, which are difficult to develop in the Okinawa area. Existing thermal power sources that can ensure reserve and inertia power are also necessary for a stable supply of electricity.
- In the Okinawa area, where zero-emission power sources are limited, the government's target is equivalent to -28% if we assume S+3E and replace it with applicable power sources. From there, we have gone even further and set an ambitious target of -30%* for FY2030.

Power Source Configuration under the Sixth Basic Energy Plan		Applicable zero emission power sources	
		Nationwide	Okinawa area
Renewable energy	Approx. 36-38%		
Hydropower	Approx. 11%	○	×
Wind	Approx. 5%	○	×
Photovoltaic	Approx. 14-16%	○	○
Geothermal	Approx. 1%	○	×
Biomass	Approx. 5%	○	○
Nuclear	Approx. 20-22%	○	×
Hydrogen	Approx. 1%	○	○
Ammonia		○	○
Thermal	Approx. 41%		
LNG	Approx. 20%		
Coal	Approx. 19%		
Heavy oil	Approx. 2%		
Total	100%	Approx. 57-61%	Approx. 20-22%



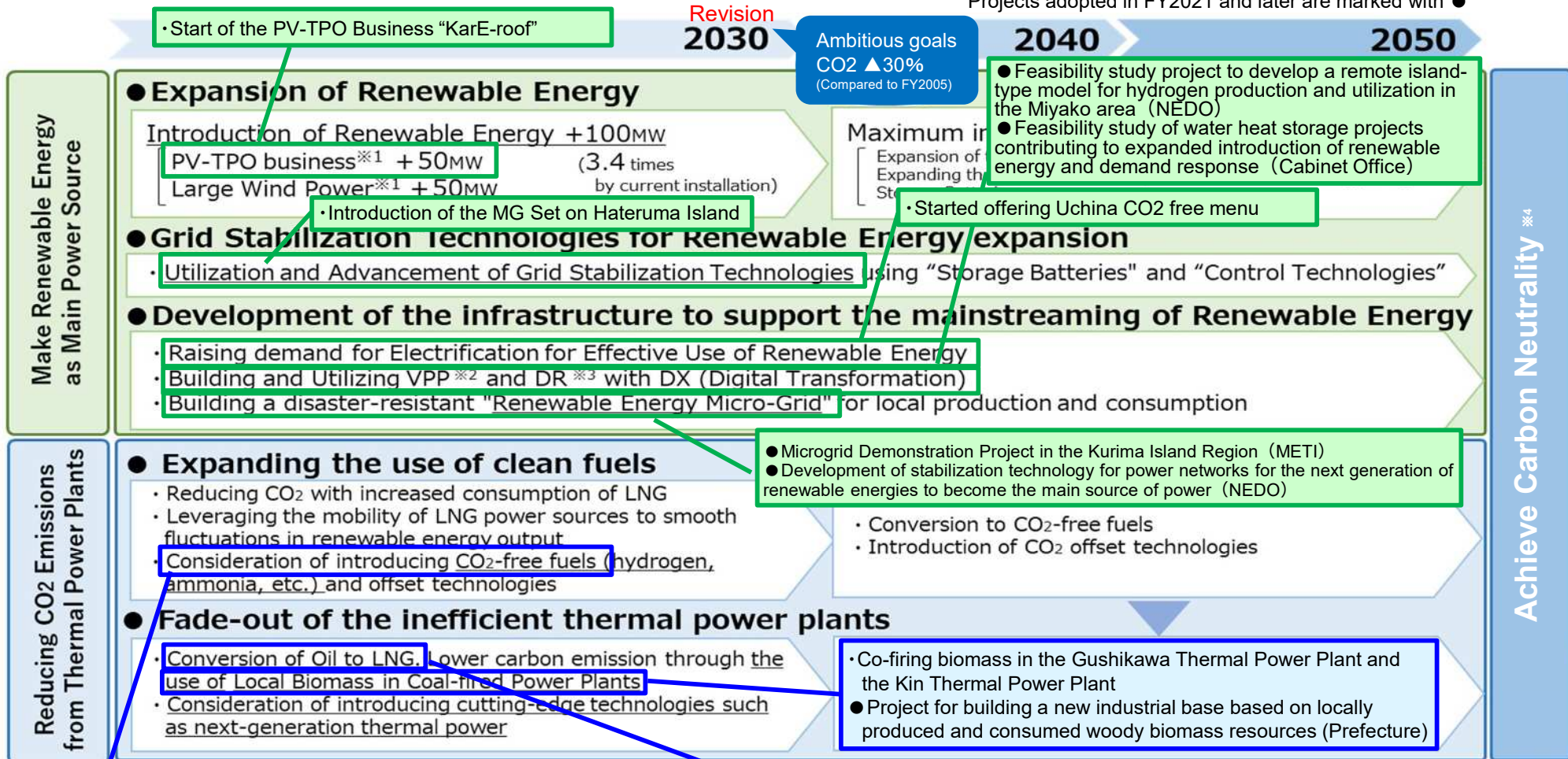
* Since the previous goal set by the government compared to FY2013 was a 26% reduction (a 25.4% reduction from FY2005), with a goal compared to FY2005 also shown, we have set our goal to be a 26% reduction from FY2005, which is higher than the government's. As a measure against global warming, our company started co-firing biomass in the Gushikawa Thermal Power Plant in 2010, and introduced the Yoshinoura Thermal Power Plant (LNG) in 2012, which is the main pillar of the measures. Since believe that our efforts will be properly evaluated, we continue to use FY2005 as the base year.

Initiatives to Achieve Carbon Neutrality: Roadmap

- In order to achieve zero emissions, we will work on the “Make Renewable Energy as Main Power Source,” “Reducing CO2 Emissions from Thermal Power Plants,” which are the two directions in the roadmap for the next 30 years, and “Promoting Electrification”.



*Projects adopted in FY2021 and later are marked with ●



- The development of hydrogen co-firing operation technology of electric power reserve source using actual commercial systems and the building of a hydrogen utilization model in the Okinawa area (NEDO)
- Hydrogen supply chain study in Okinawa (Cabinet Office)
- Project for the utilization of hydrogen toward the realization of a CN society on remote islands (Prefecture)
- Investigation Project for Local Production and Consumption of Clean Fuel Ammonia (Cabinet Office)

- Construction of Makiminato Gas Engine
- Introduction of dual-fuel engines on remote island

Initiatives to Achieve Carbon Neutrality: Examples of Initiatives

Example: Construction of Makiminato Gas Engine Power Plant (Natural gas)



- The purpose of this plant is to enhance the reliability of supply by stabilizing the system, such as through frequency control and supply-demand balance adjustment, as an electric power reserve source. (February 2021: Construction work started; March 2024: Scheduled to start operation)
- The fuel in use will be natural gas, whose CO₂ emissions per unit calorific value is about 30% lower than petroleum and which does not generate sulfur oxides (SO_x), either.
- In addition, by installing denitrification equipment, nitrogen oxide (NO_x) emissions will be reduced, and radiators will be employed to cool the power generation equipment. With such measures, the plant will be an environmentally friendly power generation facility.

[Overview of Power Plant]

Name	Makiminato Gas Engine Power Plant
Location	Urasoe City, Okinawa Prefecture (In the compound of the Okinawa Makiminato Thermal Power Plant)
Power generation capacity	45,000kW (7,500kW x 6 units)
Fuel for electricity generation	Natural gas
Fuel storage facility	2,000t (PC dike and outer tank integrated- type flat-bottom spherical-roofed cylindrical vertical storage tank)
Scheduled operation start	March 2024



↑ Entire view of Makiminato Gas Engine Power Plant

← Gas engine power facility

Initiatives to Achieve Carbon Neutrality: Examples of Initiatives



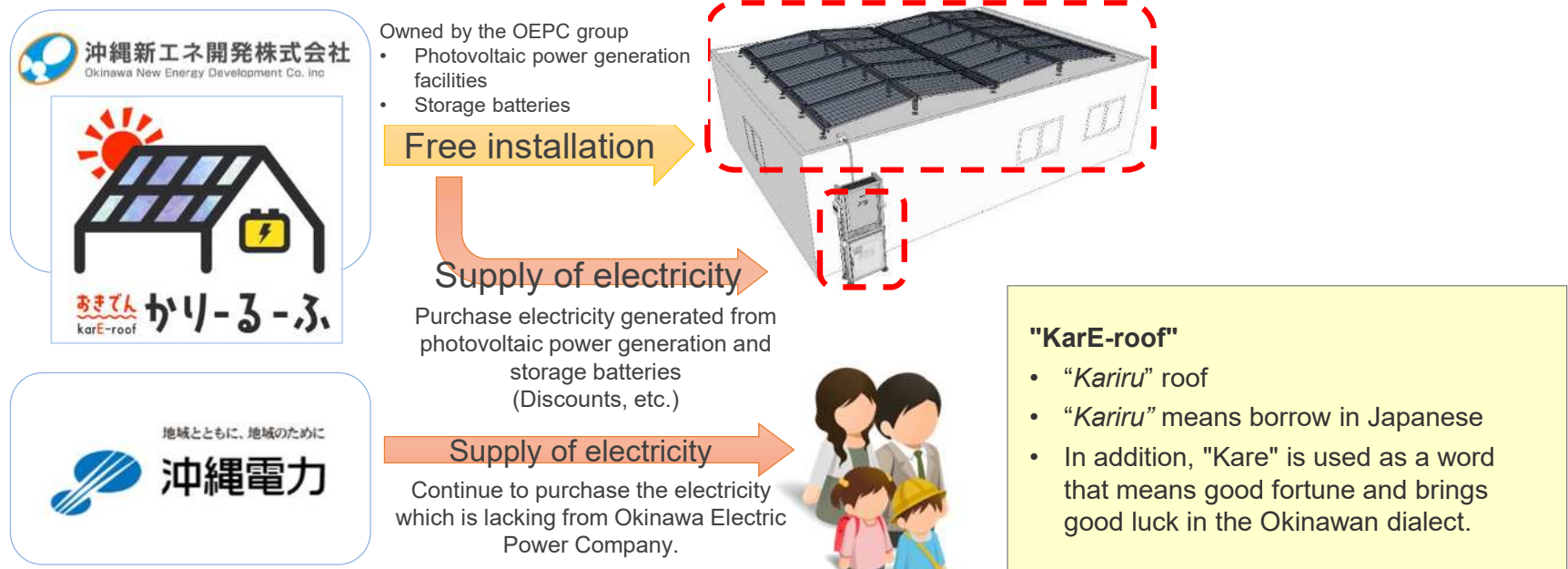
Example:

Development of the “KarE-roof (for general residences)”

Free installation service of photovoltaic generation and storage batteries (PV-TPO Business)

- Approximately 400 contracts (approximately 2,210 kW) have been concluded with general residences, of which about 360 contracts have started receiving the service (approximately 1,960 kW).
- The Company engages in offering a new type of electrification, combining “KarE-roof” and “All electrification.” All-electrification residences account for about 70% of all contracts.

Service overview diagram



Key Benefits to Customers

Zero yen Free initial installation cost

Photovoltaic generation and storage batteries can be used with zero initial installation cost.

Use of electricity in the event of disasters and other emergencies

Electricity can be used from photovoltaic power and storage batteries in the event of disasters and other emergencies.

Reasonable rate plan

Electricity generated by photovoltaic power can be purchased with a reasonable plan. A combo of an EcoCute and an IH cooking heater makes the all-electrification menu a good deal!

Initiatives to Achieve Carbon Neutrality: Examples of Initiatives



Example:

Development of the “KarE-roof (for businesses)”

Free installation service of photovoltaic generation and storage batteries (PV-TPO Business)

- We have entered into 25 commercial service contracts with total output of 1,960 kW.
- Of these, we have started operation for 16 contracts with output of 1,150 kW.

Okinawa tourist service inc.

OTS Toyosaki rental car station (Starts May 2023 : Tomigusuku city)

- Photovoltaic power generation facilities: 65kW
- Storage battery: 13.5kWh
- Electricity supply by photovoltaic: 50% of annual electricity consumption
- CO2 emissions: 84 tons/year (equivalent to 9,600 cedar trees)



Okinawa Hormel CO.LTD.

