Consolidated Financial Statements

The Chugoku Electric Power Company, Incorporated and Consolidated Subsidiaries

Year ended March 31, 2026
with Independent Auditor's Report

The Chugoku Electric Power Company, Incorporated
and Consolidated Subsidiaries

Consolidated Financial Statements

Year ended March 31, 2026

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Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2026	As of March 31, 2025
Assets		
Non-current assets	3,790,640	3,665,124
Electric utility plant and equipment (Note 7 and 8)	1,933,504	1,942,913
Hydroelectric power production facilities	118,566	115,044
Thermal power production facilities	301,775	329,555
Nuclear power production facilities	471,625	498,087
Transmission facilities	297,187	293,479
Transformation facilities	179,797	173,387
Distribution facilities	425,917	415,273
General facilities	97,723	84,811
Inactive facilities	8,733	9,709
Other electric utility plant and equipment	32,179	23,563
Other non-current assets (Note 7, 8 and 11)	122,248	121,380
Construction in progress	1,087,923	955,043
Construction and retirement in progress	1,049,603	920,958
Special account related to reprocessing of spent nuclear fuel	38,320	34,085
Nuclear fuel	155,343	151,398
Loaded nuclear fuel and nuclear fuel in processing	155,343	151,398
Investments and other assets	491,619	494,388
Long-term investments	119,182	128,677
Long-term investments in subsidiaries and associates (Note 9 and 11)	238,650	225,685
Retirement benefit asset	76,633	69,802
Deferred tax assets	47,536	61,047
Other	9,837	9,446
Allowance for doubtful accounts	(220)	(271)
Current assets	829,860	695,835
Cash and deposits (Note 11)	423,362	286,731
Notes and accounts receivable - trade, and contract assets (Note 12)	108,460	129,650
Inventories	90,593	85,892
Other (Note 11)	207,782	193,997
Allowance for doubtful accounts	(338)	(435)
Total	4,620,500	4,360,959

(Millions of yen)

	As of March 31, 2026	As of March 31, 2025
Liabilities and net assets		
Non-current liabilities	3,192,671	3,019,862
Bonds payable (Note 10 and 11)	1,216,690	1,241,690
Long-term borrowings (Note 10 and 11)	1,819,855	1,613,729
Contribution payable for nuclear reactor decommissioning	87,311	90,544
Retirement benefit liability	45,867	50,270
Other (Note 10)	22,947	23,628
Current liabilities	652,536	635,231
Current portion of non-current liabilities (Note 10 and 11)	260,913	222,287
Short-term borrowings	7,000	76,295
Accounts payable - trade	107,045	117,709
Accrued taxes	18,029	14,505
Other (Note 10 and 11)	259,548	204,434
Total liabilities	3,845,208	3,655,094
Shareholders' equity	693,186	636,153
Share capital	197,024	197,024
Capital surplus	28,548	28,537
Retained earnings	507,192	450,180
Treasury shares	(39,578)	(39,588)
Accumulated other comprehensive income	84,056	71,382
Valuation difference on available-for-sale securities	14,950	11,882
Deferred gains or losses on hedges	9,011	7,004
Foreign currency translation adjustment	45,706	43,072
Remeasurements of defined benefit plans	14,388	9,422
Non-controlling interests	(1,950)	(1,670)
Total net assets	775,292	705,865
Total	4,620,500	4,360,959

Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2026	For the fiscal year ended March 31, 2025
Operating revenue (Note 14)	1,442,302	1,529,218
Electric utility operating revenue	1,294,874	1,358,528
Other business operating revenue	147,427	170,689
Operating expenses (Note 15)	1,352,086	1,400,069
Electric utility operating expenses	1,216,364	1,248,328
Other business operating expenses	135,721	151,741
Operating profit	90,216	129,148
Non-operating income	36,429	29,670
Dividend income	1,852	1,498
Interest income	1,872	1,046
Share of profit of entities accounted for using equity method	7,859	8,304
Gain on derivatives	8,513	6,667
Gain on valuation of derivatives	7,290	-
Other	9,040	12,154
Non-operating expenses	46,420	30,275
Interest expenses	25,797	14,480
Loss on derivatives	9,799	3,538
Loss on valuation of derivatives	-	3,032
Other	10,823	9,223
Total ordinary revenue	1,478,732	1,558,888
Total ordinary expenses	1,398,506	1,430,344
Ordinary profit	80,225	128,543
Extraordinary income	10,529	12,193
Gain on sale of nuclear fuel	10,529	12,193
Extraordinary losses	-	13,992
Loss on sale of non-current assets (Note 16)	-	7,021
Impairment losses (Note 16)	-	6,970
Profit before income taxes	90,755	126,745
Income taxes - current	12,200	13,961
Income taxes - deferred	10,239	14,637
Total income taxes	22,440	28,598
Profit	68,315	98,146
Loss attributable to non-controlling interests	(223)	(328)
Profit attributable to owners of parent	68,539	98,474

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2026	For the fiscal year ended March 31, 2025
Profit	68,315	98,146
Other comprehensive income		
Valuation difference on available-for-sale securities	479	(1,156)
Deferred gains or losses on hedges	3,573	(216)
Foreign currency translation adjustment	(349)	7,684
Remeasurements of defined benefit plans, net of tax	3,068	112
Share of other comprehensive income of entities accounted for using equity method	5,916	10,745
Total other comprehensive income	12,688	17,169
Comprehensive income	81,003	115,316
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	81,212	115,876
Comprehensive income attributable to non-controlling interests	(208)	(560)

Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	197,024	28,537	450,180	(39,588)	636,153
Changes during period					
Dividends of surplus			(11,526)		(11,526)
Profit attributable to owners of parent			68,539		68,539
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares		(0)		27	27
Other		11		(9)	2
Net changes in items other than shareholders' equity					
Total changes during period	-	11	57,012	10	57,033
Balance at end of period	197,024	28,548	507,192	(39,578)	693,186

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,882	7,004	43,072	9,422	71,382	(1,670)	705,865
Changes during period							
Dividends of surplus							(11,526)
Profit attributable to owners of parent							68,539
Purchase of treasury shares							(8)
Disposal of treasury shares							27
Other							2
Net changes in items other than shareholders' equity	3,067	2,006	2,634	4,965	12,673	(280)	12,393
Total changes during period	3,067	2,006	2,634	4,965	12,673	(280)	69,427
Balance at end of period	14,950	9,011	45,706	14,388	84,056	(1,950)	775,292

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	197,024	28,534	364,237	(38,902)	550,893
Changes during period					
Dividends of surplus			(12,608)		(12,608)
Profit attributable to owners of parent			98,474		98,474
Purchase of treasury shares				(686)	(686)
Disposal of treasury shares		(0)		0	0
Other		3	76	(0)	78
Net changes in items other than shareholders' equity					
Total changes during period	-	3	85,942	(686)	85,259
Balance at end of period	197,024	28,537	450,180	(39,588)	636,153

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	13,355	5,747	26,888	7,988	53,980	8,527	613,401
Changes during period							
Dividends of surplus							(12,608)
Profit attributable to owners of parent							98,474
Purchase of treasury shares							(686)
Disposal of treasury shares							0
Other							78
Net changes in items other than shareholders' equity	(1,472)	1,257	16,183	1,433	17,401	(10,197)	7,204
Total changes during period	(1,472)	1,257	16,183	1,433	17,401	(10,197)	92,463
Balance at end of period	11,882	7,004	43,072	9,422	71,382	(1,670)	705,865

Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2026	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	90,755	126,745
Depreciation	139,139	114,837
Amortization of nuclear fuel	4,012	1,314
Share of loss (profit) of entities accounted for using equity method	(7,859)	(8,304)
Loss on retirement of non-current assets	4,460	5,490
Loss (gain) on valuation of derivatives	(7,290)	3,032
Increase (decrease) in retirement benefit liability	(2,220)	(1,921)
Decrease (increase) in retirement benefit asset	(4,610)	(3,158)
Interest and dividend income	(3,725)	(2,544)
Interest expenses	25,797	14,480
Gain on sale of nuclear fuel	(10,529)	(12,193)
Increase (decrease) in contribution payable for nuclear reactor decommissioning	(3,233)	(3,233)
Decrease (increase) in accounts receivable - trade, and contract assets	20,506	(16,511)
Decrease (increase) in inventories	(3,225)	(13,143)
Increase (decrease) in trade payables	(10,788)	16,974
Other, net	29,156	14,510
Subtotal	260,344	236,375
Interest and dividends received	6,929	5,438
Interest paid	(25,404)	(13,445)
Income taxes refund (paid)	(4,579)	(42,345)
Net cash provided by (used in) operating activities	237,289	186,022
Cash flows from investing activities		
Purchase of non-current assets	(267,145)	(378,352)
Proceeds from sale of non-current assets	23,450	24,006
Investments and loan advances	(6,302)	(15,003)
Proceeds from divestments and collection of loans receivable	6,776	11,383
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	2,705
Other, net	6,974	(3,580)
Net cash provided by (used in) investing activities	(236,245)	(358,839)

(Millions of yen)

	For the fiscal year ended March 31, 2026	For the fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from issuance of bonds	39,882	260,660
Redemption of bonds	(84,600)	(163,185)
Proceeds from long-term borrowings	398,800	196,400
Repayments of long-term borrowings	(134,710)	(122,213)
Proceeds from short-term borrowings	194,460	173,670
Repayments of short-term borrowings	(262,940)	(167,355)
Dividends paid	(11,530)	(12,612)
Dividends paid to non-controlling interests	(71)	(121)
Other, net	(3,901)	(4,061)
Net cash provided by (used in) financing activities	135,389	161,182
Effect of exchange rate change on cash and cash equivalents	197	600
Net increase (decrease) in cash and cash equivalents	136,631	(11,033)
Cash and cash equivalents at beginning of period	286,672	298,465
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(759)
Cash and cash equivalents at end of period (Note 18)	423,303	286,672

Notes to Consolidated Financial Statements

The Chugoku Electric Power Co., Inc. and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying Consolidated Financial Statements of The Chugoku Electric Power Co., Inc. ("the Company") and its consolidated subsidiaries (together with the Company, "the Companies") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and the Electricity Business Act and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying Consolidated Financial Statements have been translated into English from the Consolidated Financial Statements of the Company prepared in accordance with Japanese GAAP and filed with the Director-General of the Kanto Local Finance Bureau as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language Consolidated Financial Statements, but not required for fair presentation, is not presented in the accompanying Consolidated Financial Statements.

