

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, 2021, and
Independent Auditor's Report

Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated and Its Subsidiaries March 31, 2021

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
PROPERTY:			
Utility plant and equipment	¥ 14,705,367	¥ 14,339,365	\$ 132,815,820
Other plant and equipment (Note 11)	2,254,400	2,207,797	20,361,280
Construction in progress (Note 11)	684,652	772,345	6,183,638
Contributions in aid of construction	(512,978)	(500,141)	(4,633,113)
Accumulated depreciation and amortization	(12,119,512)	(12,062,520)	(109,460,918)
Plant and equipment – net (Note 7)	5,011,929	4,756,845	45,266,707
Nuclear fuel, net of amortization (Note 2.c)	528,442	509,313	4,772,778
Property – net	5,540,371	5,266,158	50,039,485
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 8, 11, and 20)	246,518	208,042	2,226,506
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 11)	550,897	511,136	4,975,587
Special account related to nuclear power decommissioning (Note 2.n)	59,074	65,038	533,548
Special account related to reprocessing of spent nuclear fuel (Note 2.i)	119,057	87,960	1,075,298
Deferred tax assets (Note 17)	326,785	348,883	2,951,460
Other assets (Note 11)	229,063	205,772	2,068,852
Total investments and other assets	1,531,396	1,426,834	13,831,253
CURRENT ASSETS:			
Cash and cash equivalents (Notes 11 and 20)	291,266	255,458	2,630,656
Receivables (Notes 11 and 20)	372,417	316,956	3,363,599
Allowance for doubtful accounts	(21,556)	(2,148)	(194,697)
Inventories (Notes 10 and 11)	182,899	172,764	1,651,913
Other current assets (Notes 8, 11, and 21)	178,960	176,704	1,616,331
Total current assets	1,003,987	919,736	9,067,802
TOTAL	¥ 8,075,755	¥ 7,612,729	\$ 72,938,542

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Notes 11 and 21)	¥ 3,457,743	¥ 3,143,221	\$ 31,229,616
Liability for retirement benefits (Note 12)	368,047	367,095	3,324,129
Asset retirement obligations (Notes 2.j and 13)	517,672	508,279	4,675,506
Deferred tax liabilities (Note 17)	4,924	3,440	44,477
Other long-term liabilities	226,647	235,041	2,047,033
Total long-term liabilities	4,575,034	4,257,078	41,320,763
CURRENT LIABILITIES:			
Current maturities of long-term debt (Notes 11 and 20)	582,379	530,074	5,259,931
Short-term borrowings (Notes 14 and 20)	447,092	440,521	4,038,044
Notes and accounts payable (Notes 11 and 20)	230,974	212,420	2,086,109
Accrued income taxes (Note 20)	10,850	13,919	97,995
Provision for loss on guarantees (Note 2.k)	1,738	14,876	15,700
Accrued expenses and other current liabilities	476,143	474,650	4,300,424
Total current liabilities	1,749,177	1,686,464	15,798,206
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	25,985	27,431	234,693
COMMITMENTS AND CONTINGENCIES (Notes 19 and 23)			
EQUITY (Note 16):			
Common stock – authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2021 and 2020	489,320	489,320	4,419,442
Capital surplus	66,726	66,678	602,663
Retained earnings	1,127,814	1,063,517	10,186,183
Treasury stock – at cost: 45,616,692 shares in 2021 and 45,589,484 shares in 2020	(96,845)	(96,828)	(874,684)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	85,163	59,615	769,182
Deferred gain (loss) on derivatives under hedge accounting	11,179	14,173	100,973
Foreign currency translation adjustments	4,134	7,309	37,342
Defined retirement benefit plans	(2,966)	(2,992)	(26,795)
Total	1,684,528	1,600,793	15,214,307
Noncontrolling interests	41,029	40,960	370,570
Total equity	1,725,557	1,641,754	15,584,878
TOTAL	¥ 8,075,755	¥ 7,612,729	\$ 72,938,542

See notes to consolidated financial statements.

Consolidated Statement of Income

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
OPERATING REVENUES:			
Electric	¥ 2,387,836	¥ 2,505,441	\$ 21,566,441
Other	704,562	678,818	6,363,459
Total operating revenues	3,092,398	3,184,259	27,929,900
OPERATING EXPENSES (Note 18):			
Electric	2,338,607	2,384,507	21,121,818
Other	608,044	592,795	5,491,731
Total operating expenses	2,946,652	2,977,303	26,613,549
OPERATING INCOME	145,746	206,956	1,316,351
OTHER (INCOME) EXPENSES:			
Interest and dividend income	(12,332)	(16,041)	(111,383)
Interest expense	22,462	25,875	202,878
Equity in earnings of associated companies	(13,703)	(13,872)	(123,769)
Other – net	(4,530)	(547)	(40,918)
Other (income) expenses – net	(8,103)	(4,585)	(73,192)
ORDINARY INCOME	153,850	211,541	1,389,544
EXTRAORDINARY EXPENSES:			
Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies (Note 15)		24,141	
Total extraordinary expenses		24,141	
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	153,850	187,400	1,389,544
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(1,446)	(957)	(13,065)
INCOME BEFORE INCOME TAXES	155,296	188,357	1,402,610
INCOME TAXES (Note 17):			
Current	27,181	30,363	245,497
Deferred	17,077	26,780	154,237
Total income taxes	44,258	57,143	399,735
NET INCOME	111,038	131,214	1,002,874
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	2,060	1,211	18,607
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 108,978	¥ 130,002	\$ 984,266
	Yen		U.S. Dollars
	2021	2020	2021
PER SHARE OF COMMON STOCK (Notes 2.s and 24):			
Basic net income	¥ 122.02	¥ 145.55	\$ 1.10
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, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET INCOME	¥ 111,038	¥ 131,214	\$ 1,002,874
OTHER COMPREHENSIVE INCOME (Note 22):			
Unrealized gain (loss) on available-for-sale securities	20,496	(20,139)	185,121
Deferred (loss) gain on derivatives under hedge accounting	(4,288)	26,279	(38,729)
Foreign currency translation adjustments	(2,583)	(1,884)	(23,333)
Defined retirement benefit plans	(730)	1,754	(6,600)
Share of other comprehensive income (loss) in associates	5,948	(1,174)	53,727
Total other comprehensive income	18,842	4,835	170,185
COMPREHENSIVE INCOME	¥ 129,881	¥ 136,049	\$ 1,173,059
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 128,383	¥ 132,569	\$ 1,159,528
Noncontrolling interests	1,498	3,480	13,531

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, 2021

	Millions of Yen											
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Unrealized Gain on Available-for- Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE, APRIL 1, 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												
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
Cash dividends, ¥50 per share				(44,678)						(44,678)		(44,678)
Net income attributable to owners of the parent				108,978						108,978		108,978
Change of scope of consolidation				(1)						(1)		(1)
Purchase of treasury stock					(19)					(19)		(19)
Disposal of treasury stock			(1)		3					1		1
Transfer to capital surplus from retained earnings			1	(1)								
Change in equity of purchase of treasury shares of consolidated subsidiaries			25							25		25
Change in equity of consolidated subsidiary arising from change in equity in entities accounted for using equity method			23							23		23
Capital decrease of consolidated subsidiaries												
Capital increase of consolidated subsidiaries												
Net change in the year						25,548	(2,994)	(3,175)	25	19,405	68	19,473
BALANCE, MARCH 31, 2021	938,733,028	¥ 489,320	¥ 66,726	¥ 1,127,814	¥ (96,845)	¥ 85,163	¥ 11,179	¥ 4,134	¥ (2,966)	¥ 1,684,528	¥ 41,029	¥ 1,725,557

