Financial and Corporate Information

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The Kansai Electric Power Company, Incorporated and Its Subsidiaries

Consolidated Financial Statements for the
Year Ended March 31, 2020, and
Independent Auditor's Report

Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated and Its Subsidiaries March 31, 2020

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	**2020**
PROPERTY:			
Utility plant and equipment	**¥ 14,339,365**	¥ 14,647,136	**$ 131,759,306**
Other plant and equipment (Note 8)	**2,207,797**	2,054,938	**20,286,658**
Construction in progress (Note 8)	**772,345**	579,917	**7,096,804**
Contributions in aid of construction	**(500,141)**	(491,138)	**(4,595,623)**
Accumulated depreciation and amortization	**(12,062,520)**	(12,208,608)	**(110,838,194)**
Plant and equipment – net (Note 5)	**4,756,845**	4,582,245	**43,708,951**
Nuclear fuel, net of amortization (Note 2.c)	**509,313**	506,278	**4,679,898**
Property – net	**5,266,158**	5,088,524	**48,388,849**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 6, 8, and 18)	**208,042**	232,242	**1,911,631**
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 8)	**511,136**	456,672	**4,696,652**
Special account related to nuclear power decommissioning (Note 2.n)	**65,038**	73,025	**597,616**
Special account related to reprocessing of spent nuclear fuel (Note 2.j)	**87,960**	56,134	**808,237**
Deferred tax assets (Note 14)	**348,883**	372,906	**3,205,761**
Other assets (Note 8)	**205,772**	147,170	**1,890,773**
Total investments and other assets	**1,426,834**	1,338,151	**13,110,674**
CURRENT ASSETS:			
Cash and cash equivalents (Notes 8 and 18)	**255,458**	158,978	**2,347,319**
Receivables (Notes 8 and 18)	**316,956**	342,145	**2,912,404**
Allowance for doubtful accounts	**(2,148)**	(2,531)	**(19,739)**
Inventories (Notes 7 and 8)	**172,764**	163,937	**1,587,468**
Other current assets (Notes 6, 8, and 18)	**176,704**	168,157	**1,623,675**
Total current assets	**919,736**	830,687	**8,451,127**
TOTAL	**¥ 7,612,729**	¥ 7,257,363	**$ 69,950,651**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	**2020**
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Notes 8 and 18)	**¥ 3,143,221**	¥ 2,939,093	**$ 28,881,939**
Liability for retirement benefits (Note 9)	**367,095**	369,472	**3,373,107**
Asset retirement obligations (Notes 2.j and 10)	**508,279**	501,354	**4,670,400**
Deferred tax liabilities (Note 14)	**3,440**	1,831	**31,611**
Other long-term liabilities	**235,041**	250,350	**2,159,715**
Total long-term liabilities	**4,257,078**	4,062,102	**39,116,774**
CURRENT LIABILITIES:			
Current maturities of long-term debt (Notes 8 and 18)	**530,074**	516,483	**4,870,669**
Short-term borrowings (Notes 11 and 18)	**440,521**	416,096	**4,047,795**
Notes and accounts payable (Notes 8 and 18)	**212,420**	195,659	**1,951,857**
Accrued income taxes (Note 18)	**13,919**	13,361	**127,900**
Provision for loss on guarantees (Note 2.k)	**14,876**		**136,696**
Reserve for disaster restoration costs		2,104	
Accrued expenses and other current liabilities	**474,650**	490,219	**4,361,397**
Total current liabilities	**1,686,464**	1,633,925	**15,496,316**
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**27,431**	28,389	**252,062**
COMMITMENTS AND CONTINGENCIES (Notes 16 and 21)			
EQUITY (Note 13):			
Common stock – authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2020 and 2019	**489,320**	489,320	**4,496,193**
Capital surplus	**66,678**	66,656	**612,682**
Retained earnings	**1,063,517**	979,669	**9,772,280**
Treasury stock – at cost: 45,589,484 shares in 2020 and 45,561,730 shares in 2019	**(96,828)**	(96,806)	**(889,723)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**59,615**	82,937	**547,785**
Deferred gain (loss) on derivatives under hedge accounting	**14,173**	(9,514)	**130,239**
Foreign currency translation adjustments	**7,309**	9,015	**67,165**
Defined retirement benefit plans	**(2,992)**	(7,034)	**(27,498)**
Total	**1,600,793**	1,514,244	**14,709,123**
Noncontrolling interests	**40,960**	18,702	**376,373**
Total equity	**1,641,754**	1,532,946	**15,085,497**
TOTAL	**¥ 7,612,729**	¥ 7,257,363	**$ 69,950,651**

See notes to consolidated financial statements.

Consolidated Statement of Income

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
OPERATING REVENUES:			
Electric	¥ 2,505,441	¥ 2,668,312	$ 23,021,604
Other	678,818	639,349	6,237,421
Total operating revenues	3,184,259	3,307,661	29,259,025
OPERATING EXPENSES (Note 15):			
Electric	2,384,507	2,536,281	21,910,390
Other	592,795	566,526	5,446,990
Total operating expenses	2,977,303	3,102,807	27,357,380
OPERATING INCOME	206,956	204,853	1,901,644
OTHER (INCOME) EXPENSES:			
Interest and dividend income	(16,041)	(13,631)	(147,400)
Interest expense	25,875	30,430	237,761
Gain on sales of property, plant, and equipment	(6,966)	(17,941)	(64,009)
Equity in earnings of associated companies	(13,872)	(11,671)	(127,472)
Other – net	6,419	14,031	58,982
Total other (income) expenses	(4,585)	1,217	(42,137)
ORDINARY INCOME	211,541	203,636	1,943,782
EXTRAORDINARY EXPENSES:			
Loss on disaster (Note 12)		12,828	
Investment loss on subsidiaries and associated companies (Note 12)		18,093	
Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies (Note 12)	24,141		221,828
Total extraordinary expenses	24,141	30,922	221,828
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	187,400	172,713	1,721,953
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(957)	(558)	(8,797)
INCOME BEFORE INCOME TAXES	188,357	173,272	1,730,751
INCOME TAXES (Note 14):			
Current	30,363	27,210	278,995
Deferred	26,780	30,319	246,075
Total income taxes	57,143	57,530	525,070
NET INCOME	131,214	115,742	1,205,681
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,211	664	11,133
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 130,002	¥ 115,077	$ 1,194,547

	Yen		U.S. Dollars
	2020	2019	2020
PER SHARE OF COMMON STOCK (Notes 2.s and 22):			
Basic net income	¥ 145.55	¥ 128.83	$ 1.33
Cash dividends applicable to the year	50.00	50.00	0.45

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
NET INCOME	¥ 131,214	¥ 115,742	$ 1,205,681
OTHER COMPREHENSIVE INCOME (Note 20):			
Unrealized loss on available-for-sale securities	(20,139)	(6,535)	(185,057)
Deferred gain (loss) on derivatives under hedge accounting	26,279	(6,150)	241,473
Foreign currency translation adjustments	(1,884)	(2,757)	(17,313)
Defined retirement benefit plans	1,754	2,148	16,123
Share of other comprehensive loss in associates	(1,174)	(1,479)	(10,793)
Total other comprehensive income	4,835	(14,773)	44,431
COMPREHENSIVE INCOME	¥ 136,049	¥ 100,969	$ 1,250,112
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 132,569	¥ 100,741	$ 1,218,129
Noncontrolling interests	3,480	227	31,982