Numerical values less than one million yen are rounded off, excluding per share information. As a result, total values and numerical values obtained by summing each item will not necessarily match.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies used in the preparation of the Consolidated Financial Statements.

Consolidation

The accompanying Consolidated Financial Statements include the accounts of the Company and significant companies over which the Company has power of control through majority voting rights or existence of certain other conditions evidencing control by the Company. In the elimination of investments in subsidiaries, all the assets and liabilities of a subsidiary, not only to the extent of the Company's share but also including the non-controlling interest share, are evaluated based on fair value at the time the Company acquired control of the subsidiary.

Investments in non-consolidated subsidiaries and affiliated companies over which the Company has the ability to exercise significant influence over the operating and financial policies of the investees are accounted for using the equity method.

For the year ended March 31, 2026, 20 subsidiaries (20 in 2025) were consolidated and 8 (6 in 2025) subsidiaries were excluded from consolidation due to their immateriality for the consolidated total assets, sales, profit, and retained earnings, etc., in the Consolidated Financial Statements.

For the year ended March 31, 2026, 6 non-consolidated subsidiaries (5 in 2025) and 13 affiliated companies (13 in 2025) were accounted for by the equity method.

For the year ended March 31, 2026, 16 affiliated companies and 2 subsidiaries (16 affiliated companies and 1 subsidiary in 2025) were stated at cost without applying the equity method of accounting. Even if the equity method had been applied to these investments, the amounts of profit and retained earnings, etc., would individually have had only a slight effect and together would have had no material impact on the Consolidated Financial Statements.

The consolidated subsidiaries whose accounting closing date differs from the consolidated closing date are Chugoku Electric Power Australia Resources Pty. Ltd., Chugoku Electric Power International Netherlands B.V., Chugoku Electric Power America, LLC and Chugoku Electric Power Singapore Pte. Ltd. These companies have December 31 as their closing dates. In drawing up the Consolidated Financial Statements, the Company uses these consolidated subsidiaries' financial statements as of their closing dates and makes the necessary adjustments, in consolidated terms, for significant transactions that occur between their closing dates and the consolidated closing date.

Inventories

Inventories are stated at cost, determined principally by the weighted average method. Inventories with lower profitability have been written down.

Securities

Available-for-sale securities for which market value is readily determinable are stated at market value as of the end of the period with unrealized gains and losses, net of applicable deferred tax assets/liabilities, not reflected in earnings but directly reported as a separate component of net assets. The cost of securities sold is determined by the moving average method. Available-for-sale securities for which market value is not readily determinable are stated primarily at moving average cost.

If equity securities issued by unconsolidated subsidiaries or affiliated companies that are not accounted for by the equity method, or available-for-sale securities, decline significantly in market value, the securities are stated at fair market value, and the difference between the fair market value and the book value is recognized as a loss in the period of the decline. If equity securities issued by unconsolidated subsidiaries or affiliated companies not accounted for by the equity method do not have any market value, the securities should be written down to net asset value with the corresponding loss recorded in the Consolidated Statements of Income in the year that the net asset value declined significantly. In these cases, the fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

Property and depreciation

Depreciation and amortization of tangible and intangible fixed assets are calculated by the straight-line method, mainly based on the useful life stipulated by the Corporation Tax Act.

Nuclear fuel and amortization

Nuclear fuel is stated at cost less accumulated amortization. The amortization of loaded nuclear fuel is calculated based on the quantity of heat produced for the generation of electricity.

Allowance for doubtful accounts

The allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to identified doubtful receivables and an amount calculated based on the Companies' historical rate of loss with respect to the remaining receivables.

Accounting policy for recognition of significant revenues and expenses

The Companies' main businesses are power generation and electric power sales business by the Company and power transmission and distribution business by the Chugoku Electric Power Transmission & Distribution Co., Inc.

The Company has an obligation to supply electricity based on electricity supply and demand contracts with customers. The electric revenue from transactions is recorded as revenue based on the electricity usage determined by monthly meter readings.

The Chugoku Electric Power Transmission & Distribution Co., Inc. has obligations related to consignment supply and electricity supply adjustment in the service area. The electric revenue from consignment supply is recorded as revenue based on the electricity usage determined by monthly meter readings. The electric revenue from electricity supply adjustment is recorded as revenue based on the electricity usage determined as of the last day of each month.

Accounting methods pertaining to retirement benefits

To prepare for employees' retirement benefits, the amount of retirement benefit obligations at the end of the consolidated fiscal year, net of plan assets, is recorded as a retirement benefit liability (or as retirement benefit asset when the plan asset amount exceeds the retirement benefit obligations).

For attributing the estimated retirement benefits to the period until the end of the fiscal year in determining the retirement benefit obligations, the benefit formula basis is principally followed.

Past service costs are amortized by the straight-line method using a certain number of years (mainly 1 year) within the employee's average remaining service period when the costs occurred.

Actuarial gains/losses are apportioned into sums by the straight-line method using a certain number of years (5 years) within the employee's average remaining service period from the consolidated accounting year in which the difference occurred, and each sum is amortized from the consolidated accounting year following the year of occurrence.

Unrecognized actuarial gains/losses and unrecognized past service costs are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income in the Net Assets section, after adjusting for tax effects.

Derivatives and hedge accounting

The Companies state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless the derivative financial instrument is used for hedging purposes. If derivative financial instruments are used for hedging purposes and meet certain hedging criteria, recognition of gain/loss is deferred until the loss/gain on the hedged item is recognized.

Under Japan's accounting standards, interest rate swap transactions, forward foreign exchange transactions and currency swap transactions are processed together with the hedged items and are not recognized in terms of losses/gains in derivative transactions.

Hedging effectiveness is evaluated by comparing the total cash flow change of the hedging instrument and the total cash flow change of the hedged item. However, assessment of hedge effectiveness is not carried out for interest rate swap transaction or currency swap transactions that meet certain requirements.

Amortization method and amortization period for goodwill

Goodwill is amortized uniformly over a period not exceeding 20 years. However, when the amount is insignificant, the entire amount is amortized in the period in which it is incurred.

Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statements of Cash Flows also include all highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash as they present insignificant risk of change in value.

Capitalization of interest expenses

Interest expenses related to debt incurred for the construction of power plants have been capitalized and included in the cost of the related assets pursuant to the accounting regulations under the Electricity Business Accounting Regulations.

Method of recording expenses necessary for decommissioning of commercial nuclear power reactors

With regard to expenses necessary for decommissioning of commercial nuclear power reactors, in accordance with the "Act on Reprocessing of Spent Fuel in Nuclear Power Generation, etc., and Promotion of Decommissioning of Power Reactors" (Act No. 48 of 2005) as amended by Article 3 of the "Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Act No. 44 of 2023), the contribution for decommissioning of reactors is paid to the Nuclear Reprocessing and Decommissioning facilitation Organization of Japan (hereinafter, "NuRO") and recorded in the electric utility operating expenses.

Nuclear power companies fulfill their obligations to fund these costs by paying an annual contribution for decommissioning of reactors to NuRO, and NuRO is financially responsible for securing, managing and paying the funds required for decommissioning of the reactors.

(Additional Information)

"Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society " (Act No. 44 of 2023; hereinafter, "Revised Act") and "Ministerial Order on Arrangement of Related Ministerial Orders in Conjunction with Enforcement of the Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Order of the Ministry of Economy, Trade and Industry No. 21 of 2024; hereinafter "Revised Ministerial Order") were enforced on April 1, 2024. As a result, the "Ministerial Ordinance concerning Reserve Fund for Dismantling Nuclear Power Facilities" (Ordinance of the Ministry of International Trade and Industry No. 30 of 1989; hereinafter, "Ministerial Ordinance concerning Dismantlement") was abolished and the Electricity Business Accounting Regulations were amended.

Expenses necessary for decommissioning of commercial nuclear power reactors had been previously recorded as asset retirement obligations. In accordance with provisions of the Ministerial Ordinance concerning Dismantlement, the asset cost equivalent of asset retirement obligations had been calculated by applying the straight-line method to the estimated total decommissioning cost for the period equal to the facilities' forecasted operating period and recorded as electric utility operating expenses. However, on and after the date of enforcement of the Revised Ministerial Order, contribution for decommissioning of reactors stipulated in Article 11, Paragraph 2 of "Act on Reprocessing of Spent Fuel in Nuclear Power Generation, etc., and Promotion of Decommissioning of Power Reactors" as amended by Article 3 of the Revised Act, is recorded as electric utility operating expenses.

