

Medium-term Management Plan

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

KXX *Kanden Transformation*

EX

Energy Transformation

VX

Value Transformation

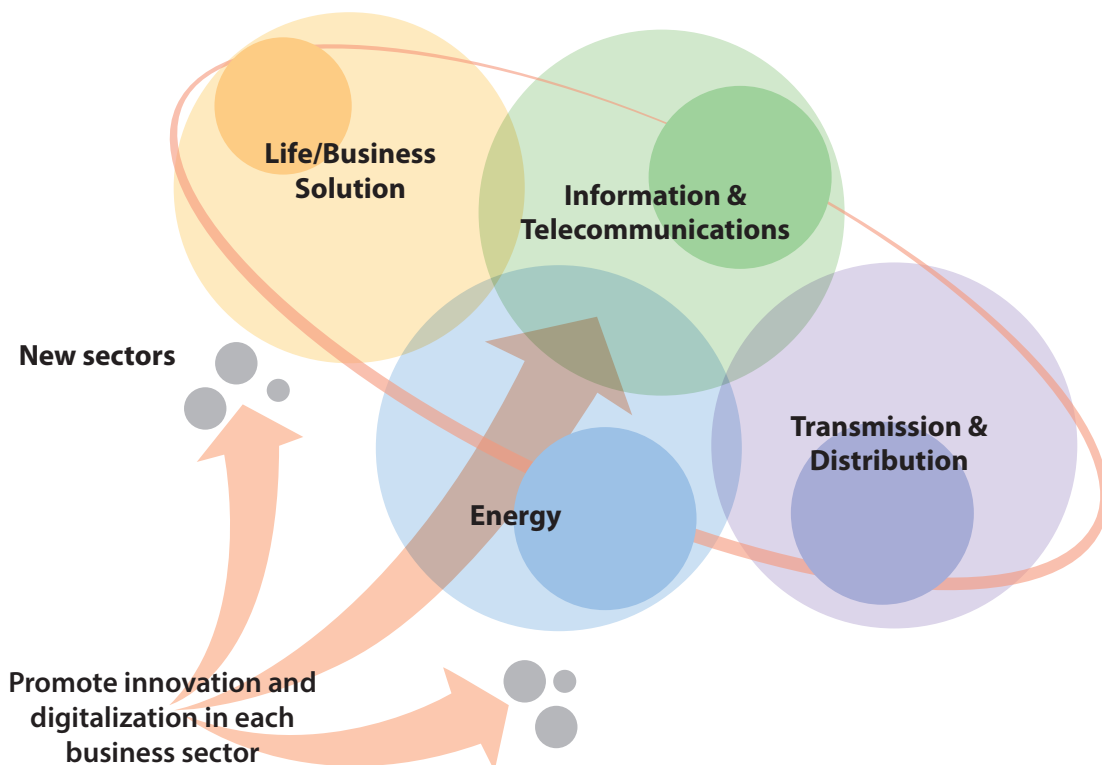
BX

Business Transformation

1 | 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.



2 | 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

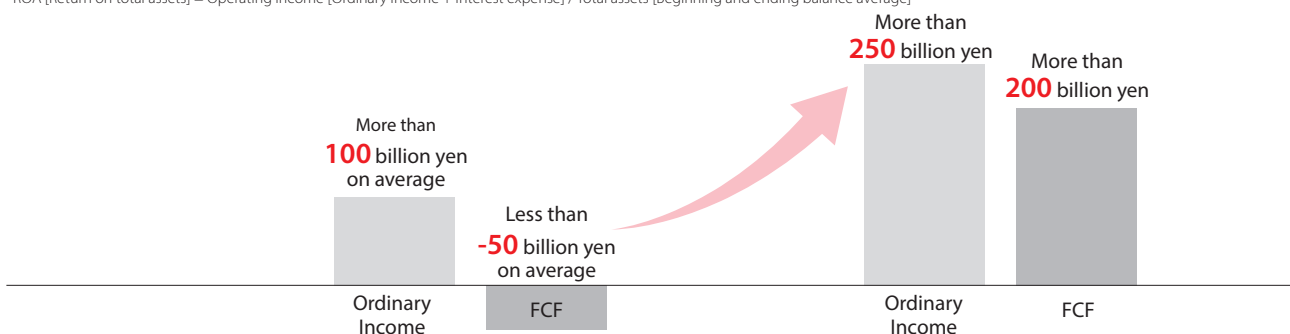
1	Seeking to achieve zero-carbon emissions <i>EX: Energy Transformation</i>	With the accelerating global trend of decarbonization, to meet expectations for contributing to the attainment of a sustainable society, we will promote efforts toward the realization of the Kansai Electric Power Group's Zero 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.

