

## Consolidated Balance Sheet

Shikoku Electric Power Company, Incorporated and Consolidated Subsidiaries

March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
<b>ASSETS</b>			
<b>PROPERTY, PLANT AND EQUIPMENT (Note 6):</b>			
Utility plant, at cost	¥ 3,241,585	¥ 3,232,672	\$ 21,610,566
Other plant and equipment, at cost	304,565	301,969	2,030,433
Construction in progress	32,557	22,698	217,046
	3,578,709	3,557,340	23,858,060
<b>Less:</b>			
Contributions in aid of construction	(54,766)	(53,713)	(365,106)
Accumulated depreciation	(2,624,805)	(2,595,713)	(17,498,700)
	(2,679,571)	(2,649,426)	(17,863,806)
<b>Net property, plant and equipment</b>	<b>899,138</b>	<b>907,914</b>	<b>5,994,253</b>
<b>NUCLEAR FUEL, LESS ACCUMULATED AMORTIZATION:</b>	<b>94,013</b>	<b>89,196</b>	<b>626,753</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Notes 7, 9 and 18)	43,899	43,613	292,660
Investments in and advances to unconsolidated subsidiaries and associates (Note 9)	142,994	114,962	953,293
Long-term loans receivable	462	468	3,080
Net defined benefit assets (Note 10)	34,766	16,816	231,773
Special account related to nuclear power decommissioning	30,139	32,470	200,926
Special account related to reprocessing of spent nuclear fuel	48,942	42,554	326,280
Deferred tax assets (Note 13)	31,321	34,138	208,806
Other assets (Notes 18 and 19)	15,404	20,854	102,693
<b>Total investments and other assets</b>	<b>347,931</b>	<b>305,880</b>	<b>2,319,540</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Note 18)	130,142	118,296	867,613
Notes receivable, accounts receivable and contract assets (Note 18)	144,805	136,847	965,366
Inventories (Note 8)	42,070	43,068	280,466
Other current assets (Notes 17 and 18)	29,579	28,107	197,193
Allowance for doubtful accounts	(197)	(257)	(1,313)
<b>Total current assets</b>	<b>346,400</b>	<b>326,062</b>	<b>2,309,333</b>
<b>TOTAL</b>	<b>¥ 1,687,484</b>	<b>¥ 1,629,054</b>	<b>\$ 11,249,893</b>

See notes to consolidated financial statements.

## Consolidated Balance Sheet

Shikoku Electric Power Company, Incorporated and Consolidated Subsidiaries

March 31, 2025

	Thousands of U.S. Dollars (Note 1)	
	Millions of Yen	
	2025	2024
2025		
<b>LIABILITIES AND EQUITY</b>		
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt (Notes 9, 17, 18 and 22)	¥ 844,364	¥ 855,165
Contribution payable for nuclear reactor decommissioning	114,471	
Provision for loss on business of subsidiaries and associates (Note 16)	595	689
Net defined benefit liabilities (Note 10)	16,896	18,961
Asset retirement obligations (Note 11)		132,811
Other long-term liabilities	25,661	26,939
<b>Total long-term liabilities</b>	<b>1,001,988</b>	<b>1,034,567</b>
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt (Notes 9, 17, 18 and 22)	71,535	78,152
Notes and accounts payable (Note 18)	69,170	56,519
Income taxes payable	13,957	16,343
Accrued expenses	40,885	41,894
Other current liabilities (Notes 18, 19 and 22)	49,102	38,408
<b>Total current liabilities</b>	<b>244,652</b>	<b>231,318</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
(Notes 17, 19 and 20)		
<b>EQUITY (Note 12):</b>		
Common stock - authorized, 772,956,066 shares; issued, 207,528,202 shares in 2025 and 207,528,202 shares in 2024	145,551	145,551
Capital surplus	3,598	3,598
Retained earnings (Note 24)	254,880	191,442
Treasury stock - at cost 1,852,199 shares in 2025 and 1,865,729 shares in 2024	(3,418)	(3,428)
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	2,723	716
Deferred gain on derivatives under hedge accounting	5,733	7,382
Foreign currency translation adjustments	14,775	9,465
Remeasurements of defined benefit plans	14,173	5,762
<b>Total</b>	<b>438,017</b>	<b>360,491</b>
<b>Noncontrolling interests</b>	<b>2,825</b>	<b>2,676</b>
<b>Total equity</b>	<b>440,843</b>	<b>363,168</b>
<b>TOTAL</b>	<b>¥ 1,687,484</b>	<b>¥ 1,629,054</b>
		<b>\$ 11,249,893</b>

## Consolidated Statement of Income

Shikoku Electric Power Company, Incorporated and Consolidated Subsidiaries

Year Ended March 31, 2025

	Thousands of U.S. Dollars (Note 1)	
	Millions of Yen	
	2025	2024
	2025	2025
<b>OPERATING REVENUES (Note 14):</b>		
Electric	¥ 756,351	¥ 689,531
Other	95,047	97,871
<b>Total operating revenues</b>	<b>851,399</b>	<b>787,403</b>
<b>OPERATING EXPENSES (Notes 15 and 22):</b>		
Electric	680,919	626,003
Other	81,406	82,873
<b>Total operating expenses</b>	<b>762,326</b>	<b>708,876</b>
<b>OPERATING INCOME</b>	<b>89,073</b>	<b>78,526</b>
<b>OTHER INCOME (EXPENSES):</b>		
Interest expense (Note 22)	6,258	6,172
Loss on business of subsidiaries and associates (Note 16)	1,360	2,614
Interest and dividend income	(1,907)	(1,974)
Gains of investment securities	(298)	(626)
Foreign exchange gains	(3,250)	(2,944)
Equity in earnings of associates	(5,471)	(4,626)
Loss on cancellation of contract	1,261	
Other, net	(491)	(185)
<b>Total other expenses</b>	<b>(2,537)</b>	<b>(1,569)</b>
<b>INCOME BEFORE REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES</b>	<b>91,611</b>	<b>80,096</b>
<b>REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL</b>		400
<b>INCOME BEFORE INCOME TAXES</b>	<b>91,611</b>	<b>80,496</b>
<b>INCOME TAXES (Note 13):</b>		
Current	22,923	18,434
Deferred	182	1,360
<b>Total income taxes</b>	<b>23,106</b>	<b>19,794</b>

<b>NET INCOME</b>	<b>68,505</b>	60,701	<b>456,700</b>
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	<b>180</b>	185	<b>1,200</b>
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>¥ 68,324</b>	<b>¥ 60,515</b>	<b>\$ 455,493</b>

			U.S. Dollars
	Yen		(Note 1)
<b>PER SHARE OF COMMON STOCK (Note 23):</b>			
Basic net income	<b>¥ 332.20</b>	¥294.25	<b>\$ 2.21</b>

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

Shikoku Electric Power Company, Incorporated and Consolidated Subsidiaries

Year ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
<b>NET INCOME</b>	<b>¥ 68,505</b>	<b>¥ 60,701</b>	<b>\$ 456,700</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) (Note 21):</b>			
Unrealized income on available-for-sale securities	2,055	72	13,700
Deferred loss on derivatives under hedge accounting	(2,381)	(806)	(15,873)
Foreign currency translation adjustments	5,290	2,029	35,266
Remeasurements of defined benefit plans	8,189	5,329	54,593
Share of other comprehensive income in associates	925	646	6,166
<b>Total other comprehensive income</b>	<b>14,078</b>	<b>7,272</b>	<b>93,853</b>
<b>COMPREHENSIVE INCOME</b>	<b>¥ 82,583</b>	<b>¥ 67,973</b>	<b>\$ 550,553</b>
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the parent	¥ 82,403	¥ 67,787	\$ 549,353
Noncontrolling interests	180	185	1,200

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Equity

Shikoku Electric Power Company, Incorporated and Consolidated Subsidiaries

Year Ended March 31, 2025

	Thousand	Millions of Yen											
		Accumulated other comprehensive income											
	Outstandin g number of shares of common stock	Commc stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gain on available- for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurement s of defined benefit plans	Total	Noncontrolling interests	Total equity	
BALANCE AT MARCH 31, 2023	205,647	¥ 145,551	¥ 3,598	¥ 134,023		¥ (3,440)	¥ 125	¥ 8,395	¥ 7,368	¥165	¥ 295,788	¥ 2,524	¥ 298,312
Net income attributable to owners of the parent				60,515							60,515		60,515
Cash dividends, ¥15 per share				(3,096)							(3,096)		(3,096)
Purchase of treasury stock	(9)					(9)					(9)		(9)
Disposal of treasury stock	23				(0)	21					21		21
Change in scope of equity method													
Net changes in the year							591	(1,013)	2,097	5,596	7,272	152	7,424
BALANCE AT MARCH 31, 2024	205,662	145,551	3,598	191,442		(3,428)	716	7,382	9,465	5,762	360,491	2,676	363,168
Net income attributable to owners of the parent				68,324							68,324		68,324
Cash dividends, ¥35 per share				(7,225)							(7,225)		(7,225)
Purchase of treasury stock	(8)					(9)					(9)		(9)
Disposal of treasury stock	21		0			19					19		19
Change in scope of equity method					2,339						2,339		2,339
Net changes in the year							2,007	(1,649 )	5,309	8,410	14,078	148	14,227
BALANCE AT MARCH 31, 2025	205,676	¥ 145,551	¥ 3,598	¥ 254,880		¥ (3,418)	¥ 2,723	¥ 5,733	¥ 14,775	¥ 14,173	¥ 438,017	¥ 2,825	¥ 440,843

Thousands of U.S dollars (Note 1)

	Accumulated other comprehensive income										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gain on available- for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Noncontrolling interests	Total equity
<b>BALANCE AT MARCH 31, 2024</b>	\$ 970,340	\$ 23,986	\$ 1,276,280	\$ (22,853)	\$ 4,773	\$ 49,213	\$ 63,100	\$ 38,413	\$ 2,403,273	\$ 17,840	\$ 2,421,120
Net income attributable to owners of the parent			455,493						455,493		455,493
Cash dividends, \$0.23 per share			(48,166)						(48,166)		(48,166)
Purchase of treasury stock				(60)					(60)		(60)
Disposal of treasury stock		0		126					126		126
Change in scope of equity method			15,593						15,593		15,593
Net changes in the year					13,380	(10,993)	35,393	56,066	93,853	986	94,846
<b>BALANCE AT MARCH 31, 2025</b>	\$ 970,340	\$ 23,986	\$ 1,699,200	\$ (22,786)	\$ 18,153	\$ 38,220	\$ 98,500	\$ 94,486	\$ 2,920,113	\$ 18,833	\$ 2,938,953

See notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

Shikoku Electric Power Company, Incorporated and Consolidated Subsidiaries

Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes	¥ 91,611	¥ 80,496	\$ 610,740
Adjustments for:			
Income taxes (paid) refund	(25,230)	700	(168,200)
Depreciation and amortization	62,878	64,050	419,186
Loss on disposal of property, plant and equipment	2,164	2,674	14,426
Decommissioning cost of nuclear power units		4,609	
Depreciation of special account related to nuclear power decommissioning	5,211	4,333	34,740
Decrease in reserve for fluctuations in water level		(400)	
Equity in earnings of associates	(5,471)	(4,626)	(36,473)
Foreign exchange gains	(2)	(16)	(13)
Changes in assets and liabilities:			
Increase in contribution payable for nuclear reactor decommissioning	119,397		795,980
Increase in net defined benefit assets	(6,105)	(452)	(40,700)
Decrease in net defined benefit liabilities	(2,270)	(1,320)	(15,133)
Decrease in asset retirement obligation	(121,444)		(809,626)
(Increase) decrease in trade notes and accounts receivable	(11,299)	1,977	(75,326)
Increase (decrease) in allowances for doubtful accounts	10	(894)	66
Decrease in inventories	1,487	17,416	9,913
Increase (decrease) in trade notes and accounts payable	8,701	(14,176)	58,006
Increase (decrease) in consumption taxes payable	11,621	(5,543)	77,473
Decrease in provision for loss on guarantees		(8,536)	
Other, net	(1,439)	3,385	(9,593)
Net cash provided by operating activities	129,821	143,676	865,473
<b>INVESTING ACTIVITIES:</b>			
Capital expenditures including nuclear fuel	(78,297)	(79,023)	(521,980)
Proceeds from sales of property, plant and equipment	851	568	5,673
Payments for asset retirement obligations		(1,319)	
Payments for investments and advances	(19,855)	(30,175)	(132,366)
Proceeds from sales of investment securities and collections of advances	4,355	12,631	29,033
Net cash used in investing activities	(92,945)	(97,317)	(619,633)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of bonds	35,000	35,000	233,333
Redemption of bonds	(45,000)	(65,000)	(300,000)
Proceeds from long-term loans	22,300	21,600	148,666
Repayments of long-term loans	(30,300)	(22,600)	(202,000)
Cash dividends paid	(7,225)	(3,096)	(48,166)
Purchase of treasury stock	(9)	(8)	(60)
Cash dividends paid to minority shareholders	(31)	(33)	(206)
Other, net	(59)	(43)	(393)
Net cash used in financing activities	(25,325)	(34,182)	(168,833)
<b>EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS</b>	<b>296</b>	<b>216</b>	<b>1,973</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11,845</b>	<b>12,392</b>	<b>78,966</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>118,296</b>	<b>105,904</b>	<b>788,640</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>¥ 130,142</b>	<b>¥ 118,296</b>	<b>\$ 867,613</b>

See notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2025

### 1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Japanese Electric Utility Law and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2024 consolidated financial statements to conform to the classifications used in 2025.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Shikoku Electric Power Company, Incorporated (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥150 to \$1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million yen and less than one thousand U.S. dollars have been rounded down, except for per share data.

As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

### 2. SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

#### (a) Consolidation and investments in unconsolidated subsidiaries and associates

In principle, under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company or significant subsidiaries have the ability to exercise significant influence are accounted for by the equity method. The consolidated financial statements as of March 31, 2025, include the accounts of the Company and its twelve subsidiaries (collectively the "Group").

Investments in two unconsolidated subsidiary and nine associates, are accounted for by the equity method. In the current fiscal year, one associate (RLC Power Holding Company Limited) was added to equity method associates.

Investments in the remaining unconsolidated subsidiaries and associates are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized over a maximum period of 20 years.

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

The fiscal year end of one consolidated subsidiary is December 31. The Company consolidates such consolidated subsidiary's financial statements using its financial results for the year ended December 31. The effects of any significant transactions during the period between the subsidiary's fiscal year end and the Company's fiscal year end are reflected in the consolidated financial statements.

#### (b) Property, plant and equipment

Property, plant and equipment are stated at cost. Contributions in aid of construction include contributions made by customers and are deducted from the cost of the related assets in accordance with the regulations described in Note 1.

Depreciation of property, plant and equipment is computed by the straight-line method based on the estimated useful lives of the assets.



**(c) Long-lived assets**

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

**(d) Amortization of nuclear fuel**

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity.

**(e) Investment securities**

All investment securities are classified and accounted for, depending on management's intent, as follows:

Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity. Nonmarketable available-for-sale equity securities are stated at cost, determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

**(f) Special account related to nuclear power decommissioning**

The costs required for the decommissioning of nuclear reactors for commercial power generation are recognized as operating expenses of the electricity business. These are recorded as operating expenses of the electricity business decommissioning contributions stipulated in Article 11, Paragraph 2 of the "Act for Reprocessing of Spent Fuel in Nuclear Power Generation and Promotion of Decommissioning" (Act No. 48, 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).

For nuclear reactors decommissioned due to changes in energy policy, the remaining book value, etc. is recovered as a contribution for facilitating nuclear reactor decommissioning through the transmission tariff system of general power transmission and distribution companies, by applying the decommissioning accounting system established for the smooth implementation of decommissioning.

In applying this system, the Company, in accordance with the provisions of Article 45-21-12 of the "Enforcement Regulations of the Electricity Business Act" (Ministry of International Trade and Industry Ordinance No. 77 of 1995), prior to being amended by the "Ordinance for the Arrangement of Relevant Ministerial Ordinances in Conjunction with the Enforcement of the Act for Partial Revision of the Electricity Business Act, etc. to Establish an Electricity Supply System for the Realization of a Decarbonized Society" (Ministry of Economy, Trade and Industry Ordinance No. 21 of 2024; hereinafter referred to as the "Revised Ministerial Ordinance"), has submitted an application for approval of the contribution for facilitating nuclear reactor decommissioning to the Minister of Economy, Trade and Industry regarding the book value of nuclear specified assets, the book value of special account related to nuclear power decommissioning, and the required amount of reserve for the decommissioning of nuclear power units, and has obtained approval from the Minister.

In addition, Shikoku Electric Power Transmission and Distribution Co., Ltd., which received a notice from the Minister of Economy, Trade and Industry regarding the contribution for facilitating nuclear reactor decommissioning to be collected, has changed the terms and conditions for consignment supply, etc., in accordance with the provisions of Article 45-21-11 of the Enforcement Regulations of the Electricity Business Act. The company collects the contribution for facilitating nuclear reactor decommissioning and remits it to us. We recognize the remitted contribution as operating revenue of the electricity business in accordance with the provisions of the Electricity Business Accounting Regulations.

Regarding the special account related to nuclear power decommissioning, in accordance with Article 8 of the Supplementary Provisions of the "Ministerial Ordinance to Partially Amend the Enforcement Regulations of the Electricity Business Act" (Ministry of Economy, Trade and Industry Ordinance No. 77 of 2017) and Article 9 of the Supplementary Provisions of the Revised Ministerial Ordinance, the amount remitted is recorded as operating expenses of the electricity business.

**(g) Cost of reprocessing irradiated nuclear fuel**

The costs for reprocessing spent nuclear fuel generated from the operation of nuclear power plants are recognized as operating expenses of the electricity business in proportion to the volume of spent fuel, based on the reprocessing contributions defined in Article 5, Paragraph 2 of the "Act for Reprocessing of the Spent Fuel for Nuclear Power Units and Promotion of Decommissioning" (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).

Contributions include those made in relation to reprocessing of spent fuel, and these contributions have been organized into a special account related to reprocessing of spent nuclear fuel.

**(h) Cash equivalents**

Cash equivalents are deposits and short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Cash equivalents include time deposits, etc., all of which mature or become due within three months of the date of acquisition.

**(i) Inventories**

Inventories, principally fuel for power generation, are stated at the lower of cost, determined by the average method, or net realizable value.

**(j) The standards for recognition of significant revenues**

In the electric business, which is the main business of the corporate group, the Company mainly sell and wholesale electricity, and the performance obligation is the supply of electricity based on the contract with the customer. Regarding these performance obligations, revenue is recognized mainly based on the amount of electricity determined by meter reading (based on the meter reading date) in accordance with the Electric Utility Accounting Regulation.

In addition, payments are received within approximately one month from the date when the amount of electricity was determined by meter reading, and the amount of consideration does not include important financial factors.

**(k) Retirement and pension plans**

The Company accounts for the liability and assets for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are mainly attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects. Actuarial gains and losses are mainly amortized in the following period and past service costs are mainly amortized in the current period.

**(l) Asset retirement obligations**

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

For nuclear power units, the Company recognizes asset retirement obligations as the sum of the discounted cash flows using a discount rate of 2.3%. However, the Company recognizes asset retirement obligations as the amount determined by the Japanese Electric Utility Law and its related accounting regulations if such amount is higher than the sum of the discounted cash flows.

**(m) Income taxes**

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

**(n) Bond issuance costs**

Bond issuance costs are charged to income as incurred.

**(o) Foreign currency transactions**

Short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect as of each balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

**(p) Foreign currency financial statements**

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

**(q) Derivative and hedging activities**

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign currency exchange rates and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Group to reduce foreign currency exchange rate and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

For derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

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

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

**(r) Per share information**

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not disclosed because dilutive securities are not issued.

**(s) New accounting pronouncements**

“Accounting Standard for Leases” (ASBJ Statement No. 34 issued on September 13, 2024)

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

**(1) Outline**

As part of efforts to make Japanese GAAP internationally consistent, the Accounting Standards Board of Japan reviewed Japanese GAAP based on international accounting standards to develop accounting standards for leases recognizing the assets and liabilities of all leases of lessees. The basic policy is based on a single accounting model of IFRS 16, but the Accounting Standards Board of Japan adopted only the main standards rather than adopting all the standards of IFRS 16, making an Accounting Standard for Leases, etc. designed to be simple and convenient and to eliminate the need for adjustments even if the provisions of IFRS 16 are used in non-consolidated financial statements.

As with IFRS 16, as the accounting treatment for the lessee, a single accounting model applies to the method of allocating costs for the lessee’s leases,

recording depreciation on right-of-use assets and interest on lease liabilities for all leases, regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled Date of Application

The Company will apply the accounting standard and the implementation guidance effective the beginning of the year ending March 31, 2028.