Nuclear power companies had been responsible for securing the fund required for the decommissioning of commercial nuclear power reactors that they own. However, in accordance with the Revised Act, their obligation to shoulder the costs will be fulfilled by paying a contribution for decommissioning of reactors to NuRO every year, and NuRO is financially responsible for securing, managing and paying the funds required for decommissioning of reactors.

As a result, in the year ending March 31, 2025, the asset cost equivalent of asset retirement obligations of ¥6,185 million and asset retirement obligations of ¥103,197 million are reversed.

Pursuant to the provision of Article 10, Paragraph 1 of the Supplementary Provisions of the Revised Act, in order to provide for expenses necessary for the decommissioning promotion work of reactors, the Company recorded ¥97,012 million, which is a total of cash payable to NuRO, as contribution payable for nuclear reactor decommissioning and treated the amount as expenses in accordance with the provision of Article 7 of the Supplementary Provisions of the Revised Ministerial Order. However, pursuant to the said provision, an amount of reversal of asset retirement obligations is deducted from the said expenses.

There is no impact on profit and loss. Of the amount mentioned above, ¥3,233 million is transferred to long-term debt due within one year.

Burden charge for smooth decommissioning of reactors

In order to smoothly decommission reactors, the "Decommissioning Accounting Scheme" was established. By applying this decommissioning accounting scheme, the remaining book value of the nuclear reactors decommissioned due to changes in energy policies or changes in safety regulations, etc. can be recovered through the structure of consignment supply service fees for general power transmission and distribution businesses.

Conventionally, the recovery was permitted through collecting retail regulation fees. However, since October 2020, the recovery was shifted to the current scheme considering the continuance of the system.

Pursuant to the stipulations of Article 45, Paragraph 21, Item 12 of the "Regulation for Enforcement of the Electricity Business Act" (Ministry of International Trade and Industry Ordinance No. 77 of 1995) prior to its amendment by the "Ministerial Order on Arrangement of Related Ministerial Orders in Conjunction with Enforcement of the Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Order of the Ministry of Economy, Trade and Industry No. 21 of 2024), the Company has submitted an application regarding the required reserve amount for the book value of specified nuclear power assets and reserve fund for dismantling nuclear power facilities (hereinafter, "burden charge for smooth decommissioning of reactors"), and this application was approved by the Minister of Economy, Trade and Industry.

In response to this and pursuant to the stipulations of Article 45, Paragraph 21, Item 15 of the "Regulation for Enforcement of the Electricity Business Act" (Ministry of International Trade and Industry Ordinance No. 77 of 1995), the Chugoku Electric Power Transmission & Distribution Co., Inc. altered its general clause for consignment supply services effective October 1, 2020, and is thereby collecting the burden charge for smooth decommissioning of reactors.

Method of recording the contributions required for spent nuclear fuel reprocessing

For expenses required in the reprocessing of spent nuclear fuel from commercial nuclear power reactors, in accordance with the "Act on Reprocessing of Spent Fuel in Nuclear Power Generation, etc., and Promotion of Decommissioning of Power Reactors" (Act No. 48 of 2005;the"Reprocessing Act") as amended by Article 3 of the "Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Act No. 44 of 2023), the nuclear power company’s obligation to shoulder costs will be fulfilled by paying a contribution to NuRO, which will then implement the reprocessing, etc. Furthermore, based on Article 5, Paragraph 2 of the Reprocessing Act, the contributions calculated based on the amount of spent nuclear fuel generated during operation of commercial nuclear power reactors are recorded in the electric utility operating expenses.

Furthermore, contributions related to processing involved in reprocessing are recorded as special account related to reprocessing of spent nuclear fuel.

Foreign currency transactions

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rate.

Application of the group tax sharing system

The Companies apply the group tax sharing system.

3. Significant Accounting Estimates

Deferred tax assets

(1) Carrying amount

Millions of yen	
2026	2025
¥47,536	¥61,047

(2) Information that assists users of the Consolidated Financial Statements in understanding the nature of the accounting estimates

① Method used for calculating the amount recorded in the Consolidated Financial Statements for the year ended March 31, 2026

The Companies record the deferred tax assets for the amounts deemed to be recoverable through future taxable income estimated in the medium-term management plan.

② Main assumptions used in calculating the amounts recorded in the Consolidated Financial Statements for the year ended March 31, 2026

For the taxable income estimates, the Companies make assumptions such as unit sales prices based on the information available at present, taking into account market trends for fuel costs and electricity market prices, projection of the electricity sales volume, power generated and received, and etc.

③ Effects on the Consolidated Financial Statements for the year ending March 31, 2027

In the event that important changes occur to these assumptions and there is a decrease in the Companies' future taxable income resulting from factors that could not be predicted, such as changes in the competition environment or fluctuations in fuel costs, the recoverability of deferred tax assets may be affected.

4. Standard and Guidance not yet Adopted

"Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)

"Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)

Other revisions related to Accounting Standards, Implementation Guidance on Accounting Standards, Practical Solutions, and Transferred Guidance.

(1) Outline

To be consistent with international accounting standards, the standard prescribes lessees to recognize assets and liabilities for all leases.

(2) Effective date

The standards and guidance will be effective from the beginning of the year ending March 31, 2028.

(3) Effects of application of the standards and guidance

The impact is yet to be determined at this time.

5. Changes in Presentation

Related to the Consolidated Balance Sheets

The account title "Notes and accounts payable" presented under "Current liabilities" for the year ended March 31, 2025 was changed to "Accounts payable" for the year ended March 31, 2026, as the balance of notes payable had become zero.

Related to the Consolidated Statements of Cash Flows

"Impairment losses," "Loss (gain) on sale of non-current assets," and "Decrease (increase) in other current assets" under "Cash flows from operating activities," which were presented as separate line items in the year ended March 31, 2025, are included in "Other" starting from the year ended March 31, 2026, due to their decreased importance in amount. In order to reflect these changes in presentation, the Company has made reclassifications to the Consolidated Financial Statements for the year ended March 31, 2025.

As a result, ¥7,429 million in "Impairment losses," ¥7,320 million in "Loss (gain) on sale of non-current assets," ¥(25,124) million in "Decrease (increase) in other current assets," and ¥24,884 million in "Other" under "Cash flows from operating activities," which were presented as separate line items in the year ended March 31, 2025 have been reclassified to ¥14,510 million in "Other."

6. Additional Information

Introduction of performance-based stock compensation plan

Based on the resolution passed at the 100th annual stockholders' meeting held on June 26, 2024, the Company has introduced a performance-based stock compensation plan "Board Benefit Trust (BBT)" (hereinafter "the Plan") for the Company's directors who are not external directors (excluding directors of Audit and Supervisory Committee) and executive officers (excluding those who concurrently serve as directors. Hereinafter, collectively "Directors, etc.").

(1) Plan overview

The Plan is a performance-based stock compensation plan that is funded by money contributed by the Company. The Company's stock will be acquired through the trust (hereinafter the trust set up based on the Plan will be called "the Trust"). In accordance with "Officer Stock Benefit Rules" established by the Company, the Company's stock and money equivalent to the current market value of the Company's stock (hereinafter collectively, the "Company's stock, etc.") will be provided to Directors, etc. through the Trust.

As a general rule, Directors, etc. will receive the Company's stock, etc. when they resign from the positions of Directors, etc.

(2) Shares of the Company remaining in the trust account

Shares of the Company remaining in the trust account are recorded as treasury shares under net assets with the book value (excluding the amount of incidental expenses) in the trust account. As of March 31, 2026 and 2025, the book values of such treasury shares were ¥648 million and ¥674 million, respectively, and the number of shares of such treasury shares were 632 thousand and 658 thousand, respectively.

(Related to the Consolidated Balance Sheets)

7. Reduction Entry from Acceptance of Contributions in Aid for Construction within Fixed Assets (accumulated)

Millions of yen	
2026	2025
¥140,490	¥139,042

8. Accumulated Depreciation of Tangible Assets

Millions of yen	
2026	2025
¥4,647,466	¥4,559,830

9. Shares, etc. of Non-Consolidated Subsidiaries and Affiliated Companies

	Millions of yen	
	2026	2025
Shares (Amount invested in jointly controlled companies)	¥227,415 (38,579)	¥206,544 (28,094)
Available-for-sale securities (Amount invested in jointly controlled companies)	10,328 (249)	10,458 (285)

10. Bonds Payable, Long-term Borrowings and Lease Obligations

	Millions of yen	
	2026	2025
Bonds payable due through 2061 at rates of 0.23% to 5.742%	¥1,281,690	¥1,326,290
Long-term borrowings from the Development Bank of Japan Inc., other banks and insurance companies due through 2062	2,011,549	1,747,568
Lease obligations	2,686	2,094
	¥3,295,925	¥3,075,953
Less amounts due within one year	(257,398)	(218,867)
Total	¥3,038,527	¥2,857,085

The annual maturities of bonds payable and long-term borrowings at March 31, 2026 and 2025 were as follows:

At March 31,2026 Year ending March 31	Millions of yen	
2026	¥	256,694
2027		193,244
2028		281,369
2029		280,461
Thereafter		2,281,470

At March 31,2025 Year ending March 31	Millions of yen	
2025	¥	218,439
2026		256,227
2027		190,577
2028		281,681
Thereafter		2,126,932

(Note) Excluding lease obligations.

