TRANSLATION

Please note that the following purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of the Shareholders outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Matters for Internet Disclosure under Laws and Regulations and the Articles of Incorporation

(From April 1, 2020 to March 31, 2021)

Tokyo Electric Power Company Holdings, Incorporated

"Systems for Ensuring Properness of Business Operations and Overview of Operating Status of the Systems," "Consolidated Statement of Changes in Net Assets," "Notes to Consolidated Financial Statements," "Statement of Changes in Net Assets," and "Notes to Non-Consolidated Financial Statements" are provided to our shareholders by posting them on the Company's website (https://www.tepco.co.jp/en/hd/about/ir/stock/meeting-e.html) in accordance with relevant laws and regulations and with Article 17 of the Articles of Incorporation.

Systems for Ensuring Properness of Business Operations and Overview of Operating Status of the Systems

Outline of Resolution on Establishment of Systems for Ensuring Properness of Business Operations

1. Systems for Ensuring Effective Audits by the Audit Committee

i) As employees to support the duties of the Audit Committee, the Company shall appoint Audit Committee Aides. In addition, the Company shall establish a full-time body for assisting the duties of the Audit Committee and assign the necessary personnel.

ii) Audit Committee Aides and members of the full-time body for assisting the duties of the Audit Committee shall comply with instructions and orders from the Audit Committee, and matters concerning their personnel shall be consulted with the Audit Committee in advance.

iii) When discovering facts that could cause the Company significant damage, Directors and Executive Officers shall report immediately the same to a member of the Audit Committee, while also making necessary reports on matters requested by Audit Committee Members selected by the Audit Committee. A system shall also be arranged to enable necessary and appropriate reporting to the Audit Committee by a Director, Executive Officer, Corporate Officer or employee of the Company, or by a Director, Auditor, Corporate Officer or employee of a Group company or by a person who received a report from one of them. At the same time, appropriate measures shall be taken to ensure that a person who makes such a report does not receive disadvantageous treatment because of making such a report.

iv) The Company shall establish a system that enables members of the Audit Committee to attend the meetings of the Board of Executive Officers, the Management & Planning Meeting and other important meetings and state their opinions whenever necessary. Moreover, in addition to creating the environment to achieve the cooperation of the Accounting Auditor and the internal audit body with the Audit Committee, the Company shall make arrangements to ensure the effectiveness of audits by the Audit Committee, including the payment of the expenses deemed necessary for the execution of the duties as a member of the Audit Committee.

2. Systems for Ensuring That Execution of Duties by Directors and Executive Officers Is in Compliance with Laws and Regulations and the Articles of Incorporation

i) To rigorously enforce operations of business in line with social norms and observance of corporate ethics, the Company shall draw up the "TEPCO Group Charter of Corporate Conduct" and the "Corporate Ethics Code of Conduct" and Directors and Executive Officers shall take the lead in practicing these, while ensuring their observance by Corporate Officers and employees.
Meanwhile, the "TEPCO Group Corporate Ethics Committee," which includes external experts as its members, shall be set up to oversee corporate ethics as a whole and promote compliance-oriented management.

ii) The Board of Directors shall meet once a month in principle and additionally as necessary to discuss and make decisions on important execution of duties in accordance with laws and regulations and the Articles of Incorporation and supervise execution of duties undertaken by Directors and Executive Officers by such means as receiving reports from Executive Officers on the status of their execution of duties on both a regular and an as-needed basis. The Board of Directors, whenever necessary, shall request Corporate Officers to report to the Board of Directors on their status of execution of duties.
Moreover, the Board of Executive Officers shall be established to assist the functions of the Board of Directors and achieve efficient and appropriate decision-making. The Board of Executive Officers shall meet once a week in principle and additionally as necessary to discuss important management matters including the agenda of meetings of the Board of Directors. Meanwhile, Directors and Executive Officers shall always gather sufficient information and make appropriate business judgments in compliance with laws and regulations and the Articles of Incorporation.

3. Systems for Preservation and Management of Information on Execution of Duties by Executive Officers

i) The summary of the minutes of meetings of the Board of Executive Officers and other information on execution of duties by Executive Officers shall be managed appropriately in accordance with laws and regulations and internal rules in all processes from its creation to use, utilization, preservation and disposal.

ii) An IT environment shall be established that contributes not only to information security but also to the improvement of efficiency and the assurance of appropriateness in relation to the execution of duties.

4. Regulations on Risk Management and Other Systems

i) Directors and Executive Officers shall identify and evaluate risks associated with the business activities of the Company and its Group companies on both a regular and an as-needed basis and appropriately reflect such risks in the business management plan formulated for each fiscal year. Internal rules shall also be prepared to enable risk management of the entire Group ("the Group") to be carried out appropriately.

ii) Such risks are basically managed as part of execution of duties by the individual body in charge of the relevant business in line with internal rules. Any risk that involves more than one body shall be managed appropriately based on discussions by a cross-organizational committee and other forums.

iii) Concerning risks that might seriously affect corporate management, the "Risk Management Committee" chaired by the Executive Officer and President shall prevent such risk from materializing. If the risk does materialize, the committee shall quickly and accurately deal with such risk in order to minimize its impact on corporate management.

iv) Appropriate systems shall be arranged in readiness for the occurrence of a major earthquake or similar emergency disaster, including the setting up of a response body, creating a system for communication of information and carrying out periodic disaster prevention drills.

v) The internal audit body shall audit the effectiveness of the risk management system periodically and additionally as necessary, and report the results of the audit to the Board of Executive Officers, etc. The Executive Officers shall make necessary improvements based on the audit results.

vi) The Management & Planning Meeting shall be established to share information on the overall management of the Company and to promote corporate reform. The Management & Planning Meeting shall be held as necessary and discuss the policy for responding to important management issues and the direction of that response.

vii) Based on reflection on the accident at the Fukushima Daiichi Nuclear Power Station, a "Nuclear Safety Oversight Office" shall be established as a body that is directly controlled by the Executive Officer and President. Drawing on the expertise of external specialists, the Nuclear Safety Oversight Office shall monitor nuclear safety initiatives, provide advice whenever necessary and involve itself directly in the decision-making on those initiatives, and by arranging such system, the Company shall achieve improvement of management of nuclear power safety. Moreover, the Nuclear Safety Oversight Office shall report directly to the Board of Directors as necessary regarding matters of nuclear safety.

A system for communicating appropriately with the general public about the Company's business activities in general, including nuclear power business, shall also be established.

5. Systems for Ensuring Efficient Execution of Duties by Executive Officers

i) Steps shall be taken for efficient decision-making on important management matters, including the appropriate discussions at the Management & Planning Meeting and other forums, in addition to the meetings of the Board of Executive Officers.

ii) The responsibilities and authority of Executive Officers in their execution of duties shall be clarified in internal rules, and Executive Officers, Corporate Officers and employees shall execute their respective duties appropriately and promptly.

6. Systems for Ensuring That Execution of Duties by Employees Is in Compliance with Laws and Regulations and the Articles of Incorporation

i) Steps shall be taken to establish and rigorously enforce the "TEPCO Group Charter of Corporate Conduct" and the "Corporate Ethics Code of Conduct," such as continuously providing training in corporate ethics and other measures, so that all employees observe them.

ii) The Company shall establish a "Consultation Desk for Corporate Ethics" to allow for anonymous inquiries about issues around laws and regulations and corporate ethics and shall take appropriate action on cases reported based on discussions by the "TEPCO Group Corporate Ethics Committee." The privacy of those using the Consultation Desk shall be strictly protected in accordance with internal rules.

iii) The Company shall clarify the laws and regulations, etc. that must be observed when executing duties in internal rules and rigorously enforce the execution of duties based on the internal rules through education and training, etc.

iv) To ensure that execution of duties by employees is in compliance with laws and regulations and the Articles of Incorporation, the internal audit body shall audit the status of execution of duties by employees periodically and at other times if necessary and report the results of the audit to the Board of Executive Officers, etc. Executive Officers shall make necessary improvements based on the audit results.

v) Based on these initiatives, the Company shall enhance and rigorously enforce a "Climate of active compliance," under which each employee is aware of and acts in accordance with corporate ethics and creates a workplace with a positive atmosphere, a "Mechanism of ensuring compliance," under which internal rules are continuously improved and steps are taken to rigorously enforce them, and a "Framework for speaking out," under which employees can speak of their own accord on work-related issues and problems and their input is positively welcomed.

7. Systems for Ensuring Properness of Business Operations of the Corporate Group Comprising the Company and Its Subsidiaries

i) Under the "TEPCO Group Charter of Corporate Conduct," the Group shall indicate the shared direction, targets, etc. as management policy to be aimed for by the Group as a whole, and make concerted efforts to achieve them. Meanwhile, the Company shall provide appropriate support to Group companies to help them autonomously develop and operate systems to ensure the properness of their business operations.

ii) The Company shall clarify responsibilities and authority in internal rules to facilitate efficient decision-making and appropriate and prompt execution of duties at Group companies.

iii) The Company shall arrange a system for prior consultation and reporting from Group companies in accordance with internal rules, etc. regarding important matters in the execution of duties. Meanwhile, the Company's Directors and Executive Officers shall exchange opinions, etc. with the Directors of Group companies at periodic meetings to ascertain the status of management at Group companies and share and resolve any management issues within the Group.

iv) The Company shall establish an environment which facilitates the use of the "Consultation Desk for Corporate Ethics" by Group companies.

v) The Company's internal audit body shall conduct audits, etc. as necessary to enable the properness of business operations at Group companies to be ensured.

Overview of Operating Status of the Systems for Ensuring Properness of Business Operations

1. Ensuring the Effectiveness of Audits by the Audit Committee

i) The Audit Committee comprises five Audit Committee Members, including four Outside Directors. Moreover, in fiscal 2020, the Company assigned three Audit Committee Aides to assist the Audit Committee in addition to allocating seven members of staff to the Office of Audit Committee, a full-time body for assisting the duties of the Audit Committee, and having the full-time Audit Committee Member, Audit Committee Aides and relevant staff members serve as part-time auditors for Group companies.

ii) Based on this system, the Audit Committee carries out effective and efficient audits, including the periodic exchange of opinions with the Accounting Auditor and the internal audit body in addition to exchanging opinions with employees in frontline worksites and conducting meetings with Group companies.

iii) The Audit Committee Members also attend the meetings of the Board of Executive Officers, the Management & Planning Meeting and other important meetings in addition to requesting the necessary reports from the Directors and Executive Officers as appropriate to check on the process for key decision-making and the status of execution of operations.

2. Appropriate and Efficient Execution of Duties by the Directors and Executive Officers

i) The Board of Directors of the Company, which is a Company with Nominating Committee, etc., holds full deliberations based on the annual topics schedule, formulated by selecting regular matters to be submitted and reported as well as important management issues in advance, makes decisions on important business execution and supervises the business execution undertaken by the Directors and Executive Officers. Moreover, the Company seeks to enhance deliberations in the Board of Directors, among others, by utilizing Director gatherings, where Outside Directors play a key role in exchanging opinions. In fiscal 2020, the Company held 14 meetings of the Board of Directors and nine Director gatherings.

ii) The Company strives for efficient and appropriate decision-making by deliberating and making decisions on important management issues, including matters to be submitted to the Board of Directors, at the meetings of the Board of Executive Officers, which are held once a week as a rule, and the Management & Planning Meeting, etc.

iii) Decisions on important matters of business execution at Group companies need to be preliminarily approved by or reported to the Company based on internal rules, etc. Moreover, from the viewpoint of overall optimization, etc. in the Group, in addition to receiving regular reports on management status from Group companies, the Company has established opportunities for sharing management issues of the entire Group between its Directors and Executive Officers and the Directors of Group companies, including the holding of the "Group Management Presentation."

3. Risk Management

i) The Executive Officer and President of the Company is the person with overall responsibility for risk management at the Group, and the "Risk Management Committee," chaired by the Executive Officer and President, provides centralized supervision. In fiscal 2020, the Risk Management Committee met eight times and deliberated on risks and their countermeasures in the business operations of the Group, in addition to reflecting the decisions in the Group's business management plan and giving reports to the Board of Executive Officers and the Board of Directors.

ii) In addition, risk is recognized and managed appropriately on a daily basis through such means as the "Risk Management Meetings" held by each organization at the Company, which evaluate risk in the business operations of each organization and deliberate on countermeasures. In the event that a risk materializes, the Company has also clarified the reporting channels and details in addition to ensuring that a response headquarters, etc. is established to respond in accordance with the circumstances, to enable a prompt and precise response.

iii) The Company has established a basic policy on emergency and disaster measures with regard to emergencies and disasters that include a large-scale earthquake and is constantly promoting preparations for disaster prevention. At the same time, the Company has established a system for a united Group response in the event of a disaster, including holding disaster prevention drills, which were practiced 74 times in fiscal 2020.

iv) The Company set up the "COVID-19 Countermeasures Task Forth," headed by the Executive Officer and President of the Company, to, as a utility responsible for providing life-line services, conduct appropriate business operations depending on the epidemic situation whilst taking thorough measures to prevent the infection and spread of COVID-19 in accordance with the "New Strain of Influenza Countermeasure Business Plan," giving the top priority to the health and safety of employees.

v) The "Nuclear Safety Oversight Office" has strengthened supervision of the Company's initiatives on nuclear power safety by drawing on expertise of external specialists as well as conducting training and education of monitoring and evaluation staff, etc., and it gives advice as necessary. The Nuclear Safety Oversight Office also reports the results of the evaluation of the above initiatives to the Board of Directors quarterly.

