

The Medium-Term Management Plan

May 2022



The Okinawa Electric Power Company, Inc.

What the OEPC Group Aims To Be

With our comprehensive energy business as the core, we aim to create new value through services to support both corporate and individual customers and as a business group with a sense of solidarity, growing and developing hand-in-hand with the community, will contribute to the realization of a sustainable society.



Basic Management Stance

- (1) Strive to provide a stable supply of energy
- (2) Aggressively take on carbon neutrality
- (3) Meet the diverse needs of our customers and do our utmost to enhance customer satisfaction
- (4) Fulfill social responsibility as a good corporate citizen of local communities
- (5) Nurture and value people
- (6) Achieve sustainable growth through proactive business development and continually enhancing management efficiency

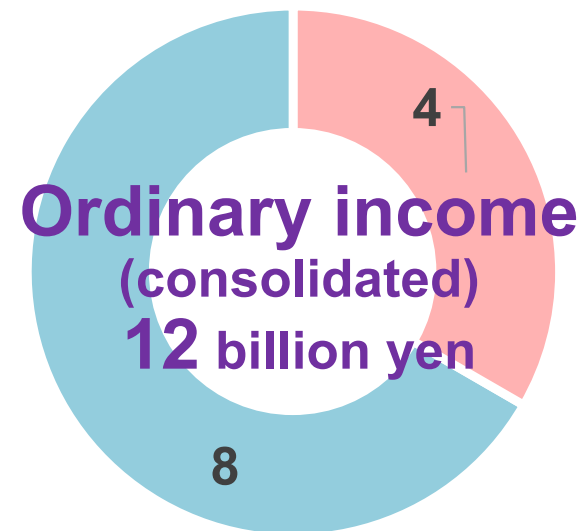
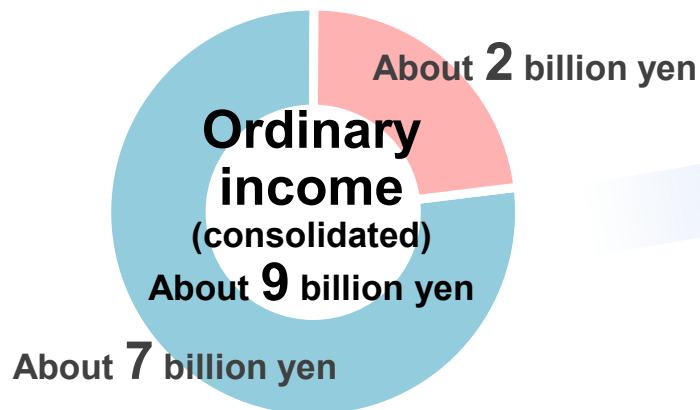
Management Goals: Financial Goals and Business Portfolio

- The entire Group will work together to realize what we aim to be, striving to achieve financial goals.
- With the comprehensive energy businesses such as gas supply business, ESP and other at its core, in addition to the electric power business, the entire Group aims to grow by developing and enhancing the construction and real estate, information and communications, and lifestyle and business support businesses.

Financial goals (consolidated)	FY2025
Ordinary income	12 billion yen or more
ROE (Return on Equity)	5% or more
Capital adequacy ratio	Maintaining the 30% mark

Business Portfolio (2025)

2018-2020 Average



■ Electric power business ■ Group business

■ Electric power business ■ Group business

Concept of investment

- The basic mission of the OEPC Group is to provide stable energy to customers and contribute to the development of local communities and economies in Okinawa.
- We will maintain the capital adequacy ratio at current 30% level and promote investments that ensure financial stability.

Investment for stable power supply

- With regard to facilities necessary for stable supply, we will steadily implement investments to maintain and build facilities appropriately and efficiently, while reducing the total cost of facility-related costs.

