The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2022, and Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Kansai Electric Power Company, Incorporated:

Opinion

We have audited the consolidated financial statements of The Kansai Electric Power Company, Incorporated and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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 provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. 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 our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters that we determined in our audit of the consolidated financial statements of the current period were:

- Recoverability of deferred tax assets
- Investment evaluation

As for the "evaluation of the status of improvement of internal controls based on the business improvement plan," which was one of the key audit matters in our audit of the consolidated financial statements for the previous period, we determined that the risk of material misstatement in the consolidated financial statements due to entity-level internal controls decreased as a result of evaluating the progress of the business improvement plan. Therefore, we do not treat this as a key audit matter for the current period.

Recoverability of Deferred Tax Assets

Key Audit Matter Description

As stated in the Note 3 "SIGNIFICANT ACCOUNTING ESTIMATES" and Note 17 "INCOME TAXES," The Kansai Electric Power Company, Incorporated (the "Company") recorded net deferred tax assets of ¥351,619 million ($2,872,469 thousand) as of March 31, 2022, of which ¥12,566 million ($102,655 thousand) was attributed to net operating tax loss carryforwards.

Deferred tax assets are recognized after deducting the amount of unrecoverable taxes during the future accounting periods, and as such, it is necessary to determine the recoverability of these assets. The recoverability of deferred tax assets is determined by evaluating whether the assets are expected to have the effect of reducing the amount of tax payments in the future. The appropriateness of the recoverability of deferred tax assets depends on the appropriateness of the corporate classification and the estimate of taxable income before the addition and subtraction of temporary differences based on future profitability, which are addressed in the Accounting Standards Board of Japan (ASBJ) Guidance No. 26, "Implementation Guidance on Recoverability of Deferred Tax Assets." The Company estimates the taxable income before the addition and subtraction of temporary differences based on future profitability using business plans, which are then based on certain assumptions related to the electricity sales volume, the power generation mix, fuel prices, etc., and then determines the recoverability of deferred tax assets. These assumptions include management's subjective judgment and are subject to a high degree of uncertainty due to changes in the business environment. As such accounting estimates require a high degree of auditor judgment to evaluate the appropriateness, we determined the recoverability of deferred tax assets as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the recoverability of deferred tax assets included the following, among others:

- We evaluated the design and tested the operating effectiveness of controls that address the judgment of the recoverability of deferred tax assets, including the following:
    - Internal controls over business plan approval.
    - Internal controls to ensure that the major assumptions used to estimate taxable income before the addition and subtraction of temporary differences.
- We tested the appropriateness of the corporate classification determined by management by performing the following:
    - We tested the occurrence of taxable income in the past three years and the current year.
    - We understood the changes in the business environment surrounding the Company, including trends in the national energy policy and assessed their potential impact on the Company's income and expenditure to evaluate whether the factors that might affect future profitability have changed. In performing these procedures, we inspected the minutes, including related materials of the Board of Directors' meetings, executive officers' meetings and other relevant meetings; made inquiries of the Company's executives; and inspected the contents of the meetings, including related materials issued by the supervisory authorities.

- We tested the appropriateness of the future deductible temporary difference, which management developed to determine the recoverable amount of deferred tax assets involving net operating tax loss carryforwards. In this procedure, we evaluated whether the impact of uncertainties of estimates was properly considered in the assumptions used in the estimation of taxable income before the addition and subtraction of temporary differences based on the estimated future profitability.

    - We tested the forecasts of electricity sales by examining the consistency with the sales plans estimated based on the amount of contract acquisitions and withdrawals of electricity sales that are expected in the future. In addition, we tested the effectiveness of the previous sales plan estimation process by comparing this estimation with the corresponding actual sales result.

    - We tested whether the power generation mix is consistent with the facility's capacity, supply plan, and operation plan, which are published information. We inquired with relevant executives the status of the Company's compliance with regulatory standards and inspected the content of the proceedings of the Nuclear Regulatory Commission, especially regarding the expected operations of nuclear power plants.

    - In order to ascertain whether the price assumptions of the Company's major thermal fuels fully reflect the impact of the international price hike, we inquired the accounting officer and examined whether the price assumptions were reasonable in comparison with the transition of fuel prices and fuel futures prices.

Investment Evaluation

Key Audit Matter Description

In the consolidated balance sheet as of March 31, 2022, the Company recorded "Investment securities" of ¥265,891 million ($2,172,141 thousand) and "Investments in and advances to unconsolidated subsidiaries and associated companies" of ¥602,006 million ($4,917,951 thousand).

In particular, 22 investments worth ¥209,565 million ($1,711,993 thousand) attributed to the investments in power generation and power transmission and distribution pertaining to the International Business and Cooperation division, which included projects that are under operation, under construction, and in the development stage. The Company acquired some of the investments at a considerably higher value than the net assets per share because the Company expected the excess earning power.

The Company identifies in a timely manner the changes in the business environment and financial position and income and expenditure of each investment. The Company then assesses each investment value using its net assets or future cash flows. The business environment of each investment, which is considered an assumption for this assessment, is widely affected by the external environment, such as policies and regulations including the decarbonization target and the electricity market that are effective in the country where the invested business operates. Thus, there are risks that the conditions for financing may significantly worsen due to changes in the business environment and the profitability may deteriorate sharply due to a decrease in the electricity sales volume and a decrease in unit sales prices. In addition, there are risks that the projects become unprofitable because of cost overruns caused by delays in construction work and other factors.

These changes in business environment have significant impacts on management's evaluations of investments and these evaluations include highly uncertain estimates. Since a high degree of judgment is required to evaluate these accounting estimates, we determined the valuation of investments as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to investment valuation for the International Business and Cooperation division included the following, among others:

- We evaluated the design and tested the operating effectiveness of the controls related to investment evaluation, including internal controls for timely recognition of changes in the business environment, financial position and income and expenditure of each investment, and the consideration of such changes in the investment evaluation.

- For significant investments, we tested the valuation of the investment by performing the following procedures, which are based on the results of the individual risk assessment, among others:

  - For the projects under operation, we evaluated whether there were environmental changes, such as a decrease in the electricity sales volumes and a decline of the electricity unit price by inspecting the investee's financial statements and inquiring the executives of the International Business and Cooperation division.

    In addition, for the projects that were acquired at a significantly higher price than the value of the net assets acquired due to the excess earning power, we tested the changes in the business plan from the initial business plan by comparing the cash flows that are based on business plan at the time of the investment and the corresponding actual results of the cash flows to evaluate the excess earning power that was expected.

  - For projects that have not commenced operations, we tested whether some projects became unprofitable because of cost overruns caused by delays in construction work by inquiring of executives of the International Business and Cooperation division. In addition, we tested the changes from the initial business plan by comparing cash flows based on the business plan at the time of the investment with the actual results of the cash flows.

Other Information

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

We determined that no such information existed and, therefore, we did not perform any work thereon.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Officers' and Directors' execution of duties relating to the design and operating effectiveness of the controls over 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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 whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as 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.

- 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 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 Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it 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 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.

Deloitte Touche Tohmatsu LLC

July 25, 2022

The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2022

ASSETS	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars (Note 1) 2022
PROPERTY:			
Utility plant and equipment	¥ 14,825,241	¥ 14,705,367	$ 121,111,363
Other plant and equipment (Note 11)	2,360,315	2,254,400	19,282,051
Construction in progress (Note 11)	751,744	684,652	6,141,201
Contributions in aid of construction	(526,522)	(512,978)	(4,301,306)
Accumulated depreciation and amortization	(12,286,475)	(12,119,512)	(100,371,498)
Plant and equipment – net (Note 7)	5,124,304	5,011,929	41,861,810
Nuclear fuel, net of amortization (Note 2.c)	510,571	528,442	4,170,998
Property – net	5,634,876	5,540,371	46,032,809
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 8, 11, and 20)	265,891	246,518	2,172,141
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 11)	602,006	550,897	4,917,951
Special account related to nuclear power decommissioning (Note 2.l)	53,110	59,074	433,872
Special account related to reprocessing of spent nuclear fuel (Note 2.j)	147,502	119,057	1,204,985
Deferred tax assets (Note 17)	351,619	326,785	2,872,469
Other assets (Note 11)	262,292	229,063	2,142,739
Total investments and other assets	1,682,422	1,531,396	13,744,160
CURRENT ASSETS:			
Cash and cash equivalents (Notes 11 and 20)	490,491	291,266	4,006,954
Receivables (Notes 11 and 20)	423,073	372,417	3,456,202
Allowance for doubtful accounts	(2,795)	(21,556)	(22,833)
Inventories (Notes 10 and 11)	199,920	182,899	1,633,206
Other current assets (Notes 8, 11, and 20)	228,440	178,960	1,866,194
Total current assets	1,339,131	1,003,987	10,939,725
TOTAL	¥ 8,656,430	¥ 8,075,755	$ 70,716,694

LIABILITIES AND EQUITY	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars (Note 1) 2022
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Notes 11 and 21)	¥ 3,902,654	¥ 3,457,743	$ 31,881,823
Provision for loss on guarantees (Note 2.m)	1,893		15,467
Liability for retirement benefits (Note 12)	365,853	368,047	2,988,755
Asset retirement obligations (Notes 2.k and 13)	522,990	517,672	4,272,449
Deferred tax liabilities (Note 17)	6,674	4,924	54,527
Other long-term liabilities	225,259	226,647	1,840,201
Total long-term liabilities	5,025,325	4,575,034	41,053,225
CURRENT LIABILITIES:			
Current maturities of long-term debt (Notes 11 and 20)	488,664	582,379	3,992,032
Short-term borrowings (Notes 14 and 20)	460,635	447,092	3,763,057
Notes and accounts payable (Notes 11 and 20)	274,686	230,974	2,243,989
Accrued income taxes (Note 20)	4,122	10,850	33,675
Provision for loss on guarantees (Note 2.m)		1,738	
Accrued expenses and other current liabilities	671,587	476,143	5,486,379
Total current liabilities	1,899,697	1,749,177	15,519,134
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	25,850	25,985	211,179
COMMITMENTS AND CONTINGENCIES (Notes 19 and 23)			
EQUITY (Note 16):			
Common stock – authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2022 and 2021	489,320	489,320	3,997,391
Capital surplus	66,728	66,726	545,124
Retained earnings	1,175,509	1,127,814	9,603,049
Treasury stock – at cost: 46,248,567 shares in 2022 and 45,616,692 shares in 2021	(97,536)	(96,845)	(796,804)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	89,057	85,163	727,531
Deferred (loss) gain on derivatives under hedge accounting	(86,307)	11,179	(705,069)
Foreign currency translation adjustments	24,439	4,134	199,649
Defined retirement benefit plans	(1,636)	(2,966)	(13,367)
Total	1,659,574	1,684,528	13,557,504
Noncontrolling interests	45,983	41,029	375,650
Total equity	1,705,557	1,725,557	13,933,155
TOTAL	¥ 8,656,430	¥ 8,075,755	$ 70,716,694

See notes to consolidated financial statements.

