

Financial results for 3Q of FY ending 3/2022 & Financial forecasts for FY ending 3/2022

The Kansai Electric Power Co., Inc.

January 28, 2022

Contents

1. Financial highlights for 3Q of FY ending 3/2022

Overview P.1

Financial highlights (consolidated) P.2

2. Financial results for 3Q of FY ending 3/2022

Major factors P.3

Segment information P.4

Segment results (in comparison with the previous term) P.5 ~ P.8

Consolidated balance sheets P.9

3. Financial forecasts for FY ending 3/2022

Financial forecasts

(in comparison with the previous forecasts) P.10

Financial forecasts by segment P.11

Factors affecting consolidated ordinary income P.12

Explanation of increase/decrease in financial forecasts P.13

4. Appendix

.. P.14 ~ P.38

3Q of FY ending 3/2022 Earnings Results

- ✓ Consolidated : decreased revenue and income
- ✓ Consolidated operating revenues : 1,949.7 billion yen
(change in comparison with the previous term : $\triangle 234.4$ billion yen)
In Energy Business, revenue decreased due to a decline in electricity sales despite an increase in electricity sales to other non-utility companies. In addition, a change in accounting treatment for renewable energy related to the application of revenue recognition accounting standards affect to decreased revenue.
- ✓ Consolidated ordinary income : 114.7 billion yen
(change in comparison with the previous term : $\triangle 46.4$ billion yen)
In Energy Business, ordinary income decreased due to the impact of exchange rates/fuel prices, and a decrease in retail electricity sales volume, despite an increase in electricity sales to other non-utility companies, an increase in nuclear capacity factor, and a decrease in corporate / maintenance cost etc.
- ✓ Extraordinary losses : 10.8 billion yen
Remeasurements of imbalance balance recorded as extraordinary losses.

FY 3/2022 Financial and Dividend Forecasts

- ✓ consolidated ordinary income : 100.0 billion yen
(unchanged in comparison with the previous forecasts)
In Energy Business, although we expect an increase in thermal fuel costs due to the impact of exchange rates and fuel prices, we have not changed our forecasts for ordinary income because we expect an increase in electricity sales volume to retail and to other non-utility companies, an increase in nuclear capacity factor, and an improvement in the balance of group companies compared to our plan at the beginning of the year.
- ✓ 3/2022 year-end dividend forecasts have been unchanged. (Annual dividend 50 yen / share)

Financial highlights (Consolidated)

2

(billion yen)	FY 3/2021-3Q	FY 3/2022-3Q	Change	Ratio
Operating revenues	2,184.2	1,949.7	△234.4*	△10.7%
Operating income	142.9	88.3	△54.6	△38.2%
Ordinary income	161.1	114.7	△46.4	△28.8%
The net income attributable to owners of the parent company	115.1	73.5	△41.5	△36.1%

* affected by applying the Accounting Standard for Revenue Recognition △386.7

(billion yen)	Mar. 31, 2021	Dec. 31, 2021	Change
Interest-bearing debt	4,471.6	4,697.3	+225.7
Equity ratio	20.9%	19.9%	△1.0%

Major factors

Major factors	FY 3/2021-3Q	FY 3/2022-3Q	Change
Total electric sales (TWh) ^{*1 *2}	86.4 (91.0)	88.0 (101.9)	+1.6
Retail electric sales volume	74.9 (89.1)	72.5 (96.8)	△2.4
Residential	23.3 (96.3)	21.6 (92.5)	△1.7
Commercial and Industrial	51.6 (86.2)	50.9 (98.7)	△0.7
Electricity sales to other non-utilities	11.5	15.6	+4.1
Electricity demand in Kansai area (TWh)	95.6	97.2	+1.6
Gas sales volume (10,000t)	109	105	△4
Nuclear capacity factor (%)	31.3	62.6	+31.3
Water run-off ratio (%)	95.2	105.2	+10.0
All Japan CIF crude oil price (\$/barrel)	39.1	74.0	+34.9
Exchange rate [TTM] (yen/\$)	106	111	+5

*1 (): Changes from the previous term, %

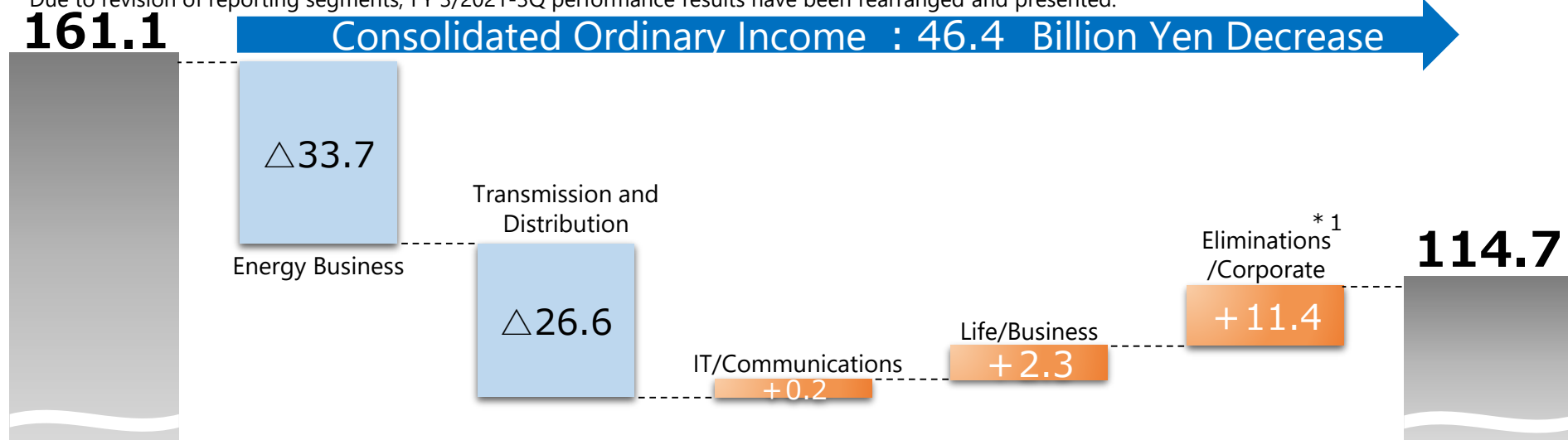
*2 Total electricity sales to KEPCO in Energy Business.

Segment information

4

(billion yen)	FY 3/2021-3Q			FY 3/2022-3Q			Change		
	Operating revenues	Operating revenues (external transactions)	Ordinary income	Operating revenues	Operating revenues (external transactions)	Ordinary income	Operating revenues	Operating revenues (external transactions)	Ordinary income
Energy Business	1,834.3	1,714.5	89.1	1,615.7	1,425.2	55.3	△218.5	△289.2	△33.7
Transmission and Distribution	647.1	223.1	27.8	680.1	266.5	1.1	+33.0	+43.4	△26.6
IT/ Communications	211.2	162.4	31.3	201.6	155.2	31.5	△9.6	△7.1	+0.2
Life/Business Solutions	118.7	84.1	11.1	134.4	102.6	13.4	+15.6	+18.5	+2.3
Total	2,811.4	2,184.2	159.4	2,631.9	1,949.7	101.5	△179.5	△234.4	△57.8
Eliminations/Corporate	△627.2	—	1.6	△ 682.1	—	13.1	△54.9	—	+11.4
Consolidated	2,184.2	2,184.2	161.1	1,949.7	1,949.7	114.7	△234.4	△234.4	△46.4

* Due to revision of reporting segments, FY 3/2021-3Q performance results have been rearranged and presented.

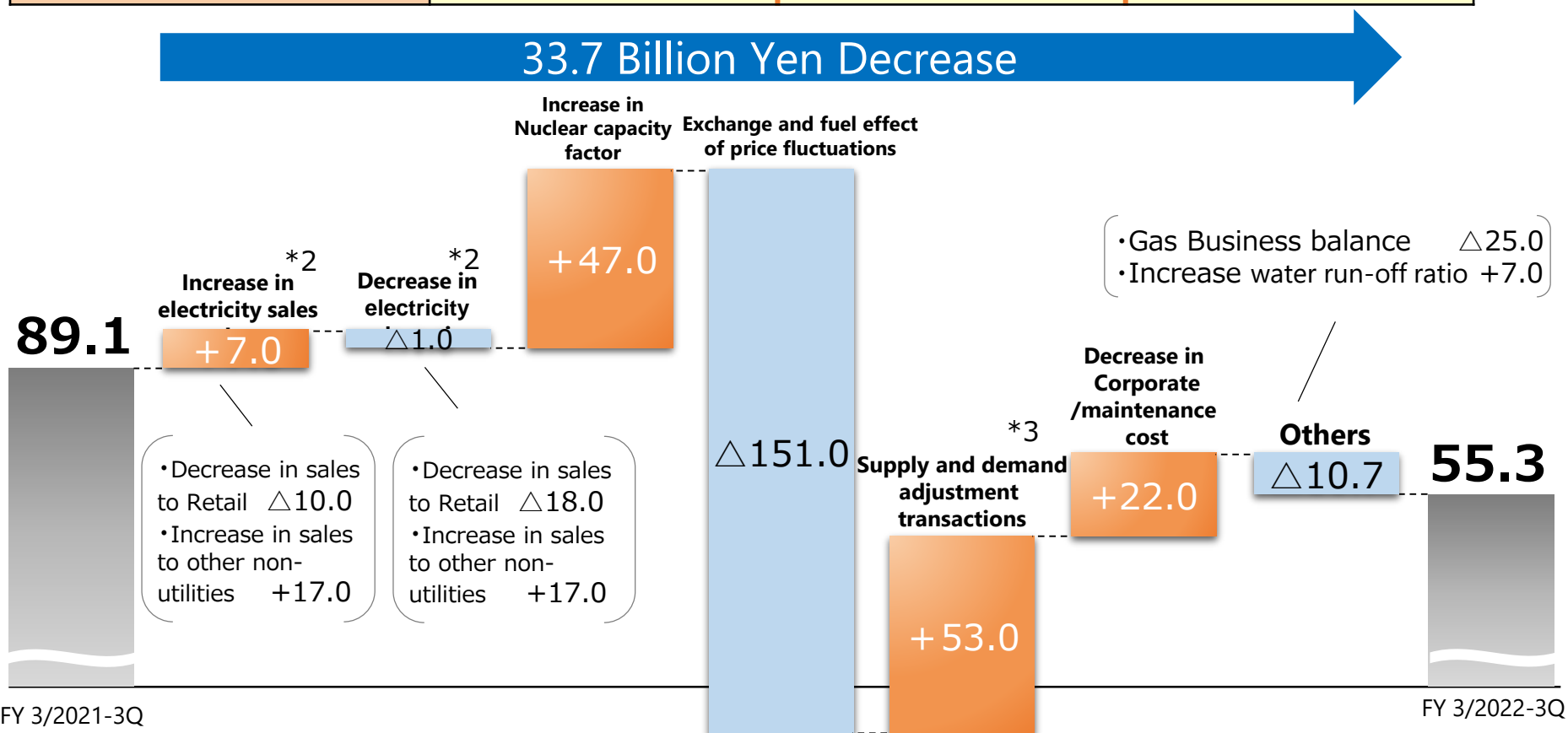


FY 3/2021-3Q * 1 Eliminations/Corporate includes transferred income from subsidiary Extraordinary income to consolidated Ordinary profit. FY 3/2022-3Q

Segment results : Energy Business

5

(billion yen)	FY 3/2021-3Q	FY 3/2022-3Q	Change
Operating revenues	1,834.3	1,615.7	△218.5
Operating revenues (external transactions)	1,714.5	1,425.2	△289.2
Ordinary income ^{*1}	89.1	55.3	+33.7