	Thousands of U.S. Dollars (Note 1)										
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
					Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE, MARCH 31, 2020	\$ 4,419,442	\$ 602,223	\$ 9,605,466	\$ (874,535)	\$ 538,434	\$ 128,016	\$ 66,018	\$ (27,029)	\$ 14,458,037	\$ 369,948	\$ 14,827,986
Cash dividends, \$0.45 per share			(403,525)						(403,525)		(403,525)
Net income attributable to owners of the parent			984,266						984,266		984,266
Change of scope of consolidation			(10)						(10)		(10)
Purchase of treasury stock				(175)					(175)		(175)
Disposal of treasury stock			(13)	27					13		13
Transfer to capital surplus from retained earnings		13	(13)								
Change in equity of purchase of treasury shares of consolidated subsidiaries		228							228		228
Change in equity of consolidated subsidiary arising from change in equity in entities accounted for using equity method		211							211		211
Capital decrease of consolidated subsidiaries											
Capital increase of consolidated subsidiaries											
Net change in the year					230,748	(27,042)	(28,676)	233	175,262	621	175,883
BALANCE, MARCH 31, 2021	\$ 4,419,442	\$ 602,663	\$ 10,186,183	\$ (874,684)	\$ 769,182	\$ 100,973	\$ 37,342	\$ (26,795)	\$ 15,214,307	\$ 370,570	\$ 15,584,878

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
OPERATING ACTIVITIES:			
Income before income taxes	¥ 155,296	¥ 188,357	\$ 1,402,610
Adjustments for:			
Income taxes – paid	(30,016)	(31,181)	(271,098)
Depreciation and amortization	284,622	271,972	2,570,655
Decommissioning cost of nuclear power units	15,149	14,408	136,830
Depreciation of special account related to nuclear power decommissioning	5,964	7,986	53,866
Amortization of nuclear fuel	12,572	21,669	113,555
Loss on disposal of property, plant, and equipment	11,903	11,830	107,512
Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies		24,141	
Changes in assets and liabilities:			
Decrease in interest and dividends receivable	4,094	4,483	36,983
Increase in notes and accounts payable	16,412	4,093	148,234
Decrease in interest payable	(717)	(782)	(6,482)
(Decrease) increase in liability for retirement benefits	(62)	1,150	(563)
(Increase) decrease in receivables	(40,391)	25,057	(364,803)
Payments for loss on disaster		(3,346)	
Decrease in reserve for fluctuations in water level	(1,446)	(957)	(13,065)
Payments for guarantee of obligation	(12,028)		(108,635)
Other – net	(52,140)	(75,476)	(470,923)
Total adjustments	213,918	275,051	1,932,066
Net cash provided by operating activities	369,215	463,408	3,334,676
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(647,481)	(537,876)	(5,847,919)
Payments for investments and advances	(46,447)	(92,690)	(419,507)
Proceeds from sales of investments or collections of advances	14,787	13,871	133,558
Purchase of shares of subsidiaries resulting in change of scope of consolidations	(13,686)		(123,615)
Payments for transfer of business	(10,016)	(2,641)	(90,463)
Other – net (Note 4)	42,089	41,966	380,144
Net cash used in investing activities	(660,755)	(577,370)	(5,967,803)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	169,469	253,064	1,530,612
Proceeds from long-term debt (exclusive of bonds)	729,033	477,010	6,584,475
Proceeds from short-term loans	265,541	264,969	2,398,320
Proceeds from issuance of commercial papers	612,000	522,000	5,527,456
Redemption of bonds	(199,905)	(199,650)	(1,805,500)
Repayments of long-term debt (exclusive of bonds)	(328,266)	(311,890)	(2,964,837)
Repayments of short-term loans	(262,171)	(266,360)	(2,367,882)
Repayments of commercial papers	(608,000)	(496,000)	(5,491,329)
Dividends paid	(44,582)	(44,570)	(402,663)
Other – net (Note 4)	(7,474)	12,648	(67,509)
Net cash provided by financing activities	325,643	211,222	2,941,140
NET CASH PROVIDED BY OPERATING, INVESTING, AND FINANCING ACTIVITIES ...	34,103	97,260	308,013
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,817	22	16,415
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,920	97,282	324,429
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	255,458	158,978	2,307,250
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF SUBSIDIARIES FROM CONSOLIDATION	(113)	(802)	(1,023)
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 291,266	¥ 255,458	\$ 2,630,656

See notes to consolidated financial statements.

Kansai Electric Power Group
Overview

Value Creation Story

Business Strategies

Business Overview

Foundation to
Support Value Creation

Financial and
Corporate Information

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

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 ¥110.72 to \$1, the approximate rate of exchange as of March 31, 2021. 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, 2021, include the accounts of the Company and 86 (80 in 2020) 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 2021 and 2020 associated companies are accounted for by the equity method. Investments in the unconsolidated subsidiaries and remaining associated companies are stated at cost. If the

equity method of accounting had been applied to the investments in these companies the effect on the accompanying consolidated financial statements would not be material.

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

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

b. Subsidiaries' Fiscal Year End – The fiscal year end of eleven 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 January 31. The Company consolidates such subsidiary's financial statements using their financial results for the year ended January 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, 2021 and 2020, was ¥68,433 million (\$618,079 thousand) and ¥81,184 million, respectively.

d. Impairment of Fixed Assets – The Group reviews its fixed assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and

eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

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

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

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

Cash equivalents include time deposits, certificates of deposit, 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 at the consolidated balance sheet date.

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

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

(some consolidated subsidiaries recognize from the current fiscal year).

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

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

- 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 the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense in the appropriate manner. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

The Company mainly recognizes an asset retirement obligation with regard to the costs for decommissioning of nuclear power units, which are regulated under the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors. In addition, in accordance with

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

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.

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

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

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 by recognizing lease assets and lease obligations in the consolidated balance sheet.

All other leases are accounted for as operating leases.

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

All other leases are accounted for as operating leases.

n. Overview of Contributions to Streamline Decommissioning and Special Account Related to Nuclear Power Decommissioning – The

decommissioning accounting system is introduced for the purpose of streamlining the decommissioning of reactors. In accordance with the decommissioning accounting system, the remaining book value, etc. (book value of nuclear power special assets, book value of special account related to nuclear power decommissioning (including amount equivalent to expenses related to nuclear power decommissioning) and the necessary reserve amount for reserves for decommissioning of nuclear power units) of reactors decommissioned due to changes in the government's energy policy safety regulations, etc. is recovered by the contribution to streamline the decommissioning, which is collected through the wheeling charges of general electricity transmission and distribution utilities. Until September 2020, the contributions were collected through regulated retail sales price, however, from October 2020, in order to secure the sustainability of the system, the current recovery process was adopted.

In applying the above system, according to Article 45-21-6 of the "Ministerial Ordinance for the Enforcement of the Electricity Business Act" (No. 77 Ordinance of the Ministry of International Trade and Industry of 1995), the Company submitted to the Minister of Economy, Trade and Industry a written application for the approval of contributions to streamline the decommissioning in regard to the book value of nuclear power special assets, book value of special account related to nuclear power decommissioning (including amount equivalent to expenses related to nuclear power decommissioning) and the necessary reserve amount for the decommissioning of nuclear power units, and obtained the minister's approval on July 22, 2020. Also, Kansai Transmission and Distribution, Inc. that received a notice from the Minister of Economy, Trade and Industry in regard to contributions to streamline decommissioning, revised its general provisions for wheeling service, etc. (revision effective date: October 1, 2020) in accordance with Article 45-21-5 of the "Ministerial Ordinance for the Enforcement of the Electricity Business Act" (No. 77 Ordinance of the Ministry of International Trade and Industry of 1995), and collects contributions to streamline the decommissioning and pays out such contributions to the Company and The Japan Atomic Power Company.

The special account related to nuclear power decommissioning shall be amortized in relation to the amount of contributions to streamline the decommissioning paid by Kansai Transmission and Distribution, Inc. pursuant to Articles 5 and 8 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at

Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 77, 2016).

