

J-POWER GROUP FINANCIAL STATEMENTS 2021



Consolidated Balance Sheet

Millions of yen

As of March 31

	2020	2021
Assets		
Non-current assets	¥2,471,347	¥2,475,202
Electric utility plant and equipment	965,082 ^{1) 2) 6)}	1,107,399 ^{1) 2) 6)}
Hydroelectric power production facilities	353,720	356,513
Thermal power production facilities	296,715	422,645
Internal combustion engine power production facilities	2,377	1,460
Renewable power production facilities	72,492	84,040
Transmission facilities	147,922	145,989
Transformation facilities	28,896	31,743
Communication facilities	8,597	7,054
General facilities	54,359	57,952
Overseas business facilities	316,333 ^{2) 6)}	286,958 ^{2) 6)}
Other non-current assets	90,924 ^{1) 2)}	91,106 ^{1) 2)}
Construction in progress	647,160 ^{6) 8)}	588,222 ^{6) 8)}
Construction and retirement in progress	647,160	588,222
Nuclear fuel	74,812	75,359
Nuclear fuel in processing	74,812	75,359
Investments and other assets	377,033	326,156
Long-term investments	288,706 ^{3) 6) 8)}	252,425 ^{3) 6) 8)}
Retirement benefit asset	—	87
Deferred tax assets	59,413	54,221
Other	28,994 ⁶⁾	19,521 ⁶⁾
Allowance for doubtful accounts	(81)	(99)
Current assets	334,043	366,757
Cash and deposits	159,325 ⁶⁾	189,842 ⁶⁾
Notes and accounts receivable-trade	80,466 ⁶⁾	66,140 ⁶⁾
Inventories	50,375 ⁴⁾	46,085 ⁴⁾
Other	43,876 ⁶⁾	65,042 ⁶⁾
Allowance for doubtful accounts	(0)	(352)
Total assets	¥2,805,390	¥2,841,960

As of March 31	Millions of yen	
	2020	2021
Liabilities		
Non-current liabilities	¥1,642,354	¥1,713,159
Bonds payable	604,993	654,994
Long-term loans payable	865,369 ⁶⁾	892,350 ⁶⁾
Lease obligations	2,218	2,484
Other provision	29 ⁵⁾	26 ⁵⁾
Net defined benefit liability	60,119	45,647
Asset retirement obligations	30,877	35,378
Deferred tax liabilities	16,715	15,403
Other	62,031	66,874
Current liabilities	305,648	275,115
Current portion of non-current liabilities	161,013 ⁶⁾	87,332 ⁶⁾
Short-term loans payable	14,952	8,947
Commercial papers	—	20,005
Notes and accounts payable-trade	28,729	23,625
Accrued taxes	19,430	43,865
Other provision	622 ⁵⁾	661 ⁵⁾
Asset retirement obligations	386	493
Other	80,514	90,185
Total liabilities	1,948,003	1,988,274
Net assets		
Shareholders' equity	806,197	814,772
Capital stock	180,502	180,502
Capital surplus	119,877	119,877
Retained earnings	505,825	514,401
Treasury stock	(8)	(8)
Accumulated other comprehensive income	1,567	(5,627)
Valuation difference on available-for-sale securities	6,156	11,156
Deferred gains or losses on hedges	(23,263)	(33,968)
Foreign currency translation adjustment	22,479	9,096
Remeasurements of defined benefit plans	(3,806)	8,088
Non-controlling interests	49,623	44,540
Total net assets	857,387	853,685
Total liabilities and net assets	¥2,805,390	¥2,841,960

Consolidated Statement of Income

Millions of yen

Year ended March 31	2020	2021
Operating revenue	¥913,775	¥909,144
Electric utility operating revenue	684,155	731,302
Overseas business operating revenue	179,094	138,087
Other business operating revenue	50,525	39,754
Operating expenses	830,136 ¹⁾²⁾	831,369 ¹⁾²⁾
Electric utility operating expenses	629,287	675,837
Overseas business operating expenses	151,810	109,167
Other business operating expenses	49,039	46,364
Operating income	83,638	77,775
Non-operating income	26,537	11,214
Dividend income	1,465	2,839
Interest income	1,264	515
Share of profit of entities accounted for using equity method	11,320	2,759
Insurance claim income	376	2,202
Other	12,111	2,897
Non-operating expenses	32,091	28,086
Interest expenses	26,293	23,746
Other	5,797	4,340
Total ordinary revenue	940,313	920,359
Total ordinary expenses	862,228	859,456
Ordinary income	78,085	60,903
Extraordinary income	—	9,478
Gain on sale of shares of subsidiaries and associates	—	9,478 ³⁾
Extraordinary losses	12,497	5,706
Loss from operations of subsidiaries and associates	8,911 ⁴⁾	—
Impairment losses	3,586 ⁵⁾	5,706 ⁵⁾
Profit before income taxes	65,587	64,674
Income taxes-current	15,611	35,451
Income taxes-deferred	(3,620)	(1,960)
Total income taxes	11,990	33,491
Profit	53,596	31,183
Profit attributable to non-controlling interests	11,319	8,879
Profit attributable to owners of parent	¥42,277	¥22,304

Consolidated Statement of Comprehensive Income

	Millions of yen	
Year ended March 31	2020	2021
Profit	¥53,596	¥31,183
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,426)	5,163
Deferred gains or losses on hedges	(11,084)	(2,884)
Foreign currency translation adjustment	5,922	(11,868)
Remeasurements of defined benefit plans, net of tax	(828)	11,909
Share of other comprehensive income of entities accounted for using equity method	(7,552)	(13,873)
Total other comprehensive income	(19,969) ¹⁾	(11,553)¹⁾
Comprehensive income	33,627	19,629
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	24,083	15,110
Comprehensive income attributable to non-controlling interests	¥9,543	¥4,519

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2020

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current year	¥180,502	¥119,927	¥477,276	¥(7)	¥777,699
Changes of items during year					
Dividends of surplus			(13,728)		(13,728)
Profit attributable to owners of parent			42,277		42,277
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(50)			(50)
Net changes of items other than shareholders' equity					
Total changes of items during year	—	(50)	28,548	(0)	28,497
Balance at the end of current year	¥180,502	¥119,877	¥505,825	¥(8)	¥806,197

Millions of yen

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current year	¥12,482	¥(7,293)	¥17,551	¥(2,979)	¥19,760	¥48,123	¥845,582	
Changes of items during year								
Dividends of surplus							(13,728)	
Profit attributable to owners of parent							42,277	
Purchase of treasury shares							(0)	
Change in ownership interest of parent due to transactions with non-controlling interests							(50)	
Net changes of items other than shareholders' equity	(6,325)	(15,969)	4,928	(826)	(18,193)	1,500	(16,693)	
Total changes of items during year	(6,325)	(15,969)	4,928	(826)	(18,193)	1,500	11,804	
Balance at the end of current year	¥6,156	¥(23,263)	¥22,479	¥(3,806)	¥1,567	¥49,623	¥857,387	

For the year ended March 31, 2021

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current year	¥180,502	¥119,877	¥505,825	¥(8)	¥806,197
Changes of items during year					
Dividends of surplus			(13,728)		(13,728)
Profit attributable to owners of parent			22,304		22,304
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests			—		—
Net changes of items other than shareholders' equity					
Total changes of items during year	—	—	8,575	(0)	8,575
Balance at the end of current year	¥180,502	¥119,877	¥514,401	¥(8)	¥814,772

Millions of yen

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current year	¥6,156	¥(23,263)	¥22,479	¥(3,806)	¥1,567	¥49,623	¥857,387	
Changes of items during year								
Dividends of surplus							(13,728)	
Profit attributable to owners of parent							22,304	
Purchase of treasury shares							(0)	
Change in ownership interest of parent due to transactions with non-controlling interests							—	
Net changes of items other than shareholders' equity	5,000	(10,705)	(13,383)	11,894	(7,194)	(5,082)	(12,277)	
Total changes of items during year	5,000	(10,705)	(13,383)	11,894	(7,194)	(5,082)	(3,701)	
Balance at the end of current year	¥11,156	¥(33,968)	¥9,096	¥8,088	¥(5,627)	¥44,540	¥853,685	

Consolidated Statement of Cash Flows

Millions of yen

Year ended March 31	2020	2021
Cash flows from operating activities		
Profit before income taxes	¥65,587	¥64,674
Depreciation and amortization	83,009	96,445
Impairment loss	3,586	5,706
Loss on retirement of non-current assets	3,963	4,945
Loss from operations of subsidiaries and associates	8,911	—
Increase (decrease) in net defined benefit liability	1,161	2,036
Interest and dividend income	(2,729)	(3,354)
Interest expenses	26,293	23,746
Decrease (increase) in notes and accounts receivable-trade	5,818	14,183
Decrease (increase) in inventories	3,926	4,411
Increase (decrease) in notes and accounts payable-trade	322	(24)
Share of (profit) loss of entities accounted for using equity method	(11,320)	(2,759)
Loss (gain) on sale of shares of subsidiaries and associates	—	(9,478)
Other, net	(2,064)	(14,805)
Subtotal	186,466	185,729
Interest and dividend income received	16,036	18,506
Interest expenses paid	(25,724)	(23,163)
Income taxes paid	(17,531)	(13,113)
Net cash provided by (used in) operating activities	159,245	167,959
Cash flows from investing activities		
Purchase of non-current assets	(149,520)	(159,296)
Investments and loan advances	(10,912)	(2,567)
Collection of investment and loans receivable	7,055	21,378
Other, net	(8,333)	(2,788)
Net cash provided by (used in) investing activities	(161,711)	(143,274)
Cash flows from financing activities		
Proceeds from issuance of bonds	69,698	69,782
Redemption of bonds	(60,000)	(80,000)
Proceeds from long-term loans payable	87,624	106,706
Repayment of long-term loans payable	(101,962)	(79,265)
Proceeds from short-term loans payable	62,565	54,316
Repayment of short-term loans payable	(62,896)	(60,322)
Proceeds from issuance of commercial papers	—	20,007
Cash dividends paid	(13,727)	(13,728)
Cash dividends paid to non-controlling interests	(8,217)	(9,527)
Other, net	(821)	(936)
Net cash provided by (used in) financing activities	(27,737)	7,031
Effect of exchange rate change on cash and cash equivalents	337	(3,667)
Net increase (decrease) in cash and cash equivalents	(29,865)	28,048
Cash and cash equivalents at the beginning of the year	187,077	157,212
Cash and cash equivalents at the end of the year	¥157,212 ¹⁾	¥185,260 ¹⁾

Notes to Consolidated Financial Statements

For the years ended March 31, 2020 and 2021

Summary of Significant Accounting Policies

1. Scope of consolidation

Number of consolidated subsidiaries: 72

The accompanying consolidated financial statements include the accounts of Electric Power Development Co., Ltd. (the "Company") and its 72 subsidiaries controlled directly or indirectly by the Company.