The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
OPERATING REVENUES:			
Electric	¥ 2,109,511	¥ 2,387,836	$ 17,233,165
Other	742,383	704,562	6,064,726
Total operating revenues	2,851,894	3,092,398	23,297,891
OPERATING EXPENSES (Note 18):			
Electric	2,083,958	2,338,607	17,024,416
Other	668,610	608,044	5,462,061
Total operating expenses	2,752,569	2,946,652	22,486,478
OPERATING INCOME	99,325	145,746	811,413
OTHER (INCOME) EXPENSES:			
Interest and dividend income	(14,342)	(12,332)	(117,165)
Interest expense	20,168	22,462	164,761
Gain on sales of property, plant, and equipment	(11,533)	(4,400)	(94,217)
Foreign exchange gains	(9,751)	(4,704)	(79,660)
Equity in earnings of associated companies	(10,312)	(13,703)	(84,248)
Loss on return of imbalance charge (Note 15)	10,773		88,008
Other – net	(10,858)	4,575	(88,709)
Other income – net	(25,856)	(8,103)	(211,231)
ORDINARY INCOME	125,181	153,850	1,022,644
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	125,181	153,850	1,022,644
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(134)	(1,446)	(1,100)
INCOME BEFORE INCOME TAXES	125,316	155,296	1,023,745
INCOME TAXES (Note 17):			
Current	23,575	27,181	192,591
Deferred	12,053	17,077	98,469
Total income taxes	35,628	44,258	291,060
NET INCOME	89,688	111,038	732,685
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	3,852	2,060	31,468
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 85,835	¥ 108,978	$ 701,216

	Yen		U.S. Dollars
	2022	2021	2022
PER SHARE OF COMMON STOCK (Notes 2.t and 24):			
Basic net income	¥ 96.14	¥ 122.02	$ 0.78
Cash dividends applicable to the year	50.00	50.00	0.40

See notes to consolidated financial statements.

The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
NET INCOME	¥ 89,688	¥ 111,038	$ 732,685
OTHER COMPREHENSIVE INCOME (Note 22):			
Unrealized gain on available-for-sale securities	3,985	20,496	32,559
Deferred loss on derivatives under hedge accounting	(91,820)	(4,288)	(750,106)
Foreign currency translation adjustments	9,995	(2,583)	81,654
Defined retirement benefit plans	1,002	(730)	8,189
Share of other comprehensive income in associates	10,210	5,948	83,414
Total other comprehensive (loss) income	(66,626)	18,842	(544,288)
COMPREHENSIVE INCOME	¥ 23,061	¥ 129,881	$ 188,397
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥14,675	¥128,383	$119,889
Noncontrolling interests	8,386	1,498	68,507

See notes to consolidated financial statements.

The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2022

		Millions of Yen										
						Accumulated Other Comprehensive Income						
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss (Gain) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2020	938,733,028	¥489,320	¥66,678	¥ 1,063,517	¥(96,828)	¥59,615	¥ 14,173	¥ 7,309	¥(2,992)	¥ 1,600,793	¥40,960	¥ 1,641,754
Cash dividends, ¥50 per share				(44,678)						(44,678)		(44,678)
Net income attributable to owners of the parent				108,978						108,978		108,978
Change of scope of consolidation				(1)						(1)		(1)
Purchase of treasury stock					(19)					(19)		(19)
Disposal of treasury stock			(1)		3					1		1
Transfer to capital surplus from retained earnings			1	(1)								
Change in equity due to purchase of treasury shares of consolidated subsidiaries			25							25		25
Change in equity of consolidated subsidiary arising from change in equity in entities accounted for using equity method			23							23		23
Capital increase of consolidated subsidiaries			0							0		0
Net change in the year						25,548	(2,994)	(3,175)	25	19,405	68	19,473
BALANCE, MARCH 31, 2021 (APRIL 1, 2021, as previously reported)	938,733,028	489,320	66,726	1,127,814	(96,845)	85,163	11,179	4,134	(2,966)	1,684,528	41,029	1,725,557
Cumulative effect of accounting change (Note 4)				571						571		571
BALANCE, APRIL 1, 2021 (as restated)		489,320	66,726	1,128,385	(96,845)	85,163	11,179	4,134	(2,966)	1,685,099	41,029	1,726,129
Cash dividends, ¥50 per share				(44,676)						(44,676)		(44,676)
Net income attributable to owners of the parent				85,835						85,835		85,835
Change in scope of equity method				5,966						5,966		5,966
Change of scope of consolidation				(0)						(0)		(0)
Purchase of treasury stock					(694)					(694)		(694)
Disposal of treasury stock			(1)		3					1		1
Transfer to capital surplus from retained earnings			1	(1)								
Change in equity due to purchase of treasury shares of consolidated subsidiaries			1							1		1
Capital increase of consolidated subsidiaries			(0)							(0)		(0)
Net change in the year						3,893	(97,487)	20,304	1,330	(71,959)	4,953	(67,005)
BALANCE, MARCH 31, 2022	938,733,028	¥489,320	¥66,728	¥ 1,175,509	¥(97,536)	¥89,057	¥(86,307)	¥24,439	¥(1,636)	¥ 1,659,574	¥45,983	¥ 1,705,557

(Continued)

The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2022

	Thousands of U.S. Dollars (Note 1)										
					Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss (Gain) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2021 (APRIL 1, 2021, as previously reported)	$ 3,997,391	$ 545,110	$ 9,213,415	$ (791,153)	$ 695,726	$ 91,330	$ 33,775	$ (24,236)	$ 13,761,360	$ 335,181	$ 14,096,542
Cumulative effect of accounting change (Note 4)			4,670						4,670		4,670
BALANCE, APRIL 1, 2021 (as restated)	3,997,391	545,110	9,218,086	(791,153)	695,726	91,330	33,775	(24,236)	13,766,031	335,181	14,101,212
Cash dividends, $0.40 per share			(364,978)						(364,978)		(364,978)
Net income attributable to owners of the parent			701,216						701,216		701,216
Change in scope of equity method			48,739						48,739		48,739
Change of scope of consolidation			(2)						(2)		(2)
Purchase of treasury stock				(5,677)					(5,677)		(5,677)
Disposal of treasury stock		(12)		25					13		13
Transfer to capital surplus from retained earnings		12	(12)								
Change in equity due to purchase of treasury shares of consolidated subsidiaries		14							14		14
Capital increase of consolidated subsidiaries		(0)							(0)		(0)
Net change in the year					31,804	(796,400)	165,874	10,869	(587,852)	40,468	(547,383)
BALANCE, MARCH 31, 2022	$ 3,997,391	$ 545,124	$ 9,603,049	$ (796,804)	$ 727,531	$ (705,069)	$ 199,649	$ (13,367)	$ 13,557,504	$ 375,650	$ 13,933,155

See notes to consolidated financial statements.

(Concluded)

The Kansai Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
OPERATING ACTIVITIES:			
Income before income taxes	¥ 125,316	¥ 155,296	$ 1,023,745
Adjustments for:			
Income taxes – paid	(30,657)	(30,016)	(250,445)
Depreciation and amortization	295,329	284,622	2,412,624
Decommissioning cost of nuclear power units	15,449	15,149	126,214
Depreciation of special account related to nuclear power decommissioning	5,964	5,964	48,722
Amortization of nuclear fuel	27,187	12,572	222,100
Loss on disposal of property, plant, and equipment	9,559	11,903	78,096
Changes in assets and liabilities:			
Decrease in interest and dividends receivable	6,668	4,094	54,474
Decrease (increase) in receivables	19,329	(40,391)	157,910
Increase in notes and accounts payable	52,147	16,412	426,006
Decrease in interest payable	(442)	(717)	(3,611)
Decrease in liability for retirement benefits	(809)	(62)	(6,611)
Loss on return of imbalance charge	10,773		88,008
Decrease in reserve for fluctuations in water level	(134)	(1,446)	(1,100)
Payments for guarantee of obligation		(12,028)	
Other – net	(125,366)	(52,140)	(1,024,154)
Total adjustments	284,999	213,918	2,328,234
Net cash provided by operating activities	410,315	369,215	3,351,980
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(541,819)	(647,481)	(4,426,265)
Payments for investments and advances	(42,060)	(46,447)	(343,599)
Proceeds from sales of investments or collections of advances	27,179	14,787	222,032
Other – net (Note 4)	24,069	18,386	196,628
Net cash used in investing activities	(532,630)	(660,755)	(4,351,203)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	448,131	169,469	3,660,905
Proceeds from long-term debt (exclusive of bonds)	494,196	729,033	4,037,223
Proceeds from short-term loans	265,236	265,541	2,166,783
Proceeds from issuance of commercial papers	1,055,000	612,000	8,618,576
Redemption of bonds	(70,027)	(199,905)	(572,073)
Repayments of long-term debt (exclusive of bonds)	(510,840)	(328,266)	(4,173,193)
Repayments of short-term loans	(263,591)	(262,171)	(2,153,347)
Repayments of commercial papers	(1,045,000)	(608,000)	(8,536,884)
Dividends paid	(44,587)	(44,582)	(364,247)
Other – net (Note 4)	(9,747)	(7,474)	(79,631)
Net cash provided by financing activities	318,769	325,643	2,604,112
NET CASH PROVIDED BY OPERATING, INVESTING, AND FINANCING ACTIVITIES	196,454	34,103	1,604,890
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,770	1,817	22,632
NET INCREASE IN CASH AND CASH EQUIVALENTS	199,225	35,920	1,627,522
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	291,266	255,458	2,379,431
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF SUBSIDIARIES FROM CONSOLIDATION		(113)	
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 490,491	¥ 291,266	$ 4,006,954

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Utilities Industry Act and the related accounting regulations, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS).