Investment for carbon neutrality

- In order to achieve carbon neutrality, we will promote realistic and effective investment in cooperation with the national government, prefectural governments and other businesses under policy and financial supports.
[Investment for mainstreaming renewable energy: Approx. 6 billion yen + α (2022-2025)]

Investment in growth sectors

- In order to ensure the growth of the entire Group, we conduct appropriate risk management by means of a PDCA cycle based on a regular assessment of the quantity of risks involved, and then make investments for business development.
[Investment limit set for growth sectors: Approx. 20 billion yen (2022-2025)]

Basic policy on shareholder return

- For the distribution of profits, our company will maintain a “consolidated dividend on equity ratio (DOE) of at least 2.0%” based on a “stable and continuous dividend” policy.

- To realize what the OEPC Group aims to be, under the concept of “Okiden.COM,” we will promote the “expansion of the topline,” “proactive streamlining” and “challenge to become carbon neutral,” to provide customers with energy and new extra value.

What the OEPC Group Aims To Be

Creating new value

Main directions

Expansion of the
topline

Proactive
streamlining

Challenge to become
carbon neutral

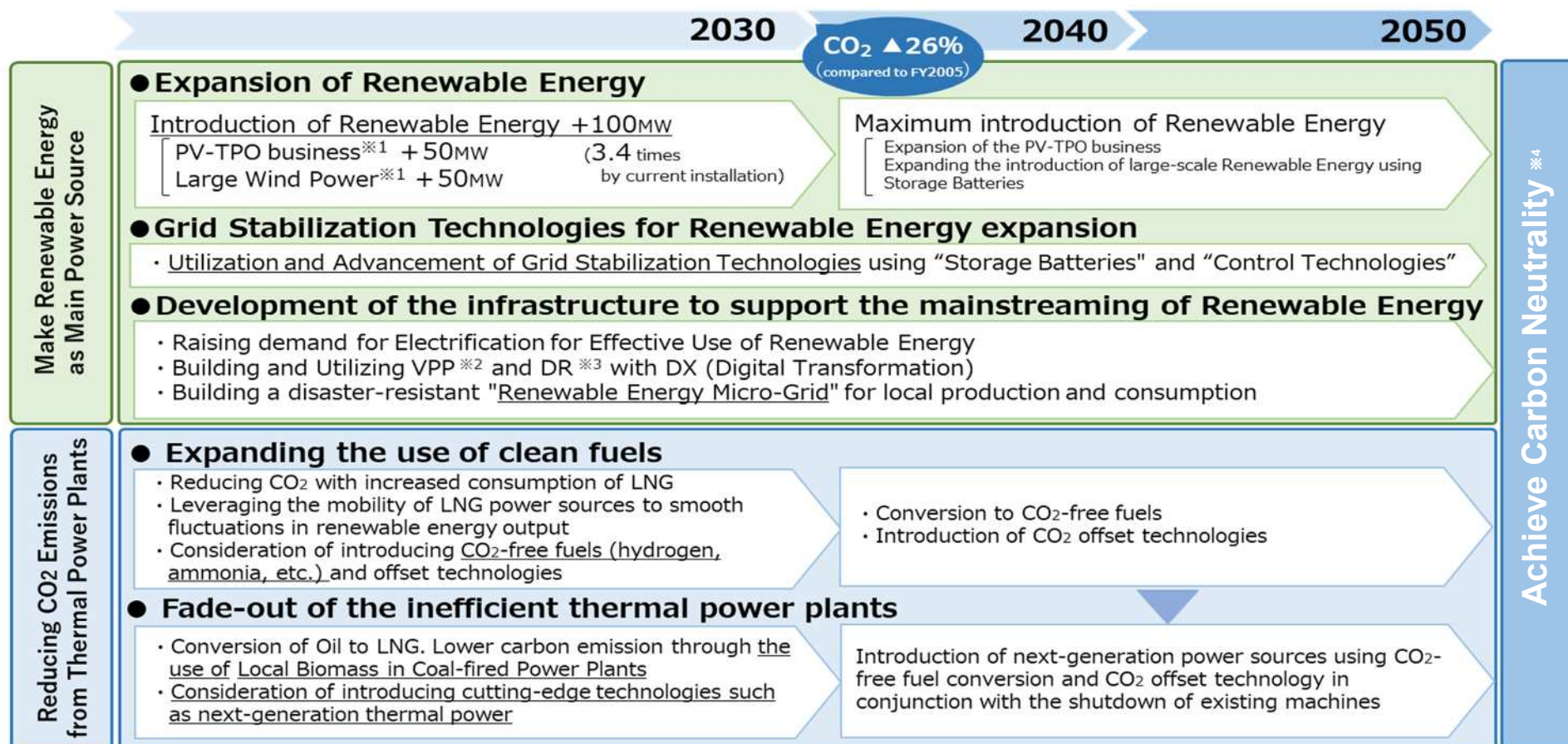
Okiden.COM



Initiatives to Achieve Carbon Neutrality: Roadmap



- The Group has set up “Zero Emission Initiatives of OEPC” as a long-term policy in response to the growing social demand for measures to combat global warming and will work towards becoming carbon neutral in 2050 with two directions, “make renewable energy as the main power source” and “reduce CO₂ emissions from thermal power sources.”



Promoting Electrification

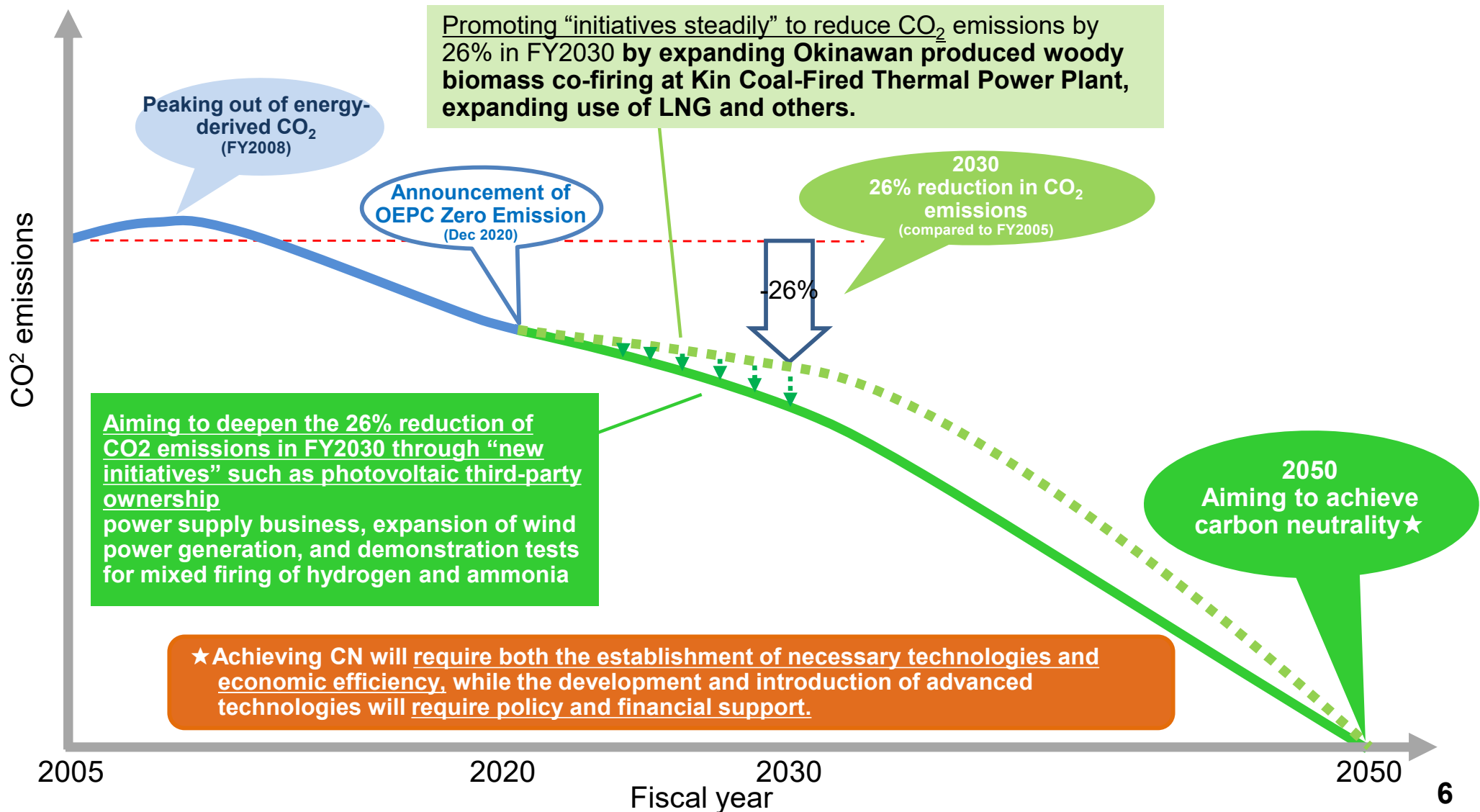
In addition to achieving a net zero structure on the power supply side, it is essential to promote electrification on the demand side (transportation, industry, business, household), implement necessary policies, and gain financial support.

