

Consolidated Financial Statements
Electric Power Development Co., Ltd.
and Consolidated Subsidiaries
For the year ended March 31, 2023
with Independent Auditor's Report

Consolidated Balance Sheet

| As of March 31 | Millions of yen | |
|--|--------------------|--------------------|
| | 2022 | 2023 |
| Assets | | |
| Non-current assets | ¥2,594,819 | ¥2,701,385 |
| Electric utility plant and equipment | 1,076,948 1) 2) 8) | 1,065,522 1) 2) 8) |
| Hydroelectric power production facilities | 360,084 | 374,454 |
| Thermal power production facilities | 401,071 | 379,750 |
| Internal combustion engine power production facilities | 1,198 | - |
| Renewable power production facilities | 76,556 | 77,783 |
| Transmission facilities | 144,458 | 140,248 |
| Transformation facilities | 30,236 | 32,954 |
| Communication facilities | 6,600 | 6,303 |
| General facilities | 56,742 | 54,028 |
| Overseas business facilities | 271,356 2) 8) | 447,201 2) 8) |
| Other non-current assets | 92,297 1) 2) | 89,219 1) 2) |
| Construction in progress | 676,596 8) | 572,165 2) 8) |
| Construction in progress | 676,596 | 572,165 |
| Nuclear fuel | 75,806 | 76,226 |
| Nuclear fuel in processing | 75,806 | 76,226 |
| Investments and other assets | 401,813 | 451,048 |
| Long-term investments | 323,770 3) 8) | 371,914 3) 8) |
| Retirement benefit asset | 241 | 1,473 |
| Deferred tax assets | 64,277 | 56,896 |
| Other | 13,642 8) | 20,867 8) |
| Allowance for doubtful accounts | (118) | (102) |
| Current assets | 471,357 | 661,300 |
| Cash and deposits | 223,072 8) | 342,018 8) |
| Notes and accounts receivable - trade, and contract assets | 80,439 5) 8) | 129,901 5) 8) |
| Inventories | 62,173 4) | 110,315 4) 8) |
| Other | 105,674 | 79,067 8) |
| Allowance for doubtful accounts | (3) | (3) |
| Total assets | ¥3,066,176 | ¥3,362,685 |

| As of March 31 | Millions of yen | |
|---|-----------------------|-----------------------|
| | 2022 | 2023 |
| Liabilities | | |
| Non-current liabilities | ¥1,686,575 | ¥1,797,923 |
| Bonds payable | 706,484 | 774,085 |
| Long-term borrowings | 839,645 ⁸⁾ | 893,363 ⁸⁾ |
| Lease liabilities | 2,239 | 1,695 |
| Other provisions | 20 ⁷⁾ | 11 ⁷⁾ |
| Retirement benefit liability | 37,976 | 33,301 |
| Asset retirement obligations | 35,240 | 34,087 |
| Deferred tax liabilities | 16,808 | 25,098 |
| Other | 48,158 | 36,279 |
| Current liabilities | 415,496 | 372,019 |
| Current portion of non-current liabilities | 145,467 ⁸⁾ | 207,374 ⁸⁾ |
| Short-term borrowings | 8,149 | 10,715 ⁸⁾ |
| Commercial papers | 90,016 | - |
| Notes and accounts payable - trade | 44,651 | 53,774 |
| Accrued taxes | 18,276 | 27,884 |
| Other provisions | 691 ⁷⁾ | 698 ⁷⁾ |
| Asset retirement obligations | 426 | 476 |
| Other | 107,817 ⁶⁾ | 71,096 ⁶⁾ |
| Total liabilities | 2,102,071 | 2,169,942 |
| Net assets | | |
| Shareholders' equity | 870,826 | 977,800 |
| Share capital | 180,502 | 180,502 |
| Capital surplus | 119,881 | 128,178 |
| Retained earnings | 570,452 | 669,498 |
| Treasury shares | (9) | (378) |
| Accumulated other comprehensive income | 45,203 | 106,878 |
| Valuation difference on available-for-sale securities | 14,014 | 14,372 |
| Deferred gains or losses on hedges | (9,359) | 7,948 |
| Foreign currency translation adjustment | 32,136 | 78,928 |
| Remeasurements of defined benefit plans | 8,411 | 5,629 |
| Non-controlling interests | 48,075 | 108,064 |
| Total net assets | 964,105 | 1,192,743 |
| Total liabilities and net assets | ¥3,066,176 | ¥3,362,685 |

Consolidated Statement of Income

| | Millions of yen | |
|---|--------------------------|----------------------------|
| Year ended March 31 | 2022 | 2023 |
| Operating revenue | ¥1,084,621 ¹⁾ | ¥1,841,922 ¹⁾ |
| Electric utility operating revenue | 876,431 | 1,417,902 |
| Overseas business operating revenue | 145,106 | 277,555 |
| Other business operating revenue | 63,083 | 146,464 |
| Operating expenses | 997,642 ^{2) 3)} | 1,658,055 ^{2) 3)} |
| Electric utility operating expenses | 824,491 | 1,340,611 |
| Overseas business operating expenses | 118,290 | 248,592 |
| Other business operating expenses | 54,860 | 68,850 |
| Operating profit | 86,979 | 183,867 |
| Non-operating income | 22,508 | 24,764 |
| Dividend income | 1,862 | 1,927 |
| Interest income | 1,811 | 3,472 |
| Share of profit of entities accounted for using equity method | 14,228 | 9,128 |
| Gain on sale of non-current assets | 63 | 3,936 |
| Other | 4,543 | 6,299 |
| Non-operating expenses | 36,641 | 37,839 |
| Interest expenses | 22,442 | 27,368 |
| Loss on retirement of non-current assets | 1,780 | 4,667 |
| Other | 12,418 ⁴⁾ | 5,803 ⁴⁾ |
| Total ordinary revenue | 1,107,130 | 1,866,686 |
| Total ordinary expenses | 1,034,283 | 1,695,894 |
| Ordinary profit | 72,846 | 170,792 |
| Profit before income taxes | 72,846 | 170,792 |
| Income taxes-current | 14,581 | 37,935 |
| Income taxes-deferred | (16,519) | 13,864 |
| Total income taxes | (1,938) | 51,799 |
| Profit | 74,784 | 118,993 |
| Profit attributable to non-controlling interests | 5,097 | 5,303 |
| Profit attributable to owners of parent | ¥69,687 | ¥113,689 |

Consolidated Statement of Comprehensive Income

| | Millions of yen | |
|---|----------------------|----------------------|
| Year ended March 31 | 2022 | 2023 |
| Profit | ¥74,784 | ¥118,993 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,946 | 357 |
| Deferred gains or losses on hedges | 20,655 | 4,390 |
| Foreign currency translation adjustment | 18,550 | 40,921 |
| Remeasurements of defined benefit plans, net of tax | 324 | (2,782) |
| Share of other comprehensive income of entities accounted for using equity method | 12,156 | 32,839 |
| Total other comprehensive income | 54,633 ¹⁾ | 75,726 ¹⁾ |
| Comprehensive income | 129,418 | 194,719 |
| (Comprehensive income attributable to) | | |
| Owners of parent | 120,517 | 176,979 |
| Non-controlling interests | ¥8,900 | ¥17,740 |

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2022

| | Millions of yen | | | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|---------------------------|------------------|
| | Shareholders' equity | | | | | Non-controlling interests | Total net assets |
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | | |
| Balance at beginning of period | ¥180,502 | ¥119,877 | ¥514,401 | ¥(8) | ¥814,772 | | |
| Cumulative effects of changes in accounting policies | | | 92 | | 92 | | |
| Restated balance | 180,502 | 119,877 | 514,493 | (8) | 814,865 | | |
| Changes during period | | | | | | | |
| Dividends of surplus | | | (13,728) | | (13,728) | | (13,728) |
| Profit attributable to owners of parent | | | 69,687 | | 69,687 | | 69,687 |
| Purchase of treasury shares | | | | (0) | (0) | | (0) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 3 | | | 3 | | 3 |
| Net changes in items other than shareholders' equity | | | | | | | |
| Total changes during period | - | 3 | 55,958 | (0) | 55,961 | | |
| Balance at end of period | ¥180,502 | ¥119,881 | ¥570,452 | ¥(9) | ¥870,826 | | |

| | 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 beginning of period | ¥11,156 | ¥(33,968) | ¥9,096 | ¥8,088 | ¥(5,627) | ¥44,540 | ¥853,685 |
| Cumulative effects of changes in accounting policies | | | | | | 61 | 154 |
| Restated balance | 11,156 | (33,968) | 9,096 | 8,088 | (5,627) | 44,602 | 853,840 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (13,728) |
| Profit attributable to owners of parent | | | | | | | 69,687 |
| Purchase of treasury shares | | | | | | | (0) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | 3 |
| Net changes in items other than shareholders' equity | 2,858 | 24,608 | 23,040 | 323 | 50,830 | 3,473 | 54,303 |
| Total changes during period | 2,858 | 24,608 | 23,040 | 323 | 50,830 | 3,473 | 110,265 |
| Balance at end of period | ¥14,014 | ¥(9,359) | ¥32,136 | ¥8,411 | ¥45,203 | ¥48,075 | ¥964,105 |

For the year ended March 31, 2023

| | Millions of yen | | | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|---------------------------|------------------|
| | Shareholders' equity | | | | | Non-controlling interests | Total net assets |
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | | |
| Balance at beginning of period | ¥180,502 | ¥119,881 | ¥570,452 | ¥(9) | ¥870,826 | | |
| Cumulative effects of changes in accounting policies | | | | | - | | |
| Restated balance | 180,502 | 119,881 | 570,452 | (9) | 870,826 | | |
| Changes during period | | | | | | | |
| Dividends of surplus | | | (14,643) | | (14,643) | | (14,643) |
| Profit attributable to owners of parent | | | 113,689 | | 113,689 | | 113,689 |
| Purchase of treasury shares | | | | (368) | (368) | | (368) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 8,297 | | | 8,297 | | 8,297 |
| Net changes in items other than shareholders' equity | | | | | | | |
| Total changes during period | - | 8,297 | 99,045 | (368) | 106,973 | | |
| Balance at end of period | ¥180,502 | ¥128,178 | ¥669,498 | ¥(378) | ¥977,800 | | |

| | 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 beginning of period | ¥14,014 | ¥(9,359) | ¥32,136 | ¥8,411 | ¥45,203 | ¥48,075 | ¥964,105 |
| Cumulative effects of changes in accounting policies | | | | | | | - |
| Restated balance | 14,014 | (9,359) | 32,136 | 8,411 | 45,203 | 48,075 | 964,105 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (14,643) |
| Profit attributable to owners of parent | | | | | | | 113,689 |
| Purchase of treasury shares | | | | | | | (368) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | 8,297 |
| Net changes in items other than shareholders' equity | 357 | 17,308 | 46,791 | (2,782) | 61,675 | 59,988 | 121,664 |
| Total changes during period | 357 | 17,308 | 46,791 | (2,782) | 61,675 | 59,988 | 228,638 |
| Balance at end of period | ¥14,372 | ¥7,948 | ¥78,928 | ¥5,629 | ¥106,878 | ¥108,064 | ¥1,192,743 |