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per-share data.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Kansai Electric Power Company, Incorporated (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥122.41 to $1, the approximate rate of exchange as of March 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per-share data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation and Accounting for Investments in Associated Companies – The consolidated financial statements as of March 31, 2022, include the accounts of the Company and 90 (86 in 2021) subsidiaries (collectively, the "Group"). Had the unconsolidated subsidiary been included in the accounts, the effect on the accompanying consolidated financial statements would not be material.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in eight (four in 2021) associated companies are accounted for by the equity method. Investments in the unconsolidated subsidiaries and remaining associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of the acquired subsidiary or associated company and business at the date of acquisition is amortized over a period of 5 to 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Subsidiaries' Fiscal Year End*** – The fiscal year end of 12 (11 in 2021) subsidiaries is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The fiscal year end of one subsidiary is October 31 and the Company consolidates the subsidiary's financial statements using its financial results for provisional settlement applying the final settlement as of the consolidated fiscal year. The effects of any significant transactions during the period between the subsidiaries' fiscal year end and the Company's fiscal year end are reflected in the consolidated financial statements.

c. ***Property, Depreciation, and Amortization*** – Property is stated at cost. Contributions in aid of construction, which include certain amounts assessed to and collected from customers, are deducted from the costs of the related assets in accordance with the regulations.

   Depreciation is principally computed by the straight-line method based on the estimated useful lives of the assets.

   Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel as of March 31, 2022 and 2021, was ¥90,925 million ($742,798 thousand) and ¥68,433 million, respectively.

d. ***Impairment of Fixed Assets*** – The Group reviews its fixed assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

e. ***Investment Securities*** – Investment securities are classified and accounted for as follows: (1) held-to-maturity debt securities, for which management has the positive intent and ability to hold to maturity, are reported at amortized cost; (2) available-for-sale securities whose fair value is not readily determinable are reported at cost; and (3) available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity.

   The cost of securities sold is determined by the moving-average method.

   The Company has applied the "Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Statement No. 30, July 4, 2019 "Accounting Standard for Fair Value Measurement;" hereinafter, "Fair Value Measurement Standard") and other standards from the beginning of the reporting period, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc., in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact of this change to the consolidated financial statements.

   In addition, as a result of this change the Company includes notes on fair value information by level within the fair value hierarchy in the notes on financial instruments. However, in accordance with the transitional treatment provided in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), notes pertaining to the previous period are not presented.

f. ***Cash Equivalents*** – Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

   Cash equivalents include time deposits, certificates of deposit, all of which mature or become due within three months of the date of acquisition.

g. ***Inventories*** – Inventories, mainly fuel, are stated at the lower of cost, determined by the average method or net selling value.

h. ***Retirement and Pension Plan*** – The Company and certain of its consolidated subsidiaries have defined contribution pension plans, unfunded defined benefit pension plans, and unfunded lump-sum severance payment plans.

The Group accounts for the liability for retirement benefits based on the projected benefit obligations at the consolidated balance sheet date.

Prior service cost is amortized by the straight-line method over a period of principally three years no longer than the expected average remaining service period of the employees.

Actuarial gains or losses are recognized as the proration by the straight-line method (some consolidated subsidiaries recognize by the declining balance method) over a period of principally three years no longer than the expected average remaining service period of the employees for each fiscal year from the next fiscal year (some consolidated subsidiaries recognize from the current fiscal year).

i. ***Revenue Recognition*** – The details of the main performance obligations in the Group's major businesses related to revenue from contracts with customers, and the timing at which these performance obligations are satisfied and revenue is recognized are as follows:

1) Energy business

In the Energy business, retail sales and wholesale of electricity and gas generate main revenue. The Company's performance obligation of its retail sales of electricity is to supply electricity over the contract period. The Company recognizes charges calculated based on the quantity of electricity used, measured by monthly meter reading as revenue for the current month (hereinafter, the "Meter Reading Date Basis") pursuant to the Accounting Rules for Electricity Business.

The Company's performance obligation of the Company's wholesale of electricity is also to supply electricity over the contract period. The Company recognizes revenue by charges calculated based on monthly quantity supplied.

The Company's performance obligations of its gas sales and its subsidiaries' electricity sales are to supply electricity and gas over the contract period. Through the passage of time, the performance obligation is satisfied and as such, the transaction amount is calculated mainly based on monthly quantity used. With respect to revenue for the last month of the fiscal year, the revenue is estimated based on the used quantity that has not yet been read on the meter and the unit price.

Note that the surcharge under the act on purchase of renewable energy sourced electricity related to Article 36, Paragraph 1 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Act No. 108, August 30, 2011), which is collected with the transaction amount, is collected for a third party, and as such, it is not included in operating revenue.

2) Transmission and Distribution business

In the Transmission and Distribution business, electricity transmission services generate main revenue.

The Transmission and Distribution business' performance obligation of the electricity transmission service is to wheel electricity over the contract period. In accordance with the Accounting Rules for Electricity Business in Japan, the Group recognizes revenue monthly on the Meter Reading Date Basis and charges based on the quantity of electricity used.

3) IT/Communications business

In the services for consumers and corporations of the IT/Communications business, providing telecommunication service using optical fiber networks generates main revenue.

The main performance obligation is to provide internet services for the duration of the contract period during which the Company's consolidated subsidiaries have enforceable rights and obligations. The Company's consolidated subsidiaries satisfy the performance obligation with the passage of time and recognizes revenue based on a monthly fixed charge and a pay-for-use charge.

With respect to the telecommunication service, revenue from initial expenses, such as a standard construction expense and a contract handling fee, are identified with their performance obligations as a renewal option and revenue is allocated in consideration of the estimated contract renewal periods.

4) Life/Business Solution business

In the sale of real estate and fee business of the Life/Business Solution business, the sales and integrated service of real estate generate main revenue.

With respect to the sales of real estate, the performance obligation is to sell real estate, and as such, the transaction amount is the sales amount included in the property sale and purchase agreement, which is recognized as revenue at the time of delivery of the property.

In addition, with respect to the integrated management service of real estate, the performance obligation is to provide various services, such as facilities administration, security, and clearing over the contract periods, and as such, revenue is recognized in response to the extent of each service.

j. ***Cost of Reprocessing of Irradiated Nuclear Fuel*** – The Company records the amount of contribution set forth in Paragraph 1 of Article 4 of the "Act for Partial Revision of the Irradiated Nuclear Fuel Reprocessing Fund Act" (Act No. 40, 2016; the "Revised Act") (except for the amount of contribution set forth in No. 1 of Paragraph 4 of Article 2 of the Revised Act as the contribution to manufacturing process which is related to reprocessing of irradiated nuclear fuel) as electric operating expenses according to the volume of irradiated nuclear fuel, which is generated from operation of the nuclear power plants, in accordance with Paragraph 2 of said Article 4.

The Company records the amount of contribution to manufacturing processes related to reprocessing of irradiated nuclear fuel as special account related to reprocessing of spent nuclear fuel.

k. ***Asset Retirement Obligations*** – An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense in the appropriate manner. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

The Company mainly recognizes an asset retirement obligation with regard to the costs for decommissioning of nuclear power units, which are regulated under the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors. In addition, in accordance with ASBJ Guidance No. 21 and the Ministerial Ordinance Concerning Reserve for Decommissioning of Nuclear Power Units, the asset retirement cost is subsequently allocated to expenses.

In regard to decommissioning of special nuclear power facilities, the amount reported as the reserve for decommissioning of such nuclear power units is computed using, as its benchmark, the total estimated amount of the expense of decommissioning of nuclear power units based on the "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Units" (No. 30 Ordinance of the Ministry of International Trade and Industry of 1989; hereinafter, "Ministerial Ordinance for Decommissioning"), and setting the operation period of the special nuclear power facility determined by such ordinance as the period in which such facility is expected to be used, and applying a discount rate of 2.3%.

However, if the amount computed as the reserve for the decommissioning of nuclear power units based on the Ministerial Ordinance for Decommissioning is greater than the amount computed above, the amount computed based on the Ministerial Ordinance for Decommissioning will be reported.

l. Overview of Contributions to Streamline Decommissioning and Special Account Related to Nuclear Power Decommissioning – The decommissioning accounting system is introduced for the purpose of streamlining the decommissioning of reactors. In accordance with the decommissioning accounting system, the remaining book value, etc. (book value of nuclear power special assets, book value of special account related to nuclear power decommissioning (including amount equivalent to expenses related to nuclear power decommissioning), and the necessary reserve amount for reserves for decommissioning of nuclear power units), of reactors decommissioned due to changes in the government's energy policy safety regulations, etc., is recovered by the contribution to streamline the decommissioning, which is collected through the wheeling charges of general electricity transmission and distribution utilities.