(3) Impact of the Application of the Accounting Standard and the Implementation Guidance

The Company is currently assessing the effects of the application of the Accounting Standard for Leases, etc. on its consolidated financial statements.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES

Current fiscal year (year ended March 31, 2025)

Investment in overseas power generation business

(1) Carrying amounts

	Millions of yen	Thousands of U.S. dollars
	March 31,	March 31,
	2025	2025
Investment in overseas power generation business	¥ 86,033	\$ 573,553

Note 1: Investments in overseas power generation business in the above table are included in investment securities and investments in and advances to unconsolidated subsidiaries and associate, and other assets on the consolidated balance sheet.

(2) Information on the significant accounting estimate

The Company invests in the overseas power generation business mainly through its consolidated subsidiary SEP International Netherlands B.V. , the equity method is applied to the investment in unconsolidated subsidiaries and affiliated companies, and the performances of these businesses are reflected through investment gains and losses based on the equity method.

If any of these investments show indicators of a decline in business profitability, the investment amount exceeding the recoverable amount calculated based on cash flow outlook based on the business plan, etc., is recognized as a loss.

Due to changes in the external environment such as policy changes related to environment and energy, and the emergence of country risks in the countries, there is a possibility that cash flows expected to be obtained in the future will deteriorate significantly, and in that case, it may affect the valuation of investments.

Previous fiscal year (year ended March 31, 2024)

(I) Recoverability of deferred tax assets

(1) Carrying amounts

See Note 13 about the amount of deferred tax assets in the consolidated balance sheet for the current fiscal year.

(2) Information on the significant accounting estimate

The Group records the recoverable amount of deferred tax based on estimated taxable income in the future. This estimated taxable income is calculated based on business plans approved by management and available information when the Company prepares consolidated financial statements. Estimated electricity sales volume and related costs are included in these main plans and information. If these assumptions of plans and information are changed, the judgement of recoverability of deferred tax assets may be affected.

(II) Investment in overseas power generation business

(1) Carrying amounts

	Millions of yen
	March 31,
	2024
Investment in overseas power generation business	¥ 58,961

Note 1: Investments in overseas power generation business in the above table are included in investment securities and investments in and advances to unconsolidated subsidiaries and associate, and other assets on the consolidated balance sheet.

(2) Information on the significant accounting estimate

The Company invests in the overseas power generation business mainly through its consolidated subsidiary SEP International Netherlands B.V. , the equity

method is applied to the investment in unconsolidated subsidiaries and affiliated companies, and the performances of these businesses are reflected through investment gains and losses based on the equity method.

If any of these investments show indicators of a decline in business profitability, the investment amount exceeding the recoverable amount calculated based on cash flow outlook based on the business plan, etc., is recognized as a loss. In addition, if a debt guarantee is provided, the financial condition of the guaranteed party will be taken into account, and provision for loss on guarantees is recognized when the possibility of loss arising from the performance of the guarantee obligation increase.

Due to changes in the external environment such as policy changes related to environment and energy, and the emergence of country risks in the countries, there is a possibility that cash flows expected to be obtained in the future will deteriorate significantly, and in that case, it may affect the valuation of investments.

#### **4. CHANGES IN PRESENTATION**

##### Consolidated Statements of Income

“Loss on valuation of investment securities” which was separately presented in the previous fiscal year, is included in ‘Other’ under non-operating expenses because it became insignificant.

As a result, ¥402 million displayed as “Loss on valuation of investment securities” in the consolidated statement of income for the previous fiscal year has been reclassified as “Other”.

## 5. REVISION OF ELECTRIC UTILITY ACCOUNTING REGULATION 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”.

On April 1, 2024, 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; hereinafter referred to as the “Revised Act”) and “Ministerial Ordinance Concerning the Establishment of Relevant Ministerial Ordinances 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” (Ordinance of the Ministry of Economy, Trade and Industry No. 21 of 2024, hereinafter referred to as the “Revised Ministerial Ordinance”) were enacted. As a result, the “Ministerial Ordinance Concerning Provision for Decommissioning of Nuclear Power Units” (hereinafter referred to as the “Revised Ministerial Ordinance on Decommissioning”) was abolished and the “Electric Utilities Accounting Regulation” was revised.

The costs required for decommissioning of nuclear power generation facilities have been conventionally accounted for as expenses in accordance with the pre-revised Ministerial Ordinance on Decommissioning, by applying Paragraph 8 (“In the case that there is appropriate method to recognize and measure the cost of removal in accordance with special laws or regulations, etc.”) of the “Guidance on Accounting Standard for Asset Retirement Obligations” (the Accounting Standards Board of Japan (ASBJ) Guidance No. 21, March 31, 2008). However, according to the Revised Ministerial Ordinance, after the effective date of the revision, expenses will be recognized as the decommissioning contribution payments prescribed in Article 11, Paragraph 2 of the “Act for Reprocessing of the Spent Fuel for Nuclear Power Units and Promotion of Decommissioning” as revised by Article 3 of the Revised Act.

Previously, each nuclear operators had the responsibility to secure funds for decommissioning of own commercial nuclear power reactors, however, based on the Revised Act, the operators are only obligated to make payments of decommissioning contributions to the Nuclear Reprocessing and Decommissioning facilitation Organization of Japan (hereinafter referred to as “NuRO”) each fiscal year. NuRO is now economically responsible for securing, managing, and paying for the funds required for decommissioning of the reactors.

As a result, 11,367 million (\$75,780 thousand) of assets and 132,811 million (\$885,406 thousand) of liabilities related to asset retirement obligations for the reactors have been reversed during the year ended March 31, 2025.

The total amount of 124,324 million (\$828,826 thousand), which must be paid to NuRO to cover the funding and operating costs for decommissioning promotion activities pursuant to the provision of Article 10, Paragraph 1 of the Supplementary Provisions of the Revised Act, have been recorded as contribution payable for nuclear reactor decommissioning in accordance with the provision of Article 7, Paragraph 1 of the Supplementary Provisions of the Revised Ministerial Ordinance. The expenses are netted with the reverse of assets and liabilities related to asset retirement obligations mentioned above in accordance with same article, therefore, there is no impact on the profit and loss.

In addition, 2,880 million (\$19,200 thousand) has been recorded in the special account related to nuclear power decommissioning in accordance with Article 8 of the Supplementary Provisions of the Revised Ministerial Ordinance.

## 6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at carrying amount at March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Hydroelectric power	¥ 297,569	¥ 291,842	\$ 1,983,793
Thermal power	578,575	577,970	3,857,166
Nuclear power	795,722	804,068	5,304,813
Transmission facilities	583,862	579,876	3,892,413
Transformation facilities	372,638	370,933	2,484,253
Distribution facilities	513,724	509,573	3,424,826
General facilities	99,492	98,407	663,280
<b>Total utility plant, at cost</b>	<b>3,241,585</b>	<b>3,232,672</b>	<b>21,610,566</b>
Other plant and equipment, at cost	304,565	301,969	2,030,433
Construction in progress	32,557	22,698	217,046
<b>Total</b>	<b>3,578,709</b>	<b>3,557,340</b>	<b>23,858,060</b>
Less contributions in aid of construction	(54,766)	(53,713)	(365,106)
Less accumulated depreciation	(2,624,805)	(2,595,713)	(17,498,700)
<b>Carrying amount</b>	<b>¥ 899,138</b>	<b>¥ 907,914</b>	<b>\$ 5,994,253</b>

## 7. INVESTMENT SECURITIES

(1) Information regarding each category of the securities classified as available-for-sale is as follows:

	Millions of yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b><u>March 31, 2025</u></b>				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,205	¥ 2,274	¥ (0)	¥ 3,478
Corporate bonds	2,993	195		3,188
Other securities	26	4		31
<b>Total</b>	<b>¥ 4,225</b>	<b>¥ 2,474</b>	<b>¥ (0)</b>	<b>¥ 6,698</b>

	Thousands of U.S. dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b><u>March 31, 2025</u></b>				
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 8,033	\$ 15,160	\$ (0)	\$ 23,186
Corporate bonds	19,953	1,300		21,253
Other securities	173	26		206
<b>Total</b>	<b>\$ 28,166</b>	<b>\$ 16,493</b>	<b>\$ (0)</b>	<b>\$ 44,653</b>

Nonmarketable available-for-sale equity securities (consolidated balance sheet amount of ¥30,273 million (\$201,820 thousand)) and investments in unions, etc. that record the amount equivalent to equity in net amount in the balance table (consolidated balance sheet amount of ¥9,636 million (\$64,240 thousand)) were not included.

	Millions of yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b><u>March 31, 2024</u></b>				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,099	¥ 302	¥ (151)	¥ 1,251
Corporate bonds	1,871	103		1,975
Other securities	26	6		32
<b>Total</b>	<b>¥ 2,997</b>	<b>¥ 412</b>	<b>¥ (151)</b>	<b>¥ 3,259</b>

Nonmarketable available-for-sale equity securities (consolidated balance sheet amount of ¥33,013 million) and investments in unions, etc. that record the amount equivalent to equity in net amount in the balance table (consolidated balance sheet amount of ¥8,881 million) were not included.

Some of the above investment securities are pledged as collateral for long-term debt from financial institutions, see Note 9 for details.

(2) The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		
	Proceeds	Realized Gains	Realized Losses
<b>March 31, 2025</b>			
Available-for-sale:			
Equity securities	¥ 298	¥ 298	
<b>Total</b>	¥ 298	¥ 298	

	Thousands of U.S. dollars		
	Proceeds	Realized Gains	Realized Losses
<b>March 31, 2025</b>			
Available-for-sale:			
Equity securities	\$ 1,986	\$ 1,986	
<b>Total</b>	\$ 1,986	\$ 1,986	

	Millions of yen		
	Proceeds	Realized Gains	Realized Losses
<b>March 31, 2024</b>			
Available-for-sale:			
Equity securities	¥ 995	¥ 626	
<b>Total</b>	¥ 995	¥ 626	

### (3) The impairment losses on available-for-sale equity securities

The impairment losses on available-for-sale equity securities for the years ended March 31, 2025 and 2024, were ¥111 million (\$740 thousand) and ¥402 million, respectively.

If the market value at the end of the period declines by 50% or more from the acquisition cost, all impairment losses are recorded, and if the market value at the end of the period declines by approximately 30% to 50% from the acquisition cost, impairment losses are recorded for amounts deemed necessary in consideration of recoverability.

