

Unaudited Financial Release (Consolidated) for the Third Quarter

The information below is an English translation of extracts from Unaudited Financial Release (Consolidated) for the third quarter that has been filed with the major Japanese stock exchanges (Tokyo) for public inspection. These financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

January 31, 2023

The Kansai Electric Power Co., Inc. (Code: 9503)

6-16 Nakanoshima 3-chome, Kita-ku, Osaka

(URL <https://www.kepco.co.jp/>)

Company Representative: Nozomu Mori, Director, Representative Executive Officer, President

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I. Performance over the Nine-Months ended December 31, 2022 and 2021

(Figures are rounded down to the nearest million yen)

1. Results of Operations

	<u>Nine-Months ended December 31</u>		<u>Change</u>	
	2021	2022	21/20	22/21
Operating Revenues	1,949,771	2,773,136	-10.7%	42.2%
Operating Income	88,331	-219,325	-38.2%	—
Ordinary Income *	114,703	-177,789	-28.8%	—
Net Income attributable to owners of the parent	73,588	-124,427	-36.1%	—
Net Income per Share	82.42 yen	-139.41 yen	—	—
Fully Diluted Net Income per Share	—	—	—	—

Comprehensive income

Nine-months ended December 31, 2022: 22,094 million yen

Nine-months ended December 31, 2021: 28,667 million yen

Notes: Ordinary Income means Income before Provision for/Reversal of Reserve for Fluctuations in Water Level, Special Item and Income Taxes.

2. Financial Position

	As of March 31, 2022	(Million yen) As of December 31, 2022
Total Assets	8,656,430	8,891,519
Net Assets	1,705,557	1,692,443
Equity Ratio	19.2%	18.5%

Notes: Equity capital

As of December 31, 2022: 1,640,581 million yen

As of March 31, 2022: 1,659,574 million yen

II. Dividends

	Interim dividend per share	Year-end dividend per share	Annual dividend per share
FY 3/2022	25.00 yen	25.00 yen	50.00 yen
FY 3/2023	25.00 yen	—	—

Notes: The year-end dividend forecasts for the fiscal year ending March 31, 2023 have not been determined at this time.

III. Financial Forecasts

	(Billion yen) 4/1/2022 – 3/31/2023 (Forecasts)
Operating Revenues	4,050
Operating Income	-100
Ordinary Income	-55
Net Income attributable to owners of the parent	-45
Net Income per Share	-50.42 yen

IV. Other

1. Change in major consolidated subsidiaries: None
2. Difference in major accounting methods from the latest consolidated financial year: None
3. Number of shares outstanding (included Treasury stock)

As of December 31, 2022:	938,733,028 shares
As of March 31, 2022:	938,733,028 shares
4. Number of Treasury stock

As of December 31, 2022:	46,228,598 shares
As of March 31, 2022:	46,248,567 shares
5. Number of Average stock

As of December 31, 2022:	892,501,869 shares
As of December 31, 2021:	892,891,402 shares

Notes: We have adopted BIP (Board Incentive Plan) Trust mechanism, and the number of treasury stock at year end includes our shares held by said trust account (474,378 shares as of December 31, 2022). Additionally, our shares held by said trust account are included in treasury stock that is deducted in the calculation of the number of average stock.

Notification

(Report the decision of specific measures and the progress of the business improvement plan)

We offer our most sincere apologies for the inconveniences and concern placed upon our customers, shareholders, investors and other parties involved regarding issues such as company executives and employees receiving cash and gifts from external stakeholder.

In response to the Business Improvement Order issued against The Kansai Electric Power Co., Inc. (KEPCO) on March 29, 2020 under the Electricity Business Act in connection with this issue, KEPCO developed a business improvement plan for recurrence prevention on March 30, 2020 and reported the decision of specific measures to prevent reoccurrences and the progress of them to the Ministry of Economy, Trade and Industry on June 29, October 13, 2020 and March 2, December 27, 2021.