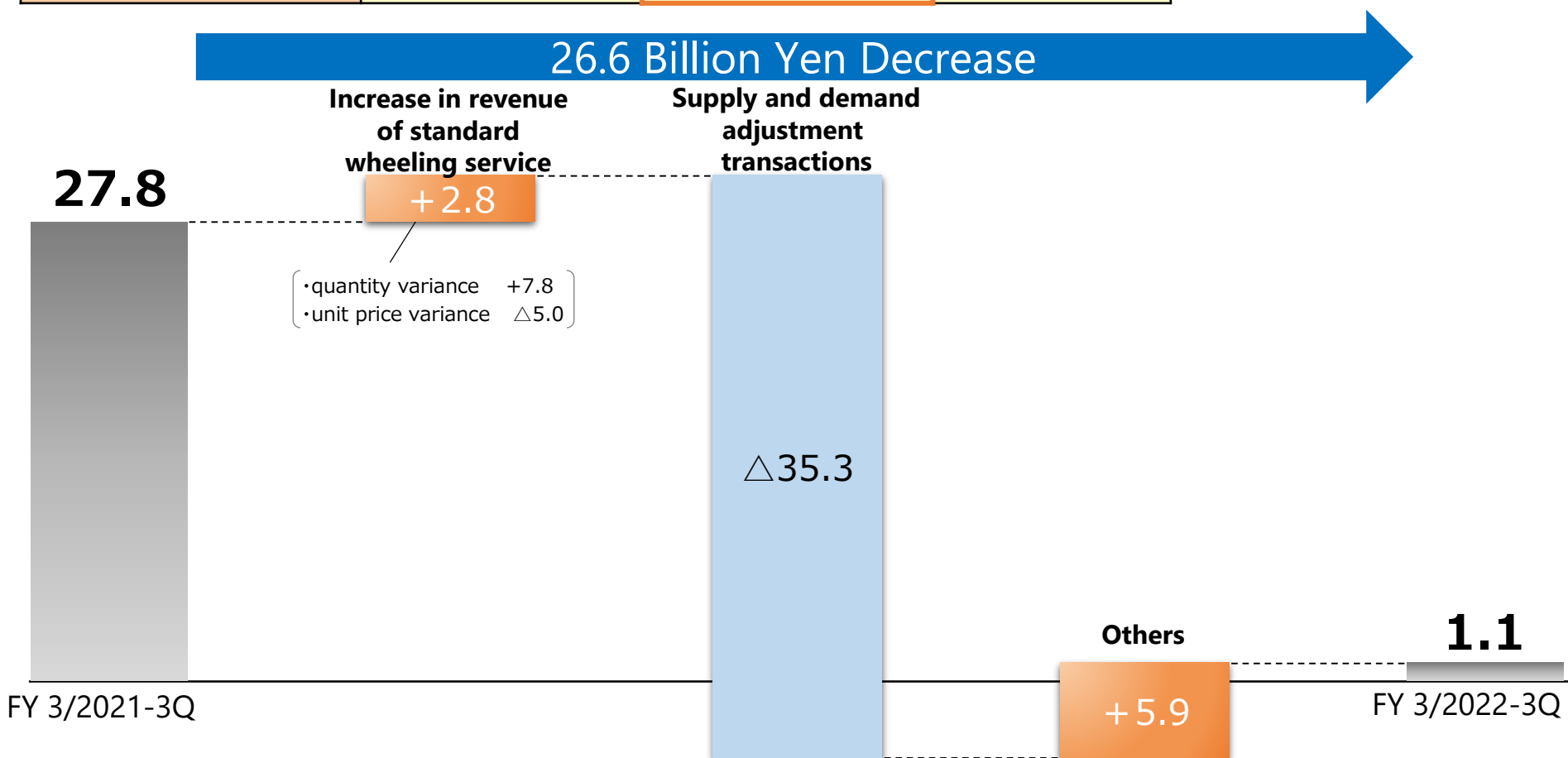
* 1 excluding dividends received from consolidated subsidiaries and equity-method affiliates

* 2 Excluding electricity sales volume for adjustment power, etc. * 3 Amount of transactions related to adjustment power, etc.

Segment results : Transmission and Distribution

6

(billion yen)	FY 3/2021-3Q	FY 3/2022-3Q	Change
Operating revenues	647.1	680.1	+33.0
Operating revenues (external transactions)	223.1	266.5	+43.4
Ordinary income*	27.8	1.1	△26.6



* excluding dividends received from consolidated subsidiaries and equity-method affiliates

Segment results : IT/Communications

(billion yen)	FY 3/2021-3Q	FY 3/2022-3Q	Change
Operating revenues	211.2	201.6	△9.6
Operating revenues (external transactions)	162.4	155.2	△7.1
Ordinary income*	31.3	31.5	+0.2
OPTAGE Inc.*	(31.5)	(31.8)	(+0.3)

	Breakdown of changes
Operating revenues	Decreased revenue because of effects caused by Accounting Standard for Revenue Recognition, MVNO rate revision based on the effects of new plan and so on. While increasing in the number of projects involving all units in multiple dwelling houses, increasing number of FTTH subscribers due to the increased need for fixed lines triggered by the spread of COVID-19, and steady increasing number of subscribers to eo electricity.
Operating revenues (external transactions)	
Ordinary income*	Increased income because of increasing number of FTTH subscribers and decreasing expenses by improving efficiency and so on, despite factors to decreased ordinary income, such as higher rates for electricity purchases.

*excluding dividends received from consolidated subsidiaries and equity-method affiliates

Segment results : Life/Business Solution

(billion yen)	FY 3/2021-3Q	FY 3/2022-3Q	Change
Operating revenues	118.7	134.4	+15.6
Operating revenues (external transactions)	84.1	102.6	+18.5
Ordinary income* ¹	11.1	13.4	+2.3
Kanden Realty & Development Co., Ltd.* ¹	(11.0)	(11.8)	(+0.8)

	Breakdown of changes
Operating revenues	Increased revenues due to higher housing sales at Kanden Realty & Development Co., Ltd resulting from strong demand for housing, mainly in urban areas, despite the sales of properties to private REITs and others* ² in the leasing business and the impact of lower rent income due to the spread of COVID-19.
Operating revenues (external transactions)	
Ordinary income* ¹	Increased income due to higher housing sales, improvement of profit margin, and cost reduction in hotel business, etc. at KANDEN AMENIX Co., Ltd, despite factors to decreased ordinary income, such as the impact of lower rent income at Kanden Realty & Development Co., Ltd.

*1 excluding dividends received from consolidated subsidiaries and equity-method affiliates

*2 Gains from the sale of properties to private REITs and others are recorded in the " Eliminations/Corporate " column of segment information.

Consolidated balance sheets

(billion yen)	Mar. 31, 2021	Dec. 31, 2021	Change	
Assets	8,075.7	8,368.1	+292.4	<ul style="list-style-type: none"> • Capital expenditures +322.3 • Depreciation and amortization Δ220.8
Liabilities	6,350.1	6,655.4	+305.2	<ul style="list-style-type: none"> • Interest bearing debt +225.7
Equity	1,725.5	1,712.7	Δ 12.7	<ul style="list-style-type: none"> • Net income* +73.5 • Dividend Δ 44.6 (25.00yen per share for FY 3/21 year-end 25.00yen per share for FY 3/22 interim) • Deferred gains or losses on hedges Δ73.7

* The consolidated net income means the net income attributable to owners of the parent company.

FY 3/2022 Financial forecasts (in comparison with the previous forecasts)

10

* FY 3/2022 dividend forecasts have been unchanged.

<Financial forecasts>

(billion yen)	Previous Forecasts	Current Forecasts	Change	Ratio
Operating revenues	2,500.0	2,800.0	+300.0	+12.0%
Operating income	90.0	70.0	△20.0	△22.2%
Ordinary income	100.0	100.0	-	-
The net income	70.0	65.0	△5.0	△7.1%

< Financial indicators forecasts>

	Previous Forecasts	Current Forecasts
FCF (billion yen)	Approx. △110.0	Approx. △150.0
Equity Ratio (%)	Approx. 20	Approx. 19
ROA (%)	Approx. 1.5	Approx. 1.5
(Ref.) ROE (%)	Approx. 4.1	Approx. 3.8

<Major factors>

	Previous Forecasts	Current Forecasts	Change
Total Electricity sales (TWh)*	109.5	102.7	+11.1
Retail electric sales	96.0	100.1	+4.1
Residential	31.5	32.1	+0.7
Commercial and Industrial	64.6	68.0	+3.5
Electricity sales to other non-utilities	13.5	20.5	+7.0
Electricity demand in Kansai area (TWh)	134.4	133.9	△0.5
Gas sales volume (10,000t)	130	150	+20
Nuclear capacity factor (%)	Approx. 50	Approx. 61	Approx. +11
Water run-off ratio (%)	Approx. 100	Approx. 104	Approx. +4
All Japan CIF crude oil price (\$ /barrel)	Approx. 60	Approx. 74	Approx. +14
Exchange rate [TTM] (yen/ \$)	Approx. 60	Approx. 112	Approx. +2

<Sensitivity of major factors>

(billion yen)	Previous Forecasts	Current Forecasts
Nuclear capacity factor per 1%	2.3	4.1
Water run-off ratio per 1%	0.9	1.3
All Japan CIF crude oil price per \$1/barrel	2.2	3.1
Exchange rate [TTM] per ¥1/\$	3.0	5.3

- Sensitivity of major factors denotes sensitivity of expenses.
- Sensitivity of major factors are subject to change if the rapid and drastic changes of major factors happen.

<Dividend forecast for FY ending 3/2022>

	Interim	Year-end	Annual
Dividend per share	25.00yen	25.00yen	50.00yen

* Total electricity sales to KEPCO in Energy Business..