In applying the above system, according to Article 45-21-6 of the "Ministerial Ordinance for the Enforcement of the Electricity Business Act" (No. 77 Ordinance of the Ministry of International Trade and Industry of 1995), the Company submitted to the Minister of Economy, Trade and Industry a written application for the approval of contributions to streamline the decommissioning in regard to the book value of nuclear power special assets, book value of special account related to nuclear power decommissioning (including amount equivalent to expenses related to nuclear power decommissioning), and the necessary reserve amount for the decommissioning of nuclear power units, and obtained the minister's approval. Also, Kansai Transmission and Distribution, Inc. that received a notice from the Minister of Economy, Trade and Industry in regard to contributions to streamline decommissioning, revised its general provisions for wheeling service, etc. In accordance with Article 45-21-5 of the "Ministerial Ordinance for the Enforcement of the Electricity Business Act" (No. 77 Ordinance of the Ministry of International Trade and Industry of 1995), and collects contributions to streamline the decommissioning and pays out such contributions to the Company and The Japan Atomic Power Company.

The special account related to nuclear power decommissioning shall be amortized in relation to the amount of contributions to streamline the decommissioning paid by Kansai Transmission and Distribution, Inc. pursuant to Articles 5 and 8 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 77, 2016).

m. Provision for Loss on Guarantees – In order to provide for losses on debt guarantee, the projected losses take into consideration the financial position and other factors of the guarantee.

n. Reserve for Fluctuations in Water Level – A reserve for fluctuations in water level is provided for costs expected to be incurred from insufficient water levels in accordance with the Electricity Utilities Industry Act and the Ordinance on Accounting at Electricity Utilities.

o. ***Leases***

As lessee – Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet.

All other leases are accounted for as operating leases.

As lessor – Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in leases.

All other leases are accounted for as operating leases.

p. ***Income Taxes*** – The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

The Group files a tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

q. ***Foreign Currency Transactions*** – All receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

r. ***Foreign Currency Financial Statements*** – The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

s. ***Derivatives and Hedging Activities*** – The Group principally uses foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the normal course of business to manage its exposures to fluctuations in foreign exchange, interest rates, fuel prices, and so on. The Group does not enter into derivatives for trading or speculative purposes. Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

Assets and liabilities denominated in foreign currencies for which foreign exchange forward contracts and currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts and currency swaps qualify for hedge accounting.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

From among the above hedge relationship, the Company has applied exceptional treatment set forth in the following Practical Issues Task Force (PITF) to all the hedge relationship included in the scope of application of the "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, March 17, 2022). The details of the hedge relationship applicable to the PITF are as follows.

Hedge accounting method … Deferred hedge accounting

Hedging instruments … Interest-rate swap

Hedging items … Long-term borrowings

Category of hedge transactions … Those make cash flows fixed

t. ***Per-Share Information*** – Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

u. ***Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System*** – The Company and some of its domestic consolidated subsidiaries will make the transition from the consolidated taxation system to the group tax sharing system from the following reporting period. However, with regard to the transition to the group tax sharing system created under the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 8, 2020), and items revised in line with the transition to the group tax sharing system, the Company and some of its consolidated subsidiaries have not applied the stipulations set forth in Item 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) through the handling of Item 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No. 39, March 31, 2020). Amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the taxation law before revision.

The Company plans to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021), which set forth the treatment of accounting and disclosure of corporation tax, local corporation tax, and tax effect accounting when the group tax sharing system is applied, from the beginning of the following reporting period.

3. SIGNIFICANT ACCOUNTING ESTIMATES

Current fiscal year (year ended March 31, 2022)

(a) Recoverability of Deferred Tax Assets

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

¥351,619 million ($2,872,469 thousand)

(2) Information related to the contents of significant accounting estimates pertaining to identified items

Of the above amount, the Group has reported deferred tax assets relating to tax loss carried forward in the amount of ¥12,566 million ($102,655 thousand).

Deferred tax assets are reported after deducting the amount of tax that is not expected to be collected in the future and recoverability is determined based on the prospect of future consolidated taxable income.

The prospect of future consolidated taxable income may vary according to total electricity sales or the operating conditions or fuel prices, etc., of nuclear power plants, and the recoverability of deferred tax assets may be impacted by such variation.

(b) Valuation of Securities that do not have market prices

(1) The amount recorded in consolidated financial statements in the current fiscal year

¥681,302 million ($5,565,745 thousand)

(2) Information relating to the contents of important accounting estimates pertaining to identified items

Securities with fair market value that do not have market prices are valued using the net asset value or the prospect of future cash flow based on business plans, etc., and if the results of the valuation show significant drop in fair value, impairment loss will be recognized.

The net asset value or prospect of future cash flow based on business plans, etc., may vary according to the business status or financial conditions of the investees, and valuation of securities may be impacted by such variation.

Previous fiscal year (year ended March 31, 2021)

(a) Recoverability of Deferred Tax Assets

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

¥326,785 million

(2) Information related to the contents of significant accounting estimates pertaining to identified items

Of the above amount, the Group has reported deferred tax assets relating to tax loss carried forward in the amount of ¥29,347 million.

Deferred tax assets are reported after deducting the amount of tax that is not expected to be collected in the future, and recoverability is determined based on the prospect of future consolidated taxable income.

The prospect of future consolidated taxable income may vary according to the total electricity sales or the operating conditions, etc., of nuclear power plants, and the recoverability of deferred tax assets may be impacted by such variation.

(b) Valuation of Securities whose fair value is not reliably determined

(1) The amount recorded in consolidated financial statements in the current fiscal year

¥615,026 million

(2) Information relating to the contents of important accounting estimates pertaining to identified items

Securities with fair market value that is extremely difficult to calculate are valued using the net asset value or the prospect of future cash flow based on business plans, etc., and if the results of the valuation show significant drop in fair value, impairment loss will be recognized.

The net asset value or prospect of future cash flow based on business plans, etc., may vary according to the business status or financial conditions of the investees, and valuation of securities may be impacted by such variation.

4. CHANGES IN ACCOUNTING POLICIES

(a) Application of the Accounting Standard for Revenue Recognition, etc.

The Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter, the "Revenue Recognition Standard") and other standards from the beginning of the reporting period. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. In addition, the "Accounting Rules for Electricity Business" were revised on March 31, 2021, in response to these applications, and the Company has applied the accounting rules from the beginning of the reporting period.

As a major impact of these applications, the accounting treatment of the surcharge under the act on purchase of renewable energy sourced electricity under Article 36, Paragraph 1 and subsidies under Article 28, Paragraph 1 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Act No. 108, August 30, 2011) have changed. These were previously included in operating revenue. On and after these applications, the surcharge under the act on purchase of renewable energy sourced electricity is changed to be included in current liabilities and subsidies are changed to be deducted from the relevant operating expenses.

The Company applies the Revenue Recognition Standard in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the reporting period, with the new accounting policies applied from the beginning balance of this fiscal year.

As a result, operating revenue for the reporting period decreased by ¥516,113 million ($4,216,269 thousand), while the impact of this change on income before income taxes and minority interests and information per share was immaterial. In addition, the impact of this change on the beginning balance of retained earnings was immaterial.

In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous period have not been reclassified based on the new accounting policy.

Furthermore, in accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Standard, notes on revenue recognition for the previous period are not presented.

With respect to retail electric sales volume from among operating revenue from the electricity business, the Company recognizes charges calculated based on the quantity of electricity used, measured monthly on a Meter Reading Date Basis pursuant to the Accounting Rules for Electricity Business. Since such handling has not yet revised, the Company continues to apply the Meter Reading Date Basis.

5. CHANGES IN PRESENTATION

Related to Consolidated Statement of Income

"Gain on sales of property, plant, and equipment" and "Foreign exchange gains" included within "Other" under "Other (Income) Expenses" in the previous reporting period is now presented separately as they are material. To reflect this change in presentation, similar adjustment was made to the comparative information on the consolidated financial statements for the previous reporting period.

As a result, "Other" in the amount of ¥(4,530) million under "Other (Income) Expenses" in the Consolidated Statements of Income for the previous reporting period was reclassified and presented as ¥(4,400) million for "Gain on sales of property, plant, and equipment," ¥(4,704) million for "Foreign exchange gains," and ¥4,575 million as "Other."

Related to the Consolidated Statement of Cash Flows

Amounts previously presented as "Purchase of shares of subsidiaries resulting in change of scope of consolidation" and "Payments for transfer of businesses" under "Investing Activities" in the previous reporting period is now presented within "Other" in the reporting period as they are no longer material. To reflect this change in presentation, similar adjustment was made to the comparative information on the consolidated financial statements for the previous reporting period.

As a result, ¥(13,686) million from "Purchase of shares of subsidiaries resulting in change of scope of consolidation," ¥(10,016) million from "Payments for transfer of businesses," and ¥42,089 million from "Other" under "Investing Activities" in the Consolidated Statements of Cash Flows for the previous reporting period were reclassified and presented as "Other" in the amount of ¥18,386 million.

6. ADDITIONAL INFORMATION

Stock-Based Incentive System for Executive Officers

The Company has introduced a stock-based incentive system (the "System") for the Company's executive officers (excluding nonresidents in Japan, hereinafter, "Officers," collectively), with an aim to improve business performance of the Group and to enhance the motivation of Officers to contribute to enhancing corporate values of the Company over the medium to long term.