For the detail of the progress of the Business Improvement Plan, please refer our website.

We will ensure the implementation of those measures. And then we will follow up the implementation in light of external objective perspectives and if we need, we will add the improvement measures.

All officers and employees will make best efforts for recovery of trust, with an unwavering resolve to create completely new KEPCO.

(The inspection by the Japan Fair Trade Commission)

We were inspected by the Japan Fair Trade Commission (hereafter the “JFTC”) based on the Antimonopoly Act, on suspicion of the restricting to acquire customers in extra-high voltage and high voltage power service on April 13 and July 13, 2021. On this occasion, we accept the fact that the inspection was conducted in a solemn manner, and we will fully cooperate with the inspection of the JFTC.

Depending on the progress of this matter, this could affect our consolidated financial results. However, it is difficult to estimate the impacts rationally at present, and we do not reflect the impacts to our consolidated financial statements and forecasts.

(Issues concerning the inappropriate handling of information on customers of other power producers and suppliers and the leakage of the information on the customers)

With respect to issues that The Kansai Electric Power Co., Inc. (Kansai) browsed and used information on customers of other power producers and suppliers and that Kansai Transmission and Distribution, Inc. (Kansai Transmission and Distribution) leaked the information on the customers, we sincerely apologize because we inappropriately handled the information on the customers and brought about situations shaking fair competitions among power producers and suppliers.

Responding to this case, Kansai established on January 31, 2023 and Kansai Transmission and Distribution established on January 30, 2023 their respective “Emergency Response Committee” and “Investigation and Reform Committee” chaired by their respective Presidents. These Headquarters and Committees will investigate facts and identify causes relating to this case, and specify and promote measures for improvement, as well as work for additional measures for improvement mainly based on the result of the investigations at Kansai’s Compliance Committee as well.

The Kansai Power Electric Group will throughout adhere to preventing recurrence relating to this case and make utmost efforts across the Group anew to nurture corporate culture with an emphasis on compliance.

<Reference >

Electricity Sales

			(GWh)
	Nine-months ended Dec. 31, 2021	Nine-months ended Dec. 31, 2022	Change (%)
Total electric sales	88,013	93,488	106.2
Retail electric sales	72,462	81,585	112.6
Residential	21,560	21,024	97.5
Commercial and Industrial	50,902	60,561	119.0
Electricity sales to other non-utility companies	15,551	11,903	76.5

Notes: Total electricity sales indicates those in energy business attributable to the parent company.
 Some rounding errors may be observed.

Consolidated Balance Sheets

(Million yen)

Account	As of Mar. 31, 2022	As of Dec. 31, 2022
(Assets)		
Non-current assets	7,317,298	7,451,030
Electric utility plant and equipment	3,467,992	3,591,889
Hydroelectric power production facilities	299,252	300,720
Thermal power production facilities	298,890	271,906
Nuclear power production facilities	742,950	895,864
Transmission facilities	760,726	756,114
Transformation facilities	421,617	423,110
Distribution facilities	813,428	818,307
General facilities	112,556	107,809
Other electric utility plant and equipment	18,569	18,056
Other non-current assets	904,567	896,137
Construction in progress	952,357	842,784
Construction and retirement in progress	751,744	640,798
Special account related to nuclear power decommissioning	53,110	47,120
Special account related to reprocessing of spent nuclear fuel	147,502	154,866
Nuclear fuel	510,571	488,078
Loaded nuclear fuel	51,036	79,179
Nuclear fuel in processing	459,535	408,898
Investments and other assets	1,481,810	1,632,140
Long-term investments	440,072	492,714
Long-term investments in subsidiaries and associates	602,006	663,835
Deferred tax assets	351,619	379,628
Other	115,098	122,452
Allowance for doubtful accounts	-26,987	-26,490
Current assets	1,339,131	1,440,489
Cash and deposits	469,052	435,715
Notes and accounts receivable and contract assets	307,904	418,664
Inventories	199,920	253,205
Other	365,049	336,516
Allowance for doubtful accounts	-2,795	-3,613
Total assets	8,656,430	8,891,519