## 8. INVENTORIES

Inventories at March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Merchandise and finished products	¥ 534	¥ 392	\$ 3,560
Work-in-process	9,596	7,221	63,973
Raw materials and supplies	31,939	35,454	212,926
<b>Total</b>	<b>¥ 42,070</b>	<b>¥ 43,068</b>	<b>\$ 280,466</b>

## 9. LONG-TERM DEBT

Long-term debt at March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
0.13% to 2.26% (0.13% to 2.26% in 2024)			
domestic bonds, due on various dates through 2052	¥ 421,996	¥ 431,994	\$ 2,813,306
0.41% (0.41% to 0.99% in 2024)			
loans from The Development Bank of Japan, due on various dates through 2031	8,000	20,000	53,333
0.24% to 2.20% (0.24% to 2.20% in 2024)			
loans principally from banks and insurance companies, due on various dates through 2041	469,300	465,300	3,128,666
Obligations under finance leases	16,603	16,024	110,686
<b>Total</b>	<b>915,899</b>	<b>933,318</b>	<b>6,105,993</b>
Less current portion	(71,535)	(78,152)	(476,900)
<b>Long-term debt, less current portion</b>	<b>¥ 844,364</b>	<b>¥ 855,165</b>	<b>\$ 5,629,093</b>

All of the Company's assets are subject to certain statutory preferential rights as collateral for loans from The Development Bank of Japan listed in the above table, for bonds.

Annual maturities of long-term debt at March 31, 2025, were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2026	¥ 71,535	\$ 476,900
2027	58,801	392,006
2028	140,893	939,286
2029	79,746	531,640
2030	82,088	547,253
2031 and thereafter	482,832	3,218,880
<b>Total</b>	<b>¥ 915,899</b>	<b>\$ 6,105,993</b>

The investment of certain consolidated subsidiaries that are pledged as collateral for investees' long-term debt from financial institutions were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Investment securities	¥ 2,680	¥ 752	\$ 17,866
Investments in and advances to unconsolidated subsidiaries and associates	15,686	19,436	104,573



## 10. RETIREMENT AND PENSION PLANS

The Company has a defined benefit pension plan based on the Defined Benefit Corporate Pension Act, a lump-sum retirement benefit plan, and a defined contribution pension plan. The consolidated subsidiaries have adopted some of these plans.

Certain consolidated subsidiaries calculate net defined benefit assets, net defined benefit liabilities, and net periodic benefit cost by the simple method.

In certain cases, the Group pays additional retirement benefits for employees.

(1) The changes in defined benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥ 128,915	¥ 134,310	\$ 859,433
Current service cost	4,297	4,539	28,646
Interest cost	204	184	1,360
Actuarial gains and losses	(19,284)	(1,631)	(128,560)
Benefits paid	(7,830)	(8,489)	(52,200)
Past service cost			
Balance at end of year	¥ 106,302	¥ 128,915	\$ 708,680

Note: The above does not include plans applying the simple method.

(2) The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥ 127,489	¥ 123,807	\$ 849,926
Expected return on plan assets	2,548	2,474	16,986
Actuarial gains and losses	(1,115)	5,557	(7,433)
Contributions from the employer	2,263	2,350	15,086
Benefits paid	(6,260)	(6,699)	(41,733)
Balance at end of year	¥ 124,925	¥ 127,489	\$ 832,833

Note: The above does not include plans applying the simple method.

(3) The changes in net defined benefit liabilities and net defined benefit assets for plans applying the simple method for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥ 719	¥ 824	\$ 4,793
Net periodic benefit cost	188	89	1,253
Benefits paid	(73)	(117)	(486)
Contributions from the employer to plan assets	(81)	(78)	(540)
Balance at end of year	¥ 751	¥ 719	\$ 5,006

(4) A reconciliation between the liabilities and assets recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets is as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Funded defined benefit obligation	¥ 89,965	¥ 110,866	\$ 599,766
Plan assets	(124,925)	(127,489)	(832,833)
	(34,959)	(16,623)	(233,060)
Unfunded defined benefit obligation	16,337	18,048	108,913
Net liabilities arising from defined benefit obligation	¥ (18,622)	¥ 1,425	\$ (124,146)

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Net defined benefit liabilities	¥ 16,000	¥ 18,095	\$ 106,666
Net defined benefit assets	(34,622)	(16,670)	(230,813)
Net liabilities arising from defined benefit obligation	¥ (18,622)	¥ 1,425	\$ (124,146)

Note: The above does not include plans applying the simple method.

(5) A reconciliation between the liabilities and assets recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets for plans applying the simple method is as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Funded defined benefit obligation	¥ 1,704	¥ 1,665	\$ 11,360
Plan assets	(1,291)	(1,265)	(8,606)
	412	400	2,746
Unfunded defined benefit obligation	339	318	2,260
Net liabilities arising from defined benefit obligation	¥ 751	¥ 719	\$ 5,006

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Net defined benefit liabilities	¥ 895	¥ 865	\$ 5,966
Net defined benefit assets	(143)	(146)	(953)
Net liabilities arising from defined benefit obligation	¥ 751	¥ 719	\$ 5,006

(6) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Current service cost	¥ 4,297	¥ 4,539	\$ 28,646
Interest cost	204	184	1,360
Expected return on plan assets	(2,548)	(2,474)	(16,986)
Recognized actuarial gains (losses)	(6,532)	218	(43,546)
Amortization of prior service cost	3	3	20
Others	(94)	(94)	(626)
Net periodic benefit costs	¥ (4,669)	¥ 2,377	\$ (31,126)

Note: The above does not include plans applying the simple method.

(7) Net periodic benefit cost for plans applying the simple method for the years ended March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net periodic benefit cost	¥ 188	¥ 89	\$ 1,253

(8) Amounts recognized in other comprehensive income (before income tax and income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Prior service cost	¥ (3)	¥ (3)	\$ (20)
Actuarial losses	(11,647)	(7,406)	(77,646)
Total	¥ (11,651)	¥ (7,410)	\$ (77,673)

(9) Amounts recognized in accumulated other comprehensive income (before income tax and income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Unrecognized prior service cost	¥ 9	¥ 13	\$ 60
Unrecognized actuarial gains	(19,245)	(7,610)	(128,300)
Total	¥ (19,236)	¥ (7,596)	\$ (128,240)

(10) Plan assets

*a. Components of plan assets*

Plan assets as of March 31, 2025 and 2024, consisted of the following:

	2025	2024
Debt investments	31%	29%
Equity investments	13	15
Life insurance company general accounts	45	51
Others	11	5
Total	100%	100%

*b. Method of determining the expected rate of return on plan assets*

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

(11) Assumptions used for the years ended March 31, 2025 and 2024, were set forth as follows:

	2025	2024
Discount rate	Mainly 1.7%	Mainly 0.1%
Expected rate of return on plan assets	Mainly 2.0	Mainly 2.0

(12) Defined contribution pension plan cost for the years ended March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Defined contribution pension plan cost	¥ 1,443	¥ 1,475	\$ 9,620

## 11. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥ 132,811	¥ 130,494	\$ 885,406
Reductions associated with settlement of asset retirement obligations		(1,319)	
Other	(132,811)	3,635	(885,406)
Balance at end of year	¥ -	¥ 132,811	\$ -

## 12. EQUITY

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

### (a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. For companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two year-term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. With respect the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee, and audit committee) or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with an audit and supervisory committee, effective June 28, 2017. However, the Company cannot do so because it does not meet all the above criteria.

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

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

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

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

### (c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

### (d) Stock-based incentive system for directors and executive officers

The Company introduced a stock compensation plan for directors (excluding outside directors) and executive officers (hereinafter referred to as “Directors” collectively) by resolution approved at the 95th general shareholders meeting held on June 26, 2019.

#### (1) Overview of the plan

The plan is a stock compensation plan under which shares of the Company will be acquired through a trust (the “Trust” refers to a trust established based on the plan) using funds contributed by the Company. The shares of the Company and cash equivalent to the value of the Company’s shares converted at market value (the “Company’s shares, etc.”) will be provided to the Directors through the Trust, pursuant to the “Rules on provision of shares to officers” set forth by the Company. The Company’s shares, etc., will be granted to the Directors at the time of retirement of the Directors, in principle.

#### (2) Shares of the Company held by the Trust

The Company records shares of the Company in the Trust as treasury stock at cost (excluding acquisition-related costs). For the year ended March 31, 2025 and 2024, the corresponding carrying amount of such treasury stock was ¥183 million (\$1,220 thousand) and ¥202 million, respectively, and the number of shares was 204 thousand and 225 thousand, respectively.

### 13. INCOME TAXES

The Group is subject to income taxes. The aggregate normal statutory tax rates for the Company approximated 28% for each of the years ended March 31, 2025 and 2024. Such rates for the consolidated subsidiaries approximated 30% for the years ended March 31, 2025 and 2024.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
<b>Deferred Tax Assets:</b>			
Contribution payable for nuclear reactor decommissioning (Note 1)	¥ 34,461		\$ 229,740
Depreciation and amortization	24,097	¥ 21,742	160,646
Asset retirement obligations		14,622	
Net defined benefit liabilities	5,147	5,612	34,313
Intercompany profit elimination	4,630	4,502	30,866
Tax loss carried forward (Note 2)	307	1,315	2,046
Other	18,411	18,041	122,740
Less valuation allowance for tax loss carried forward (Note 2)		(17)	
Less valuation allowance for a total of deductible temporary difference	(11,821)	(11,490)	(78,806)
<b>Total</b>	<b>75,234</b>	<b>54,329</b>	<b>501,560</b>
<b>Deferred Tax Liabilities:</b>			
Reserve for the decommissioning of nuclear power units (Note 1)	22,489		149,926
Prepaid pension costs	10,193	4,752	67,953
Special account related to nuclear power decommissioning	8,663	9,091	57,753
Capitalized asset retirement costs		3,182	
Deferred gain on derivatives under hedge accounting	200	1,126	1,333
Other	2,366	2,037	15,773
<b>Total</b>	<b>43,913</b>	<b>20,190</b>	<b>292,753</b>
<b>Net Deferred Tax Assets</b>	<b>¥ 31,321</b>	<b>¥ 34,138</b>	<b>\$ 208,806</b>

(Notes) 1. In accordance with the provisions of Article 10, Paragraph 1 of the Supplementary Provisions 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) , deferred tax assets related to the amount that must be paid to the NuRO to cover the expenses necessary for decommissioning promotion work are recorded in the “Contribution payable for nuclear reactor decommissioning.”