(Starts June 2023 : Nakagusuku village)

- Photovoltaic power generation facilities: 185kW
- Storage battery: 13.5kWh
- Electricity supply by photovoltaic: 9% of annual electricity consumption
- CO2 emissions: 254 tons/year (equivalent to 29,000 cedar trees)



Tomigusuku city town hall (Starts July 2023)

- Photovoltaic power generation facilities: 65kW
- Storage battery: 13.5kWh
- Electricity supply by photovoltaic: 15% of annual electricity consumption
- CO2 emissions: 91 tons/year (equivalent to 10,000 cedar trees)



Other examples

- Medical corporation Hakujukai (Starts May 2023)
- Okinawa IT Shinryo Park : building No.2, No.7 (Starts June 2023)
- Yaese town hall (Starts July 2023)
- Motobu academy, Motobu elementary school (Starts July 2023)
- Nakagusuku village town hall (Starts August 2023)

Initiatives to Achieve Carbon Neutrality: Examples of Initiatives

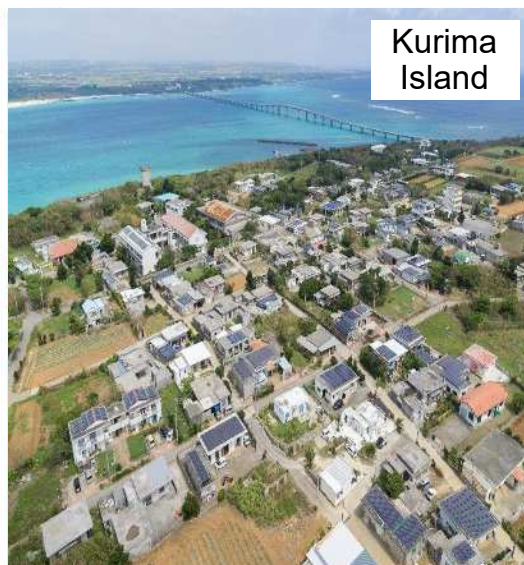


Example: Microgrid Demonstration Project in the Kurima Island Region

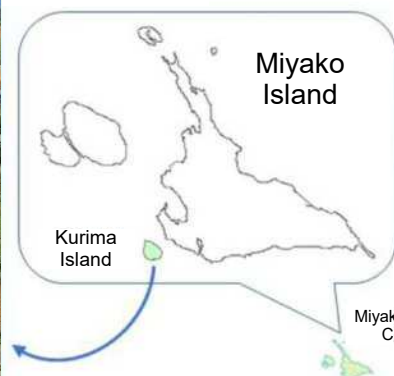
- In response to a decision by the Ministry of Economy, Trade and Industry to grant a subsidized project “Regional Microgrid Construction Project,” construction work on a demonstration facility for the Kurima microgrid, which was being carried out in collaboration with Nextems Co., Ltd. and Miyakojima Mirai Energy Co., Ltd., was completed and operation was started in January 2022.
- In May 2022, for the first time in Japan, we separated the microgrid target area from the original power transmission and distribution network, and succeeded in supplying electricity using existing power distribution lines using only a combination of photovoltaic power generation installed on the customer side and our company's MG storage batteries.
- By establishing regional microgrids, we will contribute to the realization of decarbonization, strengthening of electric power resilience, and sustainable society, which is increasingly in demand from the society.

*1 A regional microgrid is a system that uses regional renewable energy in an area of a certain size.

*2 Nextems Co., Ltd. (Urasoe City): In December 2019, the company received the Minister of Economy, Trade and Industry Award, the highest award in the New Energy Foundation's FY2019 New Energy Grand Prize in the Advanced Business Model Category.



Kurima Island

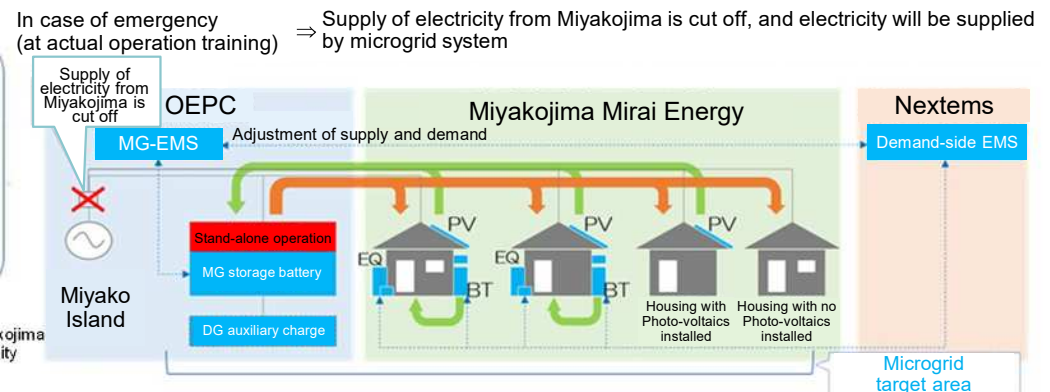


Miyako Island

Kurima Island

Miyakojima City

Microgrid overview



Initiatives to Achieve Carbon Neutrality: Examples of Initiatives

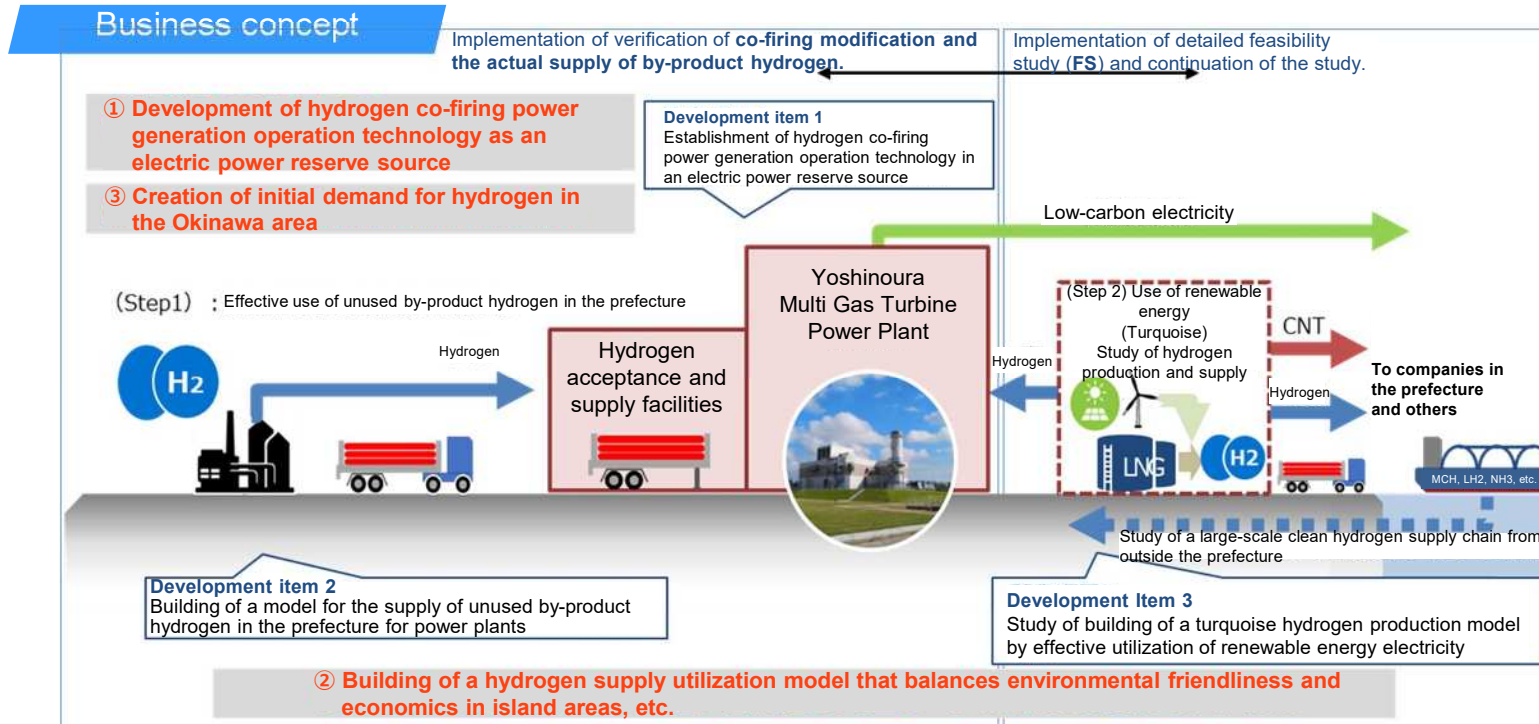


Example: Implementation of validation tests of hydrogen co-firing power generation

- The Company applied to NEDO's public invitation*1. "The development of hydrogen co-firing operation technology of electric power reserve source using actual commercial systems and the building of a hydrogen utilization model in the Okinawa area" have been adopted.
- In this project, as the next step of the NEDO research project*2, the Company will conduct hydrogen co-firing power generation tests at the Yoshinoura Multi Gas Turbine Power Plant with the aim of developing hydrogen co-firing power generation operation technology as an electric power reserve source and building a hydrogen supply utilization model that balances environmental and economic efficiency in island areas, etc. (Project implementation period: From FY2023 to FY2025)

*1. Public invitation by New Energy and Industrial Technology Development Organization (NEDO) of National Research and Development Agency "Development of Technologies for Realizing a Hydrogen Society/ Regional Hydrogen Utilization Technology Development/Regional Model Building Technology Development"

*2. Research projects implemented from FY2021 to FY2022, commissioned by NEDO "Investigation into the construction of a regional hydrogen utilization total system with the Yoshinoura Multi-Gas Turbine Power Plant in the Okinawa area as the core"



Initiatives to Achieve Carbon Neutrality: Examples of Initiatives

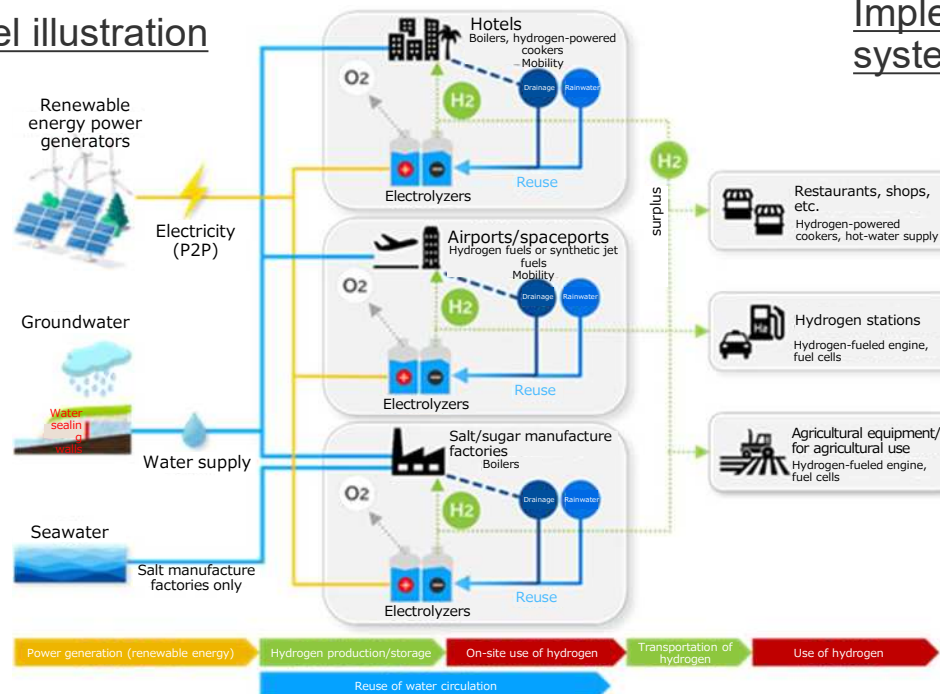


Example: Feasibility study project to develop a remote island-type model for hydrogen production and utilization in the Miyako area