- 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 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 its exposures to fluctuations in foreign exchange, interest rates, fuel prices, and so on. The Group does not enter into derivatives for trading or speculative purposes. Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge

accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

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

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

- 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. New Accounting Pronouncements

Revenue recognition – The ASBJ issued ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” on March 31, 2020, and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition” on March 26, 2021. The Ordinance on Accounting at Electricity Utilities was also amended on March 31, 2021. 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.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 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 or after April 1, 2021. As main effects, allotted money in Article 36 (1) of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Act No. 108 of 2011) is recorded as other current liabilities and subsidies in Article 28 (1) is deducted from related operating expenses after applying them. Such allotted money have been recorded as operating revenues prior to the adoption.

Operating revenues in 2022 is expected to decrease around ¥490,000 million (around \$4,425,578 thousand), and effects on income and retained earnings are expected to be slight. However, various matters can change the actual effects.

"Residential" and "Commercial and industrial" in electricity operating revenues are recorded as revenues based on the volume of electricity determined by meter reading in accordance with Ordinance on Accounting at Electric Utilities. This treatment is not amended and the Company continues to apply this accounting method.

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.

u. 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 the provisions of the taxation law before revision.

3. SIGNIFICANT ACCOUNTING ESTIMATES

(a) Recoverability of Deferred Tax Assets

- (1) Amount recorded in consolidated financial statements for the current fiscal year
¥326,785 million (\$2,951,460 thousand)
- (2) Information related to the contents of significant accounting estimates pertaining to identified items
Of the above amount, the Group has reported deferred tax assets relating to tax loss carried forward in the amount of ¥29,347 million (\$265,056 thousand).

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

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

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

- (1) The amount recorded in consolidated financial statements in the current fiscal year
¥615,026 million (\$5,554,791 thousand)
- (2) Information relating to the contents of important accounting estimates pertaining to identified items

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

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

4. CHANGES IN PRESENTATION

Related to Consolidated Statement of Income

Amounts previously presented as “Gain on sales of property, plant, and equipment” under “Other (Income) Expenses” in the last fiscal year are 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 income.

As a result, ¥(6,966) million from “Gain on sales of property, plant, and equipment” and ¥6,419 million from “Other” were combined and presented as “Other” in the amount of ¥(547) million.

Related to the Consolidated Statement of Cash Flows

Regarding “Net cash used in investing activities,” the “Payments for transfer of business” that was previously included in “Other” was presented separately in the current fiscal year as the amounts became material. Therefore, a separate category was created in this fiscal year. To reflect this change in presentation, similar adjustment was made to the comparative information on the consolidated statement of cash flows.

As a result, ¥39,324 million reported as “Other” under the last year’s “Net cash used in investing activities” was split into ¥(2,641) million for “Payments for transfer of business” and ¥41,966 million as “Other.”

Amounts previously presented as “Proceeds from share issuance to noncontrolling shareholders” under “Net cash provided by financing activities” in the last fiscal year are 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, ¥22,493 million from “Proceeds from share issuance to noncontrolling shareholders” and ¥(9,844) million from “Other” were combined and presented as “Other” in the amount of ¥12,648 million.

Accounting Standard for Disclosure of Accounting Estimates

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) is applied to the consolidated financial statements in the current fiscal year and disclosed a note regarding the material accounting estimates.

However, this notation does not describe the last fiscal year complying with the specific transitional provisions ruled by the conditional clause No. 11.

5. ADDITIONAL INFORMATION

Stock-Based Incentive System for Executive Officers

The Company has introduced a stock-based incentive system (the “System”) for the Company’s executive officers (excluding nonresidents in Japan, hereinafter, 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 values 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 the Company’s shares are acquired through the Trust using money, equivalent to the amount of remuneration for Officers contributed by the Company, granting/provision of the Company’s shares and cash equivalent to the amount obtained by converting a part of the shares into cash is made to eligible Officers based on the position rank of respective Officers.

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

2. Company’s shares that remain in the Trust

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

The book value and number of shares of such treasury stock at the end of the current consolidated fiscal year were ¥199 million (\$1,805 thousand) and 127,857 shares, respectively.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

6. BUSINESS COMBINATION

Operations of entities under common control

On April 1, 2020, the Company transferred its general electricity 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 such reform, the revised Electricity Business Act came into effect 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, a 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 April 25, 2019, made an absorption-type split agreement with the Kansai Transmission and Distribution, Inc. to transfer such business.

2. Overview of accounting treatment

In accordance with "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 was accounted as a transaction under common control beginning on September 13, 2013.

7. PLANT AND EQUIPMENT

The carrying value of plant and equipment as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Hydroelectric power production facilities	¥ 299,140	¥ 302,006	\$ 2,701,776
Thermal power production facilities	325,142	345,217	2,936,621
Nuclear power production facilities	747,453	387,506	6,750,846
Transmission facilities	773,564	779,561	6,986,675
Transformation facilities	416,558	407,537	3,762,268
Distribution facilities	804,741	806,399	7,268,262
General facilities	106,529	101,170	962,155
Other utility facilities	19,257	19,939	173,926
Other plant and equipment	834,888	835,160	7,540,536
Construction in progress	684,652	772,345	6,183,638
Total	¥ 5,011,929	¥ 4,756,845	\$ 45,266,707

The book value of specified assets for nuclear power is included in nuclear power production facilities, which amounted to

¥22,895 million (\$206,788 thousand) and ¥27,403 million as of March 31, 2021 and 2020, respectively.

8. INVESTMENT SECURITIES

The information for available-for-sale securities, whose fair values are readily determinable, and held-to-maturity securities

as of March 31, 2021 and 2020, is as follows:

March 31, 2021	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥ 62,495	¥ 98,190	¥ (36)	¥ 160,648
Debt securities	200	10		210
Held-to-maturity debt securities	1,409	44	(0)	1,452
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, 2021	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	\$ 564,445	\$ 886,835	\$ (333)	\$ 1,450,948
Debt securities	1,806	93		1,900
Held-to-maturity debt securities	12,730	398	(7)	13,121

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

9. INVESTMENT PROPERTY

The Group owns certain rental properties such as office buildings and land in Osaka and other areas. The net of rental income from those rental real properties is ¥12,842 million (\$115,988 thousand) (mainly recorded as operating income) for the fiscal year ended March 31, 2021.

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

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

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2020	Increase/Decrease	March 31, 2021	March 31, 2021
\$ 2,515,084	\$ 296,473	\$ 2,811,557	\$ 4,550,426

- Notes:
1. Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.
 2. Increase during the fiscal year ended March 31, 2021, primarily represents the acquisition of certain properties of ¥47,644 million (\$430,319 thousand), and the decrease

primarily represents sales of ¥9,238 million (\$83,442 thousand) and depreciation expense of ¥4,768 million (\$43,071 thousand).

