MORGAN AND MORECAMBE OFFSHORE WIND FARMS: TRANSMISSION ASSETS

Funding Statement

Annex 4: Morecambe Offshore Windfarm Ltd reports

September 2024
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Prepared by:

Morgan Offshore Wind Project Limited, Morecambe Offshore Windfarm Ltd

Prepared for:

Morgan Offshore Wind Project Limited, Morecambe Offshore Windfarm Ltd

Cobra Instalaciones y Servicios, S.A. and its Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2023 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Sole Shareholder of Cobra Instalaciones y Servicios, S.A. (Sole-Shareholder Company),

Opinion

We have audited the consolidated financial statements of Cobra Instalaciones y Servicios, S.A.U. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2023, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Revenue recognition from long-term construction contracts and of amounts to be billed for work performed

Description	Procedures applied in the audit
For a significant proportion of its long-term contracts the Group recognises the revenue earned over time by reference to the stage of completion of the contracts in accordance with IFRS 15. This revenue recognition method was a significant matter in our audit, as it affects the measurement of the amounts to be billed for work performed, and requires Group management to make significant estimates relating mainly to the expected outcome of the contract, the measurement of work completed in the period and the accounting for contract modifications. These judgements and estimates are made by the persons in charge of the performance of the contracts, are subsequently reviewed at the various levels of the organisation, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied. In view of the significance of the estimates made in the recognition of this revenue and the quantitative materiality of the amounts to be billed for work performed, this situation was considered to be one of the most significant matters in the audit.	Our procedures included, among others, the performance of tests on the design and implementation of the relevant controls that mitigate the risks associated with the process for recognising revenue in this type of construction contract. In order to perform substantive tests, we first selected a sample by applying quantitative and qualitative criteria such as identifying the contracts deemed to be significant either due to the total selling price of the contracts, or due to the risk associated with the costs yet to be incurred to complete the contract. In addition, we made a selection of the remaining projects. For all the selected projects, we evaluated the reasonableness of the hypotheses and assumptions made by the Group with an impact on the revenue recognised in the year which include, among others, the determination of the transaction price, the allocation of the transaction price to the various performance obligations, the treatment for accounting purposes of any modifications approved by the customer and the recognition of variable consideration, taking into account the specific terms and conditions of each contract and the stage of completion thereof at year-end.

Revenue recognition from long-term construction contracts and of amounts to be billed for work performed	
Description	**Procedures applied in the audit**
	We also reviewed the consistency of the estimates made by the Group in 2022 with the actual data for the contracts in 2023. Lastly, we evaluated the adequacy of the disclosures provided in Notes 4-j, 10 and 25 to the accompanying consolidated financial statements in connection with this matter.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2023, the preparation of which is the responsibility of the Parent's sole director and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement has been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2023 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Parent's Sole Director for the Consolidated Financial Statements

The Parent's sole director is responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the sole director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description forms part of our auditor's report.

[redacted]

17 July 2024

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

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

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's sole director.

- Conclude on the appropriateness of the use by the Parent's sole director of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

From the significant risks communicated with the Parent's sole director, we determine those risks that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

Cobra Instalaciones y Servicios, S.A.U. and

Subsidiaries

Consolidated Annual Accounts
for the financial year
ended 31 December 2023
Prepared in accordance with the International
Financial Reporting Standards (IFRS), as adopted
by the European Union, and consolidated management report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain. In the event of a discrepancy, the Spanish-language versión prevails

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

COBRA INSTALACIONES Y SERVICIOS, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 December 2023

ASSETS	Thousand euros	
	31/12/2023	31/12/2022
NON-CURRENT ASSETS	**3,460,243**	**2,844,633**
Property, plant and equipment (Note 6)	**2,185,566**	**511,631**
Goodwill (Note 8)	**22,744**	**21,942**
Intangible assets (Note 5)	**421,638**	**1,430,272**
Investment property	**95**	**95**
Investments in associates (Note 7)	**59,899**	**34,308**
Other long-term credits to associates (note 23)	**493,714**	**605,588**
Non-current financial assets (Note 7)	**64,491**	**49,271**
Equity Instruments	1,386	1,327
Non-current trade receivables	48,572	40,773
Derivative Financial Instruments (Note 19)	4,487	23
Other financial assets	10,046	7,148
Deferred tax assets (Note 22)	**212,096**	**191,526**
CURRENT ASSETS	**3,229,170**	**3,294,860**
Non-current assets held for sale (note 4.f)	**117,915**	**118,311**
Inventories (Note 9)	**158,847**	**105,211**
Trade and other receivables (Note 10)	**1,921,288**	**1,889,775**
Trade receivables for sales and services	1,458,865	1,475,384
Trade receivables for associates (note 23)	127,503	110,940
Other debtors with associates (nota 23)	4,432	16,764
Other debtors	152,497	80,287
Current tax assets (Note 22)	18,642	39,065
Other receivables from Public Administrations (Note 22)	159,349	167,335
Other current financial assets (Note 11)	**121,558**	**165,935**
Credits to associates (note 23)	66,661	70,089
Derivative Financial Instruments (Note 19)	1,649	-
Other loans	27,105	3,040
Debt instruments	19,772	84,026
Deposits and guarantees	6,371	8,780
Other current assets	**22,697**	**9,072**
Cash and cash equivalents (Note 12)	**886,865**	**1,006,556**
TOTAL ASSETS	**6,689,413**	**6,139,493**

The accompanying Notes 1 to 28 and Annexes I, II and III described in the notes to the consolidated annual accounts are an integral part of the consolidated statement of financial position as of 31 December 2023.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

COBRA INSTALACIONES Y SERVICIOS, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 December 2023

EQUITY AND LIABILITIES	Thousands of euros	
	31/12/2023	31/12/2022
NET EQUITY (Note 13)	**876,206**	**801,472**
Share capital	**24,040**	**24,040**
Share premium	**23,369**	**23,369**
Reserves	**730,256**	**711,838**
Valuation adjustments	**(118,263)**	**(112,978)**
Hedging operations	5,795	4,222
Translation differences	(124,058)	(117,200)
Profit attributable to Controlling Company	**163,858**	**117,464**
EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY	**823,260**	**763,733**
NON-CONTROLLING INTERESTS (Note 14)	**52,946**	**37,739**
NON-CURRENT LIABILITIES	**1,394,011**	**854,402**
Capital subsidies	**-**	**1**
Long-term provisions (Note 15)	**262,489**	**175,095**
Non-current financial liabilities (Note 16)	**1,044,440**	**639,036**
Debt with financial institutions	948,262	615,000
Project financing	52,991	-
Other financial liabilities	43,187	24,036
Other financial liabilities with associates (Note 23)	**44,658**	**16**
Derivative Financial Instruments (Note 19)	**4,892**	**5,164**
Deferred tax liabilities (note 22):	**36,948**	**35,090**
Total non-current liabilities	**584**	**-**
CURRENT LIABILITIES	**4,419,196**	**4,483,619**
Liabilities associated with non-current assets held for sale (Note 4.f)	**24,175**	**23,358**
Short-term provisions (Note 15)	**23,783**	**6,708**
Current financial liabilities (Note 16)	**321,775**	**666,697**
Debentures and other marketable securities	-	19,600
Debt with financial institutions	308,214	625,738
Other financial liabilities	13,561	21,359
Trade and other payables (Note 20)	**3,158,010**	**3,093,056**
Suppliers	1,782,249	1,828,897
Suppliers, associates (note 23)	29,901	26,051
Creditors, associates (note 23)	-	161
Clients advances with associates (note 23)	5,499	5,663
Customer advances	1,340,361	1,232,284
Other financial liabilities with associates (note 23)	**243,362**	**88,079**
Derivative Financial Instruments (Note 19)	**2,555**	**-**
Current tax liabilities (Note 22)	**45,079**	**71,690**
Other debts with Public Administrations (Note 22)	**107,674**	**92,812**
Other current liabilities (Note 21)	**492,783**	**441,219**
TOTAL NET EQUITY AND LIABILITIES	**6,689,413**	**6,139,493**

The accompanying Notes 1 to 28 and Annexes I, II and III described in the notes to the consolidated annual accounts are an integral part of the consolidated statement of financial position as of 31 December 2023.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

COBRA INSTALACIONES Y SERVICIOS, S.A.U. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Thousands of euros	
	31/12/2023	**31/12/2022**
Net turnover (Note 25)	**3,055,636**	**2,519,001**
Cost of materials used and other external expenses (Note 25)	(1,483,161)	(1,178,138)
Other operating income	53,500	20,741
Staff costs (Note 25)	(710,022)	(681,688)
Other operating costs	(492,328)	(393,789)
Provision for depreciation and amortisation of fixed assets (notes 5 and 6)	(87,759)	(62,667)
Losses, impairment and variation in provisions for commercial operations	8,062	(156)
Impairment and profit/loss due to disposal of fixed assets	(7,768)	(12,946)
Other profits/losses	(102)	(211)
Result of associates	2,116	5,394
OPERATING PROFIT/LOSS	**338,174**	**215,541**
Finance income	66,363	34,455
a) Associates (note 23)	31,978	15,002
b) Third parties	34,298	19,410
c) Dividends	87	43
Financial expenses	(187,788)	(39,057)
a) Associates (note 23)	(8,419)	(992)
b) Third parties	(177,827)	(36,805)
c) Other finance expenses	(1,542)	(1,260)
Exchange rate variations	29,312	13,377
Impairment and gains/losses on disposal of financial instruments	201	(1)
FINANCIAL PROFIT/LOSS	**(91,912)**	**8,774**
PRE-TAX PROFIT/LOSS	**246,262**	**224,315**
Corporate income tax (Note 22)	(70,724)	(92,754)
PROFIT/LOSS FOR THE FINANCIAL YEAR	**175,538**	**131,561**
Profit attributable to non-controlling interests (Note 14)	11,680	14,097
PROFIT ATTRIBUTABLE TO THE CONTROLLING COMPANY (Note 25)	**163,858**	**117,464**

The accompanying Notes 1 to 28 and Annexes I, II and III described in the notes to the consolidated annual accounts are an integral part of the consolidated profit and loss account for 2023.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

COBRA INSTALACIONES Y SERVICIOS, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW CORRESPONDING TO THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023

	Thousands of euros	
	2023	**2022**
A) OPERATING CASH FLOWS	**230,528**	**1,296,214**
1. Financial year results before taxes	**246,262**	**224,315**
2. Profit/loss adjustments	**177,261**	**61,601**
a) Fixed asset depreciation or amortisation	87,759	62,667
b) Variation in provisions	(8,062)	156
C) Profit/loss on impairment and disposals of fixed assets	7,768	12,946
d) Profit/loss of associated companies	(2,116)	(5,394)
e) Profit/loss due to impairment and disposals instruments	(201)	1
f) Finance income	(66,363)	(34,455)
g) Finance expenses	187,788	39,057
h) Translation differences	(29,312)	(13,377)
3. Changes in working capital	**8,808**	**1,086,965**
a) Inventories	(53,636)	(62,075)
b) Debtors and other receivables	(56,082)	(328,095)
e) Creditors and other accounts payable	64,954	1,304,402
d) Other non-current assets and liabilities	(7,215)	25,363
e) Other current assets and liabilities	60,787	147,370
4. Other operating cash flows	**(201,803)**	**(76,667)**
a) Interest payments	(187,706)	(32,047)
b) Interest and dividends received	66,363	34,455
c) Tax payments	(80,460)	(79,075)
B) INVESTMENT ACTIVITIES CASH FLOW	**(467,064)**	**(1,321,257)**
5. Investment payments	**(633,865)**	**(1,507,259)**
A) Associated companies	(16,776)	(100,075)
b) Intangible assets and property, plant and equipment	(590,067)	(1,323,158)
c) Other financial assets	(27,022)	(84,026)
6. Proceeds from divestment	**166,801**	**186,002**
A) Associated companies	100,138	157,916
b) Other financial assets.	66,663	28,086
C) FINANCING ACTIVITIES CASH FLOW	**116,845**	**478,544**
7. Proceeds and payments for financial liability instruments	**167,120**	**638,344**
a) Issue and redemption of:		
1. Debentures and other marketable securities	(19,600)	(65,700)
2. Debt with financial institutions	68,647	825,683
3. Other financial liabilities:	118,073	(122,979)
8. Dividend and remuneration payments for other equity instruments	**(50,275)**	**(159,800)**
a) Dividends	(40,400)	(158,460)
b) Dividends from non-controlling interests	(9,875)	(1,340)
D) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	**(119,691)**	**453,501**
Cash or cash equivalents at the beginning of the financial year	1,006,556	553,055
Cash or cash equivalents at year-end	886,865	1,006,556

The accompanying Notes 1 to 28 and Annexes I, II and III described in the notes to the consolidated annual accounts are an integral part of the consolidated cash flow statement for 2023.

COBRA INSTALACIONES Y SERVICIOS, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 December 2023

	Thousands of euros					
	2023			2022		
	Controlling Company	Non-controlling interests (Note 14)	Total	Controlling Company	Non-controlling interests (Note 14)	Total
A) FINANCIAL YEAR CONSOLIDATED PROFIT/LOSS	**163,858**	**11,680**	**175,538**	**117,464**	**14,097**	**131,561**
- Translation differences	(6,858)	3,741	(3,117)	7,094	2,433	9,527
- Cash flow hedges (note 13.d)	284	-	284	5,927	-	5,927
- Tax effect	(71)	-	(71)	(1,496)	-	(1,496)
B) TOTAL INCOME AND EXPENSES DIRECTLY ATTRIBUTED TO NET EQUITY	**(6,645)**	**3,741**	**(2,904)**	**11,525**	**2,433**	**13,958**
- Translation differences	-	-	-	(3,001)	-	(3,001)
- Cash flow hedges (note 13.d)	1,813	-	1,813	21,592	-	21,592
- Tax effect	(453)	-	(453)	(5,398)	-	(5,398)
C) TOTAL TRANSFER OF PROFITS TO STATE	**1,360**	**-**	**1,360**	**13,193**	**-**	**13,193**
TOTAL RECOGNISED INCOME AND EXPENSES (A + B+ C)	**158,573**	**15,421**	**173,994**	**142,182**	**16,530**	**158,712**

The accompanying Notes 1 to 28 and Annexes I, II and III described in the notes to the consolidated annual accounts are an integral part of the consolidated statement of comprehensive income for 2023.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

COBRA INSTALACIONES Y SERVICIOS, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY FOR THE FINANCIAL YEAR ENDED ON 31 December 2023

	Thousands of euros								
	Share capital	Share Premium	Legal reserve	Other reserves	Hedging operations	Translation differences	Profit/Loss attributable to Controlling Company	Non-controlling interests (Note 14)	Total
Balance at 31 December 2021	**24,040**	**23,369**	**4,808**	**574,815**	**(16,403)**	**(121,293)**	**286,204**	**30,377**	**805,917**
Profit/loss distribution for 2021	-	-	-	286,204	-	-	(286,204)	-	-
Dividends (Controlling Company)	-	-	-	(151,380)	-	-	-	-	(151,380)
Recognised income and expenses	-	-	-	-	20,625	4,093	117,464	16,530	158,712
Other changes in equity	-	-	-	(2,609)	-	-	-	(9,168)	(11,777)
Balance as of 31 December 2022	**24,040**	**23,369**	**4,808**	**707,030**	**4,222**	**(117,200)**	**117,464**	**37,739**	**801,472**
Profit/loss distribution for 2022	-	-	-	117,464	-	-	(117,464)	-	-
Dividends (Controlling Company) (Note 2)	-	-	-	(127,636)	-	-	-	-	(127,636)
Recognised income and expenses	-	-	-	-	1,573	(6,858)	163,858	15,421	173,994
Merger reserve (Note 1.a)	-	-	-	23,551	-	-	-	-	23,551
Other changes in equity	-	-	-	5,039	-	-	-	(214)	4,825
Balance at 31 December 2023	**24,040**	**23,369**	**4,808**	**725,448**	**5,795**	**(124,058)**	**163,858**	**52,946**	**876,206**

The accompanying Notes 1 to 28 and Annexes I, II and III described in the notes to the consolidated annual accounts are an integral part of the consolidated statement of changes in equity for 2023.

Cobra Instalaciones y Servicios, S.A.U. and Subsidiaries

Consolidated Annual Accounts for the year ended on 31 December 2023, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

1. Activity of Grupo Cobra

Cobra Instalaciones y Servicios, S.A.U. (hereinafter, the Controlling Company) was incorporated as Public Limited Company (Sociedad Anónima) on 2 September 1980 under the name Interga, S.A. On 30 October 1992 it adopted the name Cobra Gas y Agua, S.A., and finally on 18 January 1995 it adopted its current name. The Company's registered office is located at calle Cardenal Marcelo Spínola 10, Madrid. In June 2023, the Controlling Company became a single-shareholder company and is duly registered with the Business Registry.

Cobra Instalaciones y Servicios, S.A.U. and its subsidiaries (hereinafter, the Group), are engaged primarily in the following businesses:

1. The performance of studies, consulting work and projects, research and development services and the management and execution of all manner of construction, installation and assembly work and maintenance services with or without the supply of materials and equipment -including, where appropriate, performance of the corresponding portion of the civil engineering work- relating to:

   a) Power plants and overhead and underground, very high-voltage, high-voltage and low-voltage electricity production, transmission and distribution lines, industrial and urban networks, substations and switching stations, electrical installations and water treatment and purification plants.

   b) Electronics and fibre optic and cable telephone communication systems and networks.

   c) Exploitation, production, transformation, storage, transmission, piping, distribution, use, measurement and maintenance of any other kinds of solid, liquid or gaseous energy and energy products, of fossil, nuclear, atomic, solar, solid, geothermal, tidal or biochemical origin.

   d) Hydraulic construction projects to exploit, store, elevate, pump or distribute water, and the channelling, transportation and distribution thereof for supply, irrigation, sanitary, industrial and residential use, including water and gas treatment facilities.

   e) Exploitation, transportation, channelling and distribution of liquid and solid fuel gas for all manner of uses.

   f) Ventilation, heating, air-conditioning, refrigeration and environmental enhancement projects for all manner of uses.

2. The manufacture, transformation, preparation, handling, repair and maintenance of machinery, components, tools, fixtures and materials related to the above-mentioned activities, and the performance of all manner of industrial operations for the marketing thereof.

3. Auxiliary services for electricity, gas and water distribution companies, communications and railways.

4. Installation and assemblies in the mechanical, electrical, conditioning, instrumentation and control and security system specialisations.

The fact that the aforementioned activities are cited does not necessarily presuppose or imply that they are all carried on simultaneously.

Given the business activities carried out by the Group Companies, there are no environmental liabilities, costs, assets, provisions or contingencies that might be material with respect to the Group's equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated annual accounts.

a) Corporate operations

At 31 December 2022, 399,900 shares of the Controlling Company were held by Cobra Gestión de Infraestructuras, S.A.U. and 10 were held by Moncobra, S.A. On 28 June 2023, Moncobra, S.A. sold its 10 shares to Cobra Gestión de Infraestructuras, S.A.U., which became the sole shareholder of Cobra Instalaciones y Servicios S.A.U.

Subsequently, on 29 June 2023, in order to simplify the corporate and operational structure of the Cobra Group, the Sole Shareholder of Cobra Gestión de Infraestructuras, S.A.U. prepared the project for the merger by absorption of Cobra Gestión de Infraestructuras, S.A.U. (absorbed company) into Cobra Instalaciones y Servicios, S.A.U. (absorbing company) was approved, with the absorbed company being the direct holder of all the shares of the absorbing company. On 19 July 2023, the Sole Shareholder approves this merger project.

This is a reverse merger by absorption, and therefore the special merger procedure regulated in Sections 42, 49 and 52.1 of Act 3/2009 on structural modifications of commercial companies is applicable. On 8 September 2023, the merger agreement of the aforementioned companies was executed in a public deed and on 15 September 2023, it was registered with the Business Registry of Madrid.

As a result of this merger, the absorbed company has been dissolved without liquidation for all purposes, transferring all its assets and liabilities en bloc to the absorbing company, Cobra Instalaciones y Servicios, S.A.U., which acquires and assumes them by way of universal succession in all its rights and obligations. Given the corporate structure of the companies involved in the merger, the acquiring company is not required to increase its capital, since, as it is a reverse merger, the shares of the absorbed company disappear and the shares of the absorbing company, which belonged to the absorbed company, are directly owned by the sole shareholder of the absorbed company (Cobra Servicios, Comunicaciones y Energía, S.L.U.). This transaction is effective for accounting purposes as of 1 January 2023.

This transaction gave rise to a positive merger reserve in the Controlling Company amounting to 23,551 thousand euros, which has been recognised under "Other reserves" in the accompanying consolidated statement of financial position.

2. Distribution of profit of the Controlling Company

The proposed distribution of profit for the financial year 2023, prepared by the Sole Director of the Controlling Company and which shall be subject to the approval of the Sole Shareholder for approval is as follows:

	Thousands of euros
To voluntary Reserves	80,851
	80,851

In the last 5 financial years, the Controlling Company has distributed the following dividends:

	Thousands of euros				
	2023	2022	2021	2020	2019
Distributed dividends	127,636	151,380	-	245,740	34,400

On 19 December 2023 the Sole Shareholder of Shareholders of the company approved the distribution of an extraordinary dividend against voluntary reserves for a total amount of 127,636 thousand euros. At the date of preparation of these annual accounts, such dividend has been fully paid.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

3. Basis of presentation and basis of consolidation

a) Presentation Principles

Preparation of the consolidated annual accounts

The Controlling Company is part of Cobra SCE Group, the controlling company of which is Cobra Servicios Comunicaciones y Energía, S.L.U Cobra SCE Group is in turn part of a larger group called VINCI Group, whose controlling company is VINCI, S.A., with registered office at 1973 boulevard de la Défense, Nanterre Cedex - France. In this regard, the consolidated annual accounts of the VINCI Group for the financial year 2023 were prepared by the Directors at the meeting of the Board of Directors held on 07 February 2024 and approved at the General Meeting of Shareholders held on 09 April 2024.

The consolidated annual accounts for the year 2023 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to present fairly the consolidated equity and consolidated financial position of the Group on 31 December 2023 and the consolidated financial performance, consolidated cash flows and changes in consolidated equity for the year then ended. The consolidated annual accounts have been prepared in accordance with the accounting records of Cobra Instalaciones y Servicios, S.A.U. and its consolidated companies. Each company prepares its annual accounts pursuant to the accounting principles and criteria in force in the country where its operations are carried out, so during the consolidation process the necessary adjustments were made for their proper standardisation in accordance with IFRS-EU.

The Sole Director of the Controlling Company anticipates that the consolidated annual accounts for the financial year 2023 which were prepared on 31 May 2024 will be approved by the Sole Shareholder without any amendments.

Accounting judgments and estimates

The preparation of the consolidated annual accounts in accordance with the IFRS-EU implies the application of relevant accounting estimates and stating conclusions, estimates and hypotheses on the process of applying accounting policies of the Group. In this regard, we include below a breakdown of the aspects that have been especially difficult or uncertain to assess or those for which hypotheses and estimates are relevant for the preparation of the consolidated annual accounts:

- Useful life of intangible assets and property, plant and equipment (Notes 4.a and 4.b).
- The assessment to determine whether there are any impairment losses on certain assets (notes 4.c, 4.d, 4.e. 4.f and 4.g).
- The assumptions used in the calculation of the fair value of financial instruments (Notes 4.e and 4.n).
- The measurement of production (Note 4.j).
- The measurement of goodwill (note 4.c).
- The calculation of provisions and assessment of contingent liabilities (Note 4.l).
- The recoverability of deferred tax assets recognised (Note 4.g).
- The management of financial risk (Note 4.m).

Furthermore, despite the fact that the estimates made by the Sole Director of the Controlling Company were calculated on the basis of the best information available as of 31 December 2023, it is possible that future events may force them to be modified in the following financial years. The effect of modifications on consolidated annual accounts arising from adjustments to be applied during the following financial years will be accounted prospectively.

b) Consolidation principles:

b.1) Subsidiaries and associates

Subsidiaries

Subsidiaries are entities over which the Group, either directly or indirectly through subsidiaries, exercises control. The Controlling Company controls a subsidiary when, due to its involvement in it, it is exposed to or is entitled to variable returns and has the ability to influence such returns through the power it exercises over such subsidiary. The Controlling Company has the power when it has substantive rights in force that provide it with the ability to conduct the relevant activities. The Controlling Company is exposed to or is entitled to variable returns from its involvement in the subsidiary when the returns obtained from such involvement may vary depending on the economic performance of the entity.

The annual accounts of the subsidiaries are fully consolidated with those of the Controlling Company by means of the global integration method. Where necessary, adjustments are made to the accounts of the subsidiaries in order to adapt the accounting policies used to those applied by the Group.

In the reduction of the share in a subsidiary that mean a loss of control of the same, the Group recognises a result by the difference between the consideration received, plus, where applicable, the fair value of any investment held and the carrying value of the consolidated net assets. The other comprehensive income corresponding to the subsidiary is fully transferred to the profit/loss account or to the reserve, according to its nature. The consolidated net assets include the goodwill, to the extent that the entity subject to disposal is a business. If the company subject to disposal is constitutes a business, and it was part of a cash-generating unit or a group of cash-generating units to which a goodwill was assigned, said goodwill is assigned to the party subject to disposal and the maintained party, according to the fair value and the recoverable value, respectively.

The Group applies the acquisition method for business combinations. Likewise, the acquisition date is the one in which the Group obtains the control of the business acquired. In this regard, on acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is credited to profit or loss on the acquisition date. The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

If the business combination can be determined only provisionally, the identifiable net assets are initially recognised at their provisional values, recognising the adjustments made during the assessment period as if they had been known at the acquisition date and, where appropriate, restating the comparative figures for the previous year. In any event, adjustments to provisional values only incorporate information relating to facts and circumstances that existed at the acquisition date and that, if known, would have affected the amounts recognised at such date.

Also, the share of third parties of:

- The equity of their investees is presented within the Group's equity under “Non-Controlling Interests” in the consolidated statement of financial position.
- The profit for the year is presented under “Profit Attributable to Non-Controlling Interests” in the consolidated income statement and in the consolidated statement of changes in equity.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

In Annex I to these Notes to the annual accounts, the main subsidiaries are detailed along with the information relating thereto.

Note 3.b.4 provides information on the changes in the scope of consolidation in the year.

<u>Associates</u>

Associates are entities over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Companies over which the Group maintains significant influence or joint control are consolidated in accordance with the equity method in cases in which the requirements of IFRS 11 to be classified as jointly controlled operations are not met (Note 3.b.2)

Investments in associates are accounted for using the equity method, whereby they are initially recognised at acquisition cost. Subsequently, on each reporting date, they are measured at their cost, plus the changes in the net assets of the associate based on the Group's percentage of ownership.

The excess of the cost of acquisition over the Group's share of the fair value of the net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

Any excess of the Group's share of the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognised in the consolidated income statement.

The profit or loss net of taxes of associates is included under “Results of Associates” in the consolidated income statement to the extent of the Group’s percentage of ownership. Prior to this, appropriate adjustments are made in order to consider the amortisation or depreciation of depreciable assets according to the fair value at the acquisition date as well as any other adjustments made at the acquisition date.

If as a result of losses incurred by an associate its equity were negative, the investment should be presented in the Group's consolidated statement of financial position with a zero value, unless the Group is obliged to provide financial support, in which case the relevant provisions would be recorded.

Accounting policies of the associates has been subject to temporary and value harmonisation under the same terms applied to subsidiaries.

Once the equity method has been applied, the Group assesses whether there is objective evidence of impairment of the net investment in the associate.

The calculation of the impairment is the result of the comparison of the book value associated to the net investment in the associated company and its recoverable value, which will be construed as the highest value in use or the fair value minus the sale or disposal by other means. In this regard, value in use is calculated based on the Group’s share of the present value of future cash flows expected to be derived from ordinary activities and from the amounts that would result from the final disposal of the associate.

The recoverable amount of the investment in an associate is measured in relation to each associate, unless it does not constitute a cash generating unit (CGU).

Annex II to these accompanying consolidated notes to the annual accounts details the associated companies and information thereon.

Note 3.b.4 provides information on the changes in the scope of consolidation in the year.

b.2) Joint arrangements

Joint arrangements are those in which there is a contractual agreement to share control over an economic activity, so that any decisions on relevant activities require the unanimous consent of the Group and the other participants or operators. The assessment of the existence of joint control is made by considering the definition of control of the subsidiaries. There are two types of joint arrangements:

- <u>Joint ventures</u>

Investments in joint ventures are accounted for using the equity method detailed in the previous section.

- <u>Joint operations</u>

For joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts.

Concluded contracts which meet the requirements of IFRS 11 to be classified as "Jointly Controlled Operations" are proportionately consolidated since it is considered that, in these cases of joint control, the shareholders have direct control and responsibility with regard to the assets, liabilities, income and expenses of the company and joint and several liability with respect to them.

Within the joint operations in which the Group operates, mention should be made of temporary joint ventures, as well as the similar international consortium, which are unincorporated temporary joint ventures with no separate legal personality, through which cooperation arrangements are entered into with other venturers in order to carry out a project or provide a service for a limited period of time.

The assets and liabilities assigned by the Group to unincorporated temporary joint ventures and similar entities are recognised in the consolidated statement of financial position classified according to their specific nature in proportion to the existing ownership interest. Similarly, the Group's share of the income and expenses of these entities is recognised in the consolidated income statement in proportion to the related ownership interest on the basis of their nature.

Relevant information on these companies is provided in Annex III and note 7.c.

b.3) Balances and transactions between Group companies

The significant intra-Group balances and transactions are settled on consolidation. The gains made in the year are eliminated in line with the percentage of ownership for the associates and in full for the fully consolidated companies.

However, in accordance with the criteria contained in IFRIC 12, the balances and transactions relating to construction projects for infrastructure concession operators are not eliminated on consolidation since it is considered that these transactions are carried out for third parties as the works are performed.

b.4) Changes in the scope of consolidation

<u>Principal changes in the consolidation scope during the financial year 2023</u>

The most significant changes in the scope of consolidation in 2023 were as follows:

- The following companies were incorporated:

Company	Registered Office	Country	Activity	% share
Alamo Ranch Solar Project Holding	1800 Saint James Place, Suite 650, Houston	United States	Holding company	100.00%
Alamo Ranch Solar Project, LLC	1800 Saint James Place, Suite 650, Houston	United States	Photovoltaic plant	100.00%
Aton Energias do Brasil e Participaçoes, Ltda	Rua Joao Cordeiro 3069, Joaquim Távora, Fortaleza, Fortaleza	Brazil	Holding company	73.79%
Barret Solar Project Holding, Inc.	1800 Saint James Place, Suite 650, Houston	United States	Holding company	100.00%
Belmonte 1.1 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Belmonte 1.2 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Belmonte 1.3 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Belmonte 1.4 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Belmonte 2.1 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Belmonte 2.2 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Belmonte 2.3 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Belmonte 2.4 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Belmonte 2.5 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Belmonte 2.6 Parque Solar, S.A.	Av. Marechal Camara, 160, Rio de Janeiro	Brazil	Photovoltaic plant	100.00%
Brown Solar Project Inc.	1800 Saint James Place, Suite 650, Houston	United States	Holding company	100.00%
Bynum Solar Project Holding Inc.	108 Lakeland , Dove	United States	Holding company	100.00%
Camino Solar Project Holding, Inc.	1800 Saint James Place, Suite 650, Houston	United States	Holding company	100.00%
ConstruCME – Tecnología de Construçao, LDA	Municipio de Cacuaco, Distrito Urbano de Sequele, Lianda	Angola	Civil construction	74.54%
Linhas convergentes, Lda.	Lagoas Park, Edifício 11, Piso 0, Oeiras	Portugal	Holding company	74.54%
Orionstrorm, Lda	Lagoas Park, Edifício 11, Piso 0, Oeiras	Portugal	Electrical and railway installations	74.54%
Proyecto Solar Cimitarra, S.A.S.	CRA 14 89 48 OFC 401, Bogotá	Colombia	Power generation project construction, promotion and development	100.00%
Proyecto Solar Corozo, S.A.S.	CRA 14 89 48 OFC 401, Bogotá	Colombia	Power generation project construction, promotion and development	100.00%
Proyecto Solar Matimba, S.A.S.	CRA 14 89 48 OFC 401, Bogotá	Colombia	Power generation project construction, promotion and development	100.00%
Ufv Oliveira I Ltda.	Estrada D 88, sala 10 Ch Botafogo, Goiânia, Goiânia	Brazil	Solar project	52.18%
Ufv Oliveira II Ltda.	Estrada D 88, sala 10 Ch Botafogo, Goiânia, Goiânia	Brazil	Solar project	52.18%
Ufv Oliveira III Ltda.	Estrada D 88, sala 10 Ch Botafogo, Goiânia, Goiânia	Brazil	Solar project	52.18%
Ufv Oliveira IV Ltda.	Estrada D 88, sala 10 Ch Botafogo, Goiânia,	Brazil	Solar project	52.18%
Ufv Oliveira V Ltda.	Estrada D 88, sala 10 Ch Botafogo, Goiânia	Brazil	Solar project	52.18%
Zero-E Assets Canada Inc.	1920 Yongue Street, Suite 272, Toronto.	Canada	Power generation, transmission and distribution	100.00%
Zero-E Services Australia Pty Ltd.	Office 17, Level 22, 180 George Street, Sydney	Australia	Holding company	100.00%

- The following ownership interests were acquired:

Company	Category	Date of Acquisition	Registered Office	Line of business	% of Rights Acquired	% of Total Rights	Amount (net) paid on acquisition + other costs directly attributable to the combination (thousands of euros)
Morecambe Offshore Wind Holdco Ltd	Subsidiary	January 2023	12 Alva Street, Edinburgh, Scotland	Holding company	96.43%	96.43%	-
Morecambe Offshore Windfarm Ltd	Subsidiary	January 2023	12 Alva Street, Edinburgh, Scotland	Offshore wind farm	96.43%	96.43%	-
Total Aviation Services, S.L.U.	Subsidiary	March 2023	Cardenal Marcelo Spínola, 10, Madrid. Spain	Aircraft cleaning and maintenance, platform and airport service	100.00%	100.00%	148
Cristino Castro Solar Holding, S.A.	Subsidiary	July 2023	Av. Marechal Camara, 160, Rio de Janeiro. Brazil	Electricity generation	100.00%	100.00%	-
Raios Do Parnaiba Solar Holding S.A	Subsidiary	July 2023	Av. Marechal Camara, 160, Rio de Janeiro. Brazil	Holding company	100.00%	100.00%	-
Nuevas Energías II, S.A.S.	Subsidiary	July 2023	CRA 14 89 48 OFC 401, Bogotá. Colombia	Photovoltaic farm power generation	100.00%	100.00%	505
Bynum Solar Project LLC	Subsidiary	August 2023	1999 Bryan St. Suite 900 , Dallas, USA	Photovoltaic plant	100.00%	100.00%	4,553
BT Barret Solar, LLC	Subsidiary	October 2023	1800 Saint James Place, Suite 650, Houston. United States	Photovoltaic plant	100.00%	100.00%	3,202

In relation to the information detailed above, we highlight the following transactions:

- In August 2023, the Group acquired 100% of the shares in the share capital of Bynum Solar Project LLC for 4,835 thousand euros (5,250 thousand dollars), making a first payment of 4,553 thousand euros (4,950 thousand dollars), with the remainder pending payment. In determining the fair value of the assets and liabilities, intangible assets (licenses) were identified in the amount of 4,370 thousand euros and an were identified that were not previously recognised in the separate annual accounts of the acquired company. The fair value of the assets and liabilities acquired matches the consideration given and therefore no goodwill has arisen.
- In October 2023, the Group acquired 100% of the shares in the share capital of BT Barret Solar, LLC for 8,067 thousand euros (8,750 thousand dollars), making a first payment of 3,310 thousand euros (3,500 thousand dollars), with an outstanding amount of 4,757 thousand euros (5,250 thousand dollars). In determining the fair value of the assets and liabilities, intangible assets (licenses) were identified in the amount of 7,235 thousand euros and an were identified that were not previously recognised in the separate annual accounts of the acquired company. The fair value of the assets and liabilities acquired matches the consideration given and therefore no goodwill has arisen.

In relation to the acquisitions above, which have led to a takeover, it should be noted that their contribution to the consolidated profit and loss account for the year 2023 has not been significant.