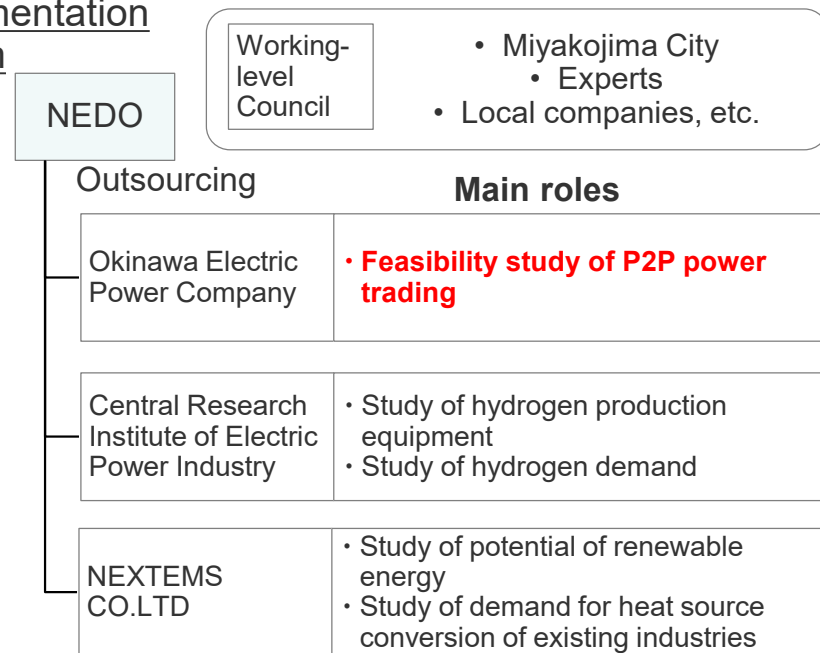
- We applied for the Development of Technologies for Realizing a Hydrogen Society/ Development of Technology for Utilizing Regional Hydrogen/Investigation of Potential for Hydrogen Production and Utilization, publicly solicited by NEDO*, which selected our Feasibility study project to develop a remote island-type model for hydrogen production and utilization in the Miyako area.
- Targeting the Miyako area, where the introduction of renewable energy and tourism development is under way, we will review a model for local production and local consumption of hydrogen by recirculating and reusing water resources, and through hydrogen production from renewable energy, and on-site utilization of hydrogen. We will extract and summarize issues to future implementation in the society to develop an action plan toward the realization.

* New Energy and Industrial Technology Development Organization

Model illustration



Implementation system



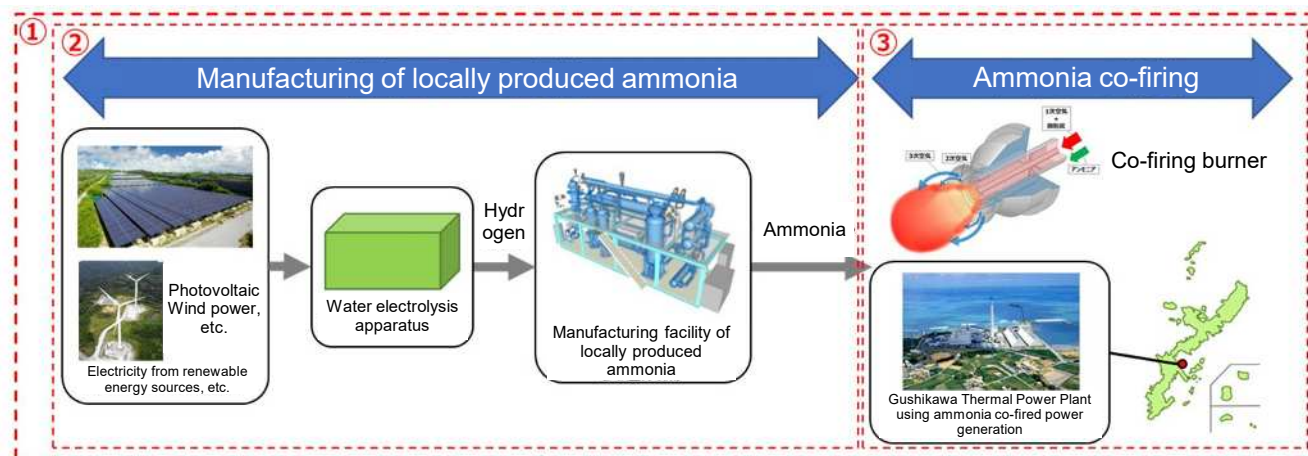
Initiatives to Achieve Carbon Neutrality: Examples of Initiatives

Example: Research project on locally produced and locally consumed ammonia in coal-fired thermal power plants



- We applied for the FY2022 Investigation Project on Okinawa-style Clean Energy Introduction Promotion Investigation Project, which was publicly solicited by the Okinawa General Bureau of Cabinet Office, and the Investigation Project for Local Production and Consumption of Clean Fuel Ammonia in Okinawa was selected. We conducted a study.
- Ammonia co-firing at coal-fired power plants is expected to be an effective means of decarbonizing thermal power plants in Okinawa, where reducing CO₂ emissions is an issue.
- In this investigation, we investigated the feasibility and business profitability of local production for local consumption of clean fuel ammonia, co-firing (local consumption) of ammonia at coal-fired power plants, while contributing to the utilization of renewable energy by ammonia production (local production) using renewable energy derived electricity. We will continue our efforts to realize a decarbonized society in the region.

Outline of the investigation



Specific details of the investigation

- (1) Investigation on possibility of mixed combustion of locally produced and locally consumed ammonia at Gushikawa Thermal Power Plant
- (2) Investigation of local ammonia production and supply
- (3) Investigation on modified mixed combustion of ammonia at Gushikawa Thermal Power Plant

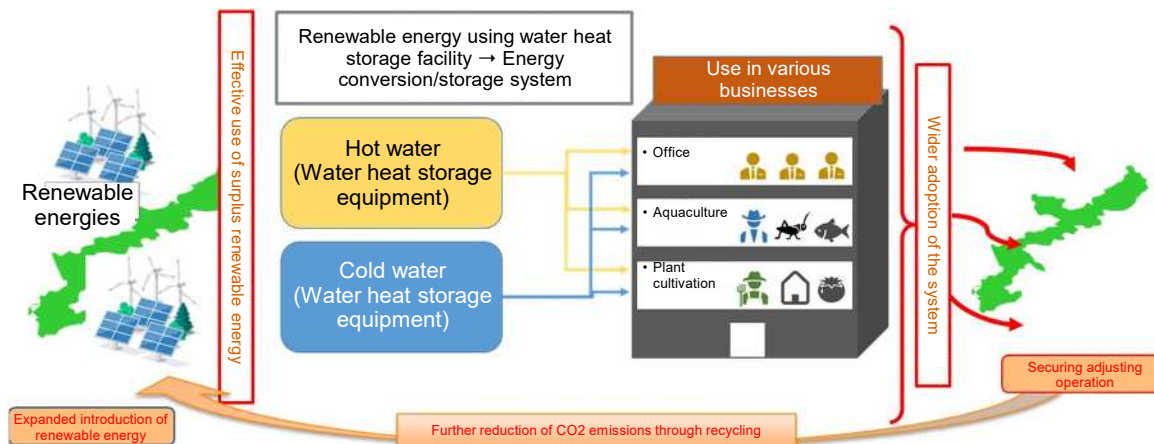
Initiatives to Achieve Carbon Neutrality: Examples of Initiatives



Example: Feasibility study of water heat storage projects contributing to expanded introduction of renewable energy and demand response

- We applied for the FY2023 Investigation Project on Okinawa-style Clean Energy Introduction Promotion Investigation Project, which was publicly solicited by the Okinawa General Bureau of Cabinet Office, and the Feasibility Study of Water Heat Storage Projects Contributing to Expanded Introduction of Renewable Energy and Demand Response was selected.
- In this study, we will investigate the feasibility of a business model where renewable energy conversion and storage systems based on water heat storage are used to effectively utilize surplus renewable energy resulting from the expansion introduction of renewable energy, aiming to balance it with demand response, and the possibility of business expansion that will lead to the securing of adjusting operation.

Study illustration



Implementation system

Okinawa General Bureau of Cabinet Office	
Outsourcing	Main roles
Okinawa Electric Power Company	• Estimation of demand-response effect and CO2 reduction by water heat storage system
Okinawa Enetech Company	• Study of potential of water heat storage system on the heat users' side
Chiyoda Corporation	• Feasibility study of water heat storage system equipped with demand response function

Initiatives by Business: Electric Power Business

[Direction of Initiatives]

- ① Even in a competitive environment, the Group's fundamental mission of providing a stable supply of energy remains unchanged, and we will make every effort to realize it.
- ② We will promote the initiatives for carbon neutrality.
- ③ Based on the concept of "Okiden.COM," we will strive to improve the profitability of our electric power business by thoroughly reducing costs and providing electric power with additional value, while reviewing our business model.
- ④ We will develop the infrastructure to enable each electric power business to operate autonomously and flexibly.

Power Generation Business

By thoroughly reducing power generation costs, we will ensure the necessary supply capacity in the future while promoting the replacement of aging power sources and the replacement of facilities to reduce carbon emissions.

- Development of power supply sources for stable supply
- Stable procurement of fuels and further reduction of procurement costs
- Reduction of CO2 emissions from thermal power sources
- Conservation of the local environment.
- Establishment of a cooperative behavior-typed safety culture
- Reduction of power generation costs and enhancement of profitability

Transmission and Distribution Business

We will secure an appropriate level of profit, while maintaining a stable supply, and make appropriate capital investments for the next-generation power network and the renewal of aging facilities.

- Securing of appropriate profits.
- Renewal of aging facilities
- Shift of the electricity network to the next generation
- Formation of appropriate and effective facilities
- Combining power facilities and digital transformation (DX) to improve efficiency and profitability
- Securing of the neutrality and reliability of the transmission and distribution department

Retail Business

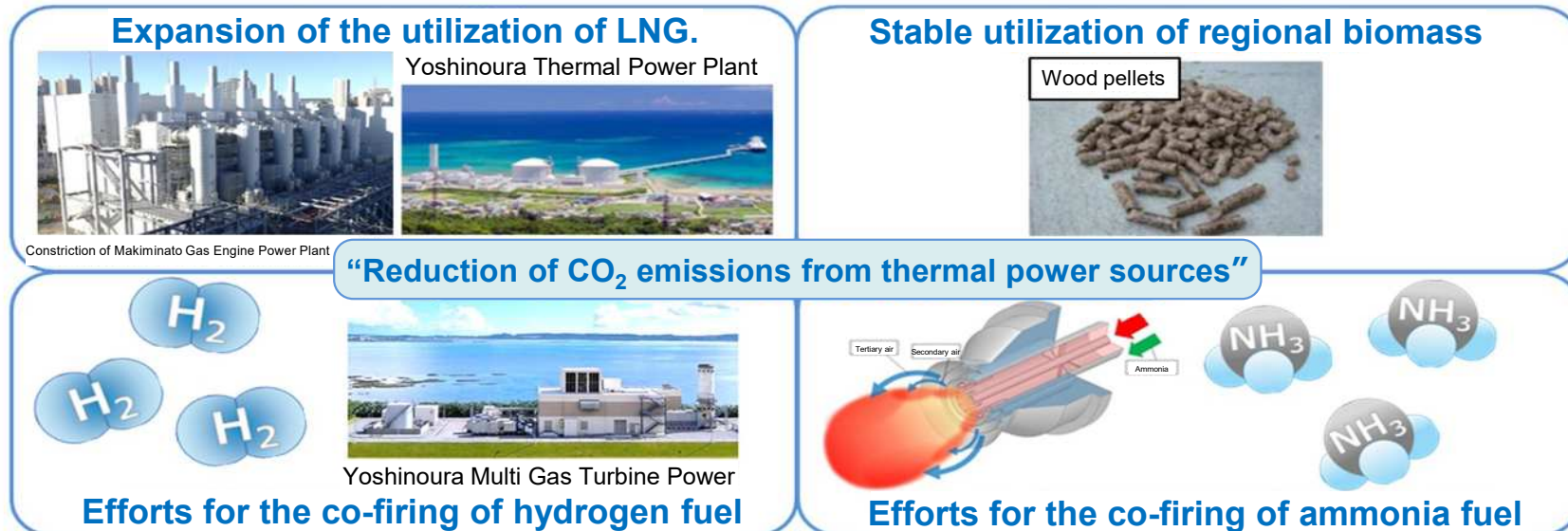
We will strive to improve profitability in order to ensure sustainable business operations in the face of intensified competition and expected population decline in the future.