※1 Service in which PV and storage batteries are installed free of charge and the electricity generated is sold to customers. Both PV-TPO and large wind power are scheduled to be built and managed by our affiliated companies.
 ※2 Virtual Power Plant (VPP) refers to the collective control and management of a number of small-scale renewable energy power plants, etc., to make them function as a single power plant.
 ※3 Demand Response (DR), according to the Ministry of Economy, Trade and Industry (METI), is defined as “an act of changing the consumption pattern of electricity for consumers to curb their use of electricity in response to the setting of electricity prices or the payment of incentives when wholesale market prices rise or when grid reliability declines.”
 ※4 We aim to Net-Zero CO₂ Emissions by combining renewable energy power sources with thermal power sources that incorporate CO₂-free fuels and CO₂ offset technologies.
 ※This requires the establishment of necessary technologies along with economic feasibility. We will earnestly work to achieve these conditions. Further, policy and financial support are necessary for the development and introduction of advanced technologies.

Initiatives to Achieve Carbon Neutrality: Illustration of Achievement



- Given the difficulty of developing hydroelectric and nuclear power in the Okinawa area, it will be a very difficult challenge with limited options, but we will continue to take on challenges while firmly incorporating innovative technologies in the future.

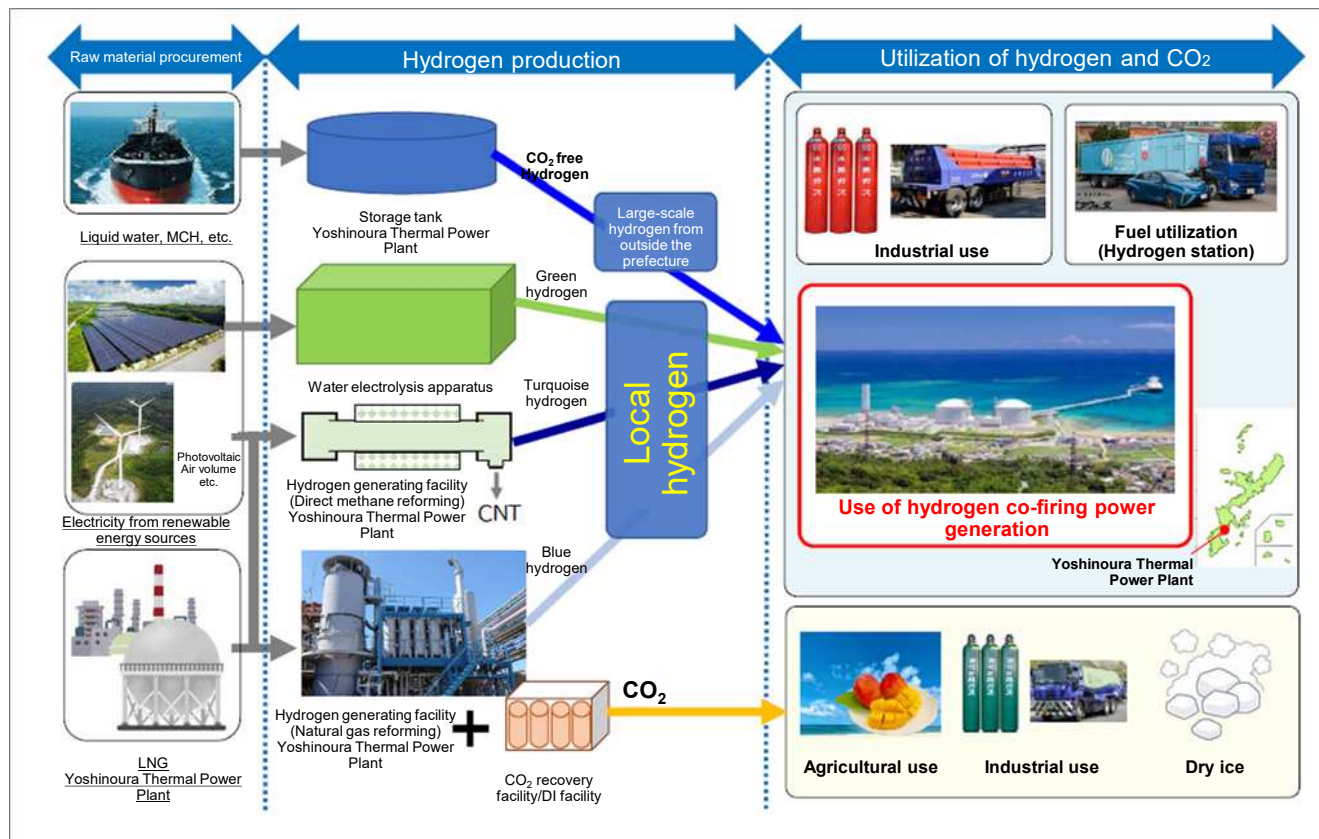


Example: Investigation for building a hydrogen-based society

- We applied for “Development of Technologies for Realizing a Hydrogen Society/ Development of Technology for Utilizing Regional Hydrogen/Investigation of Potential for Hydrogen Production and Utilization” publicly solicited by NEDO*, which selected our “Investigation on the development of a total system for the utilization of regional hydrogen centered on the Yoshinoura Multi Gas Turbine Power Plant in the Okinawa area.”
- In addition to technical investigation on raw material procurement, and receiving and co-firing facilities for hydrogen co-firing at the Yoshinoura Multi Gas Turbine, we will conduct research on the local production of hydrogen and industrial development using by-produced CO₂, etc.

*New Energy and Industrial Technology Development Organization

Outline of the investigation



Specific details of the investigation

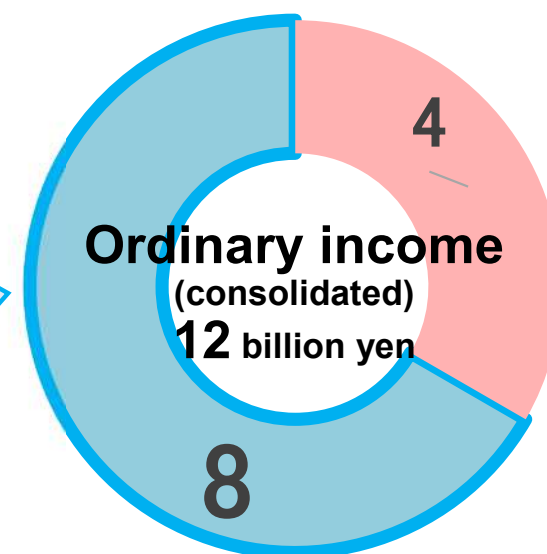
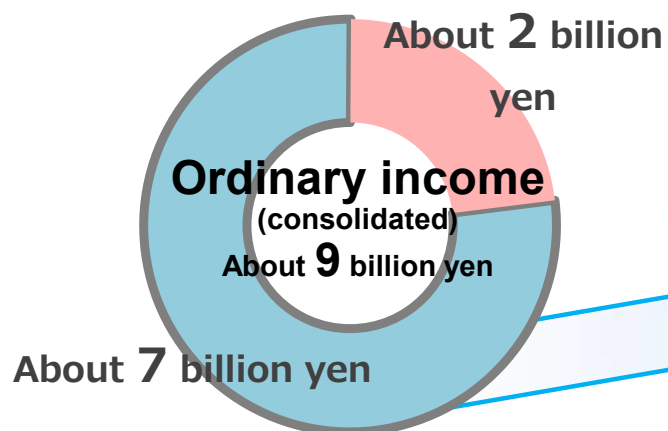
- (1) Hydrogen co-firing in gas turbine power generation facilities
- (2) Local production of hydrogen using LNG reforming and local renewable energy
- (3) Industrial promotion using CO₂ and carbon nanotubes in hydrogen production
- (4) Large-scale hydrogen import bases at power plants
- (5) Investigation of potential hydrogen utilization in the region