Consolidated Statement of Cash Flows

| | Millions of yen | |
|--|------------------------|------------------------|
| Year ended March 31 | 2022 | 2023 |
| Cash flows from operating activities | | |
| Profit before income taxes | ¥72,846 | ¥170,792 |
| Depreciation and amortization | 96,997 | 107,642 |
| Loss on retirement of non-current assets | 4,828 | 6,821 |
| Increase (decrease) in retirement benefit liability | (7,372) | (9,685) |
| Interest and dividend income | (3,673) | (5,400) |
| Interest expenses | 22,442 | 27,368 |
| Decrease (increase) in trade receivables | (10,283) | (47,335) |
| Decrease (increase) in inventories | (15,958) | (44,357) |
| Increase (decrease) in trade payables | 12,182 | 18,316 |
| Share of loss (profit) of entities accounted for using equity method | (14,228) | (9,128) |
| Loss (gain) on sale of non-current assets | 23 | (3,251) |
| Other, net | 21,889 | (27,055) |
| Subtotal | 179,694 | 184,727 |
| Interest and dividends received | 15,576 | 18,989 |
| Interest paid | (21,537) | (26,220) |
| Income taxes paid | (45,353) | (21,663) |
| Net cash provided by (used in) operating activities | 128,380 | 155,832 |
| Cash flows from investing activities | | |
| Purchase of non-current assets | (135,282) | (144,862) |
| Proceeds from sale of non-current assets | 392 | 5,008 |
| Investments and loan advances | (49,740) | (7,828) |
| Proceeds from divestments and collection of loans receivable | 4,744 | 3,140 |
| Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation | - | 156 |
| Other, net | 1,039 | (6,454) |
| Net cash provided by (used in) investing activities | (178,846) | (150,839) |
| Cash flows from financing activities | | |
| Proceeds from issuance of bonds | 71,242 | 137,192 |
| Redemption of bonds | (20,000) | (20,000) |
| Proceeds from long-term borrowings | 49,155 | 157,684 |
| Repayments of long-term borrowings | (65,311) | (126,468) |
| Proceeds from short-term borrowings | 37,154 | 122,626 |
| Repayments of short-term borrowings | (37,924) | (120,061) |
| Proceeds from issuance of commercial papers | 140,033 | 219,999 |
| Redemption of commercial papers | (70,000) | (310,000) |
| Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation | - | 55,821 |
| Dividends paid | (13,725) | (14,647) |
| Dividends paid to non-controlling interests | (5,918) | (4,673) |
| Other, net | (636) | (1,453) |
| Net cash provided by (used in) financing activities | 84,070 | 96,021 |
| Effect of exchange rate change on cash and cash equivalents | 3,686 | 10,729 |
| Net increase (decrease) in cash and cash equivalents | 37,290 | 111,743 |
| Cash and cash equivalents at beginning of period | 185,260 | 222,551 |
| Cash and cash equivalents at end of period | ¥222,551 ¹⁾ | ¥334,294 ¹⁾ |

Notes to Consolidated Financial Statements

For the years ended March 31, 2022 and 2023

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 Alaska Development, LLC which was established in July 2022, J-Power Generation Philippines Inc. and J-POWER VIETNAM Co., Ltd. which were established in February 2023, have been included in the scope of consolidation.

ITOIGAWA POWER Inc. has been excluded from the scope of consolidation due to transfer of all shares held in August 2022. Mihama Seaside Power Co., Ltd. also has been excluded from the scope of consolidation due to completion of liquidation in November 2022.

The consolidated subsidiary J-POWER Telecommunication Service Co., Ltd. has merged with the consolidated subsidiary Japan Network Engineering Co., Ltd. in December 2022.

2. Application of equity method

Number of companies accounted for by the equity method: 90

In this fiscal year, Lake Mainit Hydro Holdings Corp. and Agusan Power Corp., in which shares were acquired in February 2023, were included in the scope of affiliates accounted for by the equity method.

Akita Mirai Energy LLC., and Yurihonjo Mirai Energy LLC., have been excluded from the scope of affiliates accounted for by the equity method due to completion of liquidation in August 2022.

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 42 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 42 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)

Securities except for no quoted market prices 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. No quoted market prices 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 trade receivables 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 through 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 expenses were incurred.

(5) Standards for recognition of significant revenue and expenses

The Group is mainly engaged in the sale and transmission of electricity in Japan and the sale of electricity overseas. When there is more than one performance obligation in a contract, the transaction price is allocated to each performance obligation by the ratio of the stand-alone selling price.

The stand-alone selling price is calculated based on the approach of adding a margin to the expected cost. The consideration for transactions is generally received in stages in accordance with the performance obligation's progress pursuant to the terms of the contract and does not include a significant financing component.

a. Electricity sales

Revenue from electricity sales consist primarily of electricity sales generated by the Group's power generation facilities or procured from the wholesale electricity market, etc. and the Group has performance obligations to

supply electricity and to maintain the availability of its power generation facilities based on contracts with customers. The electricity sales are transactions in which the performance obligations are satisfied over a certain period of time, and revenue is recognized based on the degree of progress in satisfying the performance obligations. For meter rates, since the Group determines that it satisfies the relevant performance obligation in accordance with the amount of electricity supplied, the progress is estimated using the amount of electricity supplied as an indicator. For basic rates, since the Group determines that it satisfies the relevant performance obligation by maintaining operational facilities on a daily basis, the progress is estimated using the elapsed time as an indicator.

b. Electricity Transmission

Revenue related to the electricity transmission is from the transmission of electricity by transmission and transformation facilities owned by consolidated subsidiary, and the Group has a performance obligation to maintain the availability of transmission and transformation facilities based on commissions from customers. The electricity transmission is a transaction in which the performance obligation is satisfied over a certain period of time, and revenue is recognized based on the degree of progress in satisfying the performance obligation. Since the Group determines that it satisfies the performance obligation by maintaining operational facilities on a daily basis, the progress is estimated using the elapsed time as an indicator.

(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 hedge items

| Hedging instruments | Hedged items |
|---|---|
| Foreign exchange forward contracts and 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 and 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 |

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 cash flow of hedged items. 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.

Significant Accounting Estimates

(Valuation of Construction in Progress)

(1) Amount recorded in the consolidated financial statements for the current fiscal year

| As of March 31 | Millions of yen | |
|--------------------------|-----------------|-----------------|
| | 2022 | 2023 |
| Construction in progress | ¥676,596 | ¥572,165 |

(2) Information on the details of significant accounting estimates for identified items

Construction in progress in the amount of 572,165 million yen was recorded on the Company's consolidated balance sheet as of March 31, 2023 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 reviewed 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 costs, and operating costs 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.

(Recoverability of Deferred Tax Assets)

(1) Amount recorded in the consolidated financial statements for the current fiscal year

| As of March 31 | Millions of yen | |
|---------------------|-----------------|----------------|
| | 2022 | 2023 |
| Deferred tax assets | ¥64,277 | ¥56,896 |

(2) Information on the details of significant accounting estimates for identified items

Deferred tax assets in the amount of 56,896 million yen were recorded on the Company's consolidated balance sheet as of March 31, 2023.

The deferred tax assets are recorded at the recoverable amount based on the best estimates of future taxable income in accordance with the Group's business plans. The estimates were made based on information available at the time of preparation of the consolidated financial statements, taking into consideration key assumptions such as future electricity sales volume, fuel prices and electricity market prices.

Unforeseeable factors or changes could affect the judgment of the recoverable amount of deferred tax assets.

(Accounting standards issued but not yet effective)

- a. "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
- b. "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
- c. "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

The revised standards and revised implementation guidance provide for the classification of income taxes when taxes are imposed on other comprehensive income and for the treatment of tax effects related to the sale of shares of subsidiaries when the corporate group tax system is applied.

(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, 2025.

(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)

(Consolidated Statement of Income)

"Gain on sale of non-current assets," which was included in "Other" under "Non-operating income" in the previous fiscal year, is presented as a separate line item in the current fiscal year because it exceeded 10/100 of the total amount of non-operating income. In addition, "Insurance claim income" under "Non-operating income," which was presented as a separate line item in the previous fiscal year, is included in "Other" in the current fiscal year, since it now accounts for less than 10/100 of the total amount of non-operating income. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the amounts previously reported as 2,366 million yen under "Insurance claim income" and 2,240 million yen under "Other" in "Non-operating income" in the consolidated statement of income for the previous fiscal year have been reclassified as 63 million yen under "Gain on sale of non-current assets" and 4,543 million yen under "Other."

"Loss on retirement of non-current assets," which was included in "Other" under "Non-operating expenses" in the previous fiscal year, is presented as a separate line item in the current fiscal year because it exceeded 10/100 of the total amount of non-operating expenses. In addition, "Foreign exchange losses" under "Non-operating expenses," which was presented as a separate line item in the previous fiscal year, is included in "Other" in the current fiscal year, since it now accounts for less than 10/100 of the total amount of non-operating expenses. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the amounts previously reported as 7,558 million yen under "Foreign exchange losses" and 6,639 million yen under "Other" in "Non-operating expenses" in the consolidated statement of income for the previous fiscal year have been reclassified as 1,780 million yen under "Loss on retirement of non-current assets" and 12,418 million yen under "Other."

(Consolidated Statement of Cash Flows)

"Loss (gain) on sale of non-current assets," which was included in "Other, net" under "Cash flows from operating activities" in the previous fiscal year, has become significant in terms of amount and is therefore presented as a separate line item in the current fiscal year. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, the amount previously reported as 21,913 million yen under "Other, net" in "Cash flows from operating activities" in the consolidated statement of cash flows for the previous fiscal year has been reclassified as 23 million yen under "Proceeds from sale of non-current assets" and 21,889 million yen under "Other, net."

"Proceeds from sale of non-current assets," which was included in "Other, net" under "Cash flows from investing activities" in the previous fiscal year, has become significant in terms of amount and is therefore presented as a separate line item in the current fiscal year. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the amount previously reported as 1,432 million yen under "Other, net" in "Cash flows from investing activities" in the consolidated statement of cash flows for the previous fiscal year has been reclassified as 392 million yen under "Proceeds from sale of non-current assets" and 1,039 million yen under "Other, net."

(Additional Information)**(Introduction of Stock-based Compensation System for Officers)**

The Company has implemented a stock-based compensation system (hereinafter referred to as "the System") for directors (excluding independent directors and those serving as audit and supervisory committee members, hereinafter referred to as "Directors") and executive officers (excluding those concurrently serving as Directors; including Directors, hereinafter referred to as "Directors, etc.") based on the resolution of the 70th Ordinary General Meeting of Shareholders held on June 28, 2022. The accounting treatment for the System is in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force (PITF) Report No. 30, March 26, 2015).

(1) Summary of the transaction

The System is a stock-based compensation program whereby a trust (hereinafter referred to as "the Trust"), established by the Company through monetary contributions, acquires the Company's shares and grants each of Directors, etc. a number of Company shares equivalent to the number of points they were awarded by the Company. Under the System, Company shares will be allocated to Directors, etc. who serve during the three fiscal years from the fiscal year ended on March 31, 2023 to the fiscal year ended on March 31, 2025, based on the points awarded. One point corresponds to one share of the Company's stock, and as a rule, the Directors, etc. will receive the Company shares upon their retirement.

