

Unaudited Financial Release (Consolidated) for the Year ended March 31, 2020

The information below is an English translation of extracts from Unaudited Financial Release (Consolidated) for the fiscal year 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.

May 12, 2020

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

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

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I . Performance over the Years ended March 31, 2020 and 2019

(Figures are rounded down to the nearest million yen)

1. Results of Operations

	<u>Year ended March 31</u>		<u>(Million Yen)</u>	
	2019	2020	<u>Change</u>	
	19/18	20/19		
Operating Revenues	3,307,661	3,184,259	5.6%	-3.7%
Operating Income	204,853	206,956	-10.0%	1.0%
Ordinary Income *	203,636	211,541	-6.2%	3.9%
Net Income attributable to owners of the parent	115,077	130,002	-24.2%	13.0%
Net Income per Share	128.83yen	145.55yen	—	—
Fully Diluted Net Income per Share	—	—	—	—
Comprehensive income				
Year ended March 31, 2020:	136,049 million yen			
Year ended March 31, 2019:	100,969 million yen			
Equity in earnings of associated companies				
Year ended March 31, 2020:	13,872 million yen			
Year ended March 31, 2019:	11,671 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

	<u>(Million Yen)</u>	
	<u>As of</u>	<u>As of</u>
	March 31, 2019	March 31, 2020
Total Assets	7,257,363	7,612,729
Net Assets	1,532,946	1,641,754
Equity Ratio	20.9%	21.0%

Notes: Equity capital

 As of March 31, 2020: 1,600,793 million yen

 As of March 31, 2019: 1,514,244 million yen

3. Statements of Cash Flows

		(Million Yen)
	As of March 31	
	2019	2020
Net cash provided by Operating Activities	449,716	463,408
Net cash used in Investing Activities	-537,846	-577,370
Net cash provided by Financing Activities	103,073	211,222
Cash and Cash Equivalents, End of year	158,978	255,458

II. Dividends

	Interim dividend per share	Year-end dividend per share	Annual dividend per share
FY 2019	25.00 yen	25.00yen	50.00 yen
FY 2020	25.00 yen	25.00yen	50.00 yen
FY 2021 (Forecast)	—	—	—

Notes: The dividend forecasts is undecided because it is difficult situation to forecast the business outlook.

III. Financial Forecasts

	(Billion Yen)
	4/20-3/21 (Forecasts)
Operating Revenues	—
Operating Income	—
Ordinary Income*	—
Net Income attributable to owners of the parent	—
Net Income per Share	—

Notes: Because the effects in all business activities including the electricity demand by the spread of COVID-19 are not foreseen, the operating revenue and income are not decided. The forecasts will be disclosed promptly when we could calculate the financial forecasts.

IV. Other

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

As of March 31, 2020:	938,733,028 shares
As of March 31, 2019:	938,733,028 shares
4. Number of Treasury stock

As of March 31, 2020:	45,589,484 shares
As of March 31, 2019:	45,561,730 shares
5. Number of Average stock

As of March 31, 2020:	893,162,445 shares
As of March 31, 2019:	893,240,562 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 (136,615 shares as of March 31, 2020). 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

(Establishment 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, especially those of the region, regarding issues such as company executives and employees receiving cash and gifts from a former deputy mayor of Takahama Town.

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.

KEPCO takes seriously the characterization of said conduct in the Business Improvement Order as “inappropriate conduct by the electricity utility which provides publicly beneficial services and should conduct business based upon trust with communities,” and will steadily implement the Business Improvement Plan under a new management regime.

KEPCO developed specific measures and is progressing in the business improvement plan for recurrence prevention as described below.

- In order to sincerely accept the proposals given in the Investigation Report from the Third-party Panel, promptly study the concrete measures in detail for preventing recurrences and surely take such measures, KEPCO set up the Management Reform Committee on March 14, 2020.

- As an expression of KEPCO’s sincere acceptance this Order, KEPCO clarified liability for this Incident on March 30, 2020.

- The declaration by the President is noticed to the officers and employees and the intent of said declaration by President should be expressly set forth in KEPCO Group’s CSR Charter as a code of conduct to be observed by KEPCO Group’s officers and employees on March 30, 2020. In such declaration, President should covenant to bear in mind that “priority should not be given to KEPCO Group’s business performance and business activities over Compliance,” to always behave himself in a user-oriented way, thinking what are present social norms, and so on.

- KEPCO has started discussions to create a new KEPCO from April 10, 2020 to the end of June. The Discussions for the New KEPCO is a part of our effort to prevent any reoccurrence of cash-and-gift scandals and to implement recently formulated business improvement plans, through exchange of opinions between our management and employees.

