

**Notice Concerning Posting of Operating Income, Extraordinary Losses
and Share of Loss of Entities Accounted for Using Equity Method
Associated with the Spike of Electricity Price**

Electric Power Development Co., Ltd. (“J-POWER”) hereby gives notice that operating income, extraordinary losses and share of loss of entities accounted for using equity method described below will be posted in the statement of income for the year ending March 31, 2021.

1. Increased operating income of J-POWER

J-POWER generates electricity and partially sells it at Japan Electric Power Exchange (“JEPX”).

The electricity trading prices at JEPX soared to unprecedented prices from late December 2020 to January 2021, which increased J-POWER’s operating income by approximately 72 billion yen through spike of electricity sales prices.

This increase in operating income will be posted in both non-consolidated and consolidated statements of income for the year ending March 31, 2021.

2. Debt waiver for a consolidated subsidiary

J-POWER SUPPLY & TRADING Co., Ltd., J-POWER’s wholly owned subsidiary (“JPST”), procures electricity at JEPX and sells it to retailers.

JPST’s electricity procurement prices soared due to the spike of electricity trading prices at JEPX mentioned above, which negatively impacted on JPST’s operating income and caused a loss of approximately 74 billion yen. As a result, JPST is expected to have an insolvency of 55.6 billion yen as of March 31, 2021. In order to continue JPST's electricity sales business for retailers, it is necessary to immediately resolve the insolvency and strengthen the external creditworthiness. The board of directors of J-POWER held on March 31, 2021 decided to waive 57.0 billion yen of the JPST’s debt to J-POWER.

As a result, loss on debt waiver for subsidiaries and associates of 57.0 billion yen will be posted under extraordinary losses in the non-consolidated statement of income for the year ending March 31, 2021.

This debt waiver has no impact on consolidated statement of income due to elimination as a transaction between parent and subsidiary companies.

a) Overview of JPST

(1) Name	J-POWER SUPPLY & TRADING Co., Ltd.
(2) Location	15-1, Ginza 6-Chome, Chuo-ku, Tokyo, Japan
(3) Representative	Ryoji Sekine (Representative director)
(4) Business	Power supply business
(5) Establishment	March 12, 2002
(6) Share capital	2.4 billion yen
(7) Net assets	9.3billion yen (as of March 31, 2020)
(8) Total assets	17.4billion yen (as of March 31, 2020)
(9) Major shareholder	J-POWER (100%)

b) Debt to be waived

(1) Type of debt	Loan
(2) Amount to be waived	57.0 billion yen
(3) Waiver date	March 31, 2021

3. Impairment of share of a company accounted for using equity method

ENERES Co., Ltd., a company accounted for using equity method (J-POWER has a 41% interest, “ENERES”), purchases electricity at JEPX and other sources and sells it to consumers.

ENERES’s operating losses with soared electricity procurement prices due to the spike of electricity trading prices at JEPX mentioned above have led to impairment of full book value of ENERES shares held by J-POWER according to the Accounting Standard for Financial Instruments. As a result, impairment loss of 14.1 billion yen will be posted as loss on valuation of shares of subsidiaries and associates under extraordinary losses in the non-consolidated statement of income for the year ending March 31, 2021.

In the consolidated statement of income for the year ending March 31, 2021, share of loss of entities accounted for using equity method of 11.5 billion yen, which consists of J-POWER’s interest in the estimated loss of ENERES and impairment of goodwill associated with the impairment of ENERES shares at J-POWER, will be posted under non-operating expenses.

4. Earnings forecasts for the year ending March 31, 2021

The increase in operating income of J-POWER mentioned in 1. above, operating loss of JPST mentioned in 2. above, and a part of share of loss of entities accounted for using equity method concerning ENERES mentioned in 3. above have already been included in the “Notice Regarding Revisions to the Earnings Forecasts” released on February 26, 2021.

Today, we have revised our non-consolidated earnings forecasts incorporating the extraordinary losses with the debt waiver for JPST mentioned in 2. above and the extraordinary losses with the

impairment of ENERES shares mentioned in 3. above. The consolidated earnings forecasts remain unchanged as the debt waiver for JPST has no impact on the consolidated statement of income as described in 2. above, and there is little change in the amount of share of loss of entities accounted for using equity method regarding ENERES mentioned in 3. above from the amount factored in the consolidated earnings forecasts released on February 26, 2021. For the earnings forecasts, please refer to “Notice Regarding Revisions to the Non-consolidated Earnings Forecasts” released today, March 31, 2021.