11. Pledged Assets and Pledged Debt

(1) The Company

Pledged assets

All assets are pledged as general collateral for bonds payable and borrowings from the Development Bank of Japan Inc.

Pledged debt

	Millions of yen	
	2026	2025
Bonds payable(Including those due within 1 year)	¥1,141,690	¥1,226,290
Borrowings from the Development Bank of Japan Inc. (Including those due within 1 year)	100,000	130,000

(2) Consolidated subsidiaries

Pledged assets

	Millions of yen	
	2026	2025
Other non-current assets	¥619	¥605
Cash and deposits	6	6
Other current assets	6,306	7,161

Pledged debt

	Millions of yen	
	2026	2025
Long-term borrowings (Including those due within 1 year)	¥150	¥300
Other current liabilities	5,237	5,795

(3) Assets pledged as collateral for loans from financial institutions in the certain consolidated subsidiaries' invested companies

	Millions of yen	
	2026	2025
Long-term investments in subsidiaries and associates	¥22,890	¥20,947

When consolidated subsidiaries' invested companies default on debts, the liable amounts on consolidated subsidiaries are limited to their invested amounts.

12. Assets generated from Contracts with Customers and Contract Assets included in Receivables and Contract Assets

	Millions of yen	
	2026	2025
Notes receivable	¥1,309	¥918
Accounts receivable	106,096	127,428
Contract Assets	998	723

13. Contingent Liabilities

At March 31, 2026 and 2025, the Companies were contingently liable as guarantors for loans of other companies and employees in the amount of ¥78,783 million and ¥76,409 million, respectively.

(Related to the Consolidated Statements of Income)

14. Revenue from Contracts with Customers

Revenue from contracts with customers and other revenue are not classified in separate accounts under operating revenue. For the amount of revenue from contracts with customers, please refer to Note 27 "Segment Information".

15. Research and Development Expenses

Research and development expenses charged to operating expenses were ¥5,507 million and ¥6,798 million for the years ended March 31, 2026 and 2025, respectively.

16. Content of Extraordinary Losses

The year ended March 31, 2025

(1) Loss on sale of non-current assets

The Company recorded a loss on sales of property due to the transfer of the land, buildings and equipment of the former Shimonoseki Power Station.

(2) Impairment losses

Impairment losses were recorded by Chugoku Electric Power Australia Resources Pty. Ltd., a consolidated subsidiary of the Company, due to the transfer of interests in the Boggabri coal mine in Australia.

① Grouping method

Among the electric power business, property, plant and equipment used in the power generation and electric power sales business are considered as a single asset group due to the fact that all assets from power generation to sales activity are used together to generate a cash flow.

Among the electric power business, property, plant and equipment used in the power transmission and distribution business are considered as a single asset group due to the fact that all assets from power transmission, power transformation and power distribution, etc. are used together to generate a cash flow.

Property, plant and equipment used in businesses other than the electric power business are grouped by business or by location.

Property, plant and equipment other than those described above are grouped by location or by individual asset, in principle.

② Assets overview and amounts

Impairment losses recognized based on the grouping were ¥6,970 million (Other non-current assets, construction and retirement in progress) and the details of the fixed assets were as follows:

Usage	Place	Type	Impairment loss (Millions of yen)
Coal mine interests (Chugoku Electric Power Australia Resources Pty. Ltd.)	Australia	Land	¥184
		Buildings	1,585
		Machinery and others	5,200
Total			¥6,970

③ Method for calculating recoverable amount

A net realizable value is used for the recoverable amount of the applicable assets. The net realizable value is measured based on reasonable estimates, such as a sales value.

(Related to the Consolidated Statements of Changes in Equity)

17. Related to the Consolidated Statements of Changes in Equity

Year ended March 31, 2026

(1) Matters concerning issued shares

Class of shares	At the beginning of the year ended March 31, 2026	Increase	Decrease	At the end of the year ended March 31, 2026
Common stock (shares)	387,154,692	—	—	387,154,692

(2) Matters concerning treasury shares

Class of shares	At the beginning of the year ended March 31, 2026	Increase	Decrease	At the end of the year ended March 31, 2026
Common stock (shares)	27,589,469	15,418	26,536	27,578,351

(Note) Treasury shares at the beginning and end of the year ended March 31, 2026 include 658,000 shares and 632,000 shares, respectively, of the Company held by the "Board Benefit Trust (BBT)."

(Reasons of the increase / decrease)

Breakdown of increases

Increase due to purchase of shares of less than one unit	9,335shares
Increase in treasury shares (shares of the Company) attributable to the Company due to an increase in the shareholding ratio of an equity method affiliated company	6,083shares

Breakdown of decreases

Decrease due to grants of treasury shares (shares of the Company) related to BBT	26,000shares
Decrease due to sales of shares of less than one unit	536shares

(3) Matters concerning dividends

① Cash dividends paid

Resolution	Class of shares	Total dividends (million yen) (Note 1)	Dividends per share (yen)	Record date	Effective date
Annual stockholders' meeting held on June 26, 2025	Common stock	¥7,924 (Note 2)	¥22.00	March 31, 2025	June 27, 2025
Board of Directors' meeting held on October 31, 2025	Common stock	3,602 (Note 3)	10.00	September 30, 2025	November 28, 2025

(Notes) 1 The total dividend amounts are the amount after the elimination of intercompany transactions.

2 The total dividend amount resolved by the Annual stockholders' meeting held on June 26, 2025 includes ¥14 million of dividends for shares held by the "Board Benefit Trust (BBT)."

3 The total dividend amount resolved by the Board of Directors' meeting held on October 31, 2025 includes ¥6 million of dividends for shares held by the "Board Benefit Trust (BBT)."

② Dividends for which the record date belongs to the year ended March 31, 2026 but the effective date comes after the year-end

Resolution	Class of shares	Dividends source	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Annual stockholders' meeting held on June 25, 2026	Common stock	Retained earnings	¥6,123	¥17.00	March 31, 2026	June 26, 2026

(Note) 1 The total dividend amount is the amount after the elimination of intercompany transactions.

2 The total dividend amount resolved by the Annual stockholders' meeting held on June 25, 2026 includes ¥10 million of dividends for shares held by the "Board Benefit Trust (BBT)."

Year ended March 31, 2025

(1) Matters concerning issued shares

Class of shares	At the beginning of the year ended March 31, 2025	Increase	Decrease	At the end of the year ended March 31, 2025
Common stock (shares)	387,154,692	—	—	387,154,692

(2) Matters concerning treasury shares

Class of shares	At the beginning of the year ended March 31, 2025	Increase	Decrease	At the end of the year ended March 31, 2025
Common stock (shares)	26,920,110	669,694	335	27,589,469

(Reasons of increase / decrease)

Breakdown of increases

Increase in treasury shares (shares of the Company) acquired by BBT	658,000shares
Increase due to purchase of shares of less than one unit	11,359shares
Increase in treasury shares (shares of the Company) attributable to the Company due to an increase in the shareholding ratio of an equity method affiliated company	335shares

Breakdown of decreases

Decrease due to sales of shares of less than one unit	335shares

(3) Matters concerning dividends

① Cash dividends paid

Resolution	Class of shares	Total dividends (million yen) (Note 1)	Dividends per share (yen)	Record date	Effective date
Annual stockholders' meeting held on June 26, 2024	Common stock	¥10,807	¥30.00	March 31, 2024	June 27, 2024
Board of Directors' meeting held on October 31, 2024	Common stock	1,801 (Note 2)	5.00	September 30, 2024	November 29, 2024

(Note) 1 The total dividend amount is the amount after the elimination of intercompany transactions.

2 The total dividend amount resolved by the Board of Directors' meeting held on October 31, 2024 includes ¥3 million of dividends for shares held by the "Board Benefit Trust (BBT)."

② Dividends for which the record date belongs to the year ended March 31, 2025 but the effective date comes after the year-end

Resolution	Class of shares	Dividends source	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Annual stockholders' meeting held on June 26, 2025	Common stock	Retained earnings	¥7,924	¥22.00	March 31, 2025	June 27, 2025

(Note) 1 The total dividend amount is the amount after the elimination of intercompany transactions.

2 The total dividend amount resolved by the Annual stockholders' meeting held on June 26, 2025 includes ¥14 million of dividends for shares held by the "Board Benefit Trust (BBT)."

(Related to the Consolidated Statements of Cash Flows)

18. Cash and Cash Equivalents

The relationship between the balance of cash and cash equivalents at the end of the period and the amount recorded in the Consolidated Balance Sheets was as follows:

	Millions of yen	
	2026	2025
Cash and deposits	¥423,362	¥286,731
Time deposits with maturities exceeding 3 months	(58)	(58)
Cash and cash equivalents	¥423,303	¥286,672

19. Financial Instruments

(1) Matters concerning financial instruments

① Approach to financial instruments

Most of the Companies' business consists of electric power business and funds that are necessary for capital investment and operations are raised from bonds payable, long-term borrowings, short-term borrowings and commercial paper ("CP") according to the Companies' plans for financing.

The Companies' fund management involves only highly safe monetary assets pursuant to these plans.

The derivative transactions are only for receivables and payables (actual demand transactions) arising from the business of the Company and certain consolidated subsidiaries. There are no transactions for speculative purposes.

② Details and risks of financial instruments and our risk management structure

Long-term investments (available-for-sale securities) mainly consists of stocks that holding them contributes to maintaining and enhancing the Companies' medium-to-long term corporate value. The fair value of the stocks and the financial condition of the relevant companies are monitored regularly.