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

10. INVENTORIES

Inventories as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Merchandise and finished products	¥ 4,598	¥ 4,050	\$ 41,535
Work in process	7,360	5,992	66,475
Raw materials and supplies	67,634	85,960	610,857
Real estate for sale	103,306	76,761	933,045
Total	¥ 182,899	¥ 172,764	\$ 1,651,913

11. LONG-TERM DEBT

Long-term debt as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Secured bonds:			
0.14% to 2.55%, due serially through 2049:			
The Company	¥ 1,283,820	¥ 1,313,620	\$ 11,595,195
Subsidiaries	200	300	1,806
(Nonrecourse debt included above)	100	100	903
Unsecured bonds	27	132	248
Secured loans principally from the Development Bank of Japan:			
0.33% to 2.90% maturing serially through 2030:			
The Company	359,019	321,037	3,242,584
Subsidiaries	42,705	29,468	385,711
(Nonrecourse debt included above)	22,528	16,396	203,472
Unsecured loans from banks, insurance companies, and other sources:			
0.045% to 2.90% (0.07% to 1.99% in 2020) maturing serially through 2041	2,338,798	1,991,585	21,123,543
Obligations under finance leases	15,551	17,152	140,459
Total	4,040,122	3,673,296	36,489,548
Less current maturities	582,379	530,074	5,259,931
Long-term debt, less current maturities	¥ 3,457,743	¥ 3,143,221	\$ 31,229,616

Annual maturities of long-term debt as of March 31, 2021, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Years Ending March 31		
2022	¥ 582,379	\$ 5,259,931
2023	485,072	4,381,073
2024	514,851	4,650,029
2025	447,625	4,042,857
2026	403,036	3,640,141
2027 and thereafter	1,607,157	14,515,514
Total	¥ 4,040,122	\$ 36,489,548

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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 ¥1,331 million (\$12,027 thousand) and the above secured loans as of March 31, 2021, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Other plant and equipment	¥ 20,518	\$ 185,323
Construction in progress	20,832	188,152
Other assets	1,721	15,544
Cash and cash equivalents	5,459	49,310
Other current assets	86	784

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
	2021	2021
Other plant and equipment	¥ 25,336	\$ 228,836
Construction in progress	1,017	9,185
Investments in and advances to unconsolidated subsidiaries and associated companies	46,744	422,191
Cash and cash equivalents	1,760	15,897
Other assets	17,755	160,359
Receivables	311	2,816
Inventories	272	2,464
Other current assets	1,091	9,862
Deferred tax assets	262	2,369

12. RETIREMENT AND PENSION PLAN

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

Under most circumstances, employees terminating their employment with the Group, either voluntarily or upon reaching the mandatory retirement age, are entitled to retirement benefits

based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

1. The changes in defined benefit obligation for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 367,095	¥ 371,057	\$ 3,315,527
Current service cost	12,861	13,015	116,161
Interest cost	3,645	3,437	32,923
Actuarial losses	3,682	605	33,263
Benefits paid	(18,103)	(17,527)	(163,509)
Prior service cost	(142)		(1,285)
Decrease resulting from exclusion of subsidiaries from consolidation		(2,645)	
Other	(991)	(847)	(8,951)
Balance at end of year	¥ 368,047	¥ 367,095	\$ 3,324,129

2. The components of net periodic retirement benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Service cost	¥ 12,861	¥ 13,015	\$ 116,161
Interest cost	3,645	3,437	32,923
Expected return on plan assets		(9)	
Recognized actuarial losses	2,668	3,064	24,098
Amortization of prior service cost	(142)	(8)	(1,285)
Other	199	(55)	1,798
Net periodic retirement benefit costs	¥ 19,231	¥ 19,443	\$ 173,696

3. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans

as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Prior service cost		¥ (8)	
Actuarial losses	¥ (1,017)	2,459	\$ (9,193)
Total	¥ (1,017)	¥ 2,451	\$ (9,193)

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

4. Amounts recognized in accumulated other comprehensive income (before income tax, effect) in respect of defined

retirement benefit plans as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrecognized prior service cost			
Unrecognized actuarial losses	¥ 4,922	¥ 3,907	\$ 44,454
Total	¥ 4,922	¥ 3,907	\$ 44,454

5. Assumptions used for the years ended March 31, 2021 and 2020, are set forth as follows:

	2021	2020
Discount rate	1.05%	0.99%

6. Defined contribution

The required contribution amount of the Company and certain consolidated subsidiaries was ¥6,757 million (\$61,031 thousand)

and ¥6,773 million for the years ended March 31, 2021 and 2020, respectively.

13. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 508,279	¥ 501,354	\$ 4,590,676
Additional provisions	23,670	20,792	213,787
Reduction	(14,278)	(13,866)	(128,957)
Balance at end of year	¥ 517,672	¥ 508,279	\$ 4,675,506

14. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Short-term loans from banks and other sources with weighted-average interest rate of 0.2119% and 0.3866% at March 31, 2021 and 2020, respectively	¥ 447,092	¥ 440,521	\$ 4,038,044

Commercial paper included in short-term borrowings in the above table was ¥300,000 million (\$2,709,537 thousand) and ¥296,000 million as of March 31, 2021 and 2020, respectively.

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

15. DETAILS OF EXTRAORDINARY EXPENSES

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 in valuation loss on investment of subsidiaries and associated companies, ¥2,710 million in provision for doubtful debt and ¥14,876 million in provision for loss on guarantees.

16. EQUITY

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

(a) Dividends

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

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

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

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

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the

equity account that was charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

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

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

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

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

17. INCOME TAXES

The Group is subject to taxes based on income, such as corporate income tax and inhabitant tax, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 28.0% for the years ended March 31, 2021 and 2020. The tax effects of significant

temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities as of March 31, 2021 and 2020, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Liability for retirement benefits	¥ 104,181	¥ 103,913	\$ 940,949
Net operating tax loss carryforwards	68,350	77,729	617,331
Depreciation and amortization	91,434	90,872	825,816
Asset retirement obligations	57,436	57,652	518,754
Intercompany profit elimination	27,939	25,463	252,345
Other	158,203	166,222	1,428,860
Valuation allowance (net operating tax loss carryforwards)	(39,003)	(31,408)	(352,275)
Valuation allowance	(76,139)	(78,923)	(687,678)
Total valuation allowance	(115,143)	(110,332)	(1,039,953)
Total deferred tax assets	392,403	411,522	3,544,104
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(25,759)	(18,882)	(232,650)
Special account related to nuclear power decommissioning	(16,514)	(18,182)	(149,158)
Asset equal to asset retirement obligations	(9,860)	(11,132)	(89,059)
Other	(18,407)	(17,882)	(166,252)
Total deferred tax liabilities	(70,542)	(66,079)	(637,120)
Net deferred tax assets	¥ 321,861	¥ 345,442	\$ 2,906,983

The expiration of net operating tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2021 was as follows:

March 31, 2021	Millions of Yen						Total
	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	
Net operating tax loss							
carryforwards (a)	¥ 12,746	¥ 6,150	¥ 25,578	¥ 32	¥ 145	¥ 23,697	¥ 68,350
Less valuation allowance	5,802	176	21,501	32	145	11,345	39,003
Deferred tax assets	6,943	5,973	4,077			12,352	(b) 29,347

March 31, 2021	Thousands of U.S. Dollars						Total
	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	
Net operating tax loss							
carryforwards (a)	\$ 117,122	\$ 56,510	\$ 235,036	\$ 299	\$ 1,332	\$ 217,751	\$ 628,052
Less valuation allowance	53,318	1,625	197,568	299	1,332	104,249	358,393
Deferred tax assets	63,804	54,885	37,467			113,502	(b) 269,659

(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, 2021, 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, 2021 and 2020, is as follows:

	2021	2020
Normal effective statutory tax rate		28.0%
Less valuation allowance		4.1
Dividends received deduction		(2.6)
Other – net		0.8
Actual effective tax rate		30.3%

Note: Notes are omitted as the difference between the normal effective statutory tax rates and the actual effective tax rates in the current fiscal year is five one-hundredths or less of the normal effective statutory tax rates.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

18. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥12,225 million (\$110,418 thousand) and ¥11,923 million for the years ended March 31, 2021 and 2020, respectively.

19. RELATED-PARTY DISCLOSURES

Related-party transactions of the Group with associated companies for the years ended March 31, 2021 and 2020, were as follows:

(1) 2021

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	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.	Co-guarantees or guarantees of loans and bonds	¥ 147,931	\$ 1,336,085

(2) 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	
17.3%	Contract on uranium enrichment and disposal of low-level radioactive wastes A director concurrently serves as the Company's director and was transferred from the Company.	Co-guarantees or guarantees of loans and bonds	¥ 150,363	

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Policy for Financial Instruments

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

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

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

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

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

Although accounts receivables are exposed to customer credit risk, electricity charges, 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 21 for more details on derivatives.