[Direction of Initiatives]

- ① Even in a competitive environment, the Group's fundamental mission of providing a stable supply of energy remains unchanged, and we will make every effort to realize it.
- ② We will promote the initiatives for carbon neutrality.
- ③ Based on the concept of "Okiden.COM," we will strive to improve the profitability of our electric power business by thoroughly reducing costs and providing electric power with additional value, while reviewing our business model.
- ④ We will develop the infrastructure to enable each electric power business to operate autonomously and flexibly.

Business Portfolio (2025)

2018-2020 Average



■ Electric power business ■ Group businesses

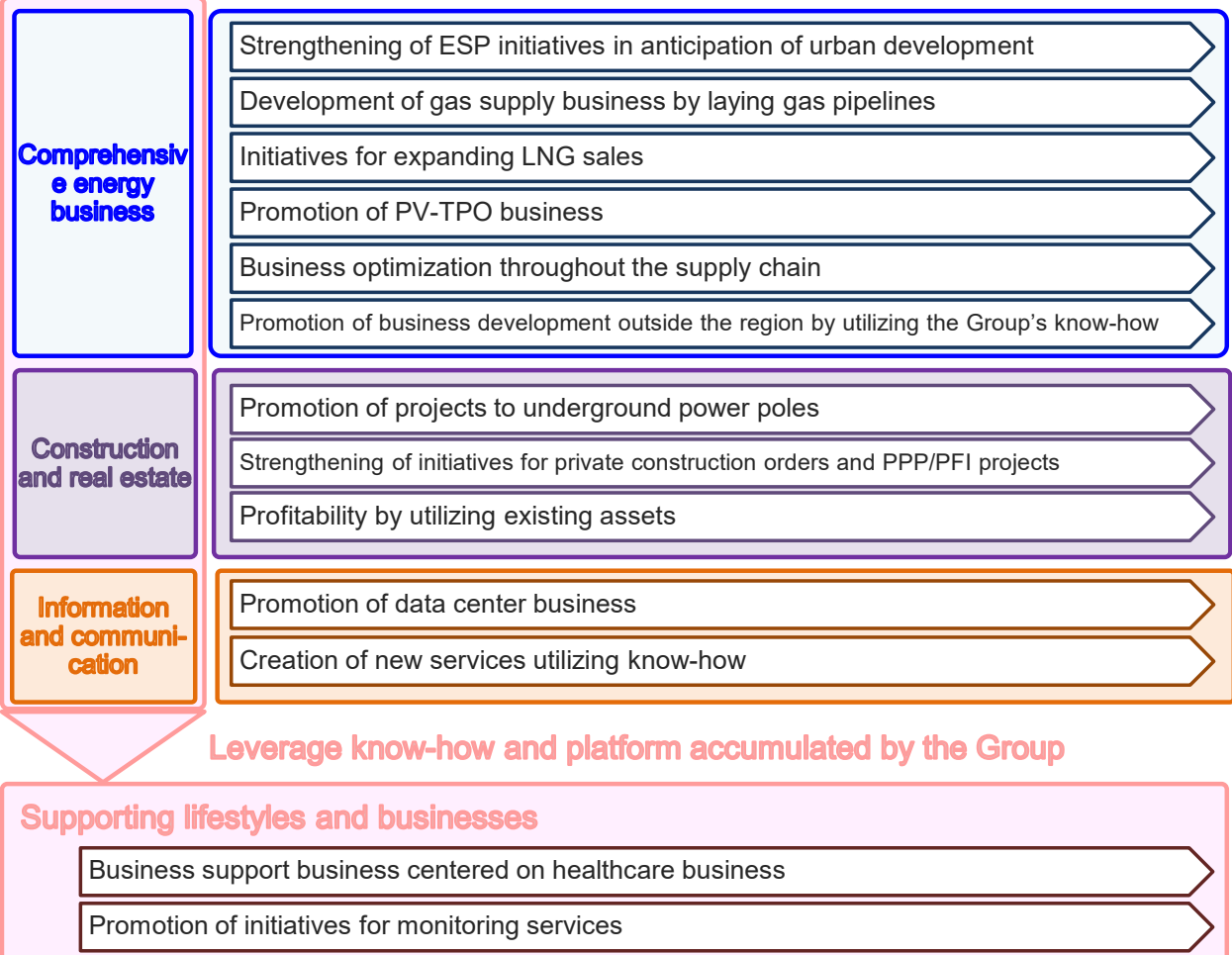
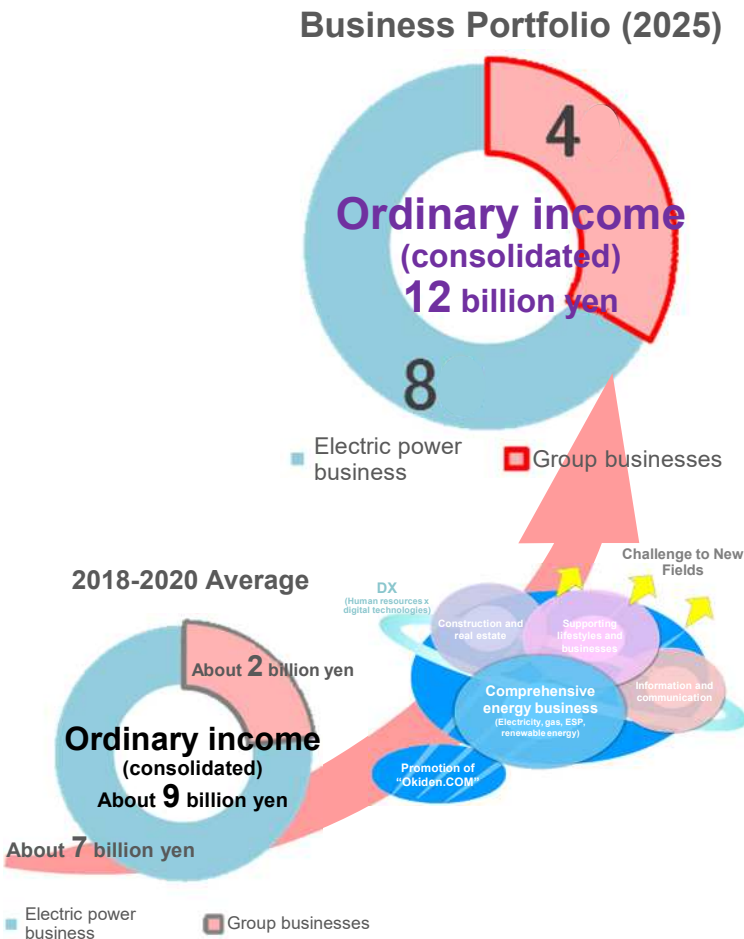
■ Electric power business ■ Group businesses

Initiatives by Business: Group Businesses

[Direction of Initiatives]

- ① Based on the concept of “Okiden.COM” we will strive to create new value and enhance competitiveness--Make (Value creation)--through improving work efficiency--Convert (digitalization)--and business collaboration--Optimize (optimization).
- ② We will expand our existing business areas and boldly take on new business areas.

[Initiatives]



Establishment of the Emergency Management Measures Committee

May 2022



The Okinawa Electric Power Company, Inc.