In this fiscal year, J-POWER Renewables Capital, LLC, which was established in July 2020, JP Generation Australia Pty. Ltd., which was established in August 2020, and 2 other companies have been included in the scope of consolidation.

Birchwood Solar Power, LLC (changed its trade name to Birchwood Renewables, LLC) has been excluded from the scope of consolidation due to the transfer of part of its holdings in March 2021.

The consolidated subsidiary Kyushu Kiden Kouji Co., Ltd. (currently Kiden Plant Maintenance Co., Ltd.) has merged with the consolidated subsidiary Takehara Kiden Co., Ltd. and 2 other companies (April 2020), EPDC CoalTech and Marine Co., Ltd. has merged with a consolidated subsidiary Global Shipping Co., Ltd. (April 2020), and the consolidated subsidiary J-Wind Co., Ltd. has merged with a consolidated subsidiary J-Wind NIKAHO Co., Ltd. (January 2021).

2. Application of equity method

Number of companies accounted for by the equity method: 88

In this fiscal year, Birchwood Renewables, LLC, which was excluded from the scope of consolidation due to a decrease in share of equity in March 2021, has become an affiliate accounted for by the equity method.

Eneres De Biogas Plant Co., Ltd. (June 2020) and NCP Biogas Power Generation Investment Limited Partnership (July 2020) have been excluded from the scope of accounting by the equity method due to the liquidation proceedings in the current fiscal year. In addition, Chiahui Power Corporation, all of which shares held were transferred in November 2020, and Setouchi Power Corporation, which was dissolved in November 2020, have been also excluded from the scope of accounting by the equity method.

Affiliated companies that were not accounted for by the equity method (Nishikyushu Kyodo Kowan Co., Ltd. and others) are not material in terms of consolidated net income and loss (proportional amount of equity) and retained earnings (proportional amount of equity), and their overall impact is immaterial, so they have been excluded from the scope of accounting by the equity method.

For the companies accounted for by the equity method and have reporting dates that differ from that of the Company, financial statements as of their respective reporting dates are used.

3. Reporting dates of consolidated subsidiaries, etc.

All of the consolidated subsidiaries, except for J-POWER AUSTRALIA PTY. LTD. and 38 other overseas subsidiaries, have the same reporting date as that of the Company. The fiscal year end of each of J-POWER AUSTRALIA PTY. LTD. and 38 other overseas subsidiaries is the end of December. The financial statements of these subsidiaries as of the date are used for consolidation after necessary adjustments with regard to significant transactions incurred during the periods between their fiscal year end and that of the Company.

4. Accounting policies

(1) Valuation policies for assets

a. Long-term investments (available-for-sale securities)

Available-for-sale securities with market value are stated at market value on the balance sheet date. Cost of securities sold is determined by the moving average method. Unrealized gain (loss) on available-for-sale securities is included in net assets. Available-for-sale securities without market value are stated at cost determined by the moving average method.

b. Money in trust for cash management purposes

Stated at market value.

c. Derivatives

Stated at fair value, and hedge accounting is applied to those instruments which fulfill hedge conditions.

d. Inventories

Valuation standard: cost method (carrying amounts on the balance sheet are written down on the basis of decline in profitability).

Valuation method: specialty goods are stated at cost determined by the identified cost method, and other inventories are stated at cost determined by the monthly average method.

(2) Depreciation and amortization of non-current assets

a. Depreciation and amortization method

(Tangible assets)

Mainly straight-line method has been applied.

(Intangible assets)

Straight-line method has been applied.

Software costs for internal use are amortized based on the internally available period (five years) using the straight-line method.

b. Estimated useful lives

The same as prescribed in the Corporation Tax Law of Japan has been applied.

(3) Allowance and reserve policies

a. Allowance for doubtful accounts

To provide for doubtful accounts of accounts receivable and others through consideration of their recoverability based on the historical experience with bad debt for general receivables and based on the individual recoverability for specific receivables from companies in financial difficulty, the estimated irrecoverable amounts are posted.

(4) Accounting for employee retirement benefits

a. Attribution of estimated retirement benefits

In calculating retirement benefit obligations, estimated retirement benefits are attributed to each period to the end of current fiscal year by the benefit formula method.

b. Recognition of actuarial differences and past service cost

Actuarial differences are primarily recognized under the declining-balance method over two years from the fiscal year following

the fiscal year in which they were incurred, and past service costs are mainly recognized under the straight-line method over two years from the year in which the expense was incurred.

(5) Accounting for revenue and cost

a. Revenue and cost for construction contracts

(Construction contracts for which the degree of completion can be confirmed at the end of fiscal year)

Based on the percentage of completion method (estimated degree of completion for construction is calculated by the cost-to-cost method).

(Other construction contracts)

Based on the completed contract method.

(6) Hedge accounting

a. Method of hedge accounting

Deferred hedge accounting is applied. For hedges of foreign exchange fluctuation risk, the allocation method is applied when the hedge satisfies the requirements. For interest rate swaps, the special method is applied when the swaps satisfy the requirements.

b. Hedging instruments and targets

Hedging instruments	Hedged items
Foreign exchange forward contracts, foreign currency swaps	Payments of principal and interest with respect to foreign-currency-denominated bonds and loans, some foreign-currency-denominated receivables and payables
Interest rate swaps, Interest rate collar transactions	Payments of principal and interest with respect to bonds and loans
Commodity-price-related swaps	Some transactions affected by fluctuations in commodity prices

Significant Accounting Estimates

(Valuation of Construction in Progress)

Construction and retirement in progress in the amount of 588,222 million yen was recorded in the Company's consolidated balance sheet as of March 31, 2021, and included therein was construction in progress related to the Ohma Nuclear Power Plant Project.

As the construction process of the Ohma Nuclear Power Plant Project has been extended, the Company has therefore

c. Hedging policies

Based on the Company's internal regulations relating to derivative transactions, derivatives are executed for the purpose of avoiding the risks caused by fluctuating exchange rates, interest rates, and commodity purchase prices, and the Company's policy is not to perform speculative transactions.

d. Evaluation of hedge effectiveness

The Company evaluates hedge effectiveness on a quarterly basis or a per transaction basis by comparing cumulative changes in cash flow of hedging instruments with cumulative changes in hedged cash flow. Evaluation of the effectiveness of foreign exchange forward contracts and foreign currency swaps to which the allocation method is applied and interest rate swaps to which the special method is applied has been omitted.

(7) Cash and cash equivalents presented in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, bank deposits which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted into cash and are subject to little risk of change in value.

(8) Others

a. Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

reviewed the construction in progress related to the Ohma Nuclear Power Plant Project. As a result of the evaluation based on certain assumptions related to future sales revenue, additional construction cost, and operating cost of the power plant, the total undiscounted future cash flows exceeded the carrying amount, and therefore, no loss was recognized.

The assumptions used in the valuation may change in the event of any unforeseen circumstances.

Accounting Standards Issued but not yet Effective

On March 30, 2018, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29 March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30 March 26, 2021).

(1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract

3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

Notes to Consolidated Financial Statements

(3) Impact of adoption of revised accounting standard and related implementation guidance

As a result of the adoption of the "Accounting Standard for Revenue Recognition", the cumulative effect will be reflected in the opening balance of net assets for the next fiscal year, but the effect will be immaterial.

The ASBJ issued "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30), and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31), along with related updates to "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9), "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10), and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19).

(1) Overview

The ASBJ has developed an "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter collectively, the "Fair Value Measurement Standard"), which provide guid-

ance for fair value measurement in order to improve comparability with internationally recognized accounting standards. The Fair Value Measurement Standard is applied with respect to the fair value of the following items;

- Financial instruments defined in "Accounting Standard for Financial Instruments"
- Inventories held for trading purposes defined in "Accounting Standard for Measurement of Inventories"

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been revised requiring disclosure of financial instruments broken down by level in the fair value hierarchy.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of adoption of revised accounting standard and related implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

Changes in Presentation

(Application of the "Accounting Standard for Disclosure of Accounting Estimates")

The "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied in preparing the consolidated financial statements as of the end of the current fiscal year, and information on significant accounting estimates is disclosed in the notes to the consolidated financial statements.

However, in accordance with the transitional treatment prescribed in the proviso of paragraph 11 of the accounting standard, comparative information for the previous fiscal year is not stated in the notes.

(Consolidated Statement of Income)

In the previous fiscal year, "Insurance claim income" was included

in "Other" in "Non-operating income", but it was presented separately in the current fiscal year due to increased importance. In the previous fiscal year, "Foreign exchange gains" was presented separately under "Non-operating income" but it was included in "Other" in the current fiscal year due to diminished importance. To reflect these changes in presentation, the consolidated financial statements for the previous fiscal year were reclassified.

As a result, 7,498 million yen presented as "Foreign exchange gains" and 4,989 million yen presented as "Other" under "Non-operating income" in the Consolidated Statements of Income for the previous fiscal year were reclassified as 376 million yen presented as "Insurance claim income" and 12,111 million yen presented as "Other."