- Enhancement of customer satisfaction.
- Improvement of the status of revenue and expenditure
- Strengthening and expansion of comprehensive energy services
- Provision of the value of Electricity Plus α (plus something extra)
- Promotion of electrification
- Response to conduct control

Initiatives by Business: Power Generation Business

[Direction of Initiatives]

- In order to achieve a stable supply of energy, the Company will seek the way the building, operation and maintenance of facilities should be, including the formulation of a future electricity power source development plan.
- Even under tight fuel supply conditions, the Company will monitor the status of the operation of electricity generation facilities, pay close attention to the situation of suppliers, fuel inventory management, etc., and engage in stable fuel procurement.
- The Company will engage in “reducing CO₂ emissions from thermal power plant” to realize carbon neutrality in 2050.
- The Company will make continued efforts such as for the preservation of the regional environment through activities of the environmental management system (EMS).
- The Company will strive to establish the cooperative behavior-typed safety culture that underpins the frontline and further enhance power generation technology, including the utilization of DX.
- The Company will endeavor to reduce electricity generation costs to enhance profitability.
- The Company will explore and carry out unprecedented measures for a further reduction of fuel procurement costs.



The Company will proceed with the effort for the co-firing of hydrogen and ammonia, which are clean fuels, in connection with reduction of CO₂ emissions from thermal power sources.

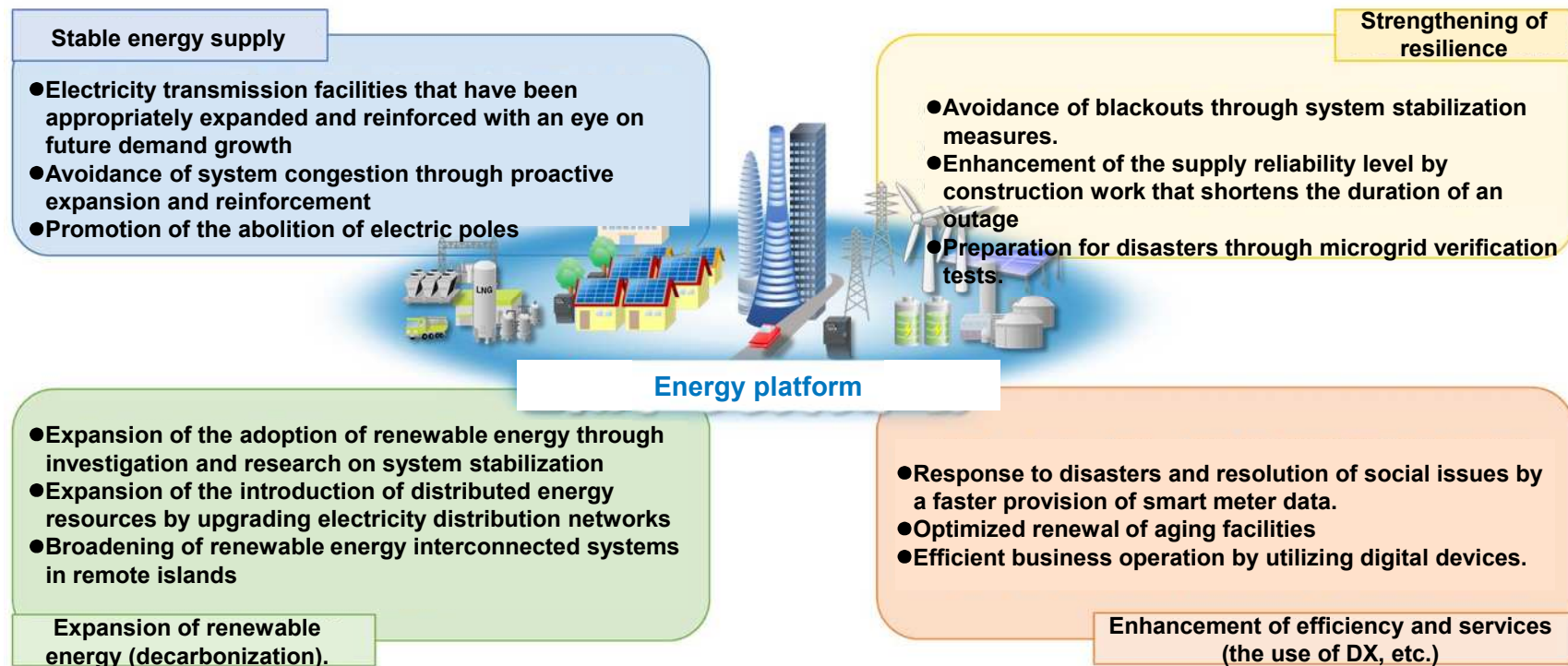
In addition, the Company will work on biomass, which is a renewable energy, and LNG, which emits less CO₂.

Initiatives by Business: Transmission and Distribution Business

[Direction of Initiatives]

- The Company will reinforce the planning function and management of its electricity transmission and distribution department and advance the business plan that was formulated to meet a new wheeling fee system (a revenue cap system).
- Specifically, the Company will ensure an appropriate level of profit while maintaining a stable supply of electricity, and form appropriate and efficient facilities and make capital investment for the future renewal of aging facilities and the shift of the electricity network to the next generation.
- The Company will work to enhance efficiency and generate profit through integrating DX into electricity facilities.
- The Company, as an authorized general electricity transmission and distribution operator, will ensure the neutrality and reliability of the electricity transmission and distribution department by appropriately responding to conduct control through measures such as establishing organizations, systems, and mechanisms to make doubly certain compliance with laws, regulations, etc.

<<Initiative for the Shift of Electricity Network to the Next Generation that the Company Aims at>>



- As a new business utilizing power transmission and distribution facilities, the Company invested in and participated in "Grid Skyway Limited Liability Partnership (hereinafter referred to as GSW)"*, which will establish drone flight routes and provide air mobility infrastructure to a large number of businesses.

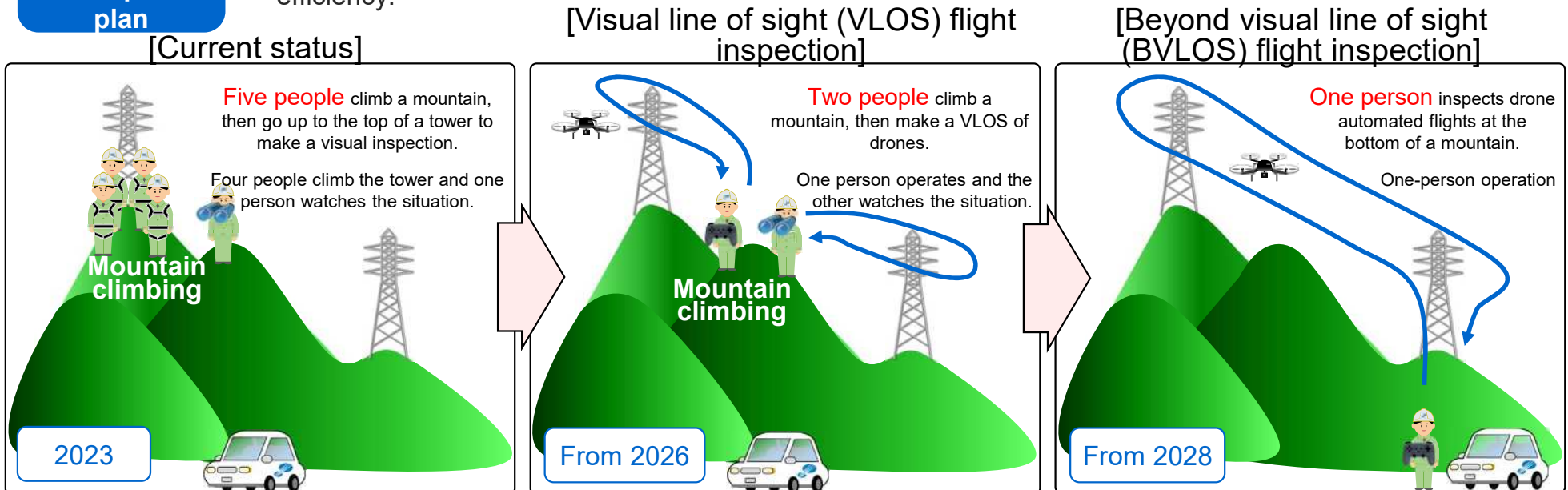
*Established by TEPCO Power Grid, NTT Data and Hitachi in March 2020. Chugoku Electric Power Transmission and Distribution joined the project in June 2020. The Company became part of the project as a new member in September 2023 alongside other companies in the industries of electricity, railway, IT system and aerial survey (a total of eight companies).

GSW's activity policy

- Collaborate with a variety of non-member companies as well to establish nationwide specifications for drone flight routes.
- Make possible mutual collaboration among infrastructure companies to quickly restore facilities in the event of an emergency, and reduce costs by procuring materials and equipment in bulk.
- Aim at rolling out drone flight routes of a minimum of 10,000 km by FY2027.

The Company's development plan

- Advance automation and remote operation of monitoring and inspection of power transmission facilities through the use of drones, thereby aiming at upgrading operations and improving their efficiency.

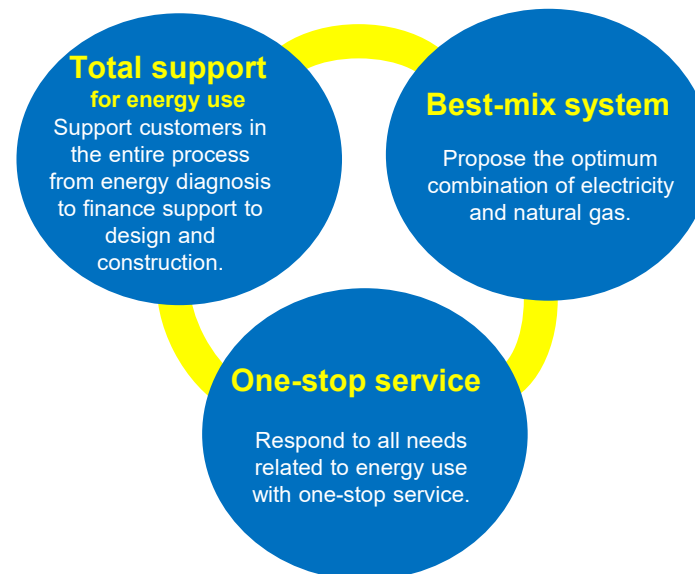


Initiatives by Business: Retail Business

[Direction of Initiatives]

- The Company will always strive to improve services in an effort to enhance customer satisfaction in order to be a company that customers willingly choose.
- The Company will explore efforts to improve the state of revenue and expenditure and carry out sales activity based on such efforts.
- The Company will strengthen and roll out the comprehensive energy services that are a strength of the Company.
- The Company will shift to a discretionary rate menu by providing the value of Electricity Plus Alpha, such as a point-based loyalty service in the membership site “OKIDEN more-E,” and furnish a new electrification service that combines “KarE-roof” and “All electrification” whereby the Company will expand the topline and meet the challenge of carbon neutrality.
- The Company actively make efforts for the “further popularization of All electrification” that also contributes to keeping and expanding sales electricity volumes through electrification promotion.
- The Company will work to ensure full compliance with relevant laws, regulations and guidelines, including response to conduct control.