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

		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 Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2018	938,733,028	¥489,320	¥66,725	¥904,806	¥(96,504)	¥91,135	¥(3,369)	¥11,016	¥(9,041)	¥1,454,087	¥18,709	¥1,472,797
Cash dividends, ¥50 per share				(40,213)						(40,213)		(40,213)
Net income attributable to owners of the parent				115,077						115,077		115,077
Purchase of treasury stock												
Disposal of treasury stock					(304)					(304)		(304)
Purchase of stock of consolidated					2					1		1
subsidiaries			(69)							(69)		(69)
Net change in the year						(8,197)	(6,144)	(2,000)	2,007	(14,335)	(7)	(14,343)
BALANCE, MARCH 31, 2019	938,733,028	489,320	66,656	979,669	(96,806)	82,937	(9,514)	9,015	(7,034)	1,514,244	18,702	1,532,946
Cash dividends, ¥50 per share				(44,679)						(44,679)		(44,679)
Net income attributable to owners of the parent				130,002						130,002		130,002
Change of scope of consolidation				(1,474)						(1,474)		(1,474)
Purchase of treasury stock					(24)					(24)		(24)
Disposal of treasury stock			(1)		2					1		1
Transfer to capital surplus from retained earnings			1	(1)								
Change in equity of consolidated subsidiary arising from change in equity in entities accounted for using equity method			19							19		19
Capital decrease of consolidated subsidiaries			2							2		2
Capital increase of consolidated subsidiaries			-							-		-
Purchase of stock of consolidated subsidiaries			-							-		-
Net change in the year						(23,322)	23,688	(1,706)	4,041	2,701	22,258	24,960
BALANCE, MARCH 31, 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

	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 Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2019	$ 4,496,193	$ 612,481	$ 9,001,835	$ (889,524)	$ 762,083	$ (87,424)	$ 82,841	$ (64,635)	$ 13,913,850	$ 171,847	$ 14,085,697
Cash dividends, $0.45 per share			(410,547)						(410,547)		(410,547)
Net income attributable to owners of the parent			1,194,547						1,194,547		1,194,547
Change of scope of consolidation			(13,544)						(13,544)		(13,544)
Purchase of treasury stock				(225)					(225)		(225)
Disposal of treasury stock		(11)		27					15		15
Transfer to capital surplus from retained earnings		11	(11)								
Change in equity of consolidated subsidiary arising from change in equity in entities accounted for using equity method		177							177		177
Capital decrease of consolidated subsidiaries		23							23		23
Capital increase of consolidated subsidiaries		-							-		-
Purchase of stock of consolidated subsidiaries		-							-		-
Net change in the year					(214,298)	217,664	(15,676)	37,137	24,826	204,526	229,352
BALANCE, MARCH 31, 2020	$ 4,496,193	$612,682	$ 9,772,280	$ (889,723)	$ 547,785	$ 130,239	$ 67,165	$ (27,498)	$ 14,709,123	$ 376,373	$ 15,085,497

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	**2020**
OPERATING ACTIVITIES:			
Income before income taxes	**¥ 188,357**	¥ 173,272	**$ 1,730,751**
Adjustments for:			
Income taxes – paid	**(31,181)**	(27,185)	**(286,512)**
Depreciation and amortization	**271,972**	331,984	**2,499,061**
Decommissioning cost of nuclear power units	**14,408**	16,050	**132,396**
Depreciation of special account related to nuclear power decommissioning	**7,986**	5,307	**73,386**
Amortization of nuclear fuel	**21,669**	22,966	**199,117**
Loss on disposal of property, plant, and equipment	**11,830**	9,394	**108,705**
Loss on disaster		12,828	
Investment loss on subsidiaries and associated companies		18,093	
Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies	**24,141**		**221,828**
Changes in assets and liabilities:			
Decrease in interest and dividends receivable	**4,483**	4,650	**41,197**
(Decrease) increase in notes and accounts payable	**4,093**	(1,123)	**37,611**
Decrease in interest payable	**(782)**	(1,159)	**(7,186)**
Increase in liability for retirement benefits	**1,150**	4,570	**10,574**
Decrease (increase) in receivables	**25,057**	(41,446)	**230,248**
Payments for loss on disaster	**(3,346)**	(10,724)	**(30,752)**
Decrease in reserve for fluctuations in water level	**(957)**	(558)	**(8,797)**
Other – net (Note 3)	**(75,476)**	(67,203)	**(693,530)**
Total adjustments	**275,051**	276,443	**2,527,346**
Net cash provided by operating activities	**463,408**	449,716	**4,258,098**
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	**(537,876)**	(475,437)	**(4,942,351)**
Payments for investments and advances	**(92,690)**	(88,572)	**(851,702)**
Proceeds from sales of investments or collections of advances	**13,871**	25,247	**127,463**
Other – net (Note 3)	**39,324**	916	**361,338**
Net cash used in investing activities	**(577,370)**	(537,846)	**(5,305,253)**
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	**253,064**	309,081	**2,325,321**
Proceeds from long-term debt (exclusive of bonds)	**477,010**	374,212	**4,383,082**
Proceeds from short-term loans	**264,969**	271,346	**2,434,709**
Proceeds from issuance of commercial papers	**522,000**	625,000	**4,796,471**
Redemption of bonds	**(199,650)**	(290,675)	**(1,834,512)**
Repayments of long-term debt (exclusive of bonds)	**(311,890)**	(360,138)	**(2,865,852)**
Repayments of short-term loans	**(266,360)**	(268,284)	**(2,447,488)**
Repayments of commercial papers	**(496,000)**	(509,000)	**(4,557,566)**
Proceeds from share issuance to noncontrolling shareholders	**22,493**		**206,683**
Dividends paid	**(44,570)**	(40,098)	**(409,541)**
Other – net	**(9,844)**	(8,371)	**(90,459)**
Net cash provided by financing activities	**211,222**	103,073	**1,940,848**
NET CASH PROVIDED BY OPERATING, INVESTING, AND FINANCING ACTIVITIES	**97,260**	14,942	**893,693**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**22**	(141)	**203**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**97,282**	14,801	**893,896**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**158,978**	144,176	**1,460,793**
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF SUBSIDIARIES FROM CONSOLIDATION	**(802)**		**(7,369)**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 255,458**	¥ 158,978	**$ 2,347,320**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

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 ¥108.83 to $1, the approximate rate of exchange as of March 31, 2020. 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, 2020, include the accounts of the Company and 80 (77 in 2019) 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 four in 2020 and 2019 associated companies are accounted for by the equity method. Investments in the unconsolidated subsidiaries and remaining associated companies are stated at cost. Had the equity method 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 eight 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, 2020 and 2019, was ¥81,184 million ($745,970 thousand) and ¥73,548 million, respectively.

Change in depreciation method for tangible fixed assets – From this consolidated fiscal year, the Company and its consolidated subsidiaries have changed the primary depreciation method for tangible fixed assets from the declining-balance method to the straight-line method.

In the Kansai area, which is the Company's main supply area, demand for electric power is expected to remain stable due to factors, such as decline in population and widespread use of energy-saving facilities.

Also, the electricity generation and retail business is placed in a competitive environment due to progress in deregulation of the electric power industry in response to the national electricity system reform, and the electricity transmission and distribution business is expected to play a role in contributing to safe and stable supply of electricity by ensuring neutrality, equitability, and efficient operation.

In addition to the above, in the Basic Energy Plan, nuclear power, hydropower, and coal-fired thermal power are positioned as the base load power supply and are expected to operate stably. In regard to oil-fired thermal power and pumped-storage hydropower, value is added to installed capacity as a peak load electricity source and adjustable power supply.

As summarized above, the business environment surrounding the Company has changed drastically, therefore the Company will be prepared for a wide range of eventualities regarding changes in the environment, focusing on the electricity business, which is its core business, and will continue its efforts to increase its corporate value.

In particular, based on the Basic Energy Plan, the Company will strive to maintain steady operation of current electricity power sources in the electricity generation business, taking advantage of the characteristics of each power source. In regard to the transmission and distribution business, the Company will fulfill its duties to maintain a steady supply of electricity in response to social needs, and endeavor to maintain and utilize facilities efficiently.

Reflecting the aforementioned management policy, in the Medium-term Management Plan that commenced in 2019, the efficient and stable operation of all facilities was positioned as one of the Company's major efforts to be taken.

Taking into consideration the above, as stable use of facilities can be expected mainly in the electric power business, the Company determined that changing the depreciation method for tangible fixed assets to the straight-line method would more properly reflect the consumption pattern of future economic benefits.