Consolidated Balance Sheet

1) Construction grants, which were deducted from the cost of non-current assets (accumulated)

	Millions of yen	
As of March 31	2020	2021
	¥113,928	¥116,223

2) Accumulated depreciation of tangible assets

	Millions of yen	
As of March 31	2020	2021
	¥3,064,347	¥3,132,164

3) Long-term investments in non-consolidated subsidiaries and affiliated companies

	Millions of yen	
As of March 31	2020	2021
Stocks	¥235,513	¥192,992

4) Inventories

As of March 31	Millions of yen	
	2020	2021
Merchandise and finished goods	¥1,250	¥1,429
Work in process	1,087	934
Raw materials and supplies	48,037	43,722
Total	¥50,375	¥46,085

5) Provisions

As of March 31	2020	2021
Provisions for directors' bonuses stated by subsidiaries are included in other provision		Provisions for directors' bonuses stated by subsidiaries are included in other provision

6) Pledged assets and secured liabilities

(1) Assets of the Company pledged for loans of other companies

As of March 31	Millions of yen	
	2020	2021
Long-term investments	¥6,093	¥7,025

(2) Assets of consolidated subsidiaries pledged to financial institutions for debts

As of March 31	Millions of yen	
	2020	2021
Overseas business facilities	¥295,082	¥268,539
Construction in progress	39,703	96,730
Cash and deposits	29,531	31,635
Other (Investments and other assets)	3,573	6,634
Electric utility plant and equipment	2,782	2,001
Notes and accounts receivable-trade	921	257
Other (Current assets)	¥221	¥224

Liabilities related to pledged assets mentioned above

As of March 31	Millions of yen	
	2020	2021
Long-term loans (including current portion)	¥274,359	¥292,124

7) Contingent liabilities

(1) Guarantees

As of March 31	Millions of yen	
	2020	2021
Guarantees given to certain financial institutions for loans of companies below:		
PT. BHIMASENA POWER INDONESIA	¥30,231	¥30,754
Yuzawa Geothermal Power Generation Corporation	2,625	2,438
SAHARA COOLING Ltd.	203	202
Appi Geothermal Energy Corporation	30	108
Guarantees given in connection with housing loans to employees	500	375
Total	¥33,591	¥33,877

(2) Guarantees given to certain banks for performance bonds under power purchase agreements of the company below:

As of March 31	Millions of yen	
	2020	2021
PT. BHIMASENA POWER INDONESIA	¥2,590	¥2,634

Notes to Consolidated Financial Statements

(3) Guarantees given for payment obligations on wind power generator purchase agreements of the companies below:

As of March 31	Millions of yen	
	2020	2021
J-Wind Co., Ltd.	¥7,177	¥5,238
J-Wind KAMINOKUNI, Ltd.	¥4,056	¥2,366

(4) Guarantees given for payment obligations on thermal power plant main equipment purchase agreements of the company below:

As of March 31	Millions of yen	
	2020	2021
Jackson Generation, LLC	¥13,563	¥4,886

(5) Guarantees given to certain banks for letters of credit on grid connection construction cost of the company below:

As of March 31	Millions of yen	
	2020	2021
Jackson Generation, LLC	¥20,610	¥10,934
AP Solar 6, LLC	—	¥1,801

The amount above shows the maximum amount of guarantee

(6) Guarantees given for joint liability for performance guarantee insurance agreements of the company below:

As of March 31	Millions of yen	
	2020	2021
Biocoal Kumamoto-South Co., Ltd.	¥22	¥23

(7) Guarantees given for contractual obligations to the transferee of the share transfer agreement of the company below:

As of March 31	Millions of yen	
	2020	2021
J-Power Investment Netherlands B.V.	¥601	¥635

The amount above shows the maximum amount of guarantee

(8) Commitment for additional investment and/or loan with regard to loan agreement of the company below:

As of March 31	Millions of yen	
	2020	2021
Triton Knoll Offshore Wind Farm Ltd.	¥11,589	¥11,834

The amounts above show the maximum amount of commitment

8) Spread of COVID-19 infection

For the year ended March 31, 2020

The J-POWER Group (the "Group") is promoting power plant construction projects in the US, UK and Indonesia. Spread of COVID-19 infection is affecting the power plant construction projects in these countries. Although it is difficult to reasonably estimate when each power plant starts operation and influence on other factors, there have been no significant events affecting the financial position of the Group.

For the year ended March 31, 2021

The Group is promoting power plant construction projects in the US, UK, and Indonesia. Although the spread of COVID-19 infection is affecting the power plant construction projects in these countries, the impact has been limited and there have been no significant events affecting the financial position of the Group.

Consolidated Statement of Income

1) A breakdown of electric utility operating expenses

Year ended March 31	Millions of yen			
	2020		2021	
	Electric utility operating expenses	Selling, general and administrative expenses*	Electric utility operating expenses	Selling, general and administrative expenses*
Personnel expenses	¥34,582	¥21,767	¥34,985	¥22,869
Fuel cost	240,144	—	197,952	—
Repair expenses	66,771	1,295	48,648	1,371
Consignment cost	41,677	14,634	48,192	16,017
Taxes and duties	24,838	757	24,486	874
Depreciation and amortization cost	57,241	2,235	71,853	2,706
Research expenses	14,409	14,409	13,802	13,802
Other	149,622	8,389	235,915	8,504
Total	¥629,287	¥63,489	¥675,837	¥66,146

*Included in electric utility operating expenses

2) Research and development costs included in operating expenses

Year ended March 31	Millions of yen	
	2020	2021
	¥16,162	¥15,630

3) Gain on sale of shares of subsidiaries and associates

For the year ended March 31, 2020

Not applicable.

For the year ended March 31, 2021

In November 2020, the Company sold all of its shares in Chiahui Power Corporation, which was an affiliate accounted for by the equity method, to Asia Cement Corporation, and recorded a gain on sale of shares of subsidiaries and associates of 9,478 million yen in extraordinary income.

4) Loss from operation of subsidiaries and associates

For the year ended March 31, 2020

With regard to the investment in Birchwood Power Partners, L.P., which is an affiliated company accounted for by the equity method, 8,911 million yen equivalent to the impairment loss on its business was posted under extraordinary losses in the current fiscal year, reflecting the changes in business environment.

For the year ended March 31, 2021

Not applicable.

5) Impairment loss

For the year ended March 31, 2020

The Company and its subsidiaries group assets based on their management accounting categories under which continuous oversight of the balance of payments are maintained. (Electric utility plants and equipment are grouped by business department, and overseas business facilities and other non-current assets are grouped by control management department or site.)

Due to a deterioration in the business environment and other factors, the Company examined the potential for future collectability, and consequently determined that it would be difficult to collect on certain investments relating to special asset groups. Therefore, the carrying amount was written down to the recoverable amount. Moreover, idle assets for which no immediate use was foreseen, and others were grouped individually, and written down to their recoverable amount. The corresponding impairment loss of 3,586 million yen was recognized under extraordinary losses.

The main component of impairment loss is as follows:

Use and location	Classification	Millions of yen
		Amount
Mining rights (J-POWER AUSTRALIA PTY. LTD., Narrabri Coal Mine in New South Wales, Australia)	Intangible non-current asset	¥2,838

(Calculation of the recoverable amount)

Future recoverable amount of certain asset groups was recorded at the value in use and some land was appraised at a value that reflects market prices. As for mining rights, because future cash flows fell below the carrying amount due to a decline in coal sales prices, etc., impairment loss was recognized. The discount rate used was 6.2%.

The recoverable amount of idle assets and other assets was measured according to their net selling value; assets slated for sale were recorded based on their expected selling value, while other assets were appraised at a value that reflects market prices.

For the year ended March 31, 2021

The Company and its subsidiaries group assets based on their management accounting categories under which continuous oversight of the balance of payments are maintained. (Electric utility plants and equipment are grouped by business department, and overseas business facilities and other non-current assets are grouped by control management department or site.)

Due to a deterioration in the business environment and other factors, the Company examined the potential for future collectability, and consequently determined that it would be difficult to

Notes to Consolidated Financial Statements

collect on certain investments relating to special asset groups. Therefore, the carrying amount was written down to the recoverable amount. Moreover, idle assets for which no immediate use was foreseen, and others were grouped individually, and written

down to their recoverable amount. The corresponding impairment loss of 5,706 million yen was recognized under extraordinary losses.

The main component of impairment loss is as follows:

Use and location	Classification	Millions of yen
		Amount
The former seawater pumped storage power test facility (the Company, Kunigami village, Kunigami District, Okinawa)	Non-operating facilities	¥2,990
Nishiokinoyama Power Plant (tentative name) installation plan (Yamaguchi-Ube Power Generation Co., Ltd., Ube city, Yamaguchi)	Construction in progress and others	¥1,576

(Calculation of the recoverable amount)

Future recoverable amount of certain asset groups was recorded at the value in use and the former seawater pumped storage power test facility has been valued at its memorandum value as its recoverability is not recognized. Nishiokinoyama Power Plant (tentative name) installation plan was valued at its memorandum

value due to the cancellation of the project.

The recoverable amount of idle assets and other assets was measured according to their net selling value; assets slated for sale were recorded based on their expected selling value, while other assets were appraised at a value that reflects market prices.