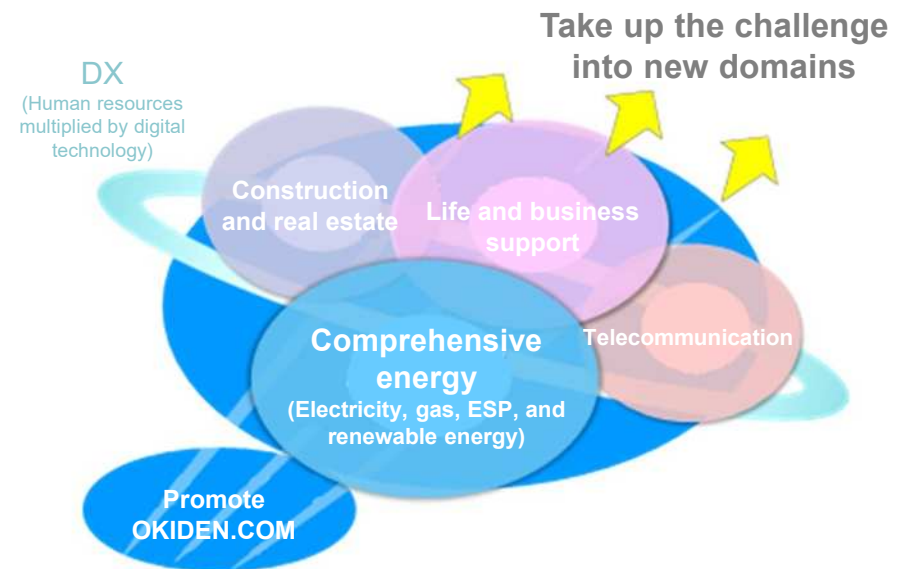
[Comprehensive Energy Services of Okinawa Electric Power Company Group]



Initiatives by Business: Group Businesses

[Direction of Initiatives]

- ① The Company has determined to push forward with the group business in united efforts as a group for solving groupwide issues and expanding profits. The Company will review strategy in response to change in the business environment and engage in solidifying foundations such as establishing a base for realizing the strategy.
- ② In the peripheral field of the Electric Business, the Company will have each department play a central role in ensuring stable supply and raising efficiency in the entire supply chain.
- ③ In the comprehensive energy field, the Company will proceed with the gas pipeline construction between Yoshinoura and Makiminato without fail and work to acquire new customers along the pipeline in addition to the ongoing gas supply business and the ESP business.
- ④ Outside the area, the Company will advance initiatives that leverage the expertise nurtured in the Electric Business, such as the introduction of renewable energy in small-scale systems.
- ⑤ In the construction and real estate fields, the Company will push forward with corporate real estate (CRE) strategy and actively get involved in the town-making field by taking the advantage of the strengths as a comprehensive energy business operator.
- ⑥ In the life and business support field, the Company will steadily move forward with the effort for early commercialization with an eye to rolling out the IT-based service of watching over people nationwide.



Group Businesses (Examples of Initiatives: Development of Energy Services)

- Through Reliance Energy Okinawa, Inc., the Company runs the energy service business of owning energy facilities and processing and supplying energy. Currently, 11 customers are using the services.
- Additionally, the Company built an energy center inside the OEPC head office and has started supplying energy to its main building, off-premises commercial complex buildings, etc. Going forward, the Company will also roll out a broad-area energy service with that center as a model.

Increase in new energy demand

- Large-scale development of urban areas (e.g. former U.S. military bases)
- Construction of hotels in response to an increase in the number of tourists
- Construction of large-scale retail stores

Advancement and diversification of energy needs

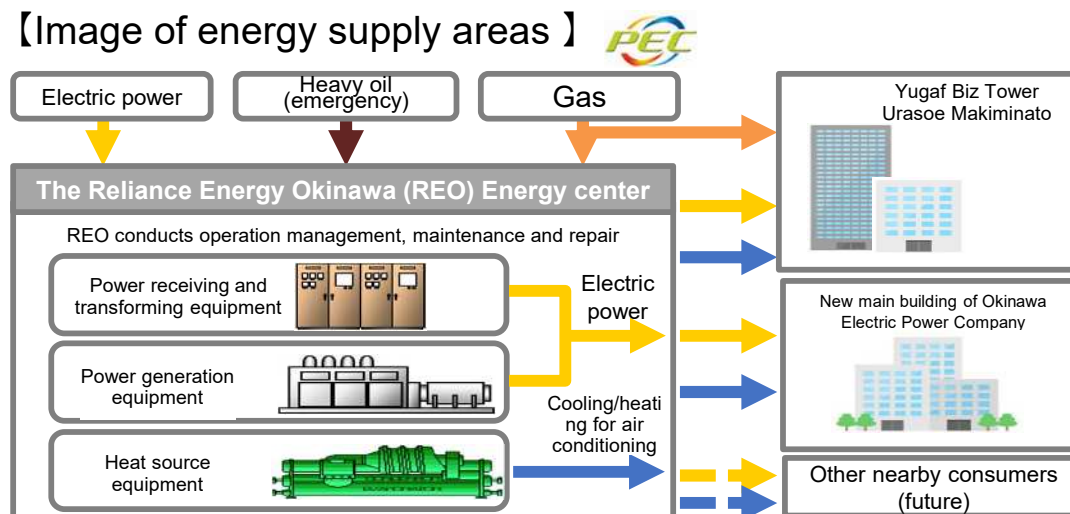
- Reduce initial investment in energy use (e.g. electricity and gas)
- Reduce burdens involved in facility operation/maintenance and emergency response



- It owns energy facilities on behalf of customers.
- It provides electricity and gas in the forms of, for example, air-conditioning water (cold / hot), hot-water supply and steam.

Reliance Energy Okinawa Inc. achieved energy savings of 40% and CO2 savings of 43%, compared to ordinary commercial facilities, in its ESP business at large-scale commercial facilities in the prefecture, and won the Grand Prize for Energy Conservation by the Minister for Economy, Trade and Industry, for the first time in the prefecture.

【Image of energy supply areas】

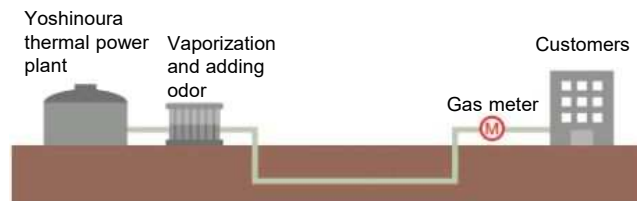


Group Businesses (Examples of Initiatives: Gas supply business)

- Commenced gas supply business through subsidiary PEC in 2015.
- The OEPC Group will further promote sales of LNG by supplying LNG based on LNG supply center, capturing demand along newly constructed gas pipelines, and collaborating with other energy companies.

Pipeline supply

Supplies gas to customers in the vicinity of the Yoshinoura thermal power plant through gas pipelines after vaporizing and odorizing liquefied natural gas (LNG).



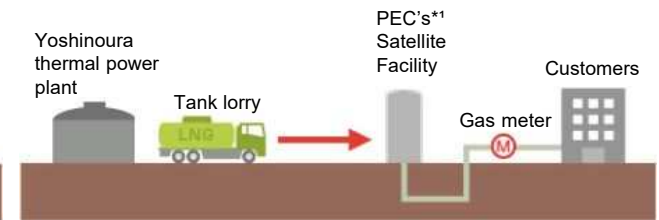
Lorry supply

Supplies LNG by tank lorry to customers in areas where pipelines are difficult to be developed.



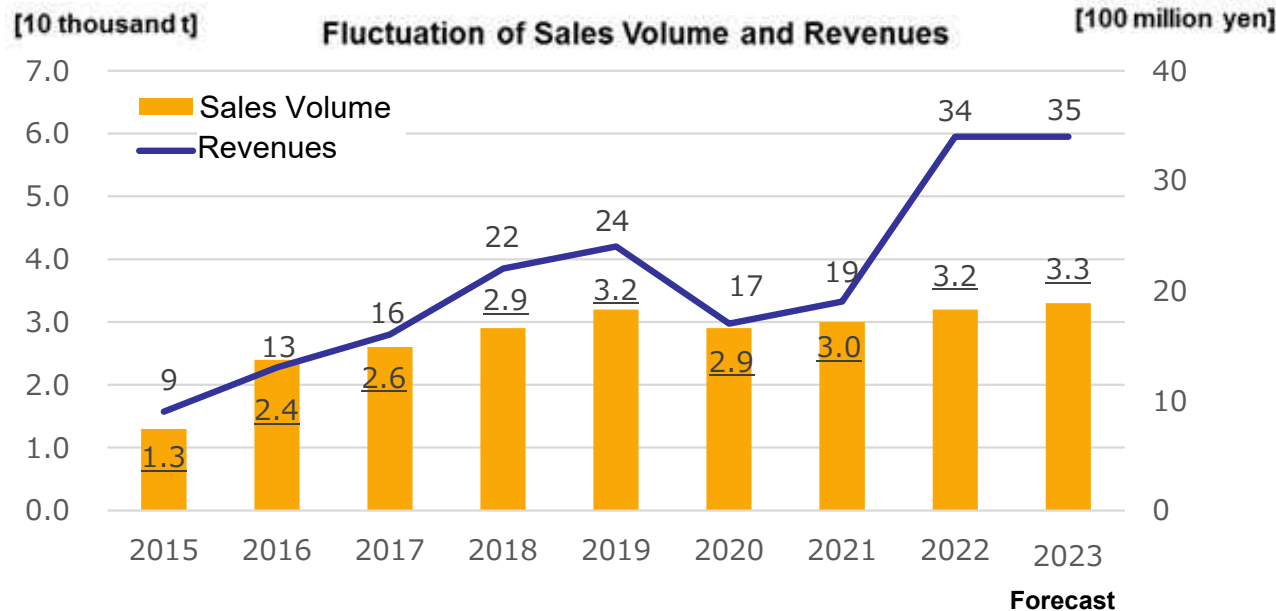
LNG Supply Center

At former U.S. military base site and industrial parks, PEC*1 constructs supply centers*2 and supplies gas through pipelines.



*1: Progressive Energy Corp.

*2: Awase Natural Gas Supply Center, Suzuki Natural Gas Supply Center and Makiminato Natural Gas Supply Center



Principal customers

- Okinawa Gas Co. (Raw materials for city gas)
- TAKUNAN STEEL CO., LTD
- Okinawa Watakyu shingu Co.
- ORION BREWERIES, LTD
- Chubu Tokushukai Hospital
- Royal Hotel OKINAWA ZANPAMISAKI
- Musashino Okinawa
- Hyatt Regency Seragaki Island, Okinawa

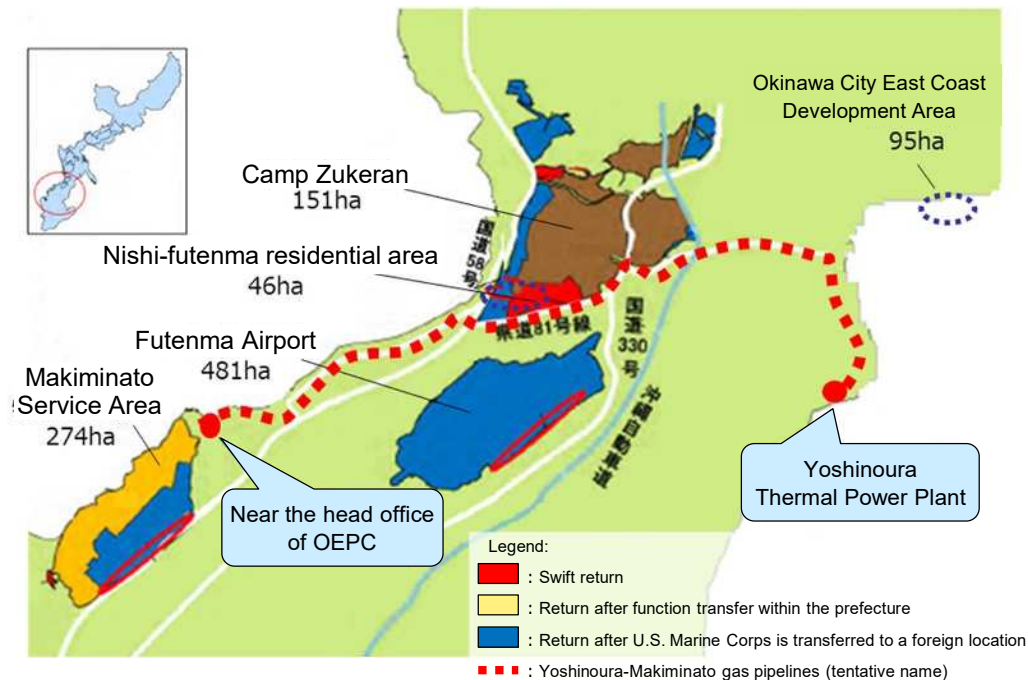
*Customers to whom we supplied over 600t of gas in FY2022

- Gas pipeline will be laid from the Yoshinoura Thermal Power Plant to the head office of the Okinawa Electric Power Company in Urasoe City through the Nishi-Futenma area, where heat demand is expected due to the development of the former military base sites. (FY2023 Supply and use starts to be determined.)
- We will further promote the sale of natural gas in the central part of the main island of Okinawa.