4. Compliance

i) The Company has fully informed the Directors, Executive Officers, employees, etc. about the "TEPCO Group Charter of Corporate Conduct" and "Corporate Ethics Code of Conduct" through the in-house intranet, etc. Moreover, in addition to continually conducting education and awareness-raising activities, including e-learning and training, the Company rigorously enforces compliance with corporate ethics, including the assignment of corporate ethics managers to each organization to carry out activities in which corporate ethics are practiced and recognized in collaboration with the "TEPCO Group Corporate Ethics Committee."

ii) Moreover, in order to promote compliance management as a Group, the "TEPCO Group Corporate Ethics Committee" chaired by the Executive Officer and President of the Company deliberates and decides on activities for the practice and recognition of corporate ethics as well as the operating status of the "Consultation Desk for Corporate Ethics" such as acceptance and response, etc. In fiscal 2020, the Committee met four times and a summary of the meetings was posted on the Company's website.

iii) With the aim of assessing the awareness of employees about corporate ethics overall and improving activities for the practice and recognition of corporate ethics, the Company also implements the "Survey on Awareness of Corporate Ethics" targeting all employees once a year.

iv) The internal audit body audits the status of the execution of duties by employees, etc. from the perspectives of "achieving management policies and goals," "effective and efficient running of operations," "accurate reporting," "compliance with rules" and so on, and at the same time makes recommendations on areas that require improvement based on the audit results.

v) Based on these efforts and the results from verifying their effectiveness, etc., the Company formulates policies and plans concerning corporate ethics activities and rigorously enforces a "Climate of active compliance," a "Mechanism of ensuring compliance," and a "Framework for speaking out."

The "Overview of Operating Status of the Systems for Ensuring Properness of Business Operations" is as stated above. Nevertheless, the Company experienced a series of incidents such as the unauthorized use of an ID card and the partial loss of function of nuclear protection equipment at the Kashiwazaki-Kariwa Nuclear Power Station, and these caused us a major loss of trust of everyone in society, which is the most important factor in conducting business.

The Company will, drawing on domestic and overseas expertise and experience as well as assessments and guidance given by the Nuclear Reform Monitoring Committee, which is composed of external experts, identify systematic issues and analyze the cause of the problems and take drastic measures to improve the safety and operational quality of our power plants. To ensure transparency, these efforts will be evaluated by a third party who is familiar with safety culture and nuclear-security culture.

Consolidated Statement of Changes in Net Assets (Period from April 1, 2020 to March 31, 2021)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	**1,400,975**	**756,097**	**791,881**	**(8,474)**	**2,940,480**
Changes of items during the period					
Profit attributable to owners of parent			180,896		180,896
Purchases of treasury stock				(7)	(7)
Disposal of treasury stock		(2)		3	0
Change in ownership interest of parent due to transactions with non-controlling interests		101			101
Reversal of revaluation reserve for land			12		12
Other				1	1
Net changes in items other than those in shareholders' equity					
Total changes of items during the period	**–**	**98**	**180,908**	**(2)**	**181,004**
Balance at the end of current period	**1,400,975**	**756,196**	**972,790**	**(8,477)**	**3,121,484**

(millions of yen)

	Accumulated other comprehensive income						Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain or loss on securities	Deferred gain and loss on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance at the beginning of current period	**2,167**	**(14,067)**	**(2,471)**	**(9,914)**	**(16,010)**	**(40,295)**	**3**	**16,699**	**2,916,886**
Changes of items during the period									
Profit attributable to owners of parent									180,896
Purchases of treasury stock									(7)
Disposal of treasury stock									0
Change in ownership interest of parent due to transactions with non-controlling interests									101
Reversal of revaluation reserve for land									12
Other									1
Net changes in items other than those in shareholders' equity	7,099	18,082	(12)	(13,168)	32,109	44,110	15	784	44,910
Total changes of items during the period	**7,099**	**18,082**	**(12)**	**(13,168)**	**32,109**	**44,110**	**15**	**784**	**225,914**
Balance at the end of current period	**9,267**	**4,015**	**(2,483)**	**(23,083)**	**16,098**	**3,814**	**18**	**17,483**	**3,142,801**

Notes to Consolidated Financial Statements

From April 1, 2020
to March 31, 2021

[Notes, etc. Regarding Important Matters Forming the Basis of Preparation of Consolidated Financial Statements]

1. Scope of Consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries 45 companies

Major consolidated subsidiaries are as follows:

TEPCO Fuel & Power, Incorporated, TEPCO Power Grid, Incorporated, TEPCO Energy Partner, Incorporated, TEPCO Renewable Power, Incorporated, Toden Real Estate Co., Inc., TEPCO SYSTEMS CORPORATION, Tokyo Power Technology Ltd., Tokyo Electric Power Services Company, Limited, Tepco Town Planning Co., Ltd., Tokyo Densetsu Service Co., Ltd., FAMILYNET JAPAN CORPORATION, Japan Facility Solutions, Inc., Tepco Customer Service Corporation Limited. and The Tokyo Electric Generation Company, Incorporated.

(2) Names of entities that are not accounted for as a subsidiary even though the Company holds the majority of voting rights on its own account, etc.

Choshi Offshore Wind Farm K.K. is not treated as a subsidiary but instead as an affiliate accounted for under the equity method because the consent of the investors in jointly-controlled entity is required to determine management policies and important management issues relating to financial matters.

2. Application of Equity Method

Number of affiliates accounted for under the equity method 28 companies

Affiliates accounted for under the equity method are as follows:

Choshi Offshore Wind Farm K.K., KK6 Safety Measures Joint Venture Corporation, JERA Co., Inc., Tokyo Energy Alliance Co., Ltd., TEPCO i-FRONTIERS, INC., Deep C Green Energy (Hong Kong) Limited, T&T Energy Co., Ltd., KANDENKO CO., LTD., GREENWAY GRID GLOBAL PTE. LTD., HIMAL ENERGY SINGAPORE PTE. LTD., Eurus Energy Holdings Corporation, LIXIL TEPCO Smart Partners Co., Ltd., VIET HYDRO PTE. LTD., TAKAOKA TOKO CO., LTD., Toranomon Energy Network Co., Ltd., Energy Pool Japan KK, TOKYO TOSHI SERVICE COMPANY, Hitachi Systems Power Services, Ltd., AT TOKYO Corporation, Energy Asia Holdings Ltd, JSC Dariali Energy, Japan Nuclear Fuel Limited, The Japan Atomic Power Company, TOKYO ENERGY & SYSTEMS INC., Evergreen Marketing Co., Ltd., Adon Renewables Corporation, Adon Construction Inc. and Green Vision LLC.

KK6 Safety Measures Joint Venture Corporation and HIMAL ENERGY SINGAPORE PTE. LTD. are included in the scope of application of the equity method as they were newly established. JSC Dariali Energy is included in the scope of application of the equity method as its shares were newly acquired.

Non-consolidated subsidiaries and affiliates which are not accounted for under the equity method (including JAPAN NUCLEAR SECURITY SYSTEM CO., LTD. and Nuclear Fuel Transport Company, Ltd.) have an insignificant effect individually and collectively on the consolidated profit/loss and the consolidated retained earnings and other indicators.

3. Accounting Policies

(1) Basis and method for valuation of significant assets

A. Long-term investments (Available-for-sale securities that are securities classified as other securities under Japanese GAAP)

Securities with readily determinable fair values are stated at fair value based on the market price, etc. on the balance sheet date (cost of securities sold is determined by the moving-average method), with unrealized gains or losses, net of applicable taxes, stated as a separate component of net assets.

Securities without readily determinable fair values are stated at cost determined by the moving-average method.

B. Inventories

Stated primarily at cost determined by the gross average method (the carrying value may be written down to market value due to a decline in the profitability).

(2) Depreciation and amortization method for significant depreciable and amortizable assets

Property, plant and equipment are depreciated by the declining-balance method.

Intangible fixed assets are amortized by the straight-line method.

Property, plant and equipment include the assets corresponding to asset retirement obligations related to the decommissioning of specified nuclear power facilities.

The method of recording the related decommissioning costs is explained in "(6) Method of recording decommissioning costs of nuclear power facilities."

(3) Provision of significant reserves

A. Reserve for loss on disaster

1) For the loss, etc. on the Niigataken Chuetsu-Oki Earthquake

In order to provide for the expenses and/or losses required for the restoration, etc. of assets damaged by the Niigataken Chuetsu-Oki Earthquake, a reserve has been made at an estimated amount at the end of the fiscal year under review.

2) For the loss, etc. on the Tohoku-Chihou-Taiheiyou-Oki Earthquake

In order to provide for the expenses and/or losses required for the restoration, etc. of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, a reserve has been made at an estimated amount at the end of the fiscal year under review.

Major expenses and/or losses included in reserve for loss on disaster are recognized as follows:

a) Expenses and/or losses for settling the nuclear accident and preparing for decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station

The "Mid-and-Long-Term Roadmap towards the Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station, TEPCO" (December 21, 2011) was prepared by the Government and TEPCO's Mid-to-Long-Term Countermeasure Meeting established by the Nuclear Emergency Response Headquarters of the Government (most recently revised on December 27, 2019). The Company has established the "Mid-and-Long-Term Decommissioning Action Plan 2021" (revised on March 25, 2021) as a specific plan for achieving the main target processes, etc. specified in the Roadmap.

Regarding these expenses and/or losses, the Company records estimated amounts based on specific target periods and details of individual countermeasures, if it is possible to estimate the amounts in the normal way. However, this is not the case with expenses required for removal of reactor cores in the plan regarding the recovery of the reserve for decommissioning on which a request for approval pursuant to the Article 55-9, paragraph (2) of the NDF Act has been made. The details of such expenses required for removal of reactor cores are explained in "(3) Provision of significant reserves B. Provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities." For expenses and/or losses that are difficult to estimate in the normal way, the Company records estimated amounts based on the historical amounts at accidents at overseas nuclear power stations.

The estimates of these losses and/or expenses are classified into those that can be estimated and those that are difficult to estimate in the normal way, and the details of methods for estimating the respective losses and/or expenses and uncertainties included in their estimates are explained in "[Notes Regarding Significant Accounting Estimates] 1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station."

b) Expenses for disposal of nuclear fuel in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4

For disposal costs of nuclear fuel in processing which are not expected to be used, the Company has recorded the present value (discount rate 4.0%) of such costs.

In addition, disposal costs of loaded nuclear fuel have been included in other long-term liabilities.

3) For the expenses required for the restoration, etc. of assets damaged by the Typhoons No. 19 (East Japan Typhoon) and No. 21

In order to provide for the expenses required for the restoration, etc. of assets damaged by the Typhoons No. 19 (East Japan Typhoon) and No. 21 that occurred in October 2019, a reserve has been made at an estimated amount at the end of the fiscal year under review.

4) For the expenses required for the restoration, etc. of assets damaged by the heavy rain in July 2020

In order to provide for the expenses required for the restoration, etc. of assets damaged by the heavy rain that occurred in July 2020, a reserve has been made at an estimated amount at the end of the fiscal year under review.

5) For the expenses required for the restoration, etc. of assets damaged by the Fukushimaken-Oki Earthquake

In order to provide for the expenses required for the restoration, etc. of assets damaged by the Fukushimaken-Oki Earthquake that occurred in February 2021, a reserve has been made at an estimated amount at the end of the fiscal year under review.

Additional Information

• Breakdown of reserve for loss on disaster as of March 31, 2021

1) For the loss, etc. on the Niigataken Chuetsu-Oki Earthquake	¥4,860 million
2) For the loss, etc. on the Tohoku-Chihou-Taiheiyou-Oki Earthquake:	¥496,381 million
Of which:	
a) Expenses and/or losses for settling the nuclear accident and preparing for decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station	¥488,443 million
b) Expenses for disposal of nuclear fuel in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4	¥6,620 million
c) Other	¥1,317 million
3) For the expenses required for the restoration, etc. of assets damaged by the Typhoons No. 19 (East Japan Typhoon) and No. 21	¥1,034 million
4) For the expenses required for the restoration, etc. of assets damaged by the heavy rain in July 2020	¥8 million
5) For the expenses required for the restoration, etc. of assets damaged by the Fukushimaken-Oki Earthquake	¥7,898 million
Total	¥510,183 million

B. Provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities

In order to provide for the expenses and/or losses required for the restoration, etc. of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, among the amount set in the plan regarding the recovery of the reserve for decommissioning on which a request for approval pursuant to Article 55-9, paragraph (2) of the NDF Act was made, expenses required for removal of reactor cores have been recorded. Moreover, of the requested amount, the amount not yet approved has been recorded as provision for preparation of removal of reactor cores in specified nuclear power facilities, and the approved amount as provision for removal of reactor cores in specified nuclear power facilities.

The details of uncertainties related to the estimates of these losses and/or expenses are explained in "[Notes Regarding Significant Accounting Estimates] 1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station."

Additional Information

• Reserve for decommissioning

The Company has recorded the amount accumulated upon receiving notification from Nuclear Damage Compensation and Decommissioning Facilitation Corporation ("NDF") in accordance with the provision of Article 55-3, paragraph (1) of the NDF Act as reserve for decommissioning. Moreover, the reserve has been deposited with NDF in accordance with the provisions of the NDF Act since the fiscal year ended March 31, 2019 in order to ensure appropriate and steady implementation of decommissioning, etc. by licensed decommissioning operators. The details of the reserve and related schematic diagram, and the relationship among the relevant reserve and provisions are explained in "[Notes Regarding Significant Accounting Estimates] 1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station."

C. Reserve for compensation for nuclear power-related damages

1) Method of recording reserves and provisions for compensation and decontamination

In order to provide for expenses required for compensation payments for nuclear damage concerning the accident, etc. at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has recorded the estimated compensation amounts at the end of the fiscal year under review as reserve for compensation for nuclear power-related damages. The estimated compensation amounts are based on the Interim Guidelines on Nuclear Damage decided at the Dispute Reconciliation Committee for Nuclear Damage Compensation and other state guidelines on compensation and laws such as the Act on Special Measures on Handling of Radioactive Materials Pollution, as well as the Company's criteria for compensation taking these state guidelines and laws into consideration, actual compensation claims, objective statistical data, etc.