- KEPCO established the Office of Compliance Promotion to enhance our Group’s compliance promoting function on April 10, 2020. The aim of the establishment of the Office is to create a sound organization climate focusing on legal compliance to ensure sound and appropriate business operations and to fundamentally strengthen the legal compliance system. Moreover, KEPCO established a “Compliance Committee” to enhance our Group’s compliance-related supervisory function on April 28, 2020.

- KEPCO established a “Procurement Review Committee” on April 28, 2020 for the purpose of establishing the operating structure to ensure appropriateness and transparency of the procedures for placing orders, contracting construction.

- KEPCO decided the candidates for outside director and the policy that KEPCO transfer to a company with nominating committee at the board of directors on April 28, 2020. The policy is decided in purpose of ensuring and anchoring to take specific measures for reoccurrence prevention by development of an effective corporate governance regime attaching greater importance to external objective practice.

- KEPCO plans to propose an agenda item, at the 96th annual general shareholders’ meeting to be held in June 25, 2020, to amend to Articles of Incorporation to be needed to transfer to a company with nominating committee.

- KEPCO is considering the development of a System for effective governance over Nuclear Power Division and we will develop specific measures promptly by the end of June 2020.

We will make best efforts for management renewal and restoration of trust, with full determination that “KEPCO will not survive unless reborn now” and with indomitable resolve to break with KEPCO’s past and create wholly new KEPCO.

< Reference : Non-consolidated >

Performance for the Years ended March 31, 2020 and 2019

(Figures are rounded down to the nearest million yen)

1. Results of Operations

	<u>Year ended March 31</u>		(Million Yen) <u>Change</u>	
	2019	2020	19/18	20/19
Operating Revenues	2,797,191	2,658,836	4.2%	-4.9%
Operating Income	133,988	125,669	-19.0%	-6.2%
Ordinary Income *	130,513	125,010	-10.3%	-4.2%
Net Income	87,435	79,100	-15.1%	-9.5%
Net Income per Share	97.85yen	88.53yen	—	—
Fully Diluted Net Income per Share	—	—	—	—

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

2. Financial Position

	(Million Yen) <u>As of March 31</u>	
	2019	2019
Total Assets	6,404,571	6,747,858
Net Assets	975,097	1,001,193
Equity Ratio	15.2%	14.8%
Net Assets per Share	1,091.38yen	1,120.61yen

Notes: Equity capital

As of March 31, 2020: 1,001,193 million yen

As of March 31, 2019: 975,097 million yen

Sales and power generation

[Electricity sales]

		(GWh)	
	Year-ended Mar. 31, 2019	Year-ended Mar. 31, 2020	Change (%)
Total electric sales	132,723	122,466	92.3
Retail electric sales	117,826	112,992	95.9
Residential	37,671	34,832	92.5
Commercial and Industrial	80,155	78,159	97.5
Electricity sales to other utility and non-utility companies	14,897	9,474	63.6

[Power generation] (Sending end)

	(GWh)		
	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020	Change (%)
Kansai Electric			
Hydroelectric	13,496	13,523	100.2
Fossil Fuel	61,207	57,916	94.6
Nuclear	30,092	26,717	88.7
Renewable energies	19	13	66.7
Purchased (sold) power from other companies	21,353	22,622	105.9
Power used for pumped storage	-2,284	-2,570	112.5
Total	123,884	118,221	95.4
Retail electric sales	117,826	112,992	95.9
Water run-off ratio (%)	103.1	98.6	—

Consolidated Balance Sheets

(million yen)

Account	As of Mar. 31, 2019	As of Mar. 31, 2020
(Assets)		
Property	6,426,676	6,692,993
Utility facilities	3,175,092	3,149,339
Hydroelectric power production facilities	287,637	302,006
Thermal power production facilities	374,364	345,217
Nuclear power production facilities	390,501	387,506
Transmission facilities	790,303	779,561
Transformation facilities	407,612	407,537
Distribution facilities	803,893	806,399
General facilities	100,211	101,170
Other utility facilities	20,567	19,939
Other plant and equipment	827,236	835,160
Construction in progress	709,077	925,344
Construction and retirement in progress	579,917	772,345
Special account related to nuclear power decommissioning	73,025	65,038
Special account related to reprocessing of spent nuclear fuel	56,134	87,960
Nuclear fuel	506,278	509,313
Loaded nuclear fuel	69,576	65,873
Nuclear fuel in processing	436,702	443,439
Investments and other assets	1,208,991	1,273,835
Long-term investments	337,233	339,759
Investments in and advances to subsidiaries and associated companies	456,672	511,136
Deferred tax assets	372,906	348,883
Other	44,650	79,547
Allowance for doubtful accounts	-2,471	-5,491
Current assets	830,687	919,736
Cash and time deposits	180,628	279,542
Accounts receivable	312,519	286,481
Inventory assets	163,937	172,764
Other	176,133	183,096
Allowance for doubtful accounts	-2,531	-2,148
Total assets	7,257,363	7,612,729