Route for laying Yoshinoura-Makiminato gas pipelines (tentative name)

[Equipment specifications]

Pressure (high pressure specification), diameter (300 mm), conduit extension (about 14 km)



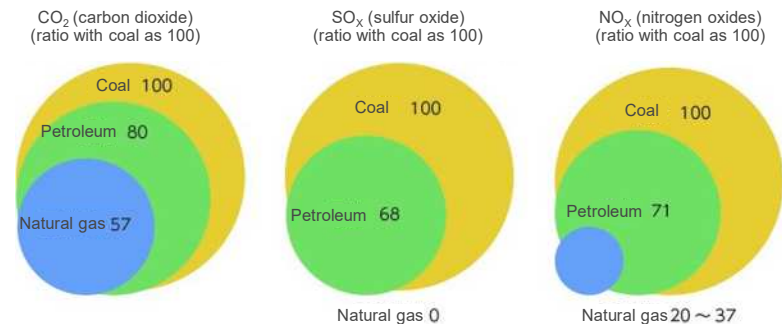
* Source: The material of the Okinawa Revitalization Council Chair and Specialized Committee Meeting (third session) presented on the Cabinet Office website

- We will develop the pipeline network, and acquire demand in line with customer's change of fuels and urban development. We will also work with other energy companies to consider supply to ordinary households.

[Reference]

Environmental friendliness of natural gas

Natural gas is a clean energy with low CO₂ emissions among fossil fuels. In addition, it generates less nitrogen compounds (NO_x), which cause air pollution, and does not emit any sulfur oxides (SO_x).



Source: "Report on Verification of Technology for Assessment of Atmospheric Impact of Thermal Power Plants" (March 1990)/Institute of Applied Energy for CO₂, "Natural Gas Prospects" (1986)/OECD and IEA for SO_x and NO_x

Resilience of gas pipelines

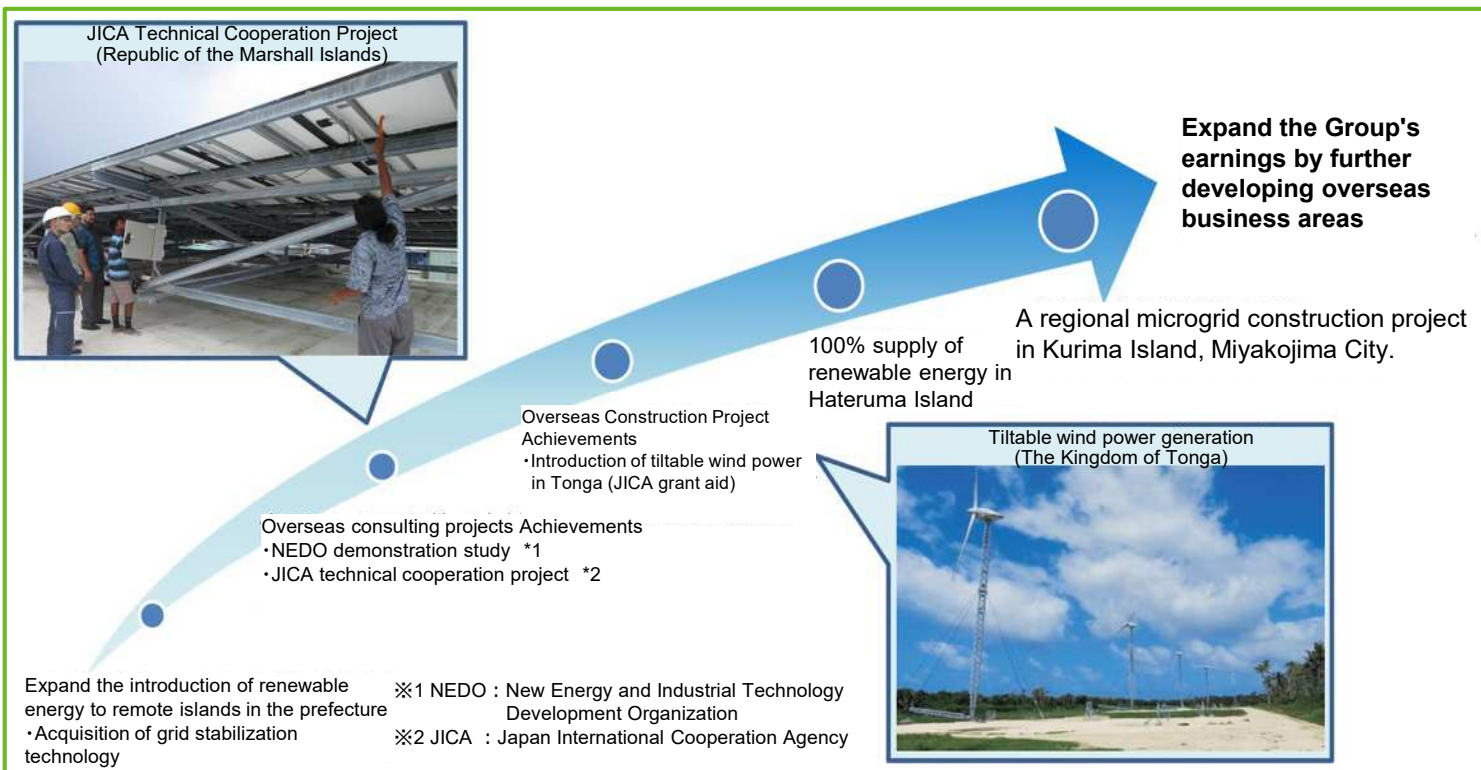
Most of gas pipelines are buried, so they are not easily affected by rain and wind. High- and medium-pressure gas pipelines have also been confirmed to be highly earthquake-resistant.

- At the time of the Great Hanshin-Awaji Earthquake, a medium-pressure gas pipeline attached to a bridge was deformed when the bridge fell. No gas leakage occurred.
- During the Great East Japan Earthquake, there was no damage to high-pressure gas pipelines.

Source: Interim report of the Study Group on Gas Business toward 2050 (April 2021)

- OEPC established “SeED Okinawa LLC” jointly with five group companies to promote the development of energy business outside the region, by leveraging the knowledge and technologies cultivated with electric business such as the expansion of renewable energy introduction in remote islands, operation of grid stabilization devices, etc. (April 2021)
- As social demands for countermeasures against global warming increase further worldwide, we will contribute to the realization of a low-carbon society and sustainable society, by further spreading renewable energy in the island regions of Asia and the Pacific where we can leverage the strengths of our group.

Promotion of energy business overseas and out of the region



Urasoe City and the State of Ailai (Palau) Intercity Partnership for Sustainable Renewable Energy Support Services

(the Ministry of the Environment project)

Study the feasibility of introducing wind power generation, PV-TPO diffusion model, grid stabilization measures technology, etc.

* SeED will participate in JV with other companies

Demonstration project for the introduction of renewable energy, etc. on Iwo-to and Minamitorishima Islands

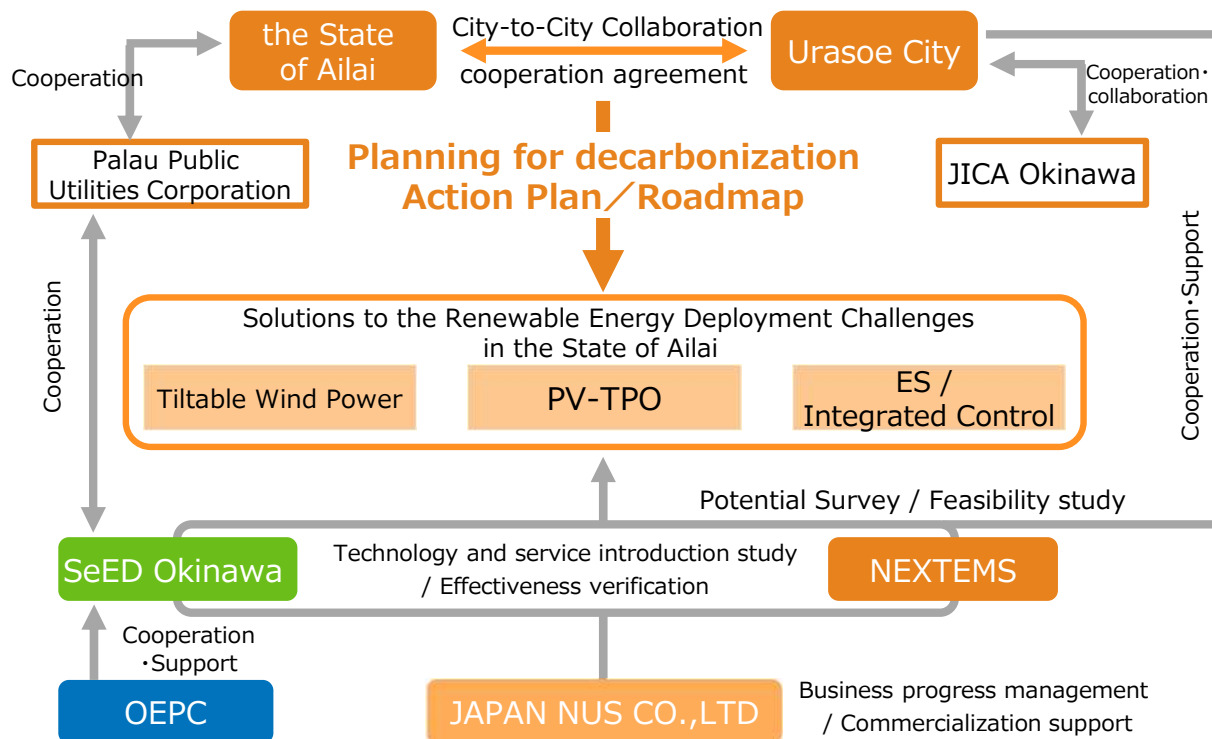
(the Ministry of the Environment project)

To construct and demonstrate a distributed energy system consisting of photovoltaic, storage batteries and EMS on both islands.

* OEPC, SeED, Okinawa Enetech, Okidenko, PEC, and NEXTEMS plan to participate

Example: Efforts to promote renewable energy overseas (Republic of Palau)

- SeED Okinawa is studying the possibility of introducing C2P2(Clean City Partnership Program) initiatives and JCM(Joint Crediting Mechanism)-based CO₂-saving facilities to accelerate decarbonization in the Republic of Palau, utilizing the Ministry of the Environment's City-to-City Partnership Program starting in FY2022.
- At the 28th Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change (UNFCCC), to be held in Dubai, United Arab Emirates from November 30, Republic of Palau's initiatives will be presented at the Japan Pavilion, where information on Japan's outstanding technologies and initiatives will be disseminated internationally.



(Outline of the Republic of Palau)

Area : 488 km²
 Population : Approx. 18,000
 GDP : US\$218 million (2022)
 Major Industry : Tourism



Group Businesses (Examples of Initiatives: Development of Lifestyle and Business Support Businesses)

■ We will develop our lifestyle support business, which utilizes cutting-edge technologies to realize a safe and secure society.