Main changes in the consolidation scope during the financial year 2022

The most significant changes in the scope of consolidation in 2022 were as follows:

- The following companies were incorporated:

Company	Registered Office	Country	Activity	% share
Tedagua Philippines, Inc.	Penthouse Marajo Tower 312 26th	Philippines	Construction	100.00%
Cobra Belgium, S.L.	Avda. Louise, 65 Box 11.	Belgium	Engineering, supply and construction of a combined-cycle power plant	100.00%
Cobra Chile Infraestructuras Spa	Los Militares, 5885 Depto 10 Comuna. Las Condes	Chile	Any business	100.00%
Recursos Panamericanos, S.L.U.	Cardenal Marcelo Spínola, 10.	Spain	Accounting, bookkeeping, and tax consulting activities	100.00%
Gercotronic GMBH	Mühle 64 40724. Hilden	Germany	Construction works, installations, assemblies, analyses and projects within the telecommunications and informations technologies areas	100.00%
Julnek, S.A.	Juncal 1327 D Oficina 303 Piso 3 1100	Uruguay	Solid, liquid and gaseous fuels wholesale	100.00%
Syneox Rail, S.L.	Cardenal Marcelo Spínola, 10.	Spain	Electrical installations	47.41%
Campos Promotores Renovables, S.L.	Cardenal Marcelo Spínola, 10.	Spain	Design, administrative processing, development, construction, commissioning, management, use of electrical installations for interconnection to transport networks and/or distribution to evacuate the energy of substation plants	26.50%
AGROCME - Sociedade Agroindustrial (SU), LDA	Bairro Centralidade do Sequele, Bloco 2, Prédio 19, APT 001, R/C, Entrada A	Brazil	Agriculture	74.54%
CME Deutschland GmbH	c/o Peters Rechtsanwälte Burggrafenstrasse, 5	Germany	Telecommunications	74.54%
Greenaxis, S.A.	Lagoas Park, Edificio 11, Piso 0 2740-270 Porto Salvo	Portugal	Holding company	74.54%

- The following ownership interests were acquired:

Company	**Category**	**Date of Acquisition**	**Registered Office**	**Line of business**	**% of Rights Acquired**	**% of Total Rights**	**Amount (net) paid on acquisition + other costs directly attributable to the combination (thousands of euros)**
Bisa Ingeniería de Proyectos, S.A.	Subsidiary	March 2022	Avda. Andrés Reyes, 338. Piso 5. Oficina 109. San Isidro. Lima. Peru	R&D studies, projects, and services, execution and management of all types of construction works	70.00%	70.00%	9,612
Monclova Pirineos Gas S.A. de C.V.	Subsidiary	March 2022	José Luis Lagrange, 103. Mexico	Warehouse and industrial plant construction	10.54%	79.99%	7,525
Iberoamericana de Hidrocarburos CQ Exploración & Producción, S.A.S.	Subsidiary	March 2022	José Luis Lagrange, 103. Mexico	Hydrocarbon production and exploitation	30.44%	90.44%	13,610
DL Geraçao E Comercializaçao de Energia, Ltda.	Subsidiary	April 2022	Andar 12 Conj 121 Sala 25. Brazil	Power generation and marketing	100.00%	100.00%	232
Henry Gaze Holding, Ltd.	Subsidiary	October 2022	7 Brook Park Gaddesby Lane. Rearsby. LE7 4ZB. Leicester. United Kingdom	Holding company	100.00%	100.00%	6,652
HG Comms Ltd.	Subsidiary	October 2022	7 Brook Park Gaddesby Lane. Rearsby. LE7 4ZB. Leicester. United Kingdom	Communications	100.00%	100.00%	-
HGC Engineering Ltd.	Subsidiary	October 2022	7 Brook Park Gaddesby Lane. Rearsby. LE7 4ZB. Leicester. United Kingdom	Engineering	100.00%	100.00%	-
Taiobeiras 2 GD Parque Solar Ltda	Subsidiary	November 2022	Avda. Marechal Camara 160. Rio de Janeiro. Brazil	Industrial maintenance	100.00%	100.00%	-
Lins 01 Energia SPE Ltda	Subsidiary	December 2022	Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante. Brazil	Photovoltaic plant	100.00%	100.00%	2
Lins 02 Energia SPE Ltda	Subsidiary	December 2022	Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante. Brazil	Photovoltaic plant	100.00%	100.00%	2
Lins 03 Energia SPE Ltda	Subsidiary	December 2022	Av Universitaria, 750. Terreo.Edificio Diamond Center. Loja 19. Fatima. Brazil	Photovoltaic plant	100.00%	100.00%	2
Lins 04 Energia SPE Ltda	Subsidiary	December 2022	Av Universitaria, 750. Terreo.Edificio Diamond Center. Loja 19. Fatima. Brazil	Photovoltaic plant	100.00%	100.00%	2
Lins 05 Energia SPE Ltda	Subsidiary	December 2022	Av Universitaria, 750. Terreo.Edificio Diamond Center. Loja 19. Fatima. Brazil	Photovoltaic plant	100.00%	100.00%	2
Company	**Category**	**Date of Acquisition**	**Registered Office**	**Line of business**	**% of Rights Acquired**	**% of Total Rights**	**Amount (net) paid on acquisition + other costs directly attributable to the combination (thousands of euros)**
Lins 06 Energia SPE Ltda	Subsidiary	December 2022	Av Universitaria, 750. Terreo.Edificio Diamond Center. Loja 19. Fatima. Brazil	Photovoltaic plant	100.00%	100.00%	2
Lins 07 Energia SPE Ltda	Subsidiary	December 2022	Av Universitaria, 750. Terreo.Edificio Diamond Center. Loja 19. Fatima. Brazil	Photovoltaic plant	100.00%	100.00%	2
Lins 08 Energia SPE Ltda	Subsidiary	December 2022	Av Universitaria, 750. Terreo.Edificio Diamond Center. Loja 19. Fatima. Brazil	Photovoltaic plant	100.00%	100.00%	2
Panorama 01 Energia SPE Ltda	Subsidiary	December 2022	Av Universitaria, 750. Terreo.Edificio Diamond Center. Loja 18. Fatima. Brazil	Photovoltaic plant	100.00%	100.00%	2
Panorama 02 Energia SPE Ltda	Subsidiary	December 2022	Av Universitaria, 750. Terreo.Edificio Diamond Center. Loja 18. Fatima. Brazil	Photovoltaic plant	100.00%	100.00%	2
Panorama 03 Energia SPE Ltda	Subsidiary	December 2022	Av Universitaria, 750. Terreo.Edificio Diamond Center. Loja 18. Fatima. Brazil	Photovoltaic plant	100.00%	100.00%	2

In relation to the information detailed above, we highlight the following transactions:

- In January 2022, the Group acquired 10.5% of the share capital of the subsidiary Monclova Pirineos Gas S.A. de C.V. from a non-controlling shareholder for 7,391 thousand euros, as well as consulting costs amounting to 134 thousand euros. This transaction has not led to a change in the consolidation method of the subsidiary, as it was already under the Group's control in 2021.

- In February 2022, the Group acquired a 70% stake in the share capital of Bisa Ingeniería de Proyectos, S.A., an engineering consultancy and project management company in the mining, industry and infrastructure sectors, for 9,612 thousand euros. This transaction resulted in the recognition of goodwill amounting to 6,527 thousand euros (Note 8) for the excess between the acquisition price and the fair value of the assets and liabilities acquired.

- The Group increased by 30.44% its stake in the share capital of the subsidiary Iberoamericana de Hidrocarburos CQ Exploración & Producción, S.A.S. in the amount of 13,610 thousand euros through a capital increase, not subscribed by the non-controlling shareholders. This transaction has not led to a change in the consolidation method of the subsidiary, as it was already under the Group's control in 2021.

- In October 2022, the Group acquired 100% of the share capital of Henry Gaze Holding, Ltd for 6,652 thousand euros. This transaction resulted in the recognition of goodwill (see Note 8) for the excess between the acquisition price and the fair value of the assets and liabilities acquired.

With regard to acquisitions involving takeovers, it should be noted that their contribution to the consolidated profit and loss accounts for 2022 was not material. Likewise, in determining the fair value of the assets and liabilities acquired, no assets or liabilities were identified that were not previously recognised in the individual annual accounts of the acquired company.

- In 2022 the following companies were sold or liquidated:

a) <u>“Carve-Out” Companies:</u>

In relation to the corporate transaction whereby ACS Actividades de Construcción y Servicios, S.A. Group (hereinafter, the ACS Group) sold all the shares of Cobra SCE Group to VINCI Group, it was agreed, in accordance with the terms agreed in the SPA, to sell the shares owned in a number of entities (Carve-Out companies) comprising assets that are not part of the scope acquired by VINCI. The Carve-Out companies sold during 2022 were as follows:

Company	Category	Effective Transaction Date	% of voting rights disposed of or derecognised	% of Total Voting Rights at the Company after the Disposal	Generated Profit/(Loss) (Thousands of euros)
Titán 2020	Associate	July 2022	24.99%	-	(19,056)
PV XXVI Recesvinto, S.L.U	Subsidiary	July 2022	100.00%	-	1,942
PV XXIX Égica, S.L.U	Subsidiary	July 2022	100.00%	-	1,940
Alcañiz Solar, S.L.U.	Subsidiary	July 2022	100.00%	-	127
Caliza Solar	Subsidiary	July 2022	100.00%	-	127
Navabuena Solar, S.L.	Subsidiary	July 2022	100.00%	-	62
Taburete Solar, S.L.U	Subsidiary	July 2022	100.00%	-	67
Ictio Solar Perseus, S.L.	Subsidiary	July 2022	100.00%	-	221
Ictio Solar Orión, S.L.	Subsidiary	July 2022	100.00%	-	206
Operadora Caitan Spa	Associate	August 2022	50.00%	-	283
Caitan Spa	Associate	August 2022	50.00%	-	6,611

The Carve-Out companies detailed above, which were classified as held for sale at year-end 2021, were sold to third parties (ACS Group and others) for a total aggregate amount of 286,457 thousand euros. As a result of the above transactions, the Group obtained a capital loss of 7,470 thousand euros, which was recorded under "Impairment and gains/losses on disposal of fixed assets" in the consolidated income statement. The Group did not maintain any interest in the companies above.

b) <u>Other sale transactions or liquidations:</u>

Company	Category	Effective Transaction Date	% of voting rights disposed of or derecognised	% of Total Voting Rights at the Company after the Disposal	Generated Profit/(Loss) (Thousands of euros)
Quabit Construcción	Portfolio	March 2022	-	-	33
Cobra Rep. Dominicana (*)	Subsidiary	June 2022	100.00%	-	-
Cobra Instalaciones y Servicios Malaysia SDN BHD (*)	Subsidiary	June 2022	100.00%	-	-
OCP Perú (*)	Subsidiary	July 2022	100.00%	-	-
ACS Perú (*)	Subsidiary	July 2022	100.00%	-	-
Coinsmar Instalaciones y Servicios SARLAU (*)	Subsidiary	July 2022	100.00%	-	-
Cobra Railways UK Limited (*)	Subsidiary	October 2022	100.00%	-	-
Cobra Great Island Limited (*)	Subsidiary	October 2022	100.00%	-	-
Instalac y Serv Uribe-Cobra Panama, ISUC Panama, S.A. (*)	Subsidiary	November 2022	100.00%	-	-

(*) Liquidated companies.

As a result of the above transactions, the Group has obtained a capital gain of 33 thousand euros, which was recorded under "Impairment and profit/loss on disposal of fixed assets" in the consolidated profit and loss account. The Group has not maintained any interest in the above companies.

b.5) Translation of foreign currency financial statements

On consolidation, the assets and liabilities of the Group's foreign operations are translated to euros at the exchange rates prevailing at the date of the statement of financial position. Income and expense items are translated at the average exchange rates for the year. In turn, equity components such as share capital and reserves are translated at the historical exchange rates. Any translation difference that may arise is classified as equity. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

For subsidiaries in Argentina, IAS 29 is applied for the purpose of translating the financial statements, as the country is considered a hyperinflationary economy, although the impacts are not material.

b.6) Uniformity of items

In order to uniformly present the various items comprising these consolidated annual accounts, accounting standardisation criteria were applied to the separate annual accounts of the companies included in the scope of consolidation.

In 2023 and 2022 the reporting dates of the annual accounts of all the companies included in the scope of consolidation were the same as or were temporarily standardised with that of the Parent.

b.7) Operating currency

The consolidated annual accounts are presented in euros, which is the Controlling Company's operating and filing currency, rounded to the nearest thousand.

b.8) Comparative information:

Pursuant to the requirements under IAS 1, the information included in these consolidated annual accounts and referred to the financial year ended on 31 December 2023 is presented exclusively for the purposes of comparison with information from financial year 2022

4. Valuation standards

The principal valuation standards used in preparing the Group's consolidated annual accounts, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, were as follows:

a) Intangible assets

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their years of useful life.

In accordance with the criteria indicated in note 4.d, the Group recognises any impairment loss on the carrying amount of these assets with a charge to "Impairment and gains or losses on disposal of fixed assets" in the consolidated income statement.

The principal elements registered under this entry are:

a.1. Computer software

This section includes basically the amount paid for title to, or the right to use, computer programs, including those developed in-house.

These intangible assets are amortised on a straight-line basis over three years from the date the assets are ready for their intended use.

a.2. Concession agreements, IFRIC 12

The amount of the concessions considered within IFRIC 12 and which correspond mainly to investments in energy transmission and environmental infrastructure, which are operated by Group companies and which are financed under a "Project Finance" are included as "Concession agreements" under "Intangible assets". The main characteristics to take into consideration with respect to non-current assets in concession projects, in IFRIC 12, are as follows:

a) The concession assets are owned by the concession entity in most cases.

b) The concession grantor controls or regulates the service offered by the concession operator and the conditions under which it must be provided.

c) The assets are operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this term, the assets are returned to the concession grantor, and the concession operator has no right whatsoever over these assets.

d) The concession operator receives revenue for the services provided either directly from the users or through the concession grantor.

In general, a distinction must be drawn between two clearly different phases: the first in which the concession operator provides construction or upgrade services which are recognised under intangible or financial assets by reference to the stage of completion pursuant to IFRS 15 (in accordance with the criteria detailed below), “Customer agreements” and; a second phase in which the concession operator provides a series of maintenance or operation services of the aforementioned infrastructure, which are recognised as indicated in note 4.j.

An intangible asset is recognised as a concession agreement when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

For concessions classified as intangible assets, provisions for dismantling, write-off and rehabilitation and any steps to improve and increase capacity, the revenue from which is contemplated in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the adjustment for provision discounting are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related revenue is allocated to profit or loss at the interest rate of the receivable arising on the cash flow and concession payment projections, which are presented as revenue on the accompanying consolidated profit and loss account. As described previously, the revenue and expense relating to the provision of the operation and maintenance services are recognised in the consolidated income statement according to the provisions of Note 4.j, and the finance costs relating to the concession are recognised in the accompanying consolidated profit and loss account according to their nature. Income arising from the revision of the financial assets corresponding to the concessions to which the accounts receivable model applies is recognised as sales, since it is considered that this income relates to the ordinary line of business of the concessions to the extent that the assets form part, themselves, of the general objective of the concession company's business, exercised regularly and they provide periodic income.

In certain mixed arrangements, the operator and the grantor could share the demand risk.

The infrastructure of all of the Group’s concessions under IFRIC 12 has been constructed by companies belonging to the Group itself, and no infrastructure has been carried out by third parties. Income and expense related to the construction or upgrade services are recognised gross (recognition of the sales and the associated cost), and the construction margin is recognised in the consolidated annual accounts.

The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concession contracts and that, therefore, no significant expenses will arise as a result of their return.

Borrowing costs arising from the financing of the infrastructure are recognised in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

Intangible assets are amortised over the concession term on the basis of the pattern of consumption, taken to be the changes in and best estimates of the production units of each activity.

a.3. Patents, licences and others

This heading includes expenses incurred in obtaining exploitation licenses for certain renewable energy generation projects. These assets are amortised according to the useful life of the associated energy infrastructure.

a.4. Other intangible assets

This account mainly includes rights of use on state-owned land and maritime waters and goodwill arising on the acquisition of certain companies, which have been allocated to intangible assets (Note 4.c), and other assets related to hydrocarbon prospecting and exploration activities (Note 5).

These assets are amortised on a straight-line basis over the estimated period during which the investment giving rise to them will contribute to the obtainment of profits by the Group, which ranges from 10 to 25 years.

The Group assesses and determines impairment and impairment reversals on intangible assets in accordance with the criteria set out in Note 4.d.

b) Property, plant and equipment

Property, plant, and equipment are recognised at cost or allocated cost, less accumulated depreciation and any accumulated impairment losses. The cost of property, plant, and equipment constructed by the Group is determined using the same principles as for an acquired asset, while also considering the criteria applicable to production costs of inventories. The capitalisation of the production cost is recognised as income in the consolidated profit and loss account.

The depreciation of property, plant, and equipment is recorded by distributing its depreciable amount systematically throughout its useful life. For these purposes, depreciable amount is understood as the acquisition cost minus its residual value. The Group establishes the depreciation cost independently for each component, whether or not physical, including costs associated with major repairs to an item of property, plant, and equipment that has a relevant cost regarding the total cost of the component and a useful life different from the rest of the element.

The companies depreciate their property, plant, and equipment by the straight-line method at annual rates based on the following years of estimated useful life:

	Estimated years of useful life
Buildings	33 to 50
Machinery	5 to 8
Tools	3 to 4
Furniture	6.5 to 10
Data processing equipment	4
Transport equipment	5 to 6
Other property, plant and equipment	4 to 12

The Group derecognises of property, plant, and equipment at the time of disposal or when it does not expect to receive future economic benefits from its use or disposal. The date of disposal of the fixed assets is the date on which the purchaser acquires control thereof as stated in the accounting policy for Revenue from contracts with customers. The amount of the consideration for the disposal of the fixed assets and the recording of subsequent changes thereto is determined by applying the criteria indicated in the accounting policy for Revenue from contracts with clients.

The Group evaluates and establishes the losses and reversals of losses due to value impairment of property, plant and equipment in accordance with the criteria mentioned in note 4.d.

b.1 Non-current assets in projects

This heading includes the costs incurred by the Group in the construction of infrastructures for electricity generation for its own use as well as assets related to the hydrocarbon exploration and production activity, the exploitation of which constitutes the purpose of the companies in which it is integrated. Non-current assets in projects are valued at the costs directly allocable to construction incurred until their entry into operation (studies and designs, compulsory purchases, reinstatement of services, project execution, project management and administration expenses, installations and facilities and similar items) and the related portion of other indirectly allocable costs, to the extent that they relate to the construction period.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are written-off.

Group work on non-current assets in projects is measured at production cost, except for the work performed for concession operators, which is measured at selling price as indicated below.

Also included in the cost are the borrowing costs incurred before the assets are ready for their intended use arising from the borrowings arranged to finance the related projects. Capitalised borrowing costs, recognised as a reduction in financial profit in the consolidated income statement, arise from specific borrowings expressly used for the acquisition of an asset.

Upkeep and maintenance expenses that do not lead to a lengthening of the useful life of the assets or an increase in their production capacity are registered as expenses in the financial year in which they are incurred.

As detailed in Note 6, all costs incurred on non-current assets in projects are classified as "Property, plant and equipment in progress" and, once the assets are in operation, are reclassified to "Plant, equipment and machinery".

Energy generation infrastructures are depreciated on a straight-line basis over the regulatory useful life, i.e. 25 years. Assets related to hydrocarbon exploration and production activities are generally depreciated using the unit of production method whereby depreciation is based on the ratio of units produced to units yet to be produced without additional investment.

The Group assesses and determines impairment losses and impairment loss reversals on property, plant and equipment in accordance with the criteria set out in Note 4.d.

b.2 Rights of use identified in lease agreements

All lease operations (excluding certain exceptions due to their reduced amount or duration) in which the Group acts as lessee are recognised are registered as rights of use assets, recognised under property, plant, and equipment, and as liabilities, due to the future payment obligations incurred. These liabilities are recognised at current value of future lease cash flows and the assets are recognised at the equivalent adjusted value of any advanced payment made.

An agreement includes a lease if the lessor transfers the control of an identifiable underlying over a period of time in exchange for a consideration. An asset is identifiable when explicitly specified in the agreement or implicitly, when it is made available to the client. However, if the provider has the right to replace the asset during the period of use, i.e., when it has other alternative assets and may obtain a financial profit from the replacement, the asset is not considered as identifiable and, therefore, the agreement does not include a lease.

In the estimate of the term of the agreement, reasonably expected extensions and the term during which the lessee does not expect to terminate the agreement (where it is entitled to do it) are taken into account, i. e., the estimate includes the term during which the lessee expects to use the underlying, in accordance with its specific circumstances, instead of only the minimum term established under the agreement. In order to determine if an extension is expected, the financial incentives that the lessee may have to extend the agreement are taken into account, considering such factors as the existence of favourable conditions regarding market conditions in case of extension, if the lessee has incurred in significant expenses to adapt the underlying assets to its needs that would have to be carried out again in case of contracting a new lease, the existence of agreement termination costs in case of non-extension or the relevance of the asset to the lessee, especially if it is a very specific asset no easily available in the market. Additionally, the background regarding the period of use of certain assets in the past is also considered.

Subsequently, during the term of the lease agreement, the right of use is systematically amortised and the finance expenses related to the relevant liability are registered in accordance with the amortised cost method.

Where the Group acts as lessor, the income and expenses deriving from operating lease agreements are assigned to the profit and loss account for the financial year in which they are accrued.

c) Goodwill

Goodwill is determined using the same criteria set out in note 3.b.1.

Goodwill is not depreciated but rather checked for value deterioration at an annual or earlier frequency to determine whether there are indications of a potential loss of value of the assets. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the business combination and the criteria described in section d) Impairment of non-financial assets subject to amortisation or depreciation are applied. After its initial recognition, the goodwill is assessed at its cost minus accumulated impairment losses.

Internally generated goodwill is not recognised as an asset.

d) Impairment of non-financial assets subject to amortisation or depreciation

The Group has the policy of evaluating the existence of signs showing the potential value impairment of non-financial assets subject to amortisation or depreciation, with the purpose of checking if the carrying value of assets mentioned exceeds its recoverable amount.

Likewise, and regardless of the existence of any indication of value impairment, the Group verifies, at least annually, the potential value impairment that may affect the goodwill, intangible assets with an indefinite useful life and the intangible assets that still not available for use. The remaining fixed assets are analysed, provided that there are signs of impairment.

There is an impairment when the recoverable amount is lower that the book value of an asset. The recoverable amount of assets is the higher of the fair value less the cost of sales or disposal via another channel and their value-in-use.

The calculation of the value-in-use is made pursuant to the estimated cash flows that shall derive from the use of the asset, the expectations on potential variations in the amount or temporary distribution of the flows, the temporary value of money and the price to be paid for assuming the uncertainty related to the asset and other factors that the market players take into account in the valuation of future cash flows with regard to the asset.

Negative differences arising from the comparison of book values of assets with their recoverable values are recognised in results, except in those cases in which the non-current asset is booked at its revised value.

The recoverable amount shall be calculated for an individual asset, unless the asset does not generate cash inflows that are largely independent from those corresponding to other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. The Group uses the calculations detailed in the previous financial year, for the recoverable sum of a CGU in which an intangible asset with an indefinite useful life has been integrated, or goodwill, provided the following requirements are met:

a) The assets that comprise this unit must not change significantly from the calculation of the most recent recoverable sum;

b) The calculation of the most recent recoverable sum has risen to a sum exceeding the book sum of the unit by a significant margin; and

c) based on the analysis of the facts that have occurred, and the circumstances that have changed since the most recent calculation of the recoverable sum, the probability that the determination of the current recoverable sum is inferior to the sum in the current books of the unit is remote.

If there are indications of value impairment in a CGU that has not had goodwill assigned, the Group first verifies the value impairment of the CGU, not including goodwill and recognises, where applicable, the impairment loss at the level of the CGU. The Group then verifies the value impairment of the group of CGUs assigned the goodwill and recognises, where applicable, the value impairment of the group of CGUs assigned the goodwill at the level of the group of CGUs.

Upon testing the value impairment of the CGU, the Group identifies the common assets related to same. If part of the common assets can be assigned reasonably and consistently to the CGU, the Group compares the carrying value of the CGU, including the common assets, with the recoverable sum and recognises, where applicable, the value impairment at the level of the CGU. If the Group cannot assign part of the common assets to the CGU on reasonable and consistent basis, the Group compares the carrying value of the unit, without common assets, with the recoverable amount and recognises, where applicable, the value impairment loss at the level of the CGU. Below the Group identifies the smallest group of CGUs to which it can assign the carrying value of the common assets in a reasonable and consistent manner and compares the carrying value of the group of CGUs, including the common assets, with the recoverable amount and recognises, where applicable, the value impairment losses at the level of the group of CGU, Losses related to the value impairment of the cash-generating unit initially reduce, where applicable, the value of the goodwill allocated to it and then that corresponding to the other assets of the cash-generating unit, pro rata based on the carrying value thereof, each limited to the highest of the fair value less any sales or other disposal costs, the value in use and zero.

The Group assesses at each one of the closing dates if there is any sign indicating that the value impairment losses recognised in previous financial years have disappeared or decreased. Value impairment losses corresponding to the goodwill are not reversible. The impairment losses of the rest of assets only revert in case of a change in the estimates used to establish the recoverable amount of the asset.

A reversal of an impairment loss is recognised in the profit and loss account, except in those cases in which the non-current asset is registered at its remeasurement sum. However, the reversal of the losses cannot increase the carrying value of the asset above the carrying value it would have had, net of depreciation, if the impairment had not occurred.

The reversal amount corresponding to the value impairment of a certain cash-generating unit is distributed among its non-current assets, with the exception of the goodwill, proportionally according to the carrying value of the assets with a limit per assets corresponding to the lowest of its recoverable amount and the carrying value it may have had, net from depreciations, if the relevant loss had not been registered.

e) Financial Instruments

Classification and recognition of financial instruments

For the purposes of assessment, the Group classifies financial instruments into the categories of financial assets and liabilities at fair value through profit or loss, separating those initially designated from those held for trading or mandatorily assessed at fair value through profit or loss, financial assets and liabilities assessed at amortised cost and financial assets assessed at fair value through other comprehensive income, separating the equity instruments designated as such from the other financial assets. The Group classifies financial assets, other than those designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income, according to the business model and the characteristics of the contractual flows. The Group classifies financial liabilities as assessed at amortised cost, except for those designated at fair value through profit or loss and those held for trading.

The business model is determined by the Group's key personnel and at a level that reflects how they jointly manage groups of financial assets in order to achieve a specific business objective. The Group's business model represents how it manages its financial assets to generate cash flows.

The Group classifies a financial asset at fair value through other comprehensive income if it is held within the framework of a business model aimed at obtaining contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are SPPI.

The Group classifies a financial asset at amortised cost if it is held within the framework of a business model aimed at holding financial assets in order to obtain contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows which are solely payments of principal and interest on the amount of outstanding principal (SPPI).

The Group designates a financial liability at fair value through profit or loss at the initial recognition time if doing so eliminates or significantly reduces any assessment or recognition inconsistencies that would otherwise arise if the assets or liabilities were assessed or their results were recognised on different bases, or a group of financial liabilities or financial assets and financial liabilities is managed, and its performance is assessed, on the basis of its fair value, in accordance with a documented risk management or investment strategy, and information relating to the group is provided internally on the same basis to key management personnel of the Group.

The Group classifies the remaining financial liabilities, except for financial guarantee contracts, commitments to grant a loan at a below-market interest rate and financial liabilities resulting from a transfer of financial assets that do not qualify for derecognition or that are accounted for using the continuing involvement approach as financial liabilities at amortised cost.

Compensation principles

Financial assets and financial liabilities are only compensated if the Group has a currently enforceable legal right to compensate the recognised amounts and it intends to settle by paying the difference or to realise the asset and write-off the liability simultaneously. In order for the Group to have a currently enforceable legal right, it must not be contingent on a future event and must be legally enforceable in the ordinary course of business in the event of insolvency or judicially declared liquidation and in the event of non-payment.

Financial assets and liabilities registered at fair value through profits or loss

Financial assets and liabilities registered at fair value through profit or loss are initially recognised at fair value. The transaction costs directly attributable to purchase or issuance are recognised as an expense as incurred.

The fair value of a financial instrument at the initial recognition time is usually the transaction price, unless such price contains elements different from the instrument, in which case the Group determines its fair value. After the initial recognition, they are recognised at fair value by recording the changes in the profit and loss account. Changes in fair value include the interest and dividend component. The fair value is not deducted by the transaction cost which may be incurred due to an eventual sale or disposal by any other means.

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recorded at their fair value, plus or minus any transaction costs incurred, and they are subsequently value at the amortised cost using the effective interest rate method.

Financial assets registered at fair value through other comprehensive income

Financial assets registered at fair value through other comprehensive income are initially recognised at fair value plus any transaction costs directly attributable to the purchase.

After initial recognition, financial assets classified in this category are assessed at fair value and the gain or loss is recognised in other comprehensive income, except for exchange rate gains and losses, as detailed in the section “transactions in foreign currency,” and expected credit losses. The sums recognised under other comprehensive income are recognised under profit or loss upon the derecognition of the financial assets. However, interest calculated using the effective interest rate method are recognised under profit or loss.

Financial assets assessed at cost

Investments in equity instruments for which there is insufficient information to assess them or those in which there is a wide range of assessments and the derivative instruments that are related to them and must be settled by delivery of such investments are assessed at cost. However, if the Group can at any time obtain a reliable assessment of the asset or the contract, these are recognised at that time at fair value, with the gain or loss recognised in profit or loss or in other comprehensive income, if the instrument is designated at fair value through profit or loss.

Value impairment

The Group recognises as profit or loss an adjustment for expected credit losses on financial assets assessed at amortised cost, fair value through other comprehensive income, finance lease receivables, contract assets, loan commitments and financial guarantees.

For assets measured at amortised cost, an impairment loss is recognised if at year-end it is determined that credit losses will be incurred.

The Group assesses at each closing date the write-down at an amount equal to the expected credit losses over the following twelve months for financial assets for which the credit risk has not increased significantly since the initial recognition date, or when the credit risk of a financial asset is no longer considered to have increased significantly. In the event of a significant increase in credit risk, the expected loss shall be calculated for the entire life of the asset.

The Group assesses at each closing date whether the credit risk of an instrument considered individually or a group of instruments considered collectively has increased significantly since initial recognition.

Derecognition, change and settlement of financial assets

The Group derecognises financial assets when they expire or when the rights to the cash flows of the corresponding financial assets have been assigned and the risks and benefits inherent to their ownership have been substantially transferred as is the case of the final sale of assets, trade credit assignments in factoring transactions where the Company retains no credit risk, the sale of financial assets with an agreement to repurchase at the reasonable value or titles to financial assets where the assigning company retains no subordinate financing or grants any type of guarantee or assumes any other type of risk.

Derecognitions of and changes in financial liabilities

Financial liabilities are derecognised by the Group whenever the obligations attached thereto have lapsed or the Company is legally exempt from the main obligation attached to the liability whether by virtue of legal proceedings or by the creditor.

The exchange of debt instruments between the Group and its counterparty, or any substantial amendments of the liabilities initially recognised are registered as a settlement of the original financial liability, and the recognition of a new financial liability, providing that the terms of the instruments are substantially different.

The Group believes that the conditions are substantially different if the current value of cash flows discounted under the new terms, including any fees paid net of commissions received and using for discount purposes the original effective interest rate, differs by at least 10 percent of the current value discounted from the cash flows that still remain of the original financial liability.

If the exchange is registered as a settlement of the original financial liability, costs or commissions are recognised in profit or loss, and are part of the result thereof. Otherwise, the modified flows are discounted at the original effective interest rate, with any difference from the previous carrying value recognised in profit or loss. Likewise, costs or commissions adjust the carrying value of the financial liability and are amortised following the amortised cost method, during the remaining life of the modified liability.

The Group recognises the difference between the carrying value of the financial liabilities or a part thereof settled or transferred to a third party and the consideration paid, including any assets transferred different from the cash or liability assumed in profit or loss.

Interest and dividends

The Group recognises interest by using the effective interest rate method, which is the discount rate that equates the book value of a financial instrument with the estimated cash flows over the expected life of the instrument, based on its contractual terms and conditions and without considering expected credit losses, except for financial assets acquired or originated with losses incurred.

Interest is recognised on the gross carrying value of the financial assets, except for financial assets acquired or originated with credit losses incurred and financial assets with credit impairment. For the former, the Group recognises interest at the effective interest rate adjusted for initial credit risk, and for the latter, the Group recognises interest on the amortised cost.

Dividend income from investments in equity instruments is recognised in profit and loss when the rights to receive them have arisen for the Group, it is probable that the economic benefits will be received and the amount may be reliably estimated.

Non-current assets held for sale and liabilities associated with non-current assets held for sale

Property, plant and equipment, intangible assets, and other non-current assets or those included under "Investments in associates" and the disposal groups (groups of assets which are going to be disposed of together with the liability directly associated with them), are classified as held for sale when their book value is going to be recovered mainly through their sale and not through their continued use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition, and their sale must be highly probable. In all cases, these are assets in relation to which the Group has made a formal decision to sell them, a sale plan has been initiated, the assets are available for sale in their current state and they are expected to be sold in a period of 12 months from the date of their classification as held for sale.

These assets or groups of assets are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets ceases from the time they are classified as “Non-current Assets Classified as Held for Sale.” However, at the date of each consolidated balance sheet the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell. In this regard, in relation to the assets classified as held for sale, at 31 December 2023, it was not necessary to record any valuation allowances as they exceeded the estimated sale price of their carrying value.

Income and expenses arising from non-current assets and disposal groups classified as held for sale which do not qualify for classification as discontinued operations are recognised under the related heading in the consolidated income statement on the basis of their nature.

The detail of the main assets and liabilities held for sale at 31 December 2023 is as follows:

	Thousands of euros			
	31/12/2023			
	Renewable Energies	Transmission Lines	Desalination Plants	Total
Non-current assets in projects	24,371	-	-	24,371
Investments in associates	-	72,618	13,117	85,735
Other financial assets	-	-	7,764	7,764
Current assets	45	-	-	45
Assets held for sale	**24,416**	**72,618**	**20,881**	**117,915**
Current liabilities	24,175	-	-	24,175
Liabilities associated with non-current assets held for sale	**24,175**	**-**	**-**	**24,175**

On 31 December 2023, non-current assets held for sale primarily relate to the various photovoltaic plants in progress in Spain, electricity transmission lines in Brazil and desalination plants in the Middle East. In the case of Spanish and Brazilian assets, it should be noted that there are certain commitments with third parties to sell the Group's interest. In addition, it should be noted that the desalination plants correspond to Carve-Out companies (Note 3.b.4) which are pending certain aspects for their transfer.

The detail of the main assets and liabilities held for sale at 31 December 2022 was as follows:

	Thousands of euros			
	31/12/2022			
	Renewable Energies	Transmission Lines	Desalination Plants	Total
Non-current assets in projects	27,529	-		27,529
Investments in associates	-	69,993	11,771	81,764
Other financial assets	2	-	8,327	8,329
Current assets	689	-	-	689
Assets held for sale	**28,220**	**69,993**	**20,098**	**118,311**
Current liabilities	23,358	-	-	23,358
Liabilities associated with non-current assets held for sale	**23,358**	**-**	**-**	**23,358**

The sum corresponding to net debt recognised in the assets and liabilities held for sale as of 31 December 2023 and 2022 amounts to (7) and (46) thousand euros, respectively, as detailed below:

	Thousands of euros	
	31/12/2023	
	Renewable Energies	Total
(+) Other financial liabilities	-	-
(-) Other current financial assets	-	-
(-) Cash and cash equivalents	(7)	(7)
Net financial debt	**(7)**	**(7)**

	Thousands of euros	
	31/12/2022	
	Renewable Energies	Total
(+) Other financial liabilities	-	-
(-) Other current financial assets	(40)	(40)
(-) Cash and cash equivalents	(6)	(6)
Net financial debt	**(46)**	**(46)**

The income and expenses recognised under "Valuation Adjustments" in the consolidated statement of changes in equity, which relate to activities considered held for sale as of 31 December 2023 and 2022 is as follows:

	Thousands of euros		
	31/12/2023		
	Transmission Lines	Desalination Plants	Total
Translation differences	(13,891)	135	(13,756)
Cash flow hedges	-	6,315	6,315
Valuation adjustments	**(13,891)**	**6,450**	**(7,441)**

	Thousands of euros		
	31/12/2022		
	Transmission Lines	Desalination Plants	Total
Translation differences	(17,827)	(893)	(18,720)
Cash flow hedges	-	6,160	6,160
Valuation adjustments	**(17,827)**	**(5,267)**	**(12,560)**

g) Corporate Income Tax

The expense or income from tax on profits include both the current tax and the deferred tax.

The current tax is the amount payable or recoverable for income tax relating to the consolidated taxable profit or loss for the year. Current income tax assets or liabilities are assessed at the amounts expected to be paid to or recovered from the tax authorities, using tax regulations and rates that are enacted or substantively enacted at the closing date.

Deferred tax liabilities are the amounts to be paid in the future for corporation tax related to taxable temporary differences, while deferred tax assets are the amounts to be recovered for Corporate Income Tax due to the existence of deductible temporary differences, offsetting tax losses or deductions pending application. For these purposes, temporary differences are understood to be the difference between the carrying value of assets and liabilities and their tax base.

The current or deferred corporate income tax is recognised as a profit or loss, unless it arises from a transaction or economic event recognised in the same year or a different one, discounted from the net equity or on a business combination.

Recognition of deferred tax liabilities

The Group recognises all of the deferred tax liabilities, except:

- they arise from the initial recognition of the goodwill or from the initial recognition of an asset or liability in a transaction that is not a combination of businesses and, also, does not affect the tax base or the accounting result.

- they correspond to differences related to investments in subsidiaries, associates and joint ventures over which the Group has the capacity to control the time of reversal and its reversal is unlikely to occur in a foreseeable future.

Recognition of deferred tax assets

The Group recognises all of the deferred tax assets, except:

- whenever it is likely that enough future tax gains exist for compensation, or if tax legislation gives the option for future conversion of deferred tax assets into a credit receivable from the Public Administration. Notwithstanding, assets that arise from initial recognition of the assets or liabilities in a transaction that is not a business combination and does not affect the accounting result on the date of the transaction or the tax base are not subject of recognition;

- they correspond to temporary differences related to investments in subsidiaries, associates and joint ventures as long as the temporary differences are reverted in a foreseeable future and future positive tax income are expected to be generated to compensate the differences;

The Group is likely to have sufficient tax gains to recover the deferred tax assets, providing there are taxable temporary differences available in a sufficient amount, related to the same fiscal authority and referring to the same taxable person, the reversal of which is planned for the same year in which reversal of deductible temporary differences is expected or in years in which a tax loss, arising from a deductible temporary difference may be offset with previous or subsequent gains.

In order to determine future gains, the Group considers the tax planning opportunities, providing that it has the intention to adopt them or it is likely to adopt them.

Deferred tax assets and liabilities are measured based on the tax rates pending application in the financial years when assets are expected to be realised and liabilities paid, based on current regulations and rates enacted or substantially enacted, and once the tax results which will arise from the way the Group expects to recover the assets or settle the liabilities have been considered.

The Group reviews the carrying value of the deferred tax assets at year-end, with the aim of reducing this amount insofar as there are likely to be sufficient future taxable income to offset these.
Deferred tax assets that do not meet the preceding conditions are not recognised in the consolidated statement of financial position. The Group reconsiders, at year-end, if the conditions are met to recognise the deferred tax assets that were not recognised previously.

If the Group determines that it is not likely that the tax authority will accept an uncertain tax treatment or a group of uncertain tax treatments, it considers such uncertainty when determining the tax base, fiscal bases, tax loss carry forwards, deductions or tax rates. The Group determines the effect of uncertainty in the Corporate Income Tax return by the expected amount method, when the range of possible outcomes is very dispersed, or the most likely outcome method, when the outcome is binary or concentrated in one value. Where the tax asset or liability calculated based on these criteria exceeds the amount presented in the self-assessments, it is presented as current or non-current in the consolidated statement of financial position on the basis of the expected date of recovery or settlement, considering, where appropriate, the amount of the corresponding late payment interest on the liability as it accrues in the income statement. The Group records changes in facts and circumstances regarding tax uncertainties as an estimate change.

The Group recognises and presents penalties in accordance with the accounting policy indicated for provisions.

The Group only offsets current income tax assets and liabilities if there is a legal right in relation to tax authorities and if it intends to settle the debts resulting from its net amount or realise the assets and settle the debts simultaneously.

The Group only offsets deferred tax assets and liabilities if there is a legal right of set-off against the tax authorities and such assets and liabilities correspond to the same tax authority, to the same taxpayer or different taxpayers who intend to settle or realise the current tax assets and liabilities on a net basis or realise the assets and settle the liabilities simultaneously, in each of the future periods in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

The Controlling Company and the Spanish companies in which the Controlling Company holds more than 75% of their share capital are part of the tax group headed by VINCI, S.A., represented in Spain by Eurovia Management España, S.L. Consequently, these companies are taxed under the consolidated tax regime in accordance with the current laws.

h) *Transactions in currencies other than euro*

Transactions in currencies other than the euro are recognised at their equivalent euro value by applying the translation rates prevailing at the transaction date.

Receivables and payables denominated in currencies other than the euro at year-end are translated to euros at the year-end exchange rates or, where applicable, at the hedged rate. Translation differences arising from the year-end valuation of receivables and payables denominated in foreign currencies are recognised directly in the income statement.