Consolidated Statement of Comprehensive Income

1) Reclassification adjustments and tax effects relating to other comprehensive income

Year ended March 31	Millions of yen	
	2020	2021
Valuation difference on available-for-sale securities		
Amount accrued for the current year	¥(8,111)	¥6,991
Reclassification adjustment	(423)	(63)
Amount before tax effect	(8,534)	6,927
Tax effect	2,108	(1,764)
Valuation difference on available-for-sale securities	(6,426)	5,163
Deferred gains or losses on hedges		
Amount accrued for the current year	(29,704)	(11,179)
Reclassification adjustment	16,492	7,748
Adjusted acquisition cost of assets	—	421
Amount before tax effect	(13,211)	(3,009)
Tax effect	2,127	124
Deferred gains or losses on hedges	(11,084)	(2,884)
Foreign currency translation adjustment		
Amount accrued for the current year	5,922	(11,868)
Remeasurements of defined benefit plans, net of tax		
Amount accrued for the current year	(3,788)	13,026
Reclassification adjustment	2,620	3,572
Amount before tax effect	(1,167)	16,598
Tax effect	339	(4,689)
Remeasurements of defined benefit plans, net of tax	(828)	11,909
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued for the current year	(7,794)	(11,277)
Reclassification adjustment	241	(2,595)
Share of other comprehensive income of entities accounted for using equity method	(7,552)	(13,873)
Other comprehensive income	¥(19,969)	¥(11,553)

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2020

1. Shares issued

Type	Shares			
	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Common stock	183,051,100	—	—	183,051,100

2. Treasury stock

Type	Shares			
	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Treasury stock	2,151	290	—	2,441

(Summary of reason of the change)

A breakdown of the increase is as follows:

Increase due to purchasing shares that are less than one voting unit: 290 shares

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 26, 2019)	Common stock	¥7,321	¥40	March 31, 2019	June 27, 2019
Board of Directors (October 31, 2019)	Common stock	¥6,406	¥35	September 30, 2019	November 29, 2019

(2) Dividends with the cut-off date in the year ended March 31, 2020 and the effective date in the year ended March 31, 2021

Resolution	Type of shares	Dividends paid from	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 25, 2020)	Common stock	Retained earnings	¥7,321	¥40	March 31, 2020	June 26, 2020

(Note) The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, except neither the capital reserve nor the legal reserve is available for distributions.

For the year ended March 31, 2021

1. Shares issued

Type	Shares			
	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common stock	183,051,100	—	—	183,051,100

2. Treasury stock

Type	Shares			
	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Treasury stock	2,441	300	—	2,741

(Summary of reason of the change)

A breakdown of the increase is as follows:

Increase due to purchasing shares that are less than one voting unit: 300 shares

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 25, 2020)	Common stock	¥7,321	¥40	March 31, 2020	June 26, 2020
Board of Directors (October 30, 2020)	Common stock	¥6,406	¥35	September 30, 2020	November 27, 2020

Notes to Consolidated Financial Statements

(2) Dividends with the cut-off date in the year ended March 31, 2021 and the effective date in the year ending March 31, 2022

Resolution	Type of shares	Dividends paid from	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 25, 2021)	Common stock	Retained earnings	¥7,321	¥40	March 31, 2021	June 28, 2021

(Note) The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, except neither the capital reserve nor the legal reserve is available for distributions.

Consolidated Statement of Cash Flows

1) The reconciliation between the balance of cash and cash equivalents at the end of year and accounts on the consolidated balance sheet

Year ended March 31	Millions of yen	
	2020	2021
Cash and deposits account	¥159,325	¥189,842
Time deposits with a maturity of more than three months	(2,113)	(4,582)
Cash and cash equivalents	¥157,212	¥185,260

Financial Instruments

1. Status of financial instruments

(1) Policy for financial instruments

The Company formulates funds procurement plans based on demand for funding of capital expenditures related to the domestic electric power business, investment in the overseas power generation business, and other business. The requisite funds are then procured (mainly from the issue of bonds and loans from financial institutions). Funds temporarily in excess are invested in financial assets with a high degree of safety. The Company also procures funds for short-term working capital through borrowings and the issue of commercial papers. Derivatives are used to avoid the risks noted below and it is corporate policy not to engage in speculative transactions.

(2) Types of financial instruments and related risk

Notes and accounts receivable-trade are operating receivables exposed to client credit risk. Securities held as long-term investments are shares, etc. related to business or capital ties with the partner companies to the transactions and are exposed to the risk of fluctuation in market prices. Short-term investments consist primarily of domestic CDs (transferable deposits) and are exposed to bank credit risk.

Notes and accounts payable-trade are operating liabilities and nearly all have a payment term of one year or less. Some of these are foreign currency transactions and these are exposed to currency fluctuation risk; however, part of this is hedged through the use of foreign exchange forward contracts. Loans and bonds are used mainly for the procurement of funds required for capital investment. The redemption term is 28 years at the longest after the fiscal year settlement date. Some of these have variable interest rates and are thus exposed to interest rate fluctuation risk; however, this is hedged through the use of derivatives transactions (interest rate swaps).

Derivatives transactions consist mainly of transactions involving foreign exchange forward contracts to hedge the risk of currency fluctuation accompanying operating receivables and

payables denominated in foreign currencies, interest rate swaps designed to hedge the risk of interest rate fluctuations for loans, and commodity swaps and commodity options designed to hedge the risk of fluctuation in commodity prices. Please see section "4. Accounting policies – (6) Hedge accounting" under "Summary of Significant Accounting Policies" mentioned above for the hedging methods, hedging targets, hedging policies and methods for appraising hedging effectiveness, etc.

(3) Risk management for financial instruments

a. Monitoring of credit risk (the risk that customers or counterparties may default, etc.)

In accordance with the Rules on Management of Sales, etc., each division of the Company monitors the due dates and balances of operating receivables for each transacting partner and also maintains a perpetual grasp of changes in the state of management, etc. for these companies. Consolidated subsidiaries also follow the Rules on Management of Sales, etc. and manage business affairs in the same manner. Please note that credit risk is minimal for the domestic electric power business since transactions are conducted mainly with former 10 EPCOs, which have high credit ratings. The same applies to overseas business since transactions are conducted mainly with the Electricity Generating Authority of Thailand (EGAT).

When derivatives transactions are used, they are conducted only with financial and other institutions bearing high credit ratings to mitigate counterparty risk.

The largest amount of credit risk as of the fiscal year-end is shown in the value of financial assets exposed to credit risk on the consolidated balance sheet.

b. Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

The Company and some of its consolidated subsidiaries generally employ foreign exchange forward contracts to hedge the risk of

currency fluctuations for foreign-denominated operating receivables and payables, as determined on a monthly basis, by currency. The Company and some of its consolidated subsidiaries also employ interest rate swaps to avoid the risk of fluctuation in interest rates on loans. The Company and some of its consolidated subsidiaries engage in commodity swaps and commodity options to obviate the risk of fluctuation in commodity prices as well.

Regarding securities, fair values and financial conditions of issuers (partner companies) and other components are periodically monitored.

Derivatives transactions are executed and managed based on the Company's inner rules which determine the maximum limits for derivatives transactions by purpose, methods of monitoring and reporting, and others. Consolidated subsidiaries also adhere to these rules of the Company in managing derivatives.

c. Monitoring of liquidity risk (the risk that the Company may not be able to meet obligations on scheduled due dates)

The Accounting & Finance Department formulates and updates

2. Fair value of financial instruments

The carrying values recorded on the consolidated balance sheet, fair value and differences between them are as follows. Please note that instruments for which it is extremely difficult to ascertain a fair value are not included in the following table (see (Note 2)).

As of March 31, 2020	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash and deposits	¥159,325	¥159,325	—
(2) Notes and accounts receivable-trade	80,466	80,466	—
(3) Investment securities	22,978	22,978	—
Available-for-sale securities* ¹	22,978	22,978	—
Total assets	262,771	262,771	—
(4) Notes and accounts payable-trade	28,729	28,729	—
(5) Short-term loans payable	14,952	14,952	—
(6) Bonds payable* ²	684,993	707,155	¥(22,162)
(7) Long-term loans payable* ²	945,417	967,169	(21,752)
Total liabilities	1,674,092	1,718,007	¥(43,914)
(8) Derivatives transactions* ³			
Transactions not subject to hedge accounting	5,205	5,205	—
Transactions subject to hedge accounting	(27,314)	(27,314)	—
Total derivatives transactions	¥(22,109)	¥(22,109)	—

*¹ Included in long-term investments on the consolidated balance sheet.

*² Includes current portion of bonds and long-term loans payable.

*³ Indicates the net amount of receivables and payables derived from derivatives transactions.

As of March 31, 2021	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash and deposits	¥189,842	¥189,842	—
(2) Notes and accounts receivable-trade	66,140	66,140	—
(3) Investment securities	28,249	28,249	—
Available-for-sale securities* ¹	28,249	28,249	—
Total assets	284,231	284,231	—
(4) Notes and accounts payable-trade	23,625	23,625	—
(5) Short-term loans payable	8,947	8,947	—
(6) Bonds payable* ²	674,994	694,258	¥(19,264)
(7) Long-term loans payable* ²	957,307	974,424	(17,117)
Total liabilities	1,664,873	1,701,255	¥(36,382)
(8) Derivatives transactions* ³			
Transactions not subject to hedge accounting	3,285	3,285	—
Transactions subject to hedge accounting	(29,833)	(29,833)	—
Total derivatives transactions	¥(26,547)	¥(26,547)	—

*¹ Included in long-term investments on the consolidated balance sheet.

*² Includes current portion of bonds and long-term loans payable.

*³ Indicates the net amount of receivables and payables derived from derivatives transactions.

financing plans in a timely manner based on reports from the various departments and manages liquidity risk through issuance of commercial papers and other means.

(4) Supplemental explanation of the estimated fair value of financial instruments

Fair value of financial instruments includes not only values based on market prices, but also values calculated in a reasonable manner for instruments that do not have a market price. Calculation of such values incorporates factors that fluctuate so values may fluctuate with the employment of different underlying assumptions and other factors. Moreover, contract amounts of derivatives transactions in "Derivatives Transactions" do not indicate the market risk related to the derivatives transactions, in and of themselves.

(5) Concentration of credit risk

As of March 31, 2021, 74% of the operating receivables are from former 10 electric power companies (EPCOs) and the Electricity Generating Authority of Thailand (EGAT).

Notes to Consolidated Financial Statements

(Note 1) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivatives transactions

(1) Cash and deposits, (2) Notes and accounts receivable-trade,
Since these are settled within a short period of time, their carrying value approximates fair value.

(3) Investment securities
The fair value of shares is based on quoted market prices. For information of securities by purpose of holding, please refer to "Securities."