✓ Development of Mimamori (caring family monitor) Service

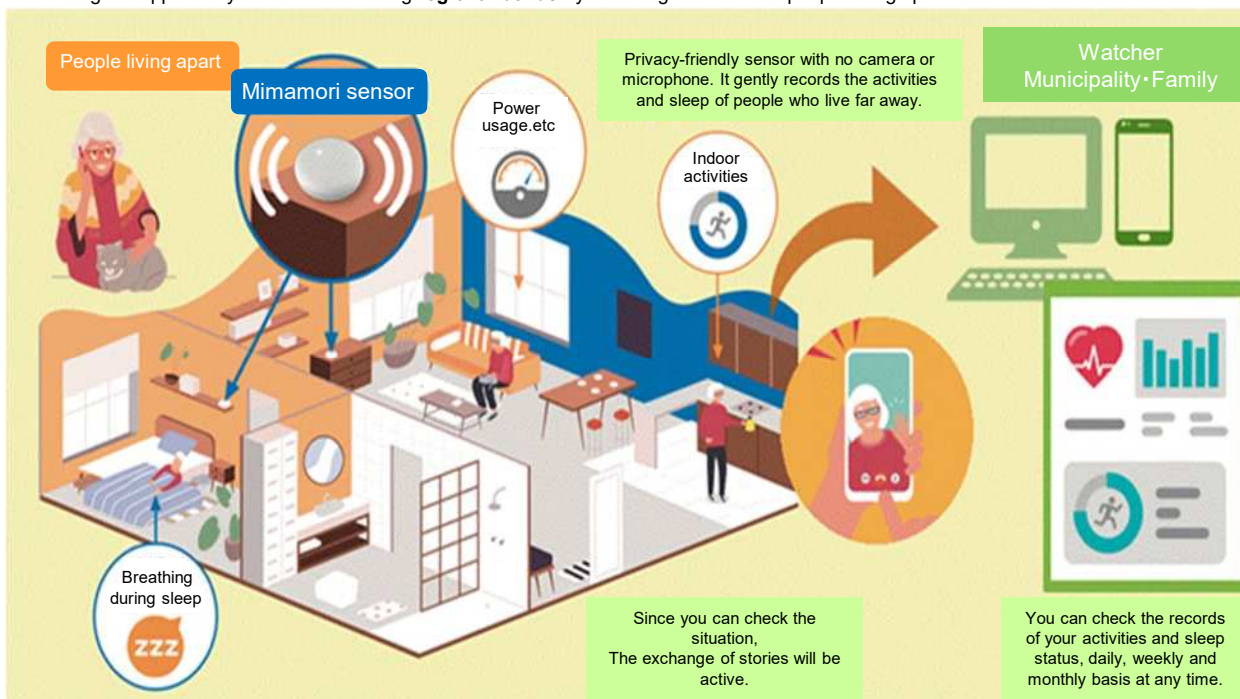
- We established "Okiden C plus C Corporation" to commercialize Mimamori Service which would utilize cutting-edge technology (May 2021).
- It utilizes state-of-the-art IT technology that can analyze indoor Wi-Fi signals using AI without using a camera or microphone, to understand human movements and breathing during sleep.
- From FY2021 to FY2022, In light of the needs confirmed through the Demonstration Project for Establishing a System for Monitoring the Elderly Utilizing IT implemented in 12 municipalities, including Naha City, during FY2022, we are currently working to review the ideal way of monitoring ("Mimamori") in cooperation with local communities, system development, and test operation with local governments.
- In April 2023, we signed a memorandum of understanding for collaboration and cooperation with nami, a Singapore-based startup that develops sensors equipped with Wi-Fi sensing technology.
- In the future, the Company will expand the service of watching over the elderly from Okinawa to the whole country and also explore the possibility of new services in the energy management field and the security field.

Business details

Monitoring the Elderly Utilizing IT

All you have to do is to put the "Mimamori (watching over) Sensor" in a house where "people live apart from their family". The sensor has **no camera or microphone, which protects privacy**, and records movements and sleep.

"Mimamoruhiito (a person who watches over you)" gives the user **peace of mind** and supports them in finding the opportunity of further extending **regional bonds** by checking the status of people living apart.



Wi-Fi Sensor



Tablet



Scene of the agreement-signing ceremony with a municipality



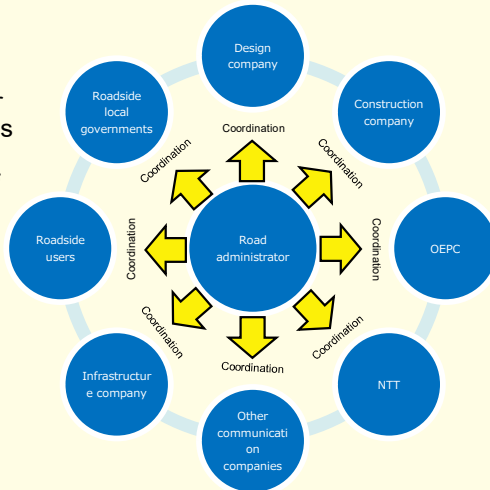
Scene of the memorandum-signing ceremony with nami

Group Business (Examples of Initiatives: Acceptance of Comprehensive Orders for Construction of Common Cable Tunnels, etc.)

- The OEPC Group will act on behalf of the road administrator as a "consulting service" for consultations with related parties that are troublesome to coordinate.
- The OEPC Group proposes smooth development of common cable tunnels, by accepting comprehensive orders in combination with the design and construction work.

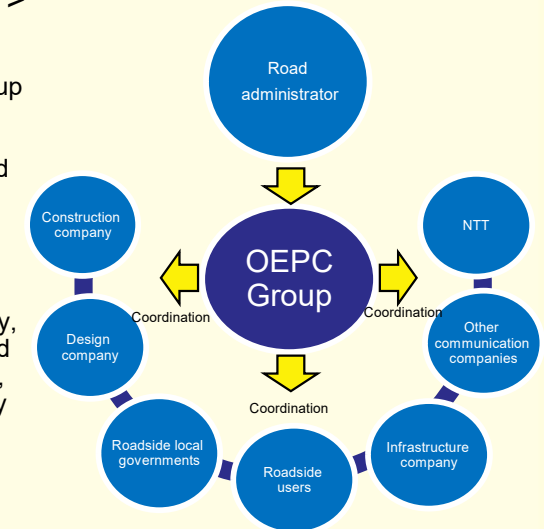
<< Conventional Method >>

- ✓ It takes time to make coordination, because the road administrator conducts all of the consultations with the related parties concerning the development of common cable tunnels.
- ✓ Since the design and construction are ordered individually, it takes a long period of time to complete the development due to many time lags and reworks.

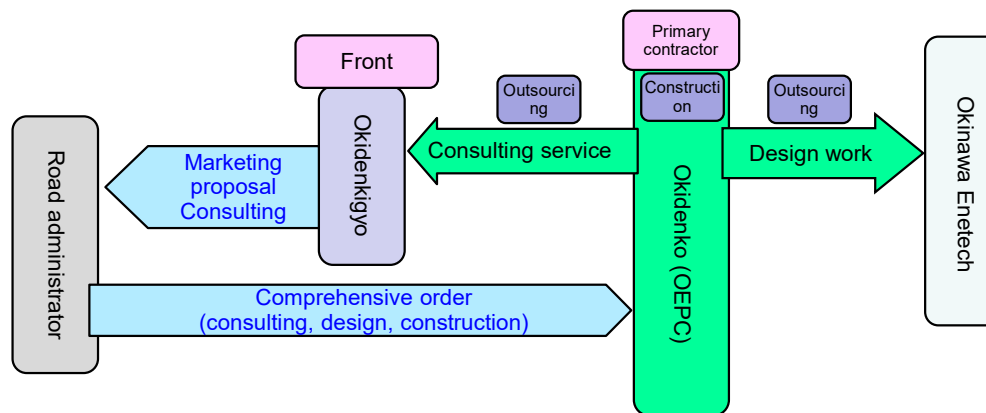


<< Proposed Method >>

- ✓ Coordination will proceed smoothly, as the OEPC Group conducts one-stop consultations as proxy with related parties on design and construction.
- ✓ There is no time lag in tendering procedures, etc., as design and construction are ordered comprehensively, while the construction period can be drastically shortened, as the business continuously progresses.



< Illustration of Profitability through Supply Chain >



Each company in the OEPC Group plays a role in handling each work ordered, mainly by Okidenko, the primary contractor.

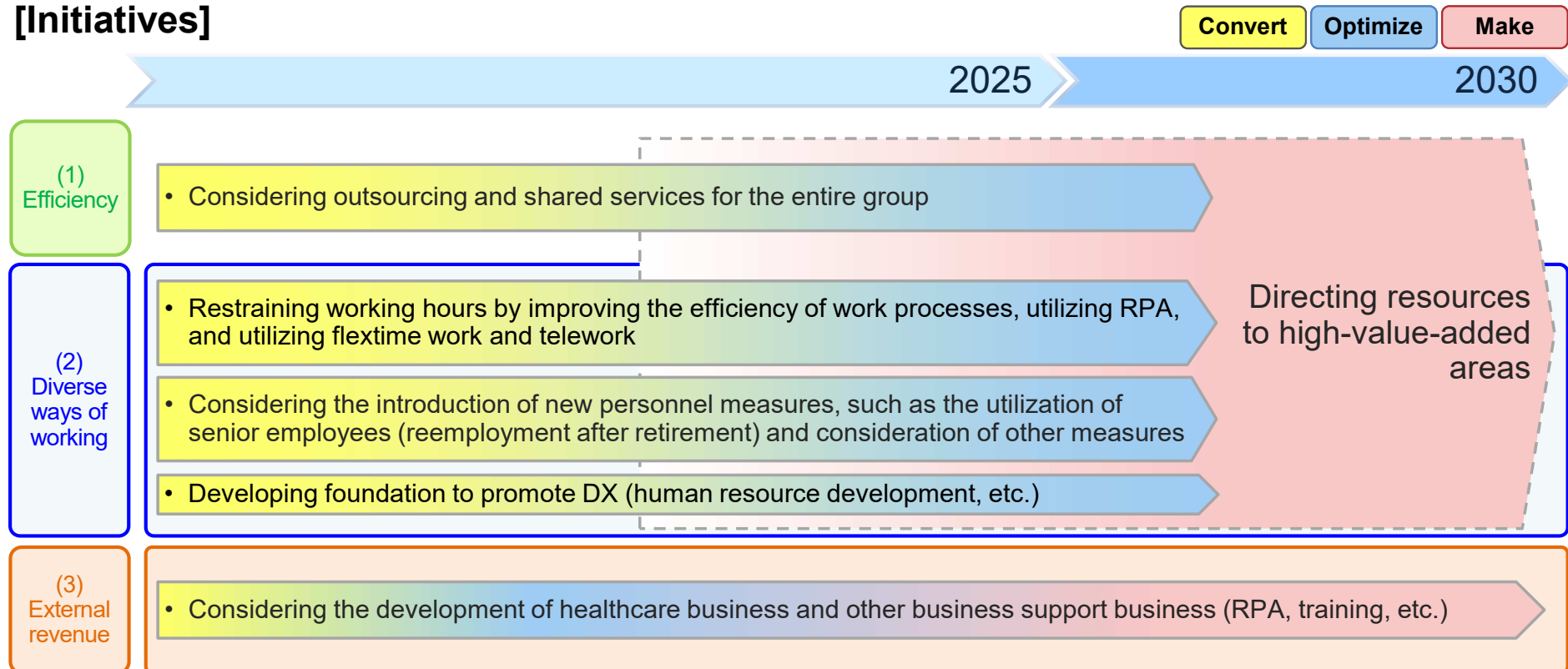
<< Division of roles >>

- Okidenko
 - Outsourced management
 - On-site construction
- Okidenkigyo
 - Contact
 - Consultation
- Okinawa Eneitech
 - Design work
- OEPC
 - Group planning & management

[Direction of Initiatives]

- ① We will improve efficiency through outsourcing and sharing.
- ② We will aggressively utilize the digital technologies listed in OEPC DX to reduce working hours and promote a variety of working styles through the introduction of new personnel measures.
- ③ We will strive to acquire external revenue by utilizing the knowledge and know-how cultivated within the company.
- ④ The Company will gather information on new technologies and actively engage in actions such as collaboration with external parties.