In addition, the Company has recorded a reasonable amount estimated at the end of the fiscal year under review, although it might vary from now on, depending on newly decided state guidelines on compensation, the formulation of the Company's criteria for compensation, more accurate reference data, agreements with sufferers in the future, etc.

2) Offsetting regarding reserve for decontamination

As for the provision for expenses required for compensation payments for decontamination concerning the said nuclear damage, reserve for compensation for nuclear power-related damages has been offset by the same amount of grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation at the end of the fiscal year under review in accordance with the Electric Utility Accounting Ordinance.

Specifically, ¥188,926 million received as indemnifications pursuant to the provisions of the Indemnification Contract Act and ¥1,824,484 million receivables relating to the amount of financial assistance applied pursuant to the provision of the NDF Act corresponding to the compensation obligations owed by the Company to the state under the Act on Special Measures on Handling of Radioactive Materials Pollution, etc. (obligations recognized on or after January 1, 2015) have been deducted from the grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation and reserve for compensation for nuclear power-related damages at the end of the fiscal year under review.

(4) Method of recording expenses for contribution of reprocessing of spent nuclear fuel

For costs required for reprocessing spent nuclear fuel, etc., contributions specified in Article 4, paragraph (1) of the Act Amending Act on Funds for Spent Fuel Reprocessing have been recorded as expenses according to the amount of spent nuclear fuel generated by the operation. The Company is deemed to have fulfilled the responsibility for bearing the costs as a nuclear operator by paying the contributions to the Nuclear Reprocessing Organization of Japan, and the organization conducts reprocessing and other treatments.

In addition, contributions related to reprocessing of spent nuclear fuel have been recorded as special account related to reprocessing of spent nuclear fuel.

(5) Accounting for retirement benefits

In order to provide for retirement benefits to employees, an asset or liability has been recorded based on the projected benefit obligations and the fair value of the plan assets at the end of the fiscal year under review.

In determining retirement benefit obligations, the straight-line basis has been used as the method of attributing expected retirement benefit to periods through the end of the fiscal year under review.

All past service costs are mainly expensed when incurred.

Actuarial gains and losses are amortized using the straight-line method over a certain period (three years) no longer than the average remaining years of service of the employees when they occur, commencing in the fiscal year in which they occur.

Unrecognized actuarial gains and losses and unrecognized past service costs, after adjusting for tax effects, are stated in remeasurements of defined benefit plans in accumulated other comprehensive income under net assets.

(6) Method of recording decommissioning costs of nuclear power facilities

A. Accounting treatment at normal times

The Company has applied paragraph (8) of the Guidance on Asset Retirement Obligations to costs related to decommissioning of specified nuclear power facilities stipulated in the Act on Regulation of Nuclear Reactors, etc., and the total estimated decommissioning costs of nuclear power facilities approved by the Minister of Economy, Trade and Industry pursuant to the provisions of the Ordinance on Reserve for Decommissioning Costs are expensed over the expected operational period of each facility on a straight-line basis.

B. Accounting treatment at time of decommissioning

If a reactor is decommissioned in line with changes in the energy policy and safety regulations, etc. and the decommissioning is approved by the Minister of Economy, Trade and Industry upon application by the nuclear power operator, decommissioning costs are charged to income over the period from the month, to which the decommissioning date of the specified nuclear power facility belongs, to the month 10 years later on a straight-line basis.

In addition, the present value of the total estimated amount is recorded as asset retirement obligations.

Additional Information

- Estimated amount of decommissioning costs of the Fukushima Daiichi Nuclear Power Station Units 1 through 4

The Company has recorded the amount reasonably estimated to the extent possible at the end of the fiscal year under review, although it might vary from now on, since it is difficult to identify the whole situation of the damage.

Regarding costs related to the decommissioning of the Fukushima Daiichi Nuclear Power Station, the details of the costs and the relationship between asset retirement obligations and other reserves and provisions are explained in "[Notes Regarding Significant Accounting Estimates] 1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station."

(7) Method of recording amortization of suspense account for decommissioning related nuclear power facilities and contribution for facilitating nuclear reactor decommission

The decommissioning accounting system has been established to facilitate the implementation of decommissioning of nuclear power reactors, among other purposes. Accordingly, the remaining carrying value, etc. of a reactor decommissioned in line with changes in the energy policy and safety regulations, etc. shall be recovered through wheeling charges collected by general power transmission and distribution operators applying the accounting system.

Previously, decommissioning costs were allowed to be recovered through regulated retail rates. However, that method has been replaced by the current recovery method since October 2020 from the perspective of continuing the decommissioning accounting system.

A. Amortization of suspense account for decommissioning related nuclear power facilities

The Board of Directors resolved on the decommissioning of the Fukushima Daini Nuclear Power Station Units 1 through 4 at the Board of Directors meeting held on July 31, 2019, and the

Company submitted a request for approval of suspense account for decommissioning related nuclear power facilities to the Minister of Economy, Trade and Industry on the same day in accordance with Article 28-3, paragraph (2) of the Electric Utility Accounting Ordinance and obtained the approval on August 19, 2019. Accordingly, the Company has recorded the amount equivalent to expenses for contribution of reprocessing of spent nuclear fuel (excluding expenses for reprocessing of spent nuclear fuel related to past years' power generation) incurred in relation to the decommissioning of the reactor and costs required for dismantling the nuclear fuel in suspense account for decommissioning related nuclear power facilities.

Suspense account for decommissioning related nuclear power facilities is amortized according to the payment of contributions by general power transmission and distribution operators pursuant to the provisions of Article 8 of the Supplementary Provisions to the Ordinance Amending Enforcement Ordinance of Electricity Business Act.

B. Contribution for facilitating nuclear reactor decommission

For suspense account for decommissioning related nuclear power facilities and the amount required for provision for decommissioning of nuclear power facilities, the Company submitted a request for approval of contributions for facilitating nuclear reactor decommission to the Minister of Economy, Trade and Industry in accordance with the provisions of Article 45-21-6 of the Enforcement Ordinance of Electricity Business Act and obtained the approval on July 22, 2020. Accordingly, effective October 1, 2020, TEPCO Power Grid, Incorporated and Tohoku Electric Power Network Co., Inc. revised the general provisions for wheeling services, etc., in accordance with the provisions of Article 45-21-5 of the Enforcement Ordinance of Electricity Business Act, and have collected contributions for facilitating nuclear reactor decommission and paid out them to the Company.

Pursuant to the Electric Utility Accounting Ordinance, the Company has recorded contributions for facilitating nuclear reactor decommission paid out by the general power transmission and distribution operators as contribution received for facilitating nuclear reactor decommission.

(8) Accounting for consumption taxes

The tax-exclusion method is applied to the consumption tax and the local consumption tax.

[Notes Regarding Changes in Presentation]

Changes associated with the Application of the Accounting Standard for Disclosure of Accounting Estimates

Effective from the fiscal year under review, the Company has applied the Accounting Standard for Disclosure of Accounting Estimates and provided [Notes Regarding Significant Accounting Estimates].

[Notes Regarding Significant Accounting Estimates]

1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

The Company has recorded reserve for loss on disaster of ¥488,443 million and provision for removal of reactor cores in specified nuclear power facilities of ¥170,369 million in the consolidated financial statements for the fiscal year under review.

(2) Other information on the details of accounting estimates that contributes to the understanding of users of consolidated financial statements

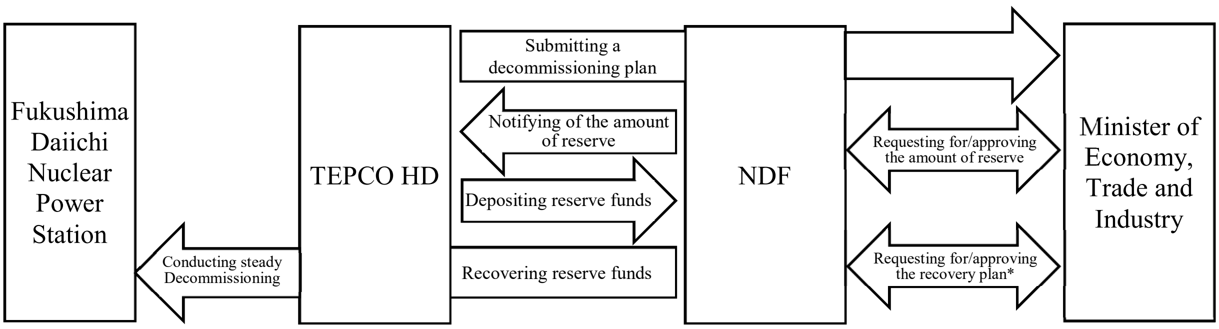
A. Method for calculating the amounts recorded in the consolidated financial statements for the fiscal year under review

1) Premise of estimation associated with decommissioning

The Company (or "TEPCO HD" in this section) deposits the amount of funds specified by NDF for decommissioning (reserve for decommissioning) and works with NDF to draw up a plan to recover the funds required for assumed decommissioning work.

The plan is then submitted to the Minister of Economy, Trade and Industry for approval before the reserve for decommissioning is recovered to be spent on actual decommissioning work. Reserves and provisions for expenses and/or losses incurred in relation to decommissioning work are recorded in the consolidated balance sheet in three accounts: reserve for loss on disaster, provision for preparation of removal of reactor cores in specified nuclear power facilities (*) and provision for removal of reactor cores in specified nuclear power facilities.

(*) The Company has not recorded any provision for preparation of removal of reactor cores in specified nuclear power facilities in the fiscal year under review as no amount was set for a new request for approval in the plan regarding the recovery of the reserve for decommissioning for the fiscal year.



* Joint work by NDF and TEPCO HD

Relationship among reserve for loss on disaster, provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities

Target	Status of the recovery plan	Name
The amount set in the recovery plan as expenses required for removal of reactor cores	Before Minister's approval	Provision for preparation of removal of reactor cores in specified nuclear power facilities
	After Minister's approval	Provision for removal of reactor cores in specified nuclear power facilities
Other		Reserve for loss on disaster

2) Methods for making accounting estimates

a) Reserve for loss on disaster

The method of recording major expenses and/or losses included in reserve for loss on disaster and other related matters are as follows:

I. Expenses and/or losses for settling the nuclear accident and preparing for decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station

In consideration of the backgrounds explained in "[Notes, etc. Regarding Important Matters Forming the Basis of Preparation of Consolidated Financial Statements] 3. Accounting Policies (3) Provision of significant reserves A. Reserve for loss on disaster," for expenses and/or losses that can be estimated in the normal way, the Company has recorded estimated amounts (excluding expenses required for removal of reactor cores in the plan regarding the recovery of the reserve for decommissioning on which a request for approval under Article 55-9, paragraph (2) of the NDF Act was made) based on specific target periods and details of individual countermeasures. Meanwhile, for expenses and/or losses that are difficult to estimate in the normal way because the specific content of future construction work, etc. can not be estimated at the end of the fiscal year under review, the Company has recorded estimated amounts based on the historical amounts at accidents at overseas nuclear power stations.

II. Expenses for disposal of nuclear fuel in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4

The details are explained in "[Notes, etc. Regarding Important Matters Forming the Basis of Preparation of Consolidated Financial Statements] 3. Accounting Policies (3) Provision of significant reserves A. Reserve for loss on disaster."

b) Provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities

The details are explained in "[Notes, etc. Regarding Important Matters Forming the Basis of Preparation of Consolidated Financial Statements] 3. Accounting Policies (3) Provision of significant reserves B. Provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities."

As for estimates of decommissioning costs of the Fukushima Daiichi Nuclear Power Station including damaged reactors, the Company has recorded the expenses for restoring reactors to a state similar to normal reactors as reserve for loss on disaster, provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities, while the decommissioning costs as normal reactors have been recorded as decommissioning costs of nuclear power facilities. The former has uncertainties listed below, while the latter is estimated pursuant to the ministerial ordinances issued for normal reactors.

B. Major assumptions used in the calculation of the amounts recorded in the consolidated financial statements for the fiscal year under review

The major assumptions and their uncertainties included in reserve for loss on disaster, provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities are as follows:

1) Expenses and/or losses that can be estimated in the normal way

The Mid-and-Long-Term Decommissioning Action Plan, released on March 25, 2021, details the main work processes for decommissioning. Based on such information, associated expenses were estimated at the end of the fiscal year under review.

The decommissioning of the Fukushima Daiichi Nuclear Power Station is an unprecedented undertaking and entails uncertainty in itself, yet the progress in conceptual considerations has made it easy to plan specific construction work and other tasks over the next three years. After that period, however, specific considerations for many of the future tasks have yet to be carried out. Among other things, devices for full-scale retrieval of fuel debris are still almost in the planning stage. Accordingly, numerous assumptions have to be incorporated into estimates for long-term construction work and other tasks. The latest estimates involve assumptions for each of the work processes, based on the status of on-going research by the government and other institutions as well as specifications of similar tasks already carried out in the past. Assumptions used as the premise of estimation may need to be reviewed, depending on future research progress, more detailed identification of on-site conditions, availability of new technological insight based on a step-by-step approach, etc. These factors could create new tasks, impose changes on an anticipated work method, necessitate review of the scope of work, alter unit costs of various tasks, etc., thereby changing the estimates of decommissioning costs.