Financial forecasts by segment

11

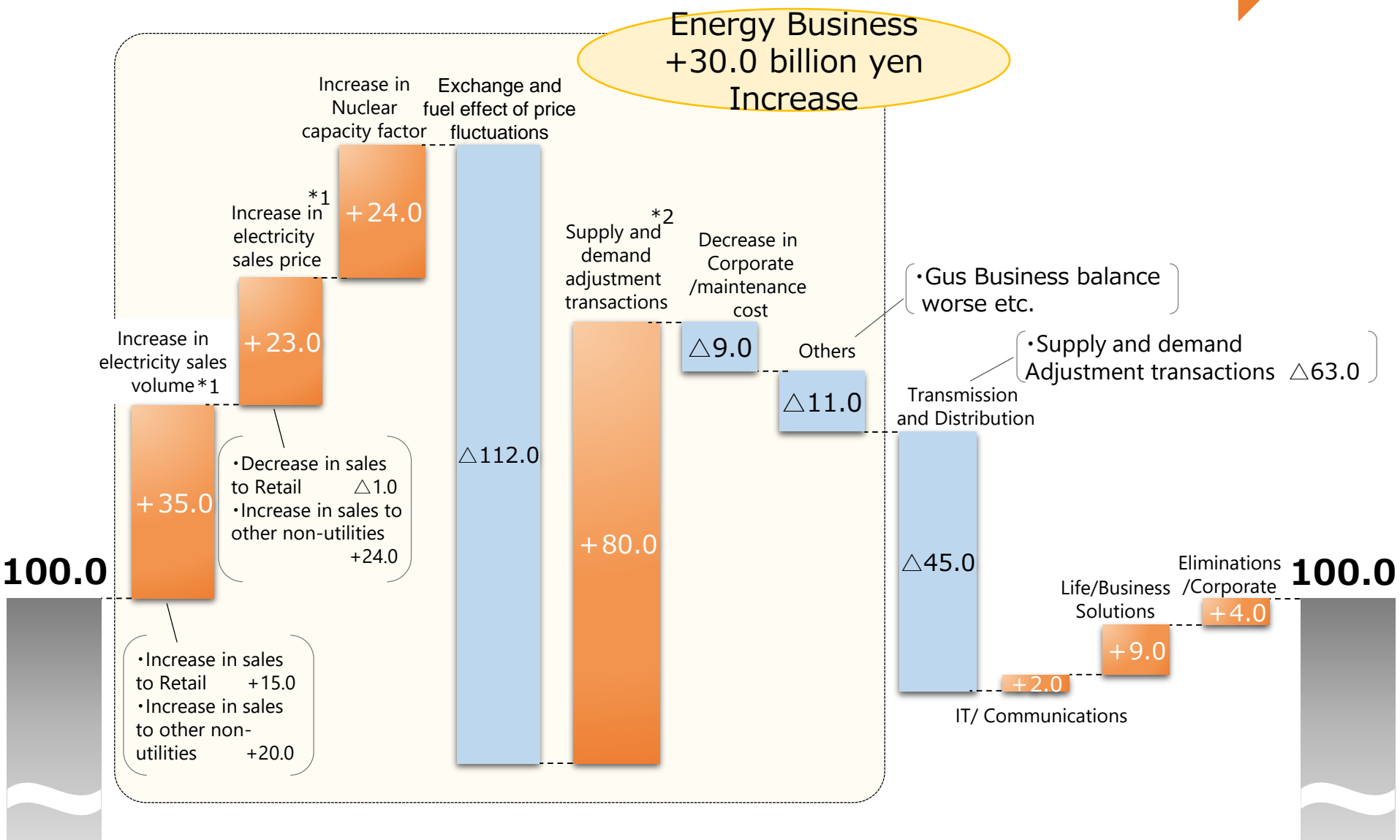
(billion yen)	FY 3/2022 previous forecasts		FY 3/2022 current forecasts		Change	
	Operating revenues (external transactions)	Ordinary income	Operating revenues (external transactions)	Ordinary income	Operating revenues (external transactions)	Ordinary income
Energy Business	1,818.0	1.0	2,089.0	31.0	+271.0	+30.0
Transmission and Distribution	328.0	50.0	351.0	5.0	+23.0	△45.0
IT/ Communications	212.0	36.0	211.0	38.0	△1.0	+2.0
Life/Business Solutions	142.0	9.0	149.0	18.0	+7.0	+9.0
Total	2,500.0	96.0	2,800.0	92.0	+300.0	△4.0
Eliminations/Corporate	—	4.0	—	8.0	—	+4.0
Consolidated	2,500.0	100.0	2,800.0	100.0	+300.0	—

Factors affecting consolidated ordinary income

12

Consolidated Ordinary Income : unchanged in comparison with the previous forecasts

(billion yen)



FY 3/2022

* 1 Excluding electricity sales volume for adjustment power, etc. *2 Amount of transactions related to adjustment power, etc.

FY 3/2022

previous forecasts

current forecasts

Explanation of increase/decrease in financial forecasts

13

(billion yen)		FY 3/2022 previous forecasts	FY 3/2022 current forecasts	Change	Factors
Energy Business	Operating revenues (external transactions)	1,818.0	2,089.0	+271.0	<ul style="list-style-type: none"> • Increase in electricity sales volume and increase in electricity sales price
	Ordinary income	1.0	31.0	+30.0	<ul style="list-style-type: none"> • Increase in electricity sales volume and increase in electricity sales price • Increase in Nuclear capacity factor • Supply and demand adjustment transactions
Transmission and Distribution	Operating revenues (external transactions)	328.0	351.0	+23.0	<ul style="list-style-type: none"> • Increase in Sold power to other utilities
	Ordinary income	50.0	5.0	△45.0	<ul style="list-style-type: none"> • Supply and demand adjustment transactions
IT/ Communica- tions	Operating revenues (external transactions)	212.0	211.0	△1.0	<ul style="list-style-type: none"> • Decrease in the number of corporate clients acquired
	Ordinary income	36.0	38.0	+2.0	<ul style="list-style-type: none"> • Increase due to efficiency improvements, including control of selling and administration cost
Life/Business Solutions	Operating revenues (external transactions)	142.0	149.0	+7.0	<ul style="list-style-type: none"> • Increase in net sales due to higher unit sales prices in the residential property sales business • Sale of land to a joint venture in the residential property sales business
	Ordinary income	9.0	18.0	+9.0	<ul style="list-style-type: none"> • Increase in gross income due to higher unit sales prices in the residential property sales business • Cost reduction in the residential property sales business, leasing business, etc.

Appendix

Consolidated statements of income

14

(billion yen)	FY 3/2021-3Q	FY 3/2022-3Q	Change	
Ordinary revenues (Operating revenues)	2,223.7 (2,184.2)	1,996.6 (1,949.7)	△227.1 (△234.4)	• Change of accounting practices applying to the ASRR*2 △386.7
Electric operating revenues	1,700.3	1,447.5	△252.7	• Sales of external transactions in KEPCO △293.7
Other operating revenues	483.8	502.2	+18.3	• Sales of external transactions in Kansai-TD +40.9
Non-operating revenues	39.5	46.8	+7.2	• Sales of external transactions in subsidiaries +13.4
Ordinary expenses	2,062.6	1,881.9	△180.7	• Sales of external transactions in non-electric business +4.8
Electric operating expenses	1,626.5	1,404.0	△222.5	
Other operating expenses	414.6	457.4	+42.7	• Costs for subsidiaries +8.2
Non-operating expenses	21.4	20.4	△0.9	• Costs for non-electric business +34.4
Ordinary income	161.1	114.7	△46.4	
Provision for or reversal of reserve for fluctuation in water level	△1.0	—	+1.0	
Extraordinary losses	—	10.8	+10.8	• Remeasurements of imbalance balance +10.8
Income taxes	45.7	26.8	△18.8	
Net income*1	115.1	73.5	△41.5	
Comprehensive income	126.9	28.6	△98.2	• Deferred gains or losses on hedges △61.8

*1 The consolidated net income means the net income attributable to owners of the parent company.

*2 ASRR = Accounting Standard for Revenue Recognition

Non-consolidated results compared with last year (KEPCO)

15

(billion yen)	FY 3/2021-3Q	FY 3/2022-3Q	Change
Ordinary revenue (Operating revenues)	1,762.9 (1,699.9)	1,577.7 (1,482.9)	△185.1 (△217.0)
Residential, Commercial and industrial	1,352.8	1,115.8	△237.0
Sold power to other suppliers	89.9	222.9	+132.9
Grant under act on purchase of renewable energy sourced electricity	119.6	—	△119.6
Others	200.4	239.0	+38.5
Ordinary expenses	1,658.7	1,463.4	△195.2
Personnel expenses	78.4	75.3	△3.1
Fuel costs	275.8	330.7	+54.8
Backend expenses of nuclear power	31.8	59.1	+27.3
Maintenance costs	53.8	38.0	△15.7
Taxes other than income taxes	35.3	36.2	+0.8
Depreciation	66.9	80.9	+13.9
Purchased power from other suppliers	288.2	193.9	△94.3
Interest expenses	15.8	14.2	△1.6
Levy under act on purchase of renewable energy sourced electricity	192.7	—	△192.7
Expenses for third party's power transmission service	369.2	363.6	△5.6
Others	250.2	271.1	+20.8
Ordinary income (Operating income)	104.2 (58.9)	114.2 (36.9)	+10.0 (△22.0)
Provision or reversal of reserve for water shortage	△1.0	—	+1.0
Income taxes	17.8	9.6	△8.2
Net income	87.4	104.6	+17.2

• Decrease in retail electricity sales volume △38.0
 • Increase in adjusted fuel cost +15.0
 • Decrease in the surcharge for promoting renewable energy sourced electricity △192.7
 [Change of accounting practices applying to the ASRR*1 △206.2]
 • Decrease in retail unit price △22.0

• Change of accounting practices applying to the ASRR*1 △105.2

• Dividend income +35.4

• Thermal +43.6
 • Nuclear +11.1

• Increase in Nuclear capacity factor △80.0
 • Decrease in retail electricity sales volume △16.0
 • Increase in Water run-off ratio △7.0
 • Increase in electricity sales to other non-utilities +33.0
 • Change of exchange rate and fuel costs +125.0

• Change of accounting practices applying to the ASRR*1 (*2) △105.2

• Change of accounting practices applying to the ASRR*1 △206.2

*1 ASRR = Accounting Standard for Revenue Recognition
 *2 Deduct the amount equivalent to grant under act on purchase of renewable energy sourced electricity from related expenses

Non-consolidated results compared with last year (Kansai-TD)

16

(billion yen)	FY 3/2021-3Q	FY 3/2022-3Q	Change
Ordinary revenues (Operating revenues)	605.3 (601.6)	654.8 (640.1)	+49.4 (+38.4)
Transmission revenue	490.0	511.7	+21.7
Sold power to other utilities・suppliers	51.0	103.4	+52.4
Grant under act on purchase of renewable energy sourced electricity	36.2	—	△36.2
Others	28.0	39.6	+11.5
Ordinary expenses	581.2	649.0	+67.7
Personnel expenses	74.8	74.4	△0.3
Maintenance costs	77.3	76.6	△0.7
Taxes other than income taxes	65.5	65.5	△0.0
Depreciation	80.8	80.3	△0.5
Purchased power from other utilities・suppliers	137.3	207.2	+69.8
Interest expenses	7.6	6.7	△0.9
Others	137.6	138.1	+0.4
Ordinary income (Operating income)	24.0 (28.3)	5.7 (△1.9)	△18.2 (△30.2)
Extraordinary losses	—	14.3	+14.3
Income taxes	9.4	△ 1.8	△11.3
Net income	14.6	△ 6.7	△21.3

- Quantity variance (Increase in demand in Kansai area) +7.8
- Unit price variance △5.0
- Supply and demand adjustment transactions +18.0

- Supply and demand adjustment transactions +15.0

- Change of accounting practices applying to the ASRR*1 △44.3

- Dividend income +8.4
- Supply and demand adjustment transactions +0.3

- Supply and demand adjustment transactions +68.8
- Change of accounting practices applying to the ASRR*1 (*2) △44.3

- Remeasurements of imbalance balance +14.3

*1 ASRR = Accounting Standard for Revenue Recognition

*2 Deduct the amount equivalent to grant under act on purchase of renewable energy sourced electricity from related expenses

Retail Electricity sales

17

(TWh)		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
	Residential	2.7 (94.1)	2.3 (90.8)	1.9 (91.5)	2.3 (97.5)	2.9 (89.7)	2.5 (80.6)	2.1 (95.9)	2.2 (92.8)	2.7 (103.1)
	Commercial and Industrial	5.3 (95.8)	5.1 (102.2)	5.5 (99.4)	6.1 (100.2)	6.2 (95.8)	6.1 (93.2)	5.8 (100.2)	5.4 (101.5)	5.5 (101.6)
Retail Electricity sales*2		8.0 (95.2)	7.5 (98.3)	7.3 (97.3)	8.4 (99.4)	9.1 (93.7)	8.6 (89.3)	7.9 (99.0)	7.6 (98.8)	8.1 (102.1)