(4) Notes and accounts payable-trade, (5) Short-term loans payable
Since these are settled within a short period of time, their carrying value approximates fair value.

(6) Bonds payable
The fair value of bonds issued by the Company is calculated by taking the current value of the sum of the principal and interest discounted by an interest rate which takes the time remaining on the bonds and the credit risk into consideration.

(7) Long-term loans payable
The fair value of long-term loans payable is calculated by taking the current value of the sum of the principal and interest or, in cases subject to special handling with interest rate swaps, the total principal and interest with the interest rate swaps combined, discounted by the assumed interest rate for an equivalent level of new borrowing.

(8) Derivatives transactions
Refer to "Derivatives transactions."

(Note 2) Amounts of financial instruments recorded on the consolidated balance sheet for which it is extremely difficult to determine the fair value

	Millions of yen	
As of March 31	2020	2021
Unlisted shares (excluding share sold on the OTC market)	¥7,466	¥7,981
Unlisted foreign shares	260	263
Capital contribution	1,615	1,709
Foreign capital contribution	10,596	11,707
Corporate bonds	¥410	¥110

The above do not have a market value and estimation of future cash flows from them or taking other measures to estimate their fair value would be impossible. Therefore, they are not included in "(3) Investment securities, Available-for-sale securities." Please note that the shares of non-consolidated subsidiaries and affiliates have been omitted from the table above because they are listed under "Consolidated Balance Sheet, 3) Long-term investments in non-consolidated subsidiaries and affiliated companies."

(Note 3) Redemption schedule for receivables and securities with maturities after the end of the fiscal year

	Millions of yen			
As of March 31, 2020	Cash and deposits *	Notes and accounts receivable-trade	Investment securities Available-for-sale securities with maturities	Total
Due in one year or less	¥159,325	¥80,466	—	¥239,792
Due after one year through five years	—	—	¥410	¥410
Due after five years through 10 years	—	—	—	—
Due after 10 years	—	—	—	—

* Amounts in cash and deposits to be redeemed within one year or less include cash.

	Millions of yen			
As of March 31, 2021	Cash and deposits *	Notes and accounts receivable-trade	Investment securities Available-for-sale securities with maturities	Total
Due in one year or less	¥189,842	¥66,140	¥110	¥256,092
Due after one year through five years	—	—	—	—
Due after five years through 10 years	—	—	—	—
Due after 10 years	—	—	—	—

* Amounts in cash and deposits to be redeemed within one year or less include cash.

(Note 4) Bonds, long-term loans payable, and other interest-bearing debt scheduled for repayment after the end of fiscal year

	Millions of yen			
As of March 31, 2020	Short-term loans payable	Bonds payable	Long-term loans payable	Total
Due in one year or less	¥14,952	¥80,000	¥80,048	¥175,000
Due after one year through two years	—	20,000	65,864	85,864
Due after two years through three years	—	20,000	118,892	138,892
Due after three years through four years	—	70,000	99,744	169,744
Due after four years through five years	—	90,000	78,106	168,106
Due after five years	—	¥405,000	¥502,761	¥907,761

	Millions of yen			
As of March 31, 2021	Short-term loans payable	Bonds payable	Long-term loans payable	Total
Due in one year or less	¥8,947	¥20,000	¥64,956	¥93,903
Due after one year through two years	—	20,000	117,935	137,935
Due after two years through three years	—	70,000	129,097	199,097
Due after three years through four years	—	90,000	79,403	169,403
Due after four years through five years	—	70,000	78,368	148,368
Due after five years	—	¥405,000	¥487,545	¥892,545

Securities

1. Available-for-sale securities

	Millions of yen			
As of March 31, 2020	Items	Amount recorded on the consolidated balance sheet	Acquisition cost	Difference
Securities for which the amount recorded on the consolidated balance sheet exceeds the acquisition cost	Stock	¥14,651	¥6,686	¥7,964
Securities for which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost	Stock	8,327	10,062	(1,735)
Total		¥22,978	¥16,749	¥6,228

	Millions of yen			
As of March 31, 2021	Items	Amount recorded on the consolidated balance sheet	Acquisition cost	Difference
Securities for which the amount recorded on the consolidated balance sheet exceeds the acquisition cost	Stock	¥27,903	¥15,790	¥12,112
Securities for which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost	Stock	345	354	(8)
Total		¥28,249	¥16,145	¥12,103

2. Available-for-sale securities sold in the fiscal year

	Millions of yen			
Year ended March 31, 2020	Proceeds from sales	Gain on sales	Loss on sales	
Stock	¥2,542	¥1,192	¥93	

	Millions of yen			
Year ended March 31, 2021	Proceeds from sales	Gain on sales	Loss on sales	
Stock	¥668	¥108	¥44	

Derivatives Transactions

1. Derivatives transactions not subject to hedge accounting

(1) Commodities

		Millions of yen			
		Contract value, etc.	Fair value	Valuation gain/loss	Calculation of fair value
As of March 31, 2020	Instrument	Total value	Portion over one year		
Transactions other than market transactions	Options, short positions	¥6,858	¥6,858	¥5,205	¥(1,653)
					According to discounted present value

		Millions of yen			
		Contract value, etc.	Fair value	Valuation gain/loss	Calculation of fair value
As of March 31, 2021	Instrument	Total value	Portion over one year		
Transactions other than market transactions	Options, short positions	¥6,479	¥6,479	¥3,285	¥(3,193)
					According to discounted present value

Notes to Consolidated Financial Statements

2. Derivatives transactions subject to hedge accounting

As of March 31, 2020

Hedging method	Instrument	Target	Millions of yen			Calculation of fair value
			Contract value, etc.		Fair value	
			Total value	Portion over one year		
General settlement method	Foreign exchange forward contracts	Foreign-currency-denominated receivables and payables	¥9,416	¥3,710	¥(391)	According to the forward exchange rate
	Interest rate swaps pay/fixed receive/floating	Loans	350,246	315,743	(24,717)	According to the price, etc. specified by the transacting financial institution
	Interest rate collar transactions		17,008	7,489	(466)	
	Commodity swaps pay/fixed receive/floating	Commodity	20,256	—	(1,739)	
Special interest rate swaps	Interest rate swaps pay/fixed receive/floating	Loans	221,414	189,488	*	—
Total			¥618,343	¥516,431	¥(27,314)	

* Transactions subject to special interest rate swaps are settled as a combined sum with the long-term loans being hedged so the fair value is included in the fair value of the long-term loans in question.

As of March 31, 2021

Hedging method	Instrument	Target	Millions of yen			Calculation of fair value
			Contract value, etc.		Fair value	
			Total value	Portion over one year		
General settlement method	Foreign exchange forward contracts	Foreign-currency-denominated receivables and payables	¥4,114	¥1,707	¥179	According to the forward exchange rate
	Interest rate swaps pay/fixed receive/floating	Loans	317,748	268,703	(32,152)	According to the price, etc. specified by the transacting financial institution
	Interest rate collar transactions		7,081	—	(78)	
	Commodity swaps pay/fixed receive/floating	Commodity	11,053	—	2,218	
Special interest rate swaps	Interest rate swaps pay/fixed receive/floating	Loans	189,488	171,010	*	—
Total			¥529,485	¥441,421	¥(29,833)	

* Transactions subject to special interest rate swaps are settled as a combined sum with the long-term loans being hedged so the fair value is included in the fair value of the long-term loans in question.

Employee Retirement Benefit Plans

1. Summary of employee retirement benefit plans adopted

The Company and some of its domestic consolidated subsidiaries have adopted funded type defined benefit corporate pension plans and unfunded lump-sum retirement benefit plans and both use a point system where retirement allowance points, which become the basis for calculating payment amounts, are accumulated.

Defined benefit corporate pension plans (which are all funded types) provide annuities and lump sums based on calculations using accumulated points and the number of years served, etc. The Company has adopted a quasi-cash balance plan for its defined benefit corporate pension plan and annuity amounts

fluctuate depending on the market interest rate.

Lump-sum retirement benefit plans (which is unfunded, but some have become a funded type plan as a result of setting a retirement benefit trust) supplies lump sums based on accumulated points and length of employment. Also, when an employee retires, there are cases when premium severance payments are made that are not in the scope of retirement benefit obligations calculated following retirement benefit accounting.

In conjunction with the gradual extension of the retirement age from 60 to 65, the Company has made partial changes to its defined benefit corporate pension plans and lump-sum retirement benefit plans.

2. Defined benefit plans (excluding plans using a simplified method)

(1) The changes in the retirement benefit obligations during the year

Year ended March 31	Millions of yen	
	2020	2021
Balance at the beginning of the year	¥153,547	¥150,938
Service cost	6,286	6,306
Interest cost	446	422
Incurred actuarial gain or loss	(1,374)	(3,024)
Retirement benefit payments	(7,978)	(7,812)
Past service cost	—	(437)
Other	10	(8)
Balance at the end of the year	¥150,938	¥146,384

(2) The changes in the plan assets during the year

Year ended March 31	Millions of yen	
	2020	2021
Balance at the beginning of the year	¥95,756	¥90,818
Expected return on plan assets	2,554	2,888
Incurred actuarial gain or loss	(5,162)	9,564
Funding by the Company and its subsidiaries	2,406	2,435
Retirement benefit payments	(4,737)	(4,882)
Balance at the end of the year	¥90,818	¥100,824

(3) The table set forth the funded status of the plans and the amounts recognized in the consolidated balance sheet for the Company's and the consolidated subsidiaries' defined benefit plans

As of March 31	Millions of yen	
	2020	2021
Retirement benefit obligations of funded type plans	¥142,386	¥137,827
Plan assets	(90,818)	(100,824)
	51,568	37,003
Retirement benefit obligations of unfunded type plans	8,551	8,556
Net amount of liabilities and assets on the consolidated balance sheet	60,119	45,560
Retirement benefit liability	60,119	45,647
Retirement benefit asset	—	(87)
Net amount of liabilities and assets on the consolidated balance sheet	¥60,119	¥45,560