(2) Company shares remaining in the Trust

The Company shares that remain in the Trust are recorded as treasury shares in the Net assets section based on their book value in the Trust (excluding associated expenses). As of the end of the current fiscal year, the book value of the treasury shares is 368 million yen, and the number of shares is 185 thousand.

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

| | Millions of yen | |
|----------------|-----------------|-----------------|
| As of March 31 | 2022 | 2023 |
| | ¥115,621 | ¥117,587 |

2) Accumulated depreciation of tangible assets

| | Millions of yen | |
|----------------|-----------------|-------------------|
| As of March 31 | 2022 | 2023 |
| | ¥3,196,683 | ¥3,269,219 |

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

| | Millions of yen | |
|----------------|-----------------|-----------------|
| As of March 31 | 2022 | 2023 |
| Stocks | ¥238,870 | ¥281,975 |

4) Inventories

| | Millions of yen | |
|--------------------------------|-----------------|----------|
| As of March 31 | 2022 | 2023 |
| Merchandise and finished goods | ¥1,671 | ¥2,893 |
| Work in process | 1,497 | 1,476 |
| Raw materials and supplies | ¥59,004 | ¥105,945 |

5) Receivables and contract assets arising from contracts with customers in notes and accounts receivable-trade, and contract assets

| | Millions of yen | |
|---------------------------|-----------------|----------|
| As of March 31 | 2022 | 2023 |
| Notes receivable-trade | ¥18 | - |
| Accounts receivable-trade | 76,506 | ¥125,439 |
| Contract assets | 3,900 | 4,444 |

6) Contract liabilities in other

| | Millions of yen | |
|----------------------|-----------------|------|
| As of March 31 | 2022 | 2023 |
| Contract liabilities | ¥218 | ¥995 |

7) Provisions

| As of March 31 | 2022 | 2023 |
|---|------|---|
| Provisions for directors' bonuses stated by subsidiaries are included in other provisions | | Provisions for directors' bonuses stated by subsidiaries are included in other provisions |

8) Pledged assets and secured liabilities

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

| | Millions of yen | |
|-----------------------|-----------------|---------|
| As of March 31 | 2022 | 2023 |
| Long-term investments | ¥40,078 | ¥81,074 |

(2) Assets of the Consolidated subsidiary for loans of other companies

| | Millions of yen | |
|-----------------------|-----------------|------|
| As of March 31 | 2022 | 2023 |
| Long-term investments | - | ¥606 |

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

| As of March 31 | Millions of yen | |
|--|-----------------|-----------------|
| | 2022 | 2023 |
| Overseas business facilities | ¥253,988 | ¥428,813 |
| Cash and deposits | 33,731 | 50,534 |
| Construction in progress | 142,677 | 9,175 |
| Notes and accounts receivable-trade, and contract assets | 4,115 | 3,852 |
| Other (Investments and other assets) | 1,564 | 1,908 |
| Electric utility plant and equipment | ¥1,578 | 997 |
| Inventories | - | 568 |
| Other (Current assets) | - | ¥499 |

Liabilities related to pledged assets mentioned above

| As of March 31 | Millions of yen | |
|--|-----------------|-----------------|
| | 2022 | 2023 |
| Long-term borrowings (including current portion) | ¥293,418 | ¥305,846 |
| Short-term borrowings | - | ¥2,584 |

9) Contingent liabilities**(1) Guarantees**

| As of March 31 | Millions of yen | |
|--|-----------------|---------------|
| | 2022 | 2023 |
| Guarantees given to certain financial institutions for loans of companies below: | | |
| Yuzawa Geothermal Power Generation Corporation | ¥2,250 | ¥2,063 |
| Appi Geothermal Energy Corporation | 171 | 276 |
| SAHARA COOLING Ltd. | 206 | 223 |
| Guarantees given in connection with housing loans for employees | 327 | 269 |
| Total | ¥2,955 | ¥2,832 |

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

| As of March 31 | Millions of yen | |
|-------------------------------|-----------------|---------------|
| | 2022 | 2023 |
| PT. BHIMASENA POWER INDONESIA | ¥2,912 | ¥3,178 |

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

| As of March 31 | Millions of yen | |
|--------------------------------|-----------------|----------------|
| | 2022 | 2023 |
| J-Wind Co., Ltd. | ¥9,900 | ¥15,092 |
| J-Wind KAMINOKUNI., Ltd. | 2,366 | 1,802 |
| Ishikari Green Energy Co., Ltd | - | ¥327 |
| Esashi Green Energy Co., Ltd | ¥180 | - |

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

| | Millions of yen | |
|-------------------------|-----------------|------|
| As of March 31 | 2022 | 2023 |
| Jackson Generation, LLC | ¥2,349 | - |

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

| | Millions of yen | |
|-------------------------|-----------------|--------|
| As of March 31 | 2022 | 2023 |
| AP Solar 4, LLC | ¥2,521 | ¥2,750 |
| Jackson Generation, LLC | ¥2,715 | - |

The amount above shows the maximum amount of guarantee

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

| | Millions of yen | |
|----------------------------------|-----------------|------|
| As of March 31 | 2022 | 2023 |
| Biocoal Kumamoto-South Co., Ltd. | ¥20 | ¥22 |

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

| | Millions of yen | |
|-------------------------------------|-----------------|------|
| As of March 31 | 2022 | 2023 |
| J-Power Investment Netherlands B.V. | ¥367 | ¥388 |

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:

| | Millions of yen | |
|--------------------------------------|-----------------|------|
| As of March 31 | 2022 | 2023 |
| Triton Knoll Offshore Wind Farm Ltd. | ¥2,645 | - |

The amounts above show the maximum amount of commitment

(9) Guarantees given for performance guarantee of the order obligation below:

| | Millions of yen | |
|--|-----------------|------|
| As of March 31 | 2022 | 2023 |
| Consulting services related to construction of the Turga Pumped Storage Project, India | ¥236 | ¥236 |

Consolidated Statement of Income

1) Revenue from contracts with customers

Regarding operating revenue, revenue from contracts with customers and other revenue are not stated separately. The amount of revenue from contracts with customers is stated in "Revenue Recognition" (1) Disaggregated revenue from contracts with customers in the Consolidated Financial Statements.

2) A breakdown of electric utility operating expenses

| | | Millions of yen | | |
|------------------------------------|-------------------------------------|---|-------------------------------------|---|
| Year ended March 31 | | | 2022 | 2023 |
| Category | Electric utility operating expenses | Selling, general and administrative expenses* | Electric utility operating expenses | Selling, general and administrative expenses* |
| Personnel expenses | ¥25,114 | ¥13,763 | ¥25,544 | ¥14,432 |
| Fuel cost | 303,761 | - | 764,509 | - |
| Repair expenses | 57,788 | 1,471 | 47,298 | 1,580 |
| Consignment cost | 50,069 | 15,848 | 52,211 | 16,056 |
| Taxes and duties | 27,100 | 880 | 31,302 | 896 |
| Depreciation and amortization cost | 72,829 | 2,819 | 75,335 | 2,836 |
| Research expenses | 6,744 | 6,744 | 8,406 | 8,406 |
| Other | 281,082 | 9,082 | 336,003 | 9,183 |
| Total | ¥824,491 | ¥50,610 | ¥1,340,611 | ¥53,391 |

*Included in electric utility operating expenses

3) Research and development costs included in operating expenses

| | | Millions of yen |
|---------------------|--------|-----------------|
| Year ended March 31 | 2022 | 2023 |
| | ¥8,592 | ¥10,336 |

4) Impairment loss

For the year ended March 31, 2022

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 or site, 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 889 million yen was recognized in "other" under "non-operating expenses," which consists of 694 million yen for land and 195 million yen for buildings and structures.

The recoverable amount is measured by value in use or net selling value. Of such idle assets, land is measured by net selling value, assets held for sale are measured by the relevant estimated selling value, and other assets are valued based on valuations reflecting market prices. For some buildings and structures, the recoverable amount was measured by the value in use, and as the recoverability

was not recognized, they were valued at memorandum value.

For the year ended March 31, 2023

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 or site, 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 1,673 million yen was recognized in "other" under "non-operating expenses," which consists of 1,610 million yen for land and 62 million yen for buildings and structures.

The recoverable amount is measured by net selling value. Of such idle assets, assets held for sale are measured by the relevant estimated selling value, and other assets are valued based on valuations reflecting 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 | |
|---|-----------------|----------|
| | 2022 | 2023 |
| Valuation difference on available-for-sale securities | | |
| Amount accrued for the current year | ¥4,021 | ¥917 |
| Reclassification adjustment | 72 | (518) |
| Amount before tax effect | 4,093 | 399 |
| Tax effect | (1,147) | (41) |
| Valuation difference on available-for-sale securities | 2,946 | 357 |
| Deferred gains or losses on hedges | | |
| Amount accrued for the current year | 40,945 | 42,875 |
| Reclassification adjustment | (15,859) | (40,498) |
| Adjusted acquisition cost of assets | 880 | 318 |
| Amount before tax effect | 25,966 | 2,695 |
| Tax effect | (5,310) | (1,695) |
| Deferred gains or losses on hedges | 20,655 | 4,390 |
| Foreign currency translation adjustment | | |
| Amount accrued for the current year | 18,550 | 40,921 |
| Remeasurements of defined benefit plans, net of tax | | |
| Amount accrued for the current year | 7,958 | 4,136 |
| Reclassification adjustment | (7,505) | (7,938) |
| Amount before tax effect | 453 | (3,801) |
| Tax effect | (128) | 1,019 |
| Remeasurements of defined benefit plans, net of tax | 324 | (2,782) |
| Share of other comprehensive income of entities accounted for using equity method | | |
| Amount accrued for the current year | 15,018 | 33,663 |
| Reclassification adjustment | (2,861) | (823) |
| Share of other comprehensive income of entities accounted for using equity method | 12,156 | 32,839 |
| Other comprehensive income | ¥54,633 | ¥75,726 |

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2022

1. Shares issued

| | | | | Shares |
|--------------|---------------------|----------|----------|----------------------|
| Type | As of April 1, 2021 | Increase | Decrease | As of March 31, 2022 |
| Common stock | 183,051,100 | - | - | 183,051,100 |

2. Treasury shares

| | | | | Shares |
|-----------------|---------------------|----------|----------|----------------------|
| Type | As of April 1, 2021 | Increase | Decrease | As of March 31, 2022 |
| Treasury shares | 2,741 | 230 | - | 2,971 |

(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: 230 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, 2021) | Common stock | ¥7,321 | ¥40 | March 31, 2021 | June 28, 2021 |
| Board of Directors (October 29, 2021) | Common stock | ¥6,406 | ¥35 | September 30, 2021 | November 30, 2021 |

(2) Dividends with the cut-off date in the year ended March 31, 2022 and the effective date in the year ended March 31, 2023

| 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 28, 2022) | Common stock | Retained earnings | ¥7,321 | ¥40 | March 31, 2022 | June 29, 2022 |

For the year ended March 31, 2023

1. Shares issued

| | | | | Shares |
|--------------|---------------------|----------|----------|----------------------|
| Type | As of April 1, 2022 | Increase | Decrease | As of March 31, 2023 |
| Common stock | 183,051,100 | - | - | 183,051,100 |

2. Treasury shares

| | | | | Shares |
|-----------------|---------------------|----------------|----------|----------------------|
| Type | As of April 1, 2022 | Increase | Decrease | As of March 31, 2023 |
| Treasury shares | 2,971 | 186,160 | - | 189,131 |

(Note)

The number of treasury shares at the end of the current fiscal year includes 185,800 shares of the Company's

stock held by the Trust accounts related to the stock-based compensation trust for officers.