*1 Figures in () are year-on-year %

<Breakdown of retail electricity sales in FY3/2022-3Q>

(TWh)		FY 3/2021-3Q	FY 3/2022-3Q	Change	Meter reading	Temperature	Demand	Others
	Residential	23.3	21.6	△1.7	+0.2	△0.6	△0.7	△0.7
	Commercial and Industrial	51.6	50.9	△0.7	+0.0	△0.3	△1.6	+1.2
Retail Electricity sales*2		74.9	72.5	△2.4	+0.2	△0.9	△2.3	+0.5

<Average monthly temperature>

(°C)		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Actual		15.5	20.0	23.9	27.9	28.1	24.8	20.3	14.1	8.8
Year-on year change		+2.2	△0.8	△0.2	+1.9	△2.6	△1.0	+1.6	△0.6	+0.1
Anomaly		+0.4	+0.3	+0.4	+0.2	△0.7	△0.2	+1.3	+0.5	+0.2

<Breakdown of retail electricity sales in FY3/2022 forecasts>

(TWh)		FY 3/2022 (previous forecasts)	FY 3/2022 (current forecasts)	Change	Meter reading	Temperature	Demand	Others
	Residential	31.5	32.1	+0.7	△0.0	△0.4	+1.4	△0.4
	Commercial and Industrial	64.6	68.0	+3.5	△0.0	+0.0	+5.1	△1.7
Retail Electricity sales*2		96.0	100.1	+4.1	△0.0	△0.3	+6.5	△2.1

*2 Amount of retail electric sales in the energy business provided by KEPCO

Interest-bearing debt (Consolidated)

18

(billion yen)	Mar. 31, 2021	Dec. 31, 2021	Change
Bonds	1,284.0	1,444.0	+159.9 (+230.0、△70.0)
Borrowings	2,887.6	2,733.3	△154.2 (+436.5、△580.9)
Long-term	2,740.5	2,582.7	△157.7 (+237.8、△384.3)
Short-term	147.0	150.5	+3.4 (+198.7、△196.6)
Commercial paper	300.0	520.0	+220.0 (+790.0、△570.0)
Interest-bearing debt	4,471.6	4,697.3	+225.7
Interest rate (%) (as of fiscal year-end)	0.49	0.41	△0.08

*1 +(plus) in the bracket means financing, △(minus) in the bracket means repayment.

*2 Change includes foreign exchange loss/gain, and total in the bracket may not be congruent.

Actual supply and demand (Sending end)

19

(GWh)		FY 3/2021 -3Q	Composition ratio	FY 3/2022 -3Q	Composition ratio	Change
	Hydro	10,181	15%	11,099	16%	+918
	Thermal	43,463	65%	33,170	47%	△10,293
	Nuclear	12,926	19%	25,882	37%	+12,955
	Renewable energy	24	0%	21	0%	△3
	KEPCO Total	66,594	100%	70,171	100%	+3,577
Other-utility companies		14,620		7,887		△6,733
Captive use by hydropower		△1,800		△ 1,481		+319
Total		79,414		76,577		△2,837

*1 Some rounding errors may be observed.

*2 Actual supply and demand to KEPCO in energy business

Maintenance costs and depreciation in comparison with the previous term

20

<KEPCO>

(billion yen)	FY 3/2021 -3Q	FY 3/2022 -3Q	Change	Breakdown
Maintenance costs	53.8	38.0	△15.7	Thermal △12.5 Hydro △3.2
Depreciation	66.9	80.9	+ 13.9	Nuclear +15.2 Thermal △1.9

<Kansai Transmission and Distribution, Inc.>

(billion yen)	FY 3/2021 -3Q	FY 3/2022 -3Q	Change	Breakdown
Maintenance costs	77.3	76.6	△0.7	Distribution △1.4 Transformation +0.5
Depreciation	80.8	80.3	△0.5	Transmission △1.5 Transformation △0.3 Distribution +0.7 General +0.6

Time lag from the fuel cost adjustment system

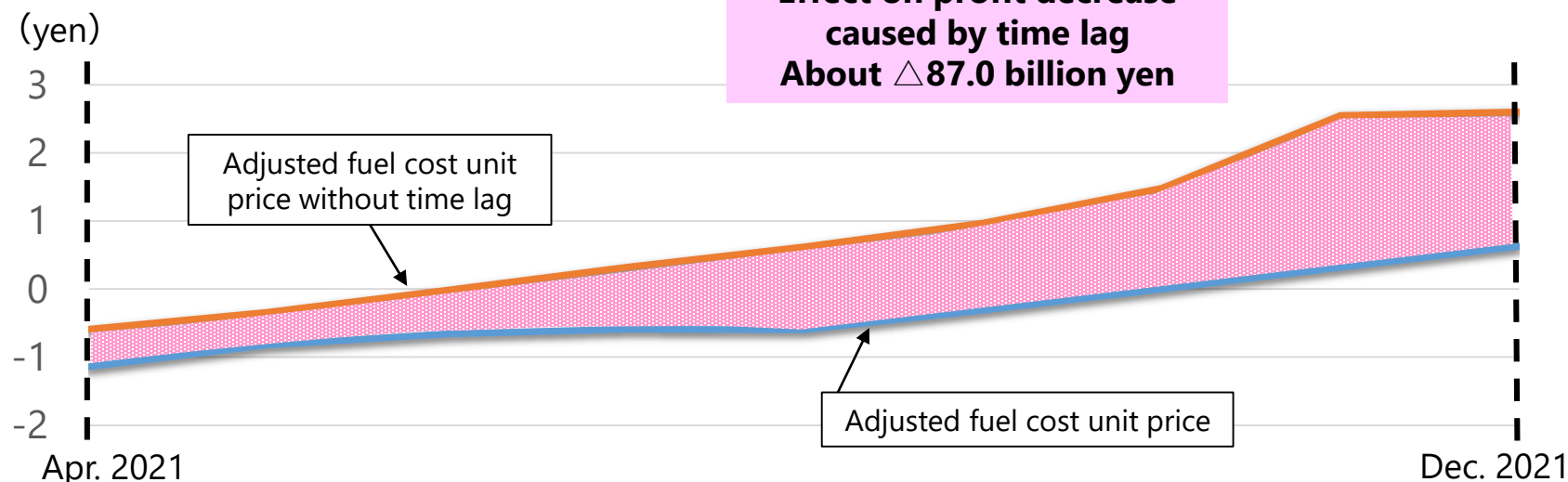
21

- The fuel cost adjustment system is a mechanism utilized to reflect, in the electricity rates, the impact of fluctuations in the exchange rate and the market price of fuel on thermal fuel costs.
- Fluctuations in fuel prices of each month are reflected in fuel cost adjustment unit price 3–5 months later. This generates a gap (time lag) between the fluctuations in fuel prices and the timing of reflecting them in fuel cost adjustment unit price.

【Fuel price (Japan LNG (CIF))】



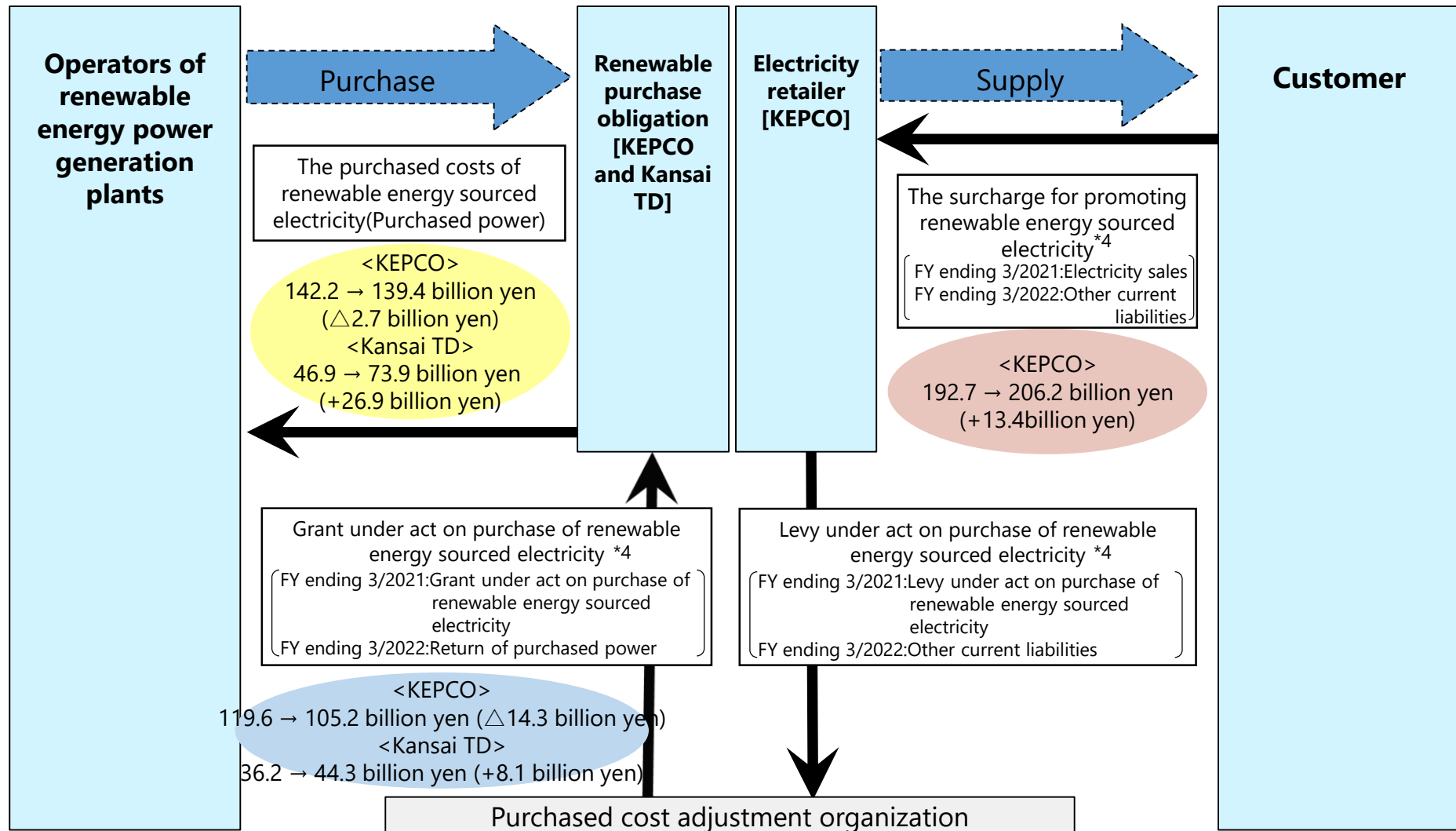
【Time lag from the fuel cost adjustment system】



*The above-mentioned time lag indicates time gap on the income front in each accounting period, and differs from the income and expenditure effect calculated based on actual thermal power fuel cost etc.

Framework of feed-in tariff scheme for renewable energy

22



*1 3Q FY ending 3/2021 → 3Q FY ending 3/2022 (changes from the previous term)

*2 Difference between purchased costs of renewable energy sourced electricity and grant under act on purchase of renewable energy sourced electricity is subtracting avoidable costs.

*3 "Law for partial amendment to the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Feed-in Tariff) and other laws" (enforced April 1, 2017) stipulates that, regarding contracts of purchase on and after April 1, 2017, the definition of businesses obliged to purchase electricity was changed to general electricity transmission and distribution businesses and others.

*4 Accounting practices were changed in FY 3/2022 to apply the "Accounting Standard for Revenue Recognition", etc.