(3) Risk Management for Financial Instruments

Market risk management

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

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

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

Liquidity risk management

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

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The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

(4) Fair Values of Financial Instruments

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

(a) Fair value of financial instruments

March 31, 2021	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	¥ 162,268	¥ 162,312	¥ 43
Cash and cash equivalents	291,266	291,266	
Receivables	372,417	372,417	
Total	¥ 825,952	¥ 825,996	¥ 43
Long-term debt	¥ 4,024,571	¥ 4,060,115	¥ 35,544
Short-term borrowings	447,092	447,092	
Notes and accounts payable	230,974	230,974	
Accrued income taxes	10,850	10,850	
Total	¥ 4,713,487	¥ 4,749,031	¥ 35,544
Derivatives	¥ 17,983	¥ 17,983	

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.

March 31, 2020	Millions of Yen		
	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	
March 31, 2021	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	\$ 1,465,579	\$ 1,465,970	\$ 391
Cash and cash equivalents	2,630,656	2,630,656	
Receivables	3,363,599	3,363,599	
Total	\$ 7,459,834	\$ 7,460,225	\$ 391
Long-term debt	\$ 36,349,089	\$ 36,670,118	\$ 321,029
Short-term borrowings	4,038,044	4,038,044	
Notes and accounts payable	2,086,109	2,086,109	
Accrued income taxes	97,995	97,995	
Total	\$ 42,571,238	\$ 42,892,268	\$ 321,029
Derivatives	\$ 162,422	\$ 162,422	

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 8.

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 are measured at the quoted market price.

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 21.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

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

	Carrying Amount		Thousands of U.S. Dollars
	Millions of Yen	2020	
	2021		2021
Investments in equity instruments that do not have a quoted market price in an active market	¥ 29,330	¥ 30,989	\$ 264,910
Invested instruments and other	54,279	38,583	490,240

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

March 31, 2021	Millions of Yen			
	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	¥ 500	¥ 205	¥ 200	¥ 500
Available-for-sale securities with contractual maturities		200		
Cash and cash equivalents	291,266			
Receivables	370,652	1,756	8	

March 31, 2021	Thousands of U.S. Dollars			
	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	\$ 4,515	\$ 1,851	\$ 1,806	\$ 4,515
Available-for-sale securities with contractual maturities		1,806		
Cash and cash equivalents	2,630,656			
Receivables	2,938,739	15,863	81	

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

21. DERIVATIVES

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

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

Derivative transactions entered into by the Group 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

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

March 31, 2020	Millions of Yen			
	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, 2021	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt)	\$ 19,827	\$ 9,913	\$ (4,441)	\$ (4,441)

Derivative Transactions to Which Hedge Accounting is Applied

		Millions of Yen		
March 31, 2021	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Currency swaps (buying U.S. dollars)	Fuel purchasing fund	¥ 219,075	¥ 216,611	¥ 20,523
Foreign exchange forward contracts:				
Currency swaps				
(Japanese yen payment, US dollar receipt)	Bond	53,820	53,820	(*)
Foreign exchange forward contracts:				
Foreign exchange forward contracts				
(buying U.S. dollars)	Fuel purchasing fund	3,434	2,609	184
Principle treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	190,444	189,271	(2,277)
Special hedging treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	228,841	100,474	(**)
Commodity swaps				
(fixed price payment, floating price receipt)	Fuel	1,322		44
		Millions of Yen		
March 31, 2020	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Currency swaps (buying U.S. dollars)	Fuel purchasing fund	¥ 219,075	¥ 219,075	¥ 27,163
Foreign exchange forward contracts:				
Currency swaps				
(Japanese yen payment, U.S. dollar receipt)	Bond	53,820	53,820	
Foreign exchange forward contracts:				
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)
		Thousands of U.S. Dollars		
March 31, 2021	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Currency swaps (buying U.S. dollars)	Fuel purchasing fund	\$ 1,978,642	\$ 1,956,387	\$ 185,359
Foreign exchange forward contracts:				
Currency swaps				
(Japanese yen payment, U.S. dollar receipt)	Bond	486,091	486,091	(*)
Foreign exchange forward contracts:				
Foreign exchange forward contracts				
(buying U.S. dollars)	Fuel purchasing fund	31,015	23,566	1,667
Principle treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	1,720,059	1,709,461	(20,569)
Special hedging treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt)	Long-term debt	2,066,845	907,467	(**)
Commodity swaps				
(fixed price payment, floating price receipt)	Fuel	11,942		406

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

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

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

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

22. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ 31,564	¥ (29,273)	\$ 285,087
Reclassification adjustments to loss (profit)	(3,367)	990	(30,412)
Amount before income tax effect	28,197	(28,282)	254,675
Income tax effect	(7,701)	8,143	(69,554)
Total	¥ 20,496	¥ (20,139)	\$ 185,121
Deferred gain (loss) on derivatives under hedge accounting:			
Gain (loss) arising during the year	¥ (9,836)	¥ 30,824	\$ (88,839)
Reclassification adjustments to profit (loss)	(30)	25	(279)
Adjustments to acquisition costs of assets	3,872	2,231	34,979
Amount before income tax effect	(5,994)	33,081	(54,139)
Income tax effect	1,706	(6,802)	15,410
Total	¥ (4,288)	¥ 26,279	\$ (38,729)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (2,583)	¥ (1,884)	\$ (23,333)
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (3,682)	¥ (605)	\$ (33,263)
Reclassification adjustments to profit	2,668	3,056	24,098
Amount before income tax effect	(1,014)	2,451	(9,164)
Income tax effect	283	(696)	2,564
Total	¥ (730)	¥ 1,754	\$ (6,600)
Share of other comprehensive income in associates:			
(Losses) gains arising during the year	¥ 6,443	¥ (4,110)	\$ 58,193
Reclassification adjustments to profit	(494)	2,935	(4,466)
Total	¥ 5,948	¥ (1,174)	\$ 53,727
Total other comprehensive income	¥ 18,842	¥ 4,835	\$ 170,185

23. COMMITMENTS AND CONTINGENCIES

At March 31, 2021, the Group had firm purchase commitments, principally related to utility plant expansion, of approximately ¥600,044 million (\$5,419,480 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, 2021, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited (Note 17)	¥ 147,931	\$ 1,336,085
Other	77,864	703,253
Total	¥ 225,795	\$ 2,039,339
A guarantee about power supply for PT Bhumi Jati Power	¥ 2,793	\$ 25,225

24. NET INCOME PER SHARE

Diluted net income per share ("EPS") for the years ended March 31, 2021 and 2020, 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, 2021

Basic EPS:

Net income attributable to common shareholders	¥ 108,978	893,130	¥ 122.02	\$ 1.10
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For the year ended March 31, 2020

Basic EPS:

Net income attributable to common shareholders	¥ 130,002	893,162	¥ 145.55	
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As noted in Note 5, 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 (129,782 shares and 139,900 shares in 2021 and 2020) is reflected.

Notes to Consolidated Financial Statements

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25. 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 Company established the "Kansai Electric Power Group Medium-term Management Plan (2019-2021)" and transferred its general electricity transmission and distribution business through company split to Kansai Transmission and Distribution, Inc. In accordance with the above, the Company changed the reportable segments from this consolidated fiscal year. We divided the "Comprehensive Energy/Transmission and Distribution Business" that provides overall energy solutions (such as electricity, gas and utility service) into the following business segments: "Power Generation and Sales Business" that provides power generation business and retail electricity business that the Company operates domestically and bears the management function of the whole group as the operating holding company, "Transmission and Distribution Business" that provides services focused on general electricity transmission and distribution, and "Gas and Other Energy Business" that includes other business included in the "Comprehensive Energy/Transmission and Distribution Business," and also set up the "Information and Telecommunications Business" segment that provides comprehensive information and telecommunication services, and the "Real Estate Business" segment that provided real estate business. Based on the quantitative criteria specified in the "Accounting Standard for Disclosure of Segment Information" (No. 17 Accounting Standards Board of Japan), we have set "Power Generation and Sales Business," "Transmission and Distribution Business," "Gas and Other Energy Business,"

"Information and Telecommunications Business" and "Life/Business Solution Business" as our reporting segments.

