

Medium-term Management Plan

KXX *Kanden Transformation*

EX
Energy Transformation

VX
Value Transformation

BX
Business Transformation

Kansai Electric Power Group Medium-term Management Plan (2021–2025)

Based on our new management philosophy, we have formulated the Kansai Electric Power Group Medium-term Management Plan (2021-2025), a five-year action plan, aiming to achieve sustainable growth while responding to the changing business environment.

Under the Plan, which positions firmly establishing governance and promoting compliance as the basic premise in business operations, we seek to achieve zero-carbon emissions, transform into a service provider, and build a robust corporate constitution toward the realization of “Kanden Transformation.” In line with the Plan, from fiscal 2021 to 2023, along with the completion of business structural reforms, we will steadily move forward with initiatives for future growth, and put the Group on a growth track to take the next leap forward in 2025.

1 | Review of the Medium-term Management Plan Based on the Business Environment

■ Environmental changes since the formulation of the Medium-term Management Plan (2019-2021)

Society

- The trend of decarbonization is gaining speed as exemplified by Japan's 2050 Carbon Neutral Declaration.
- Social changes such as the digitalization of business caused by the novel coronavirus pandemic has accelerated the trend toward DX.

Energy Business

- Amid sluggish demand, massive introduction of renewable energy coupled with falling crude oil prices has led to a substantial decline in the electricity market price.
- Intensifying competition with power producers and suppliers (PPSs), etc. and the COVID-19 pandemic have pushed down our electricity sales volume.
- With the fall in electricity sales volume and unit selling prices, it will take us a reasonable time to reform cost structures accordingly, making it difficult to achieve our financial goals.

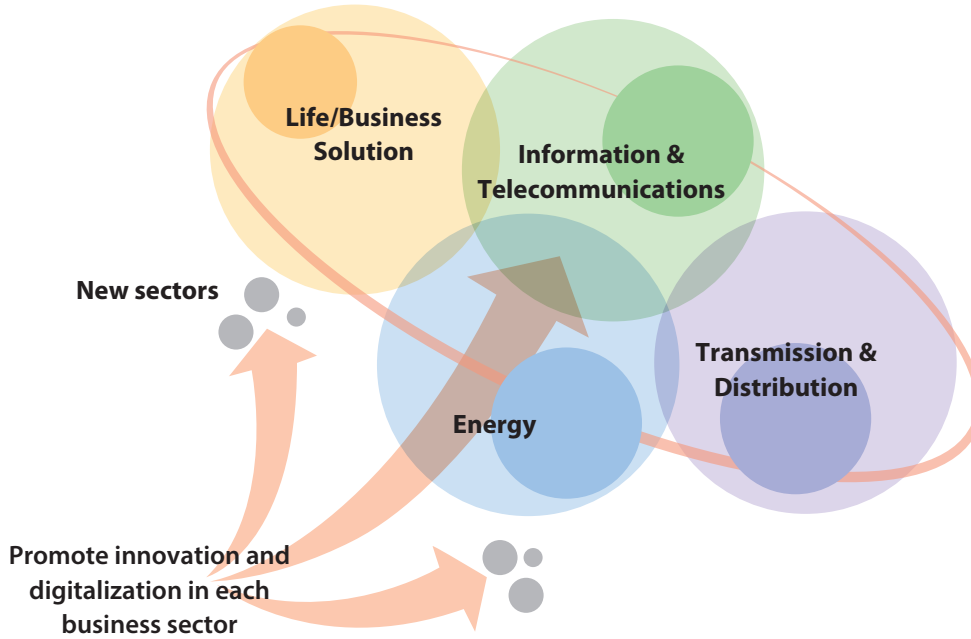
Directions to take

In 2025, we will put the energy business on a growth track to take another leap forward by moving ahead with a drastic structural reform, by operating all seven reactors in our nuclear power plants, by providing new value through various solutions, and by other means. We have reviewed our Medium-term Management Plan in order to create a concrete action plan to deliver on these goals.

2 | What We Aspire to Become

With Energy, Transmission & Distribution, Information & Telecommunications, and Life/Business Solution 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.