A breakdown of the increase is as follows:

Increase due to purchasing shares that are less than one voting unit: 360 shares

Increase due to acquisition of shares of the Company's stock by the Trust accounts related to the stock-based compensation system for officers: 185,800 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 28, 2022) | Common stock | ¥7,321 | ¥40 | March 31, 2022 | June 29, 2022 |
| Board of Directors (October 31, 2022) | Common stock | ¥7,321 | ¥40 | September 30, 2022 | November 30, 2022 |

(Note)

The total amount of dividends resolved by the Board of Directors on October 31, 2022 includes 7 million yen of dividends for the Company's shares held by the Trust accounts related to the stock-based compensation system for officers.

(2) Dividends with the cut-off date in the year ended March 31, 2023 and the effective date in the year ending March 31, 2024

| 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 28, 2023) | Common stock | Retained earnings | ¥9,152 | ¥50 | March 31, 2023 | June 29, 2023 |

(Note)

The total amount of dividends includes dividends of 9 million yen paid to the Company's shares held by the Trust accounts related to the stock-based compensation system for officers.

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

| | Millions of yen | |
|---|-----------------|----------|
| Year ended March 31 | 2022 | 2023 |
| Cash and deposits account | ¥223,072 | ¥342,018 |
| Time deposits with a maturity of more than three months | (521) | (7,724) |
| Cash and cash equivalents | ¥222,551 | ¥334,294 |

Financial Instruments

1. Status of financial instruments

(1) Policy for financial instruments

The Group 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.

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 26 years at the longest after the fiscal year 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 instruments, hedged items, hedging policies and evaluation of hedged 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 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

Calculation of fair value of financial instruments incorporates factors that fluctuate so values may fluctuate with the employment of different underlying assumptions and other factors. Moreover, contract value, etc. 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, 2023, 71% of the operating receivables are from former 10 electric power companies (EPCOs) and EGAT.

2. Fair value of financial instruments

The carrying values recorded on the consolidated balance sheet, fair value and differences between them are as follows.

| As of March 31, 2022 | Millions of yen | | |
|--|-----------------|------------|------------|
| | Carrying value | Fair value | Difference |
| (1) Investment securities | | | |
| Available-for-sale securities *2*3 | ¥32,537 | ¥32,537 | - |
| Total assets | 32,537 | 32,537 | - |
| (2) Bonds payable *4 | 726,484 | 732,374 | ¥(5,889) |
| (3) Long-term borrowings *4 | 958,495 | 966,267 | (7,772) |
| Total liabilities | 1,684,979 | 1,698,641 | ¥(13,661) |
| (4) Derivatives transactions *5 | | | |
| Transactions not subject to hedge accounting | 1,564 | 1,564 | - |
| Transactions subject to hedge accounting | (4,357) | (4,357) | - |
| Total derivatives transactions | ¥(2,792) | ¥(2,792) | - |

*1 "Cash and deposit," "Notes and accounts receivable-trade," "Short-term borrowings," and "Notes and accounts payable-trade," are omitted because these are cash items and their fair values approximate their carrying values due to their short maturities.

*2 Amounts of the consolidated balance sheet for no quoted market prices

| As of March 31, 2022 | Millions of yen |
|--|-----------------|
| Category | |
| Unlisted shares (excluding share sold on the OTC market) | ¥7,832 |
| Unlisted foreign shares | 273 |
| Capital contribution | 1,836 |
| Foreign capital contribution | ¥13,485 |

The above are not included in "(1) Investment securities, Available-for-sale securities." Shares of non-consolidated subsidiaries and affiliates are not stated since they are included in "Consolidated Balance Sheet" under "Notes to Consolidated Financial Statements."

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

*4 Includes current portion of bonds and long-term borrowings.

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

As of March 31, 2023

Millions of yen

| | Carrying value | Fair value | Difference |
|--|-------------------|------------------|----------------|
| (1) Investment securities | | | |
| Available-for-sale securities *2*3 | ¥32,216 | ¥32,216 | - |
| Total assets | 32,216 | 32,216 | - |
| (2) Bonds payable *4 | 844,085 | 820,644 | ¥23,441 |
| (3) Long-term borrowings *4 | 1,028,317 | 1,024,239 | 4,077 |
| Total liabilities | 1,872,402 | 1,844,884 | ¥27,518 |
| (4) Derivatives transactions *5 | | | |
| Transactions not subject to hedge accounting | 1,908 | 1,908 | - |
| Transactions subject to hedge accounting | (1,661) | (1,661) | - |
| Total derivatives transactions | ¥246 | ¥246 | - |

*1 "Cash and deposit," "notes and accounts receivable-trade, and contract assets," "Short-term borrowings," and "Notes and accounts payable-trade," are omitted because these are cash items and their fair values approximate their carrying values due to their short maturities.

*2 Amounts of the consolidated balance sheet for no quoted market prices

As of March 31, 2023

Category

Millions of yen

| | |
|--|----------------|
| Unlisted shares (excluding share sold on the OTC market) | ¥7,776 |
| Unlisted foreign shares | 284 |
| Capital contribution | 1,531 |
| Foreign capital contribution | ¥14,176 |

The above are not included in "(1) Investment securities, Available-for-sale securities." Shares of non-consolidated subsidiaries and affiliates are not stated since they are included in "Consolidated Balance Sheet" under "Notes to Consolidated Financial Statements."

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

*4 Includes current portion of bonds and long-term borrowings .

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

(Note 1) Redemption schedule for receivables and securities with maturities after the end of the fiscal year
As of March 31, 2022

| | Millions of yen | | | |
|---------------------------------------|---|---------------------|-------------------------------------|----------|
| | Investment securities Available-for-sale securities with maturities | Cash and deposits * | Notes and accounts receivable-trade | Total |
| Due in one year or less | - | ¥223,072 | ¥80,439 | ¥303,512 |
| Due after one year through five years | ¥113 | - | - | ¥113 |
| 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.

As of March 31, 2023

| | Millions of yen | | | |
|---------------------------------------|---|---------------------|--|----------|
| | Investment securities Available-for-sale securities with maturities | Cash and deposits * | Notes and accounts receivable-Trade, and contract assets | Total |
| Due in one year or less | ¥110 | ¥342,018 | ¥129,901 | ¥472,030 |
| 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 2) Bonds, long-term borrowings , and other interest-bearing debt scheduled for repayment after the end of fiscal year

| As of March 31, 2022 | Millions of yen | | | |
|--|-----------------|----------------------|-----------------------|----------|
| | Bonds payable | Long-term borrowings | Short-term borrowings | Total |
| Due in one year or less | ¥20,000 | ¥118,849 | ¥8,149 | ¥146,998 |
| Due after one year through two years | 70,000 | 132,195 | - | 202,195 |
| Due after two years through three years | 90,000 | 100,184 | - | 190,184 |
| Due after three years through four years | 70,000 | 81,269 | - | 151,269 |
| Due after four years through five years | 40,000 | 93,295 | - | 133,295 |
| Due after five years | ¥436,490 | ¥432,699 | - | ¥869,189 |

| As of March 31, 2023 | Millions of yen | | | |
|--|-----------------|----------------------|-----------------------|-----------------|
| | Bonds payable | Long-term borrowings | Short-term borrowings | Total |
| Due in one year or less | ¥70,000 | ¥134,953 | ¥10,715 | ¥215,668 |
| Due after one year through two years | 90,000 | 105,273 | - | 195,273 |
| Due after two years through three years | 93,900 | 119,395 | - | 213,295 |
| Due after three years through four years | 55,000 | 98,715 | - | 153,715 |
| Due after four years through five years | 100,000 | 179,061 | - | 279,061 |
| Due after five years | ¥435,185 | ¥390,917 | - | ¥826,103 |

3. Breakdown of fair value of financial instruments by level

Fair values of financial instruments are categorized into three levels as described below on the basis of the observability and the materiality of the inputs used in the fair value measurement.

Level 1: Fair values measured using quoted prices of identical assets or liabilities in active markets among observable valuation inputs

Level 2: Fair values measured using inputs other than inputs included within Level 1 among observable valuation inputs

Level 3: Fair values measured using unobservable valuation inputs

When several inputs that have significant impact on fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest hierarchy level for fair value measurement among those in which each of the inputs belongs.

(1) Financial instruments measured at fair value

| As of March 31, 2022 | | Fair value | | | Millions of yen |
|--|---------|------------|---------|----------|-----------------|
| Category | Level 1 | Level 2 | Level 3 | Total | |
| a. Investment securities | | | | | |
| Available-for-sale securities | | | | | |
| Stock | ¥32,423 | - | - | ¥32,423 | |
| Bonds | - | ¥113 | - | 113 | |
| Total assets | ¥32,423 | 113 | - | 32,537 | |
| b. Derivatives transactions | | | | | |
| Transactions not subject to hedge accounting | - | - | ¥1,564 | 1,564 | |
| Transactions subject to hedge accounting | - | (4,357) | - | (4,357) | |
| Total derivatives transactions | - | ¥(4,357) | ¥1,564 | ¥(2,792) | |

| As of March 31, 2023 | | Fair value | | | Millions of yen |
|--|---------|------------|---------|---------|-----------------|
| Category | Level 1 | Level 2 | Level 3 | Total | |
| a. Investment securities | | | | | |
| Available-for-sale securities | | | | | |
| Stock | ¥32,106 | - | - | ¥32,106 | |
| Bonds | - | ¥110 | - | 110 | |
| Total assets | ¥32,106 | 110 | - | 32,216 | |
| b. Derivatives transactions | | | | | |
| Transactions not subject to hedge accounting | - | - | ¥1,908 | 1,908 | |
| Transactions subject to hedge accounting | - | (1,661) | - | (1,661) | |
| Total derivatives transactions | - | ¥(1,661) | ¥1,908 | ¥246 | |

(2) Financial instruments other than those measured at fair value

| As of March 31, 2022 | | Fair value | | | Millions of yen |
|-------------------------|---------|------------|---------|------------|-----------------|
| Category | Level 1 | Level 2 | Level 3 | Total | |
| c. Bonds payable | - | ¥732,374 | - | ¥732,374 | |
| d. Long-term borrowings | - | 966,267 | - | 966,267 | |
| Total liabilities | - | ¥1,698,641 | - | ¥1,698,641 | |

As of March 31, 2023

Millions of yen

| Category | Fair value | | | Total |
|-------------------------|------------|-------------------|---------|-------------------|
| | Level 1 | Level 2 | Level 3 | |
| c. Bonds payable | - | ¥820,644 | - | ¥820,644 |
| d. Long-term borrowings | - | 1,024,239 | - | 1,024,239 |
| Total liabilities | - | ¥1,844,884 | - | ¥1,844,884 |

(Note 1) Description of valuation techniques used to measure fair value and inputs related to fair value measurement

a. Investment securities

Fair values of listed stocks are determined by using quoted prices. Fair values of listed stocks are categorized as Level 1 since they are traded in active markets. On the other hand, the fair values of bonds held by the Company are calculated using the discounted present value method based on the total amount of principal and interest, remaining maturity, and interest rates taking into account credit risk, and are categorized as Level 2.

b. Derivative transactions

The fair values of interest rate swaps, forward foreign exchange contracts and commodity swaps are based on observable inputs such as exchange rates and prices quoted by counterparty financial institutions and are categorized as Level 2. When significant unobservable inputs are used, the fair value is categorized as Level 3, and commodity option transactions fall under this category. The fair values of transactions subject to special accounting treatment of interest rate swaps is included in the fair value of long-term borrowings, as they are accounted for as an integral part of the hedged long-term borrowings.

c. Bonds payable

The fair values of bonds payable issued by the Group are calculated using the discounted present value method based on the total amount of principal and interest, remaining maturity, and interest rates taking into account credit risk, and are categorized as Level 2.

d. Long-term borrowings

The fair values of long-term borrowings are calculated by discounting the total amount of principal and interest, or for transactions subject to special accounting treatment of interest rate swaps, the total amount of principal and interest accounted for together with the interest rate swaps, by the interest rate assumed when a new similar borrowing is made, and are categorized as Level 2.