2) Expenses and/or losses that are difficult to estimate in the normal way

With regard to expenses and/or losses that are difficult to estimate in the normal way due to the inability to anticipate the specific content of construction work and other tasks at this stage, the Company has recorded estimated amounts based on the historical amounts of expenses incurred at the Three Mile Island Nuclear Power Station (hereinafter "TMI") accident in the U.S.A., which is a similar example. The latest estimates incorporated the historical expenses incurred at TMI as well as the rate of commodity price increase from the time of the TMI accident to the Fukushima Daiichi Nuclear Power Station accident, foreign exchange rate, etc. and the number of reactor units from which fuel debris must be retrieved, etc. This is mainly based on the assumption that the types, scope and volume of tasks required for decommissioning are proportionate to the number of nuclear generating units. However, TMI and Fukushima Daiichi Nuclear Power Station are different in terms of the volume of fuel debris and the locations of such debris inside reactors, which causes differences in the degree of debris removal difficulty and conditions. Accordingly, the types, scope and volume of tasks assumed in the estimates may differ from those of the actual tasks. Also, considering that the decommissioning of damaged reactors is a very limited and extended operation, even if the types, scope and volume of tasks may remain constant, changes may occur in the level of commodity prices and the level of technological innovation, thus potentially altering the estimates of decommissioning costs.

C. Impact on the consolidated financial statements for the next fiscal year

For the above reasons, there are uncertainties in the estimates although the best estimates have been made for both expenses and/or losses that can be estimated in the normal way and those that are difficult to estimate in the normal way. This points to the possibility that future changes in these conditions could create a significant impact on the financial position and operating results of the Group for the next fiscal year.

2. Valuation of Nuclear Power Production Facilities, etc.

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

The total amount of nuclear power production facilities, construction in progress, nuclear fuel, etc. recorded in relation to the Kashiwazaki-Kariwa Nuclear Power Station in the consolidated financial statements for the fiscal year under review is ¥930,670 million.

(2) Other information on the details of accounting estimates that contributes to the understanding of users of consolidated financial statements

A. Method for calculating the amount recorded in the consolidated financial statements for the fiscal year under review

Method for making accounting estimates

The carrying value of a fixed asset used for business purposes is required to be reduced to reflect its recoverability under certain conditions if the amount invested in the asset is unlikely to be recovered due to a decrease in its profitability. The Company groups nuclear power production facilities, etc. by power station, which is the smallest unit that generates independent cash flows. For the Kashiwazaki-Kariwa Nuclear Power Station, nuclear power production facilities, etc. of Units 1 through 7 are identified as a group of assets, and the asset group is tested for impairment based on the recovery of investments by electricity rates earned through power sales contracts, etc.

At the Kashiwazaki-Kariwa Nuclear Power Station, the Company has for some time been making various efforts to meet new regulatory standards and gain the understanding of the local community under the Comprehensive Special Business Plan; however, during these efforts, the Company experienced incidents such as the “partial loss of function of nuclear protection equipment,” “unauthorized use of an ID card” and “partial incompletion of construction related to safety measures.” The Company took these incidents very seriously and is at the stage of working on drastic reforms, while conducting an investigation to identify the underlying causes. The operation of the entire power plant has long been suspended since the operation at Unit 6 was suspended for a regular inspection in March 2012. In light of such circumstances, the Company determined that there was an indication of impairment of the asset group and then assessed whether an impairment loss should be recognized.

In such assessment, the Company estimated the total undiscounted future cash flows and compared it to the carrying value of the asset group.

As a result, the Company concluded it was not necessary to recognize an impairment loss as the total estimated undiscounted future cash flows exceeded the carrying value of the asset group.

B. Major assumptions used in the calculation of the amount recorded in the consolidated financial statements for the fiscal year under review

The major assumptions included in the valuation of nuclear power production facilities, etc. at the Kashiwazaki-Kariwa Nuclear Power Station are the operational status for each unit, costs to be incurred for construction related to safety measures and future power prices, all of which involve uncertainties. From now on, the Company needs to pass safety regulatory assessments given by the Nuclear Regulation Authority (“NRA”), including additional inspections to be carried out as a result of the recent series of incidents, and gain the understanding of the local government. As for costs to be incurred for construction related to safety measures to meet the NRA’s new regulatory standards, construction costs for planned construction, such as material costs and workers’ labor costs, could be higher than assumed. Depending on the future progress of assessments by NRA, including for other nuclear power operators, construction costs could be higher than assumed due to more sophisticated and stricter regulatory requirements such as by revision of the new regulatory standards. Furthermore, future power prices greatly depend on the effects of power supply and demand in Japan, crude oil prices on which fuel costs for thermal power generation are based, power prices on the Japan Electric Power Exchange including the said factors, etc.

C. Impact on the consolidated financial statements for the next fiscal year

As for the above uncertainties, although the best estimates have been made based on currently available information, future changes in such items could create a significant impact on the financial position, operating results and cash flows of the Group. In addition, the application of impairment accounting in the future could create a significant impact on part of the aggregate amount of the said nuclear power production facilities, construction in progress, nuclear fuel, etc.

3. Net Defined Benefit Liability and Asset

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

The Company has recorded net defined benefit liability of ¥332,201 million and net defined benefit asset of ¥163,566 million in the consolidated financial statements for the fiscal year under review.

(2) Other information on the details of accounting estimates that contributes to the understanding of users of consolidated financial statements

A. Method for calculating the amounts recorded in the consolidated financial statements for the fiscal year under review

Methods for making accounting estimates

The details are explained in "[Notes, etc. Regarding Important Matters Forming the Basis of Preparation of Consolidated Financial Statements] 3. Accounting Policies (5) Accounting for retirement benefits."

The discount rate used in calculating retirement benefit obligations is mainly determined based on the yield of AA-rated corporate bonds as at the end of the fiscal year (benchmark rate), and 1.0% was used for the fiscal year under review. The expected long-term return on plan assets is determined based on fund management policy, portfolio of plan assets held and past management performance, and 2.5% was mainly used for the fiscal year under review.

B. Major assumptions used in the calculation of the amounts recorded in the consolidated financial statements for the fiscal year under review

Retirement benefit obligations for employees and related expenses are estimated based on rational assumptions on the discount rate, workforce turnover, mortality rate, expected long-term return on plan assets, base rates for actuarial calculations, etc. Differences with actual performance and changes in assumptions could affect the future retirement benefit obligations and expenses.

Any changes in the benchmark rate would cause adjustment to the discount rate, and subsequently change the retirement benefit obligations. However, the retirement benefit obligations would not be changed in accordance with the materiality threshold if the obligations are not expected to change by 10% or greater.

Movements in financial markets could also change the fair value of equity and debt securities held as pension assets.

C. Impact on the consolidated financial statements for the next fiscal year

For the above reasons, there are uncertainties in the estimates although the best estimates have been made. This points to the possibility that future changes in these conditions could create a significant impact on the financial position and operating results of the Group for the next fiscal year.

Under the accounting policy, actuarial gains and losses are mainly amortized on a straight-line basis over three years, commencing in the fiscal year in which they occur. The impact of such changes is as outlined below:

	Impact on retirement benefit obligations	Impact on retirement benefit expenses (annual)
Per 0.1% change in discount rate	Approx. ¥10,000 million	Approx. ¥3,300 million
Per 1.0% variation in return on plan assets	Approx. ¥5,600 million	Approx. ¥1,800 million

[Notes to Consolidated Balance Sheet]

1. Assets Pledged as Collateral and Collateralized Debts

(1) All of the Company's property is pledged as general collateral for bonds and loans from Development Bank of Japan Inc.

Bonds (including current portion)	¥524,642 million
Loans from Development Bank of Japan Inc. (including current portion)	¥56,821 million

(2) All of the property of TEPCO Power Grid, Incorporated is pledged as general collateral for bonds and loans from Development Bank of Japan Inc.

Bonds (including current portion)	¥2,180,000 million

(3) Pursuant to the Nuclear Damage Compensation Act, the Company has made a deposit as a measure of compensation for damages to be paid as the nuclear operator for cooling of nuclear reactors and treatment of accumulated water, etc. of the Fukushima Daiichi Nuclear Power Station.

Current assets	
Other	¥120,000 million

(4) Assets pledged as collateral in connection with certain consolidated subsidiaries' participation in overseas businesses, etc. and collateralized debts

Assets pledged as collateral

Fixed assets	
Investments and other	
Long-term investments	¥327 million
Long-term investments in subsidiaries and affiliates	¥4,667 million
Current assets	
Cash on hand and in banks	¥319 million
Notes and accounts receivable - trade	¥35 million
Total	¥5,349 million

Collateralized debts

Current liabilities	
Short-term loans	¥1,055 million

(5) Assets pledged as collateral for loans, etc. from financial institutions to investees of certain consolidated subsidiaries

Fixed assets

Investments and other

Long-term investments ¥4 million

Obligation of the consolidated subsidiaries is limited to the invested amounts even in case of default of any of the investees.

2. Accumulated Depreciation of Property, Plant and Equipment ¥18,882,824 million

3. Guarantee Liabilities, etc.

(1) Guarantee liabilities

A. Guarantees of loans from financial institutions to the following companies	
Japan Nuclear Fuel Limited	¥25,327 million
SKZ-U LLP	¥218 million
B. Guarantee of performance of ITM O&M Company Limited of the operation and maintenance contract with Arabian Power Company (*)	¥664 million
C. Guarantee of performance of PT. Paiton Operation and Maintenance Indonesia of the operation and maintenance contract with PT. Paiton Energy (*)	¥489 million
D. Guarantee of loans from financial institutions to employees under a property accumulation owner house loan system, etc.	¥104,990 million
Total	¥131,689 million

(*) With respect to ¥1,153 million out of the outstanding amount of guarantee liabilities shown above, the Company has entered into an agreement with JERA Co., Inc. under which, in the event of any loss arising to the Company as a result of the performance of guarantee liabilities, JERA Co., Inc. compensates such loss.

(2) Contingent liabilities

Contingent liabilities related to decontamination, etc. included in nuclear damage compensation

The waste treatment and decontamination measures, etc. have proceeded under the national fiscal measures pursuant to the Act on Special Measures on Handling of Radioactive Materials Pollution. However, the Company can not reasonably estimate the costs, etc. that were under discussion between the Company and the national government with regard to the appropriate sharing and on which specific measures, etc. were not identifiable at the end of the fiscal year under review.

In addition, NDF will provide necessary financial assistance to an applying nuclear operator based on the NDF Act with regard to the above-stated costs.

4. Reserve Pursuant to the Provisions of Laws and Regulations Other Than the Companies Act

Reserve for preparation of the depreciation of nuclear power construction

Pursuant to Article 27-3 and Article 27-29 of the Electricity Business Act, the Company has recorded a reserve for preparation of the depreciation of nuclear power construction based on the Ordinance on Reserve for Preparation of Depreciation of Nuclear Power Construction in order to equalize the burden of depreciation incurred immediately after the start of operation of the nuclear power stations.

[Notes to Consolidated Statement of Changes in Net Assets]

Class and Total Number of Shares Issued as of March 31, 2021

Common stock	1,607,017,531 shares
Preferred stock - Class A	1,600,000,000 shares
Preferred stock - Class B	340,000,000 shares

[Notes Regarding Financial Instruments]

1. Matters Concerning Status of Financial Instruments

As for financing, the Company tries to raise funds with certainty to meet the Group's capital investments, etc. required for the operation of the electric power and other businesses by borrowing from financial institutions, issuance of bonds and other means.

The Company uses only short-term deposits, etc. to manage funds.

Investment securities consist mainly of equity securities. The fair values of listed equity securities are monitored on a quarterly basis.

Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation (¥490,125 million recorded in the consolidated balance sheet) is a receivable of funds pertaining to the granting of funds stipulated in Article 41, paragraph (1), item (i) of the NDF Act. The fair value, etc. of this receivable is not presented because such funds are granted from NDF in the amount necessary to pay compensation for the nuclear damage caused by the accident, etc. at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake and are based on the amounts required for the compensation.

Notes and accounts receivable - trade are exposed to the credit risk of customers. In compliance with internal rules, the Group monitors due dates and outstanding balances for each customer and follows up on the collection of receivables that become past due by, among others, sending a reminder.

Interest-bearing debts include loans and bonds that are exposed to interest rate fluctuation risk. The Company hedges this risk by utilizing interest rate swaps for certain loans.

2. Matters Concerning Fair Value, etc. of Financial Instruments

The recorded amount of financial instruments in the consolidated balance sheet as of March 31, 2021, their fair value and the difference are as shown below.

(millions of yen)

	Recorded amount in the consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Investment securities (*2)			
Available-for-sale securities	10,845	10,845	—
(2) Cash on hand and in banks	454,886	454,886	—
(3) Notes and accounts receivable - trade	674,112	674,112	—
(4) Bonds (*3)	[2,705,412]	[2,776,013]	(70,601)
(5) Long-term loans (*3)	[215,925]	[225,728]	(9,803)
(6) Short-term loans	[1,967,761]	[1,967,761]	—
(7) Notes and accounts payable - trade	[307,293]	[307,293]	—

(*1) Figures shown in square brackets represent liabilities.

(*2) Investment securities are included in "Long-term investments" in the consolidated balance sheet.

(*3) Bonds and Long-term loans include "Current portion of long-term debt" in the consolidated balance sheet.

(Note 1) Methods for determining fair value of financial instruments

(1) Investment securities

The fair value of equity securities is determined by their market price on an exchange.

(2) Cash on hand and in banks and (3) Notes and accounts receivable - trade

Since these items are settled in a short period of time and their fair value approximates their carrying value, the carrying value is used as fair value.

(4) Bonds

For bonds with floating interest rates, since those interest rates are updated to reflect the market interest rate within a short period of time, their fair value approximates their carrying value. Accordingly, the carrying value is used as fair value. For bonds with fixed interest rates, for which market prices are available, the fair value is based on the market price. The fair value of bonds with fixed interest rates, for which no market price exists, is determined as the present value of principal and interest discounted using the interest rate to be applied for a similar bond.