1. Outline of transaction

   The Company adopts a mechanism called Board Incentive Plan (BIP) Trust (the "Trust"). The System is a stock-based incentive system, under which the Company's shares are acquired through the Trust using money, equivalent to the amount of remuneration for Officers contributed by the Company, granting/provision of the Company's shares and cash equivalent to the amount obtained by converting a part of the shares into cash is made to eligible Officers based on the position rank of respective Officers.

   Furthermore, the System is accounted for as "Practical Solution on Transaction of Granting Treasury Stock Employees through the Trust Using Money" (ASBJ Practical Issues Task Force No. 30, March 26, 2015).

2. Company's shares that remain in the Trust

   The Company's shares that remain in the Trust are recorded in equity as treasury stock at the book value of the Trust (excluding any amount equivalent to expenses attributable thereto).

   The book value and number of shares of such treasury stock at the end of the current consolidated fiscal year were ¥611 million ($4,991 thousand) and 515,236 shares, respectively.

7. PLANT AND EQUIPMENT

The carrying value of plant and equipment as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Hydroelectric power production facilities	¥ 299,252	¥ 299,140	$ 2,444,669
Thermal power production facilities	298,890	325,142	2,441,713
Nuclear power production facilities	742,950	747,453	6,069,363
Transmission facilities	760,726	773,564	6,214,581
Transformation facilities	421,617	416,558	3,444,304
Distribution facilities	813,428	804,741	6,645,114
General facilities	112,556	106,529	919,506
Other utility facilities	18,569	19,257	151,701
Other plant and equipment	904,567	834,888	7,389,654
Construction in progress	751,744	684,652	6,141,201
Total	¥ 5,124,304	¥ 5,011,929	$ 41,861,810

The book value of specified assets for nuclear power is included in nuclear power production facilities, which amounted to ¥17,897 million ($146,205 thousand) and ¥22,895 million as of March 31, 2022 and 2021, respectively.

8. INVESTMENT SECURITIES

The information for available-for-sale securities, whose fair values are readily determinable, and held-to-maturity securities as of March 31, 2022 and 2021, is as follows:

	Millions of Yen			
March 31, 2022	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥32,734	¥99,592	¥(74)	¥132,253
Debt securities	200	6		206
Held-to-maturity debt securities	803	10	(7)	806

	Millions of Yen			
March 31, 2021	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥62,495	¥98,190	¥(36)	¥160,648
Debt securities	200	10		210
Held-to-maturity debt securities	1,409	44	(0)	1,452

	Thousands of U.S. Dollars			
March 31, 2022	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	$ 267,420	$ 813,597	$ (608)	$ 1,080,410
Debt securities	1,634	53		1,688
Held-to-maturity debt securities	6,564	82	(58)	6,588

9. INVESTMENT PROPERTY

The Group owns certain rental properties, such as office buildings and land, in Osaka and other areas. The net of rental income and operating expenses for those rental properties was ¥11,150 million ($91,088 thousand) and ¥12,842 million for the fiscal years ended March 31, 2022 and 2021, respectively.

In addition, the carrying amounts, changes in such balances, and market prices of such properties are as follows:

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2021	Increase/Decrease	March 31, 2022	March 31, 2022
¥311,295	¥49,031	¥360,327	¥573,289

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2020	Increase/Decrease	March 31, 2021	March 31, 2021
¥278,470	¥32,825	¥311,295	¥503,823

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2021	Increase/Decrease	March 31, 2022	March 31, 2022
$2,543,057	$400,552	$2,943,610	$4,683,354

Notes:
1. Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.

2. Increase during the fiscal year ended March 31, 2021, primarily represents the acquisition of certain properties of ¥47,644 million, and the decrease primarily represents sales of ¥9,238 million and depreciation expense of ¥4,768 million. Increase during the fiscal year ended March 31, 2022, primarily represents the acquisition of certain properties of ¥75,421 million ($616,137 thousand), and the decrease primarily represents sales of ¥12,257 million ($100,135 thousand) and depreciation expense of ¥5,390 million ($44,037 thousand).

3. Fair value of properties as of March 31, 2022 and 2021, is measured by the Group in accordance with its Real-Estate Appraisal Standard.

10. INVENTORIES

Inventories as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Merchandise and finished products	¥ 5,862	¥ 4,598	$ 47,894
Work in process	3,946	7,360	32,239
Raw materials and supplies	91,770	67,634	749,701
Real estate for sale	98,340	103,306	803,370
Total	¥ 199,920	¥ 182,899	$ 1,633,206

11. LONG-TERM DEBT

Long-term debt as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Secured bonds:			
0.001% to 2.55%, due serially through 2049:			
The Company	¥ 1,443,821	¥ 1,283,820	$ 11,794,961
Subsidiaries	200	200	1,633
(Nonrecourse debt included above)	100	100	816
Unsecured bonds	220,000	27	1,797,238
Secured loans principally from the Development Bank of Japan:			
Weighted-average interest rate of 0.546% and 0.698% as of March 31, 2022 and 2021, respectively maturing serially through 2031:			
The Company	200,625	259,019	1,638,959
Subsidiaries	58,719	42,705	479,695
(Nonrecourse debt included above)	33,524	22,528	273,871
Unsecured loans from banks, insurance companies, and other sources:			
Weighted-average interest rate of 0.463% and 0.549% as of March 31, 2022 and 2021, respectively maturing serially through 2043	2,454,324	2,338,798	20,050,028
Obligations under finance leases	13,628	15,551	111,338
Total	4,391,318	4,040,122	35,873,856
Less current maturities	488,664	582,379	3,992,032
Long-term debt, less current maturities	¥ 3,902,654	¥ 3,457,743	$ 31,881,823

Annual maturities of long-term debt as of March 31, 2022, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	¥ 488,664	$ 3,992,032
2024	516,828	4,222,109
2025	534,708	4,368,176
2026	433,392	3,540,503
2027	462,326	3,776,870
2028 and thereafter	1,955,397	15,974,164
Total	¥ 4,391,318	$ 35,873,856

All of the Company's assets are pledged as collateral for the secured bonds and secured loans from the Development Bank of Japan.

The carrying amounts of subsidiaries' assets pledged as collateral for notes and accounts payable of ¥997 million ($8,151 thousand) and the above secured loans as of March 31, 2022, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Other plant and equipment	¥49,471	$404,148
Other assets	1,604	13,110
Receivables	1,242	10,147
Inventories	689	5,635
Cash and cash equivalents	9,548	78,002
Other current assets	510	4,166

Furthermore, the carrying amounts of assets of certain consolidated subsidiaries that are pledged as collateral for long-term debt of their investees from financial institutions were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Other plant and equipment	¥26,293	$214,797
Construction in progress	2,008	16,408
Investment securities	575	4,705
Investments in and advances to unconsolidated subsidiaries and associated companies	55,352	452,187
Cash and cash equivalents	2,366	19,328
Other assets	19,431	158,737
Receivables	600	4,904
Inventories	324	2,647
Other current assets	2,167	17,703

12. RETIREMENT AND PENSION PLAN

The Company and certain consolidated subsidiaries have severance payment plans for employees.

Under most circumstances, employees terminating their employment with the Group, either voluntarily or upon reaching the mandatory retirement age, are entitled to retirement benefits based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

1. The changes in defined benefit obligation for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥368,047	¥367,095	$3,006,679
Current service cost	12,601	12,861	102,945
Interest cost	3,602	3,645	29,427
Actuarial losses	662	3,682	5,413
Benefits paid	(18,664)	(18,103)	(152,476)
Prior service cost		(142)	
Others	(395)	(991)	(3,234)
Balance at end of year	¥365,853	¥368,047	$2,988,755

2. The components of net periodic retirement benefit costs for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Service cost	¥12,601	¥12,861	$ 102,945
Interest cost	3,602	3,645	29,427
Recognized actuarial losses	2,047	2,668	16,726
Amortization of prior service cost		(142)	
Others	60	199	498
Net periodic retirement benefit costs	¥18,312	¥19,231	$ 149,597

3. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Actuarial losses	¥1,384	¥(1,017)	$ 11,312
Total	¥1,384	¥(1,017)	$ 11,312

4. Amounts recognized in accumulated other comprehensive income (before income tax, effect) in respect of defined retirement benefit plans as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrecognized actuarial losses	¥3,537	¥4,922	$ 28,896
Total	¥3,537	¥4,922	$ 28,896

5. Assumptions used for the years ended March 31, 2022 and 2021, are set forth as follows:

	2022	2021
Discount rate	1.04%	1.05%

6. Defined contribution

The required contribution amount of the Company and certain consolidated subsidiaries was ¥6,767 million ($55,287 thousand) and ¥6,757 million for the years ended March 31, 2022 and 2021, respectively.

13. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥ 517,672	¥ 508,279	$ 4,229,001
Additional provisions	24,190	23,670	197,615
Reduction	(18,871)	(14,278)	(154,167)
Balance at end of year	¥ 522,990	¥ 517,672	$ 4,272,449

14. SHORT-TERM BORROWINGS

Short-term borrowings as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Short-term loans from banks and other sources with weighted-average interest rate of 0.1857% and 0.2119% as of March 31, 2022 and 2021, respectively	¥460,635	¥447,092	$3,763,057

Commercial paper included in short-term borrowings in the above table was ¥310,000 million ($2,532,472 thousand) and ¥300,000 million as of March 31, 2022 and 2021, respectively.

Weighted-average interest rate of commercial paper is not included in the calculation of the weighted-average interest rate described in the above table.