The exchange rates for the main currencies in which the Group operated during 2023 and 2022 were as follows:

	Average exchange rate		Exchange rate at year end	
	2023	2022	2023	2022
1 US dollar (USD)	0.925	0.949	0.905	0.938
1 Brazilian real (BRL)	0.185	0.184	0.187	0.177
1 Mexican peso (MXN)	0.052	0.047	0.053	0.048
1 Peruvian new sol (PEN)	0.247	0.248	0.244	0.246
1 South African rand (ZAR)	0.050	0.058	0.049	0.055
1 Saudi riyal (SAR)	0.246	0.253	0.241	0.250

i) Entities and subsidiaries located in countries with high inflation rates

Given the situation in Argentina, its economy has been considered as hyperinflationary according to IAS 29. Cobra Group maintains investments in Argentina; however, the outstanding balances as of 31 December 2023 and 2022 and the volume of transactions in 2023 in 2022 are not very significant in relation to the consolidated financial statements.

The other operating currencies of the consolidated companies and associates based abroad do not relate to highly inflationary economies as defined by IFRS.

j) Income and expenses

General criteria

Revenue is recognised to the extent that the economic benefits associated with the transaction flow to the Group. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, indirect taxes and other sales-related taxes.

Sales of goods are recognised when substantially all the risks and rewards of ownership have been transferred.

Revenue associated with the rendering of services is also recognised by reference to the stage of completion of the service at the consolidated statement of financial position date, provided the outcome of the transaction can be estimated reliably.

Revenue from the sale of construction contracts

The Group develops different construction projects for clients. The projects are considered to be a single obligation to be fulfilled over time. In this regard, the Group recognise contract revenue by estimating it by reference to the stage of completion of the contract activity at the statement of financial position date, determined on the basis of the examination of the works performed. Therefore, based on the measurement of the completed units, the production for the month is recognised as revenue and the costs are recognised based on the accrual of the corresponding completed units.

The Group only recognises the revenue corresponding to the selling price of the completed construction work covered by a principal contract entered into with the customer, or by amendments thereto approved by the customer, or the revenue with respect to which there is reasonable certainty regarding its recovery.

At year-end, the difference between the work performed, measured at progress billing price, and the amount actually billed is recognised under "Trade and Other Receivables” or "Trade and Other Payables" in the accompanying consolidated statement of financial position, depending on whether the difference is positive or negative, respectively.

The Group adjusts the measure of progression as circumstances change and records the impact as a change in estimate on a prospective basis.

Other aspects

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

An expense is recognised in the consolidate income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the recording of the increase in a liability or the reduction of an asset. Additionally, an expense is recognised immediately in the consolidated profit and loss account when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met. Likewise, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

k) Temporary Joint Ventures and similar entities

Certain construction projects are performed and certain services are provided through the grouping of several companies as an unincorporated temporary joint venture or other similar or analogous form.

As indicated in note 3.b.2 above, the Group companies include in their financial statements, using the proportionate consolidation method, the financial statements of the unincorporated temporary joint ventures in which they hold ownership interests.

The same criteria applied by the Company where it is integrated for its own works is applied to register the profit/loss of the contracts performed as Temporary Joint Ventures with other companies, as outlined in note 4.j above.

The main amounts contributed are detailed in Note 7.c.

l) Provisions and contingent liabilities

General criteria

Provisions are recognised when the Group has a present obligation, whether legal or implicit, as a result of a past event; it is likely that an outflow of resources including future financial profit to cancel such obligation occurs; and the amount of said obligation can be estimated reliably. Contingent liabilities are not recognised in the consolidated annual accounts, but disclosed, in accordance with the requirements of IAS 37, in the notes to the consolidated annual accounts (Note 15).

The amount recognised in the statement of financial position is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that have not been considered in the future flows related to the provision at each closing date.

Isolated obligations are measured by the individual outcome that seems most likely. If the obligation involves a significant population of homogeneous items, it is measured by weighting the possible outcomes by their likelihood of occurring. If there is a continuous range of possible outcomes and each point in the range has the same likelihood as the others, the obligation is measured at the average sum.

The financial effect of provisions is recognised as a finance cost in profit or loss.

The tax effect and gains on the expected disposal of assets are not taken into account in measuring a provision.

Reimbursement rights enforceable against third parties to liquidate the provision are recognised as a separate asset when actual collection is basically guaranteed. The income related to the reimbursement is recognised, where applicable, in profit or loss as a reduction of the expense associated with the provision with the limit of the amount of the provision.

Provisions are reversed against income when it is not likely that there is an outflow of resources to settle such obligation. The provision is reversed against the profit and loss account caption in which the related expense was recognised, and any surplus is accounted for in other income.

The Group assesses whether a contract for the delivery of goods or the provision of services is deficit by comparing the expected revenues from the contract, considering the renewal periods that represent a significant option for the customer and without considering the limitation of variable consideration, with the estimated direct and indirect costs attributable to the contract. If the contract is deficit, the Group recognises a provision for the lower of the penalty for termination of the contract and the excess of estimated costs over expected contract revenues. However, prior to recording the provision, the Group recognises the impairment loss on non-current assets directly related to the contract.

With regard to the provisions for project completion, inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project until final settlement thereof are accrued over the execution period on the basis of production volumes and are recognised under “Current Provisions” on the liability side of the consolidated statement of financial position.

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the asset concerned by the present value of those expenses that will be incurred when the asset ceases to be used. The effect on profit or loss is produced by amortising the asset and by the financial updating.

m) Risk management policy

The Group is exposed to certain risks which it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the Group for its risk management policy are as follows:

- Strict compliance with good corporate governance rules.
- Establishment by the Group's various lines of business and companies of the risk management control systems required to ensure that market transactions are performed in accordance with the policies, standards and procedures of the Cobra Group.
- Focus on the management of financial risk, basically based on interest rate risk, translation risk, liquidity risk, inflation risk and credit risk (Note 17).

The Group's risk management is of a preventative nature and is aimed at the medium and long term, taking into account the most probable scenarios with respect to the future changes in the variables affecting each risk.

n) Accounting of hedging transactions

The Group's activities are exposed to financial risks, mainly translation, interest rate and raw materials price fluctuations, which, on certain occasions, are hedged by the Group by arranging cash flow hedging instruments.

Derivative financial instruments are initially recognised in accordance with the criteria set out above for financial assets and liabilities. Derivative financial instruments that do not meet the hedge accounting criteria detailed below are classified and assessed as financial assets or liabilities at fair value through profit or loss. Derivative financial instruments, which comply with hedging accounting criteria, are initially recognised at their fair value, plus, where appropriate, transaction costs which are directly attributable to contracting of same or less, where appropriate, transaction costs which are directly attributable to their issuance. Despite of the transaction costs, they are subsequently recognised as part of the results, insofar as they are not part of the effective hedge variation.

At the inception of the transaction, the Group designates and formally documents the hedging relationship and the objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk hedged and how the Group measures the effectiveness of the hedge.

Hedge accounting only applies when there is an economic relationship between the hedged item and the hedging instrument, the credit risk does not have a dominant effect on changes in value resulting from said economic relationship and the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Group actually uses to hedge that amount of the hedged item. However, said designation should not reflect an imbalance between the weights of the hedged item and the hedging instrument that results in an ineffective hedge, whether or not it is recognised and could result in an accounting result that is contrary to the purpose of hedge accounting.

The Group assesses at the inception of the hedging relationship and on an ongoing basis whether the relationship meets the requirements for effectiveness prospectively. The Group assesses effectiveness at each accounting close or when significant changes occur that affect effectiveness requirements.

The Group makes a qualitative assessment of effectiveness, provided that the fundamental conditions of the instrument and of the hedged item coincide. When the main conditions are not fully consistent, the Group uses a hypothetical derivative with equivalent key conditions to the hedged item to assess and measure ineffectiveness.

<u>*Cash flow hedges*</u>

In 2023 and 2022 the Group only arranged cash flow hedges.

The Group recognises under other comprehensive income the profit or loss from assessments at fair value of the hedging instrument which correspond to the part that was identified as effective hedge. The part of the hedge that is deemed to be ineffective, as well as the specific component of the profit or loss or cash flows related to the hedging instrument, excluded from the hedge effectiveness assessment, are recognised with a charge or credit to finance income or expense accounts.

The separate component of other comprehensive income related to the hedged item is adjusted to the lesser value of the cumulative result of the hedge instrument from the beginning of same or the cumulative change in fair value or current value of future cash flows expected from the hedged item from the beginning of the hedge. However, if the Group does not expect the whole or part of a loss recognised in other comprehensive income to be recovered in one or more future years, the amount that will not be recovered is reclassified under profit or loss as finance income or expense.

In the expected transaction hedges giving rise to a financial asset or liability being recognised, related profits or losses that were recognised as other comprehensive income, are reclassified to results in the same year or years during which the asset acquired or liability assumed affect the results, and under the same item of the consolidated income statement.

In the expected transaction hedges that subsequently give rise to the recognition of a non-financial asset or liability, the Group reclassifies the profit or loss recognised in other comprehensive income against the initial cost or the book value of the non-financial asset or liability.

o) Standards and interpretations in force during this period

In 2023, the following standards and interpretations that are mandatory for 2023 came into force, already adopted by the European Union and, where applicable, were used by the Group in the preparation of these consolidated annual accounts:

Standards, amendments and interpretations	***Description***	***Obligatory application in the years beginning on or after:***
Approved for use in the European Union:		
Amendments to IAS 1 Breakdown of accounting policies	Amendments that enable entities to identify appropriately the material accounting policy information that should be broken down in the financial statements.	01 January 2023
Amendment to IAS 8 Definition of accounting estimate	Amendments and clarifications on what should be understood as a change in an accounting estimate.	01 January 2023
Amendment to IAS 12 Deferred taxes from assets and liabilities resulting from a sole transaction	Clarifications on how entities should account the deferred tax on transactions such as leases and decommissioning obligations.	01 January 2023
IFRS 17 — Insurance Contracts	It replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. Its objective is to ensure that the entity provides relevant information that faithfully represents those contracts. This information gives the basis for users to assess the effect that the insurance contracts have on the financial statements.	01 January 2023
Amendment to IFRS 17 Insurance Contracts - Initial application of IFRS 17 and IFRS 9. Comparative information	Amendments to the transition requirements of IFRS 17 for insurers applying IFRS 17 and IFRS 9 for the first time at the same time.	01 January 2023
Amendment to IAS 12 Taxation Reform - Pillar Two Model Rules	Amendment introducing a temporary exemption to the recognition of IAS 12 deferred taxes related to the entry into force of the Pillar Two taxation model. It also includes additional breakdown requirements.	01 January 2023
Amendment to IFRS 16 Lease liability on a sale-leaseback	Clarifications regarding the subsequent accounting for lease liabilities arising on sale-leaseback transactions.	01 January 2023

These standards have been applied without significant impact on either the figures reported or on the presentation and breakdown of information, either because they do not entail relevant changes or because they refer to economic events that do not affect the Group.

There is no accounting principle or valuation criterion that, having a material impact on the summary of consolidated financial statements, has not been applied.

<u>Pillar 2</u>

On 20 December 2021, the OECD published the Model Rules for Pillar Two. These Rules provide for a system of top-up taxation that brings the effective minimum tax rate to 15% in jurisdictions where multinational groups are present.

In May 2023, the IASB published an amendment to IAS 12 to clarify the accounting treatment arising from enacted or materially enacted Pillar Two tax legislation. This amendment sets out the following requirements:

- A mandatory temporary exception to the accounting for deferred taxes arising from the implementation of Pillar Two.

- The individualised record of current top-up tax, if any, arising as a result of Pillar Two, once the legislation becomes effective.

- For those years where the legislation above is not yet effective, qualitative and quantitative breakdowns to enable users to understand the entity's exposure to taxes that may arise from Pillar Two and/or the entity's progress in implementing it.

As at 31 December 2023, the Cobra Group applies the mandatory exception to the recognition and disclosure of deferred tax assets and liabilities in relation to Pillar Two. In addition, as the Pillar Two rules are not yet effective for the year covered by these consolidated annual accounts, the Group has not recorded the relevant current Pillar Two top-up tax exposure.

At year-end 2023, the Group is assessing its exposure to Pillar Two legislation once it enters into force. At the date of preparation of these accounts, this assessment has been carried out mainly on the basis of the OECD's Temporary Safe Harbour analysis, which is also included in the >Draft Bill mentioned above. As a result of this preliminary analysis, the Group does not foresee significant top-up tax exposure from Pillar Two once the legislation comes into force.

p) Standards and interpretations issued pending entry into force

On the date of approval of these consolidated annual accounts, the following standards had not yet come into force for financial year 2023, either because their effective date is subsequent to the date of the consolidated annual accounts or because they had not yet been adopted by the European Union:

Standards, amendments and interpretations	*Description*	*Obligatory application in the years beginning on or after:*
Adopted by the European Union		
Amendments to IAS 1 Classification of Liabilities as Current or Non-current and those with to Covenants	Clarifications regarding the presentation of liabilities as current or non-current, and in particular those with maturities conditional on compliance with covenants.	01 January 2024
Not adopted by the European Union		
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	This amendment introduces breakdown requirements specific to supplier finance arrangements and their effects on the company's liabilities and cash flows including related liquidity risk and associated risk management.	01 January 2024
Amendment to IAS 21 - A lack of Exchangeability	This amendment establishes an approach that specifies when one currency can be exchanged for another and, if not, the determination of the exchange rate to be used	01 January 2025

The Group is in process of assessing these standards, which are not expected to have a relevant impact.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

5. Intangible assets

The breakdown and changes in the balance of this item in the consolidated statement of financial position in the years 2023 and 2022 is as follows:

Financial year 2023

	Thousands of euros						
	Balance as of 31/12/2022	Variations in the scope of consolidation and other	Additions	Derecognitions	Transfers	Exchange rate variations and others	Balance as of 31/12/2023
Cost:							
Computer software	19,138	(2)	3,105	(11)	729	278	23,237
License rights and fees	45,411	12,022	3.	-	(39,120)	72	18,388
Concession agreements, IFRIC 12	73,787	-	488	(6,019)	-	(598)	67,658
Other fixed assets	1,402,773	(355)	88,906	-	(1,065,727)	57,343	482,940
Total cost	**1,541,109**	**11,665**	**92,502**	**(6,030)**	**(1,104,118)**	**57,095**	**592,223**
Accumulated amortisation:							
Computer software	(8,640)	2	(433)	11	(295)	(113)	(9,468)
Concession agreements, IFRIC 12	(5,400)	-	(234)	1,981	1	(3)	(3,655)
Other property, plant and equipment	(90,515)	-	(50,143)	-	9,078	(18,703)	(150,283)
Total accumulated amortisation	**(104,555)**	**2**	**(50,810)**	**1,992**	**8,784**	**(18,819)**	**(163,406)**
Impairment							
Concession agreements, IFRIC 12	(5,734)	-	-	4,038	-	-	(1,696)
Other property, plant and equipment	(548)	-	-	6	(4,941)	-	(5,483)
Total impairment	**(6,282)**	**-**	**-**	**4,044**	**(4,941)**	**-**	**(7,179)**
Net value of intangible assets	**1,430,272**	**11,667**	**41,692**	**6**	**(1,100,275)**	**38,276**	**421,638**

Financial year 2022

	Thousands of euros						
	Balance as of 31/12/2021	Variations in the scope of consolidation and other	Additions	Derecognitions	Transfers	Exchange rate variations and others	Balance as of 31/12/2022
Cost:							
Computer software	14,385	247	5,274	(986)	211	7	19,138
License rights and fees	45,572	-	-	-	-	(161)	45,411
Concession agreements, IFRIC 12	59,621	-	8,866	-	18	5,282	73,787
Other fixed assets	239,129	(989)	1,165,443	(92)	3,354	(4,072)	1,402,773
Total cost	**358,707**	**(742)**	**1,179,583**	**(1,078)**	**3,583**	**1,056**	**1,541,109**
Accumulated amortisation:							
Computer software	(8,508)	(2)	(205)	36	12	27	(8,640)
Concession agreements, IFRIC 12	(5,165)	-	(235)	-	-	-	(5,400)
Other property, plant and equipment	(55,337)	-	(28,589)	208	(3,732)	(3,065)	(90,515)
Total accumulated amortisation	**(69,010)**	**(2)**	**(29,029)**	**244**	**(3,720)**	**(3,038)**	**(104,555)**
Impairment							
Concession agreements, IFRIC 12	(1,696)	-	(4,038)	-	-	-	(5,734)
Other property, plant and equipment	(513)	-	(32)	-	(3)	-	(548)
Total impairment	**(2,209)**	**-**	**(4,070)**	**-**	**(3)**	**-**	**(6,282)**
Net value of intangible assets	**287,488**	**(744)**	**1,146,484**	**(834)**	**(140)**	**(1,982)**	**1,430,272**

a) Concession assets, IFRIC 12

The concession assets identified as intangible assets in financial years 2023 and 2022 are the following:

Financial year 2023

Company	Line of business	End date of operation	Thousands of euros			
			Investment	Accumulated amortisation	Impairment	Net value
Concesionaria Angostura Siguas	Water irrigation systems	2033	56,568	-	-	56,568
Gerovitae La Guancha	Nursing home	2034	5,867	(3,484)	-	2,383
Hidrolazán, S.L.	Hydroelectric power plant	2020	1,867	(171)	(1,696)	-
Villonacoenergy	Wind power generation	-	3,356	-	-	3,356
Total			**67,658**	**(3,655)**	**(1,696)**	**62,307**

Financial year 2022

Company	Line of business	End date of operation	Thousands of euros			
			Investment	Accumulated amortisation	Impairment	Net value
Concesionaria Angostura Siguas	Water irrigation systems	2033	58,136	-	-	58,136
Opade Organizac. y Promoc de Actividades Deportivas S.A	Sports centre	2048	6,019	(1,981)	(4,038)	-
Gerovitae La Guancha	Nursing home	2034	5,867	(3,248)	-	2,619
Hidrolazán, S.L.	Hydroelectric power plant	2020	1,867	(171)	(1,696)	-
Villonacoenergy	Wind power generation	-	1,898	-	-	1,898
Total			**73,787**	**(5,400)**	**(5,734)**	**62,653**

The Group policy is to contract insurance policies to cover the possible risks to which their fixed assets in are subject. These policies are considered to adequately cover the related risks.

At 31 December 2023 and 2022, there was no indication of any impairment of the concession elements identified as intangible assets.

b) Other assets

The heading "Other assets" primarily includes the following investments:

- Investments for a net amount of 201,818 thousand euros (153,395 thousand euros at 31 December 2022), of which 71,060 thousand euros correspond to investments made during 2023 (49,042 thousand euros in 2022) relating to hydrocarbon prospecting and exploration activities in Ecuador, Colombia and Mexico.

- Advances amounting to 57,817 thousand euros at 31 December 2023 (45,411 thousand euros at 31 December 2022) for the reservation of offshore land for the development of the Morecambe offshore wind farm in the Irish Sea. The project estimates a development phase of up to 10 years before the construction phase begins. The Group does not have control over the reserved offshore land as at 31 December 2023.

- In addition to the above, at 31 December 2022, this heading included the price paid for the acquisition of oil and gas fields in the State of Sergipe (Brazil), which made up the so-called "Polo Carmópolis" and whose acquisition price amounted to 1,100 million dollars (1,060 million euros), of which 275 million dollars are pending payment at year-end 2023 and 2022 and is recognised under "Other current liabilities" in the consolidated statement of financial position (Note 21). At the date of preparation of these consolidated annual accounts, such amount has been fully paid up. In 2023 these assets have been reclassified as property, plant and equipment, as Group management, with the support of an independent expert and after one year of operating the asset, considers that this heading reflects the nature of the assets acquired more appropriately (wells and related assets) (Note 6).

As of 31 December 2023 and 2022, the Group's intangible fixed assets included fully amortised items amounting to 11,595 and 13,989 thousand euros, respectively, which correspond mainly to computer software.

6. Property, plant and equipment

The movements registered during financial years 2023 and 2022 under the item property, plant and equipment and corresponding accumulated depreciation are as follows:

Financial year 2023

	Thousands of euros							
	Balance as of 31/12/2022	Variations in the scope of consolidation and other	Additions	Derecognitions	Changes in rights of use	Transfers	Translation differences	Balances as of 31/12/2023
Items of fixed assets								
Land and buildings	64,256	-	4,716	(77)	-	29,752	20,083	118,730
Plant, equipment, and machinery	181,813	(1,784)	189,511	(4,910)	-	1,446,188	22,401	1,833,219
Office, information processing and accessory equipment	42,128	(79)	1,512	(582)	-	(818)	(1,101)	41,060
Transport equipment	32,339	(5,621)	3,425	(844)	-	8,334	(2,599)	35,034
Fixed assets in progress	428,767	7,553	364,525	-	-	(378,986)	4,587	426,446
Rights of use								
Land and buildings	49,803	(33)	-	-	19	465	472	50,726
Other items of fixed assets	34,658	(319)	-	-	10,028	(3,191)	669	41,845
Total cost	**833,764**	**(283)**	**563,689**	**(6,413)**	**10,047**	**1,101,744**	**44,512**	**2,547,060**
Items of fixed assets								
Buildings	(35,437)	(171)	(3,207)	8	-	783	(17,111)	(55,135)
Plant, equipment, and machinery	(167,352)	2,077	(10,849)	1,900	-	(12,089)	1,878	(184,435)
Office, information processing and accessory equipment	(35,895)	20	(3,224)	502	-	975	2,062	(35,560)
Transport equipment	(24,881)	4,781	(3,078)	651	-	(4,562)	1,732	(25,357)
Fixed assets in progress	(2,201)	8	-	-	-	2,193	-	-
Rights of use								
Land and buildings	(25,199)	11	(8,104)	-	43	5,083	(203)	(28,369)
Other items of fixed assets	(27,491)	-	(8,487)	-	1,306	6,148	(403)	(28,927)
Total accumulated depreciation	**(318,456)**	**6,726**	**(36,949)**	**3,061**	**1,349**	**(1,469)**	**(12,045)**	**(357,783)**
Value impairment								
Land and buildings	(422)	-	-	-	-	-	-	(422)
Plant, equipment, and machinery	(1,211)	-	-	-	-	(266)	-	(1,477)
Other property, plant and equipment	(2,044)	-	-	-	-	266	(34)	(1,812)
Total impairment losses	**(3,677)**	**-**	**-**	**-**	**-**	**-**	**(34)**	**(3,711)**
Net value of property, plant and equipment	**511,631**	**6,443**	**526,740**	**(3,352)**	**11,396**	**1,100,275**	**32,433**	**2,185,566**

At 31 December 2023 and 2022, this heading primarily includes fixed assets in projects as described in Note 4.b. While each item of fixed assets in projects is classified in the above table according to its nature, the carrying amounts of the main projects are detailed below:

- In Brazil, several photovoltaic projects are included, among which the projects that have come into operation in 2023, Belmonte I and Belmonte II, are of note, with an aggregate capacity of 569.2 MW and a net investment of 378,986 thousand euros at 31 December 2023 (274,623 thousand euros at 31 December 2022), as well as other projects under construction: (i) Raios do Parnaiba with a capacity of 378 MW and a net investment of 123,066 thousand euros (40,301 thousand euros in 2022), and (ii) Mundo Novo Solar with a capacity of 199 MW and a net investment of 67,611 thousand euros at 31 December 2023 (21,314 thousand in 2022); and (iii) Cristino Castro with a capacity of 720 MW and an investment of 1,425 thousand euros at 31 December 2023.

- In Spain, the Group is building several photovoltaic projects with an aggregate capacity of 1,231 MW. At 31 December 2023 the net investment amounts to 137,036 thousand euros (35,208 thousand euros at 31 December 2022).

- Finally, the Group operates oil and gas fields in Brazil, "Polo Carmópolis", whose net investment amounts to 1,251,800 thousand euros at 31 December 2023 (1,060,000 thousand euros at 31 December 2022).

The acquired "Polo Carmópolis" fields are operated under the terms of eleven concession contracts. While the concession contracts were originally due to expire in 2025, their final expiry date will be 30 years, once the execution and approval of certain formalities, mainly the submission of an investment plan, which is currently underway, has been completed. At the date of preparation of these consolidated annual accounts, the most relevant concession contracts (representing approximately 85% of the available reserves) have been renewed until 2052. For the remaining concession contracts, the Sole Director, with the advice of their legal advisors, have no doubts that the new concession term will be signed. The planned investment, subject to approval by the grantor, amounts to 890 million dollars (835 million euros), of which 136 million euros are committed.

In addition, in 2022, the Group reached an agreement with a third party, acting as an offtaker, for the sale of the entire production of the oil fields over the next five years. Under the agreement, the Group received a commercial advance to be repaid through the delivery of production amounting to 854 million euros. During 2023, this advance was increased by 141 million euros (Note 20).

During 2023, the main additions recorded under "Property, plant and equipment" relate to:

- The investments made in 2023 linked to the activity of the "Polo Carmópolis" amount to 64,971 thousand euros. In addition, dismantling provisions amounting to 76,369 thousand euros (Note 15) have been recorded in accordance with the criteria detailed in Note 4.b.

- The investments made in the Belmonte I and Belmonte II photovoltaic projects (aggregate capacity of 569.2 MW), located in Brazil for 93,575 thousand euros. These projects have been commissioned in the last quarter of 2023, which is why a transfer of 378,986 thousand euros has been recorded under "Plant, equipment and machinery".

- In addition, several photovoltaic projects are being developed and constructed in Brazil and Spain during the financial year 2023. In Brazil, the Mundo Novo Solar and Raios do Parnaiba projects are of note, with an aggregate capacity of 0.6 GW and an investment of 124,899 thousand euros in 2023. These projects are expected to be commissioned in the second half of 2024. In Spain, photovoltaic projects are being developed in Valencia, Castilla y León, Murcia and Andalusia with an installed capacity of 1,231 MW. The investment in these projects in 2023 amounted to 101,828 thousand euros. These projects are expected to commence operations in 2025.

The remaining additions made during the financial year 2023 relate to ordinary investments for the ordinary course of the Group's business.

Financial year 2022

	Thousands of euros							
	Balance as of 31/12/2021	Variations Scope of consolidation and others	Additions	Derecognitions	Changes in rights of use	Transfers	Translation differences	Balances as of 31/12/2022
Items of fixed assets								
Land and buildings	62,270	115	1,240	(2,380)	-	-	3,011	64,256
Machinery and technical installations	117,058	2,775	4,883	(4,302)	-	(1,215)	7,032	126,231
Tools and other facilities	38,711	349	5,888	(4,297)	-	2,856	(577)	42,930
Furniture	19,659	59	1,413	(467)	-	(39)	71	20,696
Computer hardware	18,848	1,166	2,411	(1,757)	-	194	570	21,432
Transport equipment	31,014	5,294	6,068	(9,175)	-	(21)	(841)	32,339
Other fixed assets/under construction	60,251	1,530	379,501	-	-	(1,647)	1,784	441,419
Rights of use								
Land and buildings	49,480	425	-	-	(531)	4	425	49,803
Other items of fixed assets	34,180	33	-	-	(2,059)	(295)	2,799	34,658
Total cost	**431,471**	**11,746**	**401,404**	**(22,378)**	**(2,590)**	**(163)**	**14,274**	**833,764**
Items of fixed assets								
Buildings	(32,423)	(30)	(2,980)	257	-	-	(261)	(35,437)
Machinery and technical installations	(104,914)	(2,133)	(4,734)	2,393	-	(74)	(5,415)	(114,877)
Tools and other facilities	(35,418)	(297)	(2,015)	1,374	-	-	228	(36,128)
Furniture	(17,714)	(15)	(550)	261	-	81	38	(17,899)
Information processing equipment	(16,653)	(883)	(1,419)	1,110	-	274	(425)	(17,996)
Transport equipment	(27,415)	(4,455)	(1,652)	7,747	-	36	858	(24,881)
Other fixed assets/under construction	(13,304)	-	(3,684)	-	-	(277)	(1,283)	(18,548)
Rights of use								
Land and buildings	(21,404)	(129)	-	-	(3,481)	124	(309)	(25,199)
Other items of fixed assets	(23,416)	-	-	-	(2,409)	152	(1,818)	(27,491)
Total accumulated depreciation	**(292,661)**	**(7,942)**	**(17,034)**	**13,142**	**(5,890)**	**316**	**(8,387)**	**(318,456)**
Value impairment								
Land and buildings	(1,025)	-	-	803	-	(200)	-	(422)
Other fixed assets/under construction	(1,677)	-	-	-	-	200	(1,778)	(3,255)
Total impairment losses	**(2,702)**	**-**	**-**	**803**	**-**	**-**	**(1,778)**	**(3,677)**
Net value of property, plant and equipment	**136,108**	**3,804**	**384,370**	**(8,433)**	**(8,480)**	**153**	**4,109**	**511,631**

Throughout 2022, the main additions arose from the Belmonte I, Belmonte II, Mundo Novo Solar and Raios do Parnaiba projects, which related to the various photovoltaic projects with a total capacity of 1,170 MW that the Group is developing and constructing in Brazil. During the year 2022, an investment of 330,102 thousand euros was made in relation to these projects, shown as "Fixed assets in progress". The removals correspond to derecognitions of fully depreciated items in 2022, which did not have an impact on the consolidated income statement for the said year.

In financial years 2023 and 2022, this heading included the rights of use of lease assets, pursuant to IFRS 16.

Rights of use (IFRS-16)

At 31 December 2023 and 2022, net "Rights-of-use assets" are recognised under "Property, plant and equipment" in the consolidated statement of financial position in the amount of 35,275 thousand euros in 2023 and 31,771 thousand euros in 2022, in accordance with IFRS 16 "Leases".

Relevant cumulative amortisation of the rights of use of assets, by virtue of IFRS 16 in the financial year 2023 amounts to 57,296 thousand euros (52,690 thousand euros in 2022). In the financial year 2023, the depreciation of the rights of use amounts to 16,591 thousand euros (16,604 thousand euros in 2022) and the recognition of interests on the lease obligation amounts to 1,542 thousand euros in 2023 (1,261 thousand euros in 2022), included in the consolidated income statement.

“Non-current lease assets” and “current lease assets” in connection with these right-of-use assets as of 31 December 2023 amount to 26,664 and 12,615 thousand euros, respectively (20,208 and 13,458 thousand euros in 2022), and are recognised under “Other financial liabilities” in current and non-current liabilities of the attached consolidated statement of financial position (Note 16).

The detail of lease liabilities according to expiration date as of 31 December 2023 is as follows:

Company	Thousands of euros				
	Current	Non-current			
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total non-current
Lease liabilities	12,615	16,888	8,662	1,114	26,664

The detail of lease liabilities according to expiration date as of 31 December 2022 is as follows:

Company	Thousands of euros				
	Current	Non-current			
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total non-current
Lease liabilities	13,458	4,481	9,844	5,883	20,208

As of 31 December 2023 and 2022, the Group’s property, plant and equipment included fully depreciated items amounting to 165,382 thousand euros and 173,398 thousand euros, respectively.

The cost of net property, plant and equipment located abroad totalled 1,996,339 and 440,895 thousand euros in 2023 and 2022, respectively.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

As of 31 December 2023 and 2022, there was no indication of any impairment of the Group’s property, plant and equipment other than those already recognised in the accompanying consolidated financial statements.

7. Investments in associates and non-current financial assets

The detail of investments in associates and non-current financial assets in the consolidated statement of financial position as of 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Investments in Group companies (Note 7)	-	132
Investments in associated companies (Note 7)	59,899	34,176
Total investments in associates	**59,899**	**34,308**
Equity instruments (note 7.d)	1,386	1,327
Non-current trade debtors (note 7.e)	48,572	40,773
Derivative Financial Instruments (Note 19)	4,487	23
Other financial assets (Notes 7.f)	10,046	7,148
Total non-current financial assets	**64,491**	**49,271**

a) Investments in Group companies

At 31 December 2022, "Investments in Group companies" included the shareholding amounting 132 thousand euros held by the Group in the companies Osipass, S.A. de C.V. and Imapex, S.A. de C.V., fully owned by Cobra SCE Group, to which the Group belongs.

b) Investments in associated companies

The composition of this item and the changes therein at 31 December 2023 and 2022 are as follows:

Financial year 2023

	Thousands of euros						
	Balance as of 31/12/2022	Additions (Reductions)	Profit/loss share	Translation difference	Others/ Transfers	Balance at 31/12/2023	Ownership %
Afelco Engineering	(24)	-	-	-	24	-	32.5%
Planta de Reserva Fría Eten	5,325	-	1,304	(213)	-	6,416	50%
Petrointegral	19,805	-	351	2,266	-	22,422	50%
Energía Olmedo Ourense	1,600	-	12	-	(13)	1,599	21.33%
Energía Renovables de Ricobayo	188	-	(2)	-	(3)	183	50%
Red Eléctrica del Norte	6,180	16,196	(1,344)	(626)	-	20,406	30.10%
O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.	1	-	-	-	-	1	15.22%
O&M Lesedi PV Plant Pty Ltd	209	-	-	(21)	-	188	14%
O&M Letsatsi PV Plant Pty Ltd	214	-	-	(22)	-	192	14%
GS Oil and Gas SAPI de CV	401	-	(705)	71	233	-	49%
Syneox Rail	-	-	1,359	(3)	6,051	7,407	47.41%
Campos Promotores Renovables, S.L.	-	580	(7)	-	-	573	26.51%
Other	277	-	(9)	-	244	512	-
Total	**34,176**	**16,776**	**959**	**1,452**	**6,536**	**59,899**	

Financial year 2022

	Thousands of euros						
	Balance at 31/12/2021	Additions (Reductions)	Profit/loss share	Conversion difference	Others/ Transfers	Balance as of 31/12/2022	Ownership %
Afelco Engineering	(24)	-	-	-	-	(24)	32.5%
Planta de Reserva Fría Eten	4,122	-	968	235	-	5,325	50%
Petrointegral	16,847	-	800	2,158	-	19,805	50%
Energía Olmedo Ourense	1,351	250	16	-	(17)	1,600	18%
Energía Renovables de Ricobayo	188	-	-	-	-	188	50%
Red Eléctrica del Norte	1,824	4,292	(210)	274	-	6,180	30.10%
O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.	93	-	-	-	(92)	1	15.22%
O&M Lesedi PV Plant Pty Ltd	210	-	-	(1)	-	209	14%
O&M Letsatsi PV Plant Pty Ltd	215	-	-	(1)	-	214	14%
Operadora Caitan	(69)	284	(208)	(7)	-	-	50%
GS Oil and Gas SAPI de CV	630	-	(62)	(253)	86	401	49%
Other	277	-	-	-	-	277	-
Total	**25,664**	**4,826**	**1,304**	**2,405**	**(23)**	**34,176**	

The most significant additions in 2023 are the increase in the investment in Red Eléctrica del Norte, S.A. through a capital increase of 16,196 thousand euros (4,292 thousand euros in 2022).

The Group periodically evaluates the recoverable amount of investments which show signs of impairment. In this connection, the recoverable amount of the most significant investments is similar to their carrying amount and, therefore, no material impairment losses were recognised in 2023.

c) Joint operations

The main aggregates, prior to eliminations, relating to the jointly controlled operations as of 31 December 2023 and 2022 are as follows:

	Thousands of euros			
	TJVs		Other	
	2023	2022	2023	2022
Current assets	529,555	468,649	-	5
Non-current assets	3,697	3,125	-	-
Current liabilities	511,191	447,210	804	7,544
Non-current liabilities	523	617	-	-
Turnover	306,540	268,533	-	-
Profit after tax	20,484	23,201	1,772	(119)

The balances of the unincorporated temporary joint ventures and similar entities are measured according to the Group's ownership interest but do not include eliminations of group balances.

Annex III details the identifying data of the principal TJVs and similar entities integrated with the Group.

d) Equity Instruments

Movements made during financial years 2023 and 2022 in the security portfolio accounts, as well as their corresponding impairments, were as follows:

Financial year 2023

	Thousands of euros					
	Balance as of 31/12/2022	Additions	Removals	Impairment	Translation differences	Balance at 31/12/2023
Salto de San Fernando	751	-	-	-	-	751
Other	576	59	-	-	-	635
	1,327	**59**	-	-	-	**1,386**

Financial year 2022

	Thousands of euros					
	Balance at 31/12/2021	Additions	Removals	Impairment	Translation differences	Balance at 31/12/2022
Salto de San Fernando	751	-	-	-	-	751
Other	597	-	(21)	-	-	576
	1,348	-	**(21)**	-	-	**1,327**

e) Non-current trade receivables

"Non-current Trade Receivables" mainly includes the certified amounts pending collection amounting to 35,273 thousand euros (39,897 thousand euros in 2022) in connection with construction projects for investments made in gas extraction contracts, the collection of which, estimated in the long term, is subject to cash flows generated in the operation of the aforementioned investments. Additionally, this heading includes balances receivable amounting to 13,299 thousand euros arising from the provision of well sealing services for wells that were abandoned at the date of acquisition and whose performance was the obligation of the previous owner, in accordance with the purchase agreement.

f) Other non-current financial assets

The heading "Other non-current financial assets" mainly includes deposits and guarantees related to the projects operated by the Group amounting to 9,242 thousand euros (6,972 thousand euros in 2022).

8. Goodwill

The movements registered during financial years 2023 and 2022 under these item consolidated statement of financial position was as follows:

	Thousands of euros
Balance as of 31 December 2021	**9,275**
Additions	13,179
Transfers	-
Translation differences	(512)
Balance as of 31.12.2022	**21,942**
Additions/Reductions	391
Transfers	-
Translation differences	411
Balance at 31 December 2023	**22,744**

At 31 December 2023 and 2022, the breakdown by company of consolidated goodwill is the following:

Financial year 2023

	Thousands of euros			
	Balance as of 31/12/2022	Additions/Reductions	Translation differences	Balance at 31/12/2023
Ason Electrónica Aeronáutica	218	-	-	218
Comercial y Servicios Larco Medellín	3,699	-	787	4,486
Serpista, S.A.	3,110	-	-	3,110
Técnicas de Desalinización de Aguas, S.A.	1,634	-	-	1,634
Hidrocaleras, S.L.	102	-	-	102
Henry Gaze Coms	6,652	-	(376)	6,276
Bisa Ingeniería de Proyectos	6,527	-	-	6,527
Total Aviation Services, S.L. (Note 3.b.4)	-	391	-	391
Total	**21,942**	**391**	**411**	**22,744**

Financial year 2022

	Thousands of euros			
	Balance at 31/12/2021	Additions/Reductions	Translation differences	Balance at 31/12/2022
Ason Electrónica Aeronáutica	218	-	-	218
Comercial y Servicios Larco Medellín	4,211	-	(512)	3,699
Serpista, S.A.	3,110	-	-	3,110
Técnicas de Desalinización de Aguas, S.A.	1,634	-	-	1,634
Hidrocaleras, S.L.	102	-	-	102
Henry Gaze Coms (Note 3.b.4)	-	6,652	-	6,652
Bisa Ingeniería de Proyectos (Note 3.b.4)	-	6,527	-	6,527
Total	**9,275**	**13,179**	**(512)**	**21,942**

For the goodwill at the Group, each year the carrying amount of the related company or cash-generating unit is compared against the value in use measured by the discounted cash flow method (impairment test). All of the assumptions considered in the impairment tests are backed by the historical financial information of the various units, taking into account future growth that is less than that obtained in prior years.

In this regard, according to the estimates and projections available to the Sole Shareholder of the Group and to the directors of the companies comprising it, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the carrying amount of the goodwill recognised at 31 December 2023.