(5) Long-term loans

For long-term loans with floating interest rates, since those interest rates are updated to reflect the market interest rate within a short period of time, their fair value approximates their carrying value. Accordingly, the carrying value is used as fair value. For long-term loans with fixed interest rates, the fair value is determined as the present value of the total amount of principal and interest of long-term loans, grouped by period of time discounted using the interest rate to be applied for a similar loan. For those that meet the requirements for special treatment for interest rate swaps, however, the present value is determined using the swap rate that is deemed as their interest rate.

(6) Short-term loans and (7) Notes and accounts payable - trade

Since these items are settled in a short period of time and their fair value approximates their carrying value, the carrying value is used as fair value.

(Note 2) Unlisted equity securities (¥24,034 million recorded in the consolidated balance sheet) are not included in "(1) Investment securities - Available-for-sale securities," as it is extremely difficult to determine their fair value since there is no market price.

[Notes Regarding per Share Information]

1. Net Assets per Share ¥1,326.49

(Note) Net assets per share are calculated by deducting the amount paid for preferred stock by NDF, etc. from total net assets. The basis of the calculation is as follows.

(Basis of the calculation)

Total net assets on the consolidated balance sheet	¥3,142,801 million
Amounts to be deducted from total net assets	¥1,017,501 million
Of which amount paid for preferred stock	¥1,000,000 million
Of which stock acquisition rights	¥18 million
Of which non-controlling interests	¥17,483 million
Net assets attributable to common stock as of March 31, 2021	¥2,125,299 million
Number of shares of common stock as of March 31, 2021 which was used to calculate net assets per share	1,602,192 thousand shares

2. Income per Share ¥112.90

[Other Notes]

1. The consolidated financial statements have been prepared in conformity with the Company Accounting Ordinance and according to the Electric Utility Accounting Ordinance.

2. Compensation for Nuclear Power-Related Damages and Grants-in-Aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation

(1) For compensation and decontamination

A. Compensation for nuclear power-related damages

Regarding nuclear damage caused by the accident, etc. at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has paid compensation under the Nuclear Damage Compensation Act, and the difference between the estimated compensation amount and the estimated amount for the previous fiscal year has been recorded as compensation for nuclear power-related damages.

B. Grants-in-Aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation

On March 22, 2021, the Company submitted to NDF an application to change the amount of financial assistance to the estimated amount as of that date in accordance with the provision of Article 43, paragraph (1) of the NDF Act. As a result, the difference from the amount in the application on March 19, 2020 has been recorded as grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation.

(2) For decontamination

A ¥297,251 million of financial assistance applied pursuant to the provision of the NDF Act corresponding to the compensation obligations owed by the Company to the state under the Act on Special Measures on Handling of Radioactive Materials Pollution, etc. (obligations recognized on or after January 1, 2015) has been deducted from compensation for nuclear power-related damages and grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation for the fiscal year under review in accordance with the Electric Utility Accounting Ordinance.

Additional Information

- Method of recording special contribution paid to Nuclear Damage Compensation and Decommissioning Facilitation Corporation

In receiving the financial assistance, the recipient shall pay a special contribution defined by NDF pursuant to the provision of Article 52, paragraph (1) of the NDF Act, but the Company has not recorded such an amount, except for that notified from NDF as applicable to the fiscal year under review, since the amount is determined by resolution of the steering committee of NDF every fiscal year in light of the Company's revenue and expenditures and requires the approval of the competent minister.

3. Financial Covenants

Financial covenants on the financial position and operating results of the Company and its Group companies are attached to bonds of ¥2,806 million, current portion of long-term debt of ¥251,836 million and short-term loans of ¥912,265 million.

4. Fixed Assets Necessary for Decommissioning Nuclear Reactors and Fixed Assets Requiring Maintenance Even After the Decommission of Nuclear Reactors

The carrying value of the fixed assets necessary for decommissioning nuclear reactors and fixed assets requiring maintenance even after the decommission of nuclear reactors is ¥497,641 million.

5. Transactions, etc. under Common Control

On April 1, 2020, the Company transferred its renewable energy power generation business to TEPCO Renewable Power, Incorporated through a split-up.

(1) Overview of the transaction

1) Name and description of the businesses subject to the transaction
Renewable energy power generation business

2) Date of the business combination
April 1, 2020

3) Legal form of the business combination
Absorption-type company split where the Company was the splitting company and TEPCO

Renewable Power, Incorporated, a wholly-owned subsidiary of the Company, was the successor company

4) Name of the entity after the combination
   No change

5) Overview of the transaction including the purposes
   The Company transferred its renewable energy power generation business to the successor company through an absorption-type company split in order for the successor company to be specialized in renewable energy power sources with the intention to increase the recognition of the Group's renewable energy, to have clear responsibility and authority needed to make quick decisions about the work with both domestic and overseas partners, large-scale investments, etc. and to flexibly procure capital required for the said purposes.

(2) Overview of accounting treatments

The Company accounted for the above transaction as a transaction under common control in accordance with the Accounting Standard for Business Combinations and the Implementation Guidance on Business Combinations and Divestitures.

Note: Abbreviations for laws and regulations, etc. used in these notes are as follows:

Abbreviations	Names of laws and regulations, etc.
NDF Act	Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act (Act No. 94, August 10, 2011)
Interim Guidelines on Nuclear Damage	Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage Due to the Accident at the Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO (August 5, 2011)
Act on Special Measures on Handling of Radioactive Materials Pollution	Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials Discharged by the Nuclear Power Plant Accident Accompanying the Earthquake that Occurred off the Pacific Coast of the Tohoku Region on March 11, 2011 (Act No. 110, August 30, 2011)
Electric Utility Accounting Ordinance	Ordinance on Accounting at Electric Utilities (Ordinance of the Ministry of International Trade and Industry No. 57 of 1965)
Indemnification Contract Act	Act on Contract for Indemnification of Nuclear Damage Compensation (Act No. 148, June 17, 1961)
Act Amending Act on Funds for Spent Fuel Reprocessing	Act on Partial Amendment of the Act on Creation and Management of Trust Funds for Reprocessing of Spent Fuel in Nuclear Power Generation (Act No. 40, May 18, 2016)
Act on Regulation of Nuclear Reactors, etc.	Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors (Act No. 166, June 10, 1957)
Guidance on Asset Retirement Obligations	Guidance on Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan ("ASBJ") Guidance No. 21, March 25, 2011)
Ordinance on Reserve for Decommissioning Costs	Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units (Ordinance of the Ministry of International Trade and Industry No. 30 of 1989)
Ordinance Amending Enforcement Ordinance of Electricity Business Act	Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Electricity Business Act (Ordinance of the Ministry of Economy, Trade and Industry No. 77 of 2017)
Enforcement Ordinance of Electricity Business Act	Ordinance for Enforcement of the Electricity Business Act (Ordinance of the Ministry of International Trade and Industry No. 77 of 1995)
Accounting Standard for Disclosure of Accounting Estimates	Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)
Nuclear Damage Compensation Act	Act on Compensation for Nuclear Damage (Act No. 147, June 17, 1961)
Electricity Business Act	Electricity Business Act (Act No. 170 of 1964)
Ordinance on Reserve for Preparation of Depreciation of Nuclear Power Construction	Ministerial Ordinance on Reserve for Preparation of the Depreciation of Nuclear Power Construction (Ordinance of the Ministry of Economy, Trade and Industry No. 20 of 2007)
Company Accounting Ordinance	Ordinance on Accounting of Companies (Ordinance of the Ministry of Justice No. 13 of 2006)

Abbreviations	Names of laws and regulations, etc.
Accounting Standard for Business Combinations	Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019)
Implementation Guidance on Business Combinations and Divestitures	Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019)

Statement of Changes in Net Assets (Period from April 1, 2020 to March 31, 2021)

(millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Earned surplus		
		Capital legal reserve	Other capital surplus	Earned legal reserve	Other earned surplus: Reserve for special disaster	Other earned surplus: General reserve
Balance at the beginning of current period	**1,400,975**	**743,555**	**43**	**169,108**	**161**	**1,076,000**
Changes of items during the period						
Provision of reserve for special disaster					13	
Profit						
Purchases of treasury stock						
Disposal of treasury stock			(2)			
Net changes in items other than those in shareholders' equity						
Total changes of items during the period	**–**	**–**	**(2)**	**–**	**13**	**–**
Balance at the end of current period	**1,400,975**	**743,555**	**40**	**169,108**	**174**	**1,076,000**

(millions of yen)

	Shareholders' equity			Valuation, translation adjustment and others	Total net assets
	Earned surplus: Other earned surplus: Unappropriated retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain or loss on securities	
Balance at the beginning of current period	**(1,411,784)**	**(7,680)**	**1,970,379**	**(361)**	**1,970,018**
Changes of items during the period					
Provision of reserve for special disaster	(13)		–		–
Profit	36,281		36,281		36,281
Purchases of treasury stock		(7)	(7)		(7)
Disposal of treasury stock		3	0		0
Net changes in items other than those in shareholders' equity				806	806
Total changes of items during the period	**36,268**	**(3)**	**36,274**	**806**	**37,081**
Balance at the end of current period	**(1,375,516)**	**(7,684)**	**2,006,653**	**445**	**2,007,099**

Notes to Non-Consolidated Financial Statements

From April 1, 2020
to March 31, 2021

[Notes Regarding Matters Concerning Significant Accounting Policies]

1. Basis and Method for Valuation of Assets

(1) Available-for-sale securities (securities classified as other securities under Japanese GAAP) included in long-term investments

Securities with readily determinable fair values are stated at fair value based on the market price, etc. on the balance sheet date (cost of securities sold is determined by the moving-average method), with unrealized gains or losses, net of applicable taxes, stated as a separate component of net assets.

Securities without readily determinable fair values are stated at cost determined by the moving-average method.

(2) Securities included in long-term investments in subsidiaries and affiliates

Stated at cost determined by the moving-average method.

(3) Inventories

Stated primarily at cost determined by the moving-average method (the carrying value may be written down to market value due to a decline in the profitability).

2. Depreciation and Amortization Method for Fixed Assets

Property, plant and equipment are depreciated by the declining-balance method.

Intangible fixed assets are amortized by the straight-line method.

Property, plant and equipment include the assets corresponding to asset retirement obligations related to the decommissioning of specified nuclear power facilities. The method of recording the related decommissioning costs is explained in “5. Method of Recording Decommissioning Costs of Nuclear Power Facilities.”

3. Provision of Reserves

(1) Accrued pension and severance costs

In order to provide for retirement benefits to employees, accrued pension and severance costs have been recorded based on the projected benefit obligations and plan assets at the end of the fiscal year under review.

In determining retirement benefit obligations, the straight-line basis has been used as the method of attributing expected retirement benefit to periods through the end of the fiscal year under review.

All past service costs are expensed when incurred.

Actuarial gains and losses are amortized using the straight-line method over a certain period (three years) no longer than the average remaining years of service of the employees when they occur, commencing in the fiscal year in which they occur.

(2) Reserve for loss on disaster

A. For the loss, etc. on the Niigataken Chuetsu-Oki Earthquake

In order to provide for the expenses and/or losses required for the restoration, etc. of assets damaged by the Niigataken Chuetsu-Oki Earthquake, a reserve has been made at an estimated amount at the end of the fiscal year under review.

B. For the loss, etc. on the Tohoku-Chihou-Taiheiyou-Oki Earthquake

In order to provide for the expenses and/or losses required for the restoration, etc. of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, a reserve has been made at an estimated amount at the end of the fiscal year under review.

Major expenses and/or losses included in reserve for loss on disaster are recognized as follows:

1) Expenses and/or losses for settling the nuclear accident and preparing for decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station

The "Mid-and-Long-Term Roadmap towards the Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station, TEPCO" (December 21, 2011) was prepared by the Government and TEPCO's Mid-to-Long-Term Countermeasure Meeting established by the Nuclear Emergency Response Headquarters of the Government (most recently revised on December 27, 2019). The Company has established the "Mid-and-Long-Term Decommissioning Action Plan 2021" (revised on March 25, 2021) as a specific plan for achieving the main target processes, etc. specified in the Roadmap.

Regarding these expenses and/or losses, the Company records estimated amounts based on specific target periods and details of individual countermeasures, if it is possible to estimate the amounts in the normal way. However, this is not the case with expenses required for removal of reactor cores in the plan regarding the recovery of the reserve for decommissioning on which a request for approval pursuant to the Article 55-9, paragraph (2) of the NDF Act has been made. The details of such expenses required for removal of reactor cores are explained in "3. Provision of Reserves (3) Provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities."

For expenses and/or losses that are difficult to estimate in the normal way, the Company records estimated amounts based on the historical amounts at accidents at overseas nuclear power stations.

The estimates of these losses and/or expenses are classified into those that can be estimated and those that are difficult to estimate in the normal way, and the details of methods for estimating the respective losses and/or expenses and uncertainties included in their estimates are explained in "[Notes Regarding Accounting Estimates] 1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station."

2) Expenses for disposal of nuclear fuel in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4

For disposal costs of nuclear fuel in processing which are not expected to be used, the Company has recorded the present value (discount rate 4.0%) of such costs.

In addition, disposal costs of loaded nuclear fuel have been included in miscellaneous long-term liabilities.

C. For the expenses required for the restoration, etc. of assets damaged by the Typhoon No. 19 (East Japan Typhoon)

In order to provide for the expenses required for the restoration, etc. of assets damaged by the Typhoon No. 19 (East Japan Typhoon) that occurred in October 2019, a reserve has been made at an estimated amount at the end of the fiscal year under review.

D. For the expenses required for the restoration, etc. of assets damaged by the Fukushimaken-Oki Earthquake

In order to provide for the expenses required for the restoration, etc. of assets damaged by the Fukushimaken-Oki Earthquake that occurred in February 2021, a reserve has been made at an estimated amount at the end of the fiscal year under review.