Due to this change, operating income increased by ¥48,699 million ($447,478 thousand), and income before income taxes increased by ¥48,410 million ($444,882 thousand), compared to the previous depreciation method.

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 – The Group's 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.

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

Cash equivalents include time deposits, certificates of deposit, commercial paper, and bond funds, 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 and plan assets at the consolidated balance sheet date.

Prior service cost is amortized by the straight-line method over a period of principally three years. Actuarial gains or losses are recognized by the straight-line method over a period of principally three years.

Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over three years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

i. 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,

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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.

With regard to the unrecognized amount of ¥82,953 million ($762,225 thousand) at the time of enforcement of the Revised Act out of ¥312,810 million ($2,874,299 thousand) (the difference which resulted from the change in the accounting standard relating to reserve for reprocessing of irradiated nuclear fuel in 2005) set forth in Article 2 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. 92, in 2005), the Company has paid such amount in installments in each fiscal year up to 2020 in accordance with Paragraph 1 of Article 6 of Supplementary Provisions of the Revised Act, and the Company has recorded and will record the amount paid in each fiscal year as expenses in accordance with Article 4 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. 94, in 2016).

j. 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 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. The amount of this asset retirement obligation is based on the total estimation amount of decommissioning of nuclear power units. The estimated useful life is equal to the expected safe storage period and the expected operating period of a specific nuclear power unit, and a discount rate of 2.3% is used. In addition, in accordance with Accounting Standards Board of Japan ("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 based on the straight-line method throughout the expected safe storage period and the expected operating period.

k. 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.

l. 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.

m. Leases

As lessee – Finance lease transactions are capitalized to 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.

n. Special Account Related to Nuclear Power Decommissioning – The special account related to nuclear power decommissioning shall be amortized in relation to the collection of the regulated power fees after the date of approval of the Ministry of Economy, Trade and Industry pursuant to Article 7 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. 50, 2016).

o. 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.

p. 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 the forward exchange contracts.

q. 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.

r. 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 their 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.

s. 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.

t. Accounting Changes and Error Corrections – Under ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows:

1. Changes in Accounting Policies – When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.
2. Changes in Presentation – When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.
3. Changes in Accounting Estimates – A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.
4. Corrections of Prior-Period Errors – When an error in prior-period financial statements is discovered, those statements are restated.

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u. New Accounting Pronouncements

Revenue recognition – On March 31, 2020, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contracts with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when the entity satisfies a performance obligation.

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018.

The Company expects to apply the accounting standard and guidance for annual periods beginning on April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

The Company expects to apply the following accounting standard and guidance for annual periods beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

Accounting standard for fair value measurement, etc. – To enhance comparability of financial statements among domestic and overseas companies, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards") on July 4, 2019. The New Accounting Standards define the guidance for fair value measurements. The New Accounting Standards are applied for fair value measurements of financial instruments defined by "Accounting Standard for Financial Instruments" and inventories held for trading purpose defined by "Accounting Standard for Measurement of Inventories."

In accordance with the New Accounting Standards, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised and the revised guidance requires companies to disclose details of financial instruments by levels of the fair value hierarchy.

The New Accounting Standards are effective for the annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2020, or annual periods ending on or after March 31, 2020. The New Accounting Standards shall be applied prospectively, however, under certain circumstances, it is permitted to be applied retrospectively.

The Company expect to apply the accounting standard and guidance for annual periods beginning on April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

Revised accounting standard for accounting policy disclosures, accounting changes and error correction – On March 31, 2020, the ASBJ issued the revised ASBJ Statement No. 24, (revised 2020) "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections." The revised accounting standard requires companies to disclose the outline of accounting principles and procedures in the absence of accounting standards that specifically are applied to transactions or events.

The Company expect to apply the accounting standard for the year ending March 31, 2021.

Accounting standard for disclosure of accounting estimates – On March 31, 2020, the ASBJ issued the ASBJ Statement No. 31, "Accounting Standard for Disclosure of Accounting Estimates." To help users of financial statements to understand, the new accounting standard requires companies to disclose the information of the estimation at the end of the reporting period that has a significant risk of resulting in a material adjustment to the financial statement within the next financial year.

The Company expect to apply the accounting standard for the year ending March 31, 2021.

v. Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System – 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 provisions of the taxation law before revision.

3. CHANGES IN PRESENTATION

Related to the Consolidated Statement of Cash Flows

Amounts previously presented as "Increase (decrease) in inventories" under "Net cash provided by operating activities" last fiscal year is now presented within "Other" in the current fiscal year as they are no longer material. To reflect this change in presentation, similar adjustment was made to the comparative information on the consolidated statement of cash flows.

As a result, ¥(34,777) million from "Increase (decrease) in inventories" and ¥(32,426) million from "Other" were combined and presented as "Other" in the amount of ¥(67,203) million.

Similarly, the "Payments for investments in subsidiaries resulting in change in scope of consolidation" and "Payments for transfer of business," which were presented under "Net cash used in investment activities" in the prior fiscal year became not material, therefore, they are now included in "Other" from this fiscal year. To reflect this change in presentation method, similar adjustment was made to the comparative information on the consolidated statement of cash flows.

As a result, ¥(11,734) million from "Payment for investments in subsidiaries resulting in change in scope of consolidation," ¥(22,055) million from "Payments for transfer of business" and ¥34,706 million from "Other" were combined and presented as "Other" in the amount of ¥916 million.

Regarding "Net cash provided by financing activities," greater importance was attached to the "Proceeds from share issuance to noncontrolling shareholders" that were included last fiscal year in "Other," therefore, a separate category was created this fiscal year.

As a result, the ¥(8,371) million reported as "Other" under last year's "Net cash provided by financing activities" was split into ¥161 million for "Proceeds from share issuance to noncontrolling shareholders" and ¥(8,532) million as "Other."

4. ADDITIONAL INFORMATION

a. Stock-Based Incentive System for Executive Officers

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

1. Outline of transaction

The Company adopts a mechanism called BIP ("Board Incentive Plan") Trust (the "Trust"). The System is a stock-based incentive system, under which 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 is ¥216 million ($1,984 thousand) and 136,615 shares.

b. Spin off the General Power Transmission and Distribution Business through Company Split

On April 1, 2020, the Company transferred its general power transmission and distribution business through company split to Kansai Transmission and Distribution, Inc.

1. Outline of business unit to be split

(a) Description of business unit to be split
General electricity transmission and distribution business and any business incidental thereto

(b) The date to be split
April 1, 2020

(c) Type of split
This is an absorption-type split where the Company is the splitting company and the Kansai Transmission and Distribution, Inc., a subsidiary wholly owned by the Company, is the succeeding company.

(d) Company name of succeeding company after split
Kansai Transmission and Distribution, Inc.

(e) Purpose of split
In regard to Japan's energy policy, from the standpoint of stable supply of energy and reduction of energy costs, electric power systems reform aiming to "secure a stable supply of electric power," "suppress electricity rates to the maximum extent possible" and to "expand choices for consumers and business opportunities" have been proceeded. In April 2020, as the third step of

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such reform, the revised Electricity Business Act came into force in which a company engaged in the general electricity transmission and distribution business is prohibited, in principle, to simultaneously also engage in the electricity generation business or the retail electricity business, in order to further secure neutrality of the electricity transmission division and to realize a more competitive market environment. As a result, spin off of the general electricity transmission and distribution business were required.

In order to accommodate the requirement of the revised Electricity Business Act, on April 1, 2019, the Company established the Kansai Transmission and Distribution, Inc. (100%-owned subsidiary of the Company) as a business operator to undertake the general electricity transmission and distribution business and any business incidental thereto, and on the same date, executed an absorption-type split agreement with succeeding company to transfer, on April 1, 2020 (schedule), such business to succeeding company through such absorption-type split.

In regard to the electricity generation business and the retail electricity business, the Company will work in a consolidated way as the operating holding company even after Legal Separation, to allow the best use of our management resources according to the then-current environment, and aim to maximize the value of the Group by providing a variety of energy solutions to customers and the society, and to have them select the Group from among others.