9. Inventory

As of 31 December 2023 and 2022, the breakdown of inventories was the following:

	Thousands of euros	
	31/12/2023	31/12/2022
Sundry materials and others	47,299	9,099
Work in progress and finished goods	44,807	4,679
Advance payments to suppliers	66,741	91,433
Total	**158,847**	**105,211**

Advance payments to suppliers include mainly advances paid to suppliers of equipment and subcontractors of renewables projects in progress in Brazil. In addition, "Work in progress and finished goods" mainly includes inventories of “Polo Carmópolis” that were ready for shipment at 31 December 2023.

10. Trade debtors and other accounts receivable

The book value for the item “Trade debtors and other receivables” is shown in the following breakdown:

	Thousands of euros	
	31/12/2023	31/12/2022
Trade receivables on sales and services	582,022	648,762
Trade receivables for amounts to be invoiced for work performed (Note 4.j)	931,583	897,384
Trade receivables for associates (note 23)	127,503	110,940
Other debtors	152,497	80,287
Other debtors, associates (nota 23)	4,432	16,764
Public Administrations	177,991	206,400
Impairment	(54,740)	(70,762)
	1,921,288	**1,889,775**

“Trade and service provision clients” includes, essentially, the amount of certification issued to clients corresponding to works completed and pending collection and withholdings as of the date of the statement of financial position.

The Group has signed non-recourse factoring agreements in the event of default. The amount of the balance of receivables for this type of agreement was reduced by 94,533 thousand euros as of 31 December 2023 (85,285 thousand euros at 31 December 2022). The risks and rewards associated with the factoring agreements, as well as control over the receivables, were substantially transferred through the sale and assignment of the receivables, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner, the reason why the factored receivables were derecognised from the consolidated statement of financial position.

“Trade receivables completed works pending certification” reflects the difference between the production recognised from inception of each project in progress and the amount of the progress billings for each project at the date of the consolidated annual accounts in accordance with the criteria and causes detailed in Note 4.j.

No concentration of credit risk is considered to exist since the Group has a large number of clients.

11. Other current financial assets

The breakdown of this item as of 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Deposits and guarantees	6,371	8,780
Short-term investment securities	19,772	84,026
Short-term derivatives (Note 19)	1,649	-
Other loans	27,105	3,040
Credits to associates (note 23)	66,661	70,089
	121,558	**165,935**

The short-term securities portfolio relates mainly to the investment of one-off cash surpluses in various financial assets, mainly fixed-term deposits with financial institutions with high credit ratings, with average maturities of between three and six months. These assets earn interest at market rates.

12. Cash and cash equivalents

The heading “Cash and cash equivalents” includes Group treasury for 2023 and 2022, for 621,788 thousand euros and 673,988 thousand euros, respectively and current bank deposits with initial maturity of three months or a shorter term for a sum of 265,077 thousand euros in 2023 and 332,568 thousand euros in 2022. Although the majority of the balance recognised is unrestricted, there may be certain restrictions on the availability of certain amounts, the amount of which is not material.

The balance of this item from temporary joint venture of companies and similar entities (joint ventures) on which the Group participates amounts to 98,337 thousand euros (109,314 thousand euros in 2022).

13. Equity

a) Share capital

The share capital at year-end 2023 and 2022 amounts to 24,040 thousand euros, represented by 400,000 shares of 60.10 euros face value each, fully subscribed and paid up, which belong to Cobra Servicios, Comunicaciones y Energía, S.L.U., following the transaction described in Note 1.a. The Controlling Company is duly registered as a sole proprietorship in the Business Register. At 31 December 2023 there are no contracts between the Controlling Company and its Sole Shareholder other than those disclosed in Note 23.a and 23.b.

The Parent's shares are not officially listed.

b) Legal reserve

In accordance with the Corporate Enterprises Act, 10% of net profit must be allocated to the legal reserve until the balance of this reserve reaches 20% of the share capital.

The portion of the legal reserve balance exceeding 10% of the company’s already increased capital may be used to increase the share capital.

Except as mentioned above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that other reserves are not available for this purpose.

As of 31 December 2023, the legal reserve is fully allocated.

c) Share premium

The Corporate Enterprises Act expressly allows the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

d) Hedging transactions

The changes in this item in 2023 and 2022 were as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Opening balance	**4,222**	**(16,403)**
Effect on the income statement	1,360	16,194
Change in the valuation of derivatives	213	4,431
Ending balance	**5,795**	**4,222**

“Valuation Adjustments” in the consolidated statement of financial position includes the net amount of changes in the fair value of financial derivatives designated as hedging instruments in cash flow hedges, net of the related tax effect. The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges. They relate mainly to exchange rate and raw material price hedges, tied to asset and liability items in the consolidated statement of financial position and to future transaction commitments to which they apply.

e) Exchange rate variations

Exchange rate variations in the consolidated statement of financial position include the differences arising from converting balances in the operating currencies of the consolidated entities into euros by means of the global integration method, joint operations and the participation method whose operating currency is not the euro.

The principal exchange rate variations are presented below:

Currency	Thousands of euros	
	31/12/2023	31/12/2022
Real	(33,366)	(47,982)
Chilean Peso	(11,699)	(9,056)
Argentine Peso	(37,569)	(24,926)
United Arab Emirates dirham	(1,128)	(613)
Algerian dinar	49	(209)
US dollar	(24,512)	(22,547)
Dominican peso	(421)	(238)
Mexican peso	6,839	13,043
South African rand	(32)	(1,062)
Peruvian new sol	(6,607)	(5,347)
Omani rial	(9,407)	(8,891)
Other currencies	(6,205)	(9,372)
	(124,058)	**(117,200)**

14. Non-controlling interests

"Non-Controlling Interests" in the accompanying consolidated Statement of Financial Position as of 31 December 2023 and 2022 reflects the interest of the non-controlling shareholders in the fully consolidated companies in accordance with the criteria detailed in note 3.b. Also, the balance of "Result attributable to non-controlling interests" in the accompanying consolidated profit and loss account represents the share of non-controlling shareholders in the result for 2023 and 2022.

The movements registered during financial years 2023 and 2022 under this item of the consolidated statement of financial position were the following:

Financial year 2023

Company	Thousands of euros					
	Balances as of 31/12/2022	Profit/loss financial year	Dividends	Value adjustments	Other movements	Balances as of 31/12/2023
Bisa Ingeniería de Proyectos	1,405	364	(219)	(31)	-	1,519
Cogeneración Cadereyta	(14)	3.	-	(3)	-	(14)
Coicisa Industrial, S.A. de C.V.	30	-	-	2	-	32
Consorcio Especializado Medio Ambiente, S.A. de C.V.	92	-	-	9	-	101
CCR Plantforming Cangrejera	217	(2)	-	18	(61)	172
Conycento	(198)	18	-	22	-	(158)
Conyblox	483	19	-	(53)	(4)	445
CS Gas North	380	269	-	-	-	649
Dankocom, Pty.	2,129	(11)	-	(234)	(18)	1,866
Dragados Offshore Méjico, S.A. de C.V.	1	-	-	-	(1)	-
Eolfi Greater China Co Ltd.	(80)	(4)	-	1	83	-
EPC Planta Fotovoltaica Lesedi y Letsatsi	72	(13)	-	-	-	59
Firefly	(46)	4	-	4	-	(38)
Iberoamericana de Hidrocarburos, S.A. de C.V. And subsidiaries	24,406	2,155	-	(537)	57	26,081
Instalaciones y Servicios Uribe, S.A. de C.V.	153	(53)	-	17	-	117
Imsidetra, S.A. de C.V.	540	45	-	60	-	645
Istoguard	(2,481)	6	-	273	-	(2,202)
Ingweguard	242	56	-	(28)	-	270
Monclova Pirineos Gas, S.A. de C.V. and subsidiaries	8,659	3,107	-	2,891	(222)	14,435
Morecambe Offshore Wind Holco	-	-	-	20	2,131	2,151
Offshore Wind Limited	(397)	(36)	-	(6)	-	(439)
Osipass, S.A. de C.V.	-	5,758	(8,728)	767	7,406	5,203
P.E. Monte das Aguas S.L.	461	101	(231)	-	-	331
Procme, S.A.	3,245	1,752	(12)	50	293	5,328
Remodelación Diesel Cadereyta	7	-	-	-	(7)	-
Richards Bay Gas Power 2 Pty	-	(1,033)	-	20	-	(1,013)
Seratype	(3,901)	(1,642)	-	462	-	(5,081)
Serpista, S.A.	2,493	808	(685)	-	(1)	2,615
SP Cobra Instalaçoes e Serviços Ltda.	(34)	-	-	(2)	(5)	(41)
Others	(125)	9	-	19	10	(87)
	37,739	**11,680**	**(9,875)**	**3,741**	**9,661**	**52,946**

Financial year 2022

Company	Thousands of euros					
	Balances as of 31/12/2021	Profit/loss financial year	Dividends	Value adjustments	Other movements	Balances as of 31/12/2022
Bisa Ingeniería de Proyectos	-	305	(268)	45	1,323	1,405
Cogeneración Cadereyta	(11)	(2)	-	(1)	-	(14)
Coicisa Industrial, S.A. de C.V.	463	(451)	-	18	-	30
Consorcio Especializado Medio Ambiente, S.A. de C.V.	81	-	-	11	-	92
CCR Plantforming Cangrejera	180	14	-	23	-	217
Conycento	50	(254)	-	6	-	(198)
Conyblox	56	5	427	(12)	7	483
CS Gas North	-	379	-	-	1	380
Dankocom, Pty.	2,767	51	(731)	6	36	2,129
Dragados Offshore Méjico, S.A. de C.V.	3	2	(4)	-	-	1
Eolfi Greater China Co Ltd.	(84)	1	-	3.	-	(80)
EPC Planta Fotovoltaica Lesedi y Letsatsi	62	10	-	-	-	72
Firefly	216	(270)	-	8	-	(46)
Iberoamericana de Hidrocarburos, S.A. de C.V. And subsidiaries	20,599	8,044	-	70	(4,307)	24,406
Instalaciones y Servicios Uribe, S.A. de C.V.	248	(129)	-	33	1	153
Imsidetra, S.A. de C.V.	444	35	-	61	-	540
Istoguard	(1,955)	(567)	-	41	-	(2,481)
Ingweguard	(22)	288	-	(24)	-	242
Monclova Pirineos Gas, S.A. de C.V. and subsidiaries	3,631	7,284	-	1,544	(3,800)	8,659
Offshore Wind Limited	(149)	(268)	-	20	-	(397)
P.E. Monte das Aguas S.L.	439	20	-	-	2	461
Procme, S.A.	2,723	1,549	(764)	456	(719)	3,245
Remodelación Diesel Cadereyta	3	3.	-	1	-	7
Seratype	(1,425)	(2,598)	-	122	-	(3,901)
Serpista, S.A.	1,819	662	-	-	12	2,493
SP Cobra Instalaçoes e Serviços Ltda.	(34)	-	-	-	-	(34)
Others	273	(16)	-	2	(384)	(125)
	30,377	**14,097**	**(1,340)**	**2,433**	**(7,828)**	**37,739**

In 2023 the main change in this heading was the dividend distribution of Osipass, S.A. de C.V. In 2022, "Other movements" mainly included the acquisition of 10.55% of Monclova Pirineos Gas, S.A. de C.V. from Atlantic Energy Investment, SL and the impact on the companies in which it has interests (Iberoamericana de Hidrocarburos, S.A. de C.V. and Subsidiaries, Oilserv, S.A.P.I de C.V., Petrolíferos Tierra Blanca, S.A. de C.V. and Oleorey S.A. de C.V.).

The shareholders with a stake of 10% or more in the subscribed capital of the most important subsidiary companies of the Groups, as of 31 December 2023, are the following:

Group Companies	Ownership percentage	Shareholder
CCR Plantforming Cangrejera, S.A. de C.V.	27.00%	Senermex Ingenieria y Sistemas, S.A. de C.V. y Dragados Industrial, S.A.
Coicisa Industrial, S.A. de C.V.	40.00%	Ingenieria, Control e Instrumentación, S.A de C.V.
Consorcio Especializado Medio Ambiente, S.A. de C.V.	40.00%	Servicio Ambiental Especializado, S.A. de C.V.
Conyblox	35.00%	Sener Engineering and Construction South Africa Limited
Instalaciones y Servicios Uribe Cobra, S.A. de C.V	49.00%	Uribe Ingenieros Asociados, S.A. de C.V.
Imsidetra, S.A. de C.V.	45.00%	Idear Electrónica, S.A. de C.V.
Iberoamericana de Hidrocarb. CQ Explorac&Produc S.A. de C.V.	40.00%	PJP4 Mexico, S.A. de C.V.
Monclova Pirineos Gas, S.A. de C.V.	20.00%	Coimsa and Steel Serv.
Petroliferos Tierra Blanca, S.A. de C.V.	50.00%	Alfasaid del Norte, S.A.
Procme, S.A.	25.46%	GESTRC SGPS, S.A.
Oilserv, S.A. de C.V.	50.00%	Newpek, S.A. de C.V.
Osipass, S.A de C.V.	50.00%	Cobro Electrónico de Peaje, S.A. de C.V.
Serpista, S.A.	39.00%	Iberia, S.A.
Parque Eólico Monte das Aguas, S.L.	40.00%	Gabinete Energético Medioambiental

Iberoamericana de Hidrocarburos is 40.5% owned by Monclova Pirineos Gas (and 59.5% by Cobra IS S.A. de C.V., a company owned by the Group) and therefore, for presentation purposes, the indirect interests attributed through the interest in Monclova Pirineos Gas, i.e. 8.10% in 2023 and 2022, are considered as non-controlling interests in this company.

15. Provisions

The balance of “Provisions" in the consolidated statement of financial position as of 31 December 2023 and 2022 includes the provisions recognised to cover different types of Group liability. They include most notably those relating to litigation, arbitration and claims in which the various Group companies are the defendants in relation to liability incurred in their business activities and provisions for contingencies for projects in progress.

Non-current provisions

The movements in 2023 and 2022 were as follows:

Financial year 2023

	Thousands of euros						
	Balance as of 31/12/2022	Perimeter variation	Provision	Reversal	Transfers	Translation differences	Balance at 31/12/2023
Provision for Third-Party Liability	136,615	(1,340)	1,121	(401)	5,993	906	142,894
Dismantling provision	38,480	-	92,002	(5,043)	(10,768)	4,924	119,595
Total	**175,095**	**(1,340)**	**93,123**	**(5,444)**	**(4,775)**	**5,830**	**262,489**

Financial year 2022

	Thousands of euros						
	Balance at 31/12/2021	Perimeter variation	Provision	Reversal	Transfers	Translation differences	Balance at 31/12/2022
Provision for Third-Party Liability	185,975	-	3,499	(66,338)	-	13,479	136,615
Dismantling provision	38,480	-	-	-	-	-	38,480
Total	**224,455**	**-**	**3,499**	**(66,338)**	**-**	**13,479**	**175,095**

“Non-current Provisions" includes, among other items, the best estimate of the probable payments related to litigation arising from the Group's normal business activities, as well as the contractual commitments arising from a number of the Group's main projects. The provisions recorded in 2023 relate to provisions held to cover risks associated with the successful completion of certain projects executed, as well as risks inherent to the Group's activity, both domestically and internationally. The Group has also recorded provisions for the dismantling of gas and hydrocarbon wells in Brazil, Colombia and Mexico amounting to 92,002 thousand euros in accordance with industry best practices.

The reversals in 2022 mainly related to a material portion of the provision for the dismantling of gas wells in Mexico as a result of contractual improvements reached in negotiations during the year, which have led to a decrease in the Group's obligations.

Current provisions

The changes in 2023 and 2022 were as follows:

Financial year 2023

	Thousands of euros						
	Balance as of 31/12/2022	Changes in the scope of consolidation	Provision	Reversals	Transfers	Translation differences	Balance at 31/12/2023
Provision for Third-Party Liability	6,708	108	12,360	(65)	(5,993)	(103)	13,015
Dismantling provision	-	-	-	-	10,768	-	10,768
Total	**6,708**	**108**	**12,360**	**(65)**	**4,775**	**(103)**	**23,783**

Financial year 2022

	Thousands of euros					
	Balance at 31/12/2021	Changes in the scope of consolidation	Provision	Reversals	Translation differences	Balance at 31/12/2022
Provision for Third-Party Liability	8,671	-	61	(1,974)	(50)	6,708

“Provisions for liabilities " includes, among other items, the best estimate of the probable payments related to litigation arising from the Group's normal business activities, as well as the contractual commitments arising from a number of the Group's main projects. In particular, the provisions recorded in 2023 relate to provisions held to cover risks associated with the successful completion of certain projects executed, as well as risks inherent to the Group's activity, both domestically and internationally.

16. Short-term and long-term financial liabilities

As of 31 December 2023 and 2022, the Group had been granted the following loans and credit and financing lines indicated with the limits and sums detailed:

a) Debentures and other convertible securities

During 2022, the Controlling Company issued promissory notes on the Alternative Fixed Income Market (MARF) amounting to 19,600 thousand euros through several issuances, amounting to 6,600 thousand euros, 7,800 thousand euros and 5,200 thousand euros within a promissory note programme of up to 150,000 thousand euros, maturing on 13 January 2023, 10 February 2023 and 14 April 2023 and bearing interest at rates of 0.86%, 2.03% and 2.20%, respectively. As of 31 December 2023, this plan has not been renewed.

b) Debts with credit entities

As of 31 December 2023 and 2022 breakdown was the following:

	Thousands of euros					
	31/12/2023			31/12/2022		
	Current	Non-Current	Limit	Current	Non-Current	Limit
Loans	222,460	829,742	-	216,185	615,000	-
Credit facilities	76,843	118,520	802,473	400,724	-	907,219
Non-matured accrued interest	8,911	-	-	8,829	-	-
Total	**308,214**	**948,262**	**802,473**	**625,738**	**615,000**	**907,219**

The breakdown, by maturity, of the non-current debts is as follows:

	Thousands of euros		
	31/12/2023		
Maturity year	Loans	Credit facilities	Total
2025	460,000	59,000	519,000
2026	179,742	-	179,742
2027	190,000	-	190,000
2028 and subsequent years	-	59,520	59,520
Total	**829,742**	**118,520**	**948,262**

	Thousands of euros		
	31/12/2022		
Maturity year	Loans	Credit facilities	Total
2024	245,000	-	245,000
2025	370,000	-	370,000
2026	-	-	-
2027 and subsequent years	-	-	-
Total	**615,000**	**-**	**615,000**

The bank loans and credit facilities accrue interest at an average variable rate tied to EURIBOR or LIBOR, depending on whether they are denominated in euros or another currency, plus a spread. The loans and credit facilities in other currencies are generally tied to the local market interest rate plus a spread.

The breakdown of arranged loans is as follows:

	Thousands of euros		Thousands of euros	
	31/12/2023		31/12/2022	
	Long-term loans	Short-term loans	Long-term loans	Short-term loans
Entity 1	399,742	-	300,000	-
Entity 2	190,000	22,379	190,000	53,205
Entity 3	-	97,355	-	34,221
Entity 4	-	-	-	53,204
Entity 5	70,000	-	70,000	-
Entity 6	75,000	30,000	50,000	-
Entity 7	25,000	-	-	20,000
Entity 8	-	-	-	20,000
Entity 9	50,000	-	-	-
Entity 10	-	45,201	-	-
Other entities	20,000	27,525	5,000	35,555
Total	**829,742**	**222,460**	**615,000**	**216,185**

Significant long-term loans include loans arranged in the amount of 399,742 thousand euros, with 300,000 thousand euros maturing in the third quarter of 2025; and 99,742 thousand euros maturing in the third quarter of 2026. These loans accrue interest at floating rates, linked to Euribor plus a market spread. There are also loans arranged in the amount of 190,000 thousand euros, 70,000 thousand euros and 75,000 thousand euros, with maturities in the first quarter of 2027 and 2025 respectively. All of them have a variable interest rate linked to Euribor plus a market spread.

Within short-term loans, of note are those arranged in Brazilian reals amounting to 88,059 thousand euros, all of them linked to the Brazilian Interbank Deposit Certificate (CDI) rate. The maturities of these loans are 55,917 thousand euros in the first quarter of 2024, 22,379 thousand euros in the second quarter of 2024 and 9,763 thousand euros in the fourth quarter of 2024. In addition, the Group has arranged loans in US dollars amounting to 104,026 thousand euros, linked to a fixed market interest rate. The maturities of these loans are 72,531 thousand euros in the first quarter of 2024, 17,195 thousand euros in the third quarter of 2024 and 14,480 thousand euros in the fourth quarter of 2024.

The main credit facilities arranged by the Group are the following:

	Thousands of euros		
	31/12/2023		
	Limit	Balance	Maturity
Entity 1	179,125	6,330	(*)
Entity 2	51,709	1,025	2024
Entity 3	72,000	9,018	2024
Entity 4	70,000	41	2024
Entity 5	52,975	3.	2024
Entity 6	32,000	99	2024
Entity 7	50,520	50,520	2024
Entity 8	46,608	20,639	2024
Entity 9	32,000	8	2024
Entity 10	32,000	8	2024
Other entities	183,536	107,672	
Total	**802,473**	**195,363**	

(*) 50,000 thousand euros have a long-term maturity

The credit lines contracted by the Group in euros accrue interest at a reference rate plus an average spread of 0.895% and are tacitly novated on maturity. Credit facilities contracted in other currencies accrue the interest rate associated with each term and currency plus an average spread of 1.72%.

These debts with credit institutions are secured by Cobra Instalaciones y Servicios, S.A.U. and, generally, they do not contain clauses relating to the fulfilment of ratios. In relation to these debts, there were no breaches of same at 31 December 2023 and no breaches are expected in the financial year 2024.

c) Concession project financing

In July 2023, Natixis Sucursal España and Banco Santander granted financing amounting to 726,995 thousand euros to the Group's subsidiary Spanish Portfolio, S.L. for the development, construction, commissioning and operation of 21 photovoltaic plants located in Spain (Note 6). As of 31 December 2023, 65,000 thousand euros have been drawn down, although formalisation costs of 12,009 thousand euros have been recognised, reducing the liability, on an amortised cost basis. This financing is secured by the assets, receivables and shares of the various project companies. Although the contract includes clauses requiring the project companies to comply with certain financial ratios, as of 31 December 2023 they are not obliged to comply with these ratios until the plants are commissioned. As of 31 December 2023, these projects are in the construction stage with a shareholder guarantee in place, limited to the provisions on projects that have not reached commercial operation.

The maturity breakdown at 31 December 2023 is as follows:

	Maturities					
	2024	2025	2026	2027	2028 and subsequent years	**Total**
Balance at 31 December 2023	-	2,262	2,504	2,155	58,079	**65,000**

d) Other financial liabilities

"Other financial liabilities" in the consolidated statement of financial position mainly includes non-financial debt to public and private bodies, liabilities associated with the recognition of leases under IFRS 16, as well as financing of property, plant and equipment through leasing contracts.

The breakdown of the balances of this item in the consolidated statement of financial position as of 31 December 2023 and 2022 is as follows:

	Thousands of euros			
	2023		2022	
	Non-Current	Current	Non-Current	Current
Other financial liabilities:	16,523	946	3,828	7,901
Operating lease suppliers (Note 6)	26,664	12,615	20,208	13,458
Total	**43,187**	**13,561**	**24,036**	**21,359**

"Non-current operating lease suppliers" and "Current operating lease suppliers" are associated with the items of property, plant and equipment classified as "Rights of use" (Note 6).

17. Financial risk management

In the course of its business activities, Cobra Group is exposed to various financial market risks, arising mainly from the ordinary course of business. The financial risks to which the Company is exposed include mainly interest rate, translation, price of certain raw materials, liquidity, inflation and credit risks.

Interest rate risk

This risk stems from changes in the future cash flows of debt contracted at variable rates (or with a short-term maturity and assumed renewal) arising from fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on borrowing costs arising from fluctuations in interest rates. For this purpose, in certain situations, financial derivatives are contracted to ensure fixed interest rates or narrow bands of fluctuation.

The sensitivity of the Group's profit to changes in interest rates, taking into account its existing hedging instruments and fixed rate financing, before tax and non-controlling interests, and considering the returns that may arise from bank deposits and investments held by the Group, is as follows:

	Thousands of euros	
	2023	2022
Change in interest rate	1% - (1%)	1% - (1%)
Effect on profit/loss	4,337 (4,337)	2,879 (2,879)

Based on the above information, the risk is considered substantially limited.

Exchange rate risk

Exchange rate risk arises mainly from the international operations of the Group, which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge the risk inherent to structural investments in foreign operations with an operating currency other than the euro, the Group endeavours to make these investments in the same operating currency as the assets being financed and, likewise, in certain cases, arranges hedging instruments (Note 19).

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

The Group's main foreign currencies are presented below:

	Thousands of euros			
	Mexican Pesos (MXP)	US dollar (USD)	Brazilian real (BRL)	Columbian pesos (COP)
Short-term credits	-	-	-	-
Other loans	3,357	10,083	-	1,451
Non-current debt with credit institutions	-	50,520	-	-
Current debt with credit institutions	-	131,942	88,768	-

Commodities Price Risk:

This risk is associated with the Group's energy and raw materials supply business. The price of raw materials (electricity, gas and hydrocarbons) is subject to the volatility of the international markets (global and regional) on which they are listed.

In order to reduce the risk and uncertainty associated with the expected margin on the Group's programmed transactions, as a result of the volatility of this market, the Group contracts hedging instruments to hedge the cost and sale price of these raw materials (Note 19).

Liquidity risk

This risk arises from the timing gaps between fund requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds obtained from the ordinary course of business of the Group, different forms of bank financing, capital market operations and divestments.

The Group maintains a proactive liquidity risk management policy, exhaustively monitoring its cash and anticipating the maturity of its financial transactions. The Group also manages its liquidity risk by efficiently managing its investments and working capital and arranging long-term financing facilities.

The goal of the Group is to ensure a balance in relation to flexibility, term and conditions of the credit facilities arranged on the basis of the projected short, medium and long-term financing needs.

In this regard, although working capital is negative by 1,190,026thousand euros in 2023, the availability of credit policies amounting to 607,110 thousand euros (Note 16) and the Group's ability to generate cash flows from its operations, which is supported by a contracted portfolio pending execution of 5,550 million euros at year-end (Note 25) should be taken into account. In addition, an overall understanding of the working capital recorded at 31 December 2023 should consider the existence of trade advances amounting to 995,475 thousand euros arising from the transactions described in Note 6.

Inflation risk

Inflation risk results from the loss in value of money when the monetary supply grows more than the supply of goods and services, causing a rise in the price of the latter. The Group's exposure to highly inflationary economies is insignificant, with its presence in Argentina being of note, however its investments in this country are immaterial. The other countries in which the Group has its business activities cannot be considered highly inflationary economies according to the criteria established in the International Financial Reporting Standards and, therefore, this risk is considered limited.

Credit risk

The objective of credit risk management is to reduce the impact of credit risk exposure as much as possible by means of the preventive assessment of the solvency rating of the Group's potential customers. A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various different activities. As a result of the analysis of this risk, a provision was recognised for impairment of trade receivables (Note 10).

18. Capital management

The objectives of capital management at the Group are to maintain an optimum financial and net worth structure to reduce the cost of capital and at the same time to safeguard the Group's ability to continue operating with sufficiently sound debt/equity ratios.

The capital structure is controlled mainly through the debt ratio, calculated as net financial debt divided by equity. Financial indebtedness is understood as:

+ Net recourse debt:
+ Non-current debt with credit institutions + Current debt with credit institutions + Issues of debentures and bonds + Other financial liabilities - Cash and other current and non-current financial assets
+ Project financing debt

The Controlling Company's Sole Director consider that the leverage ratio as of 31 December 2023 and 2022 was adequate, the detail being as follows (in thousands of euros):

	Thousands of euros	
	31/12/2023	31/12/2022
A) Net recourse debt (1+2+3+4+5)	**61,477**	**(417,916)**
(1) Long-term bank debt (note 16.b)	948,262	615,000
(2) Short-term bank debt (note 16.a)	308,214	625,738
(3) Debentures and other marketable securities (note 16.a)	-	19,600
(4) Other financial liabilities	305,489	99,825
(5) Cash and cash equivalents (Notes 12, 11 y 23) (*)	(1,500,488)	(1,778,079)
B) Project financing debt (Note 16.c)	**52,991**	**-**
C) Equity	**876,206**	**801,472**
Debt ratio (A+B)/C	**13%**	**-52%**

(+) Derivative financial instruments excluded

19. Derivative financial instruments

The Group's different business lines are exposed to financing risks, mainly translation, interest rate and commodities price risks. In order to reduce the impact of this risk and in line with the management policy of same, the Group has contracted different financial derivatives.

The following table shows the fair value of the hedges contracted as of 31 December 2023 and 2022:

	Thousands of euros					
	2023				2022	
	Assets	Assets	Liabilities	Liabilities	Assets	Liabilities
	Non-current (Note 7)	Current	Non-current	Current	Non-current (Note 7)	Non-current
Cash flows (raw materials)	4,487	1,150	4,741	1,617	-	-
Cash flow hedges (exchange rate)		499	151	938	23	5,164
Total	**4,487**	**1,649**	**4,892**	**2,555**	**23**	**5,164**

The exchange rate hedges relate mainly to projects in which payments and/or collections are made in a currency other than the functional currency.

The detail, by maturity, of the notional amounts of the aforementioned hedging instruments, on the basis of the nature of the related contracts, in 2023 and 2022 is as follows.

Financial year 2023

	Thousands of euros					
	Notional Amount	2024	2025	2026	2027	Net Fair Value
Raw materials (assets)	634,171	1,150	4,487	-	-	5,637
Exchange rate (assets)	118,014	499	-	-	-	499
Total assets	**752,185**	**1,649**	**4,487**	**-**	**-**	**6,136**
Raw materials (liabilities)	126,405	1,617	4,741	-	-	6,358
Exchange rate (liabilities)	1,647	938	151	-	-	1,089
Total liabilities	**128,052**	**2,555**	**4,892**	**-**	**-**	**7,447**

Financial year 2022

	Thousands of euros					
	Notional Amount	2023	2024	2025	2026	Net Fair Value
Exchange rate (assets)	1,647	-	23	-	-	23
Exchange rate (liabilities)	169,145	-	5,164	-	-	5,164
Total	**170,792**	**-**	**5,141**	**-**	**-**	**5,141**

20. Trade creditors and other payables

The breakdown of “Trade and Other Payables” as of 31 December 2023 and 2022 is as follows (in thousands of euros):

	31/12/2023	31/12/2022
Trade suppliers	1,782,249	1,828,897
Suppliers, associates (note 23)	29,901	26,051
Creditors, associates (note 23)	-	161
Clients advances with associates (note 23)	5,499	5,663
Customer advances	1,340,361	1,232,284
Total	**3,158,010**	**3,093,056**

Includes mainly the amounts outstanding for trade purchases and related costs, as well as advances received from customers for contract work.

"Trade suppliers" mainly includes both the amounts owed for invoices issued by suppliers for the projects carried out by the Group, as well as the sums for orders issued to them the invoices for which are yet to be received.

"Customer advances" includes amounts collected in advance at the start of certain works and projects, which are usually amortised on a straight-line basis as the work carried out is invoiced, as well as amounts that are certified in advance and are therefore deducted from turnover until the revenue is effectively accrued in accordance with the criteria described in Note 4.j. In December 2022, the Group obtained a monetary advance paid up by an offtaker for the sale of oil extracted from the exploitation of the Polo Carmopolis cluster in Brazil (Note 6) amounting to 854,138 thousand euros, the repayment of which will be made through the delivery of oil barrels. Over the course of 2023 this advance has increased by 141,337 thousand euros, the total amount at 31 December 2023 being 995,475 thousand euros. There are performance guarantees for the fulfilment of the commercial agreement and the shares of the subsidiaries Carmo Energy, S.A. and Julnek, S.A. are pledged.

The Group has arranged reverse factoring credit facilities and similar contracts with several financial institutions to facilitate the advance payment to suppliers, under which the supplier can exercise its collection right against the Group companies or entities. The aforementioned agreements do not change the main payment conditions thereof (interest rate, period or amount) and, therefore, they remain classified as trade payables.

Disclosures on deferred payments to suppliers Third additional provision. “Reporting duty” under Act 15/2010, of 5 July.

The information required by the third additional provision of Act 15/2010, of 5 July (amended through Second Final Provision of Act 31/2014 [Ley 31/2014], of 3 December) prepared in accordance with the ICAC Resolution of 29 January 2016, on the information to be included in the notes to the annual accounts with regard to the average payment period to suppliers in commercial operations in Spain is presented below.

	31/12/2023	31/12/2022
	Days	Days
Average term of payment to suppliers	75	73
Ratio of paid transactions	62	64
Ratio of outstanding transactions	83	82
	Thousands of euros	**Thousands of euros**
Total payments made	769,143	577,792
Total outstanding payments	567,175	581,886

In accordance with the ICAC Resolution, in order to calculate the average payment period to suppliers, the commercial operations corresponding to the delivery of goods or the provision of services since the date of entry into force of Act 31/2014, of 3 December, were taken into account.

For the exclusive purpose of providing the information envisaged in this resolution, trade payables for debt to suppliers of goods or services of the Group Companies resident in Spain are considered suppliers.

"Average payment period to Suppliers" shall be taken to be the expression of the payment period or delay in the payment of the trade payable. The aforementioned "Average payment period to suppliers" is calculated as the quotient formed in the numerator by the sum of the ratio of transactions paid by the total amount of the payments made plus the ratio of transactions pending payment by the total amount of pending payments and, in the denominator, the total amount of payments made and the pending payments.

The ratio of transactions paid is calculated as the quotient formed in the numerator by the sum of the products corresponding to the amounts paid, the number of payment days (difference between the calendar days elapsed from the end of the legal maximum payment period until the last day of the period to which the annual accounts refer) and, in the denominator, the total amount of payments made.

Additionally, the ratio of transactions payable corresponds to the quotient formed in the numerator by the sum of the products corresponding to the amounts payable, the number of days payable (difference between the calendar days elapsed from the end of the legal maximum payment period until the date of the closing of the annual accounts) and, in the denominator, the total amount of payments pending.

The aggregate amount and number of invoices paid within the statutory deadline are detailed below:

	31/12/2023	31/12/2022
Amount (thousands of euros)	619,172	423,035
Percentage of total payments made	81%	73%
Number of invoices	132,568	96,394
Percentage of total invoices	63%	57%

The maximum payment term applicable to the Group during financial year 2023 according to Act 3/2004 [Ley 3/2004], of 29 December, establishing measures to fight late payments in commercial operations, is 30 days, unless there is an agreement between the parties which may not exceed 60 days. The Group takes the necessary steps to comply with the maximum legal term for payment.

Additionally, the Group has arranged reverse factoring agreements with financial institutions to facilitate the advance payment to suppliers, under which the supplier can exercise its collection right against the Group. The aforementioned agreement does not change the main payment conditions thereof and, therefore, they remain classified as trade liabilities. In this regard, the effective date of payment is considered to be the date on which the trade creditor has, or has the actual ability to use, the immediately available funds provided by the Group.

21. Other current liabilities

As of 31 December 2023 and 2022, the breakdown of this item is as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Compensation payable	126,365	105,250
Sundry creditors	75,678	72,642
Other current liabilities	8,431	3,563
Fixed assets suppliers (Note 5)	252,454	257,829
Short-term Accruals	29,855	1,935
	492,783	**441,219**

22. Tax situation

The breakdown of the of the item "Public Administrations" as of 31 December 2023 and 2022 is as follows:

Debt balances

ASSETS	Thousands of euros 31/12/2023	31/12/2022
NON-CURRENT	**212,096**	**191,526**
Deferred tax assets	212,096	191,526
CURRENT	**177,991**	**206,400**
Corporate Income Tax	18,642	39,065
Sundry taxes refundable by Tax Authorities	14,987	48,797
VAT refundable by Tax Authorities	144,362	118,538
	390,087	**397,926**

Credit balances

LIABILITIES	Thousands of euros 31/12/2023	31/12/2022
NON-CURRENT	**36,948**	**35,090**
Deferred tax liabilities	36,948	35,090
CURRENT	**152,753**	**164,502**
Corporate Income Tax	45,079	71,690
VAT payable to Public Tax Administration	78,638	60,839
Withholdings/payments on account and other payables to Tax Authorities	12,226	15,554
Payables to Social Security bodies	16,810	16,419
	189,701	**199,592**

The corporate income tax is calculated based on the financial or accounting result, which is obtained by applying generally accepted accounting principles which do not necessarily have to coincide with the tax result, understood as the tax base.

On 3 July 2023, the Controlling Company was notified of the commencement of audits and investigations for Corporate Income Tax for 2018 to 2020 and for 2019 to 2020 for Value Added Tax and Personal Income Tax, periods in which the company was part of Consolidation Group 30/99, the head of which was ACS Actividades de Construcción y Servicios, S. A. Subsequently, the subsidiaries Cobra Concesiones, S. L. and Cobra Sistemas y Redes, S.A. were notified of the commencement of audits and investigations for Corporate Income Tax for 2018 to 2020.

Under current legislation in the various markets in which the Group carries out its business activities, taxes cannot be deemed to have been definitely settled until the tax returns filed have been reviewed by the tax authorities or until the corresponding statute-of-limitation period has expired. For the Spanish companies in the Group, the related statute-of-limitations periods for 2019 and subsequent years have not elapsed for income tax and for 2020 and subsequent years, for income tax, value added tax and withholdings. For Group companies from other countries, the taxes for which the related statute-of-limitations period has not elapsed vary according to the legislation in force in each country.

The Sole Director does not expect any additional material liabilities to arise that might have a significant impact on the Group's equity in the event of a tax audit of the open years.
In 2023, the Controlling Company and the Spanish Group companies in which the Controlling Company has a holding of more than 75% are included in the Corporate Income Tax Group number 22/00, headed by VINCI S.A., with Eurovia Management España, S.L. acting as its representative in Spain.

Relation between current tax expenses and accounting result

The relation between the Corporate Income Tax expense resulting from the application of the standard tax rate in force in Spain (adjusted by the effect of different standard tax rates in other countries) and the current tax expense recognised, as well as the determination of the effective average tax rate, are as follows:

	Thousands of euros	
	2023	2022
Consolidated profit before taxes	246,262	224,315
Net profit/(loss) of companies accounted for using the equity method	(2,116)	(5,394)
Permanent differences in individual taxable profit/tax loss	41,592	127,527
Tax Base	**285,738**	**346,448**
Tax rate at 25%	(71,434)	(86,612)
Tax credits	1,222	1,500
Effect other than tax effect	(512)	(470)
Current income tax expense	**(70,724)**	**(85,582)**
Other adjustments	-	(7,172)
Total tax expense	**(70,724)**	**(92,754)**

At 31 December 2023, the net income tax payable of the companies included in the consolidated tax group headed by Eurovia Management España, S.L. is recognised as an intragroup balance under the items “Other current financial assets - Credits to associates” “Trade Payables to Group Companies and Associates” or “Other financial liabilities with Associates”, according to whether income tax is receivable or payable (note 23).

With regard to companies that do not belong to the Spanish tax group, total corporate income tax due minus tax credits are classified as “Current tax assets” or “Current tax liabilities” depending on whether they are payable or receivable.