Additional Information

• Breakdown of reserve for loss on disaster as of March 31, 2021

A. For the loss, etc. on the Niigataken Chuetsu-Oki Earthquake	¥4,860 million
B. For the loss, etc. on the Tohoku-Chihou-Taiheiyou-Oki Earthquake:	¥496,172 million
Of which:	
1) Expenses and/or losses for settling the nuclear accident and preparing for decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station	¥488,443 million
2) Expenses for disposal of nuclear fuel in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4	¥6,620 million
3) Other	¥1,107 million
C. For the expenses required for the restoration, etc. of assets damaged by the Typhoon No. 19 (East Japan Typhoon)	¥18 million
D. For the expenses required for the restoration, etc. of assets damaged by the Fukushimaken-Oki Earthquake	¥3,825 million
Total	¥504,876 million

(3) Provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities

In order to provide for the expenses and/or losses required for the restoration, etc. of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, among the amount set in the plan regarding the recovery of the reserve for decommissioning on which a request for approval pursuant to Article 55-9, paragraph (2) of the NDF Act was made, expenses required for removal of reactor cores have been recorded. Moreover, of the requested amount, the amount not yet approved has been recorded as provision for preparation of removal of reactor cores in specified nuclear power facilities, and the approved amount as provision for removal of reactor cores in specified nuclear power facilities.

The details of uncertainties related to the estimates of these losses and/or expenses are explained in “[Notes Regarding Accounting Estimates] 1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station.”

Additional Information

• Reserve for decommissioning

The Company has recorded the amount accumulated upon receiving notification from Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF) in accordance with the provision of Article 55-3, paragraph (1) of the NDF Act as reserve for decommissioning. Moreover, the reserve has been deposited with NDF in accordance with the provisions of the NDF Act since the fiscal year ended March 31, 2019 in order to ensure appropriate and steady implementation of decommissioning, etc. by licensed decommissioning operators. The details of the reserve and related schematic diagram, and the relationship among the relevant reserve and provisions are explained in “[Notes Regarding Accounting Estimates] 1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station.”

(4) Reserve for compensation for nuclear power-related damages

A. Method of recording reserves and provisions for compensation and decontamination

In order to provide for expenses required for compensation payments for nuclear damage concerning the accident, etc. at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has recorded the estimated compensation amounts at the end of the fiscal year under review as reserve for compensation for nuclear power-related damages. The estimated compensation amounts are based on the Interim Guidelines on Nuclear Damage decided at the Dispute Reconciliation Committee for Nuclear Damage Compensation and other state guidelines on compensation and laws such as the Act on Special Measures on Handling of Radioactive Materials Pollution, as well as the Company's criteria for compensation taking these state guidelines and laws into consideration, actual compensation claims, objective statistical data, etc.

In addition, the Company has recorded a reasonable amount estimated at the end of the fiscal year under review, although it might vary from now on, depending on newly decided state guidelines on compensation, the formulation of the Company's criteria for compensation, more accurate reference data, agreements with sufferers in the future, etc.

B. Offsetting regarding reserve for decontamination

As for the provision for expenses required for compensation payments for decontamination concerning the said nuclear damage, reserve for compensation for nuclear power-related damages has been offset by the same amount of grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation at the end of the fiscal year under review in accordance with the Electric Utility Accounting Ordinance.

Specifically, ¥188,926 million received as indemnifications pursuant to the provisions of the Indemnification Contract Act and ¥1,824,484 million receivables relating to the amount of financial assistance applied pursuant to the provision of the NDF Act corresponding to the compensation obligations owed by the Company to the state under the Act on Special Measures on Handling of Radioactive Materials Pollution, etc. (obligations recognized on or after January 1, 2015) have been deducted from the grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation and reserve for compensation for nuclear power-related damages at the end of the fiscal year under review.

4. Method of Recording Expenses for Contribution of Reprocessing of Spent Nuclear Fuel

For costs required for reprocessing spent nuclear fuel, etc., contributions specified in Article 4, paragraph (1) of the Act Amending Act on Funds for Spent Fuel Reprocessing have been recorded as expenses according to the amount of spent nuclear fuel generated by the operation. The Company is deemed to have fulfilled the responsibility for bearing the costs as a nuclear operator by paying the contributions to the Nuclear Reprocessing Organization of Japan, and the organization conducts reprocessing and other treatments.

In addition, contributions related to reprocessing of spent nuclear fuel have been recorded as special account related to reprocessing of spent nuclear fuel.

5. Method of Recording Decommissioning Costs of Nuclear Power Facilities

(1) Accounting treatment at normal times

The Company has applied paragraph (8) of the Guidance on Asset Retirement Obligations to costs related to the decommissioning of specified nuclear power facilities stipulated in the Act on Regulation of Nuclear Reactors, etc. and the total estimated decommissioning costs of nuclear power facilities approved by the Minister of Economy, Trade and Industry pursuant to the provisions of the Ordinance on Reserve for Decommissioning Costs are expensed over the expected operational period of each facility on a straight-line basis.

(2) Accounting treatment at time of decommissioning

If a reactor is decommissioned in line with changes in the energy policy and safety regulations, etc., and the decommissioning is approved by the Minister of Economy, Trade and Industry upon application by the nuclear power operator, decommissioning costs are charged to income over the period from the month, to which the decommissioning date of the specified nuclear power facility belongs, to the month 10 years later on a straight-line basis.

In addition, the present value of the total estimated amount is recorded as asset retirement obligations.

Additional Information

• Estimated amount of decommissioning costs of the Fukushima Daiichi Nuclear Power Station Units 1 through 4

The Company has recorded the amount reasonably estimated to the extent possible at the end of the fiscal year under review, although it might vary from now on, since it is difficult to identify the whole situation of the damage.

Regarding costs related to the decommissioning of the Fukushima Daiichi Nuclear Power Station, the details of the costs and the relationship between asset retirement obligations and other reserves and provisions are explained in "[Notes Regarding Accounting Estimates] 1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station."

6. Method of Recording Amortization of Suspense Account for Decommissioning Related Nuclear Power Facilities and Contribution for Facilitating Nuclear Reactor Decommission

The decommissioning accounting system has been established to facilitate the implementation of decommissioning of nuclear power reactors, among other purposes. Accordingly, the remaining carrying value, etc. of a reactor decommissioned in line with changes in the energy policy and safety regulations, etc. shall be recovered through wheeling charges collected by general power transmission and distribution operators applying the accounting system.

Previously, decommissioning costs were allowed to be recovered through regulated retail rates. However, that method has been replaced by the current recovery method since October 2020 from the perspective of continuing the decommissioning accounting system.

(1) Amortization of suspense account for decommissioning related nuclear power facilities

The Board of Directors resolved on the decommissioning of the Fukushima Daini Nuclear Power Station Units 1 through 4 at the Board of Directors meeting held on July 31, 2019, and the Company submitted a request for approval of suspense account for decommissioning related nuclear power facilities to the Minister of Economy, Trade and Industry on the same day in accordance with Article 28-3, paragraph (2) of the Electric Utility Accounting Ordinance and obtained the approval on August 19, 2019. Accordingly, the Company has recorded the amount equivalent to expenses for contribution of reprocessing of spent nuclear fuel (excluding expenses for reprocessing of spent nuclear fuel related to past years' power generation) incurred in relation to the decommissioning of the reactor and costs required for dismantling the nuclear fuel in suspense account for decommissioning related nuclear power facilities.

Suspense account for decommissioning related nuclear power facilities is amortized according to the payment of contributions by general power transmission and distribution operators pursuant to the provisions of Article 8 of the Supplementary Provisions to the Ordinance Amending Enforcement Ordinance of Electricity Business Act.

(2) Contribution for facilitating nuclear reactor decommission

For suspense account for decommissioning related nuclear power facilities and the amount required for provision for decommissioning of nuclear power facilities, the Company submitted a request for approval of contributions for facilitating nuclear reactor decommission to the

Minister of Economy, Trade and Industry in accordance with the provisions of Article 45-21-6 of the Enforcement Ordinance of Electricity Business Act and obtained the approval on July 22, 2020. Accordingly, effective October 1, 2020, TEPCO Power Grid, Incorporated and Tohoku Electric Power Network Co., Inc. revised the general provisions for wheeling services, etc., in accordance with the provisions of Article 45-21-5 of the Enforcement Ordinance of Electricity Business Act, and have collected contributions for facilitating nuclear reactor decommission and paid out them to the Company.

Pursuant to the Electric Utility Accounting Ordinance, the Company has recorded contributions for facilitating nuclear reactor decommission paid out by the general power transmission and distribution operators as contribution received for facilitating nuclear reactor decommission.

7. Accounting for Retirement Benefits

Unrecognized actuarial gains and losses on retirement benefits are accounted for differently from those in the consolidated financial statements.

8. Accounting for Consumption Taxes

The tax-exclusion method is applied to the consumption tax and the local consumption tax.

[Notes Regarding Changes in Presentation]

Changes associated with the Application of the Accounting Standard for Disclosure of Accounting Estimates

Effective from the fiscal year under review, the Company has applied the Accounting Standard for Disclosure of Accounting Estimates and provided [Notes Regarding Accounting Estimates].

[Notes Regarding Accounting Estimates]

1. Reserves and Provisions for Expenses and/or Losses for Settling the Nuclear Accident and Preparing for Decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

The Company has recorded reserve for loss on disaster of ¥488,443 million and provision for removal of reactor cores in specified nuclear power facilities of ¥170,369 million in the non-consolidated financial statements for the fiscal year under review.

(2) Other information on the details of accounting estimates that contributes to the understanding of users of non-consolidated financial statements

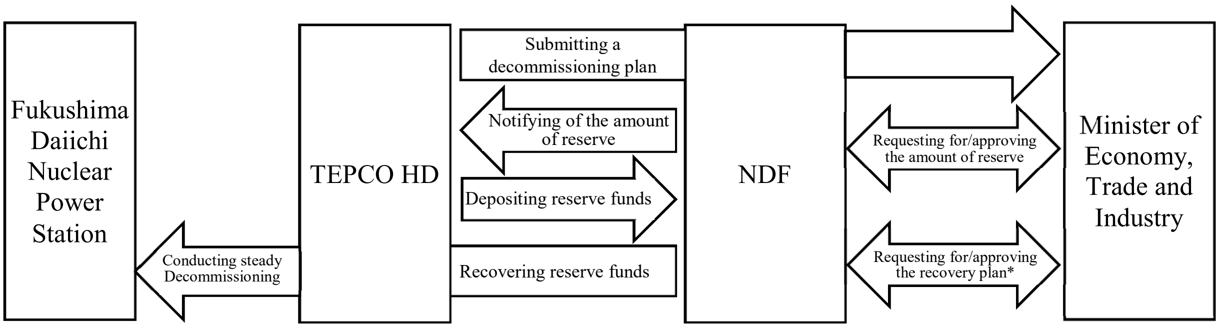
A. Method for calculating the amounts recorded in the non-consolidated financial statements for the fiscal year under review

1) Premise of estimation associated with decommissioning

The Company (or “TEPCO HD” in this section) deposits the amount of funds specified by NDF for decommissioning (reserve for decommissioning) and works with NDF to draw up a plan to recover the funds required for assumed decommissioning work.

The plan is then submitted to the Minister of Economy, Trade and Industry for approval before the reserve for decommissioning is recovered to be spent on actual decommissioning work. Reserves and provisions for expenses and/or losses incurred in relation to decommissioning work are recorded in the non-consolidated balance sheet in three accounts: reserve for loss on disaster, provision for preparation of removal of reactor cores in specified nuclear power facilities (*) and provision for removal of reactor cores in specified nuclear power facilities.

(*) The Company has not recorded any provision for preparation of removal of reactor cores in specified nuclear power facilities in the fiscal year under review as no amount was set for a new request for approval in the plan regarding the recovery of the reserve for decommissioning for the fiscal year.



* Joint work by NDF and TEPCO HD

Relationship among reserve for loss on disaster, provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities

Target	Status of the recovery plan	Name
The amount set in the recovery plan as expenses required for removal of reactor cores	Before Minister's approval	Provision for preparation of removal of reactor cores in specified nuclear power facilities
	After Minister's approval	Provision for removal of reactor cores in specified nuclear power facilities
Other		Reserve for loss on disaster

2) Methods for accounting estimates

a) Reserve for loss on disaster

The method of recording major expenses and/or losses included in reserve for loss on disaster and other related matters are as follows:

I. Expenses and/or losses for settling the nuclear accident and preparing for decommissioning, etc. of the Fukushima Daiichi Nuclear Power Station

In consideration of the backgrounds explained in "[Notes Regarding Matters Concerning Significant Accounting Policies] 3. Provision of Reserves (2) Reserve for loss on disaster," for expenses and/or losses that can be estimated in the normal way, the Company has recorded estimated amounts (excluding expenses required for removal of reactor cores in the plan regarding the recovery of the reserve for decommissioning on which a request for approval under Article 55-9, paragraph (2) of the NDF Act was made) based on specific target periods and details of individual countermeasures. Meanwhile, for expenses and/or losses that are difficult to estimate in the normal way because the specific content of future construction work, etc. can not be estimated at the end of the fiscal year under review, the Company has recorded estimated amounts based on the historical amounts at accidents at overseas nuclear power stations.

II. Expenses for disposal of nuclear fuel in processing, within expenses and/or losses for decommissioning of the Fukushima Daiichi Nuclear Power Station Units 1 through 4

The details are explained in “[Notes Regarding Matters Concerning Significant Accounting Policies] 3. Provision of Reserves (2) Reserve for loss on disaster.”

b) Provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities

The details are explained in “[Notes Regarding Matters Concerning Significant Accounting Policies] 3. Provision of Reserves (3) Provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities.”