(Note 2) Information on Level 3 fair values of financial instruments that are recorded at fair value on the consolidated balance sheets

(1) Quantitative information on significant unobservable inputs

As of March 31, 2022

| Category | Valuation technique | Significant unobservable inputs | Range of Inputs |
|-------------------------|-----------------------------------|---------------------------------|-----------------|
| Derivative transactions | | | |
| Commodity options | Discounted cash flow (DCF) method | Volatility (%) | 28.8 |

As of March 31, 2023

| Category | Valuation technique | Significant unobservable inputs | Range of Inputs |
|-------------------------|-----------------------------------|---------------------------------|-----------------|
| Derivative transactions | | | |
| Commodity options | Discounted cash flow (DCF) method | Volatility (%) | 16.3 |

- (2) Reconciliation of opening and closing balance; valuation gains and losses recognized in profit or loss for the period

| Category | As of March 31, 2022 | |
|--|--------------------------|-------------------|
| | Millions of yen | |
| | Derivatives transactions | Commodity options |
| Balance at the beginning of the year | | ¥3,285 |
| Profit or loss or other comprehensive income for the period | | |
| Recognized in profit or loss (*) | | (2,087) |
| Recognized in other comprehensive income | | - |
| Purchase, sale, issuance, and settlement | | - |
| Transfer to Level 3 of fair value hierarchy | | - |
| Transfer from Level 3 of fair value hierarchy | | - |
| Others | | 365 |
| Balance at the end of the year | | 1,564 |
| Unrealized gains (losses) on financial assets and liabilities held at the end of the period recognized in profit or loss for the period* | | ¥(2,087) |

*Consists of "Others" in "Non-operating expenses" under consolidated statement of income

| Category | As of March 31, 2023 | |
|--|--------------------------|-------------------|
| | Millions of yen | |
| | Derivatives transactions | Commodity options |
| Balance at the beginning of the year | | ¥1,564 |
| Profit or loss or other comprehensive income for the period | | |
| Recognized in profit or loss (*) | | 103 |
| Recognized in other comprehensive income | | - |
| Purchase, sale, issuance, and settlement | | - |
| Transfer to Level 3 of fair value hierarchy | | - |
| Transfer from Level 3 of fair value hierarchy | | - |
| Others | | 240 |
| Balance at the end of the year | | 1,908 |
| Unrealized gains (losses) on financial assets and liabilities held at the end of the period recognized in profit or loss for the period* | | ¥103 |

*Consists of "Others" in "Non-operating expenses" under consolidated statement of income

- (3) Description of the fair value valuation process

The Risk Management Division has established policies and procedures for the calculation of fair values of financial instruments and calculates them accordingly. The calculated fair values are compared to quoted market prices obtained from third parties to ensure the appropriateness of valuation techniques, inputs, and financial instruments. The fair values are calculated using valuation models that most appropriately reflect the nature, characteristics, and risks of each underlying financial instrument, and are regularly reviewed and verified by a third-party institution. The valuation of financial instruments is calculated, verified, and reported every quarter by the Risk Management Division to ensure the appropriateness of the policies and procedures for calculating fair value.

In cases where quoted market prices obtained from third parties are used, the appropriateness of the prices is verified through appropriate methods such as confirmation of the valuation techniques and inputs used and comparison with the fair values of similar financial instruments.

(4) Description of the effect of changes in significant unobservable inputs on fair value

The main significant unobservable input is volatility, and a significant increase (decrease) in volatility would result in a significant increase (decrease) in fair value.

Securities

1. Available-for-sale securities

| As of March 31, 2022 | | Millions of yen | | |
|---|-------|---|------------------|------------|
| Category | 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 | ¥30,638 | ¥15,810 | ¥14,828 |
| | Bonds | 113 | 110 | 3 |
| Subtotal | | 30,752 | 15,920 | 14,832 |
| Securities for which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost | Stock | 1,785 | 2,087 | (302) |
| Subtotal | | 1,785 | 2,087 | (302) |
| Total | | ¥32,537 | ¥18,007 | ¥14,529 |

| As of March 31, 2023 | | Millions of yen | | |
|---|-------|---|------------------|------------|
| Category | 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 | ¥30,812 | ¥15,047 | ¥15,764 |
| Subtotal | | 30,812 | 15,047 | 15,764 |
| Securities for which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost | Stock | 1,293 | 2,241 | (947) |
| | Bonds | 110 | 110 | - |
| Subtotal | | 1,403 | 2,351 | (947) |
| Total | | ¥32,216 | ¥17,399 | ¥14,817 |

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

| Year ended March 31, 2022 | | Millions of yen | |
|---------------------------|---------------------|-----------------|---------------|
| | Proceeds from sales | Gain on sales | Loss on sales |
| Stock | ¥282 | - | ¥72 |

| Year ended March 31, 2023 | | Millions of yen | |
|---------------------------|---------------------|-----------------|---------------|
| | Proceeds from sales | Gain on sales | Loss on sales |
| Stock | ¥1,281 | ¥518 | - |

Derivatives Transactions

1. Derivatives transactions not subject to hedge accounting

(1) Commodities

| As of March 31, 2022 | | Millions of yen | | | |
|---|--------------------------|----------------------|-----------------------|------------|---------------------|
| Category | Instrument | Contract value, etc. | | Fair value | Valuation gain/loss |
| | | Total value | Portion over one year | | |
| Transactions other than market transactions | Options, short positions | ¥7,200 | ¥7,200 | ¥1,564 | ¥(5,635) |

| As of March 31, 2023 | | Millions of yen | | | |
|---|--------------------------|----------------------|-----------------------|------------|---------------------|
| Category | Instrument | Contract value, etc. | | Fair value | Valuation gain/loss |
| | | Total value | Portion over one year | | |
| Transactions other than market transactions | Options, short positions | ¥8,307 | ¥8,307 | ¥1,908 | ¥(6,398) |

2. Derivatives transactions subject to hedge accounting

| As of March 31, 2022 | | | Millions of yen | | |
|-----------------------------|--|---|----------------------|-----------------------|------------|
| Hedging method | Instrument | Target | Contract value, etc. | | Fair value |
| | | | Total value | Portion over one year | |
| General settlement method | Foreign exchange forward contracts | Foreign-currency-denominated receivables and payables | ¥4,701 | - | ¥145 |
| | Interest rate swaps pay/fixed receive/floating | Loans | 285,878 | ¥256,320 | (19,783) |
| | Commodity swaps pay/fixed receive/floating | Commodity | 26,156 | - | 15,280 |
| Special interest rate swaps | Interest rate swaps pay/fixed receive/floating | Loans | 171,010 | 133,865 | * |
| Total | | | ¥487,745 | ¥390,186 | ¥(4,357) |

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

As of March 31, 2023

Millions of yen

| Hedging method | Instrument | Target | Contract value, etc. | | Fair value |
|---------------------------|--|---|----------------------|-----------------------|------------|
| | | | Total value | Portion over one year | |
| General settlement method | Foreign exchange forward contracts | Foreign-currency-denominated receivables and payables | ¥8,223 | ¥6,574 | ¥(485) |
| | Interest rate swaps pay/fixed receive/floating | Loans | 310,496 | 273,849 | 6,385 |
| | Commodity swaps pay/fixed receive/floating | Commodity | 32,808 | - | (7,561) |
| | Interest rate swaps pay/fixed receive/floating | Loans | 133,865 | 72,202 | * |
| Total | | | ¥485,395 | ¥352,626 | ¥(1,661) |

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

Note: Among the above hedge relationships, the exceptional treatment prescribed in the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Issues Task Force (PITF) Report No. 40, March 17, 2022) is applied to all hedge relationships included in the scope of application of the said report. The details of the hedge relationships to which the said report is applied are as follows:

Method of hedge accounting: Deferral hedge accounting is applied. In addition, the special accounting treatment of interest rate swaps is applied when the conditions for the special accounting treatment are met.

Hedging instrument: Interest rate swaps

Hedged items: Principal and interest payments on loans payable

Type of hedging transactions: Fixing cash flows

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.

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 | |
|--------------------------------------|-----------------|----------|
| | 2022 | 2023 |
| Balance at the beginning of the year | ¥146,384 | ¥142,632 |
| Service cost | 6,038 | 5,997 |
| Interest cost | 672 | 953 |
| Incurred actuarial gain or loss | (5,709) | (6,642) |
| Retirement benefit payments | (4,702) | (7,005) |
| Past service cost | (50) | - |
| Other | (0) | 32 |
| Balance at the end of the year | ¥142,632 | ¥135,967 |

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

| Year ended March 31 | Millions of yen | |
|---|-----------------|----------|
| | 2022 | 2023 |
| Balance at the beginning of the year | ¥100,824 | ¥104,897 |
| Expected return on plan assets | 2,985 | 3,008 |
| Incurred actuarial gain or loss | 2,239 | (2,497) |
| Funding by the Company and its subsidiaries | 2,732 | 2,354 |
| Retirement benefit payments | (3,884) | (3,624) |
| Balance at the end of the year | ¥104,897 | ¥104,138 |

(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 | |
|--|-----------------|-----------|
| | 2022 | 2023 |
| Retirement benefit obligations of funded type plans | ¥133,978 | ¥127,401 |
| Plan assets | (104,897) | (104,138) |
| | 29,081 | 23,262 |
| Retirement benefit obligations of unfunded type plans | 8,653 | 8,565 |
| Net amount of liabilities and assets on the consolidated balance sheet | 37,734 | 31,828 |
| Retirement benefit liability | 37,976 | 33,301 |
| Retirement benefit asset | 241 | 1,473 |
| Net amount of liabilities and assets on the consolidated balance sheet | ¥37,734 | ¥31,828 |

(4) Retirement benefit expenses

| | Millions of yen | |
|---|-----------------|----------|
| Year ended March 31 | 2022 | 2023 |
| Service cost | ¥5,854 | ¥5,776 |
| Interest cost | 666 | 946 |
| Expected return on plan assets | (2,833) | (2,980) |
| Amortization of actuarial gain or loss | (7,279) | (7,731) |
| Amortization of past service cost | (223) | (205) |
| Other | 12 | 63 |
| Retirement benefit expenses regarding defined benefit plans | ¥(3,803) | ¥(4,130) |