Deferred tax

The breakdown of the main deferred tax assets and liabilities recognised by the Group and of the changes therein in 2023 and 2022 is as follows:

	Thousands of euros		
	Balance as of 31/12/2022	Additions/(derecognitions)	Balance at 31/12/2023
Assets	**191,526**	**20,570**	**212,096**
Timing differences	125,241	10,925	136,166
Tax credits	43,225	9,177	52,402
Deductions	23,060	468	23,528
Liabilities	**35,090**	**1,858**	**36,948**
Temporary differences	35,090	1,858	36,948

	Thousands of euros		
	Balance at 31/12/2021	Additions/(derecognitions)	Balance as of 31/12/2022
Assets	**202,289**	**(10,763)**	**191,526**
Timing differences	141,376	(16,135)	125,241
Tax credits	36,713	6,512	43,225
Deductions	24,200	(1,140)	23,060
Liabilities	**32,174**	**2,916**	**35,090**
Temporary differences	32,174	2,916	35,090

Among other items, the Group recognises tax credits, certain deductions and provisions and finance costs not considered tax deductible under “Deferred Tax Assets.”

In particular, “Temporary differences” primarily comprises deferred tax assets regarding losses related to specific projects by national and foreign companies not pertaining to the tax consolidation, which will be certified either with new projects or when such companies are liquidated. The Sole Director estimates that it will be liquidated in the following ten years.

The unused income tax credits corresponding to the Spanish Tax Group recognised on the asset side of the consolidated statement of financial position have the expiry periods established under the Spanish Income Tax Act according to their nature. The unused amounts in 2023 and 2022 relate mainly to tax credits generated between 2011 and 2014 for the reinvestment of gains and for R&D&I expenses, for which the legal expiry periods are 15 and 18 years, respectively.

Pursuant to the tax legislation in force, deferred tax assets generated due to temporary differences are not subject, in general, to expiry periods.

The deferred tax assets indicated above were recognised in the statement of financial position because it was considered that, based on the best estimate of the Group's future earnings, including certain tax planning measures, and also considering the relevant positive tax bases obtained in prior years, it is likely that these assets will be recovered.

23. Transactions and balances with related parties

a) Related party transactions

The transactions carried out by the Group with related parties in 2023 and 2022 are as follows:

	Thousands of euros									
	31/12/2023					31/12/2022				
	Sales	Consumables and other external expenses	Other income	Finance expenses	Finance income	Sales	Consumables and other external expenses	Other income	Finance expenses	Finance income
Afelco Engineering, S.L.	-	-	-	-	-	-	-	-	-	1
Ana	-	1	-	-	-	-	-	-	-	-
Api Movilidad, S.A.	-	179	-	-	-	-	-	10	-	-
Axianseu	-	60	-	-	-	-	-	-	-	-
Carreteras de Cohauila y San Luis	231	-	-	-	-	157	-	-	-	-
Cegelec	-	33	-	-	-	-	-	-	-	-
Cobra Gestión de Infraestructuras, S.A.	-	-	-	-	-	-	-	-	587	-
Cobra Servicios, Comunicaciones y Energía, S.L.U.	2,977	27,477	-	-	28,744	23,134	9,063	-	-	11,182
Control y Montajes Industriales, S.A.	245	-	-	-	-	-	-	-	-	-
Control y Montajes Industriales Méjico, S.A. de C.V.	-	12	-	560	46	-	-	-	401	1
Cimic España	-	113	-	-	-	-	-	-	-	-
Cymi Construçoes	-	-	-	7,130	-	-	-	-	-	-
Cymi Brasil	-	-	-	729	-	-	42,802	-	-	-
Diseño, Integración, Const.	-	191	-	-	-	-	-	-	-	-
Dragados Industrial, S.A.	-	-	-	-	127	323	-	-	4	171
Dragados Offshore, S.A.	4,096	244	-	-	-	1,442	263	428	-	-
Dragados Offshore USA Inc.	-	-	-	-	-	-	151	-	-	-
Electricidad Eleia, S.L.	666	827	-	-	1,458	577	-	-	-	1,177
Electronic Traffic, S.A.	-	-	-	-	-	44	-	-	-	-
Electronic Traffic de Méjico, S.A. de C.V.	-	262	-	-	-	-	345	-	-	-
Enclavamientos y Señalización Ferroviaria, S.A.	2,120	167	-	-	-	155	-	-	-	-
Etra España	-	38	-	-	-	-	-	-	-	-
Etra Investigación y Desarrollo, S.A.	-	-	-	-	-	-	31	-	-	-
Etralux, S.A.	-	261	-	-	-	-	-	-	-	-
Idetra S.A. de C.V.	2,623	-	-	-	-	2,249	-	64	-	-
Imapex, S.A. de C.V.	1,350	-	-	-	140	137	-	-	-	20
Initec Energía, S.A.	1,386	-	1,444	-	-	1,479	4,991	-	-	640
Intecsa Ingeniería Industrial, S.A.	-	-	-	-	-	49	-	-	-	-
ImesApi, S.A.	659	-	-	-	-	380	-	-	-	-
Maessa Telecomunicaciones Ingen. Instalac y Servicios, S.A.	469	125	-	-	23	466	35	-	-	509
Mantenimiento y Montajes Industriales, S.A.	-	1,084	-	-	-	118	-	-	-	-
Mundo Nuevo DV, S.A. de C.V.	-	-	-	-	136	-	-	-	-	134
Oleorey, S.A. de C.V.	10,649	-	-	-	111	-	-	-	-	241
Operadora de carreteras de Cohauila y San Luis	4,823	11	-	-	-	3,612	-	-	-	-
Planta Reserva Fría Eten	-	-	-	-	873	-	-	-	-	620
Red Eléctrica del Norte	-	-	-	-	-	-	-	205	-	-
Sermicro, S.A.	-	310	-	-	-	-	-	-	-	-
Sice Tecnología y Sistemas, S.A.	-	-	-	-	-	3.	-	-	-	-
Sociedad Española de Montajes Industriales, S.A.	677	458	-	-	-	76	267	-	-	-
Sociedad Ibérica de Construcciones Eléctricas, S.A.	(21)	735	-	-	-	4	5,704	-	-	-
Sotecnica	-	19	-	-	-	-	-	-	-	-
Semi Israel	11	-	-	-	-	1,060	-	40	-	-
Syneox Rail, S.L.	1,293	10,327	-	-	-	-	-	-	-	-
Tedra Australia	-	-	-	-	99	-	-	-	-	-
Taif Independent Water Plant	-	-	-	-	221	-	-	-	-	305
Vive Energía Suministro SAPI de C.V.	-	-	-	-	-	-	-	-	-	1
Total	**34,254**	**42,934**	**1,444**	**8,419**	**31,978**	**35,465**	**63,652**	**747**	**992**	**15,002**

During 2023, both sales to and purchases from Group companies are mainly of a commercial nature as they arise from the various contracts for the performance of construction works carried out by the Group, except for those related to its Sole Shareholder, Cobra Servicios, Comunicaciones y Energía, S.L.U., which relate to the passing on of corporate expenses.

b) Balances with associates

The sum of balances with associates in the consolidated statement of financial position as of 31 December 2023 and 2022 was as follows:

ASSETS	Thousands of euros 31/12/2023	Thousands of euros 31/12/2022
Long-term loans	493,714	605,588
Clients (Note 10):	127,503	110,940
Short-term credits	66,661	70,089
Associated company debtors (note 10)	4,432	16,764
	692,310	**803,381**

LIABILITIES	Thousands of euros 31/12/2023	Thousands of euros 31/12/2022
Other non-current financial liabilities		
- Debts with related companies	44,658	16
Trade creditors and other accounts payable		
- Suppliers	29,901	26,051
- Advance payments from clients	5,499	5,663
Other financial liabilities:		
- Debts with related companies	115,720	47,680
- Assets payable dividends	127,642	40,399
Sundry creditors		
- Creditors with associates	-	161
	323,420	**119,970**

The breakdown by company of the balances with associates at year end 2023 and 2022 is as follows:

<u>Financial year 2023</u>

	Thousands of euros								
	Customers	Long-term credits granted	Short-term credits granted	Debtors	Suppliers	Long-term credits received	Short-term credits received	Customer advances	Assets payable dividends
Al Hamra Water Company, LLC	16,119	-	-	-	-	-	-	5,499	-
ANA	-	-	-	-	1	-	-	-	-
Api Movilidad, S.A.	-	-	-	-	9	-	-	-	-
Axianseu Digital Solutions	-	-	-	-	34	-	-	-	-
Carreteras de Cohauila y San Luis	370	-	-	-	-	-	-	-	-
Cegelec	-	-	-	-	25	-	-	-	-
Cobra Servicios, Comunicaciones y Energía, S.L.U.	7,305	483,684	-	-	12,792	-	111	-	127,636
Contratas y Servicios Cosersa, S.A.	-	-	-	-	9	-	-	-	-
Control y Montajes Industriales de Méjico, S.A. de C.V.	70	-	186	-	1,550	-	9,644	-	-
Cimic España	-	-	-	-	566	-	-	-	-
Cymi Brasil	-	-	483	-	606	44,500	-	-	-
Cymi Construçoes e Paticipaçoes, S.A.	-	-	-	-	-	-	93,969	-	-
Cymi Sc Méjico, S.A. de C.V.	13	-	-	-	-	-	-	-	-
Dimática	-	-	-	-	1	-	-	-	-
Dragados Industrial, S.A.	2,950	-	2,694	-	5,864	16	2,157	-	-
Dragados Offshore, S.A.	1,399	-	-	-	1	-	-	-	-
Dragados Offshore USA, S.A.	-	-	-	-	149	-	-	-	-
Electricidad Eleia, S.L.	263	-	21,414	-	259	-	-	-	-
Electronic Traffic, S.A.	17	-	-	-	-	-	12	-	-
Enclavamientos y Señalización Ferroviaria, S.A.	50	-	2	-	7	-	-	-	-
Energías Renovables de Ricobayo, S.A.	-	-	2	-	-	-	-	-	-
Enervouga- Energías do Vouga, Lda.	-	-	-	-	-	-	361	-	-
Etralux, S.A.	-	-	4	-	19	-	4	-	-
Etra Investigación y Desarrollo, S.A.	-	-	-	-	1	-	-	-	-
Etrabas Mobilidade e Energía, Ltda.	-	-	768	-	-	-	-	-	-
Eurovía Management España, S.L. (Note 22)	-	-	6,898	-	-	-	-	-	-
ImesApi Group	23	-	-	-	-	-	-	-	-
Hidrogestión, S.A.	19	-	-	-	-	-	1	-	6
Hydrouta – Hidroelectrivas do Tua, Lda.	-	-	-	-	-	-	151	-	-
Idetra, S.A. de C.V.	540	-	-	-	-	-	-	-	-
Imapex, S.A. de C.V.	728	-	1,084	1	-	-	209	-	-
ImesApi, S.A.	123	-	-	-	17	-	-	-	-
Initec Energía, S.A.	749	-	2,471	-	487	-	157	-	-
Intecsa Ingenieria Industrial, S.A.	16	-	-	-	-	-	-	-	-
Maetel Instalaciones y Servicios Industriales, S.A.	158	-	13	-	139	-	-	-	-
Makiber, S.A.	-	-	3,346	-	-	-	-	-	-
Mantenimiento y Montajes Industriales, S.A.	37	-	-	-	401	-	-	-	-
Masa Alcegiras, S.A.	-	-	-	-	5	-	-	-	-
Mundo Nuevo DV, S.A. de C.V.	-	-	901	-	-	-	-	-	-
Oleorey, S.A. de C.V.	89,719	-	5,330	-	-	-	8,778	-	-
Petrointegral S.A.P.I de C.V.	92	-	-	-	-	-	-	-	-
Planta Reserva Fría Eten, S.A.	734	10,030	53	-	-	85	-	-	-
Red Eléctrica del Norte	1,096	-	-	-	-	-	-	-	-
Sermicro, S.A.	-	-	-	-	88	-	-	-	-
Semi, S.A.	2	-	20,941	-	176	-	-	-	-
Semi El Salvador	5	-	-	-	-	-	-	-	-

	Thousands of euros								
	Customers	Long-term credits granted	Short-term credits granted	Debtors	Suppliers	Long-term credits received	Short-term credits received	Customer advances	Assets payable dividends
Semi Israel	3,379	-	-	-	-	-	-	-	-
Servicios Cymimex	-	-	-	-	7	-	-	-	-
Sociedad Ibérica de Construcciones Eléctricas, S.A.	542	-	7	3,605	13	-	-	-	-
Supimar, S.A.	-	-	-	-	1	-	-	-	-
Syneox Rail, S.L.	823	-	16	-	6,662	-	166	-	-
Taif Independent Construction Company	162	-	-	-	-	-	-	-	-
Taif Independent Water Plant	-	-	-	-	12	57	-	-	-
Tula Labs	-	-	-	826	-	-	-	-	-
Vive Energía Suministro SAPI de C.V.	-	-	48	-	-	-	-	-	-
Total	**127,503**	**493,714**	**66,661**	**4,432**	**29,901**	**44,658**	**115,720**	**5,499**	**127,642**

Long-term loans

"Long-term credits" includes various credit facilities granted to Group companies. The main credit facility of the Group is held with its Sole Shareholder, Cobra Servicios, Comunicaciones y Energía, S.L.U., of which 483,684 thousand euros have been drawn down, which accrues interest at a one-month Euribor rate + 2,25 points, and matures in 2025.

Short-term credits

Under "Short-term credits" the Group recognised a number of credit facilities granted annually to Group companies. The main credit facility of the Group is held with the company Electricidad Eleia, S.L., of which 18,493 thousand euros have been drawn down, with a limit of 65,000 thousand euros, which accrues interest at a one-month Euribor rate + 2,25 points.

In addition, this heading also includes the interests accrued by the credit facilities and the corporate income tax rate payable/receivable, since most of the Spanish companies that belong to the Group are included in the consolidated tax group headed by Eurovía Management España, S.L.

Long-term debt

The Company has recorded various credit lines received by Group companies, which mature on 31 December 2025, under "Long-term debt". Of particular note is the credit facility with Cymi Brasil for 44,500 thousand euros, bearing interest at one-month Euribor + 2.25 points.

Short-term debt

Under the item "Short-term Debts" the Group has recognised a number of credit facilities received by Group companies. The main credit facility of the Group is held with Cymi Contruçoes y Participaçoes, S.A., amounting to 85,774 thousand euros, with a limit of 86,000 thousand euros, which accrues interest at a one-month Euribor rate + 2,25 points.

The heading also includes interest accrued on credit facilities.

Customers and Suppliers

The balances of clients and suppliers correspond to transactions for the performance of work and the provision of services in commercial operations.

Financial year 2022

	Thousands of euros									
	Customers	Long-term credits granted	Short-term credits granted	Debtors	Suppliers	Long-term credits received	Short-term credits received	Customer advances	Creditors	Assets payable dividends
Afta, S.A.	-	555	-	-	-	-	-	-	-	-
Al Hamra Water Company, LLC	16,598	-	-	-	-	-	-	5,663	-	-
Api Movilidad, S.A.	-	-	-	-	39	-	-	-	-	-
Carreteras de Cohauila y San Luis	312	-	-	-	-	-	-	-	-	-
Cobra Gestión de Infraestructuras, S.A.U	-	-	1,458	-	14	-	25,577	-	-	40,399
Cobra Servicios, Comunicaciones y Energía, S.L.U.	4,598	592,619	21	-	34	-	1,547	-	-	-
Cobra Tecton Private	306	-	-	-	-	-	-	-	-	-
Control y Montajes Industriales, CYMI, S.A.	-	-	109	-	396	-	-	-	-	-
Control y Montajes Industriales de Méjico, S.A. de C.V.	17	-	-	-	887	-	6,222	-	-	-
Cymi Sc Méjico, S.A. de C.V.	6	-	-	-	-	-	-	-	-	-
Dimática	-	-	-	-	1	-	-	-	-	-
Dragados Industrial, S.A.	3,027	-	3,250	-	5,546	16	1,929	-	-	-
Dragados Offshore, Inc.	726	-	-	260	229	-	-	-	-	-
Dragados Offshore USA, S.A.	-	-	-	-	-	-	-	-	154	-
Electricidad Eleia, S.L.	203	-	36,256	-	65	-	-	-	-	-
Electronic Traffic, S.A.	44	-	-	-	-	-	12	-	-	-
Enclavamientos y Señalización Ferroviaria, S.A.	49	-	-	-	7	-	-	-	-	-
Energías Renovables de Ricobayo, S.A.	-	-	2	-	-	-	-	-	-	-
Energía Olmedo- Ourense Fase I, S.A.	13	-	-	-	43	-	-	-	-	-
Enervouga- Energías do Vouga, Lda.	-	361	-	-	-	-	-	-	-	-
Etralux, S.A.	-	-	-	-	16	-	4	-	-	-
Etra Investigación y Desarrollo, S.A.	-	-	-	-	-	-	-	-	7	-
Eurovía Management España, S.L. (Note 22)	-	-	22,062	-	-	-	-	-	-	-
Hidrogestión, S.A.	19	-	-	-	-	-	1	-	-	-
Hydrouta – Hidroelectrivas do Tua, Lda.	-	151	-	-	-	-	-	-	-	-
Idetra, S.A. de C.V.	765	-	-	-	-	-	-	-	-	-
Imapex, S.A. de C.V.	-	-	-	1	-	-	118	-	-	-
ImesApi, S.A.	176	-	-	-	3.	-	-	-	-	-
Initec Energía, S.A.	19,954	-	-	-	18,133	-	157	-	-	-
Intecsa Ingenieria Industrial, S.A.	10	-	-	-	-	-	-	-	-	-
Mantiqueira Transmissora de Energía	657	-	-	-	-	-	-	-	-	-
Maessa Telecomunicaciones, S.A.	225	-	-	-	-	-	-	-	-	-
Maetel Instalaciones y Servicios Industriales, S.A.	-	-	646	-	350	-	-	-	-	-
Mantenimiento y Montajes Industriales, S.A.	38	-	-	-	141	-	-	-	-	-
Masa Alcegiras, S.A.	-	-	-	-	5	-	-	-	-	-
Masa Servicios, S.A.	-	-	-	-	10	-	-	-	-	-
Mundo Nuevo DV, S.A. de C.V.	-	-	1,261	-	-	-	-	-	-	-
Oleorey, S.A. de C.V.	54,934	-	4,784	-	-	-	12,111	-	-	-
Petrointegral S.A.P.I de C.V.	83	-	-	-	-	-	-	-	-	-
Planta Reserva Fría Eten, S.A.	543	11,902	4	-	-	-	-	-	-	-
Red Eléctrica del Norte	881	-	-	-	-	-	-	-	-	-
Sermicro, S.A.	-	-	-	-	8	-	-	-	-	-
Semi, S.A.	25	-	190	16,311	95	-	2	-	-	-
Semi El Salvador	5	-	-	-	-	-	-	-	-	-
Semi Israel	6,370	-	-	-	-	-	-	-	-	-
Servicios Cymimex	-	-	-	-	6	-	-	-	-	-
Sociedad Ibérica de Construcciones Eléctricas, S.A.	-	-	-	192	6	-	-	-	-	-
Supimar, S.A.	-	-	-	-	1	-	-	-	-	-
Taif Independent Construction Company	356	-	-	-	-	-	-	-	-	-
Taif Independent Water Plant	-	-	3.	-	16	-	-	-	-	-
Vive Energía Suministro SAPI de C.V.	-	-	43	-	-	-	-	-	-	-
Total	**110,940**	**605,588**	**70,089**	**16,764**	**26,051**	**16**	**47,680**	**5,663**	**161**	**40,399**

24. Guarantee commitments to third parties and contingent liabilities

Guarantee commitments

As of 31 December 2023 and 2022, the Group had provided third parties with guarantees granted by financial institutions, mainly to secure certain ordinary business transactions, as per the following breakdown:

	Thousands of euros	
	31/12/2023	31/12/2022
Guarantees in domestic currency	730,775	749,244
Guarantees in foreign currency	1,189,281	1,073,103
Total	**1,920,056**	**1,822,347**

The guarantees in force as of 31 December 2023 are not expected to give rise to any liabilities other than those recognised in the accompanying consolidated annual accounts. The majority of these guarantees are related to the Group's normal business activities and, therefore, the Sole Director considers that no liabilities in addition to those recognised in the accompanying consolidated statement of financial position will arise as a result of the transactions described in this note.

The contingent liabilities relate to the normal liability of the companies with which the Group carries on its business activities. This liability is that related to compliance with the contractual obligations assumed in the performance of construction work or the provision of industrial services by the companies or the temporary joint ventures of which they are venturers.

Other contingencies

At the end of 2023 certain litigation, relating to the ordinary course of operations, affecting certain consolidated companies forming part of the Group were in progress.

On 14 March 2019, the National Commission of Financial Markets and Competition (CNMC) notified the Controlling Company of the Resolution on its alleged participation in two Spanish cartels related to public tenders for conventional and high-speed railway lines, imposing a financial penalty in the amount of 27,200 thousand euros. The Controlling Company filed in May 2019 the contentious-administrative appeal against the Resolution with the National High Court, additionally requesting the precautionary suspension of the payment of the penalty, which was granted by order dated 15 July 2019. On 30 April 2024, the Company was notified of the judgment rendered by the National High Court partially upholding the appeal lodged. This judgment can be appealed in cassation before the Supreme Court. The Group is supported by its legal advisors, who consider that there are solid grounds for ruling that this decision was null and void.

On 29 September 2021, the National Commission of Financial Markets and Competition (CNMC) issued a Resolution concluding that the Group's Controlling Company, allegedly participated, together with other companies, in a cartel in Spain related to the assignment of tenders for the supply, installation, commissioning and maintenance of safety, traffic control and management, communications and railway protection systems for the conventional and high-speed railway network in Spain, imposing a financial sanction on the Group's subsidiary in the amount of 30,000 thousand euros. The Controlling Company has filed the relevant contentious-administrative appeal against the Ruling with the National High Court, requesting the precautionary suspension of the payment of the penalty, which was granted by order dated 13 May 2022. The Group is supported by its legal advisors, who consider that there are solid grounds for ruling that this decision was null and void.

The Company's Sole Director, in accordance with the opinion of its legal advisors, considers that there are solid grounds to support these appeals, enabling them to be estimated in full, which is why these consolidated annual accounts do not include any provision for these items.

25. Income and expenses

The geographical breakdown of the turnover corresponding to the ordinary course of business of Cobra Group in financial years 2023 and 2022 is as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Spain	1,133,976	862,756
Rest of Europe	477,533	276,182
Africa	54,850	74,407
Asia-Pacific	71,781	103,882
America	1,317,496	1,201,774
	3,055,636	**2,519,001**

The detail by business of the net turnover for 2023 and 2022 is as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Networks	488,393	422,077
Specialised installations	1,548,294	1,326,795
Integrated projects	982,301	753,648
Control systems	36,648	16,481
	3,055,636	**2,519,001**

The detail of "Cost of Materials Used and Other External Expenses" in 2023 and 2022 is as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Consumables, merchandise and other provisions	738,527	715,297
Work carried out by other companies	744,634	462,841
Total	**1,483,161**	**1,178,138**

The contribution of each company, by geographic area in which they operate, included in the scope of consolidation to the profit/loss of the financial year 2023 is as follows;

Company	Thousands of euros			
	Aggregate Profit/Loss	Consolidation adjustments	Profit/loss attributable to non-controlling interests (Note 14)	Total consolidated profit/loss
Algeria	(389)	-	-	(389)
Argentina	7,693	-	-	7,693
Belgium	5,271	-	-	5,271
Brazil	31,281	-	-	31,281
Chile	(12,749)	-	-	(12,749)
Colombia	9,309	-	(1,534)	7,775
Ecuador	4,290	-	-	4,290
Spain	109,775	(32,102)	(1,163)	76,510
United States	(2,548)	-	-	(2,548)
Guatemala	634	-	-	634
India	(76)	-	-	(76)
Japan	1,657	-	-	1,657
Mexico	66,226	(25,194)	(9,477)	31,555
Portugal	12,732	(5,767)	(1,754)	5,211
Panama	2,565	-	-	2,565
Peru	16,727	-	(364)	16,363
United Kingdom	1,591	-	36	1,627
South Africa	(2,154)	-	2,572	418
Uruguay	(15,597)	-	-	(15,597)
Remaining	2,363	-	4	2,367
	238,601	**(63,063)**	**(11,680)**	**163,858**

The contribution of each company, by geographic area in which they operate, included in the scope of consolidation to the profit/loss of the financial year 2022 is as follows;

Company	Thousands of euros			
	Aggregate Profit/Loss	Consolidation adjustments	Profit/loss attributable to non-controlling interests (Note 14)	Total consolidated profit/loss
Algeria	1,850	-	-	1,850
Argentina	6,115	-	-	6,115
Brazil	31,914	-	-	31,914
Chile	(24,729)	-	-	(24,729)
Colombia	8,948	-	(1,193)	7,755
Spain	102,993	(22,484)	(1,071)	79,438
United States	(1,812)	-	-	(1,812)
Guatemala	878	-	-	878
India	114	-	-	114
Mexico	134,768	(107,610)	(13,607)	13,551
Portugal	11,976	(5,891)	(1,549)	4,536
Panama	2,131	-	-	2,131
Peru	3,528	-	(305)	3,223
United Kingdom	1,795	-	267	2,062
South Africa	(5,678)	(1,219)	3,361	(3,536)
Remaining	(6,026)	-	-	(6,026)
	268,765	**(137,204)**	**(14,097)**	**117,464**

The adjustments to the consolidation of the Group are primarily due to the elimination of income from dividends of companies that belong to the group.

The geographical distribution and the distribution by order intake, as of 31 December 2022 and 2022 is as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Spain	2,482,528	1,981,806
Rest of Europe	791,846	902,029
Africa	53,778	77,255
Asia-Pacific	455,002	95,876
America	1,766,554	2,884,966
Total	**5,549,708**	**5,941,932**

	Thousands of euros	
	31/12/2023	31/12/2022
Networks	522,802	594,986
Specialised installations	2,339,115	2,272,816
Integrated projects	2,639,860	3,049,668
Control systems	47,931	24,462
Total	**5,549,708**	**5,941,932**

The breakdown of personnel expenses for financial years 2023 and 2022 is as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Wages, salaries and similar payments	602,696	582,864
Other social security contributions	107,326	98,824
Total	**710,022**	**681,688**

The average number of employees, separating men and women by professional category, at the Group as of 31 December 2023 and 2022 was as follows:

	2023			2022		
	Average number of persons			Average number of persons		
	Men	Women	Total	Men	Women	Total
Managers and higher education graduates	2,812	646	3,458	2,891	558	3,449
Other lower education graduates	2,026	492	2,518	2,447	497	2,944
Non-graduate technicians	5,494	619	6,113	6,227	553	6,780
Administrative personnel	918	438	1,356	1,069	481	1,550
Other staff	6,632	418	7,050	8,222	445	8,667
Total	**17,882**	**2,613**	**20,495**	**20,856**	**2,534**	**23,390**

The average number of employees in 2023 with a disability equal to or greater than 33% amounts to 84 people in Spain (84 people in 2022) and 26 in the rest of the world (56 in 2022).

The number of employees, separating men and women by professional category, at the Group as of 31 December 2023 and 2022 was as follows:

	31/12/2023			31/12/2022		
	No. of persons			No. of persons		
	Men	Women	Total	Men	Women	Total
Managers and higher education graduates	2,794	643	3,437	3,194	580	3,774
Other lower education graduates	2,021	501	2,522	2,236	503	2,739
Non-graduate technicians	5,403	616	6,019	6,261	574	6,835
Administrative personnel	907	432	1,339	1,054	525	1,579
Other staff	6,614	418	7,032	7,235	484	7,719
Total	**17,739**	**2,610**	**20,349**	**19,980**	**2,666**	**22,646**

26. Other Information

Information relating to the Sole Director and Senior Management

During the years 2023 and 2022, there were no obligations acquired regarding pensions and life assurance by the Controlling Company with regard to the Sole Director, nor were any costs accrued for the civil liability insurance premium of the Sole Director.

The Sole Director has not received any compensation whatsoever from Cobra Group during the financial year 2023 for the performance of this function. There are not advances and credits granted in financial years 2023 and 2022 by the Company to the Sole Director of the Company.

In 2023, senior management is entrusted to the Management of the Cobra SCE Group, to which the Controlling Company of the Cobra Group belongs, and no amounts were re-invoiced in this connection.

During 2023 and 2022, the Sole Director did not carry out any transactions unrelated to normal business or under different market conditions with Group companies.

The Sole Director of the Controlling Company and related parties have not incurred any conflicts of interest requiring disclosure in accordance with the provisions of Article 229 of the Consolidated Text of the Corporate Enterprises Act.

Audit fees

During the financial years 2023 and 2022, the fees for auditing services and other services rendered to the various Group companies amount to 1,602 thousand euros and 1,564 thousand euros, respectively. The auditor of the Controlling Company is Deloitte for 2023 and 2022. The breakdown, by item, is the following:

	Thousands of euros	
	31/12/2023	31/12/2022
Main Auditor		
Account auditing services	908	663
Other verification services	-	8
Other auditors	694	893
Total	**1,602**	**1,564**

27. Events after year-end

No significant events additional to those described in the notes to the consolidated annual accounts have occurred after 31 December 2023.

28. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory framework applicable to the Group in Spain (see Note 3.a). Certain accounting practices applied by the Group that conform with that regulatory financial reporting framework may not conform with other generally accepted accounting principles and rules.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

ANNEXES

Annex I

The subsidiary companies included in the consolidation by the global integration method and the information relating to same are the following:

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Cobra Instalaciones y Servicios, S.A. Cardenal Marcelo Spínola, 10 - Madrid (Spain)	(a)	Services	100	-	100	
Actividades de Instalaciones y Servicios Cobra, Calle 93 nº 11 A, OFC 203. Bogotá. (Colombia)	(k)	Electrical assemblies and installations		100	100	Moncobra, S.A. (3%), Cobra Sistemas y Redes, S.A. (1%), Atil-Cobra, S.A. (1%), Cobra Servicios Auxiliares, S.A. (1%) Cobra Instalaciones y Servicios (94%)
Actividades de Servicios e Instalaciones Cobra, S.A. 2 Avda. Petapa 46-11 Zona 12, Ciudad de Guatemala. (Guatemala)	(j)	Electricity, Gas and Electricity Distribution and Communications Services		100	100	Cobra Instalaciones y Servicios, S.A. (99,99%), Moncobra (0,01%)
Actividades de Servicios e Instalaciones Cobra, S.A. Avda. Amazonas 3459-159 e Iñaquito Edificio Torre Marfil. Oficina 101 (Ecuador)	(1)	Electricity Services (Transport)		100	100	Cobra Instalaciones y Servicios, S.A. (98%), Moncobra S.A. (1%)
Alabastro Solar, S.L.U. Cardenal Marcelo Spínola, 4 1ºDcha 28016 Madrid (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
Alamo Ranch Solar Project Holding 650 Saint James PL STE 01800 Houston (United States)	(1)	Holding company		100	100	Proyecto Flerovio, S.L.
Alamo Ranch Solar Project LLC 650 Saint James PL STE 01800 Houston (United States)	(1)	Photovoltaic plant		100	100	Alamo Ranch Solar Project Holding
Aldebarán, S.M.E. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Electricity generation		100	100	Cobra Concesiones S.L.
Alianz Petroleum S de RL de CV. José Luis Lagrange, 103 8º. Los Morales Polanco. (Mexico)	(1)	Holding company		100	100	Cobra IS, S.A. de CV
Andarrios, S.L.U. Cardenal Marcelo Spínola, 4 1ºDcha 28016 Madrid (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
Aracuai 1 GD Parque Solar, S.A. Avda. Marechal Camara 160 Rio de Janeiro (Brazil)	(1)	Solar energy generation (distributed generation)		100	100	Xadrez Renováveis Holding S.A.
Area de Agra Cardenal Marcelo Spínola, 4 1ºDcha 28016 Madrid (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
Arenas Solar, S.A. Luis Alberto de Herrera 1052, Oficina 1402 Montevideo (Uruguay)	(1)	Wind farm		100	100	Salto Fotovoltaico Holding S.L.
ASON Electrónica Aeronáutica, S.A. C/ Cardenal Marcelo Spínola, 10 28016. Madrid (Spain)	(1)	Electronic and mechanical systems for the aviation and defence industry		100	100	Cobra Instalaciones y Servicios, S.A.U.
Argencobra, S.A. Araoz, 1051. Caba. Argentina., Buenos Aires, (Argentina)	(c)	Electricity, Gas and Electricity Distribution and Communications Services		100	100	Cobra Instalaciones y Servicios, S.A.U.
Atil-Cobra, S.A. Cardenal Marcelo Spínola, 10 Madrid (Spain)	(a)	Sale and assembly of industrial and climate control installations		100	100	Cobra Instalaciones y Servicios S.A. (46.10%), Moncobra, S.A. (53.90%)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Avanzia Ingeniería S. A. de C. V. José Luis Lagrange, 103 8º. Los Morales Polanco (Mexico)	(1)	Engineering and construction works		99	99	Cobra Servicios industriales, S.A. de C.V.
Barret Solar Project Holding Inc. Lakeland Avenue 19901 Dover Texas (United States)	(1)	Holding company		100	100	Proyecto Mendeleiro, S.L.
Barret Solar Project LLC Lakeland Avenue 19901 Dover Texas (United States)	(1)	Photovoltaic plant		100	100	Barret Solar Project Holding Inc.
Belmonte Solar España, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Global Assets, S.L.
Belmonte Solar Holding, S.A. Avda. Marechal Camara 160 Rio de Janeiro. (Brazil)	(x)	Holding		100	100	Zero-E Global Assets, S.L. (99.99%) and Cobra Brasil Serviços, Comunicaçoes e Energia (0.01%)
Belmonte I Parque Solar Ltda. Rodavia PE-430 Km 23 SN Malhada Grande. Estado de Pernambuco Sao Jose do Belmonte (Brazil)	(x)	Photovoltaic plant		100	100	Belmonte Solar Holding, S.A.
Belmonte II Parque Solar Ltda. Rodavia PE-430 Km 23 SN Malhada Grande. Estado de Pernambuco Sao Jose do Belmonte (Brazil)	(x)	Photovoltaic plant		100	100	Belmonte Solar Holding, S.A.
Belmonte 1.1 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte I Parque Solar Ltda.
Belmonte 1.2 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte I Parque Solar Ltda.
Belmonte 1.3 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte I Parque Solar Ltda.
Belmonte 1.4 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte I Parque Solar Ltda.
Belmonte 2.1 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte II Parque Solar Ltda.
Belmonte 2.2 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte II Parque Solar Ltda.
Belmonte 2.3 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte II Parque Solar Ltda.
Belmonte 2.4 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte II Parque Solar Ltda.
Belmonte 2.5 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte II Parque Solar Ltda.
Belmonte 2.6 Parque Solar, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Photovoltaic plant		100	100	Belmonte II Parque Solar Ltda.
Belwood Spain, S.L. Cardenal Marcelo Spínola, 10 Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Bisa Ingeniería de Proyectos, S.A. Avda. Andrés Reyes 338 piso 5 oficina 109. San Isidro. Lima. (Peru)	(a)	Studies, projects, R+D services, execution and management of all types of construction work		70	70	Cobra Instalaciones y Servicios, S.A.U.
Bocaiuva 1 GD Parque Solar, S.A. Jeronimo da Veiga, 164 Sao Paulo, (Brazil)	(1)	Solar energy generation (distributed generation)		100	100	Xadrez Renováveis Holding S.A.