(4) Retirement benefit expenses

Year ended March 31	Millions of yen	
	2020	2021
Service cost	¥6,414	¥5,923
Interest cost	435	414
Expected return on plan assets	(2,683)	(2,553)
Amortization of actuarial gain or loss	2,620	3,585
Amortization of past service cost	—	(18)
Other	102	115
Retirement benefit expenses regarding defined benefit plans	¥6,889	¥7,467

(5) Remeasurements of defined benefit plans, net of tax

A breakdown of remeasurements of defined benefit plans (before tax effect) is as follows:

Year ended March 31	Millions of yen	
	2020	2021
Past service cost	—	¥419
Actuarial gain or loss	¥(1,167)	16,179
Total	¥(1,167)	¥16,598

Notes to Consolidated Financial Statements

(6) Remeasurements of defined benefit plans

A breakdown of remeasurements of defined benefit plans in accumulated other comprehensive income (before tax effect) is as follows:

As of March 31	Millions of yen	
	2020	2021
Unrecognized past service cost	—	¥(419)
Unrecognized actuarial gain or loss	¥5,291	(10,887)
Total	¥5,291	¥(11,307)

(7) Plan assets

a. A breakdown of plan assets

Proportion of each type of asset is as follows:

As of March 31	2020	2021
Bonds	26%	20%
Stocks	28%	31%
General accounts	39%	37%
Other	7%	12%
Total	100%	100%

b. Long-term expected rate of return

In order to set long-term expected rate of return for plan assets, the current and expected allocation of plan assets and the current and future expected long-term return ratios for the various assets that compose the plan assets are taken into consideration.

(8) The actuarial assumptions

Main actuarial assumptions at the end of the fiscal year (presented in weighted average)

Year ended March 31	2020	2021
Discount rate	0.3%	0.5%
Long-term expected rate of return on plan assets	2.9%	2.9%
Expected rate of increase in salary	3.7%	3.6%

Income taxes

1. The significant components of deferred tax assets and liabilities

As of March 31	Millions of yen	
	2020	2021
Deferred tax assets		
Net operating loss carryforwards for tax purpose (Note 2)	¥9,230	¥27,184
Unrealized gain on non-current assets	14,504	15,059
Net defined benefit liability	18,663	14,550
Excess of depreciation of non-current assets	4,448	6,851
Amount assigned for bonuses, etc. but not yet paid	2,215	2,250
Excess of amortization of deferred assets for tax purposes	1,047	1,024
Other	41,644	44,383
Subtotal of deferred tax assets	91,754	111,305
Valuation allowance for net operating loss carryforwards for tax purpose (Note 2)	(2,236)	(20,714)
Valuation allowance for deductible temporary difference and others	(11,365)	(13,520)
Subtotal of valuation allowance (Note 1)	(13,602)	(34,234)
Total deferred tax assets	78,152	77,071
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,972)	(3,736)
Other	(33,481)	(34,515)
Total deferred tax liabilities	(35,454)	(38,252)
Net deferred tax assets	¥42,697	¥38,818

(Note) 1 The amount of valuation allowance increased by 20,632 million yen. This increase was mainly due to the recognition of a new valuation allowance of 18,200 million yen for net operating loss carryforwards for tax purpose at J-POWER SUPPLY & TRADING Co., Ltd.

2 Amounts of net operating loss carryforwards for tax purpose and associated deferred tax assets by expiry date are as follows:

As of March 31, 2020	Millions of yen		
	Net operating loss carryforwards for tax purpose (a)	Valuation allowance	Deferred tax assets
One year or less	¥215	¥(184)	¥31
Over one year to two years	73	(24)	49
Over two years to three years	250	(143)	107
Over three years to four years	1,026	(100)	925
Over four years to five years	492	(466)	25
Over five years	7,171	(1,317)	5,853
Total	¥9,230	¥(2,236)	(b) ¥6,993

(a) Amount of net operating loss carryforwards for tax purpose is the amount multiplied by statutory tax rate.

(b) 6,993 million yen of deferred tax assets is recognized associated with 9,230 million yen of net operating loss carryforwards for tax purpose which is multiplied by statutory tax rate. 6,993 million yen of deferred tax assets is recognized at consolidated subsidiaries as a part of 9,230 million yen of the balance of net operating loss carryforwards for tax purpose which is multiplied by statutory tax rate. The net operating loss carryforwards for tax purpose which was recognized as deferred tax assets is concluded recoverable based on expected future taxable income.

As of March 31, 2021	Millions of yen		
	Net operating loss carryforwards for tax purpose (a)	Valuation allowance	Deferred tax assets
One year or less	¥67	¥(23)	¥43
Over one year to two years	253	(152)	101
Over two years to three years	936	(94)	842
Over three years to four years	258	(224)	33
Over four years to five years	216	(181)	35
Over five years	25,452	(2,038)	5,414
Total	¥27,184	¥(20,714)	(b) ¥6,470

(a) Amount of net operating loss carryforwards for tax purpose is the amount multiplied by statutory tax rate.

(b) 6,470 million yen of deferred tax assets is recognized associated with 27,184 million yen of net operating loss carryforwards for tax purpose which is multiplied by statutory tax rate. 6,470 million yen of deferred tax assets is recognized at consolidated subsidiaries as a part of 27,184 million yen of the balance of net operating loss carryforwards for tax purpose which is multiplied by statutory tax rate. The net operating loss carryforwards for tax purpose which was recognized as deferred tax assets is concluded recoverable based on expected future taxable income.

2. The reconciliation between the effective tax rates reflected in the consolidated statement of income and the statutory tax rate

As of March 31	2020	2021
Statutory tax rate	28.00%	28.00%
(adjusted)		
Valuation allowance	1.22%	32.21%
Non-deductible expenses such as donations	0.88%	4.71%
Withholding taxes in foreign countries	2.33%	3.05%
Non-taxable income such as dividend income	(12.10)%	(14.62)%
Tax credits	(1.50)%	(2.09)%
Other	(0.55)%	0.52%
Effective tax rates	18.28%	51.78%

(Note) "Valuation allowance" and "Non-deductible expenses such as donations" that were previously included in "Other" are shown separately from the current fiscal year as their importance has increased. In addition, "Investment profit/loss based on the equity method" that was previously shown separately is included in "Other" from the current fiscal year as its importance has decreased. The breakdown of main items has been restated in order to reflect this change.

As a result, (4.83)% shown in "Investment profit/loss based on the equity method" and 6.38% shown in "Other" in the previous fiscal year were restated as 1.22% in "Valuation allowance", 0.88% in "Non-deductible expenses such as donations", and (0.55)% in "Other".

In the current fiscal year, difference between the non-deductible expenses of loan forgiveness for consolidated J-POWER SUPPLY & TRADING Co., Ltd., which is included in "Non-deductible expenses such as donations", and the non-taxable income on loan forgiveness in J-POWER SUPPLY & TRADING Co., Ltd., which is included in "Non-taxable income such as dividend income" are offset and shown.

Business Combinations

Transactions under common control

(1) Outline of the transaction

(a) Description of the subject business

Power transmission business of the Company

(b) Date of business combination

April 1, 2020

(c) Legal form of the business combination

A company split in which the Company is the splitting company and J-POWER Transmission Network Co., Ltd., a wholly owned subsidiary of the Company, is the succeeding company.

(d) Name of the company after the combination

J-POWER Transmission Network Co., Ltd

Notes to Consolidated Financial Statements

(e) Other matters concerning the outline of the transaction

In response to the legal separation of the power transmission business stipulated in the Electricity Business Act, the Company's power transmission business was transferred to J-POWER Transmission Network Co., Ltd. in order to ensure further neutrality in the power transmission and distribution sector.

(2) Summary of accounting treatment

In accordance with the "Accounting Standard for Business Combinations" and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures, etc.", the transaction was treated as a transaction under common control.

Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheet

(1) Overview of the asset retirement obligations

This represents restoration obligations due to real estate lease agreements relating to non-current assets of electric utility plant and equipment, and due to power purchase agreements in overseas business.

(3) Increase/decrease of the asset retirement obligations

Year ended March 31	Millions of yen	
	2020	2021
Balance at the beginning of the year	¥29,391	¥31,263
Liabilities incurred due to the acquisition of property, plant and equipment	2,209	980
Increase due to estimate change	237	257
Accretion expense	339	214
Liabilities settled	(1,776)	(368)
Other	861	3,522
Balance at the end of the year	¥31,263	¥35,871

Segment Information, etc.

(Segment Information)

1. Overview of reportable segment

The Company's reportable segments consist of structural units for which separate financial information is available and are subject to be regularly reviewed by the Board of Directors to determine the distribution of management resources and evaluate performance.

The J-POWER Group is comprised of J-POWER (parent company), 72 subsidiaries and 106 affiliates (as of March 31, 2021), of which the main business is generating business utilizing power plants owned by J-POWER group companies including hydroelectric, thermal and wind. Through power transmission and transforming facilities, which one of subsidiaries owns, the Group also engages in transmission business, providing transmission services to nine transmission and distribution companies, excluding The Okinawa Electric Power Company. The J-POWER Group's business is separated into 4 reportable seg-

ments of "Electric Power Business" conducted by the parent company, subsidiaries and affiliates; "Electric Power Related Business" that complements and contributes to the smooth and efficient implementation of the electric power business; "Overseas Business" that engages in overseas power generation business and businesses related to this; and "Other Business" which consists of various business activities including the sale of coal that fully utilizes the Group's management resources and know-how.

2. Method of calculating amount in sales, income or loss, assets and other items in reportable segments

The method of accounting for the reportable segments is the same as that stated in "Summary of Significant Accounting Policies." The income of reportable segments is calculated on the basis of ordinary income. Intersegment internal revenues and

transferred amounts are based on current market prices.