In addition, in accordance with Article 43, Paragraph 2 of the Supplementary Provisions of the “Act for Partial Revision of the Income Tax Act and Other Acts” (Act No. 3 of 2023), the amount of Reserve for the decommissioning of nuclear power units is to be evenly withdrawn over a period of 30 years and recognized as taxable income. Therefore, deferred tax liabilities related to the amount to be recognized as income from the next fiscal year onward are recorded under the item “Reserve for the decommissioning of nuclear power units.”

2. Tax loss carried forward and its deferred tax assets by deadline, were as follows:

The disclosure was omitted due to their insignificance as of March 31, 2025.

March 31, 2024	Millions of yen						Total
	2025	2026	2027	2028	2029	2030 And thereafter	
Tax loss carried forward	¥ 40	¥ 2				¥ 1,272	¥ 1,315
Less valuation allowance	(15)	(2)					(17)
Deferred tax asset	25					1,272	1,298

The tax loss carried forward is the amount multiplied by the statutory effective tax rate.

Deferred tax assets are recorded for the portion judged to be recoverable based on the estimated amount of future taxable income based on the business plan approved by management.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2025 and 2024, were as follows:

	2025	2024
Normal effective statutory tax rate	28%	28%
Tax deductions	(1.1)%	(0.7)%
Revision of year-end deferred tax assets due to tax rate changes	(0.8)%	
Decrease in valuation allowance	(0.1)%	(4.8)%
Difference in tax rates of consolidated subsidiaries	0.4%	0.7%
Other	(1.2)%	1.4%
Actual effective tax rate	25.2%	24.6%

Application of the Group Tax Sharing System

The Company and a part of domestic consolidated subsidiaries apply the group tax sharing system.

Accounting and disclosure for income taxes and tax effect accounting are applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021, Accounting Standards Board of Japan).

Revision of deferred tax assets and deferred tax liabilities due to changes in tax rates

With the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) by the Diet on March 31, 2025, the “Defense Special Corporate Tax” will be levied from the fiscal year beginning on or after April 1, 2026. Accordingly, the statutory effective tax rate changed from 28.0% to 28.9% for deferred tax assets and liabilities related to temporary differences, etc., which are expected to be resolved in the fiscal year beginning on or after April 1, 2026.

As a result of this change, the amount of deferred tax assets (minus the amount of deferred tax liabilities) at March 31, 2025 increased by ¥748 million (\$4,986 thousand), the amount of deferred income tax decreased by ¥771 million (\$5,140 thousand), and the amount of accumulated other comprehensive income decreased by ¥23 million (\$153 thousand).

## 14. REVENUE RECOGNITION

(1) Revenue from contracts with customers

Revenue from contracts with customers for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Revenue from contracts with customers	¥ 811,256	¥ 708,580	\$5,408,373

(2) Disaggregation of revenue from contracts with customers

Disaggregation of revenue into reportable segments for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen					
	Reportable segments					
	Electric utility		Telecommunications services	Energy	Construction /Engineering	Total
	Power generation and sales	Transmission and distribution				
<b>March 31, 2025</b>						
Sales						
Retail sales	¥ 496,878	¥ 101				¥ 496,979
Wholesale	140,889	47,905				188,795
Other revenue	2,285	34,244	¥ 37,058	¥ 21,283	¥ 23,569	118,441
<b>Total</b>	<b>¥ 640,053</b>	<b>¥ 82,251</b>	<b>¥ 37,058</b>	<b>¥ 21,283</b>	<b>¥ 23,569</b>	<b>¥ 804,217</b>
Revenues recognized from other sources	¥ 23,903	¥ 10,141	¥ 1,793	¥ 1,892	¥ 108	¥ 37,839

	Millions of yen					
	Reportable segments					
	Electric utility		Telecommunications services	Energy	Construction /Engineering	Total
	Power generation and sales	Transmission and distribution				
<b>March 31, 2024</b>						
Sales						
Retail sales	¥ 478,288	¥ 402				¥ 478,691
Wholesale	69,103	40,654				109,758
Other revenue	1,913	27,055	¥ 35,454	¥ 20,105	¥ 27,883	112,411
<b>Total</b>	<b>¥ 549,306</b>	<b>¥ 68,112</b>	<b>¥ 35,454</b>	<b>¥ 20,105</b>	<b>¥ 27,883</b>	<b>¥ 700,860</b>
Revenues recognized from other sources	¥ 62,829	¥ 9,283	¥ 2,311	¥ 2,253	¥ 110	¥ 76,787



Thousands of U.S. dollars						
Reportable segments						
March 31, 2025	Electric utility		Telecommunications services	Energy	Construction /Engineering	Total
	Power generation and sales	Transmission and distribution				
Sales						
Retail sales	\$ 3,312,520	\$ 673				\$ 3,313,193
Wholesale	939,260	319,366				1,258,633
Other revenue	15,233	228,293	\$ 247,053	\$ 141,886	\$ 157,126	789,606
<b>Total</b>	<b>\$ 4,267,020</b>	<b>\$ 548,340</b>	<b>\$ 247,053</b>	<b>\$ 141,886</b>	<b>\$ 157,126</b>	<b>\$ 5,361,446</b>
Revenues recognized from other sources	\$ 159,353	\$ 67,606	\$ 11,953	\$ 12,613	\$ 720	\$ 252,260

(Notes) 1. The amount shows sales to external customers.

2. Revenues recognized from other sources include subsidies for electricity business implemented based on the “Comprehensive Economic Measures to Overcome Rising Prices and Realize Economic Revival.” They include ¥23,659 million (\$157,126 thousand) and ¥62,220 million for “Power generation and sales”, ¥2 million (\$13 thousand) and ¥32 million for “Transmission and distribution”, and ¥153 million (\$1,020 thousand) and ¥ 412 million for “Energy” for the years ended March 31, 2025 and 2024, respectively.

3. Since the figures above do not include “Other”, the total amount does not match “Revenue from contracts with customers.”

(3) Information for understanding the amount of income for the current consolidated fiscal year and the following consolidated fiscal year

Receivables arising from contracts with customers, contract assets and contract liabilities at the beginning and end of the years ended March 31, 2025 were as follows:

① Balance of contract assets and contract liabilities, etc.

	Millions of yen		Thousands of U.S. dollars	
	Ending Balance (March 31, 2025)	Beginning Balance (April 1, 2024)	Ending Balance (March 31, 2025)	Beginning Balance (April 1, 2024)
Receivables arising from Contracts with Customers				
Notes receivable	¥ 3,277	¥ 2,562	\$ 21,846	\$ 17,080
Accounts receivable	92,035	72,730	613,566	484,866
Contract Assets	3,182	11,041	21,213	73,606
Contract Liabilities	2,313	1,438	15,420	9,586

(Notes) 1. Receivables arising from contracts with customers include bonds related to the renewable energy special measures law levy related to Feed-in Tariff Program for Renewable Energy.

2. Contract assets were recorded mainly in businesses other than the electric business.

② Transaction price allocated to the remaining performance obligation

The transaction prices allocated to the remaining performance obligations related to retail sales and wholesale in the electric business are as follows, and are expected to be recognized as profits in the actual supply and demand year stipulated in each contract.

	Millions of yen	Thousands of U.S. dollars
	2025	2025
Due within one year	¥ 12,421	\$ 82,806
Due over one year and within three years	57,863	385,753
Due over three years	37,399	249,326
Total	¥ 107,684	\$ 717,893

In accordance with practical expenditures stated in the “Accounting Standard for Revenue Recognition” (Accounting Standard No. 29, March 31, 2020) in paragraphs 80-22, (1) and (2) is applied, and among contracts with an initially expected contract within a year and contracts with an initially expected contract period of more than one year, not including contracts that recognize profits based on the amount of power determined by meter reading (based on the meter reading date) in the above table.

Receivables arising from contracts with customers, contract assets and contract liabilities at the beginning and end of the years ended March 31, 2024 were as follows:

① Balance of contract assets and contract liabilities, etc.

	Millions of yen	
	March 31,	
	2024	Beginning of 2024
Receivables arising from Contracts with Customers		
Notes receivable	¥ 2,562	¥ 3,037
Accounts receivable	72,730	72,947
Contract Assets	11,041	7,938
Contract Liabilities	1,438	1,635

(Notes) 1. Receivables arising from contracts with customers include bonds related to the renewable energy special measures law levy related to Feed-in Tariff Program for Renewable Energy.

2. Contract assets were recorded mainly in businesses other than the electric business.

② Transaction price allocated to the remaining performance obligation

The transaction prices allocated to the remaining performance obligations related to retail sales and wholesale in the electric business are as follows, and are expected to be recognized as profits in the actual supply and demand year stipulated in each contract.

	Millions of yen
	2024
Due within one year	¥ 37,971
Due over one year and within three years	36,876
Due over three years	33,408
Total	¥ 108,256

In accordance with practical expenditures stated in the “Accounting Standard for Revenue Recognition” (Accounting Standard No. 29, March 31, 2020) in paragraphs 80-22, (1) and (2) is applied, and among contracts with an initially expected contract within a year and contracts with an initially expected contract period of more than one year, not including contracts that recognize profits based on the amount of power determined by meter reading (based on the meter reading date) in the above table.

## 15. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥4,242 million (\$28,280 thousand) and ¥4,364 million for the years ended March 31, 2025 and 2024, respectively.

## 16. LOSS ON BUSINESS OF SUBSIDIARIES AND ASSOCIATES

Loss on business of subsidiaries and associates for the years ended March 31, 2025 and 2024, consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Loss on valuation of investments in capital of subsidiaries and associates	¥ 1,360		\$ 9,066
Loss on valuation of shares of subsidiaries and associates		¥ 1,924	
Provision for loss on business of subsidiaries and associates		689	
<b>Total</b>	<b>¥ 1,360</b>	<b>¥ 2,614</b>	<b>\$ 9,066</b>

## 17. LEASES

[Lessee]

The minimum lease payments under noncancelable operating leases subsequent to March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Due within one year	¥ 167	¥ 173	\$ 1,113
Due after one year	47	195	313
<b>Total</b>	<b>¥ 215</b>	<b>¥ 369</b>	<b>\$ 1,433</b>

[Sublease]

Lease investment assets and lease obligations, without deducting interest expense in the accompanying consolidated balance sheet as of March 31, 2025, under sublease transactions, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31,		March 31,
	2025	2024	2025
Lease investment assets:			
Other current assets	¥ 16,419	¥ 15,781	\$ 109,460
Lease obligations:			
Current portion of long-term debt	2,976	2,793	19,840
Long term debt	13,443	12,987	89,620

## 18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### (1) Group policy for financial instruments

The Group uses financial instruments, mainly long-term debt, including bonds and loans, based on its capital financing plan. Short-term borrowings are used to fund ongoing operations. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are not used for speculative purposes, but to manage exposure to financial risks as described in (2) below.