[Initiatives]



Initiatives on the Business Bases (Example: Introduction of Zero Trust Environment)

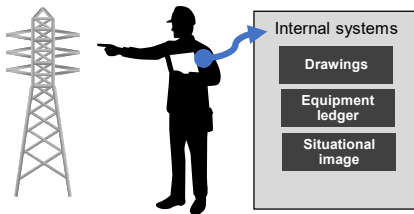
- Introduced the "Zero Trust Environment," an information infrastructure that will strengthen our business foundation.
- Through the Zero Trust Environment, we will further improve operational efficiency internally and externally, accelerate the creation of new value-added services, and promote a shift to a challenging mindset and speedy management.

Introduction of Zero Trust Environment, information infrastructure that will strengthen our business foundation

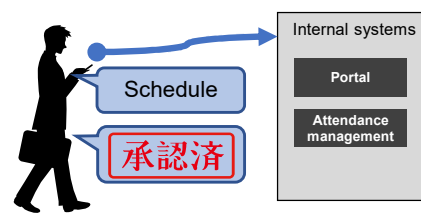
- Zero trust enables comfortable business working and the use of cloud, and is expected to improve operational efficiency and strengthen the business foundation of the entire company.

Efficient and comfortable working inside and outside the Company

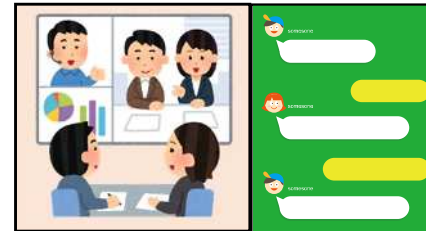
Smartphones and tablets can also be used to check information on equipment and others in internal systems from the field at any time



On the go, you can check your schedule on your smartphone and proceed with electronic approval



Employees in remote locations can communicate smoothly through web-based meetings, etc.



We will accelerate further improvement in operational efficiency both internally and externally, and the creation of new values and services.

Use of cloud

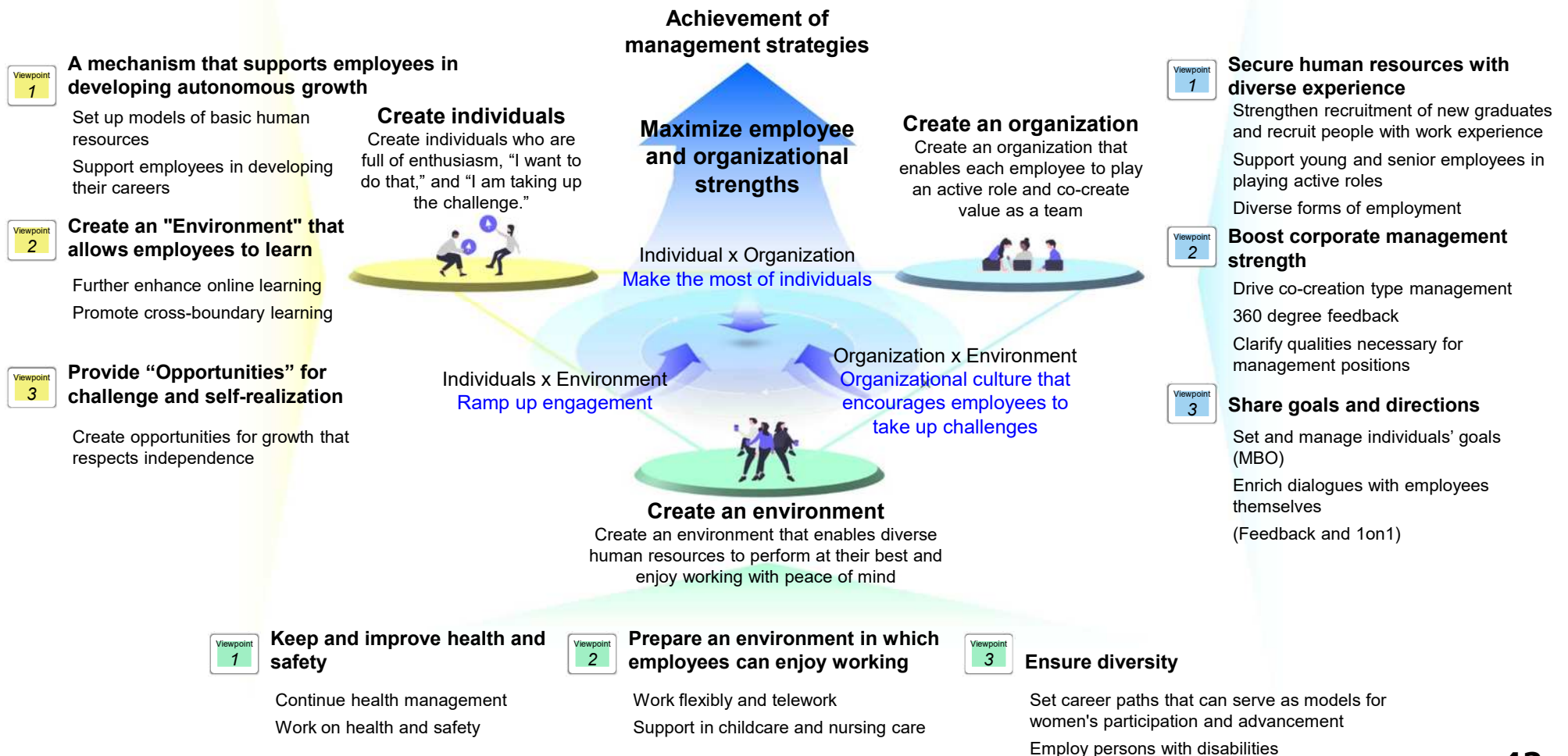
- Provide secure, flexible and quick access to cloud services that will be the mainstream in the future
- Facilitate the use of big data in the cloud for advanced use of data



We will take advantage of the cloud characteristics that make it easy to introduce, expand and withdraw, and promote a shift to mindset willing to take on challenges and speedy management.

Human Resources Strategy

- In November 2023, the Company formulated a new human resources strategy in November 2023. Its aim is to establish an environment that enables employees to demonstrate their skills to the maximum for realizing “the maximization of employee and organizational strength,” which will create new value. By leveraging the new value as the source, the Company will achieve all management goals.
- In the human resources strategy, the Company aims at maximizing employee and organizational strengths, centering on three directions (the environment, individual and organization). In "Creating an environment," the Company will build a mechanism that allows employees and organizations to maximize their performance. In "Creating individuals," the Company will build a mechanism that motivates employees to grow further and induces “Behavioral transformation” thereby speeding up the “creation” of value. In "Creating an organization," the Company will build a mechanism that enables “Co-creation” of value in order to maximize “Individuals” abilities.
- By linking these three directions organically, the Company will pursue human-capital corporate management.



Human Resources Strategy (2/2)

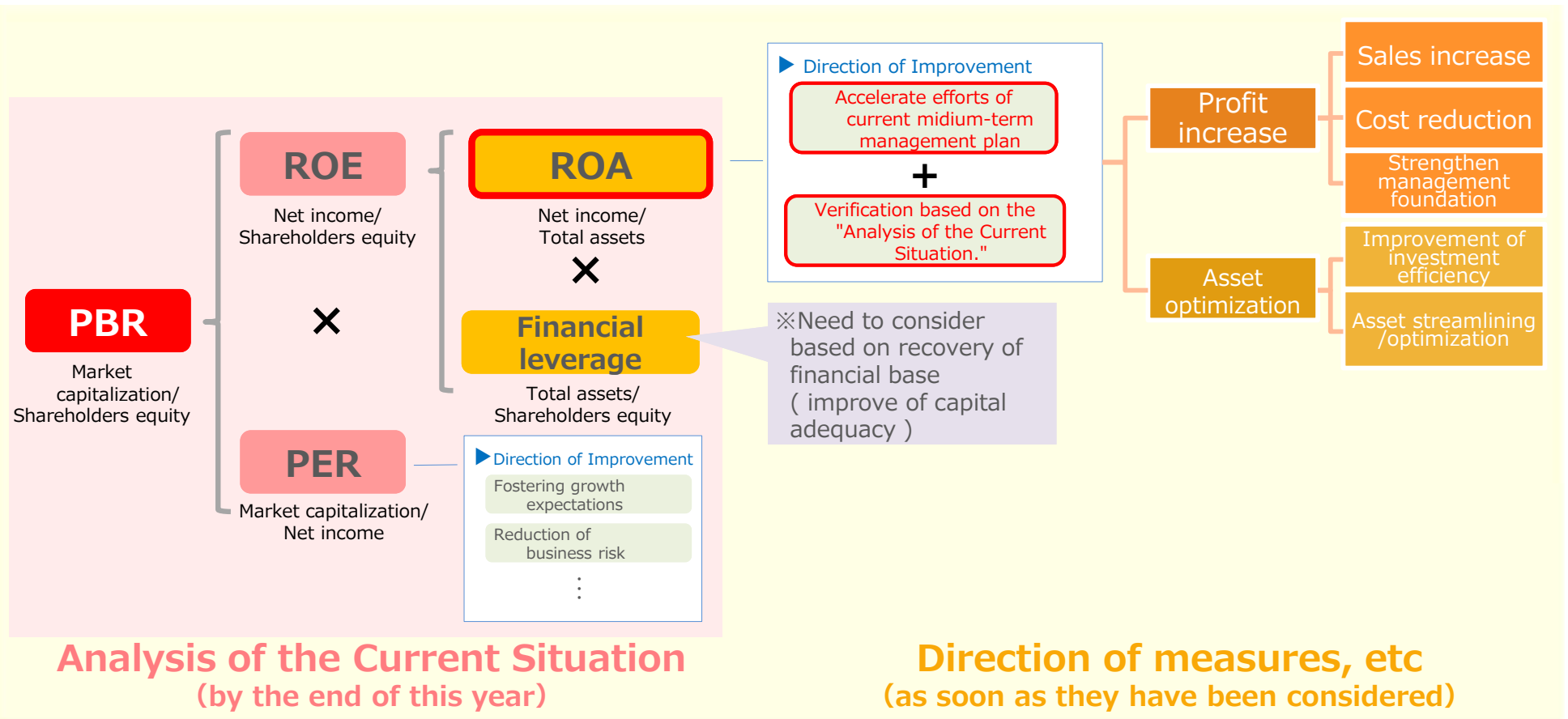
Human Resources Strategy KPI

	Indicators	Targets	Results
Safety	Number of fatal industrial accidents	0 case	0 case (FY2022)
Health	Periodic health checkups rate	100%	100% (FY2022)
	People with exercise habits rate	Improvement	74.6%
Diversity	Ratio of female in management positions	1.5X compared to FY 2019 (by FY2025)	1.2X compared to FY 2019 (FY2022)
	Male employees taking childcare leave rate	Improvement	59.6% (FY2022)
	Employment of people with disabilities	2.7% (by FY2025)	2.53% ※1 (As of June 2023)
Work style	Flextime system utilization rate	100%	99.2%
Personnel development	Introduction of online learning systems	FY2024	–
Recruitment	Career recruitment in specific fields	FY2024	–
	Percentage of female in technical recruits	20%	5.9% (New employees in FY2023)

※ 1 Exceeds the current legal employment rate of 2.3%


Action to Implement Management that is Conscious of Cost of Capital and Stock Price

- Tokyo Stock Exchange, Inc. (TSE) issued a request for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price"
- In order to improve PBR, we will analyze the current situation and take measures to improve capital profitability, while maintaining a balance with the recovery of our financial base.
- TSE has requested a series of measures, including "Analysis of the Current Situation," "Planning & Disclosure," and "Implementation of Initiatives." We will disclose the "Analysis of the Current Situation" by the end of this year and the "Direction of measures, etc." as soon as they have been considered.



Characteristics of the Business Bases

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



Statements regarding future performance included in this document is based on calculations and predictions, and contain potential risks and uncertainties.

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】

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