The aggregate of Generating/Sales business, Transmission and Distribution business and Gas/Other Energies segments is presented as the Comprehensive Energy/Transmission and Distribution Business.

2. Matters on the changes of reportable segments

On April 1, 2020, we have transferred the general electricity transmission and distribution business that we operate to "Kansai Transmission and Distribution, Inc." by executing an absorption-type split.

Due to such transfer, from the current consolidated fiscal year, the reporting segments were changed so that the previous "Electricity Business" is divided into "Power Generation and Sales Business" and "Transmission and Distribution Business." Also, of the companies that were previously sorted into "Gas and Other Energy Business," companies that are closely related to general electricity transmission and distribution business were changed to, and sorted into, the "Transmission and Distribution Business."

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

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

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

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

Millions of Yen									
2021									
Reportable Segment									
Comprehensive Energy/Transmission and Distribution Business									
Power Generating and Sales	Transmission and Distribution	Gas/Other Energies	Subtotal	IT/ Communications	Life/Business Solution	Total	Reconciliations	Consolidated	
Sales:									
Sales to external customers	¥ 2,034,494	¥ 386,423	¥ 324,150	¥ 2,745,068	¥ 219,396	¥ 127,933	¥ 3,092,398		¥ 3,092,398
Intersegment sales or transfers	168,310	616,580	222,539	1,007,430	74,385	48,257	1,130,074	¥ (1,130,074)	
Total	¥ 2,202,805	¥ 1,003,004	¥ 546,690	¥ 3,752,499	¥ 293,781	¥ 176,191	¥ 4,222,472	¥ (1,130,074)	¥ 3,092,398
Segment profit	¥ 31,403	¥ 68,381	¥ 52,935	¥ 152,720	¥ 38,694	¥ 17,349	¥ 208,763	¥ (54,913)	¥ 153,850
Segment assets	6,070,614	2,566,333	1,225,822	9,862,769	345,722	762,717	10,971,209	(2,895,454)	8,075,755
Other:									
Depreciation	92,790	109,533	25,117	227,441	51,172	10,923	289,538	(4,915)	284,622
Interest income	11,351	86	552	11,990	3	150	12,143	(11,400)	742
Interest expenses	20,870	10,031	1,634	32,536	291	829	33,657	(11,194)	22,462
Equity gains of associated companies			13,703	13,703			13,703		13,703
Increase in property and intangible assets	408,273	131,594	31,017	570,886	44,664	54,548	670,099	(14,252)	655,847
Investment in associated companies that applied the equity method			289,706	289,706			289,706		289,706
Millions of Yen									
2020									
Reportable Segment									
Comprehensive Energy/Transmission and Distribution Business									
Power Generating and Sales	Transmission and Distribution	Gas/Other Energies	Subtotal	IT/ Communications	Life/Business Solution	Total	Reconciliations	Consolidated	
Sales:									
Sales to external customers	¥2,287,105	¥ 248,789	¥ 303,312	¥2,839,207	¥220,347	¥ 124,704	¥ 3,184,259		¥3,184,259
Intersegment sales or transfers	149,372	619,470	193,719	962,562	70,338	48,650	1,081,551	¥(1,081,551)	
Total	¥2,436,477	¥ 868,260	¥ 497,032	¥3,801,769	¥290,686	¥ 173,354	¥ 4,265,811	¥(1,081,551)	¥3,184,259
Segment profit	¥ 59,023	¥ 71,798	¥ 37,076	¥ 167,898	¥ 34,142	¥ 20,574	¥ 222,615	¥ (11,073)	¥ 211,541
Segment assets	5,607,972	2,529,183	1,161,519	9,298,675	356,308	675,924	10,330,908	(2,718,178)	7,612,729
Other:									
Depreciation	84,985	104,085	23,873	212,944	53,949	9,296	276,189	(4,217)	271,972
Interest income	12,090	74	1,883	14,048	4	132	14,186	(12,144)	2,042
Interest expenses	22,804	10,777	2,997	36,579	494	685	37,759	(11,883)	25,875
Equity gains of associated companies			13,872	13,872			13,872		13,872
Increase in property and intangible assets	313,780	133,233	40,443	487,456	41,179	51,325	579,961	(18,021)	561,939
Investment in associated companies that applied the equity method			273,788	273,788			273,788		273,788
Thousands of U.S. Dollars									
2021									
Reportable Segment									
Comprehensive Energy/Transmission and Distribution Business									
Power Generating and Sales	Transmission and Distribution	Gas/Other Energies	Subtotal	IT/ Communications	Life/Business Solution	Total	Reconciliations	Consolidated	
Sales:									
Sales to external customers	\$ 18,375,132	\$ 3,490,096	\$ 2,927,660	\$ 24,792,889	\$ 1,981,539	\$ 1,155,472	\$ 27,929,900		\$ 27,929,900
Intersegment sales or transfers	1,520,145	5,568,828	2,009,932	9,098,905	671,837	435,850	10,206,593	\$(10,206,593)	
Total	\$ 19,895,277	\$ 9,058,925	\$ 4,937,592	\$ 33,891,795	\$ 2,653,376	\$ 1,591,322	\$ 38,136,494	\$(10,206,593)	\$ 27,929,900
Segment profit	\$ 283,625	\$ 617,608	\$ 478,102	\$ 1,379,336	\$ 349,480	\$ 156,694	\$ 1,885,511	\$ (495,967)	\$ 1,389,544
Segment assets	54,828,522	23,178,592	11,071,370	89,078,486	3,122,489	6,888,709	99,089,684	(26,151,142)	72,938,542
Other:									
Depreciation	838,062	989,285	226,860	2,054,208	462,181	98,660	2,615,049	(44,394)	2,570,655
Interest income	102,526	778	4,987	108,291	33	1,354	109,680	(102,969)	6,710
Interest expenses	188,495	90,606	14,763	293,865	2,630	7,491	303,986	(101,107)	202,878
Equity gains of associated companies			123,769	123,769			123,769		123,769
Increase in property and intangible assets	3,687,443	1,188,536	280,146	5,156,125	403,402	492,671	6,052,199	(128,722)	5,923,477
Investment in associated companies that applied the equity method			2,616,570	2,616,570			2,616,570		2,616,570

INDEPENDENT AUDITOR'S REPORT



Deloitte Touche Tohmatsu LLC
Yodoyabashi Mitsui Building
4-1-1 Imabashi, Chuo-ku
Osaka 541-0042
Japan

Tel: +81 (6) 4560 6000
Fax: +81 (6) 4560 6001
www.deloitte.com/jp/en

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, 2021, 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, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matters

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

Recoverability of deferred tax assets

Key Audit Matter Description

As stated in the Notes “3. SIGNIFICANT ACCOUNTING ESTIMATES” and “17. INCOME TAXES,” The Kansai Electric Power Company, Incorporated (the “Company”) recorded net deferred tax assets of ¥326,785 million (\$2,951,460 thousand) as of March 31, 2021, of which ¥29,347 million (\$265,056 thousand) was attributed to net operating tax loss carryforwards.