### (2) Nature and extent of financial instruments and risk management

Investment securities, mainly equity instruments for ensuring stable and efficient operation of the electric utility business, are managed by monitoring market values and financial position of issuers on a regular basis.

Accounts receivable are mostly for electricity charges and managed individually.

The repayments of bonds and loans are primarily long-term, and the interest rates for them are fixed. Although they are exposed to market risks from changes in interest rates, fluctuations in interest have only a limited impact on the Group.

Payment terms of payables, such as trade notes and trade accounts, are less than one year.

Derivatives mainly include foreign exchange forward contracts and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of payables and from changes in interest rates of loans. Derivative transactions are conducted by executive and administrative departments based on internal regulations. The counterparties to these derivatives are limited to major international financial institutions, etc. with high credit ratings. Therefore, the Group does not anticipate any losses arising from credit risk. Please see Note 19 for more details about derivatives.

### (3) Supplementary explanation on matters related to the fair values of financial instruments, etc.

Since the calculation of the fair values of financial instruments incorporates variable factors, the value may fluctuate by adopting different preconditions.

### (4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Please also see Note 19 for the details of fair value for derivatives.

March 31, 2025	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
Investment securities	¥ 6,698	¥ 6,698	
Total	6,698	6,698	
Bonds	421,996	382,611	¥ (39,384)
Long-term loans	477,300	452,509	(24,790)
Total	¥ 899,296	¥ 835,120	¥ (64,175)

March 31, 2025	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain (loss)
Investment securities	\$ 44,653	\$ 44,653	
Total	44,653	44,653	
Bonds	2,813,306	2,550,740	\$ (262,560)
Long-term loans	3,182,000	3,016,726	(165,266)
Total	\$ 5,995,306	\$ 5,567,466	\$ (427,833)

Notes: 1. Bonds and long-term loans in the above table include the current portion of such instruments.

2. Since “Cash and cash equivalents”, “Notes and accounts receivable”, and “Notes and accounts payable” are cash or are settled in a short period of time, and their carrying amount approximate fair value, the note is omitted.

3. At March 31, 2025 nonmarketable available-for-sale equity securities were ¥30,273 million (\$201,820 thousand), and its carrying amount was not included in the above table.

4. At March 31, 2025 investing in unions, etc. that record the amount equivalent to equity in the balance table in net amount is not included in “securities and other securities”, based on “Implementation Guideline of Accounting Standard for Fair Value Measurement” (Implementation Guideline of Accounting Standard No. 31, June 17, 2021) in paragraph 24-16. The amount recorded on the consolidated balance sheet was ¥9,636 million (\$64,240 thousand).

March 31, 2024	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
Investment securities	¥ 3,259	¥ 3,259	
Total	3,259	3,259	
Bonds	431,994	409,813	¥ (22,180)
Long-term loans	485,300	468,315	(16,984)
Total	¥ 917,294	¥ 878,129	¥ (39,165)

Notes: 1. Bonds and long-term loans in the above table include the current portion of such instruments.

2. Since “Cash and cash equivalents”, “Notes and accounts receivable”, and “Notes and accounts payable” are cash or are settled in a short period of time, and their carrying amount approximate fair value, the note is omitted.

3. At March 31, 2024 nonmarketable available-for-sale equity securities were ¥33,013 million, and its carrying amount was not included in the above table.

4. At March 31, 2024 investing in unions, etc. that record the amount equivalent to equity in the balance table in net amount is not included in “securities and other securities”, based on “Implementation Guideline of Accounting Standard for Fair Value Measurement” (Implementation Guideline of Accounting Standard No. 31, June 17, 2021) in paragraph 24-16. The amount recorded on the consolidated balance sheet was ¥8,881 million.

#### (5) Maturity analysis for financial assets and securities with contractual maturities

March 31, 2025	Millions of yen			
	Due in 1 year or less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Investment securities				¥ 3,164
Cash and cash equivalents	¥ 130,142			
Notes receivable	3,552			
Accounts receivable	95,914			
Other current assets	50			
Total	¥ 229,658			¥ 3,164

Other assets are time deposits with a deposit period of more than three months for which collateral is set for payment to business partners.

March 31, 2025	Thousands of U.S. dollars			
	Due in 1 year or less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Investment securities				\$ 21,093
Cash and cash equivalents	\$ 867,613			
Notes receivable	23,680			
Accounts receivable	639,426			
Other current assets	333			
Total	\$ 1,531,053			\$ 21,093

March 31, 2024	Millions of yen			
	Due in 1 year or less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Investment securities				¥ 2,083
Cash and cash equivalents	¥ 118,296			
Notes receivable	2,639			
Accounts receivable	123,165			
Other current assets	50			
Total	¥ 244,150			¥ 2,083

Please see Note 9 for annual maturities of long-term debt.

(6) Matters concerning the breakdown of financial instruments by market value level

The fair value of financial instruments is classified into the following three levels according to the observability and importance of the inputs used to calculate the fair value.

Level 1 fair value: Of the inputs related to the observable fair value calculation, the fair value calculated based on the market price of the asset or liability that is formed in an active market and is subject to the calculation of the fair value.

Level 2 fair value: Of the inputs related to the calculation of the observable market value, the fair value calculated using the inputs related to the calculation of the fair value other than the level 1 input.

Level 3 fair value: Fair value calculated using inputs related to the calculation of unobservable fair value.

When multiple inputs that have a significant influence on the fair value calculation are used, the fair value is classified into the level to which those inputs belong, which has the lowest priority in the fair value calculation.

(7) Financial instruments whose fair value is the amount recorded on the consolidated balance sheet, were as follows:

March 31, 2025	Millions of yen			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available for sale securities	¥ 3,478	¥ 31	¥ 3,188	¥ 6,698
Derivative trading				
Currency related		579		579
Total assets	¥ 3,478	¥ 610	¥ 3,188	¥ 7,278
Derivative trading				
Product related		¥ 102		¥ 102
Total liabilities		¥ 102		¥ 102

March 31, 2024	Millions of yen			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available for sale securities	¥ 1,251	¥ 32	¥ 1,975	¥ 3,259
Derivative trading				
Currency related		3,607		3,607
Total assets	¥ 1,251	¥ 3,640	¥ 1,975	¥ 6,867
Derivative trading				
Product related				
Total liabilities				

Note: Derivatives are stated at the net amount in other assets.

March 31, 2025	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available for sale securities	\$ 23,186	\$ 206	\$ 21,253	\$ 44,653
Derivative trading				
Currency related		3,860		3,860
Total assets	\$ 23,186	\$ 4,066	\$ 21,253	\$ 48,520
Derivative trading				
Product related		\$ 680		\$ 680
Total liabilities		\$ 680		\$ 680

Note: Derivatives are stated at the net amount in other assets.

(8) Financial instruments other than the above, were as follows:

March 31, 2025	Millions of yen			
	Level 1	Level 2	Level 3	Total
Bonds		¥ 382,611		¥ 382,611
Long-term loans		452,509		452,509
Total liabilities		¥ 835,120		¥ 835,120

March 31, 2024	Millions of yen			
	Level 1	Level 2	Level 3	Total
Bonds		¥ 409,813		¥ 409,813
Long-term loans		468,315		468,315
Total liabilities		¥ 878,129		¥ 878,129

March 31, 2025	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Bonds		\$ 2,550,740		\$ 2,550,740
Long-term loans		3,016,726		3,016,726
Total liabilities		\$ 5,567,466		\$ 5,567,466

(9) Explanation of the evaluation method and the inputs related to the calculation of the fair value

#### Investment securities

The fair values of listed stocks are evaluated using the market price, and since they are traded in an active market, they are classified as a Level 1 fair value.

Since there is no transaction price in the market, the fair value of investment trusts is based on the standard price and is classified as a Level 2 fair value.

The fair value of bonds is calculated by the present value of the total amount of principal and interest discounted by the interest rate that incorporates credit risk. Since the inputs used to calculate the interest rate are unobservable, it is classified as Level 3 fair value.

#### Derivatives

The fair values of derivatives are calculated based on the prices offered by the financial institutions of the business partners, and are classified as Level 2 fair value.

Embedded derivatives related to long-term debts that include derivatives are intended to fix fluctuations in interest rates, and their fair value is included in the fair value of the long-term debts.

#### Bonds

The fair values of bonds issued by the Company are evaluated using the market price and is classified as Level 2 fair value.

#### Long-term loans

The fair value of long-term debt is calculated by the present value of the total amount of principal and interest discounted by the interest rate obtained by adding the credit spread to an appropriate index such as the yield of government bonds, and is classified as Level 2 fair value.

- (10) Information on Level 3 fair value of financial assets and financial liabilities whose fair value is the amount recorded on the consolidated balance sheet, were as follows:

Quantitative information about significant unobservable inputs

The fair value of bonds of investment securities is calculated by the discounted present value, and its range of input applied is from 4.49% to 5.585%, and its discount rate is 5.10%.

A reconciliation of the fair value of bonds of investment securities from beginning balance to ending balance, and unrealized income on available-for-sale securities which charged to income in the current consolidated profit and loss statement

	Millions of yen	Thousands of U.S. dollars
<b>Beginning balance</b>	<b>¥ 1,975</b>	<b>\$ 13,166</b>
Income in the current consolidated fiscal year or other comprehensive income		
Other comprehensive income	<b>120</b>	<b>800</b>
Net purchases, sales, issuances and settlements	<b>1,092</b>	<b>7,280</b>
<b>Ending balance</b>	<b>¥ 3,188</b>	<b>\$ 21,253</b>

“Other comprehensive income” in the above table is included in “Unrealized income on available-for-sale securities” on consolidated statement of comprehensive income.

Explanation of the fair value valuation process

The trading department calculates the fair value of financial instruments classified as Level 3 fair value by the valuation policy established for the calculation of fair value, and the calculation result is approved by the appropriate responsible person.

Explanation of effects on fair value when significant unobservable inputs are changed

The discount rate is calculated by adding risk factors such as credit risk on the standard market interest rate. Generally, significant increase (decrease) in the discount rate will result in a significant decrease (increase) in the fair value of available-for-sale securities.