3 | Key Initiatives

■ Basic premise of our business operations

Firmly establishing governance and promoting compliance

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

■ Key initiatives

KX: Kanden Transformation

- | | |
|---|---|
| 1 Seeking to achieve zero-carbon emissions <i>EX: Energy Transformation</i> | 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 the Kansai Electric Power Group's Zero Carbon Vision 2050. |
| 2 Transforming into a service provider <i>VX: Value Transformation</i> | 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 <i>BX: Business Transformation</i> | We will speed up cost structure reform, innovation, digitalization and workstyle innovation. |

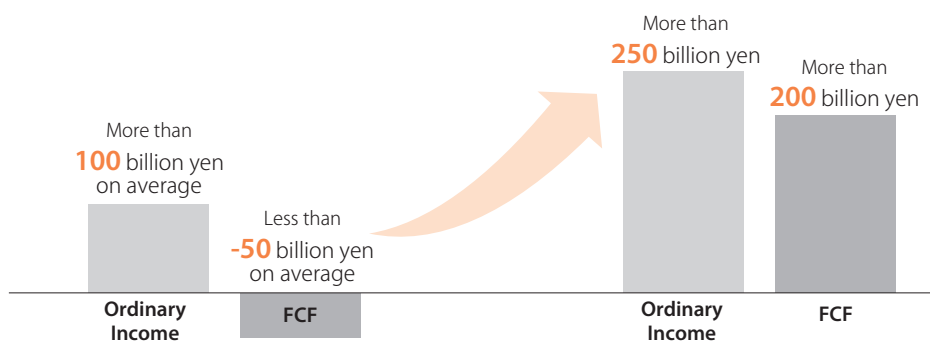
Medium-term Management Plan

4 | 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 2021-2023 | FY 2025 |
|--|--|----------------------------------|
| 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% |

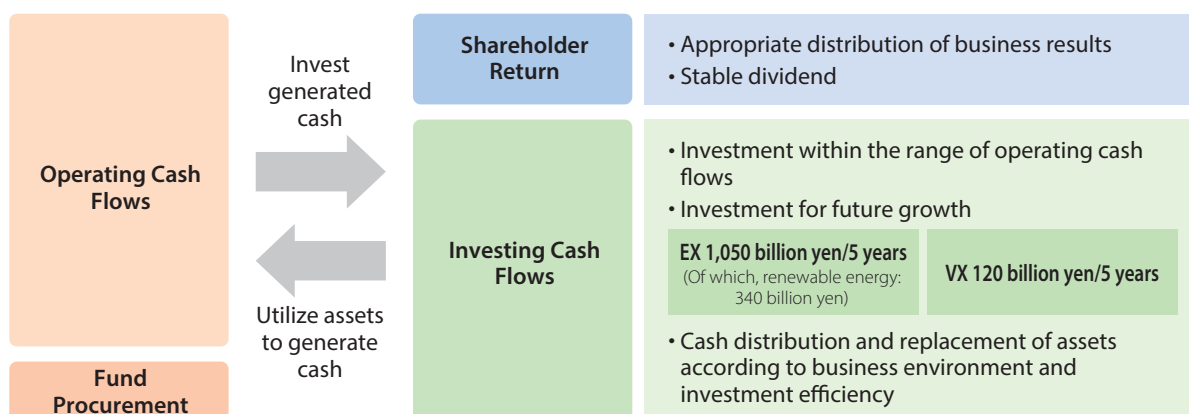
* ROA [Return on total assets] = Operating income [Ordinary income + Interest expense] / Total assets [Beginning and ending balance average]



[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

5 | Cash Distribution and Shareholder Return Policy

■ Concept of cash distribution



■ Shareholder Return Policy

Our shareholder return policy is that, as the Kansai Electric 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.

6 | Directions to Take in Each Business Segment

Energy Business

Directions to take

- 1 Promote thorough cost structure reform to restore profitability in the energy business. [Business Transformation](#)
 - 2 Work toward realizing “zero-carbon power sources” including zero-carbon thermal power, nuclear power and renewable energy, as well as verifying and demonstrating hydrogen energy utilization. [Energy Transformation](#) [Value Transformation](#)
 - 3 Provide new value through various solutions to increase profitability, while promoting electrification or *Denka*. [Value Transformation](#)
- ▶ See “Energy Business” on page 39 for details.

Reference: Overseas Energy Business

Directions to take

- 1 Promote energy businesses that contribute to achieving zero-carbon society. [Energy Transformation](#)
 - 2 Provide solutions related to our customers’ energy usage. [Value Transformation](#)
 - 3 Improve profitability by utilizing our business know-how and leveraging our network. [Business Transformation](#) [Value Transformation](#)
- ▶ See “Overseas Energy Business” on page 49 for details.