The majority of the Companies' notes and accounts receivable consist of receivables related to the electric power business and are exposed to customer credit risk. For the relevant risk, each customer's due date and balance are controlled in accordance with electricity supply contracts and other relevant terms and conditions.

Bonds payable and loans payable are procured mainly for capital investment. While many interest-bearing debts consist of long-term funds with fixed interest rates (bonds payable and long-term borrowings), some interest-bearing debts are procured with variable interest rates and are exposed to the risk arising from changes in interest rates. This risk is monitored on a regular basis, with the interest rate environment taken into account. Some long-term funds are used for derivative transactions (interest rate swaps and currency swaps) as a means to hedge risk to mitigate or avoid market fluctuation risk.

Due dates of the most accounts payable are within one year.

The Company utilizes interest rate swap contracts, commodity swap contracts, currency swap contracts, and forward foreign exchange transactions to mitigate and avoid market fluctuation risk. The Company has adopted hedge accounting for interest rate swap contracts, commodity swap contracts and currency swap contracts.

The Company believes that the related credit risk arising from the event of contract nonperformance by counterparties is extremely low, since the Company uses highly creditworthy financial institutions as counterparties to its derivative transactions and determines fair values and credit information on a periodic basis.

The Company has established a management function independent from the execution function of derivatives and manages derivative transactions in accordance with internal regulations providing authorization limits, methods of execution, reporting and management, etc.

Although bonds payable and loans payable are exposed to liquidity risk, the Companies manage liquidity risk by monthly cash management ensuring liquidity that is necessary for operation of the Companies and diversifying financing methods.

③ Supplemental explanation for financial instruments' fair value

Since fair value calculation of financial instruments reflects variable factors, the relevant value may change depending on the assumptions used.

Note that the contract amount for derivative transactions in Note 21, "Derivatives and Hedge Accounting," does not reflect the market risk for the derivative transaction itself.

(2) Matters concerning fair value of financial instruments

The following are the book values, the fair values and the differences at March 31, 2026 and 2025.

	Millions of yen		
	2026		
	Book value	Fair value	Difference
Assets			
①Long-term investment: Available-for-sale securities	¥8,574	¥8,574	¥—
Liabilities			
②Bonds payable	¥1,281,690	¥1,122,791	¥(158,898)
③Long-term borrowings	2,011,549	1,940,291	(71,258)
④Derivative transactions			
Ⅰ. Hedge accounting is not applied	¥5,569	¥5,569	¥—
Ⅱ. Hedge accounting is applied	13,417	13,417	—

(*a) Since "Cash and deposits", "Notes and accounts receivable", "Accounts payable" and "Short-term borrowings" are cash or are settled in a short period of time, their fair values approximate the book values and therefore notes are not presented.

(*b) Equity securities without fair value

	Millions of yen
	Book value
	2026
Unlisted stocks	¥36,936
Investments in capital	7,555
Total	¥44,491

The above securities are not included in "① Long-term investment: Available-for-sale securities"

(*c) Descriptions for investments in unions or related business entities where the equity is recorded on the Consolidated Balance Sheets as a net amount are not presented. The amount recorded on the Consolidated Balance Sheets for the investment was ¥500 million as of March 31, 2026.

	Millions of yen		
	2025		
	Book value	Fair value	Difference
Assets			
①Long-term investment: Available-for-sale securities	¥9,419	¥9,419	¥—
Liabilities			
②Bonds payable	¥1,326,290	¥1,225,347	¥(100,942)
③Long-term borrowings	1,747,568	1,699,309	(48,259)
④Derivative transactions			
Ⅰ. Hedge accounting is not applied	¥(1,721)	¥(1,721)	¥—
Ⅱ. Hedge accounting is applied	9,355	9,355	—

(*a) Since "Cash and deposits", "Notes and accounts receivable", "Notes and accounts payable" and "Short-term borrowings" are cash or are settled in a short period of time, their fair values approximate the book values and therefore notes are not presented.

(*b) Equity securities without fair value

	Millions of yen
	Book value
	2025
Unlisted stocks	¥37,176
Investments in capital	9,351
Total	¥46,528

The above securities are not included in "① Long-term investment: Available-for-sale securities".

(*c) Descriptions for investments in unions or related business entities where the equity is recorded on the Consolidated Balance Sheets as a net amount are not presented. The amount recorded on the Consolidated Balance Sheets for the investment was ¥332 million as of March 31, 2025.

(Note 1) Anticipated redemption schedule for monetary claims and securities with maturities subsequent to the fiscal year-end

	Millions of yen	
	Within 1 year	
	2026	2025
Cash and deposits	¥423,362	¥286,731
Notes receivable	1,309	918
Accounts receivable	106,152	128,008
Total	¥530,824	¥415,658

(Note 2) Anticipated redemption schedule for bonds, long-term borrowings and other interest-bearing debt subsequent to the fiscal year-end

	Millions of yen					
	2026					
	Within 1 year	1 year - 2 years	2 years - 3 years	3 years - 4 years	4 years - 5 years	Over 5 years
Bonds payable	¥65,000	¥70,000	¥131,000	¥105,000	¥100,000	¥810,690
Long-term borrowings	191,694	123,244	150,369	175,461	231,195	1,139,585
Short-term borrowings	7,000	—	—	—	—	—
Commercial paper	—	—	—	—	—	—
Total	¥263,694	¥193,244	¥281,369	¥280,461	¥331,195	¥1,950,275

	Millions of yen					
	2025					
	Within 1 year	1 year - 2 years	2 years - 3 years	3 years - 4 years	4 years - 5 years	Over 5 years
Bonds payable	¥84,600	¥65,000	¥70,000	¥131,000	¥105,000	¥870,690
Long-term borrowings	133,839	191,227	120,577	150,681	174,210	977,031
Short-term borrowings	76,295	—	—	—	—	—
Commercial paper	—	—	—	—	—	—
Total	¥294,734	¥256,227	¥190,577	¥281,681	¥279,210	¥1,847,721

(Note 3) Bonds payable and long-term borrowings include items whose payment is due within one year.

(Note 4) Receivables and liabilities generated from derivative transactions are shown in net amounts. When the total amount is negative (liabilities), the amount is shown in parentheses ( ).

(3) Fair value information of financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: the fair value measured by quoted prices of identical assets or liabilities in active markets.

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

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

When multiple inputs of different categories are used in measuring fair value, the Company and its subsidiaries classify fair values into the lowest level within the fair value hierarchy to which any of the significant inputs is assigned.

① Financial instruments measured at fair values in the Consolidated Balance Sheets

Categories	Millions of yen			
	2026			
	Level 1	Level 2	Level 3	Total
Long-term investments				
Available-for-sale securities				
Equity securities	¥8,574	¥—	¥—	¥8,574
Derivative transactions				
Commodities	¥—	¥6,214	¥—	¥6,214
Currencies	—	4,732	—	4,732
Total assets	¥8,574	¥10,946	¥—	¥19,521
Derivative transactions				
Commodities	¥—	¥1,872	¥—	¥1,872
Total liabilities	¥—	¥1,872	¥—	¥1,872

Categories	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Long-term investments				
Available-for-sale securities				
Equity securities	¥9,419	¥—	¥—	¥9,419
Derivative transactions				
Commodities	¥—	¥275	¥—	¥275
Currencies	—	10,401	—	10,401
Total assets	¥9,419	¥10,676	¥—	¥20,095
Derivative transactions				
Commodities	¥—	¥2,655	¥—	¥2,655
Currencies	—	387	—	387
Total liabilities	¥—	¥3,043	¥—	¥3,043

② Financial instruments other than those measured at fair values in the Consolidated Balance Sheets

Categories	Millions of yen			
	2026			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	¥1,122,791	—	¥1,122,791
Long-term borrowings	—	1,940,291	—	1,940,291
Total	—	¥3,063,082	—	¥3,063,082

Categories	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	¥1,225,347	—	¥1,225,347
Long-term borrowings	—	1,699,309	—	1,699,309
Total	—	¥2,924,657	—	¥2,924,657

(Note) Valuation techniques and inputs used in measuring fair values

Long-term investments

The fair value for listed stocks is measured by their quoted prices. The fair value for listed stocks is categorized as a Level 1 fair value because listed stocks are traded in active markets.

Derivative transactions

The fair value for derivative transactions is categorized as Level 2 fair value with a market price as the fair value if a market price exists. If a market price does not exist, since the presented value is deemed to be using factors such as the observable interest rate or future prices for foreign currency exchange and coal, a value presented by a corresponding financial institution or a value calculated based on the presented value is used as the fair value.

Bonds payable

Bonds with market value are valued at the market value. For bonds without market value, the fair value is calculated by discounting the sum of the principal and the interest using an interest rate that would be applicable if comparable bonds were issued. Each is categorized as Level 2 fair value. Some bonds are subject to the assignment of currency swaps (Please refer to Note 21 "Derivatives and Hedge Accounting"). The fair value is calculated by discounting the sum of the principal and the interest processed together with the relevant currency swaps using an interest rate assumed as if comparable bonds were issued.

Long-term borrowings

For long-term borrowings with fixed interest rates, the fair value is calculated by discounting the sum of the principal and the interest using an interest rate that would be applicable if comparable borrowings were made. These are categorized as Level 2 fair value. For long-term borrowings with variable interest rates, the market interest rate is reflected in the short period of time, and the fair values can be deemed to approximate the relevant book values because the Companies' credit status has not changed significantly since the borrowings were made. Therefore, the book values are used and are categorized as Level 2 fair value.