## 19. DERIVATIVES

The Company uses derivative financial instruments (“derivatives”), including foreign exchange forward contracts and currency swaps, to hedge foreign currency exchange rate risk associated with certain assets and liabilities denominated in foreign currencies. The Company also enters into interest rate swap contracts as a means of managing its interest rate exposure on certain liabilities. The Company does not hold or issue derivatives for trading or speculation purposes.

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

Derivative transactions to which hedge accounting was not applied at March 31, 2025, were as follows:

	Millions of yen			
	Contract Amount Due			
<b>March 31, 2025</b>	Contract Amount	after One Year	Fair Value	Unrealized gain (loss)
Electricity Futures:				
Fixed payment, floating receipt	¥ 1,439		¥ (102)	¥ (102)
<b>Total</b>	<b>¥ 1,439</b>		<b>¥ (102)</b>	<b>¥ (102)</b>

	Thousands of U.S. dollars			
	Contract Amount Due			
<b>March 31, 2025</b>	Contract Amount	after One Year	Fair Value	Unrealized gain (loss)
Electricity Futures:				
Fixed payment, floating receipt	\$ 9,593		\$ (680)	\$ (680)
<b>Total</b>	<b>\$ 9,593</b>		<b>\$ (680)</b>	<b>\$ (680)</b>

There were no derivative transactions to which hedge accounting was not applied at March 31, 2024.



Derivative transactions to which hedge accounting is applied at March 31, 2025 and 2024, were as follows:

	Millions of yen			
	Hedged Item	Contract Amount	Contract Amount Due	
			after One Year	Fair Value
<b>March 31, 2025</b>				
Foreign exchange forward contracts:				
Buying U.S.\$	Payables and forecasted transactions	¥ 870	¥ 870	¥ 579
Total		¥ 870	¥ 870	¥ 579

	Millions of yen			
	Hedged Item	Contract Amount	Contract Amount Due	
			after One Year	Fair Value
<b>March 31, 2024</b>				
Foreign exchange forward contracts:				
Buying U.S.\$	Payables and forecasted transactions	¥ 3,531	¥ 870	¥ 3,607
Total		¥ 3,531	¥ 870	¥ 3,607

	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due	
			after One Year	Fair Value
<b>March 31, 2025</b>				
Foreign exchange forward contracts:				
Buying U.S.\$	Payables and forecasted transactions	\$ 5,800	\$ 5,800	\$ 3,860
Total		\$ 5,800	\$ 5,800	\$ 3,860

## 20. COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2025, total contingent liabilities were as follows:

	Millions of yen	Thousands of U.S. dollars
<b>Co-guarantees or guarantees of loans of other companies:</b>		
Japan Nuclear Fuel Limited	¥ 37,793	\$ 251,953
Ras Girtas Power Company Q. S. C.	3,700	24,666
Phu Yen TTP Joint Stock Company	3,255	21,700
Bizen Clouds Joint Stock Company	2,250	15,000
Bizen Clouds Photovoltaic Joint Stock Company	2,050	13,666
Yumemae Yumefurusato Photovoltaic Joint Stock Company	1,516	10,106
Dulma Electricity Company	1,279	8,526
Yumemae Yumefurusato Joint Stock Company	1,200	8,000
Al Suwadi Power Company S.A.O.G.	882	5,880
Al Batinah Power Company S.A.O.G.	837	5,580
Transmission and Distribution IT & OT Systems LLC.	678	4,520
<b>Co-guarantees of employees' housing loans</b>	<b>3,552</b>	<b>23,680</b>
<b>Guarantees obligation related to the performance of the transaction</b>		
Facility E Independent Water and Power Project	11,692	77,946
Sharjah United Arab Emirates Thermal Power Project	2,242	14,946
Vietnam Vung Ang 2 Coal-Fired Power Project	1,256	8,373
Sakaide Biomass Power Project	1,009	6,726
Kungrad Projects in Uzbekistan	645	4,300
<b>Total</b>	<b>¥ 75,845</b>	<b>\$ 505,633</b>

## 21. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrealized gain on available-for-sale securities:			
Losses arising during the year	¥ 2,457	¥ 233	\$ 16,380
Reclassification adjustments to profit or loss	(298)	(76)	(1,986)
Amount before income tax and income tax effect	2,158	156	14,386
Income tax and income tax effect	(103)	(83)	(686)
Total	2,055	72	13,700
Deferred loss on derivatives under hedge accounting:			
Gains arising during the year	252	1,771	1,680
Reclassification adjustments to profit or loss	(3,553)	(2,898)	(23,686)
Amount before income tax and income tax effect	(3,300)	(1,126)	(22,000)
Income tax and income tax effect	918	320	6,120
Total	(2,381)	(806)	(15,873)
Foreign currency translation adjustments:			
Adjustments arising during the year	5,290	2,029	35,266
Total	5,290	2,029	35,266
Remeasurements of defined benefit plans:			
Adjustments arising during the year	18,172	7,192	121,146
Reclassification adjustments to profit or loss	(6,532)	218	(43,546)
Amount before income tax and income tax effect	11,639	7,410	77,593
Income tax and income tax effect	(3,449)	(2,080)	(22,993)
Total	8,189	5,329	54,593
Share of other comprehensive income in associates:			
Gains arising during the year	1,856	1,220	12,373
Reclassification adjustments to profit or loss	(931)	(573)	(6,206)
Total	925	646	6,166
Total other comprehensive income	¥ 14,078	¥ 7,272	\$ 93,853

## 22. RELATED-PARTY TRANSACTIONS

### (1) Related – party transactions of the Company

There were no significant transactions of the Company with directors and Audit & Supervisory Committee members, unconsolidated subsidiaries, and associated companies for the year ended March 31, 2025.

Significant transactions of the Company with directors and Audit & Supervisory Committee members, unconsolidated subsidiaries, and associated companies for the year ended March 31, 2024, were as follows:

#### **Ryohei Kagawa (Audit & Supervisory Committee Member)**

	Millions of yen
	2024
Transactions:	
Borrowing funds	¥ 2,600
Payment of interest	234
Balances:	
Long-term debt	¥ 47,100

Note:

Ryohei Kagawa, who is an Audit & Supervisory Committee Member, was concurrently the director and Vice-President and CCO (representative director) of The Hyakujushi Bank, LTD. (the “Bank”).

The Company borrowed from the Bank of which he was a representative, and the interest rate has been reasonably determined considering the market rate of interest. Collateral for the loans is not being offered.

### (2) Related – party transactions of consolidated subsidiaries

Significant transactions of consolidated subsidiaries with associated companies for the years ended March 31, 2025 and 2024, were as follows:

#### **Yondenko Corporation**

(The Company owns 31.8% of the common stock of Yondenko Corporation at March 31, 2025)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Transactions:			
Construction	¥ 19,526	¥ 19,439	\$ 130,173
Maintenance	19,809	18,549	132,060
Balances:			
Other current liabilities	¥ 5,336	¥ 5,331	\$ 35,573

## 23. PER SHARE INFORMATION

Basic net income(loss) per share (“EPS”) for the years ended March 31, 2025 and 2024, were as follows:

For the year ended:	Millions of yen	Thousands of Shares	Yen	U.S. dollars
	Net income(loss) attributable to owners of the parent	Weighted-average shares	EPS	
March 31, 2025	¥ 68,324	205,673	¥ 332.20	\$ 2.21
March 31, 2024	¥ 60,515	205,661	¥ 294.25	

## 24. SUBSEQUENT EVENTS

### Appropriation of retained earnings

At the shareholders’ meeting of the Company held on June 26, 2025, the following appropriation of retained earnings as of March 31, 2025, was approved.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥20 (\$0.13) per share	¥4,150	\$ 27,666

## 25. SEGMENT INFORMATION

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

### (1) Description of reportable segments

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

For the year ended March 31, 2025, the Group’s reportable segments consisted of five segments: “Power generation and sales,” “Transmission and distribution,” “Telecommunications services,” “Energy,” and “Construction/Engineering.”

### (2) Methods of measurement for the amounts of sales, profit, assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, “Significant accounting and reporting policies.”

Reportable segment profit is based on ordinary income, same amount of loss before reversal of reserve for fluctuations in water level and income taxes in this fiscal year. Also, intersegment sales or transfers are computed based on market price.

(3) Information about sales, profit (loss), assets, and other items of the Group for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen									
	Reportable segments									
	Electric utility		Telecommunications services	Energy	Construction /Engineering	Total	Other	Total	Reconciliations	Consolidated
	Power generation and sales	Transmission and distribution								
2025										
Sales										
Sales to external customers	¥ 663,957	¥ 92,393	¥ 38,852	¥ 23,175	¥ 23,678	¥ 842,056	¥ 9,342	¥ 851,399		¥ 851,399
Intersegment sales or transfers	45,671	159,688	11,547	3,468	31,577	251,953	26,634	278,588	¥(278,588)	
Total	709,628	252,081	50,399	26,644	55,256	1,094,010	35,977	1,129,988	(278,588)	851,399
Segment profit	¥ 41,361	¥ 26,106	¥ 10,622	¥ 5,606	¥ 5,490	¥ 89,189	¥ 2,932	¥ 92,122	¥ (510)	¥ 91,611
Segment assets	¥ 1,361,890	¥ 515,088	¥ 68,931	¥ 111,883	¥ 61,428	¥ 2,119,221	¥ 62,375	¥ 2,181,596	¥(494,112)	¥ 1,687,484
Other:										
Depreciation and amortization	37,782	18,022	4,467	1,489	193	61,955	2,203	64,158	(1,280)	62,878
Interest income	3,710	34	25	182	69	4,022	6	4,028	(3,279)	748
Interest expenses	6,040	2,812	14	440	25	9,332	205	9,538	(3,279)	6,258
Equity gains of Associated companies				4,111	1,508	5,619		5,619	(148)	5,471
Increase in property, plant and equipment and intangible assets	41,355	28,328	6,909	2,964	189	79,746	3,475	83,222	(1,557)	81,665
Investment in associated companies that applied the equity method				71,448	19,746	91,195		91,195		91,195