3. Information concerning amounts in sales, income or loss, assets and other items for each reportable segment

For the year ended March 31, 2020	Reportable segments					Total	Adjustments*1	Consolidated*2
	Electric power	Electric power related	Overseas	Other				
Sales								
Sales to external customers	¥684,155	¥31,988	¥179,094	¥18,537	¥913,775	—	¥913,775	
Intersegment sales and transfer	1,853	368,597	—	3,623	374,073	¥(374,073)	—	
Total sales	686,008	400,585	179,094	22,160	1,287,849	(374,073)	913,775	
Segment income	27,466	18,507	33,965	569	80,508	(2,423)	78,085	
Segment assets	2,040,598	244,503	680,942	15,627	2,981,672	(176,281)	2,805,390	
Other items								
Depreciation and amortization	59,111	6,754	18,723	333	84,923	(1,913)	83,009	
Interest income	93	299	904	62	1,360	(95)	1,264	
Interest expenses	12,706	96	13,498	87	26,389	(95)	26,293	
Equity income (loss) of affiliates	(1,250)	—	12,571	—	11,320	—	11,320	
Investment in affiliates	29,887	—	204,844	—	234,731	—	234,731	
Increase in tangible and intangible non-current assets	¥116,971	¥16,581	¥27,232	¥420	¥161,206	¥1,490	¥162,696	

(Notes) 1. The breakdown of adjustments is as follows:

- (1) The adjustment amount of (2,423) million yen in segment income includes elimination of transaction amounts between segments of (2,447) million yen.
- (2) The adjustment amount of (176,281) million yen in segment assets includes elimination of (167,459) million yen for the offsetting of receivables.
- (3) The adjustment amount of (1,913) million yen in depreciation and amortization includes elimination of transaction amounts between segments of (1,870) million yen.
- (4) The adjustment amounts for interest income, interest expenses, and increase in tangible and intangible non-current assets are amounts eliminated as transactions between segments.

2. Segment income is adjusted with ordinary income on consolidated financial statements.

For the year ended March 31, 2021	Reportable segments					Total	Adjustments*1	Consolidated*2
	Electric power	Electric power related	Overseas	Other				
Sales								
Sales to external customers	¥731,302	¥24,784	¥138,087	¥14,970	¥909,144	—	¥909,144	
Intersegment sales and transfer	2,137	349,415	—	3,460	355,013	¥(355,013)	—	
Total sales	733,440	374,199	138,087	18,430	1,264,158	(355,013)	909,144	
Segment income	19,082	12,292	30,883	1,049	63,308	(2,405)	60,903	
Segment assets	2,100,359	240,308	679,102	16,810	3,036,581	(194,621)	2,841,960	
Other items								
Depreciation and amortization	73,996	8,093	16,181	359	98,631	(2,185)	96,445	
Interest income	121	40	383	57	603	(88)	515	
Interest expenses	11,612	97	12,041	83	23,834	(88)	23,746	
Equity income (loss) of affiliates	(10,419)	—	13,179	—	2,759	—	2,759	
Investment in affiliates	18,750	—	173,502	—	192,253	—	192,253	
Increase in tangible and intangible non-current assets	¥106,744	¥5,737	¥60,279	¥387	¥173,148	¥(1,638)	¥171,509	

(Notes) 1. The breakdown of adjustments is as follows:

- (1) The adjustment amount of (2,405) million yen in segment income includes elimination of transaction amounts between segments of (2,429) million yen.
- (2) The adjustment amount of (194,621) million yen in segment assets includes elimination of (188,992) million yen for the offsetting of receivables.
- (3) The adjustment amount of (2,185) million yen in depreciation and amortization includes elimination of transaction amounts between segments of (2,143) million yen.
- (4) The adjustment amounts for interest income, interest expenses, and increase in tangible and intangible non-current assets are amounts eliminated as transactions between segments.

2. Segment income is adjusted with ordinary income on consolidated financial statements.

(Related information)

For the year ended March 31, 2020

1. Information by products and services

The information is omitted as similar information is disclosed in segment information.

2. Geographical information

(1) Operating revenue

				Millions of yen			
		Japan	Thailand	Other	Total		
		¥707,411	¥178,717	¥27,646	¥913,775		

Notes to Consolidated Financial Statements

(Note) Sales are classified by countries or regions based on locations of customers.

(2) Tangible non-current assets

	Millions of yen			
	Japan	Thailand	Other	Total
	¥1,568,064	¥310,573	¥59,750	¥1,938,387

3. Sales to main customers

	Millions of yen	
	Amount of sales	Related segment
Electricity Generating Authority of Thailand (EGAT)	¥164,361	Overseas business
The Chugoku Electric Power Company, Incorporated	114,045	Electric power business
TEPCO Energy Partner, Incorporated	¥100,696	Electric power business

For the year ended March 31, 2021

1. Information by products and services

The information is omitted as similar information is disclosed in segment information.

2. Geographical information

(1) Operating revenue

	Millions of yen			
	Japan	Thailand	Other	Total
	¥750,252	¥137,757	¥21,135	¥909,144

(Note) Sales are classified by countries or regions based on locations of customers.

(2) Tangible non-current assets

	Millions of yen			
	Japan	Thailand	Other	Total
	¥1,596,006	¥279,321	¥120,505	¥1,995,832

3. Sales to main customers

	Millions of yen	
	Amount of sales	Related segment
Japan Electric Power Exchange (JEPX)	¥ 225,754	Electric power business
Electricity Generating Authority of Thailand (EGAT)	123,969	Overseas business
The Chugoku Electric Power Company, Incorporated	¥ 95,498	Electric power business

(Impairment loss on non-current assets by reportable segments)

For the year ended March 31, 2020

	Millions of yen				
	Electric power	Electric power related	Overseas	Other	Total
Impairment loss	¥732	¥2,854	—	—	¥3,586

For the year ended March 31, 2021

	Millions of yen				
	Electric power	Electric power related	Overseas	Other	Total
Impairment loss	¥5,442	¥264	—	—	¥5,706

(Information about amortization and balance of goodwill by reportable segments)

For the year ended March 31, 2020

Not applicable.

For the year ended March 31, 2021

Not applicable.

(Information about gain on negative goodwill by reportable segments)

For the year ended March 31, 2020

Not applicable.

For the year ended March 31, 2021

Not applicable.

Related Party Information

1. Summary of financial information of important affiliates

For the year ended March 31, 2020

Type	Affiliate
Company name	PT. BHIMASENA POWER INDONESIA
Location	Jakarta, Indonesia
Capital or contribution (Millions of U.S. dollars)	10
Business description	Thermal power business
Ownership of voting rights (%)	Direct 34.0
Relationship with related party	Guarantee of loan / Interlocking directors
Transaction	Guarantee of loan ^{*1, *2}
Amount of transaction (Millions of yen)	32,821
Account name	—
Balance at the end of the year (Millions of yen)	—

*1 The consumption taxes are not included in the amount stated above.

*2 Terms and conditions, and policy for determining terms and conditions
The Company executes guarantees of loans from financial institutions.

The Company executes guarantees of loans for the letters of guarantee of power sales agreements of financial institutions.

For the year ended March 31, 2021

Type	Affiliate
Company name	PT. BHIMASENA POWER INDONESIA
Location	Jakarta, Indonesia
Capital or contribution (Millions of U.S. dollars)	10
Business description	Thermal power business
Ownership of voting rights (%)	Direct 34.0
Relationship with related party	Guarantee of loan / Interlocking directors
Transaction	Guarantee of loan^{*1, *2}
Amount of transaction (Millions of yen)	33,388
Account name	—
Balance at the end of the year (Millions of yen)	—

*1 The consumption taxes are not included in the amount stated above.

*2 Terms and conditions, and policy for determining terms and conditions
The Company executes guarantees of loans from financial institutions.

The Company executes guarantees of loans for the letters of guarantee of power sales agreements of financial institutions.

Per Share Information

Year ended March 31	Yen	
	2020	2021
Net assets per share	¥4,412.84	¥4,420.39
Earnings per share	¥230.96	¥121.85

(Notes) 1. Since there were no potential shares such as bonds with subscription right to shares, diluted earnings per share is not indicated.

2. The basis of calculation of earnings per share is shown below.

Year ended March 31		2020	2021
Profit attributable to owners of parent	Millions of yen	¥42,277	¥22,304
Amount not attributable to ordinary shareholders	Millions of yen	—	—
Profit attributable to owners of parent related to common stock	Millions of yen	¥42,277	¥22,304
Weighted average number of common stock outstanding during the year	Thousands of shares	183,048	183,048

3. The basis of calculation of net assets per share is shown below.

As of March 31		2020	2021
Total net assets	Millions of yen	¥857,387	¥853,685
Amount deducted from total net assets	Millions of yen	49,623	44,540
(non-controlling interests included in the above)		(49,623)	(44,540)
Year-end net assets related to common stock	Millions of yen	¥807,764	¥809,145
The number of common stock used in the calculation of net assets per share	Thousands of shares	183,048	183,048