20. Securities

(1) Available-for-sale securities

	Millions of yen					
	2026			2025		
Categories	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Available-for-sale securities with book values exceeding acquisition costs						
Equity securities	¥8,496	¥1,223	¥7,272	¥9,383	¥2,143	¥7,239
Available-for-sale securities with book values not exceeding acquisition costs						
Equity securities	¥78	¥134	¥(55)	¥36	¥49	¥(13)
Total	¥8,574	¥1,357	¥7,216	¥9,419	¥2,193	¥7,226

At March 31, 2026 and 2025, equity securities without fair value of ¥44,491 million and ¥46,528 million and investments in unions or related business entities where the equity is recorded on the Consolidated Balance Sheets as a net amount of ¥500 million and ¥332 million are not included in the "Available-for-sale securities".

(2) Available-for-sale securities sold during the year ended March 31, 2026 and 2025

	Millions of yen		
	2026		
Category	Sales value	Total profit on sales	Total loss on sales
Equity securities	¥2,976	¥2,144	¥3
Total	¥2,976	¥2,144	¥3

	Millions of yen		
	2025		
Category	Sales value	Total profit on sales	Total loss on sales
Equity securities	¥3,648	¥2,358	¥15
Total	¥3,648	¥2,358	¥15

21. Derivatives and Hedge Accounting

(1) Derivative transactions for which hedge accounting was not applied

① Currencies

		Millions of yen							
		2026				2025			
Categories	Type of transaction	Amount of contract	Amount of contract longer than 1 year	Fair value	Unrealized gains (losses)	Amount of contract	Amount of contract longer than 1 year	Fair value	Unrealized gains (losses)
Non-market transactions	Forward foreign exchange transactions Long U.S. dollars	¥41,575	¥—	2,574	¥2,574	¥28,442	¥—	¥73	¥73

② Commodities

		Millions of yen							
		2026				2025			
Categories	Type of transaction	Amount of contract	Amount of contract longer than 1 year	Fair value	Unrealized gains (losses)	Amount of contract	Amount of contract longer than 1 year	Fair value	Unrealized gains (losses)
Market transactions	Commodity swap								
	Fixed-rate receipt and flexible-rate payment	¥9,818	¥—	¥(1,085)	¥(1,085)	¥4,482	¥—	¥83	¥83
	Fixed-rate payment and flexible-rate receipt	¥7,229	¥—	¥107	¥107	¥336	¥—	¥(62)	¥(62)
Non-market transactions	Commodity swap								
	Fixed-rate receipt and flexible-rate payment	¥3,812	¥—	¥(510)	¥(510)	¥5,382	¥—	¥12	¥12
	Fixed-rate payment and flexible-rate receipt	¥22,266	¥—	¥4,483	¥4,483	¥13,054	¥—	¥(1,829)	¥(1,829)

(Note) The fair value of derivative transactions is measured at quoted prices from the financial institutions.

(2) Derivative transactions for which hedge accounting was applied

① Currencies

			Millions of yen					
			2026			2025		
Hedge accounting method	Type of transaction	Items to be hedged	Amount of contract	Amount of contract longer than 1 year	Fair value	Amount of contract	Amount of contract longer than 1 year	Fair value
Assignment of currency swaps	Currency swap Japanese yen payment & U.S. dollars receipt	Bonds payable	¥78,990	¥78,990	(Note)	¥78,990	¥78,990	(Note)
General method	Forward foreign exchange transactions Long U.S. dollars	Planned transactions in foreign currency	¥38,618	¥30,349	¥12,069	¥55,119	¥38,376	¥9,939

(Note) Since currency swaps that are treated in "Assignment of currency swaps" are treated together with hedged bonds, the relevant fair value is included in the fair value of the bonds.

② Commodities

Hedge accounting method	Type of transaction	Items to be hedged	Millions of yen 2026 Amount of contract	Amount of contract longer than 1 year	Fair value	2025 Amount of contract	Amount of contract longer than 1 year	Fair value
General method	Commodity swap Fixed-rate payment & flexible-rate receipt	Fuel import payment debt (projected transaction)	¥5,702	¥—	¥1,347	¥5,710	¥—	¥(584)

(Note) The fair value of derivative transactions is measured at quoted prices from the financial institutions.

22. Retirement Benefits

(1) Overview of the retirement benefit plan adopted

The Companies provide a defined benefit type plan (a defined benefit corporate pension scheme and a lump sum plan) and a defined contribution pension plan. A premium severance payment is also sometimes made when employees retire or otherwise terminate their employment.

Under the defined benefit corporate pension schemes and retirement lump sum schemes of some of the subsidiaries, the simplified valuation method is used for calculating retirement benefit asset, retirement benefit liability and retirement benefit expenses.

(2) Defined benefit plans

① Movement in retirement benefit obligations

	Millions of yen 2026	2025
Balance at the beginning of the fiscal year	¥197,566	¥211,949
Service cost	6,710	7,162
Interest cost	3,276	1,839
Actuarial loss (gain)	(6,517)	(5,561)
Benefits paid	(13,791)	(15,230)
Other	—	(2,591)
Balance at the end of the fiscal year	¥187,245	¥197,566

② Movement in plan assets

	Millions of yen 2026	2025
Balance at the beginning of the fiscal year	¥217,099	¥225,311
Expected return on plan assets	4,138	3,175
Actuarial loss (gain)	2,893	(1,775)
Contributions paid by the Companies	3,580	3,312
Benefits paid	(9,701)	(11,031)
Other	—	(1,894)
Balance at the end of the fiscal year	¥218,010	¥217,099

③ Reconciliation from retirement benefit obligations and plan assets to retirement benefit liability (asset)

	Millions of yen	
	2026	2025
Retirement benefit obligations for defined benefit corporate pension schemes	¥141,566	¥147,475
Plan assets	(218,010)	(217,099)
	(76,444)	(69,623)
Retirement benefit obligations for retirement lump sum schemes	45,678	50,091
Total net retirement benefit liability (asset) at the end of the fiscal year	¥(30,765)	¥(19,532)

	Millions of yen	
	2026	2025
Retirement benefit liability	¥45,867	¥50,270
Retirement benefit asset	(76,633)	(69,802)
Total net retirement benefit liability (asset) at the end of the fiscal year	¥(30,765)	¥(19,532)

④ Retirement benefit expenses

	Millions of yen	
	2026	2025
Service cost	¥6,710	¥7,162
Interest cost	3,276	1,839
Expected return on plan assets	(4,138)	(3,175)
Net actuarial loss (gain) amortization	(5,053)	(3,438)
Net past service costs amortization	44	44
Other	136	77
Retirement benefit expenses for defined benefit plans at the end of the fiscal year	¥975	¥2,509

⑤ Remeasurements of defined benefit plans

A breakdown of the items (before income taxes and tax effect deduction) that have been reported as remeasurements of defined benefit plans was as follows.

	Millions of yen	
	2026	2025
Past service costs	¥44	¥44
Actuarial loss (gain)	4,358	347
Total	¥4,402	¥392

⑥ Remeasurements of defined benefit plans (related to the Consolidated Statements of Changes in Equity)

A breakdown of the items (before income taxes and tax effect deduction) that have been reported as remeasurements of defined benefit plans (accumulated) was as follows.

	Millions of yen	
	2026	2025
Unrecognized past service costs	¥82	¥127
Unrecognized actuarial loss (gain)	¥(14,533)	¥(10,175)
Total	¥(14,451)	¥(10,048)

⑦ Plan assets

Ⅰ. The percentages of the main categories of plan assets were as follows.

	2026	2025
Bonds	27%	16%
Equity securities	10%	9%
Cash and deposits	1%	14%
Life insurance general accounts	42%	45%
Other	20%	16%
Total	100%	100%

Ⅱ. Long-term expected rates of return

The long-term expected rate of return on plan assets is determined by taking into account the allocation of current and expected plan assets as well the long-term rates of return to be expected currently and in the future for the various assets that consist of the plan assets.

⑧ Actuarial assumptions

The major actuarial assumptions were as follows.

	2026	2025
Discount rate	mainly 2.7%	mainly 1.7%
Long-term expected rate of return	mainly 1.9%	mainly 1.4%

(3) Defined contribution pension plan

The contributions required from the Companies to the defined contribution pension plan amounted to ¥999 million and ¥991 million for the years ended March 31, 2026 and 2025, respectively.

23. Income Taxes

(1) The Company is subject to a number of taxes based on income.

Significant components of the Companies' deferred tax assets and liabilities at March 31, 2026 and 2025 were as follows:

	Millions of yen	
	2026	2025
Deferred tax assets:		
Excess depreciation	¥26,343	¥26,896
Contribution payable for nuclear reactor decommissioning	26,149	27,053
Retirement benefit liability	16,651	17,201
Adjustment for unrealized intercompany profits	12,181	11,158
Accrued bonuses and other expenses	4,509	4,182
Contract liabilities	3,416	4,305
Construction and repair costs	3,053	527
Net operating loss carryforwards (Note)	1,575	14,481
Other	19,127	20,528
Total gross deferred tax assets	¥113,008	¥126,335
Valuation allowance for net operating loss carryforwards (Note)	¥(1,428)	¥(1,521)
Valuation allowance for temporary difference	(17,340)	(19,357)
Less valuation allowance	(18,768)	(20,879)
Total deferred tax assets	¥94,239	¥105,456
Deferred tax liabilities:		
Retirement benefit asset	¥(25,531)	¥(22,732)
Provision for decommissioning of nuclear power units	(13,008)	(13,458)
Deferred gains or losses on hedges	(3,907)	(2,865)
Valuation difference on available-for-sale securities	(3,538)	(2,818)
Other	(716)	(2,534)
Total deferred tax liabilities	¥(46,703)	¥(44,409)
Net deferred tax assets	¥47,536	¥61,047

(Changes in presentation)

"Construction and repair costs" included in "Other" under "Deferred tax assets" in the year ended March 31, 2025, are disclosed as a separate line item starting from the year ended March 31, 2026 due to their increased importance in amount. In order to reflect these changes in presentation, the Company has made reclassifications to the Consolidated Financial Statements for the year ended March 31, 2025.