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 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]



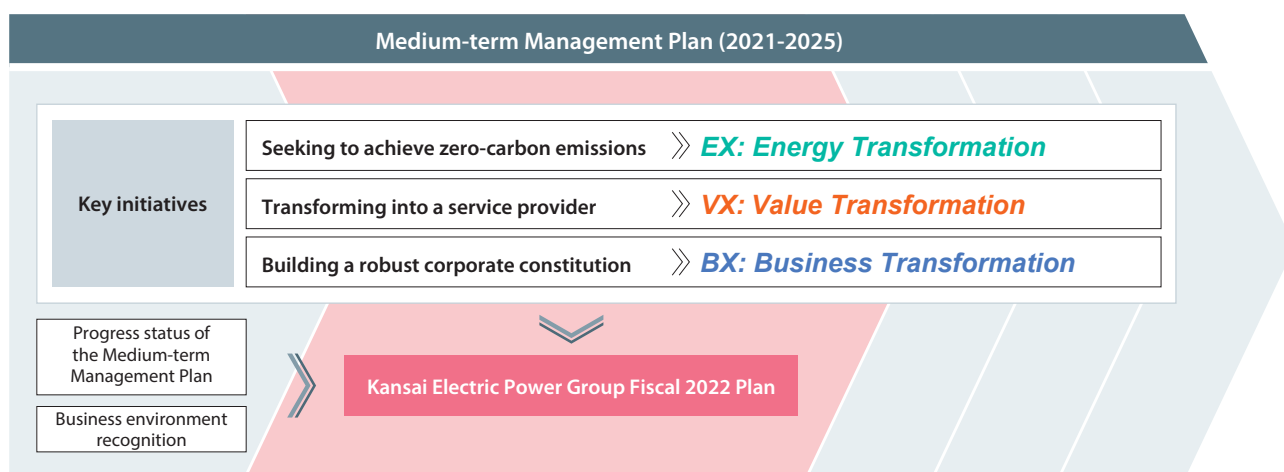
[Reference] ROE (Return on equity = Net income / Shareholders' equity [Beginning and ending balance average]) when the above goals are achieved: about 4% for FY 2021-2023, about 10% for FY 2025

Medium-term Management Plan

Fiscal 2022 Plan

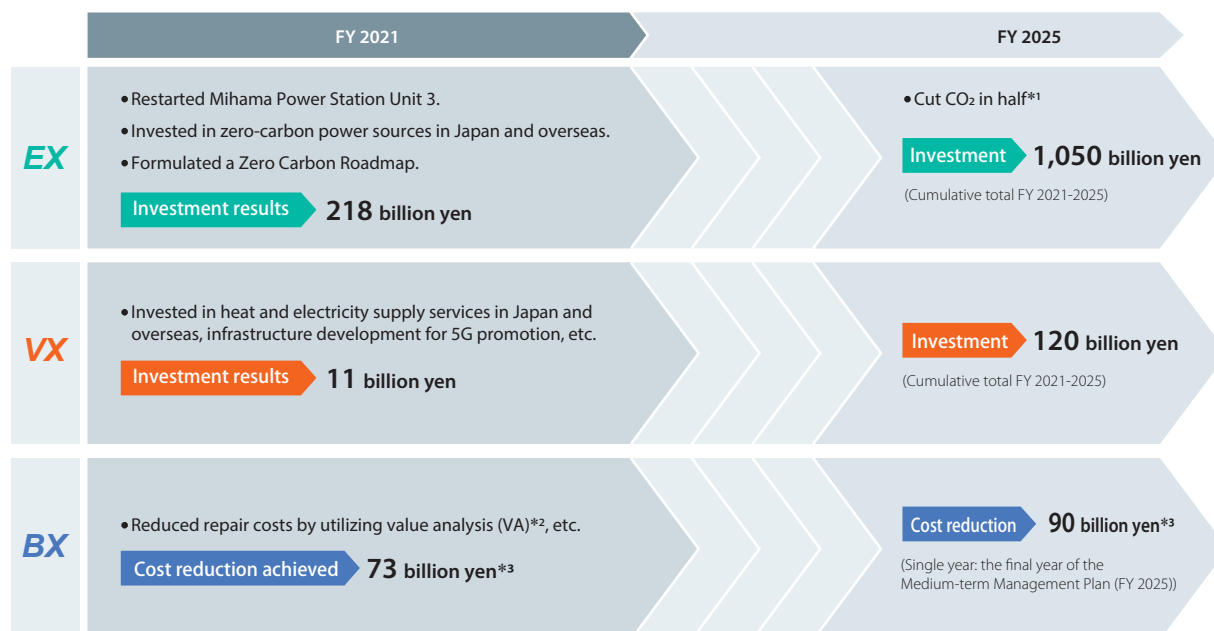
In April 2022, the Group formulated the Kansai Electric Power Group Fiscal 2022 Plan based on the progress status of the Kansai Electric Power Group Medium-term Management Plan (2021-2025) and business environment recognition.