Schedule of Consolidated Financial Statements

Schedule of Bonds Payable

Electric Power Development Co., Ltd. straight bond

No.	Issued date	Balance as of April 1, 2020	Balance as of March 31, 2021	Interest rate		Secured/Unsecured	Term of redemption (lump-sum)
		Millions of yen	Millions of yen	%	%		
3	Mar. 2, 2004	¥10,000	¥10,000	2.010	Unsecured	Dec. 20, 2023	
5	Nov. 2, 2004	10,000	10,000	2.240	Unsecured	Sep. 20, 2024	
8	Feb. 24, 2005	20,000	20,000	2.110	Unsecured	Dec. 20, 2024	
11	Jun. 7, 2005	20,000	20,000	2.050	Unsecured	Mar. 19, 2025	
13	Jul. 22, 2005	20,000	20,000	2.040	Unsecured	Jun. 20, 2025	
15	Oct. 20, 2005	20,000	20,000	2.110	Unsecured	Sep. 19, 2025	
26	Mar. 12, 2009	14,993	14,994	2.220	Unsecured	Dec. 20, 2028	
30	May 20, 2010	20,000	—	1.394	Unsecured	May 20, 2020	
31	Sep. 9, 2010	20,000	—	1.155	Unsecured	Sep. 18, 2020	
32	Dec. 9, 2010	20,000	—	1.285	Unsecured	Dec. 18, 2020	
33	Feb. 24, 2011	20,000	—	1.422	Unsecured	Feb. 19, 2021	
35	Oct. 22, 2012	20,000	20,000	1.126	Unsecured	Oct. 20, 2022	
37	Jul. 25, 2013	20,000	20,000	1.035	Unsecured	Jul. 20, 2021	
38	Dec. 16, 2013	20,000	20,000	0.978	Unsecured	Dec. 20, 2023	
39	Feb. 24, 2014	20,000	20,000	0.929	Unsecured	Feb. 20, 2024	
40	Jun. 11, 2014	20,000	20,000	0.889	Unsecured	Jun. 20, 2024	
41	Sep. 2, 2014	20,000	20,000	0.782	Unsecured	Aug. 20, 2024	
42	Apr. 18, 2016	10,000	10,000	0.310	Unsecured	Apr. 20, 2026	
43	Jun. 7, 2016	20,000	20,000	0.290	Unsecured	Jun. 19, 2026	
44	Oct. 20, 2016	10,000	10,000	0.688	Unsecured	Oct. 20, 2036	
45	Nov. 29, 2016	10,000	10,000	0.260	Unsecured	Nov. 20, 2026	
46	Jan. 19, 2017	20,000	20,000	0.220	Unsecured	Jan. 19, 2024	
47	Feb. 22, 2017	10,000	10,000	0.919	Unsecured	Feb. 20, 2037	
48	Apr. 13, 2017	10,000	10,000	0.569	Unsecured	Apr. 20, 2032	
49	May 18, 2017	20,000	20,000	0.400	Unsecured	May 20, 2027	
50	Jul. 19, 2017	10,000	10,000	0.415	Unsecured	Jul. 20, 2027	
51	Jul. 19, 2017	10,000	10,000	0.858	Unsecured	Jul. 17, 2037	
52	Sep. 12, 2017	10,000	10,000	0.748	Unsecured	Sep. 18, 2037	
53	Oct. 13, 2017	10,000	10,000	0.380	Unsecured	Oct. 20, 2027	
54	Nov. 15, 2017	30,000	30,000	0.380	Unsecured	Nov. 19, 2027	
55	May 23, 2018	20,000	20,000	0.375	Unsecured	May 19, 2028	
56	May 23, 2018	10,000	10,000	0.540	Unsecured	May 20, 2033	
57	Jul. 11, 2018	20,000	20,000	0.355	Unsecured	Jul. 20, 2028	
58	Jul. 11, 2018	10,000	10,000	0.705	Unsecured	Jul. 20, 2038	
59	Sep. 19, 2018	20,000	20,000	0.414	Unsecured	Sep. 20, 2028	
60	Sep. 19, 2018	10,000	10,000	0.804	Unsecured	Sep. 20, 2038	
61	Oct. 12, 2018	10,000	10,000	0.682	Unsecured	Oct. 20, 2033	
62	Oct. 23, 2018	10,000	10,000	0.805	Unsecured	Oct. 20, 2036	
63	Nov. 29, 2018	10,000	10,000	0.250	Unsecured	Nov. 20, 2025	
64	Apr. 10, 2019	10,000	10,000	0.450	Unsecured	Apr. 20, 2029	
65	Apr. 10, 2019	10,000	10,000	0.739	Unsecured	Apr. 20, 2039	
66	Apr. 23, 2019	10,000	10,000	1.146	Unsecured	Apr. 20, 2049	
67	Sep. 5, 2019	10,000	10,000	0.240	Unsecured	Sep. 20, 2029	
68	Sep. 5, 2019	10,000	10,000	0.480	Unsecured	Sep. 20, 2039	
69	Oct. 10, 2019	20,000	20,000	0.500	Unsecured	Oct. 20, 2039	
70	Jun. 4, 2020	—	20,000	0.140	Unsecured	Jun. 20, 2025	
71	Jun. 4, 2020	—	30,000	0.420	Unsecured	Jun. 20, 2030	
72	Jan. 21, 2021	—	20,000	0.350	Unsecured	Jan. 20, 2031	
Total		¥684,993	¥674,994	—	—	—	

(Notes) 1. The balance as of March 31, 2021 regarding bonds No. 37 is redeemable within one year.

2. The amounts redeemable within five years after March 31, 2021 are as follows;

	Millions of yen
Due in one year or less	¥20,000
Due after one year through two years	20,000
Due after two years through three years	70,000
Due after three years through four years	90,000
Due after four years through five years	¥70,000

Schedule of Loans, etc.

	Balance as of April 1, 2020	Balance as of March 31, 2021	Average rate of interest		Repayment date
	Millions of yen	Millions of yen	%	%	
Long-term loans (excluding current portion)	¥865,369	¥892,350	1.303	—	From Apr. 1, 2022 To Mar. 31, 2037
Lease obligations (excluding current portion)	2,218	2,484	—	—	From Apr. 1, 2022 To Apr. 28, 2039
Current portion of long-term loans	80,048	64,956	0.928	—	—
Current portion of lease obligations	861	958	—	—	—
Short-term loans	14,952	8,947	0.184	—	—
Commercial papers	—	20,005	(0.059)	—	—
Total	¥963,448	¥989,702	—	—	—

(Notes) 1. Average rate of interest is the weighted average rate of interest for loans as of March 31, 2021.

2. Average rate of interest for "Lease obligations (excluding current portion)" and "Current portion of lease obligations" is not presented as the amounts of lease obligations on the consolidated balance sheets include the interest portion.

3. Scheduled redemption amount of repayment of "Long-term loans (excluding current portion)" and "Lease obligations (excluding current portion)" within five years after March 31, 2021 are as follows;

	Millions of yen	
	Long-term loans	Lease obligations
Due after one year through two years	¥117,935	¥782
Due after two years through three years	129,097	642
Due after three years through four years	79,403	482
Due after four years through five years	¥78,368	¥287

Schedule of Asset Retirement Obligations

	Balance as of April 1, 2020	Increase	Decrease	Balance as of March 31, 2021
	Millions of yen			
Restoration obligations due to real estate lease agreement	¥18,025	¥1,970	¥(222)	¥19,774
Restoration obligation due to the electric power sales contract in overseas business	6,241	109	(549)	5,802
Other	¥6,996	¥3,948	¥(649)	¥10,294



Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
ey.com

Independent Auditor's Report

The Board of Directors
Electric Power Development Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Electric Power Development Co., Ltd. (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.



Valuation of construction in progress	
Description of Key Audit Matter	Auditor's Response
<p>Construction and retirement in progress in the amount of ¥588,222 million was recorded in the Company's consolidated balance sheet as of March 31, 2021, which represented 21% of total assets; and included therein was construction in progress related to the Ohma Nuclear Power Plant project.</p> <p>As a nuclear power plant using MOX fuel for the entire core, the Ohma Nuclear Power Plant Project has received consent from the municipality of Ohma as well as Aomori Prefecture and was included by the Electric Power Development Coordination Council in the national Electric Power Development Master Plan as laid out by the Electric Power Development Promotion Act in August 1999. As described in significant accounting estimates in the notes to the consolidated financial statements, the construction process of the project has been extended, the Company has therefore reviewed the construction in progress. Since the total undiscounted future cash flows exceeded the carrying amount, no loss was recognized.</p> <p>The key assumptions used in estimating the undiscounted future cash flows are future sales revenue, additional construction cost, and operating costs of the power plant, as described in significant accounting estimates in the notes to the consolidated financial statements.</p> <p>Since these estimates involve uncertainties and require significant management judgment, we considered valuation of construction in progress to be a key audit matter.</p>	<p>In considering the reasonableness of the evaluation of the construction in progress, we performed the following audit procedures, among others.</p> <ol style="list-style-type: none"> To assess the necessity of Ohma Nuclear Power Plant Project, we: <ul style="list-style-type: none"> reviewed the national Electric Power Development Master Plan; made inquiries with management regarding the status of the conformity review by the Nuclear Regulation Authority, and reviewed the materials issued by the Nuclear Regulation Authority; and reviewed Basic Principles for the Utilization of Plutonium in Japan (July 31, 2018, Atomic Energy Commission) and Plans for the Utilization of Plutonium (February 26, 2021, Federation of Electric Power Companies of Japan). To evaluate the reasonableness of estimates for undiscounted future cash flows, we: <ul style="list-style-type: none"> involved valuation specialists of our network firm to assess the valuation methodologies for the calculation of undiscounted future cash flows; discussed the calculations of undiscounted future cash flows with management, and compared them with the plan for the recoverability of carrying amount, which had been based on the process approved by the board of directors meeting; made inquiries with management about the agreement requiring nine former General Electricity Utilities to purchase the total amount of electricity generated at fair cost in assessing future sales revenue, and reviewed the basic agreement with nine former General Electricity Utilities regarding the Ohma Nuclear Power Plant; compared the construction cost used to

A member firm of Ernst & Young Global Limited



	<p>estimate undiscounted cash flows, which had been calculated in the past, with the actual amount to assess the assumptions for the estimates;</p> <ul style="list-style-type: none"> ● compared the additional construction cost used to estimate future undiscounted cash flows with the construction cost approved by the board of directors meeting; and ● compared the future operating costs of the power plant with the trial calculation issued by the Agency for Natural Resources and Energy.
--	--

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group’s internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Ernst & Young ShinNihon LLC
Tokyo, Japan

June 25, 2021

齋藤克宏 

Katsuhiro Saito
Designated Engagement Partner
Certified Public Accountant



Electric Power Development Co., Ltd.

Corporate Planning & Administration Department
Corporate Planning Office

15-1, Ginza 6-chome, Chuo-ku, Tokyo 104-8165, JAPAN TEL: +81-3-3546-2211 E-mail: investors@jpower.co.jp

www.jpower.co.jp/english/