As a result, ¥21,056 million in "Other" which was presented under "Deferred tax assets" in the year ended March 31, 2025 has been reclassified to ¥527 million in "Construction and repair costs," and ¥20,528 million in "Other."

(Note) Breakdown by fiscal year of expiration of net operating loss carryforwards, the related less valuation allowances and the resulting net deferred tax assets

	Millions of yen						
	2026						
	Within 1 year	1 year – 2years	2 years – 3 years	3 years – 4 years	4 years – 5years	Over 5 years	Total
Net operating loss carryforwards (a)	¥91	¥—	¥993	¥—	¥—	¥490	¥1,575
Less valuation allowance	(54)	—	(993)	—	—	(379)	(1,428)
Deferred tax assets	¥36	¥—	¥—	¥—	¥—	¥110	(b)¥147

	Millions of yen						
	2025						
	Within 1 year	1 year – 2years	2 years – 3 years	3 years – 4 years	4 years – 5years	Over 5 years	Total
Net operating loss carryforwards (a)	¥—	¥143	¥—	¥993	¥—	¥13,344	¥14,481
Less valuation allowance	—	(116)	—	(993)	—	(410)	(1,521)
Deferred tax assets	¥—	¥26	¥—	¥—	¥—	¥12,934	(b)¥12,960

(a) The net operating loss carryforwards are amounts multiplied by the statutory effective tax rate.

(b) The net operating loss carryforwards are primarily due to a cut-off effect in the Fuel Cost Adjustment System in the Company resulting from increasing fuel prices in past fiscal years. The amount of the relevant tax loss carryforwards which were deemed to be recoverable through expectations of future taxable income based on the medium-term management plan approved by the management is recorded as deferred tax assets.

(2) The effective tax rate reflected in the Consolidated Statements of Income for the year ended March 31, 2026 and 2025 differs from the statutory tax rate for the following reasons.

	2026	2025
Statutory tax rate	27.96%	27.96%
(Adjustment)		
Share of profit of entities accounted for using equity method	(2.42)%	(1.83)%
Effect of enterprise tax	(1.62)%	(0.18)%
Revision of increase in deferred tax assets at the end of the period due to tax rate changes	—	(1.06)%
Other	0.81%	(2.33)%
Effective tax rate	24.73%	22.56%

(Changes in presentation)

"Valuation allowance," which was presented as a separate line item in the year ended March 31, 2025, is included in "Other" starting from the year ended March 31, 2026, due to its decreased importance. In addition, "Effect of enterprise tax," which was included in "Other" in the year ended March 31, 2025, is presented as a separate line item starting from the year ended March 31, 2026, due to its increased importance. In order to reflect these changes in presentation, the Company has made reclassifications to the notes to the Consolidated Financial Statements for the year ended March 31, 2025.

As a result, (2.19)% in "Valuation allowance" and (0.32)% in "Other" in the year ended March 31, 2025, have been reclassified to (0.18)% in "Effect of enterprise tax" and (2.33)% in "Other."

(3) Revision of deferred tax assets and deferred tax liabilities due to changes in the rate of income taxes

In accordance with the enactment of the "Act on Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) on March 31, 2025, the effective tax rate used in the calculation of deferred tax assets and deferred tax liabilities as of the end of the year ended March 31, 2025 has been changed to the new rate.

Due to this change in the effective tax rate, "Deferred tax assets" increased ¥852 million, "Income taxes - deferred" decreased ¥1,096 million, and "Accumulated other comprehensive income" decreased ¥273 million.

(4) Accounting for corporation and local corporation taxes or tax effect accounting

The Company and some of its domestic consolidated subsidiaries have applied the group tax sharing system. Also, accounting and disclosure of corporation and local corporation taxes or tax effect accounting involved therein are carried out in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021).

24. Asset Retirement Obligations

Asset retirement obligations included in the Consolidated Balance Sheets

(1) Outline of the asset retirement obligations

Until the year ended March 31, 2024, asset retirement obligations were recorded mainly in conjunction with measures to decommission specified nuclear power generation facilities under the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors". In accordance with the "Ministerial Ordinance concerning Reserve Fund for Dismantling Nuclear Power Facilities" (Ordinance of the Ministry of International Trade and Industry No. 30 of 1989, the "Ministerial Ordinance concerning Dismantlement"), the cost was calculated by applying the straight-line method to the estimated total decommissioning cost for the facilities' forecasted operating period.

With the enforcement of the "Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Act No. 44 of 2023) and the "Ministerial Order on Arrangement of Related Ministerial Orders in Conjunction with Enforcement of the Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Order of the Ministry of Economy, Trade and Industry No. 21 of 2024) in the year ended March 31, 2025, the "Ministerial Ordinance concerning Dismantlement" was terminated. As a result, asset retirement obligations of ¥103,197 million were reversed.

(2) Method of calculating the value of the asset retirement obligations

Until the year ended March 31, 2024, the value of the asset retirement obligations was calculated mainly by taking the estimated useful life as the accumulation period (generation facilities' forecasted operating period) which was prescribed in the "Ministerial Ordinance concerning Dismantlement", and using a discount rate of 2.3%.

(3) Variation in the total value of the asset retirement obligations during the year ended March 31, 2025:

	Millions of yen
	2025
Balance at the beginning of the fiscal year	¥106,511
Changes in estimated obligations and accretion	(102,801)
Balance at the end of the fiscal year	¥3,709

25. Revenue Recognition

(1) Breakdown of revenue from contracts with customers

Breakdown information of revenue from contracts with customers is presented in Note 27 "Segment Information."

(2) Basic information for understanding revenue from contracts with customers

Basic information for understanding revenue is described in "Accounting policy for recognition of significant revenues and expenses" under Note 2 "Significant Accounting Policies".

(3) Relationship between satisfaction of performance obligations under contracts with customers and the cash flows resulting from the contracts, as well as the information of the amount and timing of revenue expected to be recognized in the years from the year ending March 31, 2027 and thereafter, based on the contracts with customers existed as of March 31, 2026

① Balance of contract assets and contract liabilities, etc.

Contract assets and contract liabilities are not presented due to their unimportance in balance and insignificance in fluctuation. Also, revenue recognized in the year ended March 31, 2026 for the performance obligations satisfied (or partially satisfied) during past years is not presented due to their unimportance in amount.

② Transaction amount allocated to remaining performance obligations

The Companies apply practical conventions on notes to the transaction amount allocated to remaining performance obligations, as such the notes do not disclose the contract amount where the initial expected contract period is within one year. The following describes the total amount and period where the revenue recognition can be expected regarding the transaction amount allocated to remaining performance obligations in the Companies' main businesses.

	Millions of yen	
	2026	2025
Within 1 year	¥36,290	¥17,039
1 year – 3 years	104,582	75,213
Over 3 years	88,459	58,716
Total	¥229,332	¥150,969

(Note) The total transaction amount expected to be recognized as revenue does not include revenue acquirable from long-term decarbonization energy auctions. The revenue acquirable from long-term decarbonization energy auctions will be the amount agreed upon in the capacity agreement minus approximately 90% of the refund generated from the wholesale market, non-fossil fuel market, etc. during the same period of time. However, since the amount to be refunded will fluctuate depending on future market prices, it is difficult to estimate the portion of the variable consideration for which it is highly probable that a significant reversal of revenue recognized to date will not occur when the uncertainty is resolved. Therefore, it is not included in the scope of the notes.

26. Net assets

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as share capital.

However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as legal capital surplus, which is included in capital surplus.

Under the Company Law, in cases in which a dividend distribution of surplus is made, companies are required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends as legal capital surplus or as legal retained earnings until the total of these equals 25% of share capital. Legal retained earnings is included in retained earnings in the accompanying Consolidated Balance Sheets.

Neither legal capital surplus nor legal retained earnings can be distributed as dividends. However, all legal capital surplus and all legal retained earnings may be transferred to other capital surplus and retained earnings, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-Consolidated Financial Statements of the Company in accordance with Japanese law and regulations.

At the annual stockholders' meeting held on June 25, 2026, the stockholders approved cash dividends amounting to ¥6,128 million. The appropriations had not been accrued in the Consolidated Financial Statements at March 31, 2026. Such appropriations are recognized in the period in which they are approved by the stockholders.

27. Segment Information

The Companies' reporting segments are structural units of the Companies that are separated from the others and for which separate financial information is available. This information is the subject of periodic deliberations by the Board of Directors in order to decide the allocation of business resources and evaluate business results.

With electric power as their core, the Companies are developing total solution operations by focusing their business resources on strategic business domains that can exploit the Companies' strengths.