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Bow Power Invest, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Bow Power Perú, S.R.L. Amador Merino Reyna 267, 902 Lima (Peru)	(1)	Holding		100	100	Zero-E Global Assets, S.L.
Bow Power Sudáfrica (Pty) Ltd. 15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198 Johannesburg (South Africa)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Brown Solar Project Inc. 650 Saint James PL STE 77056 Houston (United States)	(1)	Holding company		100	100	Proyecto Francio, S.L.
Bruma Energy Fotovoltaico, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Bushmanland PV (Pty) Ltd. 1st Floor Building 9. St Andrews Inanda Greens Off. Park 54 Wierda Rd West-Sandton Johannesburg (South Africa)	(1)	Solar farm		100	100	Elmocol Pty Ltd.
Bynum Solar Project Holding Inc. 108 Lakeland Avenue. Dover Deleware 19901 Texas (United States)	(1)	Holding company		100	100	Proyecto Selenio, S.L.
Bynum Solar Project LLC 108 Lakeland Avenue. Dover Deleware 19901 Texas (United States)	(1)	Photovoltaic plant		100	100	Bynum Solar Project Holding Inc.
Camino Solar Project Holding, Inc. 108 Lakeland Avenue. 19901 Dover- Texas (United States)	(1)	Holding company		100	100	Proyecto Flerovio, S.L.
Cantarranas Solar, S.L.U. Cardenal Marcelo Spínola, 4 1ºDcha 28016 Madrid (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
Carmo Energy, S.A. Avda. Marechal Camara 160. Rio de Janeiro (Brazil)	(w)	Holding		100	100	Sergipe Energy, S.L. (99.99%) and Cobra Brasil Servicos, Comunicaçoes e Energia (0.01%)
CCR Platforming Cangrejera S.A. de C.V. José Luis Lagrange, 103 8º.Los Morales Polanco. (Mexico)	(1)	Construction of oil, natural gas and petrochemical plants		70	70	Cobra Infraestructuras México S.A. CV. (65%) and Cobra Instalaciones y Servicios S.A. (5%)
CS Gas North, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(a)	Liquid and solid fuel gas plants		62	62	Cobra Instalaciones y Servicios, S.A.U.
Centro de Control Villadiego, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Energy production		100	100	Cobra Instalaciones y servicios S.A. (0,03 %) and Cobra Concesiones (99,97%)
Cobra Areas Territoriales S.A. de C.V. Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City (Mexico)	(1)	Industrial Plants		100	100	Cobra Instalaciones y Servicios, S.A. (1%) and Cobra IS, S.A. de CV (99%)
Cobra Asia Pacific PTY Ltda Level 1, 181 Bay Street Brighton Vic 3186, (Australia)	(g)	Construction		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra Chile Servicios, S.A. Los Militares 5885, Piso 10, Las Condes, Santiago de Chile. (Chile)	(b)	Engineering, supply and construction of the Mejillones Power Plant		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra Chile Infraestructuras Spa Los Militares, 5885 Depto 10 Comuna. Las Condes, Santiago de Chile (Chile)	(1)	Any activities connected with electrical infrastructures.		100	100	Cobra MSA

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			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Cobra Belgium, S.L. Avda. Louise, 65 Box 11. Brussels (Belgium)	(1)	Engineering, supply and construction of a combined-cycle power plant		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra Brasil Construçoes, S.A. Avda Marechal Camara,160 Rio de Janeiro, (Brazil)	(1)	Solar power plant		100	100	Cobra Brasil Servicos, Comunicaçoes e Energía
Cobra Bolivia, S.A. Rosendo Gutierrez, 686. Sopocachi. La Paz (Bolivia)	(1)	Electrical assemblies and installations		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra Brasil Serviços, Comunicaçoes e Energia Avda. Marechal Camera 160, sala 1808. Rio de Janeiro. (Brazil)	(x)	Holding companies, energy services, maintenance and transport.		100	100	Cobra Concesiones Brasil, S.L. (83,08%), Cobra Instalaciones y Servicios (6,44%), Cobra Concesiones (0,00171%, Moncobra (0,00171%), Tedagua (10,47%)
Cobra Cote D'Ivoire Sarl Rue Cannebiere Residence Santa Maria, Lot 96 section CE P 416 Cocody Danga. Abidjan. (Côte d'Ivoire)	(r)	All types of works.		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra Concesiones, S.L. Cardenal Marcelo Spínola, 10 28016 Madrid (Spain)	(a)	Services		100	100	Cobra Instalaciones y Servicios S.A. (99.99%) and Moncobra (0.01%)
Cobra Concesiones Brasil, S.L. Cardenal Marcelo Spínola, 10 Madrid (Spain)	(1)	Infrastructure operation		100	100	Cobra Instalaciones y Servicios, S.A. (99,99%) and Cobra Concesiones, S.L. (0,01%)
Cobra Energia, S.A. de C.V. José Luis Lagrange, 103 8º. Los Morales Polanco (Mexico)	(a)	Shareholding. Public and private construction work		100	100	Cobra Servicios Industriales, S.A de C.V (99%) and Proyectos de Sistemas Cobra, S.A de C.V. (1%)
Cobra Exploración y Producción, S.A. de C.V. José Luis Lagrange, 103. Mexico City. (Mexico)	(a)	Drilling of gas and oil wells. Mining.		100	100	Cobra Servicios Industriales, S.A. (99%) and Proyectos de Sistemas Cobra, S.A. de C.V. (1%)
Cobra Georgia LLC Old Tbllisi Region 27/9 Brother Zubalashvili Street (Georgia)	(s)	Systems and services		100	100	Cobra Instalaciones y Servicios, S.A. (50%) Moncobra, S.A. (50%)
Cobra Gestión de Infraestructuras Internacional, S.L. Cardenal Marcelo Spínola, 10. Madrid (Spain)	(1)	Study, consulting and execution of all types of construction work		100	100	Renovables Spínola II, S.L.
Cobra Infraestructuras Hidráulicas, S.A. Cardenal Marcelo Spínola, 10 Madrid (Spain)	(a)	Design and execution of construction work of all types		100	100	Cobra Instalaciones y Servicios S.A. (99.99%) Moncobra (0.01%)
Cobra Industrial Services, LLC Yeda. (Saudi Arabia)	(o)	Construction		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra Industrial Japan, Co Ltd. Hulic, New shinbashi, 602 2 -11 - 10, shinbashi, minato-ku. Tokyo. (Japan)	(1)	Promotion and construction of photovoltaic plants		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra Industrial Services Pty, Ltd. 15 Alice Lane 9 floor. Morningside Gauteng 2196 Johannesburg. (South Africa)	(e)	All types of activities		100	100	Cobra South Africa Holding
Cobra Infraestructuras Hidráulicas Perú, S.A. Av. Amador Merino Reyna. Lima. (Peru)	(1)	All types of construction work. Hydroelectric mini power plants and the sale of electricity.		100	100	Cobra Infraestructuras Hidráulicas, S.A. (99,99%) and Cobra Perú (0,01%)
Cobra Infraestructuras Internacional, S.A. Cardenal Marcelo Spínola, 10 Madrid (Spain)	(a)	Industrial systems and assemblies		100	100	Moncobra S.A. (0.1%) and Cobra Instalaciones y Servicios, S.A. (99,9%)
Cobra Infraestructuras México S.A. CV Jose Luis Lagrange, 103 8ª Los Morales Polanco. (Mexico)	(b)	All types of construction work		100	100	Cobra IS, S. A. de CV (98%) Cobra Instalaciones y Servicios (2%)
Cobra Industrial Activities, LLC 2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. (United States)	(1)	Energy Production		100	100	Cobra Instalaciones y Servicios, S.A.U.

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Cobra Instalaciones y Servicios India PVT 1rst Floor, Malhan One, Sunlight Colony, Ashram. (India)	(h)	Catenary		100	100	Cobra Instalaciones y Servicios, S.A.U.
SP Cobra Instalaçoes e Serviços, Ltda. Rua Uruguay, 35 – Porto Alegre (Brasil)	(1)	Electrical assemblies and installations		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra IS, S.A de C.V. José Luis Lagrange, 103 8º. Los Morales Polanco. (Mexico)	(a)	Shareholding. Public and private construction work		99.99	99.99	Cobra Servicios Industriales, S.A. de C.V. (99.9961%)
Cobra Msa Ltd. Los Militares 5885, Piso 10, Las Condes, Santiago de Chile. (Chile)	(b)	Industrial maintenance and assembly		100	100	Cobra Instalaciones y Servicios (49%) Técnicas de Desalinización de Aguas, S.A. (51%)
Cobra Oil & Gas, S.L.U. Cardenal Marcelo Spínola, 8 1º dcha. 28016. Madrid. (Spain)	(1)	Management and execution of all types of construction work, systems and assemblies		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra Operaciones, S.A. de C.V. José Luis Lagrange, 103 8º. Los morales Polanco. (Mexico)	(1)	Gas and petroleum drilling work		100	100	Cobra Instalaciones y Servicios, S.A, (99,998%), Moncobra (0,0020%)
Cobra Proyectos Singulares, S.A. Concepción Arenal 2630 CP 1426. Buenos Aires (Argentina)	(c)	Electrical installations		100	100	Cobra Instalaciones y Servicios, S.A (80%) and Argencobra (20%)
Cobra Recursos Administrativos, S.A. de C.V. José Luis Lagrange, 103 8º. Los morales Polanco. (Mexico)	(1)	Gas and petroleum drilling work		100	100	Cobra Instalaciones y Servicios, S.A, (99,998%), Moncobra (0,0020%)
Cobra Servicios Industriales, S.A de C.V. José Luis Lagrange, 103 8º. Los Morales Polanco. (Mexico)	(a)	Shareholding. Public and private construction work		100	100	Cobra Instalaciones y Servicios, S.A. (99,9999%)
Cobra Soluciones y Movilidad, S.A. de C.V. José Luis Lagrange, 103 8º.Los Morales Polanco (Mexico)	(a)	Administration and supervision of the construction of communication lines.		100	100	Cobra Servicios Industriales, S.A. de C.V. (99%) Proyectos de Sistemas Cobra, S.A. de CV (1%)
Cobra Tedagua Contracting LLC P.O. Box 2991 PC 112 Ruwi. Al-Duqm. (Oman)	(a)	Construction and engineering		100	100	Tedagua (99%) Cobra Instalaciones y Servicios (1%)
Cobra Perú, S.A. Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. (Peru)	(a)	Servicios Auxiliares de Distribución de Electricidad y Comunicaciones		100	100	Cobra Instalaciones y Servicios, S.A. (99,99%) and Moncobra S.A. (0,01%)
Cobra Servicios Auxiliares, S.A. Cardenal Marcelo Spínola, 10 Madrid.	(a)	Electricity meter readings and other services		100	100	Moncobra, S.A. (0.1%) and Cobra Instalaciones y Servicios, S.A. (99.90%)
Cobra Sistemas de Seguridad, S.A. C/ Cardenal Marcelo Spínola, 10 Madrid (Spain)	(a)	Sale and installation of security systems		100	100	Moncobra, S.A. (99%) and Cobra Instalaciones y Servicios, S.A. (1%)
Cobra Solutions, S.L.U Cardenal Marcelo Spínola, 10 28016 Madrid (Spain)	(1)	Accounting, bookkeeping, and tax consulting activities		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra South Africa Holdings Pty St. Andrews 1. 02196. Innanda Greens Office Park. Johannesburg (South Africa)	(1)	Holding company		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra South Africa Gas Pty St. Andrews 1. 02196. Innanda Greens Office Park. Johannesburg (South Africa)	(1)	Holding company		100	100	Proyecto e Instalaciones Cobra V
Cobra Sweden AB Norrtullsgatan 6 Estocolmo (Sweden)	(1)	Construction industry contractor, installations, energy and derivatives.		100	100	Cobra Instalaciones y Servicios, S.A.U.

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			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Cobra Wind Internacional, Ltd Johnston Carmichael. Cashroom, Commerce House, South Street, Elgin IV30 1JE. (Scotland)	(y)	Electricity and telecommunications project construction		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cogeneración Cadereyta S.A. de C.V. Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City (Mexico)	(1)	Cogeneration system engineering and construction for refineries		99	99	Cobra Instalaciones y Servicios S.A. (97%), Cobra SCE Mex, (1%) Cobra IS, S.A. de CV (1%)
Coicisa Industrial, S.A. de C.V. Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City (Mexico)	(a)	Electricity generation and transmission		60	60	Cobra IS, S.A. de CV
Coinsal Instalaciones y Servicios, S.A. de C.V. Residencial Palermo, Pasaje 3, polígono G Casa 4 San Salvador, (El Salvador)	(l)	Services		100	100	Moncobra (0.03%) and Cobra Instalaciones y Servicios, S.A. (99.97%)
Comercial y Servicios Larco Medellin S.A. Calle 128 No. 49-52 Prado Veraniego 6 No 50 - 80 (Bogotá)	(k)	Execution of all types of construction work, installations and assemblies		100	100	Atil-Cobra, S.A.
Concesionaria Angostura Siguas, S.A. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima. (Peru)	(a)	Design, financing, construction and operation of hydraulic works		100	100	Cobra Instalaciones y Servicios, S.A. (99.98%) and Cobra Peru (0.02%)
Conyblox Proprietary Limited 9th Floor, The Towers, 15 Alice Lane Sandton. Johannesburg (South Africa)	(e)	Holding company		65	65	Cobra South Africa Holding
Consorcio Especializado Medio Ambiente, S.A. de C.V. Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City (Mexico)	(1)	Integrated services		60	60	Cobra IS, S.A. de CV
Construcciones de las Conducciones, S.A.U. (Cotronic) Avda. de Manoteras. 26 28050 Madrid. (Spain)	(a)	All types of works.		100	100	Cobra Instalaciones y Servicios, S.A.U.
Cobra Construcciones y Servicios Perú, S.A. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima (Peru)	(a)	The construction and operation of irrigation systems in Pampas de Siguas		100	100	Cobra Infraestructuras Hidráulicas (99.98%) Cobra Perú (0.02%)
Cristino Castro Solar Holding, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(1)	Electricity generation		100	100	Piaui CC Solar España, S.L. (99.99%) and Cobra Brasil Serviços, Comunicaçoes e Energia (0.01%)
Culmore Invest S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Holding		100	100	Zero-E Global Assets, S.L.
Cuyabenopetro, S.A. Avda. República del Salvador, 36-230. Quito. (Ecuador)	(w)	Oil services		90	90	Cobra Instalaciones y Servicios, S.A.U.
Dankocom Pty Ltd 9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburg. (South Africa)	(e)	Construction and operation of a thermal solar power plant		52	52	Conyblox Proprietary Limited
Desarrollos Energéticos Asturianos, S.L. Pol.Industrial Las Merindades calle B, s/n. 09550 Villarcayo. Burgos. (Spain)	(1)	Implementation, construction, operation and development of renewable energies		100	100	Cobra Concesiones S.L.
Dragados Proyectos Industriales de Méjico S.A. Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 Mexico City. (Mexico)	(a)	Engineering and construction		100	100	Cobra Servicios Industriales, S.A. de C.V.

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Donley Invest S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Holding		100	100	Zero-E Global Assets, S.L.
Dunas Solar Holding, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Holding		100	100	Zero-E Global Assets, S.L.
Duneveld PV (Pty) Ltd. 1st Floor Building 9. St Andrews Inanda Greens Off. Park 54 Wierda Rd West-Sandton Johannesburg (South Africa)	(1)	Solar farm		100	100	Elmovert Pty Ltd.
Eleia Comercializadora de Energia, S.A. Andar 12 Conj 121 Sala 25 Sao Paulo (Brazil)	(x)	Energy		100	100	Cobra Brasil Serviços, Comunicaçoes e Energia
Elmocode (Pty) Ltd 15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198 Johannesburg (South Africa)	(1)	Energy production		100	100	Cobra Instalaciones y Servicios, S.A.U.
Elmocol (Pty) Ltd 15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198 Johannesburg (South Africa)	(1)	Energy production		100	100	Fairview Investment, S.L.
Elmovest (Pty) Ltd 15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198 Johannesburg (South Africa)	(1)	Energy production		100	100	Fairview Investment, S.L.
Emplogest – Gestión Global de Empresas, S.A. Rua Alfredo Trinidad, 4/A Lisbon – (Portugal)	(a)	Holding company		98.21	98.21	Cobra Instalaciones y Servicios, S.A.U.
Energia e Sust. Do Brasil, S.A. Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro (Brazil)	(1)	Holding company		100	100	Cobra Brasil Serviços, Comunicaçoes e Energia
Energia y Recursos Ambientales de Perú, S.A. Amador Merino Reyna, 267 Lima. (Peru)	(1)	Completion and execution of construction work and supplies. Services provision		100	100	Energía y Recursos Ambientales Internacional, S.L. (99,99%) and Cobra Instalaciones y Servicios Perú (0,01%)
Energía y Recursos Ambientales Internacional, S.L. Cardenal Marcelo Spínola, 10 Madrid (Spain)	(1)	Promotion, management, operation of renewable energy facilities		100	100	Cobra Concesiones S.L. (99.67%), Cobra Instalaciones y Servicios, S.A. (0.33%)
Energías Renovables Andorranas, S.L. Cardenal Marcelo Spínola,10 Madrid (Spain)	(1)	Energy production		75	75	Cobra Concesiones S.L.
Engemisa Engenharia Limitida Avda. Marechal Camera, 160 Sala 323. Rio de Janeiro. (Brazil)	(1)	Electrical installations and other services		100	100	Humiclima Est, S.A. (99.99%) and Cobra Brasil Serviços, Comunicaçoes e Energia, S.A (0.01%)
Entrepinos Solar, S.L.U. Cardenal Marcelo Spínola, 4 1ºDcha 28016 Madrid (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
Eolfi Greater China Co, Ltd. N 6, Sec 4, Xinyi Rd, Da An Dist.Taipei (China)	(q)	Production of marine wind energy		90	90	Cobra Concesiones, S.L.
Eólica del Caribe Mexicano, S.A. de C.V. José Luis Lagrange, 103 Miguel Hidalgo (Mexico)	(1)	Offshore wind power project		99.99	99.99	Servicios Integrales Cobra IV
EPC Plantas Fotovoltáicas Lesedi y Letsatsi S.L. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction works and concessions		84.78	84.78	Cobra Instalaciones y Servicios, S.A.U.
Fairview Investment S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Fides Acerca Facility Services, S.L. Cardenal Marcelo Spínola, 10. 28016. Madrid. (Spain)	(1)	Management, execution of specialised centers for the employment of people with disabilities		100	100	Cobra Instalaciones y Servicios, S.A. (1%) Fides Facility Services (99%)
Fides Facility Services, S.L. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Management of all types of buildings and auxiliary services		100	100	Cobra Instalaciones y Servicios, S.A. (90%) and Tedagua (10%)
Fides Facility Services, S.A. Amador Merino Reyna, 267 Oficina 902. Distrito de San Isidro. Lima (Peru)	(1)	Management of all types of buildings and auxiliary services		100	100	Cobra Instalaciones y Servicios Perú
Fides Hispalia Servicios Generales, S.L. Astronomía, 1 41015 Sevilla. (Spain)	(1)	Management of all types of buildings and auxiliary services		100	100	Cobra Instalaciones y Servicios S.A. (1%) and Fides Facility Services, S.A. (99%)
Firefly Investments 261 9th Floor, The Towers, 15 Alice Lane Sandton Johannesburg (South Africa)	(e)	All types of activities		78	78	EPC Plantas Fotovoltáicas Lesedi y Letsatsi S.L.
Fotovoltaica Alcor Requena, S.L. Naciones, 10, Planta 0. Madrid (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
Fotovoltaica Casiopea Requena, S.L Naciones, 10, Planta 0. Madrid (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
Gercobra GMBH S.L. Am Treptower Park, 75. 12435 Berlin. (Germany)	(1)	Management and execution of all types of construction work, installations and assemblies and maintenance		100	100	Cobra Instalaciones y Servicios, S.A.U.
Gercotronic GMBH Mühle 64 40724. Hilden. (Germany)	(1)	Construction works, installations, assemblies, analyses and projects within the telecommunications and informations technologies areas		100	100	Cotronic
Gerovitae la Guancha, S.A. Solítica, s/n, 38840 La Guancha, Sta Cruz de Tenerife, (Spain)	(1)	Management and operation of senior citizen healthcare centres		100	100	Moncobra, S.A. (15.94%), Tedagua (5.18%) and Cobra Instal Servicios (78,88%)
Gordonia Solar PV (Pty) 1st Floor Building 9. St Andrews Inanda Greens Off. Park 54 Wierda Rd West-Sandton Johannesburg (South Africa)	(1)	Solar farm		100	100	Ladogistix Pty
Grupo Cobra East Africa Limited Loita street.P.O. Box 9539. Nairobi. (Kenya)	(p)	Project development		100	100	Cobra Instalaciones y Servicios, S.A.U.
Hari PV (Pty) Ltd. 1st Floor Building 9. St Andrews Inanda Greens Off. Park 54 Wierda Rd West-Sandton Johannesburg (South Africa)	(1)	Solar farm		100	100	Madrid PV Pty
Henry Gaze Holding, Ltd. 7 Brook Park Gaddesby Lane. Rearsby. LE7 4ZB. Leicester (United Kingdom)	(1)	Holding company		100	100	Cobra Instalaciones y Servicios, S.A.U.
HG Comms Ltd. 7 Brook Park Gaddesby Lane. Rearsby. LE7 4ZB. Leicester (United Kingdom)	(1)	Communications		100	100	Henry Gaze Holding, Ltd.
HGC Engineering Ltd. 7 Brook Park Gaddesby Lane. Rearsby. LE7 4ZB. Leicester (United Kingdom)	(1)	Engineering		100	100	Henry Gaze Holding, Ltd.
Hidráulica del Chiriqui, S.A. Calle 50, Edificio F & F Tower, Oficina 27A Panama, (Panama)	(1)	Hydroelectric power plant		100	100	Cobra Infraestructuras Hidráulicas (99%) and Cobra Instalaciones y Servicios, S.A. (1%)

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			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Hidráulica Río Piedra, S.A. Calle 50, Edificio F & F Tower, Oficina 27A Panama, (Panama)	(1)	Studies, consulting and R+D projects		100	100	Cobra Infraestructuras Hidráulicas (99%) and Cobra Instalaciones y Servicios, S.A. (1%)
Hidrocaleras, S.L. Juan de la Losa, 13 1ºD Santander (Spain)	(1)	Hydroelectric power plant		90	90	Cobra Infraestructuras Hidráulicas, S.A.
Hidrolazán, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid. (Spain)	(1)	Construction and operation of minielectric power plants		100	100	Cobra Infraestructuras Hidráulicas, S.A.
Humiclima Barbados Ltd. Palm Court, 28 Pine Road. Belleville. St Michael. (Barbados)	(1)	Engineering, construction and maintenance of mechanical and electrical installations		100	100	Humiclima Est S.A.U.
Humiclima Caribe Cpor A.Higuev, S.A. Avda. Guyacanes s/n. Bavaro. (Dominican Republic)	(m)	Climate control		100	100	Humiclima Est S.A.U.
Humiclima Est, S.A. Camino Vell de Bunyola, 37 Pg. Son Castelló – Palma de Mallorca (Spain)	(a)	Climate control		100	100	Atil Cobra, S.A.
Humiclima Est Benin Quartier Boulevard Saint Michel, 72 (Benin)	(1)	Climate control		100	100	Humiclima Est S.A.U.
Humiclima Guadalupe, SAS Chez Buro Club Imm simkel 1 3617 Bal Houelbourg 97122. Baie Mahault, Guadalupe (France)	(1)	Climate control		100	100	Humiclima Est S.A.U.
Humiclima Grenada, S.L. St. John´s street Unit 1 Hobson House. (Grenada)	(1)	Climate control		100	100	Humiclima Est S.A.U.
Humiclima Jamaica, Limited. 77 Claude Clarke Ave, Flankers, Montego Bay. (Jamaica)	(t)	Climate control		100	100	Humiclima Est, S.A. (99%) Atil-Cobra, S.A. (1%)
Humiclima México, S.A. de C.V. José Luis Lagrange, 103. Mexico City (Mexico).	(a)	Climate control		100	100	Cobra IS, S.A de CV. (99.80%) Atil-Cobra, S.A. (0.2%)
Humiclima Panamá Calle 12Corregimiento de Rio Abajo (Panama)	(i)	Research projects and services		100	100	Humiclima Est, S.A. (99%) Atil-Cobra, S.A. (1%)
Humiclima St Lucia, Ltd Pointe Seraphine Castrie.(Saint Lucia)	(1)	Installations		100	100	Humiclima Est S.A.U.
Hummansrus I 15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198, Johannesburg, (South Africa)	(1)	Electricity production		100	100	Pandomix (PTY) LTD
Hummansrus II 15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198, Johannesburg, (South Africa)	(1)	Electricity production		100	100	Pandonox (PTY) LTD
Iberoamericana de Hidrocarburos Energy Colombia, S.A.S. 93 11A Capital Park. Bogotá. (Colombia)	(k)	Hydrocarbons and its derivatives		84.38	84.38	Iberoamericana de Hidrocarburos, S.A. de C.V.
Iberoamericana de Hidrocarburos, S.A. de C.V. Edificio torres martel - prolongacion los soles, Torre III Proniente, oficina 401, Nivel 4, Col. Valle Oriente, Sec. Loma larga, San Pedro Garza García, 66266, (Mexico)	(a)	Industrial systems and assemblies		91.90	91.90	Cobra IS, SA de CV (59,50%) and Monclova (28,13%)
Iberoamericana Hidrocarb CQ Explorac & Produc, S.A de C.V. José Luis Lagrange, 103 Mexico City (Mexico).	(a)	Oil and gas exploration and extraction		55.14	55.14	Iberoamericana de Hidrocarburos, S.A. de C.V.
Imsidetra, S.A. de C.V. José Luis Lagrange, 103. Mexico City (Mexico)	(a)	Other professional, scientific and technical services		55	55	Cobra Servicios Industriales, S.A. de CV

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Ingweguard Pty Ltd 23 Lynnwood Road. Menlo Park. Gauteng 0081. Pretoria. (South Africa)	(e)	Studies, consulting work and electricity line and electricity networks		60	60	Cobra South Africa Holdings
Ingwepath Pty 323 Lynnwood Roal Menlo Park Pretoria. (South Africa)	(e)	Operation and maintenance		75	75	Cobra South Africa Holdings
Ingeniería de Transporte y Distribución de Energía Eléctrica, S.L. Cardenal Marcelo Spínola, 10.28016 Madrid. (Spain)	(1)	Studies, consulting work and electricity line and electricity networks		100	100	Cobra Instalaciones y Servicios, S.A. (96.77%) and Atil Cobra, S.A. (3.23%)
Injar, S.A. C/ Catamarca, esq calle Mendoza , Poligono el Sebadal, Las Palmas de Gran Canaria (Spain)	(1)	Sale and assembly of industrial and climate control systems		100	100	Atil-Cobra, S.A. (99.93%) Cobra Instalaciones y Servicios S.A. (0.07%)
Instalaciones de Construcción Cobra, S.A. 50, Edificio F & F Tower, Oficina 27A Panama, (Panama)	(i)	Hydraulic works, assembly and maintenance of said works and other activities		100	100	Cobra Infraestructuras Hidráulicas (99%) Cobra Instalaciones y Servicios (1%).
Instalaciones y Servicios Moscardó I, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Instalaciones y Servicios, S.A.U.
Instalaciones y Servicios Moscardó II, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Instalaciones y Servicios, S.A.U.
Instalaciones y Servicios Moscardó IV, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Instalaciones y Servicios, S.A.U.
Instalaciones y Servicios Moscardó, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Instalaciones y Servicios, S.A.U.
Instalaciones y Servicios Uribe-Cobra Panama, ISUC Panama, S.A. Calle 50, 23. Panama City. (Panama)	(1)	Construction industry and the marketing of products thereof		51	51	Instalaciones y Servicios Uribe Cobra, S.A. de C.V
Instalaciones y Servicios Uribe Cobra, S.A. de C.V José Luis Lagrange, 103 piso 8 Los Morales Miguel Hidalgo. Mexico City (Mexico)	(a)	The completion of any type of construction related action and the commercialisation thereof		51	51	Cobra IS, S.A. de C.V.
Instalaciones y Servicios Codehon, S.R.L. Colonia Tres Caminos, Boulevard Suyapa, Edificio Florencia 4to Nivel, Cubículo 407, Tegucigalpa , (Honduras)	(1)	Installations and assemblies		100	100	Cobra Instalaciones y Servicios, S.A. (99%) Moncobra (1%)
Instalaciones y Servicios Codeni, S.A. Barrio Largaespada: del portón principal del hospital bautista 1 cuadra abajo, 1 cuadra al sur. Casa esquinera color azul, Managua. (Nicaragua)	(1)	Electrical assemblies and installations		100	100	Cobra Instalaciones y Servicios, S.A.U.
Instalaciones y Servicios Codepa, S.A. Calle 50, Edificio F & F Tower, Oficina 27A Panama, (Panama)	(i)	Electrical assemblies and installations		100	100	Cobra Instalaciones y Servicios, S.A.U.
Instalaciones y Servicios INSERPA, S.A. Calle 50, Edificio F & F Tower, Oficina 27A Panama, (Panama)	(i)	Studies, projects, R+D services, execution and management of all types of works		100	100	Cobra Instalaciones y Servicios, S.A.U.
Istofon Pty 323 Lynnwood Roal Menlo Park Pretoria. (South Africa)	(e)	Operation and maintenance		75	75	Cobra South Africa Holdings

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Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Istoguard Pty Ltd 323 Lynnwood Road. Menlo Park. Gauteng 0081. Pretoria. (South Africa)	(e)	Photovoltaic plant		60	60	Cobra South Africa Holdings
ISUC Residencial, S.A. de C.V. José Luis Lagrange, 103 Mexico City, (Mexico)	(1)	Real State		50.98	50.98	Ins y Servicios Uribe Cobra (49.98%) Cobra IS, S.A. de CV (1%)
Julnek S,A, Juncal 1327 D Oficina 303 Piso 3 1100. Montevideo (Uruguay)	(1)	Solid, liquid and gaseous fuels wholesale		100	100	Sergipe Energy, S.L.
Ladogustix 15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198 Johannesburg (South Africa)	(1)	Energy production		100	100	Salto Fotovoltaico Holding, S.L.
Luya Solar Holding, S.L. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Lins 1 Energia SPE Ltda. Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante (Brazil)	(x)	Photovoltaic plant		100	100	Mundo Novo Solar Holding, S.A.
Lins 2 Energia SPE Ltda. Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante (Brazil)	(x)	Photovoltaic plant		100	100	Mundo Novo Solar Holding, S.A.
Lins 3 Energia SPE Ltda. Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante (Brazil)	(1)	Photovoltaic plant		100	100	Cristino Castro Solar Holding, S.A.
Lins 4 Energia SPE Ltda. Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante (Brazil)	(1)	Photovoltaic plant		100	100	Cristino Castro Solar Holding, S.A.
Lins 5 Energia SPE Ltda. Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante (Brazil)	(1)	Photovoltaic plant		100	100	Cristino Castro Solar Holding, S.A.
Lins 6 Energia SPE Ltda. Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante (Brazil)	(1)	Photovoltaic plant		100	100	Cristino Castro Solar Holding, S.A.
Lins 7 Energia SPE Ltda. Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante (Brazil)	(1)	Photovoltaic plant		100	100	Cristino Castro Solar Holding, S.A.
Lins 8 Energia SPE Ltda. Rua das Cerejeiras, 149 Sala 02. Sao Goncalo do Amarante (Brazil)	(1)	Photovoltaic plant		100	100	Cristino Castro Solar Holding, S.A.
Lins MN Solar España, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Global Assets, S.L.
Madrid PV (Pty) Ltd. 1st Floor Building 9. St Andrews Inanda Greens Off. Park 54 Wierda Rd West-Sandton Gauteng (South Africa)	(1)	Holding		100	100	Parque Solar Fotovoltaico Ronda II, S.L.
Maessa Naval, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid. (Spain)	(a)	Shipbuilding industry		100	100	Moncobra, S.A.
Mexicana de Servicios Auxiliares S.A. de C.V. Juan Racine 112 Mexico City (Mexico)	(1)	Auxiliary services		99.8	99.8	Sicemex
Mexsemi S.A. de C.V. Avda. Dolores Hidalgo 817 CD Industrial Irapuato Gto. 36541. (Mexico)	(a)	Engineering and construction		99.99	99.99	Cobra IS, S.A. de C.V.
Mirabela 1 GD Parque Solar, S.A. Jeronimo da Veiga, 164 Sao Paulo, (Brazil)	(1)	Solar energy generation (distributed generation)		100	100	Xadrez Renováveis Holding S.A.
Monclova Pirineos Gas, S.A. de C.V. Blvd hr Rape y Av Monterrey Plaza Maral 11. 25750. Monclova. (Mexico)	(a)	Warehouse and industrial plant construction		79.99	79.99	Cobra Servicios Industriales, S.A de C.V. (56.2679%), Vetra MPG Holdings (6.1098%), Alianz (7.076%), Cobra Instalaciones y Servicios (15.54%)
Moncobra, S.A. Cardenal Marcelo Spínola, 10 Madrid.	(a)	Industrial systems and assemblies		100	100	Cobra Instalaciones y Servicios, S.A. (99.99%), Cobra Servicios Auxiliares (0.001%)

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Moncobra Dom, 3296 Bld Marquisat de Houelbourg-Zl de Jarry97122 Baie Mahault. (Guadeloupe)	(1)	Installation and maintenance of machinery and other mechanical equipment		100	100	Moncobra S.A.
Moncobra France SAS Central Ccg Landivisiau Zone du Vern Rue du Ponant 29400 Landivisiau (France)	(1)	Assembly, maintenance, installation control and all kind of construction works		100	100	Moncobra S.A.
Moncobra Perú. Av. Victor Andres Belaunde N° 887 - Carmen de la Legua. (Peru)	(1)	Auxiliary Services		100	100	Moncobra S.A.
Moncobra Constructie si Instalare, S.R.L. Floresca, 169-A floresca Business Park. Bucharest. (Romania)	(1)	Installation of industrial machinery and other equipment		100	100	Cobra Instalaciones y Servicios (5%) and Moncobra (95%)
Morecambe Offshore Wind Holdco Ltd. 12 Alva Street. Edinburgh (Scotland)	(1)	Holding company		81	81	Zero-E Offshore Wind, S.L.
Morecambe Offshore Windfarm Ltd. 12 Alva Street. Edinburgh (Scotland)	(1)	Offshore wind farm		100	100	Morecambe Offshore Wind Holdco Ltd.
Mundo Novo Solar Holding, S.A. Avda. Marechal Camara 160 Sala 1713 Rio de Janeiro (Brazil)	(x)	Centralised generation		100	100	Lins MN Solar España (99,99%) and Cobra Brasil Serviços, Comunicaçoes e Energia (0,01%)
Nuevas Energías II, S.A.S. Barranquilla-Atlántico (Colombia)	(1)	Solar farm		100	100	Zero-E Global Assets, S.L.
Offshore Wind Limited St Peter´s Square, 1 Manchester, (United Kingdom)	(f)	Wind farm		81	81	Cobra Instalaciones y Servicios, S.A.U.
Oilserv S.A.P.I. de C.V. José Luis Lagrange, 103 Mexico City (Mexico).	(1)	Well and land service provision. Drilling, engineering, maintenance		34.72	34.72	Monclova Pirineos Gas, S. A. de C. V.
Opade Organización y Promoción de Actividades Deportivas, S.A. Cardenal Marcelo Spínola, 10. Madrid. (Spain)	(a)	Organisation of sports activities		100	100	Cobra Instalaciones y Servicios S.A. (95%) and cobra Servicios Auxiliares S. A. (5%)
Orevuela Solar S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U
Osipass, S.A. de C.V. Bosque de Cidros, 173. Cuajimalpa de Morelos. Mexico City. (Mexico)	(a)	Electronic toll services		50	50	Sociedad Industrial de Construcciones Eléctricas, S.A. de C.V.
Panorama 1 Energia SPE Ltda Av Universitaria, 750.Terreo.Edificio Diamond Center. Loja 19.Fatima. Teresina (Brazil)	(x)	Photovoltaic plant		100	100	Raios do Parnaiba Solar Holding, S.A. (99.99%) and Cobra Brasil Serviços, Comunicaçoes e Energia (0.01%)
Panorama 2 Energia SPE Ltda Av Universitaria, 750.Terreo.Edificio Diamond Center. Loja 19.Fatima. Teresina (Brazil)	(x)	Photovoltaic plant		100	100	Raios do Parnaiba Solar Holding, S.A. (99.99%) and Cobra Brasil Serviços, Comunicaçoes e Energia (0.01%)
Panorama 3 Energia SPE Ltda Av Universitaria, 750.Terreo.Edificio Diamond Center. Loja 19.Fatima. Teresina (Brazil)	(x)	Photovoltaic plant		100	100	Raios do Parnaiba Solar Holding, S.A. (99.99%) and Cobra Brasil Serviços, Comunicaçoes e Energia (0.01%)
Parque Eólico Monte das Aguas, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(a)	Energy production		60	60	Instalaciones y Servicios Spínola III S.L.U.
Parque Eólico Donado, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Energy production		100	100	Cobra Concesiones, S.L.
Parque Solar Fotovoltaico Herrera I, S.L. Cardenal Marcelo Spínola, 10. 28016 (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Parque Solar Fotovoltaico Herrera II, S.L. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.

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Parque Solar Fotovoltaico Gallego I, S.L Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Parque Solar Fotovoltaico Gallego II, S.L. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Parque Solar Fotovoltaico Lora I, S.L. Cardenal Marcelo Spínola 10. 28016. Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Parque Solar Fotovoltaico Lora IV, S.L. Cardenal Marcelo Spínola,10 Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Parque Solar Fotovoltaico Murcia 1, S.L. Cardenal Marcelo Spínola, 4 1º Dcha. 28016. Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Parque Solar Fotovoltaico Ronda I, S.L. Cardenal Marcelo Spínola, 4 1º Dcha. 28016. Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Parque Solar Fotovoltaico Ronda II, S.L. Cardenal Marcelo Spínola, 4 1º Dcha. 28016. Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Palmares Investment, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Holding company		100	100	Spanish Portfolio 1, S.L.
Pandomix (PTY) LTD 15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198 Johannesburg (South Africa)	(1)	Holding company		100	100	Belwood Spain, S.L.
Pandonox (PTY) LTD 15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198 Johannesburg (South Africa)	(1)	Holding company		100	100	Donley Invest, S.L.
Parque Cortado Alto, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Electrical energy		51	51	Cobra Concesiones, S.L.
Parque Eólico La Val, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Electrical energy		51	51	Cobra Concesiones, S.L.
Peaker Solar, S.L.U. Cardenal Marcelo Spínola 10. 28016 Madrid (Spain)	(1)	Electricity and gas		100	100	Zero-E Spanish Assets, S.L.U.
Percomex, S.A. Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City (Mexico)	(1)	Electricity, Gas and Electricity Distribution and Communications Services		100	100	Cobra Instalaciones y Servicios, S.A. (98%) and Actividades de Montajes y Servicios, S.A. de C.V. (2%)
Petrolíferos Tierra Blanca, S.A. Calle 6 206, Pozarica de Hidalgo. (Mexico)	(1)	Development, infrastructure and maintenance of non-associated gas fields		34.72	34.72	Monclova Pirineos Gas, S.A. de C V.
Pintia Solar S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
Pirapora 1 GD Parque Solar, S.A. Avda. Marechal Camara 160 Rio de Janeiro (Brazil)	(1)	Solar energy generation (distributed generation)		100	100	Xadrez Renováveis Holding S.A.
Procme, Ltda. Rua a Prof. De Caraco Silva, 13 Ed. Ciencia II Tangus Part 2780-9020 (Oeiras – Portugal)	(a) (*)	Holding company of PROCME subgroup, whose companies are described at the end of the table		74.54	74.54	Emplogest, S.A.

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Proyectos de Sistemas Cobra S.A. de CV José Luis Lagrange, 103 8º.Los Morales Polanco. (Mexico)	(1)	Administration and supervision of the construction of communication lines.		100	100	Cobra Servicios Industriales, S.A. de C.V. (99%), Cobra Explorac y Producción, S.A. de CV (1%)
Spanish Portfolio 1, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(a)	Construction, installation and assembly		100	100	Zero-E Spanish Assets, S.L.
Proyecto Mendelerio, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Spanish Assets, S.L.
Proyecto Estroncio, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Concesiones, S.L.
Proyecto Tantalio, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Concesiones, S.L.
Proyecto Holmio, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Spanish Assets, S.L.
Proyecto Berilio, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Concesiones, S.L.
Proyecto Selenio, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Spanish Assets, S.L.
Proyecto Francio, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Spanish Assets, S.L.
Proyecto Rubidio, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Spanish Assets, S.L.
Proyecto Flerovio, S.L. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Spanish Assets, S.L.
Piaui CC Solar España, S.L.U. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Global Assets, S.L.
Proyectos e Instalaciones Cobra II, S.L.U. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Instalaciones y Servicios, S.A.U.
Proyectos e Instalaciones Cobra III, S.L.U. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Instalaciones y Servicios, S.A.U.
Proyectos e Instalaciones Cobra IV, S.L.U. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Instalaciones y Servicios, S.A.U.
Proyectos e Instalaciones Cobra V, S.L.U. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Global Assets, S.L.
Proyecto Solar Cimitarra, S.A.S. Carrera, 14 Bogotá (Colombia)	(1)	Energy Generation		100	100	Zero-E Global Assets, S.L.
Proyecto Solar Corozo, S.A.S. Carrera, 14 Bogotá (Colombia)	(1)	Energy Generation		100	100	Zero-E Global Assets, S.L.
Proyecto Solar Matimba, S.A.S. Carrera, 14 Bogotá (Colombia)	(1)	Energy Generation		100	100	Zero-E Global Assets, S.L.