Associated companies

(Consolidated Subsidiaries and Affiliates accounted for by equity method)

23

Energy		Transmission and Distribution	IT/Communications	Life/Business Solution
(Consolidated Subsidiaries) •Kanden Energy Solution Co., Inc. •Echizen Eneline Co., Inc. •Fukui City Gas •Nihon Network Support Co., Ltd. •Kanden Plant Corporation •Kanden E-House Co., Ltd. •The Kurobe George Railway Co., Ltd. •Aioi Bioenergy Corporation •Institute of Nuclear Safety System, Inc. •NEWJEC Inc. •Sakai LNG Co., Inc. •Next Power Company •Kanden Power-Tech Corp. •NUCLEAR ENGINEERING, Ltd. •KANSO CO., LTD. •Dshift Inc. •Osaka Bioenergy Co., Ltd. •Kanden Gas Support Co., Inc. •KE Fuel International Co., Ltd. •KPIC Netherlands B.V. •Biopower Kanda •LNG EBISU Shipping Corporation •LNG FUKUROKUJU Shipping Corporation	•LNG JUROJIN Shipping Corporation •LNG SAKURA Shipping Corporation •Kansai Electric Power Holdings Australia Pty Ltd •KPIC USA, LLC •Kansai Electric Power Australia Pty Ltd •Kansai Sojitz Enrichment Investing S.A.S. •Kansai Energy Solutions (Thailand) Co., Ltd. •PT. Kansai Electric Power Indonesia •KE Fuel Trading Singapore Pte Ltd. etc. Total:46	(Consolidated Subsidiaries) •Kansai Transmission and Distribution, Inc. •Kanden Engineering Corporation •The Kanden Service Co., Ltd. Total:3	(Consolidated Subsidiaries) •OPTAGE Inc. •Kanden Systems Co., Ltd. •K4 Digital Co., Ltd. etc. Total:7	(Consolidated Subsidiaries) •Kanden Realty & Development Co., Ltd. •Clearpass Co., Ltd. •KANDEN Security of Society, Inc. •KANSAI Medical Net Co, Inc. •KANDEN L-Heart Co., Inc. •Kanden Facilities Co., Ltd. •Kanden Joy Life Co., Ltd •Kanden Life Support Co., Ltd •Kansai Electron Beam Co., Ltd. •Kanden Joinus Co.,LTD •Gekidaniino G.K. •Kanden CS Forum Inc. •Kanden Office Work Co., Ltd. •The Kanden L&A Co., Ltd. •KANDEN AMENIX Corp. •K4 Ventures •Kaiko Yukinoya G.K. etc. Total:34
	(Affiliates accounted for by equity method) •Japan Nuclear Fuel Limited •Kinden Corporation •Enegate Co., Ltd •San Roque Power Corporation etc. Total:8			

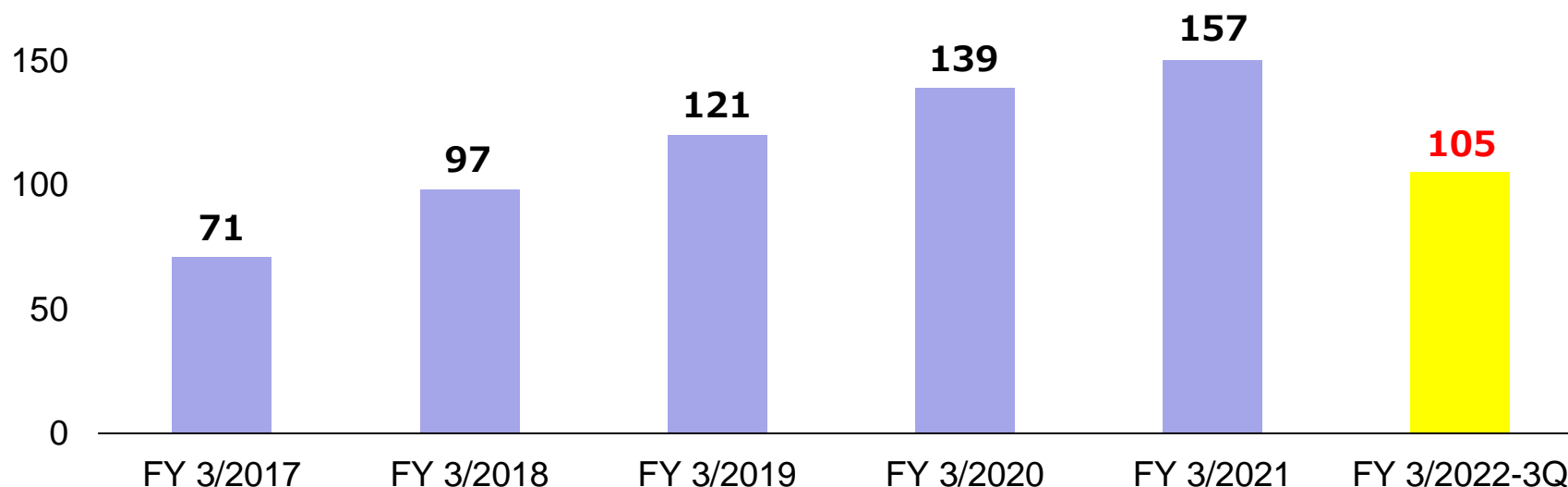
* As of Dec. 31, 2021

Total:98

- We got into gas sales businesses in order to propose total energy services that combine electricity and gas services to our customers. Sales of both businesses have expanded consistently.
- FY 3/2022-3Q results show 25.0 billion yen decrease in income and 19.9 billion yen deficit in comparison with the same period a year ago.
- The gas sales volume results 1,050,000 t, decreasing 40,000 t in comparison with the previous term.

Trends of actual gas sales volume

(10,000t)



Profit and loss for gas business, gas sales, etc. in 3Q of FY ending 3/2022

(billion yen)	FY3/2021-3Q	FY3/2022-3Q	Change
Operating revenues	86.2	94.9	+8.6
Operating expenses	81.2	114.9	+33.7
Operating income	5.0	△19.9	△25.0

(10,000 t)	FY3/2021-3Q	FY3/2022-3Q	Change
gas sales volume	109	105	△4

- Number of contracts for Kanden gas as of Dec. 31, 2021 :approx. 1.54 million

Outline of International Business

25

○ We endeavor to promote energy businesses overseas that contribute to decarbonization, and provide customers with solutions that relate to their energy usage, as well as to aim to improve profitability by making good use of business know-hows and networks we have built to date.
Total output by KEPCO's investment: Approx. 2,843 MW. Of which, total investment amount to 14 projects in operation is approx. 160.0 billion yen. (Approx. 35% collected by dividends, etc.)

Project Title			Start of operation, etc.(schedule)	Total output (MW)	KEPCO's investment(%)	Output by KEPCO's investment(MW-equivalent)*2
In operation	Philippines	San Roque Hydropower	2003/05	435	50	218
	Taiwan	Ming Jian Hydropower	2007/09	17	24	4
		Kuo Kuang Thermal Power	2003/11	480	20	96
	Singapore	Senoko Thermal Power	Established 1995/10	2,807	15	421
	Australia	Bluewaters Thermal power	2009/12	459	50	229
	US	West Deptford Thermal power	2014/11	768	17.5	134
	Ireland	Evalair Limited	2013/12 other	223	24	54
	Indonesia	Rajamandala Hydropower	2019/5	47	49	23
	Laos	Nam Ngiep Hydropower	2019/9	290	45	131
	UK	Electricity North West Limited	Joined 2019/7	—	22.04	—
	Philippines	Power Distribution and Retail Sales in New Clark City	2019/11	—	9	—
	US	Hickory-Run Thermal power	2020/5	1,000	30	300
		Aviator Onshore Wind Farm Project	2020/9	525	48.5	255
	Indonesia	Medco-Kansai Joint Venture Firepower	Joined 2021/4	202	36	73
Under construction	Indonesia	Tanjung Jati B Thermal Power	Scheduled 2022	2,140	25	535
	Finland	Piiparinmäki wind farm project	Scheduled 2022	211	15	32
		Arrayarvi Onshore Wind Power Project	Scheduled 2023	216	49	106
	UK	Triton Knoll Offshore Wind Power Project	Scheduled 2022	857	16	137
		Moray East Offshore Windfarm project	Scheduled 2022	952	10.02	95
Under development	US	St. Joseph Phase II Thermal power	Scheduled 2023	Approx. 710	20	—
	UK・Germany	NeuConnect Interconnector	Scheduled 2026	—	18.3	—

*1 207.7 billion yen for international business investments is recorded to the consolidated balance sheet as of Dec. 31, 2021, including the eliminations by using the equity method.

*2 Some rounding errors may be observed.

- We aim to realize and provide services that support personal lifestyles and social activities using our advanced engineering and technical capabilities and become a leading business group in the evolution of the power transmission and distribution business both in Japan and abroad, by developing each area of "Power Transmission and Distribution", "Growth" and "Corporate Administration" as well as creating synergies between such areas.

Transmission and Distribution business

■ Ensuring stable supply

- In addition to maximizing the value of capital investment by formulating a more rational renewal plan based on facility risk assessment, we will strengthen our ability to respond to natural disasters in preparation for unprecedented disasters such as the Nankai megathrust earthquake.

■ Countermeasures for zero-carbon

- We will contribute to carbon neutrality by promoting the next generation of power networks, the foundation for carbon neutrality, through the advancement of grid control technology through the construction of VPPs using storage batteries and EVs in addition to the early and steady interconnection of new renewable energy sources.

■ Cost structure reform

- The Company aims to achieve the industry's top level cost structure by not only improving the efficiency of repair and maintenance costs and expenses, but also by realizing an appropriate level of capital investment in consideration of changes in the environment such as declining demand, and reducing procurement costs in cooperation with suppliers.



New business

- In the international business, we will aim to further expand earnings by developing investment businesses in addition to our existing initiatives.
- We will strive to enhance the corporate value of the Group by leveraging the strengths of the transmission and distribution group companies of Kansai Electric Power Co.

International business

- We will build an unwavering culture of safety and health, steadily implement business improvement plans, and improve productivity through fundamental business reforms.
- We will aim to reform our organizational culture by "instilling an organizational culture that acts from the customer's perspective," "fostering an open organizational culture," and "fostering an organizational culture that continues to seek genuine work".
- We will contribute to the development of local communities through the supply of safe, stable, and inexpensive electricity and efforts to achieve carbon neutrality.

- Working mainly with OPTAGE, Inc., a core company, we are conducting consumer business (FTTH, energy) centering around the Kansai region, in addition to mobile phone services targeting the whole country, as well as solution business, aiming to achieve over 45.0 billion yen of ordinary income by FY 3/2026.

Key Businesses and Accomplishments of IT/Communications Business

Consumer Service

MVNO

FTTH, etc.