Thus, the Companies are composed of three reporting segments: combining power generation and electric power sales business with comprehensive energy supply business to be a single business unit the "Comprehensive energy", the "Power transmission and distribution", and the "Information and telecommunications".

A summary by segment for the years ended March 31, 2026 and 2025 was as follows

	Millions of yen							
	2026							
	Reporting segment				Other (Note1)	Total	Adjustment (Note2)	Consolidated (Note3)
	Comprehensive energy	Power transmission and distribution	Information and tele-communications	Total				
Operating revenues:								
Revenue from contracts with customers	¥1,164,355	¥176,771	¥33,765	¥1,374,891	¥27,016	¥1,401,908	¥—	¥1,401,908
Other (Note4)	37,575	132	240	37,948	2,446	40,394	—	40,394
Outside customers	1,201,930	176,903	34,005	1,412,840	29,462	1,442,302	—	1,442,302
Intersegment	112,369	296,951	15,841	425,162	82,932	508,094	(508,094)	—
Total	1,314,300	473,854	49,847	1,838,002	112,394	1,950,397	(508,094)	1,442,302
Segment income	¥70,278	¥12,095	¥4,883	¥87,257	¥6,779	¥94,037	¥(3,820)	¥90,216
Segment assets	4,201,568	1,239,029	80,002	5,520,600	207,858	5,728,459	(1,107,958)	4,620,500
Other items:								
Depreciation expense	¥84,149	¥43,622	¥8,593	¥136,365	¥3,151	¥139,517	¥(377)	¥139,139
Value increase in tangible and intangible assets	172,742	100,551	9,017	282,311	3,899	286,211	(5,522)	280,688

(Note) 1 The "Other" category refers to consolidated subsidiaries not included in any of the reporting segments.

2 "Adjustments" were as follows:

(1) "Adjustment" of "Segment income" in an amount of ¥(3,820) million refers to intersegment elimination.

(2) "Adjustment" of "Segment assets" in an amount of ¥(1,107,958) million refers to intersegment elimination.

(3) "Adjustment" of "Value increase in tangible and intangible assets" in an amount of ¥(5,522) million refers to intersegment elimination.

3 Reconciliations have been made between "Segment income" and "Operating income" in Consolidated Statements of Income.

4 "Other" under "Comprehensive energy" and "Power transmission and distribution" include subsidies of ¥33,081 million and ¥132 million, respectively, received from the Japanese Government under the "Project for Drastic Mitigation Measures of Electricity and Gas Charges" implemented in accordance with the "Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth," the "Emergency Response Package in Response to U.S. Tariff Measures," and the "Comprehensive Economic Measures to Build a 'Strong Japanese Economy.'"

	Millions of yen							
	2025							
	Reporting segment				Other (Note1)	Total	Adjustment (Note2)	Consolidated (Note3)
	Comprehensive energy	Power transmission and distribution	Information and tele-communications	Total				
Operating revenues:								
Revenue from contracts with customers	¥1,218,029	¥203,687	¥33,158	¥1,454,875	¥27,926	¥1,482,802	¥—	¥1,482,802
Other (Note4)	43,698	182	204	44,085	2,330	46,415	—	46,415
Outside customers	1,261,727	203,870	33,363	1,498,961	30,257	1,529,218	—	1,529,218
Intersegment	146,279	307,681	16,059	470,021	80,298	550,319	(550,319)	—
Total	1,408,007	511,551	49,423	1,968,982	110,555	2,079,537	(550,319)	1,529,218
Segment income	¥95,184	¥25,217	¥4,705	¥125,108	¥7,507	¥132,615	¥(3,467)	¥129,148
Segment assets	3,966,895	1,160,857	91,611	5,219,365	195,139	5,414,504	(1,053,544)	4,360,959
Other items:								
Depreciation expense	¥62,128	¥41,912	¥8,410	¥112,451	¥2,782	¥115,233	¥(395)	¥114,837
Value increase in tangible and intangible assets	256,531	78,550	7,726	342,809	4,419	347,228	(6,716)	340,511

(Note) 1 The "Other" category refers to consolidated subsidiaries not included in any of the reporting segments.

2 "Adjustments" were as follows:

(1) "Adjustment" of "Segment income " in an amount of ¥(3,467) million refers to intersegment elimination

(2) "Adjustment" of "Segment assets" in an amount of ¥(1,053,544) million refers to intersegment elimination

(3) "Adjustment" of "Value increase in tangible and intangible assets" in an amount of ¥(6,716) million refers to intersegment elimination.

3 Reconciliations have been made between "Segment income" and "Operating income" in Consolidated Statements of Income.

4 "Other" under "Comprehensive energy" and "Power transmission and distribution" include subsidies of ¥42,140 million and ¥182 million, respectively, received from the Japanese Government under the "Project for Drastic Mitigation Measures of Electricity and Gas Charges" implemented in accordance with the "Comprehensive Economic Measures for Completely Overcoming Deflation" and the "Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth".

Since the categories for products and services are the same as the categories within the reporting segments, information about individual products and services is omitted here.

Since the Companies' sales to external customers in Japan accounted for over 90% of the total sales in the Consolidated Statements of Income for the years ended March 31, 2026 and 2025, information concerning region-by-region sales amounts is omitted here.

Since the value of the Companies' property, plant and equipment located in Japan accounted for over 90% of the value of property plant and equipment in the Consolidated Balance Sheets at March 31, 2026 and 2025, information concerning region-by-region property, plant and equipment is omitted here.

Since no customer among the Companies' external customers accounted for 10% or more of the total sales in the Consolidated Statements of Income for the years ended March 31, 2026 and 2025, information concerning major customers is omitted here.

Information on impairment losses for property, plants, and equipment in each reporting segment was as follows:

Year ended March 31, 2026

There is no information to be disclosed.

	Millions of yen							
	2025							
	Reporting segment							
	Comprehensive energy (Note)	Power transmission and distribution	Information and tele-communications	Total	Other	Total	Corporate and Elimination	Consolidated
Impairment losses	¥6,970	¥—	¥—	¥6,970	¥—	¥6,970	¥—	¥6,970

(Note) These impairment losses of fixed assets were recorded by Chugoku Electric Power Australia Resources Pty. Ltd., a consolidated subsidiary of the Company, due to the transfer of interests in the Boggabri coal mine in Australia.

28. Per Share Information

	Yen	
	2026	2025
Basic earnings per share	¥190.61	¥273.70
Cash dividends	27.00	27.00

29. Subsequent event

The following appropriations of retained earnings at March 31, 2026 were approved at the annual stockholders' meeting held on June 25, 2026:

	Millions of yen
Year-end cash dividends, ¥17 per share	¥6,128

Independent auditor's report

To the Board of Directors of The Chugoku Electric Power Co., Inc. :

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Chugoku Electric Power Co., Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2026 and 2025, the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Appropriateness of management's judgment on the recoverability of deferred tax assets of the tax sharing group

The key audit matter	How the matter was addressed in our audit
The Company and its consolidated subsidiaries recognized deferred tax assets of ¥47,536 million in the consolidated balance	The primary procedures we performed to assess the appropriateness of management's judgment on the recoverability of deferred tax assets of the tax sharing

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sheet at the end of the current fiscal year. The Company and certain of its consolidated subsidiaries (hereinafter referred to as the "tax sharing group") have elected to file tax returns under the group tax sharing system. As described in Note 23. “Income taxes” to the consolidated financial statements, the amount of deferred tax assets before being offset by deferred tax liabilities was ¥94,239 million.
Deferred tax assets are recognized to the extent that deductible temporary differences and other items are expected to be utilized against future taxable income.
The assessment of recoverability of deferred tax assets depends on the tax classification of entities in accordance with the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26) and estimates of future taxable income of the tax sharing group based primarily on the medium-term management plan prepared by management. The medium-term management plan used in the estimation involved a high degree of uncertainty as the plan included key assumptions requiring significant management judgment, such as unit sales prices and the projection of electricity sales volume.
We, therefore, determined that the appropriateness of management’s judgment regarding the recoverability of deferred tax assets of the tax sharing group was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.
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group included the following:
(1) Testing internal controls
We tested the design and operating effectiveness of certain internal controls relevant to the judgment on the recoverability of deferred tax assets. We focused our testing specifically on controls to prevent or detect the adoption of inappropriate assumptions in the development of the medium-term management plan which formed the basis of estimating future taxable income.
(2) Assessment of the tax classification and the estimated future taxable income
We assessed the reasonableness of management’s judgment on the tax classification and the estimates of the future taxable income, which were important in determining the recoverability of deferred tax assets, by performing the following procedures, among others:

By analyzing the causes of significant tax losses in prior years, we assessed the possibility that similar events may occur in the future;
We assessed the consistency of the estimated future taxable income used to determine the recoverability of deferred tax assets with the medium-term management plan;
We assessed the unit sales prices are determined based on the recent negotiation results and the competitive environment; and
We compared the projection of electricity sales volume with the Chugoku area demand projection published by a third-party organization, and assessed its consistency with the recent trend of electricity sales volume and the current electricity retail market environment.

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Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor’s report thereon.

We do not perform any procedures on the other information as we determine such information does not exist.

Responsibilities of Management and the audit and supervisory committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of 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 our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are ¥141 million and ¥65 million, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

Koji Yoshida

Designated Engagement Partner

Certified Public Accountant

Takuya Morishima

Designated Engagement Partner

Certified Public Accountant

Akihiro Takafuji

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Hiroshima Office, Japan

September 11, 2026

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.