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Pucela Solar S.L. Cardenal Marcelo Spínola 4 Dcha.28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV II Sigerico, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV III Walia, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV IV Teodoredo, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV V Teodorico, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV VI Turismundo, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV VII Eurico, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV VIII Alarico, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV IX Gesaleico, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV X Amalarico, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV XI Theudis, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV XII Teudiselo, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XIII Agila, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XIV Atanagildo, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XIX Gundemarro, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV XV Liuva, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XVI Leovigildo, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XVII Recaredo, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV XVIII Witerico, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XX Sisebuto, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV XXI Suínthila, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
PV XXII Sisenando, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XXIII Chintila, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XXIV Tulga, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV XXV Chindasvinto, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV XXVII Wamba, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XXVIII Ervigio, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
PV XXX Witiza, S.L.U Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
PV XXXI Rodrigo, S.L.U. Cardenal Marcelo Spínola 10 28016 Madrid. (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
Raios Parnaiba Solar España, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Global Assets, S.L.U.
Raios do Parnaiba Solar Holding, S.A. Avda. Marechal Camara, 160 Rio de Janeiro (Brazil)	(x)	Holding company		100	100	Raios do Parnaiba Solar España, S.L. (99.99%) and Cobra Brasil Serviços, Comunicaçoes e Energia (0.01%)
Recursos Administrativos Especializados Avanzia S.A. de CV. José Luis Lagrange, 103 8º. Los Morales Polanco. (Mexico)	(a)	Electricity, Gas and Electricity Distribution and Communications Services		100	100	Cobra Instalaciones y Servicios S.A. (98%) and Moncobra (2%)
Recursos Eólicos de Mexico, S.A. de C.V. José Luis Lagrande, 103 P-8.Los Morales Polanco. (Mexico)	(a)	Wind power generation		100	100	Cobra Concesiones (0.20%) and Cobra IS, S.A de C.V. (99.80%)
Remodelación Diesel Cadereyta, S.A. de C.V. Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City (Mexico)	(1)	Construction of oil, natural gas and petrochemical plants		99.8	99.8	Cobra SCE MEX (0.8%), Cobra IS, S.A. de CV (80%), Cobra Instalaciones y Servicios S.A. (19%)
Remodelación El Sauz, S.A. de C.V. José Luis Lagrande, 103. P-8. Los Morales. Polanco. (Mexico)	(1)	Electrical services		100	100	Cobra IS, S.A. de CV (96%) Cobra Méjico (4%)
Renovables Spínola II, S.L.U Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction and management of all types of infrastructures		100	100	Cobra Concesiones S.L.
Renovables Spínola III, S.L.U Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction and management of all types of infrastructures		100	100	Cobra Concesiones S.L.
Repotenciación C.T.Manzanillo, S.A. de C.V. José Luis Lagrande, 103 P-8.Los Morales Polanco (Mexico)	(a)	Execution of any type of contract		99.99	99.99	Cobra SCE Méjico (94.99%) and Cobra Instalaciones y Servicios, S.A. (5%)
Richards Bay Gas Power 2 Pty (South Africa)	(1)	Gas and photovoltaic energy		51	51	Cobra South Africa Gas Pty
Saltillo FV Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600 Mexico City (Mexico)	(1)	Wind farm		100	100	Saltillo FV Solar Holding, S.L. (99%) Bow Power Invest (1%)

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Salto Fotovoltaíco Holding, S.L. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Salto Solar, S.A. Luis Alberto de Herrera 1052, Oficina 1402. Montevideo, (South Africa)	(1)	Wind farm		100	100	Salto Fotovoltaíco Holding, S.L.
Sarl Maintenance Cobra Algerie Rue de Zacar hydra, 21 (Algeria)	(n)	Execution of any type of contract		100	100	Cobra Instalaciones y Servicios, S.A. (99,84%) and Moncobra (0,16%)
Seratype. World Trade Centre Rd Floor Cnr of West South Road. Johannnesburg. (South Africa)	(e)	Solar Power Plant construction and maintenance		52	52	Conyblox Proprietary Limited
Serpimex S.A. de C.V. Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 Mexico City. (Mexico)	(1)	Personnel services		99.99	99.99	Dragados Proyectos Industriales de Méjico S.A
Serpista, S.A. Cardenal Marcelo Spínola, 10 Madrid.	(a)	Services		61	61	Cobra Instalaciones y Servicios, S.A.U.
Sergipe Energy, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Global Assets, S.L.
Servicios Integrales Cobra IV, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Global Assets, S.L.
Sociedad Industrial de Construcciones Eléctricas (SICEMEX) Avenida Paseo de la Reforma 404 (Mexico)	(a)	Electrical installations		99	99	Cobra Servicios Industriales, S.A. de CV
Servicios Cymimex S.A. de C.V Juan Racine 112, Mexico City, (Mexico)	(1)	Services		100	100	Control y Montajes Industriales de Méjico S.A.
Servicios Integrales de Mantenimiento, S.A. 50 Edificio F&F Tower Piso 23. Oficina 23-C. Ciudad de Panamá (Panama)	(i)	Consulting services on construction, maintenance and repair projects		100	100	Cobra Instalaciones y Servicios, S.A.U.
Servicios Logísticos y Auxiliares de Occidente, S.A. Avenida Petapa 46-11, Zona 12 Guatemala City 01012. (Guatemala)	(j)	Auxiliary Services		100	100	Cobra Auxiliary Services (99%) and Cobra Infrastructure International (1%)
Syneox Rail, S.L. Cardenal Marcelo Spinola, 10 28016. Madrid (Spain)	(a)	Electrical installations		47.41	47.41	Cobra Instalaciones y Servicios, S.A.U.
Sirbow México S. de R.L. de CV Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600 Mexico City (Mexico)	(1)	Holding company		100	100	Zero-E Global Assets, S.L. (99%) and Bow Power Invest, S.L. (1%)
Sirbow México Serv. Admon Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600 Mexico City (Mexico)	(1)	Holding company		100	100	Zero-E Global Assets, S.L. (99%) and Bow Power Invest, S.L. (1%)
Sirbow Uruguay, S.A. Luis Alberto de Herrera 1052, Oficina 1402 Montevideo (Uruguay)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Sistema Fotovoltaico de Levante, S.A.U. Tomás Redondo,1 28033 Madrid, (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Solar Acamar Requena, S.L. Cardenal Marcelo Spínola, 10 Madrid, (Spain)	(1)	Photovoltaic plant		100	100	Cobra Concesiones S.L.
Solar Acrab Requena, S.L. Cardenal Marcelo Spínola, 10 Madrid, (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
Solar Merope Requena, S.L. Cardenal Marcelo Spínola, 10 Madrid, (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
Solar Oufico Requena, S.L. Cardenal Marcelo Spínola, 10 Madrid, (Spain)	(1)	Photovoltaic plant		100	100	Spanish Portfolio 1, S.L.
Soluciones Auxiliares de Guatemala, S.A. 2 Avda 13-35 zona 17 Ofibodegas los Almendros (Guatemala)	(j)	Auxiliary services		100	100	Cobra Auxiliary Services (98%) and Cobra Infrastructure International (2%)
Soluciones Eléctricas Integrales de Guatemala, S.A. 2 Avda 13-35 zona 17 Ofibodegas los Almendros (Guatemala)	(j)	Auxiliary services		100	100	Cobra Auxiliary Services (99%) and Cobra Infrastructure International (1%)
Soluciones Logísticas Auxiliares, S.A. Calle Bella Vista, Edificio Comercial Park, Apartamento D24.Ciudad de Panama (Panamá)	(i)	Consulting services on construction, maintenance and repair projects		100	100	Cobra Instalaciones y Servicios, S.A.U.
Spcobra Instalaçoes e Serviços, Ltda. Avenida Artur de Queirós, 915, Casa Branca, Santo Andre (Brazil)	(1)	Electrical assemblies and installations		99.99	99.99	Cobra Instalaçoes e Serviços Ltda.
Tacuarembó Solar, S.A. Luis Alberto de Herrera 1052, Oficina 1402 Montevideo (Uruguay)	(1)	Wind farm		100	100	Zero-E Global Assets, S.L. (99%) and Bow Power Invest, S.L. (1%)
Taioberas 1 GD Parque Solar Ltda Rua Jeronimo de Veiga, 164 Sao Paulo (Brazil)	(1)	Industrial maintenance		100	100	Xadrez Renováveis Holding S.A.
Taiobeiras 2 GD Parque Solar Ltda Avda. Marechal Camara 160, Rios de Janeiro (Brazil)	(1)	Industrial maintenance		100	100	Xadrez Renováveis Holding S.A.
Taxway, S.A. Juncal 1327 D Piso 3, departamento 303. (Uruguay)	(d)	Exploitation of real estate (except rural)		100	100	Cobra Instalaciones y Servicios, S.A.
Técnicas de Desalinización de Aguas, S.A. Cardenal Marcelo Spínola 10. Madrid (Spain)	(a)	Desalination plant construction		100	100	Moncobra, S.A. (0.45%) and Cobra Instalaciones y Servicios, S.A (99.55%).
Tedagua Mexico, S.A. de C.V. José Luis Lagrande, 103 P-8. Los Morales Polanco. (Mexico)	(a)	Completion of all types of construction work		100	100	19,60% Técnicas de Desalinización de Aguas, S.A, 80% Cobra IS, S.A de CV and Cobra Instalaciones y Servicios, S.A.
Tedagua Philippines, Inc. Penthouse Marajo Tower 312 26th. Taguig (Philippines)	(z)	Construction		100	100	Técnicas de Desalinización de Aguas, S.A.
Tedagua Singapore PTE Ltda 3 Anson Road 27-01 Springleaf Tower. Singapore 079909. Singapore (Singapore)	(u)	Equipment, supply and engineering		100	100	Técnicas de Desalinización de Aguas S.A.
Tedra Australia Pty, L.T.D. Level 5 Mayne Building 390 ST Kilda Road Melbourne 3004 (Australia)	(g)	Construction of desalination plants		50	50	Técnicas de Desalinización de Aguas, S.A.
Total Aviation Services, S.L. Cardenal Marcelo Spínola, 10. Madrid (Spain)	(1)	Aircraft cleaning, maintenance and ground handling services		100	100	Cobra Instalaciones y Servicios, S.A.U.
Trigeneración Extremeña, S.L. Cardenal Marcelo Spínola,10 Madrid (Spain)	(1)	Comprehensive maintenance, engineering and industrial solutions		100	100	Cobra Instalaciones y Servicios (50%) and Moncobra (50%)

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Valdealiño Solar, S.L.U. Cardenal Marcelo Spínola, 10 1ºDcha 28016 Madrid (Spain)	(1)	Photovoltaic plant		100	100	Zero-E Spanish Assets, S.L.U.
Valdehierro Parque Solar, S.L. Cardenal Marcelo Spínola,10 Madrid (Spain)	(1)	Holding company		100	100	Zero-E Global Assets, S.L.
Varjao de Minas 1 GD Parque Solar, S.A. Jeronimo da Veiga, 164 Sao Paulo, (Brazil)	(1)	Solar energy generation (distributed generation)		100	100	Xadrez Renováveis Holding S.A.
Vetra MPG José Luis Lagrange, 103. Mexico City (Mexico)	(1)	Holding company		100	100	Cobra IS, S.A. de CV
Vetra MPG Holdings José Luis Lagrange, 103. Mexico City (Mexico)	(1)	Holding company		100	100	Vetra MPG
Vieyra Energía Galega, S.A. José Luis de Bugallal Marchesi, 20 izq. La Coruña (Spain)	(1)	Energy production		51	51	Cobra Concesiones S.L. (50%) Cobra Instalaciones y Servicios S.A. (1%)
Villonacoenergy, S.A. Avda. Pampite, 517-502 5º Pichincha- Quito. (Ecuador)	(w)	Energy production		100	100	Cobra Concesiones S.L.
Xadrez Renovaveis Holding, S.A. Avda. Marechal Camara 100 Sala 1713 Rio de Janeiro (Brazil)	(1)	Distributed generation		100	100	Xadrez Solar España (99.99%) and Cobra Brasil Serviços, Comunicaçoes e Energia (0.01%)
Xadrez Solar España, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Zero-E Global Assets, S.L.
Zero-E Assets Canada Inc. 1920 Yonge Street. 272 Toronto (Canada)	(1)	Electricity generation and distribution		100	100	Zero-E Global Assets, S.L.
Zero-E Global Assets, S.L. Cardenal Marcelo Spínola, 10 28016. Madrid (Spain)	(1)	Holding company		100	100	Cobra Instalaciones y Servicios, S.A.U.
Zero-E Offshore Wind, S.L.U. Cardenal Marcelo Spínola, 10. 28016. Madrid (Spain)	(1)	Construction, installation and assembly		100	100	Cobra Instalaciones y Servicios, S.A.U.
Zero-E Services Australia Pty Ltd 017 L22 180 George Street Sydney (Australia)	(1)	Services		100	100	Zero-E Global Assets, S.L.
Zero-E Spanish Assets, S.L.U. Cardenal Marcelo Spínola, 10. 28016 Madrid (Spain)	(1)	All types of works.		100	100	Cobra Instalaciones y Servicios, S.A.U.

(*) Breakdown of companies in the PROCME subgroup:

Company	Shareholding %
Agadirver	100.00
AGROCME - Sociedade Agroindustrial (SU), LDA	100.00
Aton Energias do Brasil e Participaçoes Ltda.	98.99
Biorio, Lda.	100.00
CME Angola S. A.	100.00
CME Cabo Verde, S.A.	100.00
CM- Construçoes, Ltda.	100.00
CME Deutschland GmbH	100.00
CME Perú, S.A.	100.00
Construçao e Manutençao Electromecánica S.A. (CME)	100.00
Construcme- Tecnologias de Construçao, Lda.	100.00
CME Southern Africa	100.00
CME HolandaB.V.	100.00
Enipro, S.A.	100.00
Gestâo de Negocios Internacionais SGPS, S.A.	100.00
Greenaxis, S.A	100.00
Imocme S. A.	100.00
IRTE-Integrateur de reseaux telecoms et Energies, SAS	100.00
Linhas Convergentes Lda.	100.00
Optic1 Powerlines LTD	100.00
Orionstorm Lda.	100.00
Procme Southern Africa	100.00
Procme Madeira S. A.	100.00
Proirte, SAS	100.00
Rioparque, Lda.	100.00
Restel, SAS	100.00
Sunbee I	100.00
Sunbee II	100.00
Sunbee III	100.00
Sunbee IV	100.00
Sunbee V	100.00
Tecneira Novas Enerias SGPS, S.A.	100.00
Tecneira S. A.	100.00
Tula Labs, Lda.	100.00
Ufv Oliveira I Ltda.	70.00
Ufv Oliveira I Ltda.	70.00
Ufv Oliveira I Ltda.	70.00
Ufv Oliveira I Ltda.	70.00
Ufv Oliveira I Ltda.	70.00

(1) Company not audited
(a) Company audited by Deloitte, S.L.
(b) Company audited by KPMG
(c) Company audited by Paulino & Asociados
(d) Company audited by BDO
(e) Company audited by Mackridge
(f) Company audited by JCCA
(g) Company audited by CSB Accountants
(h) Company audited by ADB & Associates
(i) Company audited by Mendoza Asociados Auditores
(j) Company audited by Consultores Internacionales FO.
(k) Company audited by Opine SAS
(L) Company audited by MC Auditores & Consultores, S.A. de C.V
(m) Company audited by Ges Auditores
(n) Company audited by Benchoubane Rafik
(o) Company audited by Bhawared
(p) Company audited by Shah Bhasin Asscociates Limited
(q) Company audited by Ecovis
(r) Company audited by Exco
(s) Company audited by Tsodnisa LTD
(t) Company audited by Carlene Brown
(u) Company audited by NSC Associates PAC
(v) Company audited by Tattica
(w) Company audited by PWC
(x) Company audited by Ernst & Young
(y) Company audited Beever & Structhers
(z) Company audited by Sandbox Business

Annex II

The Group companies included in the consolidation by the global integration method and the information relating to same are the following:

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
Afelco Engineering, S.L. Avda. Parques de África s/n, Malabo, (Rep. Equatorial Guinea)	(1)	Mechanical, electrical and civil engineering		32.5	32.5	Atil Cobra, S.A.
Al Hamra Water Co, LLC Ras Al Khaimah (United Arab Emirates)	(1)	Water Treatment		40	40	Cobra Instalaciones y Servicios S.A.
Campos Promotores Renovables, S.L. Cardenal Marcelo Spínola, 10 28016 Madrid (Spain)	(1)	Design, administrative processing, development, construction, commissioning, management, use of electrical installations for interconnection to transport networks and/or distribution to evacuate the energy of substation plants		26.5	26.5	Cobra Concesiones, S.L.
Chimarrao Transmisora de Energia, S.A. Av. Presidente Wilson 231, salas 1703-1704 20030-021, Centro. Rio de Janeiro (Brazil)	(1)	Electricity transmission		25	25	Cobra Brasil Servicios Comunicaciones y Energía
Cobra Tecton Private Limited Olive Towers 7th floor Lakshminaga-Porur Chennai (India)	(1)	Design, construction of desalination plant		51	51	Cobra Instalaciones y Servicios, S.A.
Energia Olmedo - Ourense. Fase I, S.A. Plaza Carlos Trías Bertrán, 7 - 4ª planta. 28020 Madrid. (Spain)	(1)	Construction and maintenance		21.33	21.33	Syneox Rail, S.L.
Mantiqueira Transmissora de Energia S.A. Avda Presidente Wilson, 231 Sala 802, Rio de Janeiro (Brazil)	(1)	Energy transmission installations		25	25	Cobra Instalaciones y Servicios, S.A.
Planta de Reserva Fría Eten, S.A. Avda. Argentina 2415. Lima. (Peru)	(c)	Electricity. Electricity generation plant.		50	50	Cobra Instalaciones y Servicios, S.A.
Oleorey, S.A. de C.V. Avda. Batallón de San Patricio, 111. Monterrey. (Mexico)	(a)	Development, infrastructure and maintenance of non-associated gas fields		50	50	Monclova Pirineos Gas, S. A. de C. V.
Petrointegral S.A.P.I. de C.V. Avda. Gómez Morin, 1111 Carrizalejo. 66254 Nuevo León. (Mexico)	(a)	Well and land service provision. Drilling, engineering, maintenance		50	50	Monclova Pirineos Gas, S. A. de C. V.
Red Eléctrica del Norte, S.A. Las Condes- Metropolitan Area. Santiago de Chile (Chile)	(d)	Electricity transmission/transport		30.1	30.1	Cobra Instalaciones y Servicios S.A.
Energías Renovables de Ricobayo, S.A. Romero Girón, 4 – Madrid (Spain)	(1)	Wind farm development		36.67	36.67	Cobra Concesiones S.L.
GS Oil and Gas SAPI de CV Zona Valle Oriente norte. Mexico (Mexico)	(a)	Oil and gas exploration and extraction		49	49	Cobra Exploración y Producción
O&M Lesedi PV Plant Pty Ltd 22 On Kildare. 22 Kildare Road 7700 Newlands (South Africa)	(e)	Solar power plant maintenance		14	14	O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.

			Ownership %			
Company and registered office		Activity	Direct	Indirect	Total	Companies with indirect participation
O&M Letsatsi PV Plant Pty Ltd 22 On Kildare. 22 Kildare Road 7700 Newlands (South Africa)	(e)	Solar power plant maintenance		14	14	O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.
O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L. c/Costa Brava, 13 3º.28034 Madrid. (Spain)	(1)	Operation and maintenance of photovoltaic plants		15.22	15.22	Cobra Instalaciones y Servicios, S.A.
Taif Independent Construction Company Sari Street, 6 Building 2824 Jeddah (Saudi Arabia)	(1)	Completion of all types of construction work		60	60	Técnicas y Desalinización de Aguas, S.A.
Taif Independent O & M Sari Street, 6 Building 2824 Jeddah (Saudi Arabia)	(1)	Water sanitation plant		40	40	Técnicas y Desalinización de Aguas, S.A.
Taif Independent Water Plant B-109 Sari Gate Building (Saudi Arabia)	(b)	Concession		50	50	Cobra Instalaciones y Servicios, S.A.

(a) Company audited by Deloitte, S.L.
(b) Company audited by KPMG
(c) Company audited by BDO Auditores
(d) Company audited by EY
(e) Company audited by Mackridge
(1) Company not audited

Breakdown of companies in the PROCME subgroup:

Company	Shareholding %
Afta Investimentos Imobiliários, S.A.	50.00
Enervouga- Energias do Vouga Lda.	50.00
Hydrouta- Hidroelectricas do Tua Lda.	50.00

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

Appendix III

The principal UTEs in the Group are:

			Thousands of euros				
UTE and Address	Activity	Ownership %	Current/non-current assets	Current/non-current liabilities	Equity	Turnover	Profit/Loss for the financial year
UTE Amazon CPD c\ Jesús, 81 Valencia (Spain)	Data processing centre	50	2,181	1,463	718	571	718
UTE Aceleradores lineales Avda. Alquería de Mina, 2 Paiporta- Valencia. (Spain)	Construction works architecture and engineering service	75	763	763	-	2,592	-
UTE Acciona-Cobra Joint Venture Turner St port 174 Melbourne (Australia)	Orana project substation line	50	7,710	6,793	917	7,699	917
UTE A en P Minatitlan III c\ Juan Racine, 112 (Mexico)	Construction	20	15,166	14,974	192	-	181
UTE Aragón Solar c\ Cardenal Marcelo Spínola, 4 Madrid	Provision of services to photovoltaic plants	50	2,053	1,205	848	2,827	848
UTE Arge Moncobra Intercon c\ Gottesweg, 56 Köln (Germany)	Logistics centre refurbishment	50	2,115	3,112	(997)	6,436	(997)
UTE Avanzia Initec RM Tula c\ Jose Luis Lagrange Mexico City (Mexico)	Installations	1	1,502	1,522	(20)	24	(4)
UTE Avanzia Initec Valle de Méjico c\ Jose Luis Lagrange Mexico City (Mexico)	Installations	1	3,097	3,161	(64)	(35)	(3)
UTE Cargadores Handling c\ Cardenal Marcelo Spínola, 10 Madrid (Spain)	Works for the supply and installation of electric recharging stations	50	1,360	2,303	(943)	859	(9.43)
UTE Castellano Cobra MACC Avda. Valdecaretas, 8 Rota Cádiz (Spain)	Construction	40	1,185	944	241	4,899	323
UTE Central Eléctrica CE3 c\ Cardenal Marcelo Spínola, 10 Madrid	Power plant construction	40	2,549	2,125	424	2,895	424
UTE C. H. Salto de Chira Avda. Camino de Santiago, 50 Madrid (Spain)	Construction	45	16,667	16,623	44	7,375	44
UTE Clima Montecelo Parroquia de Rois- Parcela F3 La Coruña (Spain)	HVAC installations	50	3,149	2,766	383	3,233	383
UTE Climatización Salas Plo c\ Cardenal Marcelo Spínola, 10 Madrid (Spain)	Integral improvement of HVAC and air-conditioning equipment	50	1,699	1,458	241	2,187	189
UTE C.T. Mejillones c\ Cardenal Marcelo Spínola, 10 Madrid	Engineering, supply, construction, assembly and commissioning of solar plant	100	2,793	2,793	-	-	-
UTE Contadores canal Isabel-II c\ Cardenal Marcelo Spínola,10 Madrid (Spain)	Replacement of water meters of Isabel II canal	100	655	655	-	3,235	-
Consorcio Agua Para Gamboa Obarrio Edif. PH Sortis Business TO Bella Vista (Panama)	Hydroelectric development	100	17,518	15,959	1,559	3,216	1,587
Consorcio Bisa-RYQ Urbanización Lima Polo and Hunt club Avda. El Derby, 55 Lima (Peru)	Integrated management services	55	3,270	2,691	579	3,865	587
Consorcio Emisario Colon Urb Obarrio calle 57 Este Sortis B Panama	Construction	51	984	995	(11)	-	(11)
Consorcio CIH Hispano Sueca Edificio F&F Tower, 50 Panama	Engineering	80	2,281	2,274	6	-	6
Consorcio COAR EPC Avda. Rep. De Colombia. Lima (Peru)	Facilities	50	1,342	1,351	(9)	1	(10)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

			Thousands of euros				
UTE and Address	Activity	Ownership %	Current/non-current assets	Current/non-current liabilities	Equity	Turnover	Profit/Loss for the financial year
Consorcio Grupo Cobra Norte Amador Merino Reyna, 267. Lima (Peru)	Secondary drinking water and sewage networks	100	2,818	2,891	(73)	5,311	(187)
UTE EP Marcona Avda. Víctor Andrés Belaunde, 887. Lima (Peru)	Wind farm construction	100	597	624	(27)	-	(27)
UTE Cobra FCC Industrial Amador Merino Reyna, 267 Lima (Peru)	Facilities	57	395	351	44	15	44
UTE Demonre c\ Cardenal Marcelo Spínola, 10 Madrid (Spain)	Installations	70	8,110	6,185	1,925	20,374	1,925
UTE Desaladora Beni Saf c\ Cardenal Marcelo Spínola, 10 Madrid (Spain)	Construction, assembly and commissioning of desalination plant	50	1,026	1,738	(712)	1,855	(712)
EP UTE Desaladora Beni Saf O&M c\ BP, 189. Akid Othmane ain Temonchent. (Algeria)	Operation, preservation and maintenance of desalination plant	100	57,814	55,454	2,360	9,201	2,358
UTE First Agua West Service Road. Paranaque Manila (Philippines)	Construction	40	5,342	5,998	(656)	4,576	(664)
UTE El Campillo c\ Carae,5 Zaragoza (Spain)	Wind farm construction works	50	1,447	839	608	3,595	608
UTE FSC Femern Sice Cobra IS Advodan Lollan-Falster, 2 Maribo (Denmark)	Construction	65	27,183	25,622	1,561	7,623	1,561
UTE EP FSC Fermen Sice- Cobra IS Severitenkamp,10 Ferhamrn (Germany)	Construction works and installations	65	16,403	16,396	7	-	7
UTE Hotel Expo Barcelona Ctra. del Mig, 37 Barcelona (Spain)	Renovation works	50	4,083	4,250	(167)	3,724	(167)
UTE Hotel Forum Avda. Camino de Santiago,50 Madrid (Spain)	Civil work and installations	50	6,642	6,080	562	9,339	562
UTE Los Cocos c\ Cardenal Marcelo Spínola,10 Madrid. (Spain)	Wind farm construction	100	9,274	10,585	(1,311)	-	(1,311)
UTE EP Los Cocos c\ Anacaona, 20 Santo Domingo (Dominican Republic)	Wind farm construction	100	7,913	10,019	(2,106)	-	(2,147)
UTE Instituto Angeleta Ferrer c\ Cardenal Marcelo Spínola,10 Madrid. (Spain)	Construction	50	215	279	(64)	(73)	(64)
UTE Libia Líneas c\ Manuel Velasco Pando, 7 Sevilla (Spain)	Construction of high voltage transmission line	50	4,266	4,239	27	-	-
UTE Marcona c\ Cardenal Marcelo Spínola,10 Madrid. (Spain)	Wind farm works and supplies	95	1,451	1,451	-	-	-
UTE Meta Zac Du Castelet Rue Jules Horowitz Sant Paul Les Durance. (France)	Assembly	33	3,591	3,504	87	3,191	87
UTE Monlainre c\ Cardenal Marcelo Spínola,10 Madrid. (Spain)	Construction	80	1,469	1,375	94	734	94
UTE Onda Park c\ Jesús, 81 entresuelo Valencia (Spain)	Installations	50	1,221	1,024	197	228	(39)
UTE Ptar Taboada c\ Cardenal Marcelo Spínola,10 Madrid. (Spain)	Supply, assembly and construction of wastewater plants	100	11,677	11,609	68	-	68
EP UTE Ptar Taboada Avda. Victor Andrés Belaunde, 887 (Peru)	Supply, assembly and construction of wastewater plants	100	4,236	4,155	81	-	98

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.a). In the event of a discrepancy, the Spanish-language versión prevails

UTE and Address	Activity	Ownership %	Thousands of euros: Current/non-current assets	Current/non-current liabilities	Equity	Turnover	Profit/Loss for the financial year
UTE Residencia mayores Pincaya Ferrol,31 Polígono Fuente del Jarro. Paterna Valencia (Spain)	Nursing home building construction	50	1,715	1,645	70	2,579	70
UTE EP Tres Hermanas c\ Amador Merino Reyna, 267 San Isidro-Lima (Peru)	Wind farm construction works and supplies	100	21,275	17,421	3,854	17,755	3,973
Consorcio UTE Reserva Fria Eten Avda. Victor Andrés Belaunde, 887 (Peru)	Construction and installation thermal plant	100	3,485	2,511	974	9,754	1,007
UTE Subestación Cruce Cabral c\ Cardenal Marcelo Spínola,10 Madrid. (Spain)	Execution, construction and extension of substation	50	874	585	289	58	26
EP UTE Tbilisi Metro Kinpiani Str (Georgia)	Construction of metro	55	4,041	4,002	39	-	41
UTE JV Cobra-HLS P.O.Box Dubai (United Arab Emirates)	Installations	49	3,729	3,778	(49)	-	(50)
UTE JV Cobra Sener Seraing Avenue Louise, 65 Ixelles. (Belgium)	Construction	70	51,102	46,203	4,899	54,346	4,899
UTE Mantenimiento Ave Energía Avda. de Brasil Madrid (Spain)	Maintenance services for traction energy facilities	30.69	4,933	4,665	268	5,888	290
UTE Mantenimiento Energía Norte Avda. de Brasil Madrid (Spain)	Maintenance	67	3,185	3,214	(29)	5,737	(40)
Consorcio Talara Cobra SCL UA&TLC c\ Amador Merino Reyna, 267. Edif. Parque Plaza San Isidro Lima (Peru)	Installations	80	97,064	97,075	(11)	20,456	(5)
UTE Tbilisi Metro c\ Cardenal Marcelo Spínola,10 Madrid. (Spain)	Construction of metro	55	2,385	2,285	100	-	100
UTE Tunel La Sagrera c\ Cardenal Marcelo Spínola,10 Madrid. (Spain)	Facilities	100	11	11	-	102	-
UTE Residencia Mayores Tabernes Pol. Fuente del Jarro. Cl. Ferrol, 31 Paterna – Valencia (Spain)	Construction	50	2.014	1,948	66	2,721	66
UTE Secado Madrid Sur c\ Cardenal Marcelo Spínola,10 Madrid (Spain)	Sludge management and operation of thermal drying plant.	100	2,528	2,483	45	3,776	45
UTE Subestaciones Ave Extremadura Avda. Manoteras, 6. Madrid (Spain)	Construction	50	1,142	1,199	(57)	762	(42)
UTE Sieb Ibiza c\ Cardenal Marcelo Spínola, 10 Madrid (Spain)	Construction	50	1,078	2,077	(999)	1,608	(999)
UTE Subestación Las Portas Avda. de Brasil, 6 Madrid (Spain)	Electrical substation construction project	40	1,433	1,295	138	2,399	157
UTE Suc San José c\ Alem Leandro, 15 Buenos Aires (Argentina)	Construction, refurbishment and repair works of residential buildings	50	2,019	1,906	113	6,553	360
UTE Umesur Avda. de Brasil, 6 Madrid (Spain)	Assistance to the preventive maintenance of electrification installations	72	1,244	1,089	155	2,447	197
UTE Valencia- Castellón c\ Álvaro de Bazan, 10 Valencia (Spain)	Track and catenary renewal works	24	776	81	695	259	934
UTE WTW Chira Soria c\ Procesador, 9 Las Palmas de Gran Canaria (Spain)	Construction	37.74	3,894	3,894	-	6,767	-
UTE Zarate Avda. Brasil, 6 Madrid (Spain)	Construction	33.33	1,967	1,755	212	1,875	212

Cobra Instalaciones y Servicios, S.A.U. and Subsidiaries

Consolidated Management Report
Financial year 2023

1. Group's Evolution

For 2023 the Group obtained a turnover of 3,055,636 thousand euros, 21.30% more than for previous year. After-tax profit for this financial year was 163,858 thousand euros.

Likewise, the Group performs activities all over the world, within different social and economic environments and regulatory frameworks. In this context, there are risks of various kinds inherent to the businesses and industries in which the Group operates, such as risks related to defects or delays in the execution and delivery of construction works, risks of a financial nature, risks of damage, etc. The Group has control systems in that are designed for the effective risk identification, measurement, assessment and prioritisation. These systems generate sufficient and reliable information for the different units and bodies with powers in risk management to decide in each case whether risks are assumed under controlled conditions, mitigated or avoided.

2. Own shares

As regards operations with own shares, Cobra Instalaciones y Servicios, S.A.U. has not made any purchases or sales of own share, nor does it envisage doing so in the future.

3. Information on the main risks and uncertainties regarding Cobra Group's business operations and management of financial risks

In the course of its business activities, Cobra Group is exposed to various financial market risks, arising mainly from the ordinary course of business. The financial risks to which the Company is exposed include mainly interest rate, translation, liquidity, inflation and credit risks.

Interest rate risk

This risk stems from changes in the future cash flows of debt contracted at variable rates (or with a short-term maturity and assumed renewal) arising from fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on borrowing costs arising from fluctuations in interest rates. For this purpose, in certain situations, financial derivatives are contracted to ensure fixed interest rates or narrow bands of fluctuation.

The sensitivity of the Group's profit to changes in interest rates, taking into account its existing hedging instruments and fixed rate financing, before tax and non-controlling interests, and considering the returns that may arise from bank deposits and investments held by the Group, is as follows:

	Thousands of euros	
	2023	2022
Change in interest rate	1% - (1%)	1% - (1%)
Effect on profit/loss	4,337 (4,337)	2,879 (2,879)

Based on the above information, the risk is considered substantially limited.

Exchange rate risk

Exchange rate risk arises mainly from the international operations of the Group, which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.
To hedge the risk inherent to structural investments in foreign operations with an operating currency other than the euro, the Group endeavours to make these investments in the same operating currency as the assets being financed and, likewise, in certain cases, arranges hedging instruments.

The Group's main foreign currencies are presented below:

	Thousands of euros			
	Mexican Pesos (MXP)	US dollar (USD)	Brazilian real (BRL)	Columbian pesos (COP)
Short-term credits	-	-	-	-
Other loans	3,357	10,083	-	1,451
Non-current debt with credit institutions	-	50,520	-	-
Current debt with credit institutions	-	131,942	88,768	-

Commodities Price Risk:

This risk is associated with the Group's energy and raw materials supply business. The price of raw materials (electricity, gas and hydrocarbons) is subject to the volatility of the international markets (global and regional) on which they are listed.

In order to reduce the risk and uncertainty associated with the expected margin on the Group's programmed transactions, as a result of the volatility of this market, the Group contracts hedging instruments to hedge the cost and the purchase and sale price of these raw materials.

Liquidity risk

This risk arises from the timing gaps between fund requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds obtained from the ordinary course of business of the Group, different forms of bank financing, capital market operations and divestments.

The Group maintains a proactive liquidity risk management policy, exhaustively monitoring its cash and anticipating the maturity of its financial transactions. The Group also manages its liquidity risk by efficiently managing its investments and working capital and arranging long-term financing facilities.

The goal of the Group is to ensure a balance in relation to flexibility, term and conditions of the credit facilities arranged on the basis of the projected short, medium and long-term financing needs.

In this regard, although working capital is negative by 1,190,026 thousand euros in 2023, the availability of funds amounting to 607,110 thousand euros (Note 16) and the Group's ability to generate cash flows from its operations, which is supported by a contracted portfolio pending execution of 5,550 million euros at year-end should be taken into account. In addition, the overall understanding of the working capital recorded at 31 December 2023 shall also take into account the existence of relevant trade advances amounting to 995,475 euros.

Inflation risk

Inflation risk results from the loss in value of money when the monetary supply grows more than the supply of goods and services, causing a rise in the price of the latter. The Group's exposure to highly inflationary economies is insignificant, with its presence in Argentina being of note, however its investments in this country are immaterial. The other countries in which the Group has its business activities cannot be considered highly inflationary economies according to the criteria established in the International Financial Reporting Standards and, therefore, this risk is considered limited.

Credit risk

The objective of credit risk management is to reduce the impact of credit risk exposure as much as possible by means of the preventive assessment of the solvency rating of the Group's potential customers. A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various different activities. As a result of the analysis of this risk, a provision was recognised for impairment of trade receivables.

4 Compliance with Article 262.1 of the Corporate Enterprises Act in relation to the average period of payment to suppliers

The Group's average payment period to suppliers in the financial year 2023 was 75 days. However, the Group has established measures aimed at complying with legal deadlines, such as: i) Review of internal procedures in relation to the payment process (receipt of invoices and internal approval processes); ii) Optimisation of working capital management, shortening average collection and payment periods; iii) Study and, where appropriate, implement electronic invoicing processes.

5. Technological Innovation

In 2023, Cobra Instalaciones y Servicios, S.A.U., holding company of the Group, has invested 1,779 thousand euros in research and development activities.

6. Non-financial information statement

In the area of non-financial information, the publication of Act 11/2018 of 28 December, which amends the Commercial Code, the Consolidated Text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July and Act 22/2015 of 20 July, on the Audit of Accounts, in the area of non-financial information and diversity (from Royal Decree-Law 18/2017 of 24 November), has been taken into consideration. Such publication represents the transposition of the European regulations provided for in Directive 2014/95/EU of the European Parliament and of the Council, of 22 October 2014, which imposes the obligation of disclosure of non-financial and diversity information by certain entities and groups previously provided for in Spain under Royal Decree-Law 18/2017 of 24 November. In this regard, part of the non-financial information corresponding to the Company is included in the consolidated management report of Vinci, S.A., a company based in France, in which the Company is included, and another part in the supplementary statement of non-financial information included in the consolidated management report of the Cobra Servicios Comunicaciones y Energía, S.L.U. Group, to which the Group belongs and whose controlling company is based in Spain.

7. Events after year-end

No significant events have occurred after 31 December 2023.