Transmission & Distribution Business

Directions to take

- 1 Build an industry-leading cost structure and improve productivity. [Business Transformation](#)
 - 2 Transform grids for the next generation, which will form the basis of zero-carbon society. [Energy Transformation](#)
 - 3 Along with wheeling service, operate businesses in new sectors. [Value Transformation](#)
 - 4 Respond appropriately to the new wheeling pricing system scheduled to be introduced in fiscal 2023. [Business Transformation](#)
- ▶ See “Transmission & Distribution Business” on page 51 for details.

Information & Telecommunications Business

Directions to take

- 1 Demonstrate overwhelming competitiveness in information and communication infrastructure services in the Kansai region, and increase profits. [Business Transformation](#) [Value Transformation](#)
 - 2 Promote provision of high value-added services and creation of new solutions that contribute to increasing the value of information and communication infrastructure services as well as operating outside the Kansai region. [Value Transformation](#) [Energy Transformation](#)
- ▶ See “Information & Telecommunications Business” on page 55 for details.

Life/Business Solution Business

Directions to take

- 1 Engage in comprehensive real estate businesses to meet all real estate needs with a well-balanced combination of condominium, leasing and fee businesses*, aiming to increase profit. [Business Transformation](#) [Value Transformation](#)
 - 2 Besides real estate, in highly competitive businesses where we can leverage our Group’s strengths, aim to provide high value-added services seeking further increases in profit. [Value Transformation](#)
- * A type of business that earns fee-based incomes, through providing real estate-related services, such as building management and customer asset management
- ▶ See “Life/Business Solution Business” on page 57 for details.

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Financial Goals by Business Segment

| | | FY 2021-2023 | FY 2025 |
|---|------------------------|-------------------------------------|---------------------------|
| Energy Business | Ordinary income | Surplus | More than 130 billion yen |
| | ROA (Return on assets) | More than 0.3% | More than 2.0% |
| Transmission & Distribution Business | Ordinary income | More than 50 billion yen on average | More than 50 billion yen |
| | ROA (Return on assets) | More than 2.0% | More than 2.0% |
| Information & Telecommunications Business | Ordinary income | More than 35 billion yen on average | More than 45 billion yen |
| | ROA (Return on assets) | More than 10.0% | More than 11.5% |
| Life/Business Solution Business | Ordinary income | More than 15 billion yen on average | More than 30 billion yen |
| | ROA (Return on assets) | More than 2.0% | More than 3.0% |

Efforts Common to All Business Segments

■ Create new value Value Transformation Business Transformation

□ Promoting innovation

- Expand and deepen open innovation that draws on the mutual strengths of various business operators through K4 Ventures, etc.
- Foster a customer-oriented organizational culture and develop human resources for innovation through programs calling for new business ideas and business contests, etc.
- Deepen existing Energy, Information & Telecommunications and Life/Business Solution businesses through the exploration of opportunities in new sectors*

* Agriculture and food, social infrastructure, life design, culture and entertainment

□ Examples of commercialization



□ Utilizing digital technologies

- Realize new solutions and improve the customer experience taking advantage of IoT, prediction and optimization technologies.
- Promote data-based business activities, such as data infrastructure development, AI-driven analysis and sophisticated decision-making.
- Support the application of digital technologies to new businesses via a digital expert (K4 Digital).

■ Enhance our procurement function Business Transformation

□ Promoting value analysis

- By strengthening our procurement function and cooperating with operating divisions from the planning stage, we can closely examine capital investment, etc. from every perspective of the value chain.

■ Enhance our human capital foundations Business Transformation

□ Promoting safety, “workstyle” innovation, and health and productivity management

- Pursue safety activities toward zero accidents.
- Accelerate high value-added jobs and flexible workstyles utilizing digital technologies without time and place constraints.
- Continue with health activities involving the entire workplace and go a step further to promote line care (mental health care).

□ Improving “human capital”

- Actively recruit women and promote them to managerial positions. Also, increase mid-career hiring opportunities to secure and promote diversity in human resources.
- Support growth in innovation/digital human resources by enhanced training to encourage creativity and in-house recruitment systems.
- Support individual employees, who are responsible for innovation, to change their awareness and behaviors and grow at a faster pace.