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

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

| | Millions of yen | |
|------------------------|-----------------|----------|
| Year ended March 31 | 2022 | 2023 |
| Past service cost | ¥(173) | ¥(205) |
| Actuarial gain or loss | 626 | (3,596) |
| Total | ¥453 | ¥(3,801) |

(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:

| | Millions of yen | |
|-------------------------------------|-----------------|----------|
| As of March 31 | 2022 | 2023 |
| Unrecognized past service cost | ¥(245) | ¥(40) |
| Unrecognized actuarial gain or loss | (11,514) | (7,918) |
| Total | ¥(11,760) | ¥(7,958) |

(7) Plan assets**a. A breakdown of plan assets**

Proportion of each type of asset is as follows:

| As of March 31 | 2022 | 2023 |
|------------------|------|------|
| Bonds | 21% | 19% |
| Stocks | 31% | 30% |
| General accounts | 35% | 36% |
| Other | 13% | 15% |
| 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 | 2022 | 2023 |
|--|------|-------------|
| Discount rate | 0.7% | 1.0% |
| Long-term expected rate of return on plan assets | 2.9% | 2.9% |
| Expected rate of increase in salary | 3.6% | 3.6% |

Income Taxes**1. The significant components of deferred tax assets and liabilities**

| | Millions of yen | |
|--|-----------------|-----------------|
| As of March 31 | 2022 | 2023 |
| Deferred tax assets | | |
| Net operating loss carryforwards for tax purposes (Note) | ¥26,432 | ¥16,176 |
| Unrealized gain on non-current assets | 15,751 | 16,148 |
| Retirement benefit liability | 12,379 | 10,789 |
| Excess of depreciation of non-current assets | 6,462 | 6,475 |
| Amount assigned for bonuses, etc. but not yet paid | 2,389 | 2,382 |
| Excess of amortization of deferred assets for tax purposes | 1,039 | 1,024 |
| Other | 43,314 | 42,247 |
| Subtotal of deferred tax assets | 107,768 | 95,243 |
| Valuation allowance for net operating loss carryforwards for tax purposes (Note) | (2,254) | (1,151) |
| Valuation allowance for deductible temporary difference and others | (11,465) | (10,798) |
| Subtotal of valuation allowance | (13,720) | (11,950) |
| Total deferred tax assets | 94,048 | 83,293 |
| Deferred tax liabilities | | |
| Retained earnings of foreign subsidiaries | (6,381) | (8,652) |
| Valuation difference on available-for-sale securities | (4,884) | (4,926) |
| Other | (35,314) | (37,916) |
| Total deferred tax liabilities | (46,579) | (51,495) |
| Net deferred tax assets | ¥47,468 | ¥31,797 |

(Changes in Presentation)

"Retained earnings of foreign subsidiaries" which was included in "Other" under deferred tax liabilities in the previous fiscal year, has become more significant and is therefore presented as a separate line item in the current fiscal year. To reflect this change in presentation, the significant components of deferred tax assets and liabilities for the previous fiscal year have been reclassified. As a result, the amount previously reported as (41,695) million yen under "Other" in deferred tax liabilities for the previous fiscal year has been reclassified as (6,381) million yen under "Retained earnings of foreign subsidiaries" and (35,314) million yen under "Other."

(Note)

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

As of March 31, 2022

Millions of yen

| | Net operating loss carryforwards for tax purposes (a) | Valuation allowance | Deferred tax assets |
|--------------------------------|---|---------------------|---------------------|
| One year or less | ¥231 | ¥(156) | ¥74 |
| Over one year to two years | 933 | (94) | 839 |
| Over two years to three years | 222 | (199) | 22 |
| Over three years to four years | 151 | (150) | 1 |
| Over four years to five years | 232 | (231) | 0 |
| Over five years | 24,661 | (1,422) | 23,238 |
| Total | ¥26,432 | ¥(2,254) | (b) ¥24,178 |

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

(b) 24,178 million yen of deferred tax assets is recognized associated with 26,432 million yen of net operating loss carryforwards for tax purposes which is multiplied by statutory tax rate. 24,178 million yen of deferred tax assets is recognized at the Company and consolidated subsidiaries as a part of 26,432 million yen of the balance of net operating loss carryforwards for tax purposes which is multiplied by statutory tax rate. The net operating loss carryforwards for tax purposes which was recognized as deferred tax assets is concluded recoverable based on expected future taxable income.

As of March 31, 2023

Millions of yen

| | Net operating loss carryforwards for tax purposes (c) | Valuation allowance | Deferred tax assets |
|--------------------------------|---|---------------------|---------------------|
| One year or less | ¥977 | ¥(47) | ¥930 |
| Over one year to two years | 65 | (65) | 0 |
| Over two years to three years | 166 | (162) | 3 |
| Over three years to four years | 181 | (180) | 0 |
| Over four years to five years | 346 | (167) | 178 |
| Over five years | 14,439 | (528) | 13,911 |
| Total | ¥16,176 | ¥(1,151) | (d) ¥15,024 |

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

(d) 16,176 million yen of deferred tax assets is recognized associated with 15,024 million yen of net operating loss carryforwards for tax purposes which is multiplied by statutory tax rate. 15,024 million yen of deferred tax assets is recognized at the Company and consolidated subsidiaries as a part of 16,176 million yen of the balance of net operating loss carryforwards for tax purposes which is multiplied by statutory tax rate. The net operating loss carryforwards for tax purposes 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 | 2022 | 2023 |
|---|----------|----------------|
| Statutory tax rate | 28.00% | 28.00% |
| (adjusted) | | |
| Difference in normal effective statutory tax rate between the Company and its consolidated subsidiaries | 0.47% | 2.04% |
| Retained earnings of foreign subsidiaries | (1.12)% | 1.33% |
| Valuation allowance | (25.79)% | 1.06% |
| Non-taxable income such as dividend income | (3.61)% | (2.17)% |
| Other | (0.61)% | 0.07% |
| Effective tax rates | (2.66)% | 30.33% |

(Changes in Presentation)

"Difference in normal effective statutory tax rate between the Company and its consolidated subsidiaries" and "Retained earnings of foreign subsidiaries" which were included in "Other" in the previous fiscal year, have become more significant and are therefore presented as separate line items in the current fiscal year. In addition, "Share of loss (profit) of entities accounted for using equity method" and "Withholding taxes in foreign countries," which were presented as separate line items in the previous fiscal year, have become immaterial and are therefore included in "Other" in the current fiscal year. To reflect this change in presentation, the reconciliation between the effective tax rates reflected in the consolidated statement of income and the statutory tax rate for the previous fiscal year has been reclassified.

As a result, the figures previously reported as (5.47)% under "Share of loss (profit) of entities accounted for using equity method", 3.62% under "Withholding taxes in foreign countries", and 0.59% under "Other" in the previous fiscal year have been reclassified as 0.47% under "Difference in normal effective statutory tax rate between the Company and its consolidated subsidiaries", (1.12)% under "Retained earnings of foreign subsidiaries", and (0.61)% under "Other" in the current fiscal year.

3. Accounting for income taxes and local income taxes or tax effect accounting related to these taxes

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system effective from the current fiscal year. In addition, in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF Report No. 42, August 12, 2021), the Company has accounted for and disclosed income taxes and local income taxes or tax effect accounting related to these taxes.

Business Combinations

Transactions under common control

(Partial transfer of interests in consolidated subsidiaries)

(1) Outline of the transaction

(a) Overview of the companies involved in the merger

Name;

Jackson Generation, LLC

Business activities;

Electricity generation, etc.

(b) Date of business combination

February 27, 2023 (U.S. time)

(c) Legal form of the business combination

Partial transfer of equity interests to non-controlling shareholders not resulting in change in the scope of consolidation for cash consideration

(d) Name of the company after the combination

No changes

(e) Other matters concerning the outline of the transaction

This transaction was executed based on a resolution of the Company's Board of Directors with the aim of both securing stable and continuous earnings and optimizing the Company's portfolio in the U.S. market, where electricity liberalization is progressing.

Equity interest transferred: 49%

Sales price: US\$409.6 million

Equity interest after transfer: 51%

(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 with a non-controlling shareholder under common control.

(3) Matters related to changes in the Company's interest in transactions with non-controlling shareholders

(a) Main reasons for changes in capital surplus

Partial transfer of equity interest in subsidiary

(b) Increase in capital surplus due to transactions with non-controlling shareholders

8,297 million yen

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.

(2) Method of calculating amount of asset retirement obligations

The amount of asset retirement obligations is calculated by using expected period of use of 0 to 43 years from the acquisition and discounting with discount rates between (0.1)% and 4.1%.

(3) Increase/decrease of the asset retirement obligations

| | Millions of yen | |
|---|-----------------|----------------|
| Year ended March 31 | 2022 | 2023 |
| Balance at the beginning of the year | ¥35,871 | ¥35,666 |
| Accretion expense | 238 | 397 |
| Increase due to estimate change | 302 | 130 |
| Liabilities incurred due to the acquisition of property, plant and equipment | 9 | 82 |
| Liabilities settled | (638) | (719) |
| Other | (116) | (994) |
| Balance at the end of the year | ¥35,666 | ¥34,563 |

Revenue Recognition**(1) Disaggregated revenue from contracts with customers**

| For the year ended March 31, 2022 | Reportable segments | | | | Millions of yen |
|---------------------------------------|---------------------|------------------------|----------|---------|-----------------|
| | Electric power | Electric power related | Overseas | Other | Total |
| Electricity sales | ¥822,946 | - | ¥143,356 | - | ¥966,302 |
| Transmission services | 48,776 | - | - | - | 48,776 |
| Other | 1,632 | ¥44,604 | 1,750 | ¥18,321 | 66,308 |
| Revenue from contracts with customers | 873,354 | 44,604 | 145,106 | 18,321 | 1,081,387 |
| Other income | 3,077 | 54 | - | 102 | 3,234 |
| Sales to external customers | ¥876,431 | ¥44,659 | ¥145,106 | ¥18,424 | ¥1,084,621 |

| For the year ended March 31, 2023 | Reportable segments | | | | Millions of yen |
|---------------------------------------|---------------------|------------------------|-----------------|----------------|-------------------|
| | Electric power | Electric power related | Overseas | Other | Total |
| Electricity sales | ¥1,362,461 | - | ¥274,321 | - | ¥1,636,783 |
| Transmission services | 49,599 | - | - | - | 49,599 |
| Other | 2,323 | ¥119,026 | 2,546 | ¥27,187 | 151,084 |
| Revenue from contracts with customers | 1,414,384 | 119,026 | 276,868 | 27,187 | 1,837,467 |
| Other income | 3,517 | 177 | 686 | 72 | 4,454 |
| Sales to external customers | ¥1,417,902 | ¥119,203 | ¥277,555 | ¥27,260 | ¥1,841,922 |

(2) Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows generated from those contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers that existed at the end of the current fiscal year**Transaction price allocated to remaining performance obligations**

The aggregate transaction price allocated to the remaining performance obligations and the expected period of revenue recognition are as follows.