Consolidated Balance Sheets

(million yen)

Account	As of Mar. 31, 2019	As of Mar. 31, 2020
(Liabilities)		
Long-term liabilities and reserves	4,062,102	4,257,078
Bonds	1,060,282	1,114,147
Long-term loans	1,864,563	2,014,195
Liability for retirement benefits	369,472	367,095
Asset retirement obligations	501,354	508,279
Deferred tax liabilities	1,831	3,440
Other	264,598	249,920
Current liabilities	1,633,925	1,686,464
Current maturities of long-term debt and other	532,364	544,846
Short-term borrowings	146,096	144,521
Commercial paper	270,000	296,000
Accounts payable	125,429	129,739
Accrued income taxes	66,875	65,546
Reserve for restoration costs of natural disaster	2,104	-
Provision for loss on guarantees	-	14,876
Other current liabilities	491,055	490,933
Reserves under the special laws	28,389	27,431
Reserve for fluctuation in water levels	28,389	27,431
Total liabilities	5,724,417	5,970,974
(Net Assets)		
Shareholders' Equity	1,438,839	1,522,687
Paid in capital	489,320	489,320
Capital surplus	66,656	66,678
Retained earnings	979,669	1,063,517
Treasury stock	-96,806	-96,828
Accumulated other comprehensive income	75,404	78,106
Unrealized gain on available-for-sale securities	82,937	59,615
Deferred gain on derivatives under hedge accounting	-9,514	14,173
Foreign currency translation adjustments	9,015	7,309
Defined retirement benefit plans	-7,034	-2,992
Non-controlling interests	18,702	40,960
Total net assets	1,532,946	1,641,754
Total liabilities and net assets	7,257,363	7,612,729

Consolidated Statements of Operations

(million yen)

Account	Year- ended Mar. 31, 2019	Year- ended Mar. 31, 2020
Ordinary revenues and expenses		
Operating revenues and expenses		
Operating revenues	3,307,661	3,184,259
Electric	2,668,312	2,505,441
Other	639,349	678,818
Operating expenses	3,102,807	2,977,303
Electric	2,536,281	2,384,507
Other	566,526	592,795
Operating Income	204,853	1206,956
Non-Operating revenues and expenses		
Non-operating revenues	52,490	51,700
Dividends received	11,324	13,999
Interest revenue	2,306	2,042
Equity in earnings of associated companies	17,941	6,966
Other	11,671	13,872
Non-operating expenses	9,244	14,819
Interest expense	53,707	47,114
Other	30,430	25,875
Total ordinary revenues	3,360,151	3,235,959
Total ordinary expenses	3,156,515	3,024,4417
Ordinary income	203,636	211,541
Provision for or reversal of reserve for fluctuation in water levels	-558	-957
Reversal of reserve for fluctuation in water levels	-558	-957
Extraordinary loss	30,922	24,141
Loss on disaster	12,828	—
Investment loss on subsidiaries and affiliates	18,093	—
Investment loss on subsidiaries and affiliates, etc.	—	24,141
Income before income taxes and minority interests	173,272	188,357
Income taxes-current	27,210	30,363
Income taxes-deferred	30,319	26,780
Income taxes	57,530	57,143
Net Income	115,742	131,214
Net Income attributable to non-controlling interests	664	1,211
Net Income attributable to owners of the parent	115,077	130,002

Consolidated Statements of Comprehensive Income

(million yen)

Account	Year- ended Mar. 31, 2019	Year- ended Mar. 31, 2020
Income before minority interests	115,742	131,214
Other comprehensive income		
Unrealized gain on available-for-sale securities	-6,535	-20,139
Deferred gain on derivatives under hedge accounting	-6,150	26,279
Foreign currency translation adjustments	-2,757	-1,884
Defined retirement benefit plans	2,148	1,754
Share of other comprehensive income of associates	-1,479	-1,174
Total other comprehensive income	-14,773	4,835
Comprehensive income	100,969	136,049
(Breakdown)		
Attributable to owners of the parent	100,741	132,569
Attributable to non-controlling interests	277	3,480