House



Condominium




Corporate and
local government



Service operation center
(Watch 24hours 365days)

Data center


Corporate and
local government

【Results and target of Medium-term Management Plan】

(billion yen)	FY 3/2021 (Results)	FY 3/2022 -3Q (Results)	FY 3/2022 (Forecasts)	FY 3/2022 ~FY 3/2024 on average (Target)	FY 3/2026 (Target)
Ordinary income*	38.6	31.5	38.0	More than 35.0	More than 45.0

*excluding dividends received from consolidated subsidiaries and equity-method affiliates

FTTH Business

- We have been providing the optical fiber-based network, telephone and TV by the set in step with the diffusion of broadband. We have **acquired Approx. 1.70 million contracts** and stable profits. We have become the first to provide the 10G/5G services to respond the customers' needs for high-speed and large-capacity data communication.
- We have started to offer privileges for long-term subscribers and sell electricity and gas by the set in addition to providing high-quality support, **with the result of high commendation from customers.**

[Privileges for long-term subscribers] [External evaluation of customer satisfaction]

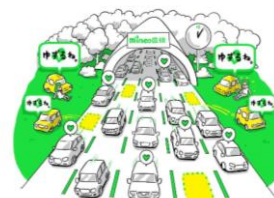


MVNO Business (mineo)

- We have **acquired Approx. 1.20 million contracts**. We started to provide 5G service and plan to renewal our fee plans to be more fascinated in February 2021, aiming to acquire more contracts.
- **Co-creation of services with customers** such as community site, "Yuzurune", **are resulting in high customer satisfaction.**

[Co-creation services Yuzurune]

[External evaluation of customer satisfaction]



Source: Mobile Marketing Data Lab.,
"Survey of low-cost SIM services
satisfaction for November 2020"

Outline of Life/Business Solutions business

28

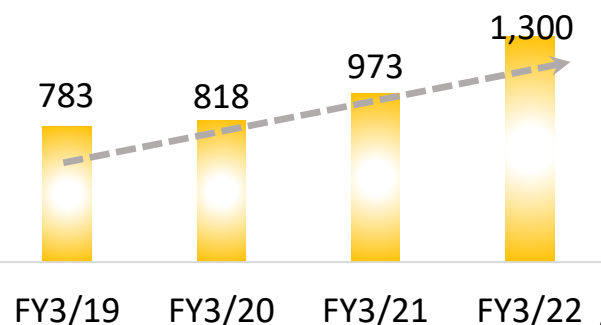
- As well as consolidated real estate business, such as real estate leasing, sales, management, and leisure, centered on the core company, Kanden Realty & Development Co., Ltd., the Group provides home security, healthcare temporary, staffing and other services that help peoples' life and business. We are proactively expanding business areas and business domains (diversifying revenue sources), aiming to achieve over 30.0 billion yen in ordinary income for FY 3/2026.

Real estate business

- In addition to the two pillars of housing sales and leasing, we will focus on asset management business for institutional investors as a third pillar, thereby creating a well-balanced portfolio that can withstand major market volatility.

[Results/planned number of units for sale]

[Overseas business]



Capital injection to Australian building fund

Housing sales and lease business mainly in the Kansai area

Area: Tokyo Metropolitan area, core cities nationwide, and overseas

Domain: Strengthen asset management business for institutional investors

[Results and target of Medium-term Management Plan]

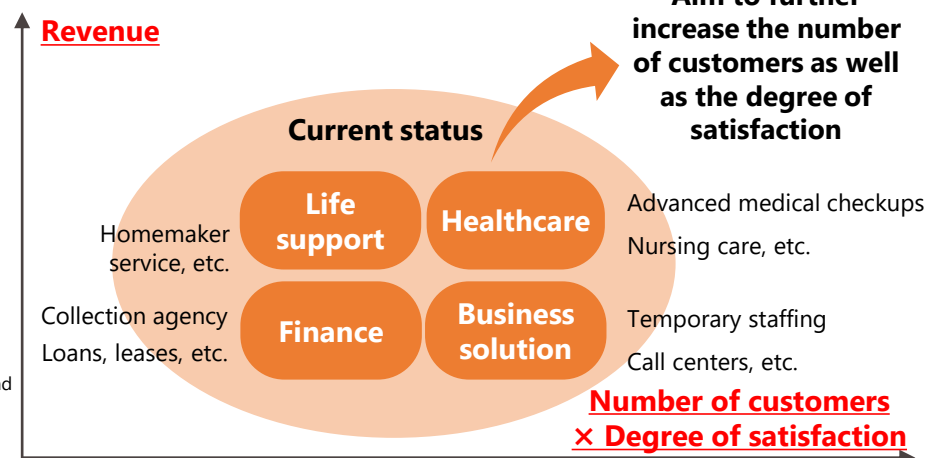
(billion yen)	FY 3/2021 (Results)	FY 3/2022 -3Q (Results)	FY 3/2022 (Forecasts)	FY 3/2022 ~FY 3/2024 on average (Target)	FY 3/2026 (Target)
Ordinary income*	16.5	13.4	18.0	More than 15.0	More than 30.0

*excluding dividends received from consolidated subsidiaries and equity-method affiliates

Businesses other than real estate

- Through provision of quality services that please customers, we will steadily increase the number of customers and customer satisfaction. At the same time, we will proactively work to develop new services and businesses with the use of digital technology.

Aim to further increase the number of customers as well as the degree of satisfaction



[Key services]

Life Support

Deliver safety and security through home/office security services
(Number of contracts as of the end of FY 3/2021 : Approx. 56,000)



Finance

Support life and business financially through loan, lease and collection agency services



Health care

In addition to advanced medical checkups and fine-tuned nursing care services, provide services that contribute to extended healthy life spans in the future.



[Kansai Medical Net]

- We address our response to global warming as one of our important management issues, and as a leading company of “low carbon initiatives”, have striven to reduce the environmental load of our business operations using both nuclear power and renewable energy, and have contributed to shape a low carbon society through measures such as maintaining and improving the thermal efficiency of our thermal power plants.
- On top of that, amidst the growing public outcry over climate change, as can be seen from the Japanese government’s declaration to commit to a carbon neutral society by 2050, we felt it necessary to take further positive actions of our own, and adopted a “Zero-Carbon Vision 2050” for the KEPCO Group on February 26, 2021.

The Kansai Electric Power Group Zero Carbon Vision 2050

【Commitments Toward 2050】

In an effort to create a sustainable society, the Kansai Electric Power Group, as **a leading company of zero-carbon energy**, is **aiming for activities including power generation by 2050** in order to combat global warming, while striving to increase energy independence to secure energy supply, with priority given to safety.

In addition, our group will mobilize its resources to support **decarbonization not only in the economic activities of our customers, but also across society as a whole.**

These efforts will be made through active cooperation with various parties, such as customers, business partners, the government, municipalities and research institutes.

【The Kansai Electric Power Group Zero Carbon Vision 2050 Three key approaches】

[1]Zero-carbon emissions on the demand side

As a zero-carbon solution provider, we are pleased to provide customers with the best available solution toward zero-carbon emissions along with supporting its implementation across all sectors such as residential, commercial, industry and transportation.

- Renewal of service menu leading to decarbonization
- System solutions combining distributed renewable energy and battery storage
- Electrification of energy consuming equipment in all sectors (through use of heat pump technology, etc.)
 - *The residential and commercial sectors will be fully electrified.
- Promoting the use of hydrogen, etc., targeting customers who need to meet heat demand
- Promotion of smart cities contributing to zero-carbon etc.

[2]Zero-carbon emission on the supply side

With priority given to safety, our group will seek to achieve the best energy mix which can lead to full decarbonization, ensure secure stable supply with an increasing energy self-sufficiency ratio, and enhance economic efficiency.

- Promotion of renewable energy sources to the fullest degree such as offshore wind power. And advanced power transmission and distribution for realization.
- Advanced operational protocols introduced to improve the operation rate, with priority given to safety, and installation, expansion or replacement of facilities, with options including next-generation light-water reactors, high-temperature gas-cooled reactors and SMRs *1
- Shift to power generation using zero-carbon fuels (hydrogen, ammonia, etc.) of thermal power and Introduction of CCUS technologies. *1. SMR : Small Modular Reactor etc.

[3]Seeking to create a hydrogen based society

As hydrogen is indispensable for a zero-carbon society, our group, as a key player working toward realizing a hydrogen-based society, will tackle the challenges to produce, transport and supply zero-carbon hydrogen with non-fossil fuels, in addition to using hydrogen for power generation.

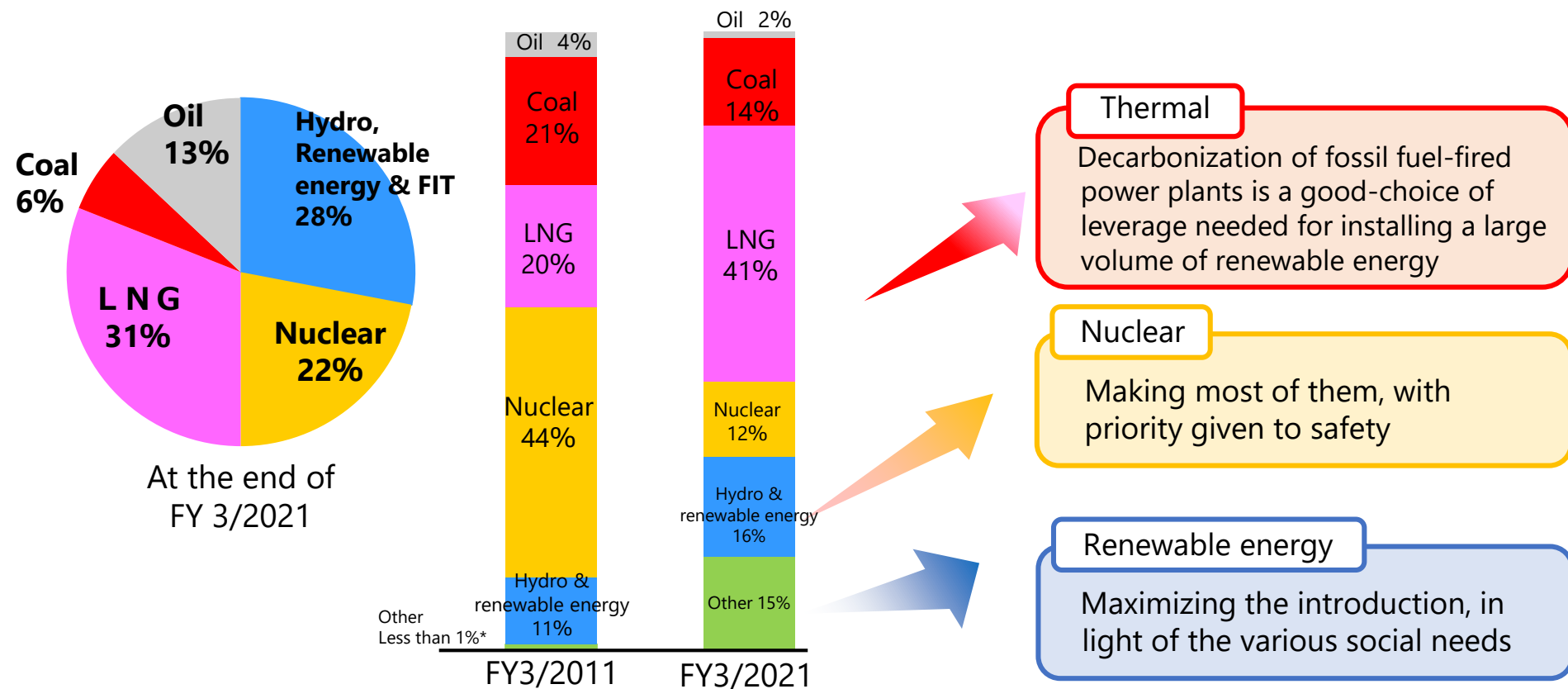
- Hydrogen production using electricity produced from renewable and nuclear energy
- Hydrogen production using heat source of nuclear energy
- Use of hydrogen as a fuel for thermal power
- Establishment of a hydrogen supply chain as an energy supplier etc.

KEPCO's power source composition

31

- Regarding our power mix, our stance is to maintain a diversity of energy sources because it is important to achieve all elements of "S + 3E" at the same time.
- We aim to build a power source portfolio for realizing a carbon-neutral society by 2050, by maximizing the use of non-fossil electric power sources such as renewable energies and nuclear power, and decarbonizing our thermal power plants that remain our best option for leveraging supply and demand.