The Group applies a practical expedient and does not include the transaction price related to remaining performance obligations for which revenue is recognized at the amount that the Group has the right to charge, such as in contracts with an initial expected term of one year or less and contracts that allow the Group to charge a fixed amount based on the time of services rendered.

| | Millions of yen | |
|--|-----------------|-----------------|
| Year ended March 31 | 2022 | 2023 |
| Less than 1 year | - | ¥559 |
| More than 1 year but less than 3 years | ¥121,848 | 168,447 |
| More than 3 years | 43,713 | 78,043 |
| Total | ¥165,561 | ¥247,050 |

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 Group is comprised of the Company (parent company), 72 subsidiaries and 107 affiliates (as of March 31, 2023), which is engaged in the power generation business utilizing power plants owned by the Group companies including hydroelectric, thermal and wind, and the sale of electricity procured from the wholesale power trading market. The group is also engaged in transmission business with power transmission and transformation facilities owned by a subsidiary, providing transmission services to nine transmission and distribution companies excluding The Okinawa Electric Power Company.

The Group's business is separated into 4 reportable segments 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 our 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 utilize 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 profit. Intersegment internal revenue 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, 2022

Millions of yen

| | Reportable segments | | | | | Adjustments *1 | Consolidated *2 |
|--|---------------------|------------------------------|----------|---------|------------|-------------------|--------------------|
| | Electric power | Electric power related | Overseas | Other | Total | | |
| Sales | | | | | | | |
| Sales to external customers | ¥876,431 | ¥44,659 | ¥145,106 | ¥18,424 | ¥1,084,621 | - | ¥1,084,621 |
| Intersegment sales and transfer | 2,447 | 199,267 | - | 2,639 | 204,353 | ¥(204,353) | - |
| Total sales | 878,879 | 243,926 | 145,106 | 21,063 | 1,288,975 | (204,353) | 1,084,621 |
| Segment income | 26,685 | 25,834 | 22,017 | 1,234 | 75,772 | (2,925) | 72,846 |
| Segment assets | 2,199,238 | 252,821 | 773,037 | 17,946 | 3,243,044 | (176,868) | 3,066,176 |
| Other items | | | | | | | |
| Depreciation and amortization | 75,081 | 8,181 | 15,663 | 370 | 99,295 | (2,297) | 96,997 |
| Interest income | 712 | 27 | 1,726 | 53 | 2,520 | (709) | 1,811 |
| Interest expenses | 11,595 | 127 | 11,350 | 78 | 23,152 | (709) | 22,442 |
| Equity income (loss) of affiliates | (438) | - | 14,666 | - | 14,228 | - | 14,228 |
| Investment in affiliates | 23,600 | - | 214,583 | - | 238,184 | - | 238,184 |
| Increase in tangible and intangible non-current assets | ¥89,958 | ¥5,450 | ¥39,301 | ¥361 | ¥135,072 | ¥(2,955) | ¥132,116 |

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

- (1) The adjustment amount of (2,925) million yen in segment income includes elimination of transaction amounts between segments of (2,950) million yen.
 - (2) The adjustment amount of (176,868) million yen in segment assets includes elimination of (171,912) million yen for the offsetting of receivables.
 - (3) The adjustment amount of (2,297) million yen in depreciation and amortization includes elimination of transaction amounts between segments of (2,252) 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 profit on consolidated financial statements.

For the year ended March 31, 2023

Millions of yen

| | Reportable segments | | | | | Adjustments *1 | Consolidated *2 |
|--|---------------------|------------------------|----------|---------|------------|-------------------|--------------------|
| | Electric power | Electric power related | Overseas | Other | Total | | |
| Sales | | | | | | | |
| Sales to external customers | ¥1,417,902 | ¥119,203 | ¥277,555 | ¥27,260 | ¥1,841,922 | - | ¥1,841,922 |
| Intersegment sales and transfer | 2,394 | 202,534 | - | 2,062 | 206,992 | ¥(206,992) | - |
| Total sales | 1,420,297 | 321,738 | 277,555 | 29,323 | 2,048,914 | (206,992) | 1,841,922 |
| Segment income | 54,591 | 92,831 | 22,692 | 1,805 | 171,921 | (1,128) | 170,792 |
| Segment assets | 2,299,090 | 308,661 | 918,385 | 15,853 | 3,541,990 | (179,304) | 3,362,685 |
| Other items | | | | | | | |
| Depreciation and amortization | 77,749 | 11,932 | 20,075 | 342 | 110,100 | (2,458) | 107,642 |
| Interest income | 96 | 741 | 2,678 | 50 | 3,566 | (94) | 3,472 |
| Interest expenses | 11,349 | 274 | 15,761 | 76 | 27,462 | (94) | 27,368 |
| Equity income (loss) of affiliates | (433) | - | 9,562 | - | 9,128 | - | 9,128 |
| Investment in affiliates | 22,476 | - | 258,811 | - | 281,288 | - | 281,288 |
| Increase in tangible and intangible non-current assets | ¥107,280 | ¥4,694 | ¥12,964 | ¥481 | ¥125,420 | ¥(3,613) | ¥121,806 |

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

- (1) The adjustment amount of (1,128) million yen in segment income includes elimination of transaction amounts between segments of (1,152) million yen.
- (2) The adjustment amount of (179,304) million yen in segment assets includes elimination of (177,836) million yen for the offsetting of receivables.
- (3) The adjustment amount of (2,458) million yen in depreciation and amortization includes elimination of transaction amounts between segments of (2,413) 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 profit on consolidated financial statements.

(Related Information)

For the year ended March 31, 2022

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 |
| ¥896,603 | ¥144,574 | ¥43,443 | ¥1,084,621 |

(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 |
| ¥1,606,765 | ¥263,540 | ¥169,161 | ¥2,039,467 |

3. Sales to main customers

| Millions of yen | | |
|---|-----------------|-------------------------|
| | Amount of sales | Related segment |
| Japan Electric Power Exchange (JEPX) | ¥ 230,835 | Electric power business |
| Electricity Generating Authority of Thailand (EGAT) | 130,007 | Overseas business |
| The Chugoku Electric Power Company, Incorporated | ¥ 128,877 | Electric power business |

For the year ended March 31, 2023

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 |
| ¥1,442,713 | ¥225,867 | ¥173,340 | ¥1,841,922 |

(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 |
| ¥1,625,122 | ¥276,660 | ¥171,949 | ¥2,073,732 |

3. Sales to main customers

| Millions of yen | | |
|---|------------------|-------------------------|
| | Amount of sales | Related segment |
| Japan Electric Power Exchange (JEPX) | ¥ 295,927 | Electric power business |
| The Chugoku Electric Power Company, Incorporated | 259,412 | Electric power business |
| Electricity Generating Authority of Thailand (EGAT) | ¥ 206,755 | Overseas business |

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

For the year ended March 31, 2022

| | Millions of yen | | | |
|-----------------|-----------------|------------------------|----------|-------|
| | Electric power | Electric power related | Overseas | Other |
| Impairment loss | ¥633 | ¥256 | - | - |
| | Total | | | |
| | ¥889 | | | |

For the year ended March 31, 2023

| | Millions of yen | | | |
|-----------------|-----------------|------------------------|----------|-------|
| | Electric power | Electric power related | Overseas | Other |
| Impairment loss | ¥1,672 | ¥0 | - | - |
| | Total | | | |
| | ¥1,673 | | | |

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

For the year ended March 31, 2022

Not applicable.

For the year ended March 31, 2023

Not applicable.

(Information about gain on negative goodwill by reportable segments)

For the year ended March 31, 2022

Not applicable.

For the year ended March 31, 2023

Not applicable.

(Related Party Information)**1. Summary of financial information of important affiliates**

For the year ended March 31, 2022

Not applicable.

For the year ended March 31, 2023

Not applicable.

Per Share Information

| Year ended March 31 | Yen | |
|----------------------|-----------|------------------|
| | 2022 | 2023 |
| Net assets per share | ¥5,004.31 | ¥5,931.68 |
| Earnings per share | ¥380.70 | ¥621.50 |

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

2. In the calculation of net assets per share, Company shares held by the Trust accounts related to the stock-based compensation system for officers are included in treasury shares which is deducted from the calculation of the total number of issued shares at the end of the period (- shares for the previous fiscal year, 185 thousand shares for the current fiscal year). In addition, for the calculation of earnings per share, Company shares held by the same Trust accounts are included in treasury shares, which is deducted from the calculation of the average number of shares outstanding during the fiscal year (- shares for the previous fiscal year, 119 thousand shares for the current fiscal year).

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

| Year ended March 31 | | 2022 | 2023 |
|---|---------------------|----------|-----------------|
| Profit attributable to owners of parent | Millions of yen | ¥69,687 | ¥113,689 |
| Amount not attributable to ordinary shareholders | Millions of yen | - | - |
| Profit attributable to owners of parent related to common stock | Millions of yen | 69,687 | 113,689 |
| Weighted average number of common stock outstanding during the year | Thousands of shares | ¥183,048 | ¥182,928 |

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

| As of March 31 | | 2022 | 2023 |
|--|---------------------|----------|-------------------|
| Total net assets | Millions of yen | ¥964,105 | ¥1,192,743 |
| Amount deducted from total net assets | Millions of yen | 48,075 | 108,064 |
| (non-controlling interests included in the above) | Millions of yen | 48,075 | 108,064 |
| Year-end net assets related to common stock | Millions of yen | 916,029 | 1,084,679 |
| The number of common stock used in the calculation of net assets per share | Thousands of shares | ¥183,048 | ¥182,861 |

Schedule of Consolidated Financial Statements

Schedule of Bonds Payable

Electric Power Development Co., Ltd. straight bond

| No. | Issued date | Balance as of April 1, 2022 | Balance as of March 31, 2023 | Interest rate | Secured /Unsecured | Term of redemption (lump-sum) |
|-----|---------------|--------------------------------|---------------------------------|---------------|-----------------------|-------------------------------------|
| | | Millions of yen | Millions of yen | % | | |
| 3 | Mar. 2, 2004 | ¥10,000 | *1 ¥ 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 | 14,994 | 14,995 | 2.220 | Unsecured | Dec. 20, 2028 |
| 35 | Oct. 22, 2012 | 20,000 | - | 1.126 | Unsecured | Oct. 20, 2022 |
| 38 | Dec. 16, 2013 | 20,000 | *1 20,000 | 0.978 | Unsecured | Dec. 20, 2023 |
| 39 | Feb. 24, 2014 | 20,000 | *1 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 | *1 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 | 0.405 | 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 | 20,000 | 0.140 | Unsecured | Jun. 20, 2025 |
| 71 | Jun. 4, 2020 | 30,000 | 30,000 | 0.420 | Unsecured | Jun. 20, 2030 |
| 72 | Jan. 21, 2021 | 20,000 | 20,000 | 0.350 | Unsecured | Jan. 20, 2031 |
| 73 | May 20, 2021 | 30,000 | 30,000 | 0.310 | Unsecured | May 20, 2031 |
| 74 | May 20, 2021 | 10,000 | 10,000 | 0.620 | Unsecured | May 20, 2041 |
| 75 | Oct. 21, 2021 | 20,000 | 20,000 | 0.350 | Unsecured | Oct. 20, 2031 |
| 76 | Jan. 20, 2022 | 10,000 | 10,000 | 0.310 | Unsecured | Jan. 20, 2032 |
| 77 | May 26, 2022 | - | 10,000 | 0.400 | Unsecured | May 20, 2027 |
| 78 | May 26, 2022 | - | 10,000 | 0.624 | Unsecured | May 20, 2032 |
| 79 | Jul. 12, 2022 | - | 23,900 | 0.350 | Unsecured | Jul. 18, 2025 |
| 80 | Aug. 24, 2022 | - | 18,000 | 0.615 | Unsecured | Aug. 20, 2029 |
| 81 | Aug. 24, 2022 | - | 13,700 | 1.200 | Unsecured | Aug. 20, 2042 |
| 82 | Nov. 17, 2022 | - | 17,000 | 1.000 | Unsecured | Nov. 19, 2032 |
| 83 | Dec. 7, 2022 | - | 15,000 | 0.450 | Unsecured | Apr. 20, 2026 |
| 84 | Feb. 16, 2023 | - | 20,000 | 0.754 | Unsecured | Feb. 18, 2028 |
| 85 | Mar. 15, 2023 | - | 10,000 | 0.872 | Unsecured | Oct. 31, 2029 |
| Esashi Green Energy Co., Ltd straight bond | | | | | | |
| 1 | Feb. 14, 2022 | 770 | 770 | 2.700 | Unsecured | Feb. 16, 2032 |
| Ishikari Green Energy Co., Ltd straight bond | | | | | | |
| 1 | Mar. 18, 2022 | 720 | 720 | 2.700 | Unsecured | Mar. 18, 2032 |
| Total | | ¥726,484 | ¥844,085 | - | - | - |

(Notes) 1. The balance as of March 31, 2023 regarding bonds No.3, No.38, No.39, No.46 are redeemable within one year.