Deferred tax assets are recognized after deducting the amount of unrecoverable taxes during the future accounting periods, so it is necessary to determine the recoverability of these assets. The recoverability of deferred tax assets is determined by whether the assets would have the effect of reducing the amount of tax payments in the future. The appropriateness of the recoverability of deferred tax assets is addressed in the Accounting Standards Board of Japan (ASBJ) Guidance No. 26, “Implementation Guidance on Recoverability of Deferred Tax Assets.” The related assumptions used to determine the recoverability of deferred tax assets, such as the electricity sales volume and the power generation composition ratio of the operation of the plant, which were used in the calculation of taxable income before the addition and subtraction of temporary differences on the basis of future profitable earnings, were matters that involved significant judgments by management. As they required a high degree of auditor judgment related to accounting estimates, we identified the recoverability of deferred tax assets as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

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

- We tested the occurrence of taxable income in the past three years and the current year in order to assess the appropriateness of the Company's evaluation of the recoverability of its deferred tax assets. We also tested the changes in the business environment surrounding the Company, including trends in the national energy policy, and its potential impact on the Company's income and expenditure in order to evaluate factors that may affect future profitability.
In performing these procedures, we inspected the minutes, including related materials, of the Board of Directors meetings, executive officers' meetings and other relevant meetings; made inquiries of the Company's executives and inspected the contents of the meetings including related materials issued by the supervisory authorities.
- We assessed the appropriateness of future deductive temporary difference, which management made to calculate the recoverable amount of deferred tax assets.
In this procedure, we evaluated the assumptions used in the estimation of taxable income before the addition and subtraction of temporary differences based on estimated future profitability, including the following items:
 - We tested the consistency of the forecasts of electricity sales and the sales forecasts estimated based on the amount of contract acquisitions and withdrawals of electricity sales that are expected in the future. In addition, we evaluated the reliability of the estimate of the prior-year sales plan by comparing it with the actual sales results.
 - We tested whether the plant's operation assumptions are consistent with the facility's capacity, supply plan and operation plan, which are published information, specifically regarding the expected operations of nuclear power plants. We inquired with relevant executives the status of the Company's compliance with regulatory standards and inspected the content of the proceedings of the Nuclear Regulatory Commission.

INDEPENDENT AUDITOR'S REPORT

Investment valuation

Key Audit Matter Description

In the consolidated financial statements as of March 31, 2021, the Company recorded "Investment securities" of ¥246,518 million (\$2,226,506 thousand) and "Investments in and advances to unconsolidated subsidiaries and associated companies" of ¥550,897 million (\$4,975,587 thousand).

In particular, ¥208,216 million (\$1,880,566 thousand) or 21 cases of these investments were attributed to the investment in power generation and power transmission and distribution pertaining to the International Business and Cooperation division, which included projects that are under operation, under construction and in the development stage. Some of the investments were acquired at a considerably higher value than the net assets per share because the Company expected future excess profit potential.

Since such investments vary based on the countries and operations of the projects and are greatly affected by the regulatory environment in each country and the external environment, such as the electric power market, there are risks that the funding environment may fluctuate sharply due to changes in the business environment, and the income and expenditures may deteriorate sharply due to the decrease in the electricity sales volume and decrease in unit sales prices. In addition, there is a risk that the projects become unprofitable because of cost overruns due to delays in construction work and other factors.

The valuation of these investments is determined using net assets or future cash flows based on the related business plans. The trends in the electricity market in each country and the evaluation of risks arising from business operations, which are assumptions that impact the valuation, are matters that involve significant judgments by management. Since a high degree of judgment is required to evaluate these accounting estimates, we identified the valuation of investments as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

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

- We tested the validity of the valuation methodology applied for each investment.
- For the significant new investments, we understood the business environment, including the background of the investments, business schemes, and regulatory environments in each country and assessed risks by inquiring executives of the International Business and Cooperation division and inspecting the minutes of the Board of Directors meetings and executive officers' meetings including related materials. Based on the risk assessment results, especially for the investments whose acquisition prices significantly exceeded the book values of the net assets acquired, we assessed the validity of the acquisition price by comparing it to the valuation calculated using future cash flows based on the related business plans.
- For significant investments, we tested the valuation of the investment by performing the following procedures which varied based on the results of the individual risk assessment:
 - For the projects under operation we evaluated if there were environmental changes such as the decrease in the electricity sales volumes and the decline of the electricity unit price by inspecting the investee's financial statements and inquiring executives of the International Business and Cooperation division.
In addition, for the projects which were acquired at a significantly higher price than the value of the net assets acquired due to future profit potential, we tested the changes of the business plan from the initial business plan by comparing cash flows based on business plan at the time of the investment and the actual results of the cash flows in order to evaluate the excess earning power that was expected.
 - For projects before the start of operations, we tested if some projects became unprofitable because of cost overruns due to the delay in construction work by inquiring executives of the International Business and Cooperation division. In addition, we tested the changes from the initial business plan by comparing cash flows based on the business plan at the time of the investment with the actual results of the cash flows.

Evaluation of the status of improvement of internal controls based on the business improvement plan

Key Audit Matter Description

On March 30, 2020, the Company submitted a business improvement plan based on the following three pillars to the Minister of Economy, Trade and Industry, in response to the order to improve operations based on the Electricity Business Act from the minister in connection with the incident of acceptance of cash and gifts by the Company's officers/employees:

1. Drastic Enhancement of a System of Compliance and the Creation of a Compliance-Oriented and Sound Organizational Climate

In order to enhance compliance-related supervisory functions the Company will reestablish a system of compliance by creating a compliance committee (the "Compliance Committee") directly under the Board of Directors. The chairman of the Compliance Committee should be an external individual, and a majority of the members of the Compliance Committee should also be external individuals.

2. Establishment of a Business Operation System for Ensuring Reasonableness and Transparency in Business Procedures Relating to the Issuance of Work Orders and Execution of Work Contracts

The Company will ensure reasonableness and transparency in business procedures relating to issuance of work orders and execution of work contracts by developing clear rules concerning such order issuances and contract executions and by establishing procedures for the examination and review of such transactions after the work order is issued or the work contract is executed by the newly established procurement review committee (the "Procurement Review Committee") from an external expert's perspective.

3. Development of a New Corporate Management Regime

The Company will shift to a "Company with Nominating Committees, etc." with the aim of making a clear separation between execution and supervision and developing an effective governance regime attaching importance to external objective perspectives for the purpose of enhancing the supervisory functions of the Board of Directors.

The business improvement plan includes improving entity-level internal controls over financial reporting. In general, since entity-level internal controls are the foundation of internal control over business processes, the risk of material misstatements increase under circumstances where the controls are not sufficient.

Specifically, if the internal controls to secure the appropriateness and effectiveness over the process related to the issuance of construction orders and execution are not designed and operated effectively, the risk of material misstatement in construction transactions increases.

Accordingly, we judged that it was a key audit matter because it was particularly necessary to carefully evaluate the status of improvement of entity-level internal controls based on the business improvement plan and its impact on business process controls pertaining to construction orders and contracts.

INDEPENDENT AUDITOR'S REPORT

How the Key Audit Matter Was Addressed in the Audit

In order to evaluate the status of improvement of the entity-level internal controls based on the business improvement plan and its impact on business process controls pertaining to construction orders and contracts, we performed the following procedures, among others:

- We evaluated the contents and status of implementation of the business improvement plan by inspecting the minutes of the Board of Directors' and executive officers' meetings and the documents which reported the status of implementation of the business improvement plan and discussing with the Company's president and executive officer in charge of the Compliance Promotion division.
- We discussed the status with the chairman of the Board of Directors, the Company's audit committee (the "Audit Committee"), and the Internal Audit department for the purpose of evaluating the effectiveness of the business improvement plan.
- In evaluating entity-level internal control, we tested whether the internal controls, that were implemented or improved based on the business improvement plan, were designed and operated effectively by inquiring the relevant divisions and inspecting the relevant documents as follows:
 1. We inquired the members of the Compliance Committee and the Compliance Promotion division and inspected various corporate regulations related to compliance and the minutes of the Compliance Committee meetings in order to evaluate the compliance system established and evaluate that efforts to foster a compliance-oriented organizational culture have progressed.
 2. We inquired the members of the Procurement Review Committee and inspected various corporate regulations pertaining to procurement examinations and minutes of the Procurement Review Committee meetings for the purpose of evaluating that the controls pertaining to orders and contracts for construction operated effectively. In addition, we tested the status of the examination by the Procurement Review Committee on a sample basis for the purpose of evaluating the reliability of the procurement examination.
 3. We inquired the office of the Board of Directors and the Audit Committee and inspected various corporate regulations pertaining to each committee and the minutes of each committee meeting for the purpose of evaluating that the new business corporate management regime was operated effectively.
- In evaluating the business process relating to issuance of work orders and execution of work contracts, we evaluated the effectiveness of design and operation over the controls pertaining to orders and contracts for construction operated by the Purchase department, which was independent from departments responsible for the construction, by inquiring the Purchase department and inspecting documents pertaining to contracts.
- In regard to the new facts related to the acceptance of cash and gifts, we tested the impact on the consolidated financial statements and business improvement plans by inquiring the members of the Compliance Committee and the Compliance Promotion division and inspecting the investigation reports.