Financial Results for FY2021 (Year-on-Year Comparison)

(Unit: million yen, X)

	Consolidated (A)			Non-consolidated (B)			(A) / (B)	
	FY2020 (Results)	FY2021 (Results)	Rate of Change ^{*2}	FY2020 (Results)	FY2021 (Results)	Rate of Change ^{*2}	FY2020 (Results)	FY2021 (Results)
Sales	190,520	176,232	—	180,638	168,078	—	1.05	1.05
Operating income	12,619	2,810	-77.7%	10,097	465	-95.4%	1.25	6.04
Ordinary income	11,335	2,717	-76.0%	8,939	500	-94.4%	1.27	5.43
Net income	8,341 ^{*1}	1,959 ^{*1}	-76.5%	6,953	694	-90.0%	1.20	2.82

*1 Net income attributable to owners of parent.

*2 Since the Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) from the beginning of FY 2021, Sales for FY2021 2Q YTD are based on amounts after the application of this accounting standard. As a result, the rate of change to Sales is not stated.

【Revenue】

- Decrease in Electricity sales (Renewable Energy Power Promotion Surcharge) and Grant under Act on Purchase of Renewable Energy Sourced Electricity due to the application of the "Accounting Standard for Revenue Recognition" in Electric business.
- Increase in Sold power to other suppliers and income from the Fuel cost adjustment system in Electric business.

【Expenditure】

- Decrease in Levy under Act on Purchase of Renewable Energy Sourced Electricity and Purchased power costs due to the application of the "Accounting Standard for Revenue Recognition" in Electric business.
- Increase in Fuel costs in Electric business.

Annual Outlook Summary FY2022

(Unit: million yen, X)

	Consolidated(A)			Non-consolidated(B)			(A) / (B)	
	FY2021 (Results)	FY2022 (Forecasts)	Rate of Change	FY2021 (Results)	FY2022 (Forecasts)	Rate of Change	FY2021 (Results)	FY2022 (Forecasts)
Sales	176,232	undecided	—	168,078	undecided	—	1.05	—
Operating income	2,810	undecided	—	465	undecided	—	6.04	—
Ordinary income	2,717	undecided	—	500	undecided	—	5.43	—
Net income	1,959 [*]	undecided	—	694	undecided	—	2.82	—

* Net income attributable to owners of parent.

The trend of fuel prices, which are rising due to the Russia-Ukraine situation, is extremely uncertain, and it is difficult to reasonably calculate the financial forecast.

In consideration of this situation, the forecast in the FY2022 are not decided.

The forecast will be disclosed promptly when the reliable calculation of financial forecast becomes possible.

【Dividends】

Because of unable to foresee profit levels, the dividends for FY2022 have yet to be determined at this time.

1. Composition of the Emergency Management Measures Committee

Committee Chairman : President

Members: All executive officers and full-time corporate auditors

2. Main considerations (see attached sheet)

- Consideration of cost measures to improve efficiency on an urgent or ongoing basis
- Consideration of measures to improve profitability

3. Establishment period

April 12, 2022 - March 31, 2023 (to be extended as necessary)

Establishment of the Emergency Management Measures Committee

[Cost measures]

In terms of expenses, the following measures will be implemented as both urgent measures and ongoing measures aimed at improving efficiency.

(1) Reduction of executive compensation

- Reduce compensation for full-time directors and executive officers by up to 10%

(2) Curb Repair and maintenance costs

- Based on the premise of stable supply, curb repair work based on the results of facility deterioration diagnosis, etc. and extend the inspection cycle
- Strengthening scrutiny of repair work details and costs even more than before

(3) Digital Transformation

- Strongly promote "Okiden DX" by digitization of internal and external operations, and accelerate "Proactive streamlining"
- Streamlining business operations through remote monitoring of resident on-site response, etc.

(4) Efficiency improvement through organizational optimization and centralization of operations

- Improved operational efficiency through consolidation of branches and sales offices and centralization of operations dispersed among offices

(5) Others

- Reconsider implementation timing for less urgent system development, etc.
- Consideration of reducing rent by reviewing the leased area of buildings

[Profitability measures]

As a revenue measure, we will abolish the upper limit on fuel cost adjustment system for new customers of deregulated rates for extra-high-voltage and high-voltage customers from June this year.