15. LOSSES ON RETURN OF IMBALANCE CHARGE

At the 43rd Research Committee on Comprehensive Natural Resource and Energy, the Subcommittee on Electricity and Gas, the Subcommittee of Basic Policy for Electricity and Gas held on December 27, 2021, the "Treatment of Settlement of Imbalance Incurred in January 2021 for General Electricity Transmission and Distribution Utilities" (hereinafter, "Subcommittee Settlement") was settled. The Subcommittee decided in January 2021 that if the unit price of imbalance charges exceed ¥200/kWh and the level of market prices, then adjustments would be made at every balancing group (hereinafter, "BG") by deducting monthly fixed amounts from future wheeling charges. The general electricity transmission and distribution companies were required to submit specific details on the adjustment process, developed in accordance with the Subcommittee Settlement, to the Minister of Economy, Trade and Industry for special approval (a measure under Article 18, Paragraph 2, provision of the Electricity Business Act).

Accordingly, the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry dispatched documents to the consolidated subsidiary, Kansai Transmission and Distribution, Inc. on January 11, 2022. Kansai Transmission and Distribution, Inc. was requested to take necessary measures for the future wheeling charges at a demand BG in accordance with the Subcommittee Settlement.

In response to the above, Kansai Transmission and Distribution, Inc. applied for the special approval for wheeling provision, etc., outside of the wheeling provision conditions, pursuant to Article 18, Paragraph 2, proviso of the Electricity Business Act addressed to the Minister of Economy, Trade and Industry on January 27, 2022, and received approval on February 14, 2022.

As a result, an estimated adjustment to future wheeling charges of ¥10,773 million ($88,008 thousand) was included in "Other (Income) Expenses."

16. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit and Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company has not prescribed so in its articles of incorporation.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve, and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account that was charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

17. INCOME TAXES

The Group is subject to taxes based on income, such as corporate income tax and inhabitant tax, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 28.0% for the years ended March 31, 2022 and 2021. The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities as of March 31, 2022 and 2021, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Liability for retirement benefits	¥ 103,699	¥ 104,181	$ 847,146
Net operating tax loss carryforwards	53,034	68,350	433,251
Depreciation and amortization	92,625	91,434	756,683
Asset retirement obligations	57,297	57,436	468,076
Intercompany profit elimination	28,222	27,939	230,555
Other	213,845	158,203	1,746,957
Valuation allowance (net operating tax loss carryforwards)	(40,468)	(39,003)	(330,595)
Valuation allowance	(78,652)	(76,139)	(642,532)
Total valuation allowance	(119,120)	(115,143)	(973,128)
Total deferred tax assets	429,603	392,403	3,509,542
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(27,281)	(25,759)	(222,869)
Special account related to nuclear power decommissioning	(14,847)	(16,514)	(121,293)
Asset equal to asset retirement obligations	(8,468)	(9,860)	(69,179)
Other	(34,061)	(18,407)	(278,257)
Total deferred tax liabilities	(84,658)	(70,542)	(691,600)
Net deferred tax assets	¥ 344,944	¥ 321,861	$ 2,817,942

The expiration of net operating tax loss carryforwards, the related valuation allowances, and the resulting net deferred tax assets as of March 31, 2022, was as follows:

	Millions of Yen						
March 31, 2022	One Year or Less	After One Year through Two Years	After Two Years through Three Years	After Three Years through Four Years	After Four Years through Five Years	After Five Years	Total
Net operating tax loss carryforwards (a)	¥ 116	¥ 25,565	¥ 56	¥ 30	¥ 169	¥ 27,096	¥ 53,034
Less valuation allowance	(113)	(25,464)	(55)	(30)	(47)	(14,756)	(40,468)
Deferred tax assets	2	100	0		121	12,340	(b) 12,566

	Thousands of U.S. Dollars						
March 31, 2022	One Year or Less	After One Year through Two Years	After Two Years through Three Years	After Three Years through Four Years	After Four Years through Five Years	After Five Years	Total
Net operating tax loss carryforwards (a)	$ 952	$ 208,850	$ 457	$ 247	$ 1,382	$ 221,360	$ 433,251
Less valuation allowance	(929)	(208,027)	(449)	(247)	(390)	(120,551)	(330,595)
Deferred tax assets	22	823	8		992	100,809	(b) 102,655

(a) The Company calculates the amount of "Net operating tax loss carryforwards" by multiplying the normal effective statutory tax rate.

(b) The Company considers deferred tax assets as of March 31, 2022, as recoverable based on past and current consolidated taxable income and prospects of future consolidated taxable income.

18. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥10,817 million ($88,372 thousand) and ¥12,225 million for the years ended March 31, 2022 and 2021, respectively.

19. RELATED-PARTY DISCLOSURES

Related-party transactions of the Group with associated companies for the years ended March 31, 2022 and 2021, were as follows:

(1) 2022

Category	Name	Address	Capital Stock or Stake	Description of Business	Voting Right	Relationship with Related Party	Detail of Transactions	Transaction Amount	
			Millions of Yen					Millions of Yen	Thousands of U.S. Dollars
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	¥400,000	Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes	17.3%	Contract on uranium enrichment and disposal of low-level radioactive wastes A director concurrently serves as the Company's director and was transferred from the Company.	Co-guarantees or guarantees of loans and bonds	¥147,392	$1,204,085

(2) 2021

Category	Name	Address	Capital Stock or Stake	Description of Business	Voting Right	Relationship with Related Party	Detail of Transactions	Transaction Amount
			Millions of Yen					Millions of Yen
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	¥400,000	Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes	17.3%	Contract on uranium enrichment and disposal of low-level radioactive wastes A director concurrently serves as the Company's director and was transferred from the Company.	Co-guarantees or guarantees of loans and bonds	¥147,931

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Policy for Financial Instruments

The Group uses long-term debt, including bonds and loans, to fund capital expenditures and debt repayments for operating electric power and other businesses if funds on hand are insufficient. Short-term borrowings, mainly commercial paper, are used to fund the ongoing operations. Investment of funds is managed through short-term deposits.

The Group raises debt capital, mainly denominated in Japanese yen, with fixed interest rates. The redemption periods are decided considering the financial environment and other factors.

Investment securities are held in equity investments principally in relation to the business of electric power.

Derivatives are not used for speculative purposes, but to manage exposure to financial risks, as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Although accounts receivables are exposed to customer credit risk, electricity charges, a major part of accounts receivable, are generally collected within 30 days after reading meters. Investment securities, mainly equity securities, held for operation of the electric power business are exposed to the risk of market price fluctuations.

Payment terms of accounts are generally less than one year.
Corporate bonds that are based on foreign currencies are exposed to the risks of fluctuating exchange rates.
Imports of fuels are payable in foreign currencies and are exposed to the market risk of fluctuation in foreign currency exchange rates.
Long-term loans with variable interest rates are exposed to market risks from changes in interest rates.
Bonds, loans, and commercial paper are exposed to liquidity risk.

Therefore, when issuing bonds denominated in foreign currencies, currency swaps are used to hedge these risks.

Derivatives mainly include forward foreign currency contracts, currency swaps, interest rate swaps, and commodity swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of payables, changes in interest rates of long-term loans, and changes in fuel prices relevant to fuel transactions. Please see Note 21 for more details on derivatives.

(3) Risk Management for Financial Instruments

Market risk management

Investment securities are managed by reviewing their necessity in the business of electric power, and by monitoring market values and financial positions of issuers on a regular basis.

Foreign exchange risk of foreign currency trade payables is hedged principally by forward foreign currency contracts.

Interest rate swaps are used to manage exposure to market risks from changes in interest rates of long-term loans with variable interest rates.

With respect to fuel transactions, in order to manage exposure to market risks from changes in fuel prices, commodity swaps, etc., are used as necessary.

Liquidity risk management

The Group manages liquidity risk by holding an adequate volume of liquid assets at the required level, along with financial planning, prepared and updated in a timely manner by the Accounting Department of the Company and each subsidiary.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Please see Note 21 for details of the fair value of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2022	Carrying Amount	Fair Value	Unrealized Gain
Assets			
Marketable and investment securities	¥ 139,582	¥ 139,584	¥ 2
Liabilities			
Long-term debt	¥ 4,377,689	¥ 4,382,824	¥ 5,134
Derivatives	¥ (110,171)	¥ (110,171)	

Fair values of financial instruments are included in the following table.
Note that investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of cash and cash equivalents are also not disclosed because their maturities are short and the carrying values approximate fair value. Please see Note 2.s for details of the fair values of derivatives.

Some investment securities are included in other current assets in the consolidated balance sheet.

Long-term debt includes current maturities of long-term debt in the consolidated balance sheet.

Derivatives are stated at the net amount.

	Millions of Yen		
March 31, 2021	Carrying Amount	Fair Value	Unrealized Gain
Assets			
Marketable and investment securities	¥ 162,628	¥ 162,312	¥ 43
Liabilities			
Long-term debt	¥ 4,024,571	¥ 4,060,115	¥ 35,544
Derivatives	¥ 17,983	¥ 17,983	

	Thousands of U.S. Dollars		
March 31, 2022	Carrying Amount	Fair Value	Unrealized Gain
Assets			
Marketable and investment securities	$ 1,140,283	$ 1,140,306	$ 22
Liabilities			
Long-term debt	$ 35,762,517	$ 35,804,465	$ 41,947
Derivatives	$ (900,018)	$ (900,018)	

Marketable and investment securities

The fair values of investment securities are measured at the quoted market price on the stock exchange for the equity instruments. Since stock is valued mainly on a quoted price and traded in an active market, the fair value of stock is categorized as Level 1. Since debentures are valued at quoted prices, etc., the fair value of Japanese Government Bonds is categorized as Level 1 and the fair value of other debentures is categorized as Level 2. Information related to the fair value of investment securities by classification is included in Note 8.