<Total power generation capacity> (Only our company) <Total power source composition> (Including from other electric company)

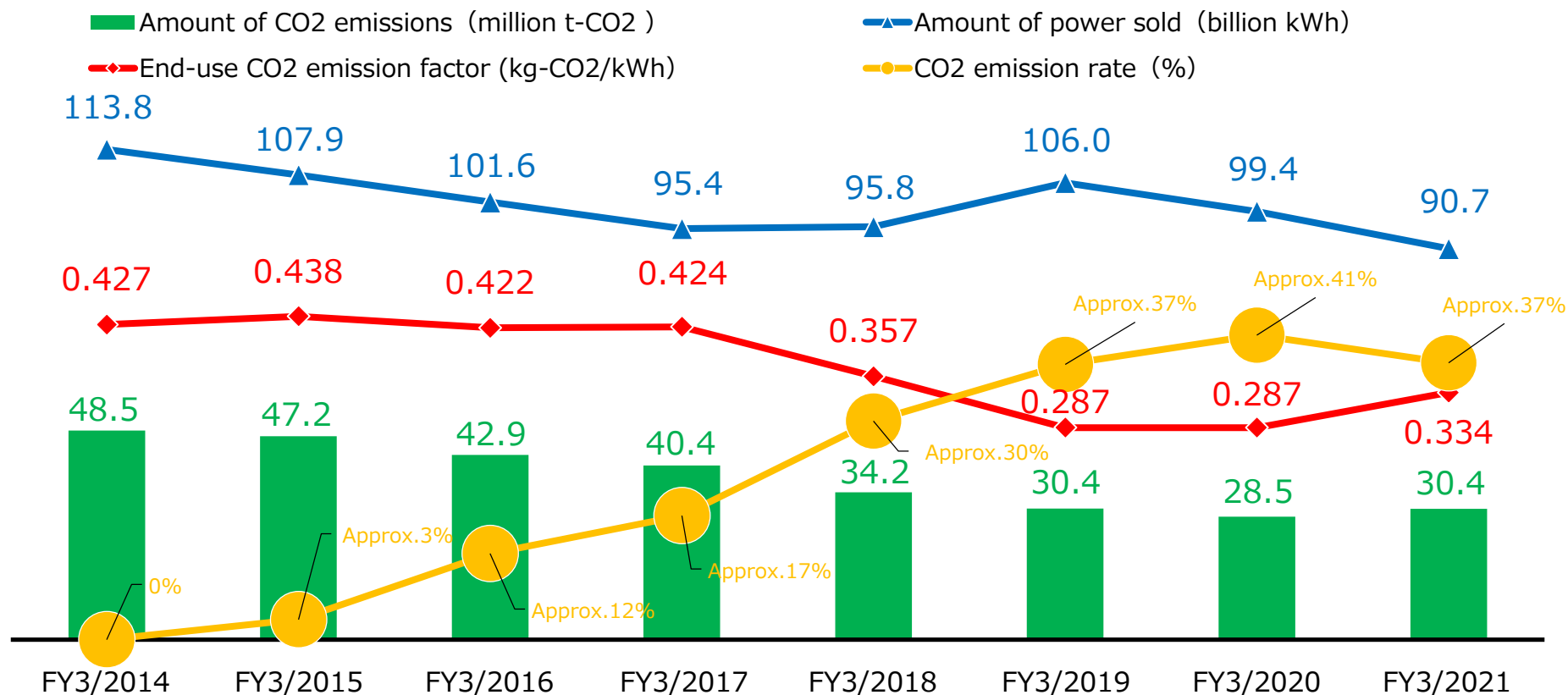


* Includes electricity whose suppliers cannot be specified, and which are procured in the wholesale power market or from other companies.

* Some rounding errors may be observed.

- In the KEPCO Group's medium-term management plan, we, as the leading company of "low carbon initiatives", set a goal of keeping the number-one position as a CO2-free electric power producer in Japan and reducing CO2 emissions from our power generating business in Japan in FY 3/2026 to half that of FY 3/2014. (The goal has been accelerated by five years.)
- In FY 3/2021, we finished No.1 in Japan in zero-carbon electricity generation, and we reduced CO2 emissions from the power generating business by approximate 40% compared to our performance level in FY 3/2014.




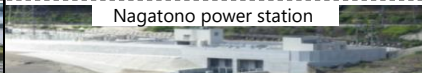
Change of KEPCO Group's power generating business in Japan in CO2 emission factor, etc.



- As a leading company of zero-carbon energy initiatives, the Group has been engaged in new power source development of more than 2 million kW, and aims to increase equipment capacity to 6 million kW for renewable energy sources in Japan and overseas by 2030s. We will continue to contribute to spreading and expanding renewable energy while at the same time gaining the understanding of local communities.
- Equipment capacity for renewable energy sources in Japan and overseas: Approx. 4,889 MW including power stations before operation.(as of January 28, 2022)

○ Domestic power stations

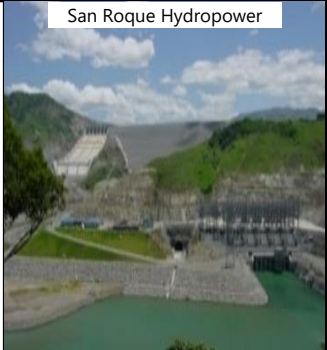
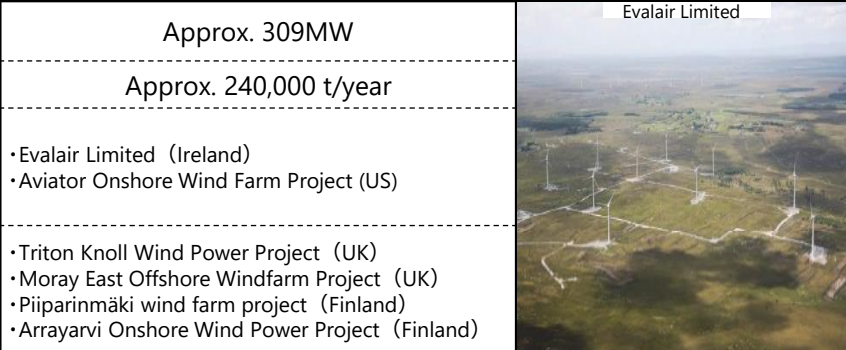
- Power stations in operation (completed): approx. 3,485MW; power stations before operation: approx. 349MW; Total: approx. 3,834MW (as of Jan. 28, 2022)

	Solar Power	Wind Power	Biomass Power	Hydro Power
Power source capacity of power stations in operation	Approx. 99MW	Approx. 18MW	Approx. 6MW	Approx. 3,363 MW
CO ₂ emission reduction	Approx. 24,000 t/year	Approx.15,000 t/year	Approx. 16,000 t/year	Approx. 5,060,000 t/year
Main power stations in operation	•Sakai Solar Power Station •Shizukuishi Solar Power Station etc.	•Awaji Wind Power •Tahara No.4 Wind Power Station	•Asago-shi Biomass Power Generation Business	•Nagatono power station (Upgraded) etc.
Power stations before operation	•Banshu Mega Solar Power Plant	•Akita Noshiro offshore wind power station •Nagasaki Goto offshore wind power station etc.	•Fukuoka Kanda-machi biomass •Fukushima Iwaki-shi biomass etc.	•Shin-Sakagami power station •Shin-Utsubo power station (temporary name) etc.
				

* CO2 emissions are calculated based on our CO2 emission coefficient in operation power scale in FY3/2021 with the national average coefficient 0.445kg-CO₂/kWh in FY 3/2020.

○ Overseas power stations

- Power stations in operation (completed): approx. 685MW; power stations before operation: approx. 370MW; Total: approx. 1,055MW (as of Jan. 28, 2022)

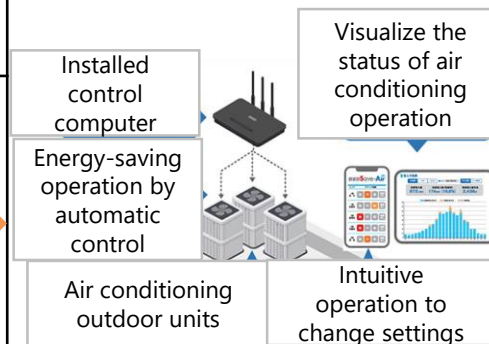
	Hydro Power	Wind Power
Power source capacity of power stations in operation	Approx. 376MW	Approx. 309MW
CO ₂ emission reduction	Approx. 500,000 t/year	Approx. 240,000 t/year
Main power stations in operation	•San Roque Hydropower (Philippines) •Ming Jian Hydropower (Taiwan) •Rajamandala Hydropower (Indonesia) •Nam Ngiep Hydropower (Laos)	•Evalair Limited (Ireland) •Aviator Onshore Wind Farm Project (US)
Power stations before operation	—	•Triton Knoll Wind Power Project (UK) •Moray East Offshore Windfarm Project (UK) •Piiparinmäki wind farm project (Finland) •Arrayarvi Onshore Wind Power Project (Finland)
		

Efforts to accelerate the digitalization

34

- In order to accelerate the digitalization, ca.70 billion yen is scheduled to be invested during the three years from FY 3/2020 to FY 3/2022.
- Both in terms of “dramatic productivity improvement” and “new value creation”, we are promoting Approx. 400 projects not only in business areas like transmission, distribution and sales but also indirect areas like administration.