	Millions of yen									
	Reportable segments									
	Electric utility		Telecommunications services	Energy	Construction /Engineering	Total	Other	Total	Reconciliations	Consolidated
	Power generation and sales	Transmission and distribution								
2024										
Sales										
Sales to external customers	¥ 612,135	¥ 77,395	¥ 37,765	¥ 22,358	¥ 27,993	¥ 777,648	¥ 9,754	¥ 787,403		¥ 787,403
Intersegment sales or transfers	57,890	162,692	11,389	3,484	37,274	272,732	25,840	298,572	¥(298,572)	
Total	670,026	240,088	49,154	25,843	65,268	1,050,381	35,595	1,085,976	(298,572)	787,403
Segment profit	¥ 35,782	¥ 20,074	¥ 10,373	¥ 6,733	¥ 5,862	¥ 78,825	¥ 2,460	¥ 81,286	¥ (1,190)	¥ 80,096
Segment assets	¥ 1,357,811	¥ 500,345	¥ 65,437	¥ 81,954	¥ 64,060	¥ 2,069,609	¥ 59,796	¥ 2,129,405	¥(500,351)	¥ 1,629,054
Other:										
Depreciation and amortization	37,954	18,647	4,861	1,489	190	63,142	2,179	65,321	(1,271)	64,050
Interest income	3,345	0	7	207	95	3,656	0	3,657	(2,912)	744
Interest expense	5,918	2,502	9	425	27	8,883	201	9,084	(2,912)	6,172
Equity gains of Associated companies				3,678	1,102	4,781		4,781	(155)	4,626
Increase in property, plant and equipment and intangible assets	33,875	26,637	4,703	1,237	174	66,629	3,863	70,492	(2,041)	68,450
Investment in associated companies that applied the equity method				45,598	18,873	64,471		64,471		64,471

	Thousands of U.S. dollars									
	Reportable segments									
	Electric utility		Telecommunications services	Energy	Construction /Engineering	Total	Other	Total	Reconciliations	Consolidated
	Power generation and sales	Transmission and distribution								
2025										
Sales										
Sales to external customers	\$4,426,380	\$615,953	\$259,013	\$154,500	\$157,853	\$5,613,706	\$62,280	\$5,675,993		\$5,675,993
Intersegment sales or transfers	304,473	1,064,586	76,980	23,120	210,513	1,679,686	177,560	1,857,253	\$(1,857,253)	
Total	4,730,853	1,680,540	335,993	177,626	368,373	7,293,400	239,846	7,533,253	(1,857,253)	5,675,993
Segment profit	\$ 275,740	\$ 174,040	\$ 70,813	\$ 37,373	\$ 36,600	\$ 594,593	\$ 19,546	\$ 614,146	\$ (3,400)	\$ 610,740
Segment assets	\$9,079,266	\$3,433,920	\$459,540	\$ 745,886	\$409,520	\$14,128,140	\$415,833	\$14,543,973	\$(3,294,080)	\$11,249,893
Other:										
Depreciation and amortization	251,880	120,146	29,780	9,926	1,286	413,033	14,686	427,720	(8,533)	419,186
Interest income	24,733	226	166	1,213	460	26,813	40	26,853	(21,860)	4,986
Interest expense	40,266	18,746	93	2,933	166	62,213	1,366	63,586	(21,860)	41,720
Equity gains of Associated companies				27,406	10,053	37,460		37,460	(986)	36,473
Increase in property, plant and equipment and intangible assets	275,700	188,853	46,060	19,760	1,260	531,640	23,166	554,813	(10,380)	544,433
Investment in associated companies that applied the equity method				476,320	131,640	607,966		607,966		607,966

Notes: 1. “Other” consists of product and sales of electric devices, commercial business, and others.

2. Amounts of adjustment for the year ended March 31, 2025, were as follows:

- An adjustment of segment profit (loss) of ¥(510) million (\$ (3,400) thousand), which represents transactions made between segments, is eliminated. Segment profit (loss), after this adjustment, is consistent with the ordinary profit.
- An adjustment of segment assets of ¥(494,112) million (\$ (3,294,080) thousand), which represents transactions made between segments, is eliminated.
- An adjustment of depreciation of ¥(1,280) million (\$ (8,533) thousand), which represents transactions made between segments, is eliminated.
- An adjustment of interest income of ¥(3,279) million (\$ (21,860) thousand), which represents transactions made between segments, is eliminated.
- An adjustment of interest expense of ¥(3,279) million (\$ (21,860) thousand), which represents transactions made between segments, is eliminated.
- An adjustment of equity gains(losses) of associated companies of ¥(148) million (\$ (986) thousand), which represents transactions made between segments, is eliminated.
- An adjustment of increase in property, plant and equipment and intangible assets of ¥(1,557) million (\$ (10,380) thousand), which represents transactions made between segments, is eliminated.

3. Amounts of adjustment for the year ended March 31, 2024, was as follows:

- An adjustment of segment profit (loss) of ¥(1,190) million, which represents transactions made between segments, is eliminated. Segment profit (loss), after this adjustment, is consistent with the ordinary profit.
- An adjustment of segment assets of ¥(500,351) million, which represents transactions made between segments, is eliminated.
- An adjustment of depreciation of ¥(1,271) million, which represents transactions made between segments, is eliminated.
- An adjustment of interest income of ¥(2,912) million, which represents transactions made between segments, is eliminated.
- An adjustment of interest expense of ¥(2,912) million, which represents transactions made between segments, is eliminated.
- An adjustment of equity gains (losses) of associated companies of ¥(155) million, which represents transactions made between segments, is eliminated.
- An adjustment of increase in property, plant and equipment and intangible assets of ¥(2,041) million, which represents transactions made between segments, is eliminated.



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Shikoku Electric Power Company, Incorporated:

### <Audit of Consolidated Financial Statements>

#### Opinion

We have audited the consolidated financial statements of Shikoku Electric Power Company, Incorporated and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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

#### Convenience Translation

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

#### Basis for Opinion

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

#### Key Audit 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.

**【Electric lighting and electric power charges in the Power Generation & Sales segment】**

**Key Audit Matter Description**

Electric lighting charges and electric power charges (hereinafter referred to as the "electric charges") are the primary revenue streams of the electricity business and are particularly significant accounts in the Group's consolidated financial statements. The Group recorded ¥756,351 million of operating revenues for the electricity business for the year ended March 31, 2025, which accounted for approximately 90 percent of the Group's overall operating revenue. Since the electricity business requires significant investments in equipment, such as power generating units, to run its business, the proportion of the fixed expenses to the operating expenses is large and the break-even point is high. Therefore, if misstatements occur in electric charges, such misstatements could materially impact net income.

Electric charges consist of high-volume transactions that is low in value, though each transaction of electric charges is immaterial compared to the total amount of revenue. In addition, the electric charges are automatically calculated by the IT systems based on customer data and meter reading data and are interfaced with the accounting system. In order to detect potential misstatements that could have a material impact on profits from the revenue population, it is necessary to obtain sufficient audit evidence by testing individual transactions with customers as well as to perform an analysis and other audit procedures multilaterally and comprehensively based on our understanding and evaluation of the process of recording electric charges.

As such, we identified revenue recognition from electric charges as a key audit matter because it requires extensive audit procedures as it is quantitatively material to the consolidated financial statements.

**How the Key Audit Matter Was Addressed in the Audit**

Our audit procedures related to revenue recognition of the electric charges included the following, among others:

- (1) Given that the electric charges are uniformly processed in accordance with power-supply terms and conditions, we performed analytical procedures by disaggregating the population based on certain criteria, such as terms and conditions of supply agreements.

- i. Analytical procedures as risk assessment procedures

We disaggregated the population of transactions of electric charges revenue by main price menu, area and basic charge and meter-rate charge. We performed a monthly transaction analysis by comparing the disaggregated amounts with sales volume of electric light electricity (kWh), the unit price of sales (yen/kWh), the number of contracts and the volume of the contracted power (kW) to determine whether the results were consistent with the competitive business environment and the historical results and to assess the probability of misstatement indicators for recording the revenue transactions.

- ii. Substantive analytical procedures

For certain menus that are quantitatively material among various price menus which constitute electric charges, we developed an expectation for electric charges revenue by each material disaggregated population and compared it to the recorded balance. Our expectations were developed by multiplying the meter reading data by the contract unit price, the fuel cost adjustments calculated based on the applicable upper limit price in the fuel cost adjustment system, various rate discount plans offered by the Group, and discounts funded by government subsidies provided based on the projects called the "Measures to Mitigate Drastic Fluctuations in Electricity and Gas Prices" and the "Electricity and Gas Bill Relief Support Project." We evaluated any material differences between the expected amounts and recorded balances by performing inquiries with the responsible personnel and performing detail testing of the transaction, as necessary.

- (2) The data used in the substantive analytical procedures was generated from the IT systems of the respective business process. To test the reliability of the data and identify the relevant controls, we obtained an understanding of the accounting process for electric charges. We then evaluated the design and operating effectiveness of the following underlying general IT controls and relevant controls performed by management, among others:

✓ Application and Contract	Review and approval by administrators to authorize the access to the system and ensure the accuracy of the registration information such as customer and contract data
✓ Metering	Review and approval by administrators to authorize the access to the system and follow-up procedures for identified abnormal meter reading data
✓ Conditioning	Examination and approval by the administrator to verify the correction of the amounts in the conditioning report and unusual results therein
✓ Billing and Revenue recognition	Testing of the accuracy and completeness of system interface controls and automated controls for electric charges revenue data

In understanding the accounting process of the electric charges, we prepared a process flow diagram to identify risks of material misstatements and how controls, including IT application controls, are designed and implemented in the business processes. With the assistance of our IT specialists, we determined the scope and evaluation of IT application controls and the related general IT controls. We also evaluated the automated controls, focusing on the automated reporting process that identifies the abnormal meter reading data, as well as the automated reporting process that extracts unusual conditioning results.

- (3) For substantive procedures other than the substantive analytical procedures, we selected a sample of revenue transactions and performed detail transaction testing by agreeing subsequent cash collections related to the electric charges to supporting documents, such as bank statements and/or bank transfer data. For corporate customers who demand extra-high or high voltage electric power service, we also tested the subsequent cash receipts on a sample basis by tracing to supporting evidence, such as bank transfer data provided from the bank.
- (4) We evaluated manual adjustments to the revenue transactions within the IT system for appropriateness by performing detail transaction testing for the material adjustments. In addition, we tested the operating effectiveness of the IT application controls within the IT systems that prevents the access of unauthorized personnel.
- (5) In addition, to address the risks of management override of controls, we tested manual journal entries recorded directly to the accounting system.

## Other Information

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

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

## Responsibilities of Management and the Audit 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' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 and 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 it 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 for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Shikoku Electric Power Company, Incorporated and its subsidiaries were ¥150 million and ¥90 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC  
September 25, 2025