As for estimates of decommissioning costs of the Fukushima Daiichi Nuclear Power Station including damaged reactors, the Company has recorded the expenses for restoring reactors to a state similar to normal reactors as reserve for loss on disaster, provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities, while the decommissioning costs as normal reactors have been recorded as decommissioning costs of nuclear power facilities. The former has uncertainties listed below, while the latter is estimated pursuant to the ministerial ordinances issued for normal reactors.

B. Major assumptions used in the calculation of the amounts recorded in the non-consolidated financial statements for the fiscal year under review

The major assumptions and their uncertainties included in reserve for loss on disaster, provision for preparation of removal of reactor cores in specified nuclear power facilities and provision for removal of reactor cores in specified nuclear power facilities are as follows:

1) Expenses and/or losses that can be estimated in the normal way

The Mid-and-Long-Term Decommissioning Action Plan, released on March 25, 2021, details the main work processes for decommissioning. Based on such information, associated expenses were estimated at the end of the fiscal year under review.

The decommissioning of the Fukushima Daiichi Nuclear Power Station is an unprecedented undertaking and entails uncertainty in itself, yet the progress in conceptual considerations has made it easy to plan specific construction work and other tasks over the next three years. After that period, however, specific considerations for many of the future tasks have yet to be carried out. Among other things, devices for full-scale retrieval of fuel debris are still almost in the planning stage. Accordingly, numerous assumptions have to be incorporated into estimates for long-term construction work and other tasks. The latest estimates involve assumptions for each of the work processes, based on the status of on-going research by the government and other institutions as well as specifications of similar tasks already carried out in the past. Assumptions used as the premise of estimation may need to be reviewed, depending on future research progress, more detailed identification of on-site conditions, availability of new technological insight based on a step-by-step approach, etc. These factors could create new tasks, impose changes on an anticipated work method, necessitate review of the scope of work, alter unit costs of various tasks, etc., thereby changing the estimates of decommissioning costs.

2) Expenses and/or losses that are difficult to estimate in the normal way

With regard to expenses and/or losses that are difficult to estimate in the normal way due to the inability to anticipate the specific content of construction work and other tasks at this stage, the Company has recorded estimated amounts based on the historical amounts of expenses incurred at the Three Mile Island Nuclear Power Station (hereinafter “TMI”) accident in the U.S.A., which is a similar example. The latest estimates incorporated the historical expenses incurred at TMI as well as the rate of commodity price increase from the time of the TMI accident to the Fukushima Daiichi Nuclear Power Station accident, foreign exchange rate, etc. and the number of reactor units from which fuel debris must be retrieved, etc. This is mainly based on the assumption that the types, scope and volume of tasks required for decommissioning are proportionate to the number of nuclear generating units. However, TMI and Fukushima Daiichi Nuclear Power Station are different in terms of the volume of fuel debris and the locations of such debris inside reactors, which causes differences in the degree of debris removal difficulty and conditions. Accordingly, the types, scope and volume of tasks assumed in the estimates may differ from those of the actual tasks. Also, considering that the decommissioning of damaged reactors is a very limited and extended operation, even if the types, scope and volume of tasks may remain constant, changes may occur in the level of commodity prices and the level of technological innovation, thus potentially altering the estimates of decommissioning costs.

C. Impact on the non-consolidated financial statements for the next fiscal year

For the above reasons, there are uncertainties in the estimates although the best estimates have been made for both expenses and/or losses that can be estimated in the normal way and those that are difficult to estimate in the normal way. This points to the possibility that future changes in these conditions could create a significant impact on the financial position and operating results of the Company for the next fiscal year.

2. Valuation of Nuclear Power Production Facilities, etc.

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review

The total amount of nuclear power production facilities, construction in progress, nuclear fuel, etc. recorded in relation to the Kashiwazaki-Kariwa Nuclear Power Station in the non-consolidated financial statements for the fiscal year under review is ¥930,670 million.

(2) Other information on the details of accounting estimates that contributes to the understanding of users of non-consolidated financial statements

A. Method for calculating the amount recorded in the non-consolidated financial statements for the fiscal year under review

Method for making accounting estimates

The carrying value of a fixed asset used for business purposes is required to be reduced to reflect its recoverability under certain conditions if the amount invested in the asset is unlikely to be recovered due to a decrease in its profitability. The Company groups nuclear power production facilities, etc. by power station, which is the smallest unit that generates independent cash flows. For the Kashiwazaki-Kariwa Nuclear Power Station, nuclear power production facilities, etc. of Units 1 through 7 are identified as a group of assets, and the asset group is tested for impairment based on the recovery of investments by electricity rates earned through power sales contracts, etc.

At the Kashiwazaki-Kariwa Nuclear Power Station, the Company has for some time been making various efforts to meet new regulatory standards and gain the understanding of the local community under the Comprehensive Special Business Plan; however, during these efforts, the Company experienced incidents such as the "partial loss of function of nuclear protection equipment," "unauthorized use of an ID card" and "partial incompletion of construction related to safety measures." The Company took these incidents very seriously, and is at the stage of working on drastic reforms, while conducting an investigation to identify the underlying causes. The operation of the entire power plant has long been suspended since the operation at Unit 6 was suspended for a regular inspection in March 2012. In light of such circumstances, the Company determined that there was an indication of impairment of the asset group and then assessed whether an impairment loss should be recognized.

In such assessment, the Company estimated the total undiscounted future cash flows and compared it to the carrying value of the asset group.

As a result, the Company concluded it was not necessary to recognize an impairment loss as the total estimated undiscounted future cash flows exceeded the carrying value of the asset group.

B. Major assumptions used in the calculation of the amount recorded in the non-consolidated financial statements for the fiscal year under review

The major assumptions included in the valuation of nuclear power production facilities, etc. at the Kashiwazaki-Kariwa Nuclear Power Station are the operational status for each unit, costs to be incurred for construction related to safety measures and future power prices, all of which involve uncertainties. From now on, the Company needs to pass safety regulatory assessments given by the Nuclear Regulation Authority ("NRA"), including additional inspections to be carried out as a result of the recent series of incidents, and gain the understanding of the local government. As for costs to be incurred for construction related to safety measures to meet the NRA's new regulatory standards, construction costs for planned construction, such as material costs and workers' labor costs, could be higher than assumed. Depending on the future progress of assessments by NRA, including for other nuclear power operators, construction costs could be higher than assumed due to more sophisticated and stricter regulatory requirements such as by revision of the new regulatory standards. Furthermore, future power prices greatly depend on the effects of power supply and demand in Japan, crude oil prices on which fuel costs for thermal power generation are based, power prices on the Japan Electric Power Exchange including the said factors, etc.

C. Impact on the non-consolidated financial statements for the next fiscal year

As for the above uncertainties, although the best estimates have been made based on currently available information, future changes in such items could create a significant impact on the financial position, operating results and cash flows of the Company. In addition, the application of impairment accounting in the future could create a significant impact on part of the aggregate amount of the said nuclear power production facilities, construction in progress, nuclear fuel, etc.

3. Accrued Pension and Severance Costs and Prepaid Pension Cost

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

The Company has recorded accrued pension and severance costs of ¥87,940 million and prepaid pension cost of ¥42,194 million in the non-consolidated financial statements for the fiscal year under review.

(2) Other information on the details of accounting estimates that contributes to the understanding of users of non-consolidated financial statements

A. Method for calculating the amounts recorded in the non-consolidated financial statements for the fiscal year under review

Methods for making accounting estimates

The details are explained in "[Notes Regarding Matters Concerning Significant Accounting Policies] 3. Provision of Reserves (1) Accrued pension and severance costs."

The discount rate used in calculating retirement benefit obligations is determined based on the yield of AA-rated corporate bonds as at the end of the fiscal year (benchmark rate), and 1.0% was used for the fiscal year under review. The expected long-term return on plan assets is determined based on fund management policy, portfolio of plan assets held and past management performance, and 2.5% was used for the fiscal year under review.

B. Major assumptions used in the calculation of the amounts recorded in the non-consolidated financial statements for the fiscal year under review

Retirement benefit obligations for employees and related expenses are estimated based on rational assumptions on the discount rate, workforce turnover, mortality rate, expected long-term return on plan assets, base rates for actuarial calculations, etc. Differences with actual performance and changes in assumptions could affect future retirement benefit obligations and expenses.

Any changes in the benchmark rate would cause adjustment to the discount rate, and subsequently change the retirement benefit obligations. However, the retirement benefit obligations would not be changed in accordance with the materiality threshold if the obligations are not expected to change by 10% or greater.

Movements in financial markets could also change the fair value of equity and debt securities held as pension assets.

C. Impact on the non-consolidated financial statements for the next fiscal year

For the above reasons, there are uncertainties in the estimates although the best estimates have been made. This points to the possibility that future changes in these conditions could create a significant impact on the financial position and operating results of the Company for the next fiscal year.

Under the accounting policy, actuarial gains and losses are amortized on a straight-line basis over three years, commencing in the fiscal year in which they occur. The impact of such changes is as outlined below:

	Impact on retirement benefit obligations	Impact on retirement benefit expenses (annual)
Per 0.1% change in discount rate	Approx. ¥2,900 million	Approx. ¥900 million
Per 1.0% variation in return on plan assets	Approx. ¥1,600 million	Approx. ¥500 million

[Notes to Balance Sheet]

1. Assets Pledged as Collateral and Collateralized Debts

(1) All property is pledged as general collateral for bonds and loans from Development Bank of Japan Inc.

Bonds (including current portion)	¥524,642 million
Loans from Development Bank of Japan Inc. (including current portion)	¥56,821 million

(2) Pursuant to the Nuclear Damage Compensation Act, the Company has made a deposit as a measure of compensation for damages to be paid as the nuclear operator for cooling of nuclear reactors and treatment of accumulated water, etc. of the Fukushima Daiichi Nuclear Power Station.

Miscellaneous current assets	¥120,000 million

2. Accumulated Depreciation of Property, Plant and Equipment ¥4,618,496 million

3. Guarantee Liabilities, etc.

(1) Guarantee liabilities

A. Guarantees of loans from financial institutions to the following companies	
Japan Nuclear Fuel Limited	¥25,327 million
Recyclable-Fuel Storage Company	¥112 million
SKZ-U LLP	¥218 million
B. Guarantee of performance of ITM O&M Company Limited of the operation and maintenance contract with Arabian Power Company (*)	¥664 million
C. Guarantee of performance of PT. Paiton Operations and Maintenance Indonesia of the operation and maintenance contract with PT. Paiton Energy (*)	¥489 million
D. Guarantee of loans from financial institutions to employees under a property accumulation owner house loan system, etc.	¥103,356 million
Of this guarantee, ¥80,447 million is the guarantee portion for which there are joint and several guarantors other than the Company.	
Total	¥130,167 million

(*) With respect to ¥1,153 million out of the outstanding amount of guarantee liabilities shown above, the Company has entered into an agreement with JERA Co., Inc. under which, in the event of any loss arising to the Company as a result of the performance of guarantee liabilities, JERA Co., Inc. compensates such loss.

(2) Contingent liabilities

Contingent liabilities related to decontamination, etc. included in nuclear damage compensation

The waste treatment and decontamination measures, etc. have proceeded under the national fiscal measures pursuant to the Act on Special Measures on Handling of Radioactive Materials Pollution. However, the Company can not reasonably estimate the costs, etc. that were under discussion between the Company and the national government with regard to the appropriate sharing and on which specific measures, etc. were not identifiable at the end of the fiscal year under review.

In addition, NDF will provide necessary financial assistance to an applying nuclear operator based on the NDF Act with regard to the above-stated costs.

4. Monetary Receivables and Payables to Subsidiaries and Affiliates

Long-term monetary receivables	¥686,129 million	Short-term monetary receivables	¥402,608 million
Long-term monetary payables	¥429,416 million	Short-term monetary payables	¥1,427,002 million

5. Amount of Fixed Assets Relating to Incidental Businesses Indicated in the Statement of Income

Shared office business	Dedicated fixed assets	¥570 million

6. Reserve Pursuant to the Provisions of Laws and Regulations Other Than the Companies Act

Reserve for preparation of the depreciation of nuclear power construction

Pursuant to Article 27-3 and Article 27-29 of the Electricity Business Act, the Company has recorded a reserve for preparation of the depreciation of nuclear power construction based on the Ordinance on Reserve for Preparation of Depreciation of Nuclear Power Construction in order to equalize the burden of depreciation incurred immediately after the start of operation of the nuclear power stations.

[Notes to Statement of Income]

Transactions with Subsidiaries and Affiliates

Operating transactions	
Expenses	¥95,515 million
Revenues	¥481,936 million
Non-operating transactions	¥122,595 million

[Notes to Statement of Changes in Net Assets]

Number of Treasury Stock as of March 31, 2021	3,265,647 shares

[Notes Regarding Tax Effect Accounting]

Deferred tax assets mainly arise from shares of subsidiaries and affiliates due to restructuring, etc., asset retirement obligations and reserve for loss on disaster, and deferred tax liabilities mainly arise from grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation.

In addition, only deferred tax liabilities on unrealized gain or loss on securities are presented in the balance sheet because a valuation allowance is credited in an amount equal to the net deferred tax assets after offsetting expected reversal of taxable and deductible temporary differences, except for unrealized gain or loss on securities.

Application of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

As for items transitioned to the group tax sharing system established in the Revised Corporation Tax Act and items revised on non-consolidated taxation system along with the transition to the group tax sharing system, the Company has not applied the provisions of paragraph 44 of the Implementation Guidance on Tax Effect Accounting as allowed by the provisions of paragraph 3 of the Practical Solution on Tax Effect Accounting for Transition to Group Tax Sharing System. Accordingly, amounts of deferred tax assets and deferred tax liabilities have been determined in accordance with the provisions of the act before revision.