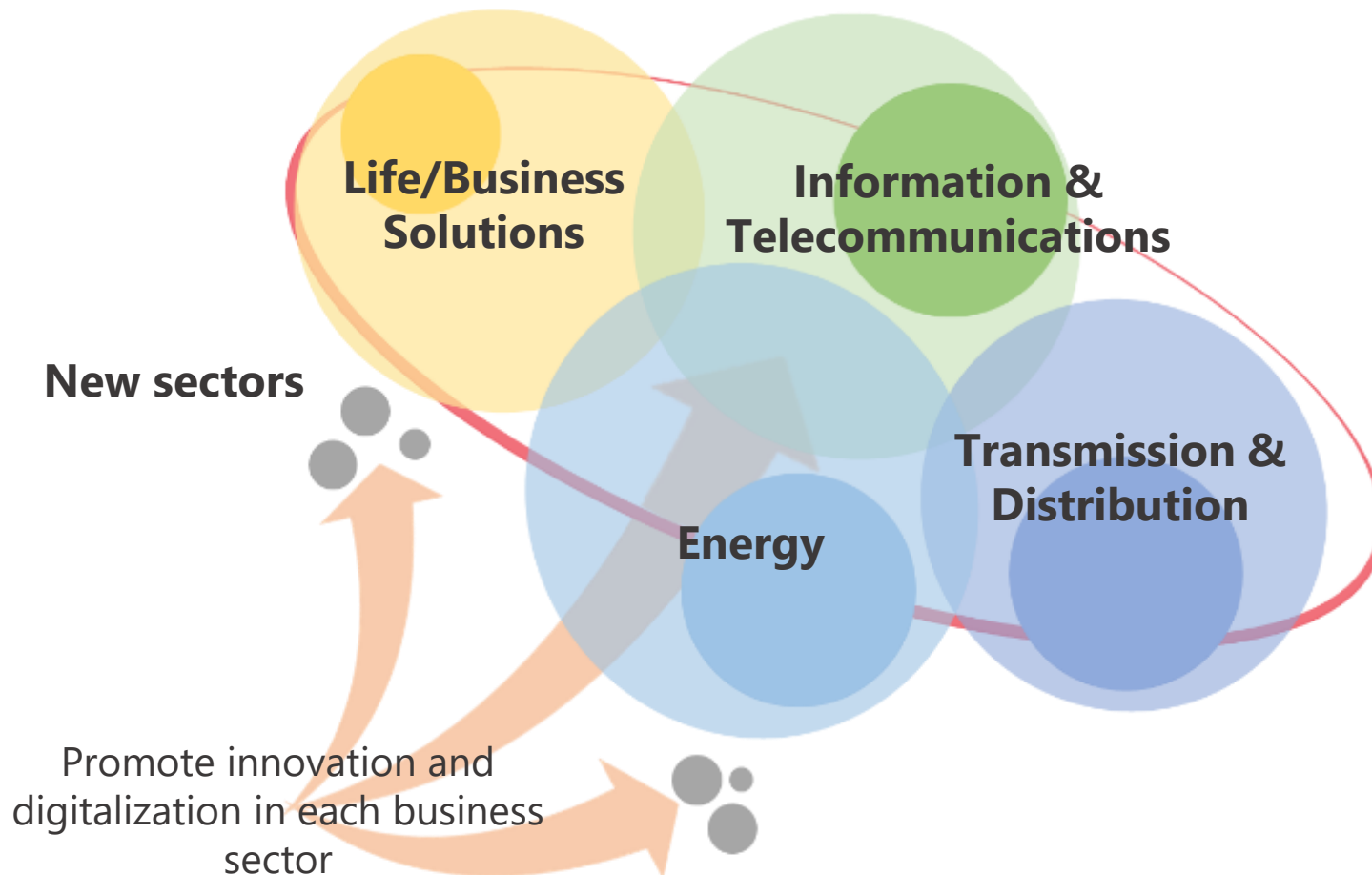
Category		Specific Projects
Dramatic Productivity Improvement (Approx. 360)	Big Data & AI etc. (Approx. 210)	<ul style="list-style-type: none"> • Development of a program that uses AI to automatically detect ice flow/snow at hydropower plants • Automatic discrimination system of the person entering the river by image analysis • K-VaCS, a remote monitoring service of thermal power plants using IoT • Fuel optimization at coal-fired thermal power plants • Automatic response system for outage information using AI, etc.
	Drones & Robots etc. (Approx. 30)	<ul style="list-style-type: none"> • Introduction of the automated tracking inspection technique of overhead wires using drones on a trial basis • Piping and canal inspections at hydropower plants and stack inspections at thermal power plants by using drones • Automatic patrol robot at thermal power plant • Remote support system using smart glasses, etc.
	RPA Robotic Process Automation (Approx. 120)	<ul style="list-style-type: none"> • Automating work for transcribing customer information • Automating entry of accounting slips • Automating acceptance and entry of a customer contract, etc.
New Value Creation (Approx. 40)		<ul style="list-style-type: none"> • Home appliance control services of “Hapi-e Rimo +”, working with smart remote controllers and smart speakers • Air conditioning control services of “Omaka-Save-Air”, installed with AI automatic tuning function and making it possible to realize “energy saving” and “comfort” at the same time • “Energy 2.0”, AI-based cloud saving support service • “K-VIPs”, an integrated platform system that supports operation of virtual power plants, etc.



(1) What We Aspire to Become

With **Energy, Transmission & Distribution, Information & Telecommunications, and Life/Business Solutions** positioned as our core businesses, we will keep creating new value in areas around these sectors as well as where they overlap.

As the operator of a platform providing both social infrastructure and services, we aim to continuously serve our customers and communities, while contributing to attaining a sustainable society.



(2) Key Initiatives

Basic premise of our business operations

Firmly establishing governance and promoting compliance

In light of our reflection on the receipt of cash and gifts and other issues, we will do our utmost to restore trust.

Key Initiatives

KX : Kanden Transformation

1

**Seeking to achieve
zero-carbon emissions**

EX: *Energy Transformation*

With the accelerating global trend of decarbonization, to meet expectations for contributing to the attainment of a sustainable society, we will promote efforts toward the realization of Kansai Electric Power Group's "Zero Carbon Vision 2050."

2

**Transforming
into a service provider**
VX: *Value Transformation*

Beyond our conventional large-scale asset-centered business, we will deal with needs and issues based on the customer's viewpoint, thereby being reborn as a corporate group that continuously provides new value to its customers.

3

**Building a robust
corporate constitution**
BX: *Business Transformation*

We will speed up cost structure reform, innovation, digitalization and workstyle innovation.

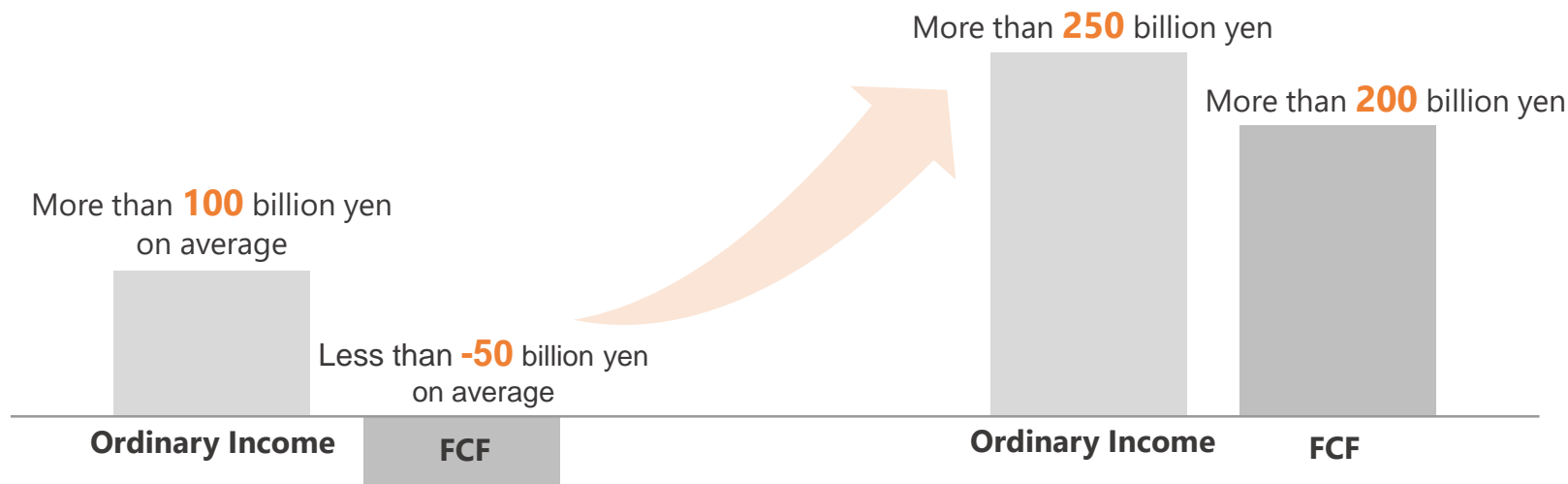
(3) Financial Goals

Over three fiscal years from 2021 to 2023, we will complete business structural reforms while anticipating a decline in profits. We will make investment in growth opportunities as well as construction work to ensure nuclear safety for the future.

In fiscal 2025, we will put our business on a growth track and take another leap forward.

	FY 3/2022 – FY 3/2024	FY 3/2026
Ordinary Income	More than 100 billion yen averaged over three years	More than 250 billion yen
FCF	Less than -50 billion yen averaged over three years	More than 200 billion yen
	Register a surplus across total income booked between FY 2021 and FY 2025	
Equity Ratio	More than 20%	More than 23%
ROA(*)	More than 1.5% averaged over three years	More than 3.5%

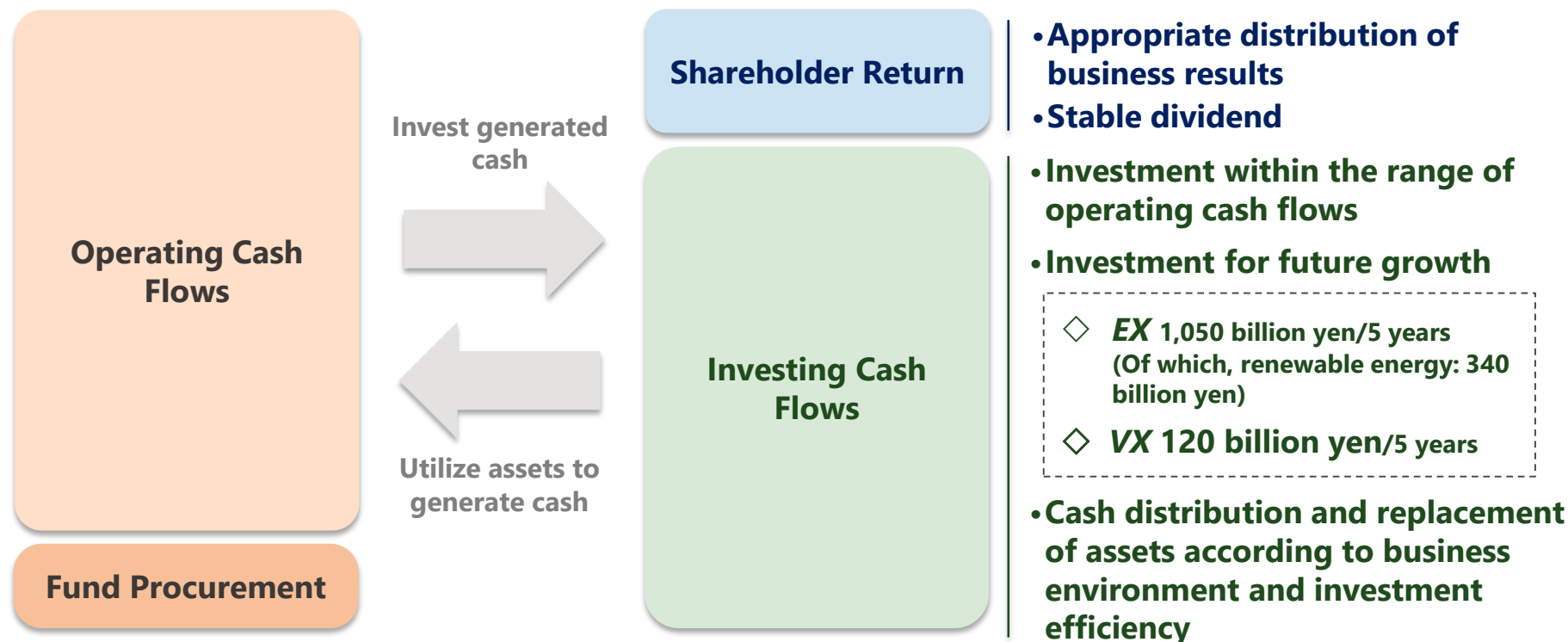
(*) ROA [Return on total assets] = Operating income [Ordinary income + Interest expense] / Total assets [Beginning and ending balance average]



[Reference] ROE (Return on equity = Net income / Shareholders' equity [Beginning and ending balance average]) when the above goals are achieved: about 4% for FY 2021-2023, about 10% for FY 2025

(4) Cash Distribution and Shareholder Return Policy

Concept of cash distribution



Shareholder Return Policy

Our shareholder return policy is that, as the Kansai Electricity Power Group, we seek to improve corporate value and appropriately allocate business results to shareholders. We aim to deliver stable distribution while ensuring financial soundness.

For further information

Planning Group (Investor Relations)
Office of Accounting and Finance
The Kansai Electric Power Co., Inc.

E-mail : finance@kepco.co.jp
Website : <http://www.kepco.co.jp>

Financial forecasts are subject to change depending upon the changes of business environments and other conditions.