The Company will not only appropriately respond to Legal Separation, but also will realize the sustainable growth of the Group (including the Kansai Transmission and Distribution, Inc.) by continuing to achieve safe and stable supply, to overcome changes in the business environment and to proceed with the reform.

2. Overview of accounting treatment
"Accounting Standards for Business Combinations" (Corporate Accounting Standard No. 21, September 13, 2013) and "Application Guidelines for Accounting Standards for Business Combinations and Business Separation Accounting Standards" (Corporate Accounting Standards Application Guidelines No. 10, 2013). It is accounted as a transaction under common control based on September 13, 2013.

The amounts of assets and liabilities that have been split and succeeded are as follows:

Assets		Liabilities	
Item	Book Value	Item	Book Value
Property	¥ 2,333,802 million ($ 2,144,447 thousand)	Long-term liabilities and reserves	¥ 178,269 million ($ 163,805 thousand)
Current assets	¥ 110,474 million ($ 101,510 thousand)	Current liabilities	¥ 1145,741 million ($ 1,052,780 thousand)
Total	¥ 2,444,277 million ($ 2,245,959 thousand)	Total	¥ 324,010 million ($ 297,721 thousand)

5. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Hydroelectric power production facilities	**¥ 302,006**	¥ 287,637	**$ 2,775,027**
Thermal power production facilities	**345,217**	374,364	**3,172,082**
Nuclear power production facilities	**387,506**	390,501	**3,560,662**
Transmission facilities	**779,561**	790,303	**7,163,111**
Transformation facilities	**407,537**	407,612	**3,744,719**
Distribution facilities	**806,399**	803,893	**7,409,714**
General facilities	**101,170**	100,211	**929,615**
Other utility facilities	**19,939**	20,567	**183,220**
Other plant and equipment	**835,160**	827,236	**7,673,991**
Construction in progress	**772,345**	579,917	**7,096,804**
Total	**¥ 4,756,845**	¥ 4,582,245	**$ 43,708,951**

The book value of specified assets for nuclear power is included in nuclear power production facilities, which amounted to ¥27,403 million ($251,799 thousand) and ¥32,381 million as of March 31, 2020 and 2019, respectively.

6. INVESTMENT SECURITIES

The information for available-for-sale securities, whose fair values are readily determinable, and held-to-maturity securities as of March 31, 2020 and 2019, is as follows:

March 31, 2020	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	**¥ 64,306**	**¥ 71,857**	**¥ (752)**	**¥ 135,410**
Debt securities	**199**	**12**		**212**
Held-to-maturity debt securities	**1,630**	**45**	**(3)**	**1,672**

March 31, 2019	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥ 68,004	¥ 99,317	¥ (701)	¥ 166,620
Debt securities	199	16		216
Held-to-maturity debt securities	1,921	57		1,978

March 31, 2020	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	**$ 590,888**	**$ 660,271**	**$ (6,917)**	**$ 1,244,242**
Debt securities	**1,837**	**119**		**1,956**
Held-to-maturity debt securities	**14,982**	**418**	**(31)**	**15,369**

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The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

7. INVENTORIES

Inventories as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Merchandise and finished products	**¥ 4,050**	¥ 3,614	**$ 37,217**
Work in process	**5,992**	6,136	**55,060**
Raw materials and supplies	**85,960**	84,521	**789,858**
Real estate for sale	**76,761**	69,664	**705,331**
Total	**¥ 172,764**	¥ 163,937	**$ 1,587,468**

8. LONG-TERM DEBT

Long-term debt as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Secured bonds:			
0.14% to 1.682%, due serially through 2049:			
The Company	**¥ 1,313,620**	¥ 11,259,300	**$ 12,070,385**
Subsidiaries	**300**	200	**2,756**
(Nonrecourse debt included above)	**100**	100	**918**
Unsecured bonds	**132**	282	**1,217**
Secured loans principally from the Development Bank of Japan:			
0.35% to 3.15% maturing serially through 2030:			
The Company	**321,037**	329,595	**2,949,894**
Subsidiaries	**29,468**	15,129	**270,780**
(Nonrecourse debt included above)	**16,396**	7,384	**150,660**
Unsecured loans from banks, insurance companies, and other sources:			
0.07% to 1.99% (0.07% to 3.59% in 2019) maturing serially through 2040	**1,991,585**	1,832,868	**18,299,966**
Obligations under finance leases	**17,152**	18,201	**157,609**
Total	**3,673,296**	3,455,577	**33,752,609**
Less current maturities	**530,074**	516,483	**4,870,669**
Long-term debt, less current maturities	**¥ 3,143,221**	¥ 2,939,093	**$ 28,881,939**

Annual maturities of long-term debt as of March 31, 2020, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2021	¥ 530,074	$ 4,870,669
2022	582,524	5,352,613
2023	486,019	4,465,859
2024	472,231	4,339,168
2025	367,631	3,378,030
2026 and thereafter	1,234,814	11,346,268
Total	¥ 3,673,296	$ 33,752,609

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 ¥1,027 million ($9,436 thousand) and the above secured loans as of March 31, 2020, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2020	**2020**
Other plant and equipment	**¥ 22,212**	**$ 204,099**
Construction in progress	**12,537**	**115,205**
Other assets	**1,734**	**15,937**
Cash and cash equivalents	**3,396**	**31,207**
Other current assets	**1,142**	**10,501**

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
	2020	**2020**
Other plant and equipment	**¥ 34,556**	**$ 317,529**
Construction in progress	**786**	**7,222**
Investment securities	**207**	**1,904**
Investments in and advances to unconsolidated subsidiaries and associated companies	**48,063**	**441,640**
Other assets	**17,486**	**160,678**
Cash and cash equivalents	**1,603**	**14,735**
Receivables	**452**	**4,154**
Inventories	**230**	**2,118**
Other current assets	**805**	**7,405**

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9. 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, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Balance at beginning of year	**¥ 371,057**	¥ 369,514	**$ 3,409,515**
Current service cost	**13,015**	13,298	**119,596**
Interest cost	**3,437**	3,483	**31,581**
Actuarial losses	**605**	1,787	**5,561**
Benefits paid	**(17,527)**	(16,731)	**(161,053)**
Decrease resulting from exclusion of subsidiaries from consolidation	**(2,645)**		**(24,305)**
Other	**(847)**	(294)	**(7,789)**
Balance at end of year	**¥ 367,095**	¥ 371,057	**$ 3,373,107**

2. The changes in plan assets for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Balance at beginning of year	**¥ 1,584**	¥ 1,638	**$ 14,560**
Expected return on plan assets	**9**	40	**91**
Actuarial losses		(81)	
Contributions from the employer	**34**	137	**319**
Benefits paid	**(61)**	(151)	**(563)**
Decrease resulting from exclusion of subsidiaries from consolidation	**(1,567)**		**(14,407)**
Balance at end of year		¥ 1,584	

3. A reconciliation between the liability recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets as of March 31, 2020 and 2019, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Funded defined benefit obligation		¥ 2,659	
Plan assets		(1,584)	
Total		1,074	
Unfunded defined benefit obligation	**¥ 367,095**	369,398	**$ 3,373,107**
Net liability arising from defined benefit obligation	**¥ 367,095**	¥ 369,472	**$ 3,373,107**

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Liability for retirement benefits	**¥ 367,095**	¥ 369,472	**$ 3,373,107**
Net liability arising from defined benefit obligation	**¥ 367,095**	¥ 369,472	**$ 3,373,107**

4. The components of net periodic retirement benefit costs for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Service cost	**¥ 13,015**	¥ 13,298	**$ 119,596**
Interest cost	**3,437**	3,483	**31,581**
Expected return on plan assets	**(9)**	(40)	**(91)**
Recognized actuarial losses	**3,064**	4,885	**28,162**
Amortization of prior service cost	**(8)**	(18)	**(76)**
Other	**(55)**	154	**(513)**
Net periodic retirement benefit costs	**¥ 19,443**	¥ 21,762	**$ 178,660**

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Prior service cost	**¥ (8)**	¥ (18)	**$ (76)**
Actuarial losses	**3,092**	3,016	**28,411**
Total	**¥ 3,083**	¥ 2,998	**$ 28,335**

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6. Amounts recognized in accumulated other comprehensive income (before income tax, effect) in respect of defined retirement benefit plans as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Unrecognized prior service cost		¥ (99)	
Unrecognized actuarial losses	**¥ 3,907**	6,999	**$ 35,902**
Total	**¥ 3,907**	¥ 6,899	**$ 35,902**

7. Plan assets
   (1) Components of plan assets
   Plan assets at March 31, 2020 and 2019, consisted of the following:

	2020	2019
Debt investments	**%**	44%
General account of life insurance		39
Equity investments		8
Other		9
Total	**%**	100%

   (2) Method of determining the expected rate of return on plan assets
   The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of plan assets.