Positioning of the Kansai Electric Power Group Fiscal 2022 Plan



Progress status of the Medium-term Management Plan

In fiscal 2021, we made steady efforts in line with the three key initiatives. By achieving the goals of the Medium-term Management Plan, we will put our Group on a growth track to make the next leap forward.



*1: CO₂ emissions from power generation (compared to FY 2013)

*2: Capital investments, etc., were closely examined from every perspective of the value chain in collaboration with operating divisions from the planning stage.

*3: Cost reductions from the planned value at the time of formulating the Medium-term Management Plan

Business environment recognition

Amid concerns over economic recession and increasing uncertainty in the energy market due to the impact of developments in Ukraine and other factors, we need to assess impacts on the energy business.

	At the time of formulation of the Medium-term Management Plan (March 2021)	Current business environment (April 2022)
Society	<ul style="list-style-type: none"> Accelerating trend toward decarbonization (2050 Carbon Neutral Declaration) COVID-19-triggered acceleration of DX 	<ul style="list-style-type: none"> Growing uncertainty in the energy market due to the impact of developments in Ukraine and exchange rate fluctuations Further accelerated trend toward decarbonization, emerging in various forms in the energy business <ul style="list-style-type: none"> Formulation of the Strategic Energy Plan toward decarbonization (Priority on renewable energy, decarbonized thermal power (hydrogen/ammonia power generation)) Accelerated development of renewable energy through ESG investment Soaring resource prices due to restraints on fossil resource development Increasing importance of digital infrastructure development that supports DX (5G, telecommunications networks, data centers, resilience enhancement, economic security)
Energy business	<ul style="list-style-type: none"> Sluggish demand Massive introduction of renewable energy Falling crude oil prices Decline in electricity trading prices 	

Direction of FY 2022 initiatives

It is precisely in the face of growing uncertainty in the energy market that we need to further deepen cost structure reforms that can be carried out by our self-supporting efforts and maximize the use of nuclear power generation, which is less susceptible to fossil fuel prices, with the highest priority on safety. Therefore, the three key initiatives (EX, VX, and BX) set forth in our Medium-term Management Plan are becoming increasingly important, and will remain priority items for the Group to work on.

Main efforts in FY 2022

EX Seeking to achieve zero-carbon emissions

- Continue with safe and stable operations of nuclear, renewable, and thermal power plants.
- Make steady progress toward operation of the seven nuclear reactors, including completion of construction of a nuclear counterterrorism facility*1.
- Steadily promote the nuclear fuel cycle.
- Enhance structure for offshore wind power generation, utilize knowledge and know-how originating from domestic and overseas offshore wind power projects, and accelerate development in cooperation with other companies.

- Establish and expand corporate PPA*2 businesses to meet customers' renewable energy needs.
- Conduct surveys and verification toward co-firing and exclusive firing of hydrogen at our existing thermal power plant.

*1: Special facilities to deal with designated severe accidents

*2: Long-term power purchase agreement between companies, which are electricity users, and power generation companies

Investment	FY 2021 results	Fiscal 2022 Plan	Medium-term Management Plan (2021-2025)
EX	218 billion yen	270 billion yen	1,050 billion yen (Cumulative total FY 2021-2025)

VX Transforming into a service provider

- Promote the sale of set menus packaging energy and electrified equipment, and expand the range of equipment included in such menus.
- Provide a "Zero Carbon Package," a one-stop solution for decarbonization.

- Expand services providing EVs and charging/discharging systems, etc. as a single package.
- Expand businesses related to data centers.
- Actively promote development of ZEH and ZEB (Net Zero Energy House and Building).

Investment	FY 2021 results	Fiscal 2022 Plan	Medium-term Management Plan (2021-2025)
VX	11 billion yen	30 billion yen	120 billion yen (Cumulative total FY 2021-2025)

BX Building a robust corporate constitution

- Further deepen cost structure reform.
- Reduce costs of materials and equipment, carefully select construction projects, and review quantities and unit prices by promoting value analysis on the premise of safe and stable power supply.

Cost reduction*	FY 2021 results	Fiscal 2022 Plan	Medium-term Management Plan (2021-2025)
BX	73 billion yen	60 billion yen	90 billion yen (Single year: the final year of the Medium-term Management Plan (FY 2025))

*Cost reductions from the planned value at the time of formulating the Medium-term Management Plan