Long-term debt

The fair value of corporate bonds issued by the Company is based on their market prices. With respect to bonds payable, which meet the condition of forward contracts that are subject to the application of designation transactions (refer to Notes to derivative transactions), the Company considers them to be yen-dominated fixed interest bonds payable, and calculates their present value by discounting the total amount of principal and interests by interest rates deemed applicable when issuing the same bonds payable. The fair value of the bonds payable is categorized as Level 2.

Since variable-rate long-term borrowings reflect changes in market rates in a short period and the Company's credit standing does not change significantly after the execution of borrowings, their fair value approximates their book value and as such, are valued at the book value. With regard to fixed-rate long-term borrowings, the Company calculates their present values by discounting the total amount of principal and interests of the borrowings using interest rates of similar borrowings.
With respect to long-term borrowings that meet the condition of exceptional accounting treatment of interest-rate swaps (refer to Notes to derivative transactions), the Company calculates their present value by discounting the total amount of principal and interests of the borrowings recognized together with the interest-rate swaps by the interest rates assumed to be applied in the case of the same borrowings. The fair value of such long-term borrowings is categorized as Level 2.

Derivatives

The fair value at derivative transactions are based on quoted prices, etc., obtained from the financial institutions and is categorized as Level 2. Fair value information for derivatives is included in Note 21.

(b) Financial instruments that have no market price and whose fair value cannot be reliably determined were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Investments in equity instruments that do not have a quoted market price in an active market	¥68,985	¥29,330	$ 563,562
Invested instruments and other		54,279	
Unlisted invested instruments and other	10,233		83,598
Investment in capital of partnership	45,949		375,375

(c) Maturity analysis for financial assets and securities with contractual maturities was as follows:

	Millions of Yen			
March 31, 2022	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Investment securities:				
Held-to-maturity securities	¥ 100	¥ 205		¥500
Available-for-sale securities with contractual maturities	100	100		
Cash and cash equivalents	490,491			
Receivables	410,769	1,924	¥8	

	Thousands of U.S. Dollars			
March 31, 2022	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Investment securities:				
Held-to-maturity securities	$ 816	$ 1,674		$4,084
Available-for-sale securities with contractual maturities	816	816		
Cash and cash equivalents	4,006,954			
Receivables	3,355,685	15,719	$65	

Please see Note 11 for annual maturities of long-term debt.

(5) Financial Instruments Categorized by Fair Value Hierarchy

The inputs used to measure the fair value of financial instruments are categorized in the following three levels according to the observability and materiality. Stock, etc., without market prices and investments, etc., in partnership are not included in the table below.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(a) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

	Millions of Yen			
March 31, 2022	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	¥ 132,253			¥ 132,253
Government and municipal bonds	101			101
Corporate bonds		¥ 105		105
Other		500		500
Total assets	¥ 132,354	¥ 605		¥ 132,959
Derivatives		¥ (110,171)		¥ (110,171)

	Thousands of U.S. Dollars			
March 31, 2022	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	$ 1,080,410			$ 1,080,410
Government and municipal bonds	825			825
Corporate bonds		$ 862		862
Other		4,084		4,084
Total assets	$ 1,081,236	$ 4,947		$ 1,086,183
Derivatives		$ (900,018)		$ (900,018)

Investment trust by applying transitional measures in Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019) is not included in the above table. The book value of the investment trust recorded in the consolidated balance sheet was ¥5,813 million ($47,493 thousand).

Net of assets and liabilities arisen from derivative transactions is presented in net amounts.

(b) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

March 31, 2022	Millions of Yen Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Government and municipal bonds	¥ 115			¥ 115
Corporate bonds		¥ 695		695
Total assets	¥ 115	¥ 695		¥ 811
Corporate bonds		¥ 1,660,616		¥ 1,660,616
Long-term debt		2,722,207		2,722,207
Total liabilities		¥ 4,382,824		¥ 4,382,824

March 31, 2022	Thousands of U.S. Dollars Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Government and municipal bonds	$ 945			$ 945
Corporate bonds		$ 5,684		5,684
Total assets	$ 945	$ 5,684		$ 6,629
Corporate bonds		$ 13,566,021		$ 13,566,021
Long-term debt		22,238,443		22,238,443
Total liabilities		$ 35,804,465		$ 35,804,465

21. DERIVATIVES

The Group principally uses foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the normal course of business to manage their exposure to fluctuations in foreign exchange, interest rates, fuel prices, and so on. The Group does not enter into derivatives for trading or speculative purposes. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

The counterparties to these derivatives are limited to major international financial institutions with high credit ratings. The Group, therefore, does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative Transactions to Which Hedge Accounting is Not Applied

	Millions of Yen			
March 31, 2022	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt)	¥1,097	¥274	¥(354)	¥(354)
March 31, 2021				
Currency swaps (U.S. dollar payment, Japanese yen receipt)	¥2,195	¥1,097	¥(491)	¥(491)

	Thousands of U.S. Dollars			
March 31, 2022	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt)	$8,966	$2,241	$(2,892)	$(2,892)

Derivative Transactions to Which Hedge Accounting is Applied

		Millions of Yen		
March 31, 2022	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment: Currency swaps (buying U.S. dollars)	Fuel purchasing fund	¥ 217,290	¥ 207,952	¥ 39,957
Assignment of currency swaps: Currency swaps (Japanese yen payment, U.S. dollar receipt)	Bond	53,820	53,820	(*)
Assignment of foreign exchange forward contracts: Foreign exchange forward contracts (buying U.S. dollars)	Fuel purchasing fund	2,940	2,030	388
Principle treatment: Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	189,271	187,758	(1,258)
Special hedging treatment: Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	106,449	68,114	(**)
Principle treatment: Commodity swaps (fixed price payment, floating price receipt)	Fuel	200,817		(148,905)

March 31, 2021	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment: Currency swaps (buying U.S. dollars)	Fuel purchasing fund	¥219,075	¥216,611	¥20,523
Assignment of currency swaps: Currency swaps (Japanese yen payment, U.S. dollar receipt)	Bond	53,820	53,820	(*)
Assignment of foreign exchange forward contracts: Foreign exchange forward contracts (buying U.S. dollars)	Fuel purchasing fund	3,434	2,609	184
Principle treatment: Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	190,444	189,271	(2,277)
Special hedging treatment: Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	228,841	100,474	(**)
Principle treatment: Commodity swaps (fixed price payment, floating price receipt)	Fuel	1,322		44

March 31, 2022	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment: Currency swaps (buying U.S. dollars)	Fuel purchasing fund	$ 1,775,107	$ 1,698,822	$ 326,425
Assignment of currency swaps: Currency swaps (Japanese yen payment, U.S. dollar receipt)	Bond	439,669	439,669	(*)
Assignment of foreign exchange forward contracts: Foreign exchange forward contracts (buying U.S. dollars)	Fuel purchasing fund	24,023	16,585	3,177
Principle treatment: Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	1,546,210	1,533,850	(10,280)
Special hedging treatment: Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	869,616	556,441	(**)
Principle treatment: Commodity swaps (fixed price payment, floating price receipt)	Fuel	1,640,528		(1,216,446)

Note: The fair values of derivative transactions are measured at the quoted price obtained from the financial institution.

(*) The fair values of foreign exchange forward contracts are included in that of the hedged item because the foreign exchange forward contracts qualify for hedge accounting and meet specific matching criteria.

(**) The fair values of interest rate swaps are included in that of the hedged item because the interest rate swaps qualify for hedge accounting and meet specific matching criteria.

22. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 10,299	¥ 31,564	$ 84,137
Reclassification adjustments to profit	(4,770)	(3,367)	(38,974)
Amount before income tax effect	5,528	28,197	45,162
Income tax effect	(1,542)	(7,701)	(12,602)
Total	¥ 3,985	¥ 20,496	$ 32,559
Deferred loss on derivatives under hedge accounting:			
Loss arising during the year	¥ (206,768)	¥ (9,836)	$ (1,689,149)
Reclassification adjustments to loss (profit)	81,634	(30)	666,890
Adjustments to acquisition costs of assets	(2,885)	3,872	(23,570)
Amount before income tax effect	(128,020)	(5,994)	(1,045,829)
Income tax effect	36,199	1,706	295,723
Total	¥ (91,820)	¥ (4,288)	$ (750,106)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 9,995	¥ (2,583)	$ 81,654
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (662)	¥ (3,682)	$ (5,413)
Reclassification adjustments to loss	2,047	2,668	16,726
Amount before income tax effect	1,384	(1,014)	11,312
Income tax effect	(382)	283	(3,122)
Total	¥ 1,002	¥ (730)	$ 8,189
Share of other comprehensive income in associates:			
Gains arising during the year	¥ 10,370	¥ 6,443	$ 84,719
Reclassification adjustments to profit	(159)	(494)	(1,305)
Total	¥ 10,210	¥ 5,948	$ 83,414
Total other comprehensive (loss) income	¥ (66,626)	¥ 18,842	$ (544,288)

23. COMMITMENTS AND CONTINGENCIES

As of March 31, 2022, the Group had firm purchase commitments, principally related to utility plant expansion, of approximately ¥270,467 million ($2,209,518 thousand). Additionally, the Group had a number of fuel purchase commitments, most of which specify quantities and terms. Purchase prices are principally contingent upon fluctuations of market prices.

At March 31, 2022, the Group had the following contingent liabilities:

	Millions of Yen 2022	Thousands of U.S. Dollars 2022
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited (Note 19)	¥ 147,392	$ 1,204,085
Other	93,850	766,691
Total	¥ 241,242	$ 1,970,777
A guarantee about power supply for PT Bhumi Jati Power	¥3,085	$25,204

24. NET INCOME PER SHARE

Diluted net income per share ("EPS") for the years ended March 31, 2022 and 2021, is not disclosed because the Group does not issue dilutive securities.