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 it necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern; disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

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

Deloitte Touche Tohmatsu LLC

June 25, 2021

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements
for the Year Ended March 31, 2021

Non-Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated March 31, 2021

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
PROPERTY:			
Plant and equipment	¥ 7,078,919	¥ 14,912,470	\$ 63,935,323
Construction in progress	528,767	743,620	4,775,714
Contributions in aid of construction	(101,775)	(473,575)	(919,217)
Accumulated depreciation and amortization	(5,481,499)	(11,175,140)	(49,507,762)
Plant and equipment – net	2,024,410	4,007,375	18,284,058
Nuclear fuel, net of amortization	528,442	509,313	4,772,778
Property – net	2,552,852	4,516,688	23,056,836
INVESTMENTS AND OTHER ASSETS:			
Investment securities	1,141,910	107,615	10,313,494
Investments in and advances to subsidiaries and associated companies	2,921,875	975,002	26,389,769
Long-term loans receivable	196	240	1,775
Special account related to nuclear power decommissioning	59,074	65,038	533,548
Special account related to reprocessing of spent nuclear fuel	119,057	87,960	1,075,298
Deferred tax assets	251,766	286,216	2,273,906
Other assets	(838,966)	138,655	(7,577,370)
Total investments and other assets	3,654,913	1,660,729	33,010,421
CURRENT ASSETS:			
Cash and cash equivalents	216,763	213,309	1,957,760
Accounts receivable	218,059	229,361	1,969,465
Allowance for doubtful accounts	(14,175)	(1,675)	(128,026)
Inventories	45,730	70,895	413,026
Other current assets	184,261	58,549	1,664,215
Total current assets	650,639	570,441	5,876,441
TOTAL	¥ 6,858,406	¥ 6,747,858	\$ 61,943,699

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥110.72= U.S. \$1, the approximate rate of exchange at March 31, 2021.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities	¥ 3,306,521	¥ 2,956,449	\$ 29,863,818
Liability for retirement benefits	184,999	334,372	1,670,874
Asset retirement obligations	506,822	498,361	4,577,518
Other long-term liabilities	211,247	249,648	1,907,947
Total long-term liabilities	4,209,591	4,038,832	38,020,158
CURRENT LIABILITIES:			
Current maturities of long-term debt	534,487	501,400	4,827,381
Short-term borrowings	130,000	130,000	1,174,132
Commercial paper	300,000	296,000	2,709,537
Accounts payable	138,152	117,438	1,247,764
Payable to subsidiaries and associated companies	260,237	249,759	2,350,414
Provision for loss on guarantees	1,738	14,876	15,700
Accrued expenses and other current liabilities	240,711	370,925	2,174,060
Total current liabilities	1,605,328	1,680,400	14,498,991
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	25,985	27,431	234,693
EQUITY:			
Common stock-authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2021, and 2020	489,320	489,320	4,419,442
Capital surplus			
Additional paid-in capital	67,031	67,031	605,412
Retained earnings:			
Legal reserve	49,665	45,197	448,570
Unappropriated	445,047	454,691	4,019,572
Unrealized gain on available-for-sale securities	62,882	41,738	567,946
Deferred loss on derivatives under hedge accounting	273	(75)	2,473
Treasury stock – at cost 45,314,253 shares in 2021, and 45,296,320 shares in 2020	(96,720)	(96,711)	(873,561)
Total equity	1,017,500	1,001,193	9,189,855
TOTAL	¥ 6,858,406	¥ 6,747,858	\$ 61,943,699

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥110.72= U.S. \$1, the approximate rate of exchange at March 31, 2021.

Non-Consolidated Statements of Income

The Kansai Electric Power Company, Incorporated Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
OPERATING REVENUES:			
Electricity operating revenues:			
Residential	¥ 760,180	¥ 816,921	\$ 6,865,789
Commercial and industrial	1,066,983	1,272,471	9,636,771
Other	375,641	438,758	3,392,716
Sub-total	2,202,805	2,528,151	19,895,277
Incidental operating revenues	129,803	130,684	1,172,356
Total	2,332,608	2,658,836	21,067,634
OPERATING EXPENSES:			
Electricity operating expenses:			
Personnel expenses	103,847	207,442	937,929
Fuel costs	393,432	456,934	3,553,400
Cost of purchased power	381,154	454,027	3,442,507
Maintenance costs	104,373	194,224	942,683
Depreciation	92,748	187,676	837,688
Taxes	40,383	134,819	364,733
Other	1,097,347	768,522	9,911,017
Sub-total	2,213,288	2,403,647	19,989,961
Incidental operating expenses	125,088	129,519	1,129,776
Total	2,338,377	2,533,167	21,119,737
OPERATING INCOME (LOSS)	(5,768)	125,669	(52,103)
OTHER (INCOME) EXPENSES:			
Interest and dividends income	(57,122)	(13,942)	(515,915)
Interest expense	20,870	22,805	188,495
Other – net	(5,634)	(8,204)	(50,888)
Total	(41,886)	658	(378,309)
EXTRAORDINARY EXPENSES:			
Provision for loss on guarantees	–	14,876	–
Total extraordinary expenses	–	14,876	–
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES	36,117	125,010	326,205
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(1,446)	(957)	(13,065)
INCOME BEFORE INCOME TAXES	37,564	111,091	339,271
INCOME TAXES:			
Current	(28,048)	4,507	(253,327)
Deferred	26,109	27,483	235,814
Total	(1,939)	31,990	(17,512)
NET INCOME	¥ 39,503	¥ 79,100	\$ 356,784

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥110.72= U.S. \$1, the approximate rate of exchange at March 31, 2021.

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated Year Ended March 31, 2021

	Millions of Yen									
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus		Retained Earnings		Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Total Equity
			Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated				
BALANCE, APRIL 1, 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)				
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
Cash dividends					4,467	(49,146)				(44,678)
Net income						39,503				39,503
Purchase of treasury stock							(12)			(12)
Disposal of treasury stock				(1)			3			1
Transfer to capital surplus										
from retained earnings				1		(1)				
Net change in the year								21,144	349	21,493
BALANCE, MARCH 31, 2021	938,733,028	¥489,320	¥67,031		¥46,665	¥445,047	¥(96,720)	¥62,882	¥273	¥1,017,500

	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, 2020	\$4,419,442	\$605,412		\$408,217	\$4,106,680	\$ (873,475)	\$376,971	\$ (679)	\$9,042,569
Cash dividends				40,352	(443,878)				(403,525)
Net income					356,784				356,784
Purchase of treasury stock						(113)			(113)
Disposal of treasury stock			(13)			27			13
Transfer to capital surplus									
from retained earnings			13		(13)				
Net change in the year							190,974	3,153	194,127
BALANCE, MARCH 31, 2021	\$4,419,442	\$605,412		\$448,570	\$4,019,572	\$ (873,561)	\$567,946	\$2,473	\$9,189,855

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥110.72= U.S. \$1, the approximate rate of exchange at March 31, 2021.