Consolidated Balance Sheets

(Million yen)

Account	As of Mar. 31, 2022	As of Dec. 31, 2022
(Liabilities)		
Non-current liabilities	5,025,325	5,280,714
Bonds payable	1,613,921	1,620,020
Long-term borrowings	2,277,475	2,534,760
Provision for loss on guarantees	1,893	1,841
Liability for retirement benefits	365,853	363,091
Asset retirement obligations	522,990	528,173
Deferred tax liabilities	6,674	8,280
Other	236,516	224,546
Current liabilities	1,899,697	1,893,143
Current maturities of long-term debt	490,880	556,929
Short-term borrowings	150,635	158,530
Commercial papers	310,000	426,000
Notes and accounts payable	198,065	208,739
Accrued income taxes	51,291	32,942
Other current liabilities	698,823	510,000
Reserves under special laws	25,850	25,218
Reserve for water shortage	25,850	25,218
Total liabilities	6,950,873	7,199,076
(Net Assets)		
Shareholders' equity	1,634,021	1,475,333
Share capital	489,320	489,320
Capital surplus	66,728	66,738
Retained earnings	1,175,509	1,016,788
Treasury shares	-97,536	-97,513
Accumulated other comprehensive income	25,552	165,248
Valuation difference on available-for-sale securities	89,057	92,307
Deferred gains or losses on hedges	-86,307	14,500
Foreign currency translation adjustments	24,439	59,193
Defined retirement benefit plans	-1,636	-753
Non-controlling interests	45,983	51,861
Total net assets	1,705,557	1,692,443
Total liabilities and net assets	8,656,430	8,891,519

Consolidated Statements of Operations

(Million yen)

Account	Nine-months ended Dec. 31, 2021	Nine-months ended Dec. 31, 2022
Ordinary revenues and expenses		
Operating revenue and expenses		
Operating revenue	1,949,771	2,773,136
Electric	1,447,554	2,097,565
Other	502,217	675,570
Operating expenses	1,861,439	2,992,461
Electric	1,404,037	2,395,438
Other	457,401	597,023
Operating income or loss	88,331	-219,325
Non-Operating revenues and expenses		
Non-operating revenues	46,843	70,301
Dividend received	10,414	13,493
Interest revenue	782	864
Share of profit of entities accounted for using equity method	6,927	26,068
Other	28,719	29,874
Non-operating expenses	20,472	28,765
Interest expenses	15,337	17,719
Other	5,134	11,046
Total ordinary revenue	1,996,614	2,843,437
Total ordinary expenses	1,881,911	3,021,227
Ordinary income or loss	114,703	-177,789
Provision or reversal of reserve for water shortage	—	-632
Reversal of reserve for water shortage	—	-632
Extraordinary losses	10,880	—
Loss on return of imbalance charge	10,880	—
Income or loss before income taxes and minority interests	103,822	-177,157
Income taxes-current	20,979	5,164
Income taxes-deferred	5,848	-60,770
Income taxes	26,827	-55,606
Net income or loss	76,995	-121,551
Net income attributable to non-controlling interests	3,406	2,876
Net income or loss attributable to owners of parent	73,588	-124,427

Consolidated Statements of Comprehensive Income

(Million yen)

Account	Nine-months ended Dec. 31, 2021	Nine-months ended Dec. 31, 2022
Net income or loss	76,995	-121,551
Other comprehensive income		
Valuation difference on available-for-sale securities	7,185	3,853
Deferred gains or losses on hedges	-68,477	92,781
Foreign currency translation adjustments	5,770	22,076
Defined retirement benefit plans	1,110	924
Share of other comprehensive income in associates	6,083	24,010
Total other comprehensive income	-48,327	143,646
Comprehensive income	28,667	22,094
(Breakdown)		
Attributable to owners of parent	21,893	16,642
Attributable to non-controlling interests	6,774	5,451