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
For the year ended March 31, 2022				
Basic EPS:				
Net income attributable to common shareholders	¥ 85,835	892,826	¥ 96.14	$ 0.79
For the year ended March 31, 2021				
Basic EPS:				
Net income attributable to common shareholders	¥ 108,978	893,130	¥ 122.02	

As noted in Note 6, the Company applied the BIP Trust mechanism. In calculating the number of weighted-average shares above, the number of shares that are held by the Trust (384,523 shares and 129,782 shares in 2022 and 2021) is reflected.

25. REVENUE RECOGNITION

(1) Disaggregation of Revenue from Contracts with Customers

	Millions of Yen 2022	Thousands of U.S. Dollars 2022
Revenue from contracts with customers:		
Energy business:		
Electricity (Kansai Electric Power)	¥ 1,745,766	$ 14,261,631
Electricity (Subsidiaries)	76,367	623,867
Gas (Kansai Electric Power)	153,488	1,253,890
Other related services	109,067	890,999
Subtotal	2,084,690	17,030,389
Transmission and Distribution business:		
Electricity (Kansai Transmission and Distribution)	324,417	2,650,249
Other related services	35,328	288,608
Subtotal	359,745	2,938,858
IT/Communications business:		
Service for consumers	158,192	1,292,319
Service for corporate	48,480	396,048
Subtotal	206,673	1,688,368
Life/Business Solution business:		
Sale of real estate	61,498	502,396
Fee business	33,891	276,872
Other related services	20,565	168,007
Subtotal	115,956	947,277
Total	¥ 2,767,065	$ 22,604,894
Revenue from other sources	¥84,829	$692,997

(2) Basic Information to Understand Revenues from Contracts with Customers

Useful information in understanding revenue is presented in Note 2.i "Revenue Recognition."

(3) Balance of Contract Assets and Liabilities and the Transaction Price Allocated to the Remaining Performance Obligations

a. Balance of contract assets and contract liabilities, etc.

Receivables from contracts with customers for the reporting period are as follows. Since contract assets and contract liabilities are immaterial for the Group, notes are omitted.

	Millions of Yen		Thousands of U.S. Dollars	
	Beginning Balance (April 1, 2021)	Ending Balance (March 31, 2022)	Beginning Balance (April 1, 2021)	Ending Balance (March 31, 2022)
Receivables from contracts with customers	¥274,139	¥295,175	$2,239,519	$2,411,371

b. Transaction price allocated to the remaining performance obligations

The total amount of the transaction price allocated to the remaining performance obligations from electricity sale transactions in the Energy business at the end of the reporting period was ¥256,539 million ($2,095,738 thousand) which is expected to be recognized as revenue over three to four years after the end of the period.

The Company has applied the practical expedient to the notes and does not disclose contracts with an original expected duration of one year or less.

26. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is performed in order to decide how resources are allocated among the Group.

The Group consists of four reportable segments, namely the Energy business that provides new value through a variety of solutions including electricity, gas and utility services, the Transmission and Distribution business that provides electricity in a secure and stable manner from a neutral and fair standpoint, the IT/Communication business that provides general telecommunication service, and the Life/Business Solution business that provides real estate related service and life and business related service in accordance with the "Kansai Electronic Power Company Group Medium-term Management Plan (2021 - 2025)."

2. Matters on the changes of reportable segments

(Changes of reportable segments)

The Group established the "Kansai Electronic Power Company Group Medium-term Management Plan (2021 - 2025)" in March 2021 and again placed the Energy business, the Transmission and Distribution business, the IT/Communication business, and the Life/Business Solution business as the Group's core businesses. Furthermore, in an effort to "convert the Company into a service provider" and provide new value to customers through a variety of solutions, the Company integrated the previous Power Generation and Sales business and Gas and Other Energy business into the Energy business to administrate it seamlessly.

Accordingly, reportable segments consist of the Energy business, the Transmission and Distribution business, the IT/Communication business, and the Life/Business Solution business for the current reporting period.

Furthermore, the segment information for the previous consolidated fiscal year is prepared based on the reporting segments after the change.

(Changes in Measurement Method for Profit or Loss by Reportable Segment)

In an effort to reflect performance in each reporting segment more accurately, the measurement of profit or loss by reportable segment has changed from ordinary income to ordinary income reduced by the dividend received from consolidated subsidiaries and affiliated companies accounted for by the equity method.

As a result of this change, compared with the previous method, segment profit for the reporting period decreased by ¥51,611 million ($421,632 thousand) in the Energy business, ¥23 million ($196 thousand) in the Transmission and Distribution business, ¥3 million ($31 thousand) in the IT/Communication business, and ¥1,421 million ($11,610 thousand) in the Life/Business Solution business, while adjustments increased by ¥53,060 million ($433,469 thousand).

Inclusion of loss on return of imbalance charge in "Other (Income) Expenses" caused the inconsistency between net income in the consolidated statement of income and segment profit.

Furthermore, the segment information for the previous consolidated fiscal year is prepared based on the measurement method for profit or loss by reportable segment after change.

(Application of the Accounting Standard for Revenue Recognition)

Effective April 1, 2021, the Company adopted ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition," issued on March 31, 2020 ("ASBJ Statement No. 29"), and recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of the goods or services is transferred to customers.

As a result, compared with the previous method, net sales to external customers for the reporting period decreased by ¥455,055 million ($3,717,467 thousand) in the Energy business, ¥52,959 million ($432,641 thousand) in the Transmission and Distribution business, ¥7,585 million ($61,971 thousand) in the IT/Communication business, and ¥512 million ($4,191 thousand) in the Life/Business Solution business. The impact of this change on each segment profit is immaterial.

3. Methods of measurement for the amounts of sales, profit, assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2 "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

Income by reportable segment is based on income deducting dividend received from consolidated subsidiaries and affiliated companies accounted for by the equity method from ordinary income.

Information about sales, profit, assets, and other items is as follows:

	Millions of Yen						
	2022						
	Reportable Segment						
	Energy	Transmission and Distribution	IT/ Communications	Life/Business Solution	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥ 2,092,810	¥ 398,977	¥ 210,696	¥ 149,410	¥ 2,851,894		¥ 2,851,894
Intersegment sales or transfers	285,068	598,832	68,673	43,106	995,681	¥ (995,681)	
Total	¥ 2,377,879	¥ 997,810	¥ 279,369	¥ 192,516	¥ 3,847,576	¥ (995,681)	¥ 2,851,894
Segment profit	¥ 70,624	¥ 6,064	¥ 40,050	¥ 19,658	¥ 136,396	¥ (441)	¥ 135,955
Segment assets	7,678,679	2,556,754	321,824	803,766	11,361,025	(2,704,594)	8,656,430
Other:							
Depreciation	132,506	108,790	47,910	11,429	300,636	(5,307)	295,329
Interest income	10,668	80	4	199	10,952	(9,804)	1,148
Interest expenses	19,927	8,803	188	908	29,827	(9,659)	20,168
Equity gains of associated companies	10,312				10,312		10,312
Increase in property and intangible assets	243,451	136,615	46,031	101,372	527,470	(4,603)	522,867
Investment in associated companies that applied the equity method	415,132				415,132		415,132

	Millions of Yen						
	2021						
	Reportable Segment						
	Energy	Transmission and Distribution	IT/ Communications	Life/Business Solution	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥ 2,358,645	¥ 386,423	¥ 219,396	¥ 127,933	¥ 3,092,398		¥ 3,092,398
Intersegment sales or transfers	189,052	616,580	74,385	48,257	928,276	¥ (928,276)	
Total	¥ 2,547,698	¥ 1,003,004	¥ 293,781	¥ 176,191	¥ 4,020,675	¥ (928,276)	¥ 3,092,398
Segment profit	¥ 34,149	¥ 68,318	¥ 38,693	¥ 16,550	¥ 157,712	¥ (3,861)	¥ 153,850
Segment assets	7,048,268	2,566,333	345,722	762,717	10,723,042	(2,647,286)	8,075,755
Other:							
Depreciation	117,214	109,533	51,172	10,923	288,844	(4,221)	284,622
Interest income	11,472	86	3	150	11,712	(10,969)	742
Interest expenses	22,109	10,031	291	829	33,261	(10,798)	22,462
Equity gains of associated companies	13,703				13,703		13,703
Increase in property and intangible assets	430,546	131,594	44,664	54,548	661,354	(5,506)	655,847
Investment in associated companies that applied the equity method	289,706				289,706		289,706

	Thousands of U.S. Dollars						
	2022						
	Reportable Segment						
	Energy	Transmission and Distribution	IT/ Communications	Life/Business Solution	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	$ 17,096,731	$ 3,259,354	$ 1,721,232	$ 1,220,573	$ 23,297,891		$ 23,297,891
Intersegment sales or transfers	2,328,803	4,892,025	561,011	352,145	8,133,985	$ (8,133,985)	
Total	$ 19,425,534	$ 8,151,379	$ 2,282,243	$ 1,572,718	$ 31,431,877	$ (8,133,985)	$ 23,297,891
Segment profit	$ 576,948	$ 49,539	$ 327,181	$ 160,591	$ 1,114,261	$ (3,607)	$ 1,110,653
Segment assets	62,729,187	20,886,813	2,629,068	6,566,184	92,811,253	(22,094,558)	70,716,694
Other:							
Depreciation	1,082,482	888,737	391,391	93,368	2,455,979	(43,355)	2,412,624
Interest income	87,153	656	35	1,628	89,474	(80,094)	9,379
Interest expenses	162,789	71,916	1,541	7,423	243,669	(78,908)	164,761
Equity gains of associated companies	84,248				84,248		84,248
Increase in property and intangible assets	1,988,818	1,116,049	376,046	828,137	4,309,051	(37,605)	4,271,445
Investment in associated companies that applied the equity method	3,391,326				3,391,326		3,391,326

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