8. Assumptions used for the years ended March 31, 2020 and 2019, are set forth as follows:

	2020	2019
Discount rate	**0.99%**	1.00%
Expected rate of return on plan assets	**%**	2.50%

9. Defined contribution
   The required contribution amount of the Company and certain consolidated subsidiaries was ¥6,773 million ($62,236 thousand) and ¥6,867 million for the years ended March 31, 2020 and 2019, respectively.

10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Balance at beginning of year	**¥ 501,354**	¥ 44,302	**$ 4,606,765**
Additional provisions	**20,792**	72,674	**191,050**
Reduction	**(13,866)**	(15,622)	**(127,415)**
Balance at end of year	**¥ 508,279**	¥ 501,354	**$ 4,670,400**

11. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Short-term loans from banks and other sources with weighted-average interest rate of 0.3866% and 0.3824% at March 31, 2020 and 2019, respectively	**¥ 440,521**	¥ 416,096	**$ 4,047,795**

Commercial paper included in short-term borrowings in the above table was ¥296,000 million ($2,719,838 thousand) and ¥270,000 million as of March 31, 2020 and 2019, 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.

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12. DETAILS OF EXTRAORDINARY LOSSES

Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies – Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies accounts for the estimated amount of investment losses in overseas business.

The breakdown is ¥6,554 million ($60,222 thousand) in valuation loss on investment of subsidiaries and associated companies, ¥2,710 million ($24,901 thousand) in provision for doubtful debt and ¥14,876 million ($1,366,902 thousand) in provision for loss on guarantees.

Loss on disaster – The Company accounts for loss on disaster; loss on disposal of property, plant, and equipment, which is equal to the book value of destroyed assets, and extraordinary loss, which represents restoration costs for equipment damaged by typhoon No. 21, that occurred in 2018.

The amounts included in loss on disposal of property, plant, and equipment for the year ended March 31, 2019, were ¥17 million for provision for reserve for disaster restoration costs and ¥3 million for losses on disposal of property, plant, and equipment.

The amounts included in extraordinary loss for the year ended March 31, 2019, were ¥2,086 million for provision for reserve for disaster restoration costs and ¥10,720 million for restoration costs.

Investment loss on subsidiaries and associated companies – The Company accounts for investment loss at overseas power businesses as investment loss on subsidiaries and associated companies.

13. 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.

14. 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 normal statutory tax rates of approximately 28.0% for the years ended March 31, 2020 and 2019. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2020 and 2019, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Deferred tax assets:			
Liability for retirement benefits	**¥ 103,913**	¥ 104,653	**$ 954,828**
Net operating tax loss carryforwards	**77,729**	103,047	**714,232**
Depreciation and amortization	**90,872**	92,809	**834,994**
Asset retirement obligations	**57,652**	58,756	**529,747**
Intercompany profit elimination	**25,463**	24,631	**233,971**
Other	**166,222**	168,907	**1,527,362**
Valuation allowance (net operating tax loss carryforwards)	**(31,408)**	(29,826)	**(288,604)**
Valuation allowance	**(78,923)**	(75,724)	**(725,200)**
Total valuation allowance	**(110,332)**	(105,550)	**(1,013,804)**
Total deferred tax assets	**411,522**	447,256	**3,781,330**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(18,882)**	(22,659)	**(173,506)**
Special account related to nuclear power decommissioning	**(18,182)**	(20,414)	**(167,069)**
Asset equal to asset retirement obligations	**(11,132)**	(13,226)	**(102,288)**
Other	**(17,882)**	(19,880)	**(164,316)**
Total deferred tax liabilities	**(66,079)**	(76,182)	**(607,180)**
Net deferred tax assets	**¥ 345,442**	¥ 371,074	**$ 3,174,150**

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The expiration of net operating tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2020 was as follows:

	Millions of Yen						
March 31, 2020	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)	**¥ 180**	**¥ 32,372**	**¥ 6,150**	**¥ 25,578**	**¥ 32**	**¥ 13,414**	**¥ 77,729**
Less valuation allowance	**(180)**	**(7,165)**	**(177)**	**(20,057)**	**(29)**	**(3,797)**	**(31,408)**
Deferred tax assets		**25,206**	**5,972**	**5,521**	**3**	**9,617**	(b) **46,321**

	Thousands of U.S. Dollars						
March 31, 2020	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)	**$ 1,660**	**$ 297,462**	**$ 56,513**	**$ 235,036**	**$ 299**	**$ 123,260**	**$ 714,232**
Less valuation allowance	**(1,660)**	**(65,844)**	**(1,634)**	**(184,305)**	**(266)**	**(34,892)**	**(288,604)**
Deferred tax assets		**231,617**	**54,878**	**50,730**	**32**	**88,367**	(b) **425,627**

(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, 2020, as recoverable based on past and current consolidated taxable income and prospects of future consolidated taxable income.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2020 and 2019, is as follows:

	2020	2019
Normal effective statutory tax rate	**28.0%**	28.0%
Less valuation allowance	**4.1**	4.7
Dividends received deduction	**(2.6)**	(0.2)
Other – net	**0.8**	0.7
Actual effective tax rate	**30.3%**	33.2%

(Note) The breakdown that caused the deference indicates the major item in the year ended March 31, 2020, and reflects the year ended March 31, 2019. Therefore, in the year ended March 31, 2019, (0.2)% of "Dividends received deduction" category posted that included in "Other."

15. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥11,923 million ($109,557 thousand) and ¥12,000 million for the years ended March 31, 2020 and 2019, respectively.

16. RELATED-PARTY DISCLOSURES

Related-party transactions of the Group with associated companies for the years ended March 31, 2020 and 2019, were as follows:

(1) 2020

Category	Name	Address	Capital Stock or Stake (Millions of Yen)	Description of Business
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

Voting Right	Relationship with Related Party	Detail of Transactions	Transaction Amount: Millions of Yen	Transaction Amount: Thousands of U.S. Dollars
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.	Coguarantees or guarantees of loans and bonds	**¥ 150,363**	**$ 1,381,639**

(2) 2019

Category	Name	Address	Capital Stock or Stake (Millions of Yen)	Description of Business
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

Voting Right	Relationship with Related Party	Detail of Transactions	Transaction Amount: Millions of Yen
16.6%	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.	Coguarantees or guarantees of loans and bonds	¥ 164,582

17. LEASES

Because of insignificant amounts of investment in leases, the Company has omitted notation in the notes to consolidated financial statements.

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18. 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 receivable are exposed to customer credit risk, electricity charges, the 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. 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. Most of the Group financing is from yen-dominated and fixed rate loans, but some borrowing is based on foreign currencies and floating interest rates. Repayment term is determined after broad considerations of the financial environment and other factors.

Corporate bonds that are based on foreign currencies are exposed to the risks of fluctuating exchange rates.

Therefore, when issuing bonds denominated in foreign currencies, we use currency swaps 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. Please see Note 19 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.