2. The amounts redeemable within five years after March 31, 2023 are as follows;

| | Millions of yen |
|--|-----------------|
| Due in one year or less | ¥70,000 |
| Due after one year through two years | 90,000 |
| Due after two years through three years | 93,900 |
| Due after three years through four years | 55,000 |
| Due after four years through five years | ¥100,000 |

Schedule of borrowings, etc.

| Category | Balance as of April 1, 2022 Millions of yen | Balance as of March 31, 2023 Millions of yen | Average rate of interest % | Repayment date |
|---|---|--|-------------------------------------|---------------------------------------|
| Long-term borrowings (excluding current portion) | ¥839,645 | ¥893,363 | 2.234 | From Apr. 1, 2024 To Mar. 31, 2042 |
| Lease liabilities (excluding current portion) | 2,239 | 1,695 | - | From Apr. 1, 2024 To May 31, 2039 |
| Current portion of long-term borrowings | 118,849 | 134,953 | 1.405 | - |
| Current portion of lease liabilities | 1,060 | 1,010 | - | - |
| Short-term borrowings | 8,149 | 10,715 | 1.369 | - |
| Commercial papers | 90,016 | - | - | - |
| Total | ¥1,059,960 | ¥1,041,738 | - | - |

(Notes) 1. Average rate of interest is the weighted average rate of interest for loans as of March 31, 2023.

2. Average rate of interest for "Lease liabilities (excluding current portion)" and "Current portion of lease

liabilities” is not presented as the amounts of lease liabilities on the consolidated balance sheets include the interest portion.

3. Scheduled redemption amount of repayment of “Long-term borrowings (excluding current portion)” and “Lease liabilities (excluding current portion)” within five years after March 31, 2023 are as follows;

| Category | Millions of yen | |
|--|----------------------|-------------------|
| | Long-term borrowings | Lease liabilities |
| Due after one year through two years | ¥105,273 | ¥808 |
| Due after two years through three years | 119,395 | 485 |
| Due after three years through four years | 98,715 | 79 |
| Due after four years through five years | ¥179,061 | ¥24 |

Schedule of Asset Retirement Obligations

| Category | Millions of yen | | | |
|--|--------------------------------|----------|----------|---------------------------------|
| | Balance as of April 1, 2022 | Increase | Decrease | Balance as of March 31, 2023 |
| Restoration obligations due to real estate lease agreement | ¥19,594 | ¥140 | ¥1,424 | ¥18,310 |
| Restoration obligation due to the electric power sales contract in overseas business | 4,880 | 667 | - | 5,547 |
| Other | ¥11,192 | ¥670 | ¥1,157 | ¥10,705 |

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, 2023, 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, 2023, 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 related to the Ohma Nuclear Power Plant Construction project | |
|--|--|
| Description of Key Audit Matter | Auditor's Response |
| The Company recorded construction in progress of ¥572,165 million on its consolidated balance sheet as of March 31, 2023, which represents 17% of total assets. This includes construction in progress related | In considering the reasonableness of the evaluation of the construction in progress related to the Ohma Nuclear Power Plant Construction project, we performed the following audit procedures, among others. 1. To assess the necessity of the Ohma |

| | |
|--|---|
| <p>to the Ohma Nuclear Power Plant Construction project.</p> <p>The Ohma Nuclear Power Plant Project, a construction project for a nuclear power plant using MOX (uranium-plutonium mixed oxide) fuel for the entire core, was approved by the municipality of Ohma as well as Aomori Prefecture and was included in the national Electric Power Development Master Plan in August 1999. Construction began in May 2008 upon the initial approval of the construction work plan by the Minister of Economy, Trade and Industry based on the Electricity Business Act. The Company submitted an application for permission for alteration of a reactor installment license and an application for construction plan approval to the Nuclear Regulation Authority (NRA) in December 2014, and a review of compliance with the New Safety Standards concerning nuclear power plants promulgated by the NRA is currently being performed. Considering the progress of the compliance review, the Company announced in September 2022 a two-year extension of construction of safety reinforcement and aims to begin additional construction in the second half of 2024 and complete it in the second half of 2029.</p> <p>As described in Significant Accounting Estimates in Notes to Consolidated Financial Statements, since the construction process for the Ohma Nuclear Power Plant Construction project was extended, the Company evaluated construction in progress related to the project and, as a result, no loss was recognized since the total undiscounted future cash flows exceeded the carrying amount.</p> <p>As described in Significant Accounting Estimates in Notes to Consolidated Financial Statements, the key assumptions used in estimating the undiscounted future cash flows are future sales revenue, additional construction costs, and operating costs of the power plant. Given that these assumptions involve subjectivity and uncertainty and require significant management judgment, and that the total amount of undiscounted future</p> | <p>Nuclear Power Plant Construction project, we:</p> <ul style="list-style-type: none"> ● reviewed the basic policy aimed at implementing the green transformation (February 10, 2023; Cabinet decision), which sets forth national nuclear energy policy subsequent to the Sixth Strategic Energy Plan (October 2021, Cabinet decision) that laid out the government's approach to plutonium-thermal power generation as part of the revised national energy policy; ● inspected the latest Plans for the Utilization of Plutonium (February 17, 2023; Federation of Electric Power Companies of Japan) to review the utilization of plutonium as MOX fuel, taking into account the Basic Principles for the Utilization of Plutonium in Japan (July 2018: Atomic Energy Commission); and ● made inquiries of management regarding the status of the review of compliance by the NRA and the effect on upcoming construction of the Ohma Nuclear Power Plant, and reviewed materials regarding the review of compliance released by the NRA. <p>2. To evaluate the reasonableness of estimates of undiscounted future cash flows, we:</p> <ul style="list-style-type: none"> ● discussed the calculations of undiscounted future cash flows with management, and compared them with the latest plan for the recoverability of carrying amounts formulated by the responsible department, which was based on a process approved by the board of directors; ● reviewed the basic agreement and so forth with nine former General Electricity Utilities regarding the Ohma Nuclear Power Plant to assess future sales revenue and made inquiries of management about the agreement requiring that the nine former General Electricity Utilities purchase the total amount of electricity generated at fair cost; |
|--|---|

| | |
|---|--|
| <p>cash flows is significantly affected by the assessment and judgment of management, we determined that valuation of construction in progress is a key audit matter.</p> | <ul style="list-style-type: none"> ● compared the construction costs used to estimate undiscounted future cash flows, which had been calculated in the past, with the actual amounts up to and including the current fiscal year to assess the assumptions for the estimates; ● compared the additional construction costs used to estimate undiscounted future cash flows with the construction costs approved by the board of directors; ● compared the construction costs and the future operating costs of the power plant with the trial calculation for a model plant released by the Agency for Natural Resources and Energy in September 2021; and ● involved valuation specialists of our network firm to assess the valuation methodologies for the calculation of undiscounted future cash flows. |
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| Recoverability of deferred tax assets under the group tax sharing system | |
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| Description of Key Audit Matter | Auditor's Response |
| <p>As described in Significant Accounting Estimates and Income Taxes in Notes to Consolidated Financial Statements, the Company recorded deferred tax assets of ¥56,896 million on its consolidated balance sheet as of March 31, 2023.</p> <p>As described in Income Taxes in Notes to Consolidated Financial Statements, the Company adopted the group tax sharing system from the current fiscal year. In addition, the Company adopted "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF Report No. 42) for the accounting treatment and disclosure of tax effect accounting related to income taxes and local income taxes effective from the end of the previous fiscal year on the assumption that the Company would adopt the group tax sharing system beginning from the current fiscal year.</p> <p>As described in Significant Accounting Estimates in Notes to Consolidated Financial Statements, deferred tax assets are recorded in</p> | <p>In considering the recoverability of deferred tax assets, we performed the following audit procedures, among others.</p> <ul style="list-style-type: none"> ● To assess the appropriateness of the Company's evaluation of the recoverability of deferred tax assets, we reviewed documents related to the occurrence of taxable income for the past three years and the current fiscal year and the utilization of tax loss carryforwards for the current fiscal year. ● To assess management's process for developing business plans, we compared business plans developed in prior fiscal years with the actual results through the current fiscal year. ● To understand the planned figures forming the basis for the estimate of future taxable income, we reviewed the minutes of board of director's meetings and compared planned figures with the business plan approved by management. ● To assess the electricity sales volume |

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| <p>the amount deemed recoverable based on the best estimate of future taxable income in accordance with the Group's business plans, etc.</p> <p>The determination of corporate classification in accordance with “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26), which forms the basis for determining the recoverable amount, and electricity sales volume, fuel prices, and electricity market prices, which are assumptions underlying the estimate of future taxable income, are affected by future economic conditions and involve subjectivity and uncertainty. Furthermore, the recoverable amount is significantly affected by management evaluation and judgement. Accordingly, we determined that recoverability of deferred tax assets under the group tax sharing system is a key audit matter.</p> | <p>included in the future business plan, we held discussions with management and compared the electricity sales volume with the historical volume and related documents.</p> <ul style="list-style-type: none"> ● To assess the fuel prices included in the future business plan, we compared them with the historical prices and forecast data published by third parties. ● To assess the electricity market prices included in the future business plan, we compared them with the historical prices and forecast data published by third parties. ● To evaluate management’s assessment of estimation uncertainty in the future business plan, we performed sensitivity analysis of fluctuations in fuel prices and electricity market prices. |
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Other Information

Other information comprises the information included in disclosure documents that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor’s report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Audit & Supervisory Committee 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 Committee is 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 Committee 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 Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated 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 Committee, 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

August 1, 2023

佐藤 森夫

Morio Sato
Designated Engagement Partner
Certified Public Accountant

齋藤 克宏

Katsuhiko Saito
Designated Engagement Partner
Certified Public Accountant

前田 康雄

Yasuo Maeda
Designated Engagement Partner
Certified Public Accountant