[Notes Regarding Fixed Assets Used Under Lease]

In addition to the fixed assets recorded on the balance sheet, some nuclear power facilities are used under finance leases that do not transfer ownership of the leased assets.

[Notes Regarding Related Party Transactions]

1. Major Shareholders

Category	Name	Description of business or occupation	Ownership (owned) percentage of voting rights, etc.	Relationship	Transactions	Transaction amounts (million yen)	Account	Fiscal year-end balance (million yen)
Major shareholder	Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF)	Receipt of contributions, financial assistance, consultation and management of reserve for decommissioning, etc. pursuant to the NDF Act	50.09% directly (owned)	Receipt of financial assistance, payment of contributions and deposit of reserve for decommissioning pursuant to the NDF Act	Receipt of grants-in-aid (*1)	521,400	Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	490,125
					Payment of contributions (*2)	117,832	Accrued expenses	117,832
					Deposit of reserve for decommissioning (*3)	280,425	Reserve for decommissioning	485,000

The terms and conditions of transactions and determination policies, etc. of them

(*1) Receipt of grants-in-aid is financial assistance given under the provision of Article 41, paragraph (1) of the NDF Act.

(*2) Payment of contributions is made under the provisions of Article 38, paragraph (1) and Article 52, paragraph (1) of the NDF Act.

(*3) Reserve for decommissioning is deposited under the provision of Article 55-3, paragraph (1) of the NDF Act.

2. Subsidiaries

Category	Name	Description of business or occupation	Ownership (owned) percentage of voting rights, etc.	Relationship	Transaction	Transaction amount (million yen)	Account	Fiscal year-end balance (million yen)
Subsidiary	TEPCO Fuel & Power, Incorporated	Management of business activities conducted by affiliates operating fuel and thermal power generation business	100.0% directly (ownership)	Borrowing and lending of funds Interlocking directorate	Receipt of deposit of funds (*)	–	Short-term due to subsidiaries and affiliates	157,406

The terms and conditions of transactions and determination policies, etc. of them

(*) Receipt of deposit of funds is related to the CMS (cash management system), and the interest rate has been reasonably determined in view of market rates. Since the transactions are conducted repetitively, disclosure of the transaction amount is omitted.

Category	Name	Description of business or occupation	Ownership (owned) percentage of voting rights, etc.	Relationship	Transaction	Transaction amount (million yen)	Account	Fiscal year-end balance (million yen)
Subsidiary	TEPCO Power Grid, Incorporated	General power transmission and distribution business, etc.	100.0% directly (ownership)	Receipt of contribution for nuclear reactor decommission as funds for reserve for decommissioning pursuant to the NDF Act Borrowing and lending of funds Debt guarantee received Interlocking directorate	Receipt of contribution for nuclear reactor decommission (*1)	134,576	Short-term due from subsidiaries and affiliates	134,576
					Bond subscription (*2)	202,443	Long-term investments in subsidiaries and affiliates	514,251
					Receipt of bond interest (*3)	8,855	Short-term due from subsidiaries and affiliates	1,320
					Lending of funds (*4)	9,663	Long-term investments in subsidiaries and affiliates	36,966
							Short-term due from subsidiaries and affiliates	1,458
					Receipt of deposit of funds (*5)	–	Short-term due to subsidiaries and affiliates	1,051,462
					Debt guarantee received (*6)	324,883	–	–

The terms and conditions of transactions and determination policies, etc. of them

(*1) Receipt of contribution for nuclear reactor decommission is the amount received from TEPCO Power Grid, Incorporated (hereinafter "TEPCO PG") by the Company (or "TEPCO HD" in this section) as funds to be applied to the reserve for decommissioning stipulated in Article 55-3, paragraph (1) of the NDF Act, based on the policy that "The TEPCO Group as a whole will manage to raise funds for the decommissioning business using all its resources, but according to the optimal assignment of roles within the Group, TEPCO PG will pay to TEPCO HD the rationalized part of the power transmission and distribution business under regulated rate as the funds required for decommissioning" in the "Revised Comprehensive Special Business Plan (The Third Plan)" formulated together with NDF.

(*2) Bond subscription is related to ICBs (inter-company bonds) issued by TEPCO PG for which the interest rate has been determined on equal terms with bonds, etc. issued by the Company.

(*3) Receipt of bond interest is related to ICBs issued by TEPCO PG.

(*4) Lending of funds is financing to TEPCO PG by way of ICLs (inter-company loans) for which the interest rate has been determined on equal terms with the Company's loans.

(*5) Receipt of deposit of funds is related to the CMS (cash management system), and the interest rate has been reasonably determined in view of market rates. Since the transactions are conducted repetitively, disclosure of the transaction amount is omitted.

(*6) Debt guarantee received is related to debts guaranteed by TEPCO PG on the Company's loans, etc. The Company has paid guarantee fees taking into account the credit standing.

Category	Name	Description of business or occupation	Ownership (owned) percentage of voting rights, etc.	Relationship	Transac-tion	Transaction amount (million yen)	Account	Fiscal year-end balance (million yen)
Subsidi-ary	TEPCO Energy Partner, Incorporated	Retail electricity business, etc.	100.0% directly (ownership)	Sale of electricity Borrowing and lending of funds Interlocking directorate	Sale of electricity (*1)	234,409	Accounts receivable - trade	14,021
					Bond subscription (*2)	39,004	Long-term investments in subsidiaries and affiliates	47,094
					Lending of funds (*3)	744	Long-term investments in subsidiaries and affiliates	2,586
							Short-term due from subsidiaries and affiliates	159,271
					Borrowing of funds (*4)	–	Long-term due to subsidiaries and affiliates	400,000

The terms and conditions of transactions and determination policies, etc. of them

(*1) The sales price has been determined in light of power generating costs and market conditions, etc. after discussion.

(*2) Bond subscription is related to ICBs (inter-company bonds) issued by TEPCO Energy Partner, Incorporated for which the interest rate has been determined on equal terms with bonds, etc. issued by the Company.

(*3) Lending of funds is financing to TEPCO Energy Partner, Incorporated by way of ICLs (inter-company loans) for which the interest rate has been determined on equal terms with the Company's loans. For lending of funds related to the CMS (cash management system), the interest rate has been reasonably determined in view of market rates. Since the transactions are conducted repetitively, disclosure of the transaction amount is omitted.

(*4) For borrowing of funds, the interest rate has been reasonably determined in view of market rates.

Category	Name	Description of business or occupation	Ownership (owned) percentage of voting rights, etc.	Relationship	Transac-tion	Transaction amount (million yen)	Account	Fiscal year-end balance (million yen)
Subsidi-ary	TEPCO Renewable Power, Incorporated	Renewable energy power generation business, etc.	100.0% directly (ownership)	Borrowing and lending of funds Interlocking directorate	Receipt of deposit of funds (*)	–	Short-term due to subsidiaries and affiliates	69,894

The terms and conditions of transactions and determination policies, etc. of them

(*) Receipt of deposit of funds is related to the CMS (cash management system), and the interest rate has been reasonably determined in view of market rates. Since the transactions are conducted repetitively, disclosure of the transaction amount is omitted.

[Notes Regarding per Share Information]

1. Net Assets per Share ¥627.96

(*) Net assets per share are calculated by deducting the amount paid for preferred stock by NDF from total net assets. The basis of the calculation is as follows.

(Basis of the calculation)

Total net assets on the balance sheet	¥2,007,099 million
Amounts to be deducted from total net assets	¥1,000,000 million
Of which amount paid for preferred stock	¥1,000,000 million
Net assets attributable to common stock as of March 31, 2021	¥1,007,099 million
Number of shares of common stock as of March 31, 2021 which was used to calculate net assets per share	1,603,751 thousand shares

2. Income per Share ¥22.62

[Other Notes]

1. Compensation for Nuclear Power-Related Damages and Grants-in-Aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation

(1) For compensation and decontamination

A. Compensation for nuclear power-related damages

Regarding nuclear damage caused by the accident, etc. at the Fukushima Daiichi Nuclear Power Station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has paid compensation under the Nuclear Damage Compensation Act, and the difference between the estimated compensation amount and the estimated amount for the previous fiscal year has been recorded as compensation for nuclear power-related damages.

B. Grants-in-Aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation

On March 22, 2021, the Company submitted to NDF an application to change the amount of financial assistance to the estimated amount as of that date in accordance with the provision of Article 43, paragraph (1) of the NDF Act. As a result, the difference from the amount in the application on March 19, 2020 has been recorded as grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation.

(2) For decontamination

A ¥297,251 million of financial assistance applied pursuant to the provision of the NDF Act corresponding to the compensation obligations owed by the Company to the state under the Act on Special Measures on Handling of Radioactive Materials Pollution, etc. (obligations recognized on or after January 1, 2015) has been deducted from compensation for nuclear power-related damages and grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation for the fiscal year under review in accordance with the Electric Utility Accounting Ordinance.

Additional Information

• Method of recording special contribution paid to Nuclear Damage Compensation and Decommissioning Facilitation Corporation

In receiving the financial assistance, the recipient shall pay a special contribution defined by NDF pursuant to the provision of Article 52, paragraph (1) of the NDF Act, but the Company has not recorded such an amount, except for that notified from NDF as applicable to the fiscal year under review, since the amount is determined by resolution of the steering committee of NDF every fiscal year in light of the Company's revenue and expenditures and requires the approval of the competent minister.

2. Financial Covenants

Financial covenants on the financial position and operating results of the Company and its Group companies are attached to the Company's bonds of ¥2,806 million and current portion of long-term debt of ¥251,836 million.

3. Fixed Assets Necessary for Decommissioning Nuclear Reactors and Fixed Assets Requiring Maintenance Even After the Decommission of Nuclear Reactors

The carrying value of the fixed assets necessary for decommissioning nuclear reactors and fixed assets requiring maintenance even after the decommission of nuclear reactors is ¥497,641 million.

4. Transactions, etc. under Common Control

On April 1, 2020, the Company transferred its renewable energy power generation business to TEPCO Renewable Power, Incorporated through a split-up.

(1) Overview of the transaction

1) Name and description of the businesses subject to the transaction
Renewable energy power generation business

2) Date of the business combination
April 1, 2020

3) Legal form of the business combination
Absorption-type company split where the Company was the splitting company and TEPCO Renewable Power, Incorporated, a wholly-owned subsidiary of the Company, was the successor company

4) Name of the entity after the combination
No change

5) Overview of the transaction including the purposes
The Company transferred its renewable energy power generation business to the successor company through an absorption-type company split in order for the successor company to be specialized in renewable energy power sources with the intention to increase the recognition of the Group's renewable energy, to have clear responsibility and authority needed to make quick decisions about the work with both domestic and overseas partners, large-scale investments, etc. and to flexibly procure capital required for the said purposes.

(2) Overview of accounting treatments

The Company accounted for the above transaction as a transaction under common control in accordance with the Accounting Standard for Business Combinations and the Implementation Guidance on Business Combinations and Divestitures.

Note: Abbreviations for laws and regulations, etc. used in these notes are as follows:

Abbreviations	Names of laws and regulations, etc.
NDF Act	Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act (Act No. 94, August 10, 2011)
Interim Guidelines on Nuclear Damage	Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage Due to the Accident at the Fukushima Daiichi and Daini Nuclear Power Stations, TEPCO (August 5, 2011)
Act on Special Measures on Handling of Radioactive Materials Pollution	Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials Discharged by the Nuclear Power Plant Accident Accompanying the Earthquake that Occurred off the Pacific Coast of the Tohoku Region on March 11, 2011 (Act No. 110, August 30, 2011)
Electric Utility Accounting Ordinance	Ordinance on Accounting at Electric Utilities (Ordinance of the Ministry of International Trade and Industry No. 57 of 1965)
Indemnification Contract Act	Act on Contract for Indemnification of Nuclear Damage Compensation (Act No. 148, June 17, 1961)
Act Amending Act on Funds for Spent Fuel Reprocessing	Act on Partial Amendment of the Act on Creation and Management of Trust Funds for Reprocessing of Spent Fuel in Nuclear Power Generation (Act No. 40, May 18, 2016)
Act on Regulation of Nuclear Reactors, etc.	Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors (Act No. 166, June 10, 1957)
Guidance on Asset Retirement Obligations	Guidance on Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan ("ASBJ") Guidance No. 21, March 25, 2011)
Ordinance on Reserve for Decommissioning Costs	Ministerial Ordinance concerning Reserve for Decommissioning Costs of Nuclear Power Units (Ordinance of the Ministry of International Trade and Industry No. 30 of 1989)
Ordinance Amending Enforcement Ordinance of Electricity Business Act	Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Electricity Business Act (Ordinance of the Ministry of Economy, Trade and Industry No. 77 of 2017)
Enforcement Ordinance of Electricity Business Act	Ordinance for Enforcement of the Electricity Business Act (Ordinance of the Ministry of International Trade and Industry No. 77 of 1995)
Accounting Standard for Disclosure of Accounting Estimates	Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)
Nuclear Damage Compensation Act	Act on Compensation for Nuclear Damage (Act No. 147, June 17, 1961)
Electricity Business Act	Electricity Business Act (Act No. 170 of 1964)
Ordinance on Reserve for Preparation of Depreciation of Nuclear Power Construction	Ministerial Ordinance on Reserve for Preparation of the Depreciation of Nuclear Power Construction (Ordinance of the Ministry of Economy, Trade and Industry No. 20 of 2007)
Revised Corporation Tax Act	Act for Partial Revision of the Income Tax Act, etc. (Act No. 8, March 31, 2020)
Practical Solution on Tax Effect Accounting for Transition to Group Tax Sharing System	Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No. 39, March 31, 2020)
Implementation Guidance on Tax Effect Accounting	Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018)

Abbreviations	Names of laws and regulations, etc.
Accounting Standard for Business Combinations	Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019)
Implementation Guidance on Business Combinations and Divestitures	Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019)