Liquidity risk management

The Group manages liquidity risk by ensuring ready liquidity 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 19 for details of the fair value of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2020	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	¥137,254	¥137,296	¥42
Cash and cash equivalents	255,458	255,458	
Receivables	316,956	316,956	
Total	¥709,670	¥709,712	¥42
Long-term debt	¥3,656,143	¥3,679,403	¥23,260
Short-term borrowings	440,521	440,521	
Notes and accounts payable	212,420	212,420	
Accrued income taxes	13,919	13,919	
Total	¥4,323,005	¥4,346,265	¥23,260
Derivatives	¥ 23,452	¥ 23,452	

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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, 2019	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	¥ 168,758	¥ 168,815	¥ 57
Cash and cash equivalents	158,978	158,977	
Receivables	342,145	342,145	
Total	¥ 669,882	¥ 669,939	¥ 57
Long-term debt	¥ 3,437,376	¥ 3,483,328	¥ 45,952
Short-term borrowings	416,096	416,096	
Notes and accounts payable	195,659	195,659	
Accrued income taxes	13,361	13,361	
Total	¥ 4,062,493	¥ 4,108,445	¥ 45,952
Derivatives	¥ (10,641)	¥ (10,641)	

	Thousands of U.S. Dollars		
March 31, 2020	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	**$ 1,261,181**	**$ 1,261,568**	**$ 387**
Cash and cash equivalents	**2,347,319**	**2,347,319**	
Receivables	**2,912,404**	**2,912,404**	
Total	**$ 6,520,905**	**$ 6,521,293**	**$ 387**
Long-term debt	**$ 33,595,000**	**$ 33,808,728**	**$ 213,727**
Short-term borrowings	**4,047,795**	**4,047,795**	
Notes and accounts payable	**1,951,857**	**1,951,857**	
Accrued income taxes	**127,900**	**127,900**	
Total	**$ 39,722,554**	**$ 39,936,281**	**$ 213,727**
Derivatives	**$ 215,498**	**$ 215,498**	

Investment securities

The fair values of investment securities are measured at the quoted market price on the stock exchange for the equity instruments or at the quoted price obtained from the financial institution. Information related to the fair value of investment securities by classification is included in Note 6.

Cash and cash equivalents and receivables

The carrying values of cash and cash equivalents and receivables approximate fair value because of their short maturities.

Long-term debt

The fair values of loans are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

The fair values of corporate bonds approximate market value.

Short-term borrowings, notes and accounts payable, and accrued income taxes

The carrying values of short-term borrowings, notes and accounts payable, and accrued income taxes approximate fair value because of their short maturities.

Derivatives

Fair value information for derivatives is included in Note 19.

(b) Financial instruments whose fair value cannot be reliably determined were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Investments in equity instruments that do not have a quoted market price in an active market	**¥ 30,989**	¥ 36,912	**$ 284,751**
Invested instruments and other	**38,583**	25,410	**354,530**

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

	Millions of Yen			
March 31, 2020	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	**¥ 130**	**¥ 795**	**¥ 200**	**¥ 500**
Available-for-sale securities with contractual maturities		**200**		
Cash and cash equivalents	**255,458**			
Receivables	**284,658**	**1,812**	**11**	

	Thousands of U.S. Dollars			
March 31, 2020	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	**$ 1,194**	**$ 7,304**	**$ 1,837**	**$ 4,594**
Available-for-sale securities with contractual maturities		**1,837**		
Cash and cash equivalents	**2,347,319**			
Receivables	**2,615,621**	**16,651**	**105**	

Please see Note 8 for annual maturities of long-term debt.

19. 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 has 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, 2020	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt)	**¥ 5,134**	**¥ 2,195**	**¥ (751)**	**¥ (751)**
March 31, 2019				
Currency swaps (U.S. dollar payment, Japanese yen receipt)	¥ 10,237	¥ 5,134	¥ (1,468)	¥ (1,468)

	Thousands of U.S. Dollars			
March 31, 2020	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt)	**$ 47,203**	**$ 20,171**	**$ (6,905)**	**$ (6,905)**

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Derivative Transactions to Which Hedge Accounting is Applied

March 31, 2020	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars	Fuel purchasing fund	¥ 219,075	¥ 219,075	¥ 27,163
Currency swaps				
(Japanese yen payment, US dollar receipt)	Bond	53,820	53,820	
Foreign exchange forward contracts:				
Buying U.S. dollars	Fuel purchasing fund	2,586	1,812	70
Principle treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	191,160	190,444	(2,716)
Special hedging treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	287,859	223,841	(*)
Commodity swaps				
(fixed price payment, floating price receipt)	Fuel	3,800		(313)

March 31, 2019	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars	Fuel purchasing fund	¥ 219,075	¥ 219,075	¥ (6,272)
Foreign exchange forward contracts:				
Buying U.S. dollars	Fuel purchasing fund	1,282	562	28
Principle treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	56,376	55,660	(2,213)
Special hedging treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	343,579	281,167	(*)
Commodity swaps				
(fixed price payment, floating price receipt)	Fuel	19,141		(715)

March 31, 2020	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars	Fuel purchasing fund	$ 2,013,005	$ 2,013,005	$ 249,599
Currency swaps				
(Japanese yen payment, US dollar receipt)	Bond	494,532	494,532	
Foreign exchange forward contracts:				
Buying U.S. dollars	Fuel purchasing fund	23,770	16,656	650
Principle treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	1,756,506	1,749,931	(24,964)
Special hedging treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	2,645,042	2,056,796	(*)
Commodity swaps				
(fixed price payment, floating price receipt)	Fuel	34,919		(2,880)

(*) 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.

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

20. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen 2020	2019	Thousands of U.S. Dollars 2020
Unrealized loss on available-for-sale securities:			
(Losses) gains arising during the year	**¥ (29,273)**	¥ (8,985)	**$ (265,801)**
Reclassification adjustments to profit (loss)	**990**	(116)	**5,919**
Amount before income tax effect	**(28,282)**	(9,102)	**(259,882)**
Income tax effect	**8,143**	2,567	**74,824**
Total	**¥ (20,139)**	¥ (6,535)	**$ (185,057)**
Deferred gain (loss) on derivatives under hedge accounting:			
Gain (loss) arising during the year	**¥ 30,824**	¥ (2,885)	**$ 283,231**
Reclassification adjustments to profit (loss)	**25**	(2)	**236**
Adjustments to acquisition costs of assets	**2,231**	(1,027)	**20,507**
Amount before income tax effect	**33,081**	(3,914)	**303,974**
Income tax effect	**(6,802)**	(2,235)	**(62,501)**
Total	**¥ 26,279**	¥ (6,150)	**$ 241,473**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥ (1,884)**	¥ (2,757)	**$ (17,313)**
Defined retirement benefit plans:			
Adjustments arising during the year	**¥ (605)**	¥ (1,868)	**$ (5,561)**
Reclassification adjustments to profit	**3,056**	4,867	**28,085**
Amount before income tax effect	**2,451**	2,998	**22,524**
Income tax effect	**(696)**	(849)	**(6,401)**
Total	**¥ 1,754**	¥ 2,148	**$ 16,123**
Share of other comprehensive income in associates:			
(Losses) gains arising during the year	**¥ (4,110)**	¥ (1,744)	**$ (37,771)**
Reclassification adjustments to profit	**2,935**	265	**26,977**
Total	**¥ (1,174)**	¥ (1,479)	**$ (10,793)**
Total other comprehensive income	**¥ 4,835**	¥ (14,773)	**$ 44,431**

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21. COMMITMENTS AND CONTINGENCIES

At March 31, 2020, the Group had firm purchase commitments, principally related to utility plant expansion, of approximately ¥715,607 million ($6,575,452 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, 2020, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
	2020	**2020**
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited (Note 16)	**¥ 150,363**	**$ 1,381,639**
Other	**60,769**	**558,379**
Total	**¥ 211,132**	**$ 1,940,018**
A guarantee about power supply for PT Bhumi Jati Power	**¥ 3,467**	**$ 31,861**
Fuel purchase commitment with Able Energy Limited Liability Company		

22. NET INCOME PER SHARE

Diluted net income per share ("EPS") for the years ended March 31, 2020 and 2019, 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, 2020				
Basic EPS:				
Net income attributable to common shareholders	¥ 130,002	893,162	¥ 145.55	$ 1.33
For the year ended March 31, 2019				
Basic EPS:				
Net income attributable to common shareholders	¥ 115,077	893,240	¥ 128.83	

As noted in Note 4.a, 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 (139,900 shares in 2020) is reflected.

23. 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's operating segments consist of Electric Power, Gas/Other Energies, IT/Communications, real estate, and so on in accordance with the "Kansai Electric Power Group Medium-Term Management Plan (2016-2018)," and are decided based on the quantitative thresholds given "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information"(ASBJ Statement No. 17).

The aggregate of the Electric Power and Gas/Other Energies segments is presented as the Comprehensive Energy/Power Transmission and Distribution Business.

2. Matters on the changes of reportable segments

The Company established the "Kansai Electric Power Group Medium-term Management Plan (2019-2021)" in March 2019 and announced its intention to fulfill its responsibilities to provide electricity power safely and stably and make efforts to enhance its business foundation with a focus on "Safety as the Company's Top Priority" and "Fulfilling Corporate Social Responsibilities" as key guidelines for action, and develop its business accordingly. In accordance with the above, the Company changed the reportable segments from this consolidated fiscal year.

The main changes are that the other businesses included in the "Other" reportable segment are rearranged in accordance with their goals and business activities.

Specifically, consolidated subsidiaries in the value chain of the Comprehensive Energy business/Power Transmission and Distribution business, which contribute to the enhancement of competitiveness from both sales and cost aspects, and such companies that expand comprehensive energy-related business overseas are included in the "Gas/Other Energies business." Also, companies that provide common solutions for business are included in the "Life/Business Solutions business" together with the "Real Estate business."

Furthermore, segment information for the previous consolidated accounting period was reclassified after such changes, and the profit of reportable segments was changed from an "Operating Income" basis to an "Ordinary Income" basis in accordance with the financial goal of the Kansai Electric Power Group.

3. Change in depreciation method for tangible fixed assets

As discussed in Note 2.c, of these consolidated fiscal year statements, the Company and its consolidated subsidiaries have changed in the primary depreciation method for tangible fixed assets from the declining-balance method to the straight-line method.

Due to this change, the profits of "Electric Power business" and "Gas/Other Energies business" of the reportable segments increased by ¥46,382 million ($426,187 thousand) and ¥3,106 million ($28,540 thousand), respectively, and "Reconciliations" by ¥1,078 million ($9,905 thousand), compared to the previous depreciation method.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

4. 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."

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

	Millions of Yen							
	2020							
	Reportable Segment							
	Comprehensive Energy / Power Transmission and Distribution Business							
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Life/Business support	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥ 2,505,441	¥ 333,766	¥2,839,207	¥ 220,347	¥ 124,704	¥ 3,184,259		¥ 3,184,259
Intersegment sales or transfers	22,710	280,942	303,653	70,338	48,650	422,642	¥ (422,642)	
Total	¥ 2,528,151	¥ 614,709	¥3,142,860	¥ 290,686	¥ 173,354	¥ 3,606,902	¥ (422,642)	¥ 3,184,259
Segment profit	¥ 123,843	¥ 45,029	¥ 168,873	¥ 34,142	¥ 20,574	¥ 223,589	¥ (12,047)	¥ 211,541
Segment assets	6,146,636	1,280,052	7,426,688	356,308	675,924	8,458,921	(846,192)	7,612,729
Other:								
Depreciation	187,717	25,719	213,436	53,949	9,296	276,682	(4,709)	271,972
Interest income	1,342	1,929	3,272	4	132	3,409	(1,367)	2,042
Interest expenses	22,805	2,997	25,803	494	685	26,982	(1,106)	25,875
Equity gains of associated companies		13,872	13,872			13,872		13,872
Increase in property and intangible assets	445,196	43,705	488,901	41,179	51,325	581,407	(19,467)	561,939
Investment in associated companies that applied the equity method		273,788	273,788			273,788		273,788

	Millions of Yen							
	2019							
	Reportable Segment							
	Comprehensive Energy / Power Transmission and Distribution Business							
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Life/Business support	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥ 2,668,312	¥ 300,275	¥ 2,968,587	¥ 217,541	¥ 121,532	¥ 3,307,661		¥ 3,307,661
Intersegment sales or transfers	20,558	255,013	275,572	48,321	47,803	371,697	¥ (371,697)	
Total	¥ 2,688,870	¥ 555,289	¥ 3,244,160	¥ 265,862	¥ 169,335	¥ 3,679,358	¥ (371,697)	¥ 3,307,661
Segment profit	¥ 137,102	¥ 30,074	¥ 167,177	¥ 32,034	¥ 22,054	¥ 221,266	¥ (17,630)	¥ 203,636
Segment assets	5,859,348	1,163,982	7,023,330	335,902	637,998	7,997,231	(739,867)	7,257,363
Other:								
Depreciation	244,486	28,822	273,308	55,479	8,869	337,657	(5,673)	331,984
Interest income	1,207	2,308	3,516	4	14	3,534	(1,227)	2,306
Interest expenses	26,568	3,351	29,920	822	606	31,349	(918)	30,430
Equity gains of associated companies		11,671	11,671			11,671		11,671
Increase in property and intangible assets	366,340	28,011	394,351	39,020	60,371	493,742	(8,442)	485,299
Investment in associated companies that applied the equity method		264,700	264,700			264,700		264,700

	Thousands of U.S. Dollars							
	2020							
	Reportable Segment							
	Comprehensive Energy / Power Transmission and Distribution Business							
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Life/Business support	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	$ 23,021,604	$ 3,066,861	$26,088,465	$2,024,694	$1,145,864	$ 29,259,025		$ 29,259,025
Intersegment sales or transfers	208,679	2,581,481	2,790,160	646,319	447,031	3,883,512	$ (3,883,512)	
Total	$ 23,230,283	$ 5,648,342	$28,878,626	$2,671,014	$1,592,896	$ 33,142,537	$ (3,883,512)	$ 29,259,025
Segment profit	$ 1,137,953	$ 413,761	$ 1,551,714	$ 313,719	$ 189,050	$ 2,054,484	$ (110,702)	$ 1,943,782
Segment assets	56,479,247	11,761,945	68,241,192	3,273,993	6,210,824	77,726,011	(7,775,360)	69,950,651
Other:								
Depreciation	1,724,871	236,322	1,961,194	495,720	85,420	2,542,335	(43,274)	2,499,061
Interest income	12,334	17,730	30,065	44	1,220	31,329	(12,565)	18,764
Interest expenses	209,555	27,540	237,095	4,539	6,297	247,933	(10,171)	237,761
Equity gains of associated companies		127,472	127,472			127,472		127,472
Increase in property and intangible assets	4,090,750	401,594	4,492,345	378,384	471,612	5,342,342	(178,877)	5,163,465
Investment in associated companies that applied the equity method		2,515,740	2,515,740			2,515,740		2,515,740

INDEPENDENT AUDITOR'S REPORT

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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, 2020, 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, 2020, 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.

Emphasis of Matter

As discussed in Note 2.c. to the consolidated financial statements of the Group as of and for the year ended March 31, 2020, from this consolidated accounting period, the Company and its consolidated subsidiaries have changed the primary depreciation method for tangible fixed assets from the declining-balance method to the straight-line method. Our opinion is not modified in respect of this matter.

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 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

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INDEPENDENT AUDITOR'S REPORT

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 judgement. 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.

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

June 25, 2020

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
for the Year Ended March 31, 2020

Non-Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated March 31, 2020

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
PROPERTY:			
Plant and equipment	**¥ 14,912,470**	¥ 15,205,528	**$ 137,025,367**
Construction in progress	**743,620**	569.123	**6,832,862**
Contributions in aid of construction	**(473,575)**	(470,032)	**(4,351,515)**
Accumulated depreciation and amortization	**(11,175,140)**	(11,452,350)	**(102,684,373)**
Plant and equipment – net	**4,007,375**	3,852,269	**36,822,340**
Nuclear fuel, net of amortization	**509,313**	506,278	**4,679,898**
Property – net	**4,516,688**	4,358,548	**41,502,238**
INVESTMENTS AND OTHER ASSETS:			
Investment securities	**107,615**	118,636	**988,839**
Investments in and advances to subsidiaries and associated companies	**975,002**	870,778	**8,958,949**
Long-term loans receivable	**240**	282	**2,206**
Special account related to nuclear power decommissioning	**65,038**	73,025	**597,616**
Special account related to reprocessing of spent nuclear fuel	**87,960**	56,134	**808,237**
Deferred tax assets	**286,216**	310,478	**2,629,943**
Other assets	**138,655**	105,377	**1,274,054**
Total investments and other assets	**1,660,729**	1,534,712	**15,259,846**
CURRENT ASSETS:			
Cash and cash equivalents	**213,309**	125,522	**1,960,029**
Accounts receivable	**229,361**	258,947	**2,107,522**
Allowance for doubtful accounts	**(1,675)**	(1,981)	**(15,392)**
Inventories	**70,895**	68,544	**651,431**
Other current assets	**58,549**	60,277	**537,988**
Total current assets	**570,441**	511,310	**5,241,580**
TOTAL	**¥ 6,747,858**	¥ 6,404,571	**$ 62,003,665**

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥108.83= U.S. $1, the approximate rate of exchange at March 31, 2020.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
LONG-TERM LIABILITIES			
Long-term debt, less current maturities	**¥ 2,956,449**	¥ 2,730,103	**$ 27,165,762**
Liability for retirement benefits	**334,372**	334,360	**3,072,431**
Accrued contributions for reprocessing of irradiated nuclear fuel	**0**	10,900	**0**
Asset retirement obligations	**498,361**	493,275	**4,579,267**
Other long-term liabilities	**249,648**	258,862	**2,293,929**
Total long-term liabilities	**4,038,832**	3,827,502	**37,111,391**
CURRENT LIABILITIES:			
Current maturities of long-term debt	**501,400**	466,496	**4,607,189**
Short-term borrowings	**130,000**	130,000	**1,194,523**
Commercial paper	**296,000**	270,000	**2,719,838**
Accounts payable	**117,438**	115,230	**1,079,100**
Payable to subsidiaries and associated companies	**249,759**	208,848	**2,294,949**
Reserve for disaster restoration costs	**0**	1,301	**0**
Provision for loss on guarantees	**14,876**	0	**136,696**
Accrued expenses and other current liabilities	**370,925**	381,704	**3,408,305**
Total current liabilities	**1,680,400**	1,573,581	**15,440,603**
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**27,431**	28,389	**252,062**
EQUITY:			
Common stock-authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2020, and 2019	**489,320**	489,320	**4,496,193**
Capital surplus			
Additional paid-in capital	**67,031**	67,031	**615,925**
Retained earnings:			
Legal reserve	**45,197**	40,729	**415,307**
Unappropriated	**454,691**	424,740	**4,177,999**
Unrealized gain on available-for-sale securities	**41,738**	50,476	**383,518**
Deferred loss on derivatives under hedge accounting	**(75)**	(510)	**(691)**
Treasury stock – at cost 45,296,320 shares in 2020, and 45,275,989 shares in 2019	**(96,711)**	(96,689)	**(888,644)**
Total equity	**1,001,193**	975,097	**9,199,608**
TOTAL	**¥ 6,747,858**	¥ 6,404,571	**$ 62,003,665**

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥108.83= U.S. $1, the approximate rate of exchange at March 31, 2020.

Non-Consolidated Statements of Income

The Kansai Electric Power Company, Incorporated   Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
OPERATING REVENUES:			
Electricity operating revenues:			
Residential	**¥ 816,921**	¥ 899,541	**$ 7,506,403**
Commercial and industrial	**1,272,471**	1,312,728	**11,692,289**
Other	**438,758**	476,600	**4,031,590**
Sub-total	**2,528,151**	2,688,870	**23,230,284**
Incidental operating revenues	**130,684**	108,320	**1,200,815**
Total	**2,658,836**	2,797,191	**24,431,099**
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	**207,442**	216,540	**1,906,113**
Fuel costs	**456,934**	538,227	**4,198,607**
Cost of purchased power	**454,182**	516,874	**4,171,892**
Maintenance costs	**194,224**	177,078	**1,784,662**
Depreciation	**187,676**	244,444	**1,724,496**
Taxes	**134,819**	140,031	**1,238,811**
Other	**768,522**	715,095	**7,061,676**
Sub-total	**2,403,647**	2,548,293	**22,086,260**
Incidental operating expenses	**129,519**	114,909	**1,190,107**
Total	**2,533,167**	2,663,203	**23,276,368**
OPERATING INCOME	**125,669**	133,988	**1,154,730**
OTHER (INCOME) EXPENSES:			
Interest and dividends income	**(13,942)**	(16,697)	**(128,112)**
Interest expense	**22,805**	26,568	**209,555**
Other – net	**(8,204)**	(6,396)	**(75,389)**
Total	**658**	3,474	**6,052**
EXTRAORDINARY EXPENSES			
Loss on disaster	**0**	10,280	**0**
Provision for loss on guarantees	**14,876**	0	**136,696**
Total extraordinary expenses	**14,876**	10,280	**136,696**
IINCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	**125,010**	120,232	**1,148,678**
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**(957)**	(558)	**(8,797)**
INCOME BEFORE INCOME TAXES	**111,091**	120,791	**1,020,779**
INCOME TAXES			
Current	**4,507**	487	**41,419**
Deferred	**27,483**	32,868	**252,531**
Total	**31,990**	33,356	**293,951**
NET INCOME	**¥ 79,100**	¥ 87,435	**$ 726,828**

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥108.83= U.S. $1, the approximate rate of exchange at March 31, 2020.

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated   Year Ended March 31, 2020

		Millions of Yen								
			Capital Surplus		Retained Earnings					
	Number of Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Total Equity
BALANCE, APRIL 1, 2018	938,733,028	¥489,320	¥67,031		¥36,708	¥381,540	¥(96,387)	¥57,569	¥(1,840)	¥933,942
Cash dividends					4,021	(44,234)				(40,213)
Net income						87,435				87,435
Purchase of treasury stock							(304)			(304)
Disposal of treasury stock				(1)			2			1
Transfer to capital surplus from retained earnings				1		(1)				
Net change in the year								(7,092)	1,329	(5,763)
BALANCE, MARCH 31, 2019	938,733,028	¥489,320	¥67,031		¥40,729	¥424,740	¥(96,689)	¥50,476	¥(510)	¥975,097
Cash dividends					4,467	(49,147)				(44,679)
Net income						79,100				79,100
Purchase of treasury stock							(24)			(24)
Disposal of treasury stock				(1)			2			1
Transfer to capital surplus from retained earnings				1		(1)				0
Net change in the year								(8,738)	435	(8,302)
BALANCE, MARCH 31, 2020	938,733,028	¥489,320	¥67,031		¥45,197	¥454,691	¥(96,711)	¥41,738	¥(75)	¥1,001,193

	Thousands of U.S. Dollars								
		Capital Surplus		Retained Earnings					
	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Total Equity
BALANCE, MARCH 31, 2019	$4,496,193	$615,925		$374,252	$3,902,784	$(888,445)	$463,810	$(4,694)	$8,959,826
Cash dividends				41,054	(451,602)				(410,547)
Net income					726,828				726,828
Purchase of treasury stock						(225)			(225)
Disposal of treasury stock			(11)			27			15
Transfer to capital surplus from retained earnings			11		(11)				
Net change in the year							(80,291)	4,002	(76,289)
BALANCE, MARCH 31, 2020	$4,496,193	$615,925		$415,307	$4,177,999	$(888,644)	$383,518	$(691)	$9,199,608

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥108.83= U.S. $1, the approximate rate of exchange at March 31, 2020.