31 May 2024

TEPCO

TEPCO Integrated Report 2023 Financial Section

Year ended March 31, 2023

Tokyo Electric Power Company Holdings, Incorporated

Financial Highlights

Consolidated Financial Summary[*1]

	(Millions of yen)												(Millions of US dollars)
	2023/3	2022/3	2021/3	2020/3	2019/3	2018/3	2017/3	2016/3	2015/3	2014/3	2011/3	2010/3	**2023/3**
FYs ended March 31:													
Operating revenues	**¥ 7,798,696**	¥ 5,309,924	¥ 5,866,824	¥ 6,241,422	¥ 6,338,490	¥ 5,850,939	¥ 5,357,734	¥ 6,069,928	¥ 6,802,464	¥ 6,631,422	¥ 5,368,536	¥ 5,016,257	**$ 58,400**
Operating income (loss)	**(228,969)**	46,230	143,460	211,841	312,257	288,470	258,680	372,231	316,534	191,379	399,624	284,443	**(1,715)**
Income (loss) before income taxes and non-controlling interests	**(111,911)**	11,351	190,393	69,259	258,625	327,817	146,471	186,607	479,022	462,555	(766,134)	223,482	**(838)**
Net income (loss) attributable to owners of the parent	**(123,631)**	2,916	180,896	50,703	232,414	318,077	132,810	140,783	451,552	438,647	(1,247,348)	133,775	**(926)**
Depreciation and amortization	**341,145**	419,203	412,039	422,495	541,805	561,257	564,276	621,953	624,248	647,397	702,185	759,391	**2,555**
Capital expenditures	**637,720**	566,056	608,857	524,462	639,725	602,710	568,626	665,735	585,958	575,948	676,746	640,885	**4,775**
Per share data (Yen):													
Net (loss) income (basic)	**¥ ¥ (77.17)**	¥ 1.82	¥ 112.90	¥ 31.65	¥ 145.06	¥ 198.52	¥ 82.89	¥ 87.86	¥ 281.80	¥ 273.74	¥ (846.64)	¥ 99.18	**$ (1)**
Net income (diluted) (Note 2)	**—**	0.58	36.39	10.12	46.96	64.32	26.79	28.52	91.49	88.87	—	99.18	**—**
Cash dividends	**—**	—	—	—	—	—	—	—	—	—	30	60	**—**
Net assets	**1,307.87**	1,361.73	1,326.49	1,185.98	1,179.25	1,030.67	838.45	746.59	669.60	343.31	972.28	1,828.08	**10.00**
FYs ended March 31 (as of March 31):													
Total net assets	**¥ 3,121,962**	¥ 3,207,059	¥ 3,142,801	¥ 2,916,886	¥ 2,903,699	¥ 2,657,265	¥ 2,348,679	¥ 2,218,139	¥ 2,102,180	¥ 1,577,408	¥ 1,602,478	¥ 2,516,478	**$ 23,378**
Equity (Note 3)	**3,095,397**	3,181,717	3,125,299	2,900,184	2,889,423	2,651,385	2,343,434	2,196,275	2,072,952	1,550,121	1,558,113	2,465,738	**23,180**
Total assets	**13,563,085**	12,838,398	12,093,155	11,957,846	12,757,467	12,591,823	12,277,600	13,659,769	14,212,677	14,801,106	14,790,353	13,203,987	**101,566**
Interest-bearing debt	**5,756,429**	5,440,245	4,889,099	4,914,931	5,890,793	6,022,970	6,004,978	6,606,852	7,013,275	7,629,720	9,024,110	7,523,952	**43,106**
Financial ratios and cash flow data:													
ROA (%) (Note 4)	**(1.7)**	0.4	1.2	1.7	2.5	2.3	2.0	2.7	2.2	1.3	2.9	2.1	**—**
ROE (%) (Note 5)	**(3.9)**	0.2	6.0	1.8	8.4	12.7	5.9	6.6	24.9	32.9	(62.0)	5.5	**—**
Equity ratio (%)	**22.8**	24.8	25.8	24.3	22.6	21.1	19.1	16.1	14.6	10.5	10.5	18.7	**—**
Net cash provided by (used in) operating activities	**¥ (75,673)**	¥ 406,493	¥ 239,825	¥ 323,493	¥ 503,709	¥ 752,183	¥ 783,038	¥ 1,077,508	¥ 872,930	¥ 638,122	¥ 988,710	¥ 988,271	**$ (567)**
Net cash used in investing activities	**(388,842)**	(559,791)	(577,215)	(508,253)	(570,837)	(520,593)	(478,471)	(620,900)	(523,935)	(293,216)	(791,957)	(599,263)	**(2,912)**
Net cash provided (used in) by financing activities	**319,984**	560,596	(20,340)	13,591	(117,698)	12,538	(603,955)	(394,300)	(626,023)	(301,732)	1,859,579	(495,091)	**2,396**

Notes: 1. Amounts of less than one million yen have been omitted. All percentages have been rounded to the nearest unit. Accounting standards pertaining to revenue awareness (corporate accounting standard #29, March 31, 2020) has been applied from the beginning of the term ending March 2022.The International Financial Reporting Standards (IFRS) have been applied to JERA, an affiliated company, since the term ending March 2023. So the standards have been retroactively applied the data for the term ending March 2022.

2. Net income per share after dilution by potential shares for the years ended March 31, 2011 and March 31, 2023 have been omitted as the Company recognized a Net loss per share although there were potential shares.

3. Equity = Total net assets − Stock acquisition rights − Minority interests

4. ROA = Operating income/((Total assets at the end of last term + total assets as of the end of the current term)/2)

5. ROE = Net income/((Total equity at the end of last term + Total equity as of the end of the current term)/2)

Financial Review

Analysis of business performance from an owner's perspective

The following are the results from our analysis and examination of the business performance of the TEPCO Group as viewed from an owner's perspective.

Any references made to the future in this document are considered valid at the time it was written.

Business Performance

The business environment surrounding the TEPCO Group in the consolidated fiscal year under review became even more challenging due to the continued depreciation of the yen and soaring fuel and wholesale electricity prices. Under these circumstances, the TEPCO Group posted an ordinary loss despite its efforts to improve profitability through further management rationalization and the implementation of electricity-saving measures aimed at curbing electricity procurement costs.

Retail electricity sales volume for the TEPCO Group during the consolidated fiscal year under review decreased 0.9% YoY to 184.8 billion kWh due to continued fierce competition and cooperation in electricity-usage-saving, but total electricity sales volume increased 3.8% YoY to 242.8 billion kWh driven by an increase in wholesale electricity sales volume.

In regards to consolidated revenue and expense for the consolidated fiscal year under review, operating revenues surged 46.9% YoY to ¥7,798.6 billion, which was mainly due to a higher unit price of electricity fee revenue boosted by the impact of the fuel cost adjustment system and the growth of total electricity sales volume. The total ordinary revenues, including all other non-operating revenues, rose 45.4% YoY to ¥7,809.4 billion.

On the expense side, the total ordinary expenses increased 51.9% YoY to ¥8,094.8 billion, hit by an increase in electricity procurement costs resulting from soaring fuel and wholesale electricity prices, despite comprehensive Group-wide efforts to reduce costs amid the continued shutdown of all of the Company's nuclear power stations.

As the result of the above, the TEPCO Group posted an ordinary loss of ¥285.3 billion (an ordinary income of ¥42.2 billion was recorded in the previous fiscal year).

Net loss attributable to owners of the parent came to ¥123.6 billion. This was mainly attributable to extraordinary losses of ¥529.5 billion from compensation for nuclear power-related damages and other expenses, and extraordinary income of ¥693.5 billion, including grants-in-aid from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (hereinafter referred to as "NDF") and gain on sale of shares of subsidiaries and affiliates.

The performance of each business segment (including inter-segment transactions) for the consolidated fiscal year under review was as follows:

Holdings

Net sales (operating revenues) increased 2.2% YoY to ¥633.7 billion, mainly due to higher revenues at subsidiaries.

Ordinary income fell 8.2% YoY to ¥67.0 billion due to a decrease in dividends received from core companies.

Fuel & Power

Ordinary income decreased by ¥37.2 billion YoY and fell ¥30.3 billion into the red (ordinary income of ¥6.9 billion was recorded in the previous fiscal year), mainly because JERA, which is an equity-method affiliate, reported higher procurement costs resulting from soaring spot prices of LNG.

Power Grid

Net sales (operating revenues) increased 28.1% YoY to ¥2,513.9 billion due mainly to a higher revenue from last resort supply.

Ordinary income fell 39.2% YoY to ¥71.9 billion due mainly to a surge in electricity procurement costs resulting from soaring fuel prices and other factors.

Energy Partner

Net sales (operating revenues) increased 46.2% YoY to ¥6,377.3 billion due mainly to a higher unit price of electricity fee revenue boosted by the impact of the fuel cost adjustment system.

Ordinary income decreased by ¥261.7 billion YoY and fell ¥328.2 billion into the red due mainly to a surge in electricity procurement costs resulting from soaring fuel prices and other factors.

Renewable Power

Net sales (operating revenues) rose 2.1% YoY to ¥156.2 billion due mainly to an increase in electricity sales.

In addition, operating income rose 13.1% YoY to ¥51.9 billion due mainly to a decrease in depreciation and amortization expenses.

Net Income Attributable to Owners of the Parent

TEPCO recorded ¥507.4 billion in grants-in-aid from NDF, ¥123.3 billion in gain on sale of shares of subsidiaries and affiliates, and ¥62.7 billion in gain on sale of property, plant and equipment as extraordinary income, while recording ¥507.3 billion in compensation for damage caused by the nuclear accidents and ¥22.2 billion in extraordinary loss on disaster as extraordinary losses. As a result, net income before income taxes in the fiscal year under review came to ¥111.9 billion. In addition, TEPCO recorded income taxes of ¥8.7 billion, income taxes-deferred of ¥2.4 billion, and net income attributable to non-controlling interests of ¥0.6 billion. As a result, net income attributable to owners of the parent for the fiscal year under review totaled ¥123.6 billion, which translates into ¥77.17 in net income per share.

Fiscal Policy

Based on the Comprehensive Special Business Plan (certified in May 2012 by the cabinet minister in charge), TEPCO has received an investment of ¥1 trillion from the NDF and has requested financial institutions to provide additional credit and maintain existing credit lines through refinancing. With these cooperation and support of the NDF and financial institutions, the TEPCO Group improved its equity ratio and managed to return to the publicly-offered corporate bond market in March 2017. In FY2022, TEPCO Power Grid issued publicly offered bonds worth ¥490 billion, and TEPCO Renewable Power issued green bonds worth ¥30 billion. We shall continue to issue corporate bonds and make other efforts to restore TEPCO Group's ability to procure capital independently.

Funds raised through obtaining loans from financial institutions and issuing corporate bonds are allocated to investments in facilities required for the electric power business, loan repayments and redemption of corporate bonds. TEPCO's capital investment plan is as outlined in "Capital Expenditures," and plans for loan repayments and corporate bond redemption are as outlined in "(Note 4) Redemption schedule for bonds, 2.Fair value of financial instruments, 35.Financial Instruments."

The TEPCO Group has adopted its in-house financial system to ensure greater efficiency in fund management.

Cash Flow

Cash and cash equivalents (hereinafter referred to as "capital") on a consolidated basis as of the end of the fiscal year under review decreased by ¥144.4 billion (16.8%) from a year earlier to ¥717.3 billion.

(Cash flow from operating activities)

Capital expenditure from operating activities during the consolidated fiscal year under review was ¥75.6 billion (capital revenue of ¥406.4 billion was recorded in the previous fiscal year) due mainly to higher expenditure on electricity procurement.

(Cash flow from investing activities)

Capital expenditure from investment activities during the consolidated fiscal year under review decreased 30.5% YoY to ¥388.8 billion due mainly to higher revenue on collection of investments and loans receivable.

(Cash flow from financing activities)

Capital revenue from financing activities during the consolidated fiscal year under review decreased 42.9% YoY to ¥319.9 billion due mainly to higher expenditure on repayment of short-term borrowings.

Capital Expenditures

Overview of capital investment

While capital investment has been limited to the minimum-required level to maintain a stable supply of electricity, capital investment for the consolidated fiscal year under review was ¥637,720 million as a result of decommissioning/contaminated water countermeasures implemented at the Fukushima Daiichi Nuclear Power Station. By segment, capital expenditures, including intercompany transactions, amounted to ¥232,241 million in the Holdings business segment; ¥0 million in the Fuel & Power business segment; ¥339,541 million in the Power Grid business segment; ¥41,978 million in the Energy Partner business segment; and ¥26,819 million in the Renewal Power business segment.

Assets, liabilities and Net Assets

Assets as of the end of the consolidated fiscal year under review increased by ¥724.6 billion from a year earlier to ¥13,563.0 billion due mainly to an increase in grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation. Liabilities as of the end of the consolidated fiscal year under review rose by ¥809.7 billion from a year earlier to ¥10,441.1 billion due mainly to an increase in reserve for nuclear damage compensation.

Net assets as of the end of the consolidated fiscal year under review fell by ¥85.0 billion from a year earlier to ¥3,121.9 billion due mainly to net loss attributable to owners of the parent. As a result, equity ratio fell 2.0 percentage points from the end of the previous consolidated fiscal year to 22.8%.

Dividend Policy

TEPCO recognizes sharing corporate profits with shareholders as one of its top-priority tasks. However, TEPCO has suspended its basic dividend policy in view of adverse factors such as an ongoing tough business environment since the Tohoku-Chihou-Taiheiyou-Oki Earthquake. A new basic policy is to be explored in line with future developments. TEPCO's Articles of Incorporation stipulate that an interim dividend may be paid by resolution of the Board of Directors. Until now, TEPCO has maintained a basic policy of paying both an interim and a fiscal year-end dividend of surplus. The interim dividend is disbursed by resolution of the Board of Directors, while the year-end divided is disbursed by resolution of TEPCO's Annual General Meeting of Shareholders.

Looking at the business results for the fiscal year under review, despite Group-wide efforts to improve profitability, TEPCO recorded ordinary loss of ¥285.3 billion and net loss attributable to owners of the parent of ¥123.6 billion due mainly to an increase in electricity procurement costs resulting from soaring fuel and wholesale electricity prices. In light of these challenging business conditions, we have made a difficult decision to suspend the disbursement of dividends.

TEPCO plans to again suspend the disbursement of both interim and end-of-year dividends next fiscal year, given the on-going prospect of a harsh business climate.

Risk Factors

Of the risk factors affecting TEPCO Group's business and other operations, this section describes primary factors that may exert a significant impact on investor decisions. Factors that may not necessarily be applicable are also disclosed in keeping with TEPCO's stance of disclosing information actively to investors.

TEPCO has built a risk management system for which the President serves as General Manager and the Chief Risk Management Officer serves as Risk Manager, and in cooperation with the presidents of each core operating companies and the directors in charge of risk management, etc., they oversee the Group's risk management both in normal times and when risks manifest. The Directors and Executive Officers periodically and as needed, identify and evaluate the business risks associated with the Company and its Group. These risks are then reflected as appropriate onto the management plan for that fiscal year. Internal rules are also in place to ensure risk is managed appropriately for the entire Group.

Such risks are generally managed by the relevant department in the course of work execution in conformity with the internal rules. Risks that span multiple departments are reviewed by a cross-organizational committee, then managed appropriately.

The Risk Management Committee headed by the President manage risks that could have a significant impact, minimizing the impact that the risk poses on management by preventing the materialization of the risk and responding swiftly and accurately should the risk materialize. Employees also receive periodic training on relevant laws, internal rules, and manuals.

However, the operating environment surrounding the Company and its Group remains harsh and the Company's business operations may be significantly affected if the following risks materialize. Risks are listed in the order of importance determined by the magnitude of the potential impact on the business and likelihood of occurrence.

This section includes future-related matters. Their inclusion was determined based on conditions as of the date when this document was presented.

(1) Decommissioning of the Fukushima Daiichi Nuclear Power Station

Level of impact	Very high
Occurrence possibility	High

Potential risk

TEPCO is pushing forward with decommissioning work steadily and with attention to safety at the Fukushima Daiichi Nuclear Power Station in accordance with the Mid-and-Long-Term Roadmap towards the Decommissioning of TEPCO HD's Fukushima Daiichi Nuclear Power Station (hereinafter the "Mid-and-long-Term Roadmap"). However, there are technically uncertain and unresolved issues, such as fuel debris retrieval which has never been done before, and it is possible that the decommissioning work will not progress as planned for the next 30 to 40 years.

In addition, decommissioning work requires the understanding of the regional community and society, but insufficient information dissemination, human error, and the occurrence of problems may cause difficulties in gaining the trust of such community and society and implementing the work steadily.

Although plans are to discharge ALPS treated water based on the government's basic policy, there is a possibility that the discharge will not be implemented steadily due to delays in preparation work and lack of understanding of the local community and society at large.

If these decommissioning efforts do not proceed smoothly and the process is more prolonged, business performance, fiscal condition and operations of the TEPCO Group may be affected.

Response measures

As this decommissioning challenge is unprecedented in the world, TEPCO has developed the "Mid- to Long-term Decommissioning Action Plan" based on the Mid-and-Long-Term Roadmap, which is a major goal to be pursued, and also on new information and findings that are gradually obtained.

To "balance recovery with decommissioning" and "to fulfill our responsibility to Fukushima", we will communicate the progress made in decommissioning work and future projections even more carefully and in an easy-to-understand manner to gain the understanding of the regional community and society.

TEPCO will continue to collect new information and knowledge one by one through Unit 1 containment vessel internal survey and trial fuel debris retrieval from Unit 2, and flexibly revise the "Mid- to Long-term Decommissioning Action Plan" based on the progress and problems in order to work in accordance with the plan toward the completion of decommissioning in 30 to 40 years while paying utmost attention to safety.

In working on ALPS treated water dilution and discharge facilities, we will prioritize safety and communicate the situation to parties concerned and society at large, while cooperating sincerely with safety checks by municipalities and IAEA reviews to secure objectivity and transparency as part of efforts to gain trust not only in Japan but also overseas.

In addition, the Company will strengthen and expand its efforts to minimize the adverse impact on reputation by listening carefully to the opinions of local residents and other parties concerned and taking appropriate measures as needed.

Furthermore, the Company will take multilayered measures to reduce the amount of contaminated water generated, including repairing the building's roof and paving the inner side of land-side impermeable wall, and waterproofing some parts of the building.

(2) Stable Supply of Electric Power

Level of impact	Very high
Occurrence possibility	High

Potential risk

In addition to accidents at facilities and problems in procuring fuel, large-scale disasters, sabotage, including terrorist acts and riots, and the outbreak of infectious disease may also hinder stable supply of electric power.

Furthermore, the impact could be long term and on a large scale.

Such cases could affect the TEPCO Group's business performance and financial condition, while damaging public trust and imposing negative impact on business operations.

Response measures

Regarding the supply-demand assessment and response measures at the planning stage, TEPCO works on both the supply-side measures (e.g., open recruitment of kW) and demand-side measures (e.g., demand response) after confirming the details of the decision which was made after discussions between the government and the Organization for Cross-regional Coordination of Transmission Operators (OCCTO).

In daily operations, TEPCO checks on the short-term supply and demand projections on a weekly basis to identify any signs of supply and demand crunches.

In addition, the Group-wide Supply and Demand Emergency Guidelines will be revised as needed to implement emergency measures during a supply and demand crunch smoothly and appropriately.

Furthermore, during an electricity supply and demand crunch, the Company will check on the supply and demand emergency measures taken by TEPCO PG, build necessary structures for addressing the crunch, and disseminate information in a timely manner to avoid widespread outages.

In response to the increasingly severe and widespread occurrence of natural disasters, TEPCO is reinforcing facilities based on damage assumptions made by the Central Disaster Prevention Council of the Cabinet Office and other organizations, with a focus on strengthening electric power resilience. From the perspective of preventing equipment accidents, efforts are being made to maintain a stable supply by replacing aging equipment systematically and efficiently. To protect against terrorism, riots and other sabotage, TEPCO maintains close cooperation with related agencies from ordinary times. From the viewpoint of mitigating damage caused by equipment failure, TEPCO works to minimize the scope and duration of power outage by multiplexing facilities that connect multiple power grid systems. For early restoration of damaged facilities, TEPCO proactively utilizes digital technology, diversifies power supply methods by using storage batteries and electric vehicle as distributed power sources, secures restoration equipment and materials, develops a Group-wide disaster response system, conducts in-house drills assuming various hazards, and strengthens cooperation and collaboration with the Maritime and Ground Self-Defense Forces, the government, municipalities, general power transmission and distribution companies, and other related parties.

With regard to fuel procurement risk, efforts will continue at JERA to procure fuel as stably and flexibly as possible by leveraging the flexibility of its fuel portfolio and fuel trading through JERA Global Markets, while TEPCO continues with the monitoring of JERA.

With regard to measures against infectious diseases, TEPCO reinforces basic infection control measures and utilizes telework and staggered work hours to ensure the health and safety of its employees, and takes necessary response appropriately by monitoring social trends associated with the spread of infectious diseases.

(3) Nuclear Power Generation and Nuclear Fuel Cycle

Level of impact	Very high
Occurrence possibility	High

Potential risk

The revision of Japan's nuclear policy and the tightening of safety regulations by the Nuclear Regulation Authority may affect operations of the TEPCO Group's nuclear power generation and nuclear fuel cycle businesses, as well as the Group's business performance and financial condition.

Nuclear energy is an important power source not only from the perspective of achieving carbon neutrality, but also from the perspective of providing a stable supply of low-cost electricity and strengthening resilience. TEPCO is strengthening safety measures and promoting organizational reforms with strong determination not to repeat a severe accident. However, in the event that in-house construction, inspection and other technical responses are prolonged or restoration of trust from siting communities and society at large fails to progress as planned due to incidents such as the ones related to physical protection and unfinished construction work for the safety measures in FY2020, the outlook for the restart of nuclear power plants will become uncertain, thermal fuel costs will rise, unnecessary fuel assets will be generated, and the asset value of power generation facilities will be changed. These situations could impact the TEPCO Group's business performance and financial condition.

With regard to the back-end business, including spent fuel reprocessing, disposal of radioactive waste, and dismantling of nuclear power generation facilities, large capital spending and a long period of operation are required. To ensure that these processes are implemented properly and without delay, institutional measures have been taken. Specifically, a system is in place to contribute to the cost required for spent fuel reprocessing and radioactive waste disposal, and a system is also in place to set aside a reserve for the cost of dismantling nuclear power generation facilities. Although such government measures have mitigated uncertainties related to the back-end business, factors that could affect the TEPCO Group's business results and financial condition include revision of the institutional measures, a higher estimate for future costs outside of these measures, operating condition at JNFL's Rokkasho Reprocessing Plant and other facilities, and procedures for the decommissioning of the uranium enrichment plant at the same site.

Response measures

With regard to nuclear power generation, TEPCO is steadily implementing the corrective action plan submitted to the Nuclear Regulation Authority in September 2021 to strengthen the physical protection function, which is an urgent issue for the power plant. Specifically, multiple biometric authentication devices have been introduced to prevent inappropriate entry or erroneous permission and a system to promote improvements in physical protection has been built under the leadership of management as part of efforts to continually improve safety. TEPCO will also increase human resources, including hiring experts from outside the Company, and dedicate additional resources to facility measures.

Furthermore, part of the headquarter functions has been moved to Kashiwazaki City, in Niigata Prefecture, where the nuclear power plant is located, to promote field-oriented, regionally symbiotic business operations through integrated management of the head office and the power plant.

With regard to the back-end business, TEPCO will ease uncertainties by taking appropriate actions in accordance with national policies and related institutional measures, while closely monitoring future trends in policies and systems. TEPCO will also cooperate in the promotion of nuclear fuel cycle projects, including the Rokkasho Reprocessing Project and the uranium enrichment project.

With regard to the final disposal of high-level waste, TEPCO, as a waste generator with fundamental responsibilities, has established an information desk for inquiries as part of its efforts to actively promote understanding for the realization of geological disposal in cooperation with the government and the Nuclear Waste Management Organization (NUMO).

(4) Electricity Sales Volume, Electricity Prices, and Electricity Procurement Costs

Level of impact	Very high
Occurrence possibility	High

Potential risk

Electricity sales volume may be impacted by temperatures and the weather, economic and industrial activities, power savings, energy conservation and policies to realize carbon neutrality in addition to competition in the retail market. The retail price and profits could also be affected by competition in the retail market.

In addition, trading trends on the fuel and wholesale electricity markets, as well as foreign exchange rates could affect electricity procurement costs, as a result of which, the TEPCO Group's business performance and financial condition could be affected.

However, the impact of fluctuations in fuel prices, foreign exchange rates, and wholesale market prices on business performance will be mitigated by the "fuel cost adjustment system" and the "fuel cost, etc. adjustment system".

Response measures

Soaring fuel prices and wholesale electricity prices resulting from the Ukraine crisis, as well as changes in the power source procurement structure, have impacted the financial condition of the TEPCO Group.

In response, the Company will gradually increase the electricity rates for extra high-voltage and high-voltage customers from some time after April 2023. The Company will also raise the regulated rates for low-voltage customers from June 1, 2023 based on the approval of the METI minister obtained on May 19, 2023, and also the liberalized rates for low-voltage customers from July, 1, 2023. In revising retail rates, the Company will work to reduce the burden on our customers, while also improving our Group's financial condition, by streamlining management thoroughly, expanding energy consumption programs, and reducing the impact of higher wholesale rates on retail rates by incorporating power from restarted nuclear power plants in calculations for the new retail rates.

In addition, for power source procurement costs, the Company will manage risks appropriately by introducing hedged trading using electricity derivatives while building a competitive power source portfolio by expanding suppliers to cut costs.

Capturing the trend toward carbon neutrality and the extreme variability of international fuel prices, the Company will offer services that meet the needs of customers and society by transforming our business model to a local production/local consumption-oriented equipment service provider to reduce the impact of fuel prices and secure stable profits.

(5) Customer Services

Level of impact	High to Very high
Occurrence possibility	High

Potential risk

Customer service in violation of laws and regulations and other issues could significantly undermine customer satisfaction and public trust in the Group's services and affect the business performance, financial condition and smooth operations of the Group.

Response measures

To realize concrete strategies in the Comprehensive Special Business Plan, the TEPCO Group established a new Group Corporate Philosophy in July 2021, based on which the Group will build a new corporate culture that dares to innovate for customers, and strives to be a company that customers can continue to trust and choose.

At TEPCO Energy Partners, which carries out sales activities, in addition to providing practical training/education and maintaining scripts to improve customer services, the company utilizes "customer feedback" collected through sales calls and visits to improve operations and post examples of major improvements on the website.

The quarterly Sales Quality Management Committee headed by the President of TEPCO Energy Partners with lawyers and consumer interest group directors as outside members evaluates company-wide initiatives to improve sales quality, such as by using video explainers for services and enhancing the readability of application forms, as well as to prevent recurrence of inappropriate incidents by checking the status of measures to prevent recurrence of administrative dispositions, and formulates improvement policies. The CX Enhancement Office is responsible for supporting and checking the improvement initiatives taken by each department to prevent the occurrence of inappropriate incidents.

(6) Fossil Fuel Prices

Level of impact	High to Very high
Occurrence possibility	High

Potential risk

The prices for LNG, crude oil, coal and other fuels change according to factors that include international fuel market conditions and foreign exchange market trends, which could affect the TEPCO Group's business performance and financial condition. In particular, a global surge in fuel prices due to the situation in Ukraine could affect the TEPCO Group's business performance and financial condition.

Response measures

At JERA, efforts are being made to respond to risks associated with fuel price fluctuations through price competitiveness that leverages a world-class procurement scale, a fuel portfolio with strong responsiveness to price fluctuation risks, and fuel trading and hedging in the futures market through JERA Global Markets..

(7) Changes in the Electricity Business Structure and Energy Policy

Level of impact	High to Very high
Occurrence possibility	Medium

Potential risk

The TEPCO Group's business performance and financial condition could be affected by changes in the policy environment in the course of its business, including structural changes in the electricity industry and other revisions of national energy policies as well as tighter environmental regulations related to global warming.

Response measures

TEPCO will comprehensively and proactively collect necessary information on energy policies, systems related to the electricity business, and trends in environmental regulations, and explain the TEPCO Group's approach through various forums in cooperation with relevant sections while taking necessary measures.

(8) Safety Assurance, Quality Control and Prevention of Environmental Pollution

Level of impact	High-Very high
Occurrence possibility	Medium-High

Potential risk

The TEPCO Group is making every effort to ensure safety assurance, quality control, prevention of environmental pollution, and information disclosure with an advanced level of transparency and reliability in all of its businesses, divisions, and offices. However, accident and casualties caused by human error and the breaching of laws and regulations / internal rules, large-scale environmental contamination, and inappropriate PR/information disclosure could also undermine the Group's social credibility, hampering smooth business operations.

Response measures

With the aim of fulfilling social responsibilities, the TEPCO Group has established the "TEPCO Group Charter of Corporate Conduct" to unite in its commitment to act with integrity, complying with laws, regulations, and rules with the highest priority on safety and strict compliance with corporate ethics.

Placing the top priority on safety in all aspects of business activities, the TEPCO Group has developed rules and measures that are effective in safety activities and compliance with laws and regulations, which are evaluated and improved on an ongoing basis.

In terms of quality control and environmental management, rules and manuals have been established to reinforce thorough compliance, the status of compliance is checked through internal audits, and necessary improvements are made as appropriate.

In particular, the nuclear operation business is committed to improving safety and quality based on an "actual place, actual thing" perspective by instructing managers to check and improve the status of field equipment and personnel on a regular basis. These efforts will be continuously improved based on guidance and advice from external experts.

With regard to information disclosure, TEPCO works to ensure that necessary information is accurately and promptly conveyed to customers, local communities, and society at large.

(9) Corporate Ethics and Compliance

Level of impact	High-Very high
Occurrence possibility	Medium-High

Potential risk

The TEPCO Group works to firmly establish business operations that comply with corporate ethics. However, the violation of laws and regulations or other acts contrary to its corporate ethics could damage public trust in the

Group and affect smooth business operations.

In the nuclear operation, under the policy to foster safety culture among workers, training and dialogue activities are being promoted to clarify specific actions that each worker is required to take in real situations. However, if such efforts prove insufficient, TEPCO Group's social credibility could be undermined and smooth business operations may be negatively impacted.

Response measures

The "TEPCO Group Charter of Corporate Conduct" and the "Code of Conduct Related to the Corporate Ethics and Compliance Policies of the TEPCO Group" have been established to clarify TEPCO's direction and specific actions to be followed by directors and employees. The TEPCO Group Corporate Ethics Committee, chaired by the President and composed of members including external experts, has been formed to deliberate and decide on various measures to firmly establish corporate ethics and receive guidance and advice on the status of implementation. A manager and staff members in charge of corporate ethics are assigned in each organization to ensure such measures are implemented by the TEPCO Group as a whole.

In addition, periodic awareness surveys are conducted to check the degree to compliance with corporate ethics, and the future action policy is determined based on the survey results. Furthermore, corporate ethics hotlines are set up within and outside TEPCO for use by the entire TEPCO Group with the aim of preventing violations of corporate ethics across the Group.

In the nuclear operation, in response to the physical protection incident at the Kashiwazaki-Kariwa Nuclear Power Station, etc., initiatives are being taken to create a power station that is trusted by local residents. These initiatives include enhancing internal communication and employee motivation through active dialogue between the management and power plant workers, creating the "Purpose of the Power Station" based on opinions collected through such dialogue, and appointing external experts.

(10)Information Management and Security

Level of impact	High-Very high
Occurrence possibility	High

Potential risk

The TEPCO Group maintains information important to its operations, including a large volume of customer information. The Group strictly manages information through means that include internal regulations and employee training, but leaks of such information due to cyber incidents, human error, etc. could damage public trust in the TEPCO Group and affect its smooth business operations.

Response measures

To deal with increasingly sophisticated and advanced cyber incidents, efforts are being made to strengthen security by all possible means, including defensive measures, constant monitoring, and response and recovery training. As the TEPCO Group recognizes that the protection of customer information is particularly important, system measures have been taken, including restrictions on data export to external storage media, while educating and enlightening employees about the impact of information leaks on customers and society.

(11) Procurement of materials and goods

Level of impact	High
Occurrence possibility	High

Potential risk

A disrupted supply chain caused by occurrence of large-scale disasters, the spread of infectious disease, international conflicts, tension between the US and China, etc. could put upward pressure on procurement costs and strain procurement plans, affecting the TEPCO Group's business performance, financial condition, and smooth operation.

In particular, delays in deliveries and production shutdowns caused by the Ukraine crisis and other geopolitical issues, semi-conductor shortages and factory shutdowns like those seen at the height of COVID-19 could affect the stable supply of electricity.

Furthermore, if the TEPCO Group or any of its suppliers is found to be complicit in the destruction of the environment or in the infringement of human rights within the TEPCO supply chain, TEPCO's social credibility could be damaged affecting business operations.

Response measures

To ensure the sustainability of the supply chain, the Company has instituted a supplier registration system that checks the suitability of the supplier beforehand, and diversified its supplier base to increase competition and expand opportunities to collaborate with various suppliers. To address risks of delivery delays and production shutdowns due to semiconductor shortages, etc., the Company is sending in orders early, using alternative products, managing inventories, and adjusting schedules to avoid stockouts.

Furthermore, in light of the growing interest in environmental problems and human rights issues as well as their importance, the Company is committed to realizing a sustainable society through its entire supply chain: the "TEPCO Group Basic Procurement Policy" was revised accordingly and a new "Sustainable Procurement Guideline" was issued to suppliers with the aim of checking the status of initiatives for environmental and human rights issues and building trust with suppliers through dialogue.

(12)Initiatives Related to Climate Change

Level of impact	High
Occurrence possibility	Medium

Potential risk

Having announced targets to "reduce CO_2 emissions of electricity delivered to customers by 50% in FY2030 compared to FY2013" and "reduce CO_2 emissions from the supply of energy to net zero by 2050," the TEPCO Group is striving to contribute to the realization of carbon neutral society. However, the passing of the GX Promotion Bill, which will introduce growth-oriented carbon pricing and other tightening of CO_2 emissions regulations, the increase in consumers self-generating and self-consuming electricity using solar power and storage batteries, and the decline in sales volume from the spread of local generation/consumption could negatively affect the TEPCO Group's business performance, financial condition, business operations and corporate image.

Change in investor behavior driven by ESG concerns may also affect the TEPCO Group's financing and stock price.

Response measures

While working on both long-term stable supply and CO_2 reduction, the TEPCO Group will shift its business focus onto "carbon neutrality" and integrate its efforts to focus on two pillars of 1) developing renewable energy and other zero-emission power sources, and 2) promoting the electrification of energy demand.

For the tightening of regulations, the Company will proactively gather information from a wide range of sources on the design of systems to address climate change, including the GX Promotion Bill, and explain the TEPCO Group's approach through various forums in cooperation with relevant sections while implementing necessary measures.

As society transitions to a local generation/consumption society through the shift from large-scale power sources/bulk power transmission to self-generation/self-consumption, the Company will radically shift the business model from an electricity (kWh) sales model to an equipment and services business model catering to our customers' needs. This new business will be expanded on a society, community, and "town" basis across regions. The nationwide expansion of the equipment and services/aggregation business will be placed at the core of the business model transition, and alliances will be built with various business partners.

For the change in investor behavior driven by ESG concerns, a structure of incorporating global ESG trends into management has been put in place through the appointment of the ESG Committee and ESG Officer, with the aim of enhancing measures to identify ESG issues and carry out internal reforms, as well as ESG information disclosure in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Company will also address the items listed in the Carbon Neutrality Roadmap steadily, and work to obtain deeper understanding of its business and initiatives through engagement with shareholders and investors.

(13) Financial Market Conditions

Level of impact	High
Occurrence possibility	High

Potential risk

The TEPCO Group holds domestic and foreign stocks and bonds as part of its pension plan assets and other portfolios. Their value fluctuates according to conditions in stock and bond markets, and could therefore affect the TEPCO Group's business performance and fiscal status. Moreover, issues including future interest trends could affect the rate of interest payable by TEPCO.

Response measures

Efforts are being made to reduce financial risks for the entire TEPCO Group and mitigate impact on performance through diversified investment of pension plan assets and reduction of retirement benefit obligations by introducing the defined contribution pension plan.

For interest payments, efforts are being made to reduce the risk of interest rate fluctuation by procuring funds through the issue of fixed rate bonds.

(14) Management Reform Based on Fourth Comprehensive Special Business Plan

Level of impact	High
Occurrence possibility	Medium-High

Potential risk

In order to fulfill its responsibilities to Fukushima, the TEPCO Group will continue to work on discontinuous management reforms, including productivity reforms, promotion of reorganization/integration and other forms of collaboration, and the strengthening of its business base, with the aim of securing funds for compensation and decommissioning and improving corporate value. As an operator of nuclear power plants, the Group will undertake fundamental reforms by placing the top priority on restoring trust of local residents and society at large, but if trust is not fully restored and the management reforms do not proceed as planned, the Group's business performance, financial condition, and operations may be affected.

Response measures

In order to realize management reforms based on the Fourth Comprehensive Special Business Plan, action plans specifying responsible persons, deadlines, and objectives to be achieved have been prepared and are in progress. The progress of each action plan is monitored according to the level of importance, and the plans will be achieved through the PDCA cycle.

For the purpose of regaining the trust of the local community and society at large, management reforms, including nuclear operations, will be steadily implemented to allow autonomous organizational improvements based on Group-wide efforts, including the upper management, to recognize one's weaknesses/issues. The Group will increase its corporate value by streamlining management through productivity reforms based on "Kaizen" (continuous improvement) and by providing new values centered on carbon neutrality and disaster prevention.

(15) Acquisition of TEPCO Share by the NDF

Level of impact	High
Occurrence possibility	Medium-High

Potential risk

On July 31, 2012, TEPCO issued preferred stocks (class A preferred stocks and class B preferred stocks; collectively, the "Preferred Stocks") through private placement with NDF. Class A preferred stocks carry voting rights to be exercised at the General Meeting of Shareholders as well as the right to convert the shares into class B preferred stocks and common shares. Class B preferred stocks also carry the right to convert the shares into class A preferred stocks and common shares, although they do not carry voting rights unless otherwise provided for in laws and regulations.

Following the aforementioned acquisition of stocks, the NDF now holds a majority of TEPCO's total voting rights. Consequently, the NDF's exercise of its voting rights at the shareholder's meeting, etc., may affect TEPCO's business operations going forward.

In addition, TEPCO's existing shares may become further diluted if NDF exercises the right to convert class B preferred stocks into class A preferred stocks and/or NDF exercises the right to convert the Preferred Stocks into common shares. In particular, if the right to convert into common shares is exercised, the dilution of the existing shares may result in a decline in the share price of the holding company TEPCO Holdings, and if NDF sells such common shares on the market, the share price of the holding company TEPCO Holdings may be further affected depending on the market environment at the time of sale.

Response measures

Placing the top priority on fulfilling its responsibilities to Fukushima, the TEPCO Group will continue to make its utmost integrated efforts to restore public trust and enhance its corporate value.

(16) Businesses Other than Electric Power

Level of impact	High
Occurrence possibility	Medium

Potential risk

To achieve the profit goals in the Comprehensive Special Business Plan, the TEPCO Group will expand the asset services/aggregation business, next-generational urban development business, and other non-electric power businesses. Various issues, including changes in the Group's management condition, changes in customer needs, increasing competition with rival companies, stricter regulations, changes in economic conditions, including foreign exchange rates and international fuel markets, political uncertainty, regulatory changes, and natural disasters, could cause actual results to differ from forecasts at the time of investment/financing, and may affect the Group's business performance and financial condition.

Response measures

Investment in new business fields is implemented within the range of defined management resources in priority order, based on the business portfolio strategy set out in the Fourth Comprehensive Special Business Plan. Investment decision for each project is made by the Investment Management Committee based on the assessment of profitability and strategic effects in accordance with predetermined hurdle rate criteria. Launched projects are monitored regularly and unprofitable businesses are closed or downsized to improve investment performance through selection and concentration.

Objective Indicators for Determining Progress for Management Policies, Business Strategy and Management Goals

As described in the Fourth Comprehensive Special Business Plan, the TEPCO Group as a whole secures ¥500 billion per year for compensation and decommissioning. In addition, plans are to build a revenue base capable of generating profits of around ¥450 billion per year.

In the consolidated fiscal year under review, TEPCO Holdings recorded ordinary loss of ¥285.3 billion.

Consolidated Balance Sheet

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 6)
ASSETS	**March 31, 2023**	March 31, 2022	**March 31, 2023**
Property, plant and equipment:			
Property, plant and equipment	**¥ 25,577,604**	¥ 25,311,430	**$ 191,535**
Facilities in progress (Note 7):			
Construction in progress and retirement in progress	**1,290,175**	1,135,883	**9,662**
Suspense account for decommissioning related nuclear power facilities	**102,458**	115,224	**767**
Special account related to reprocessing of spent nuclear fuel	**285,957**	241,532	**2,141**
	1,678,591	1,492,640	**12,570**
	27,256,196	26,804,071	**204,105**
Less:			
Contributions in aid of construction	**427,936**	416,231	**3,205**
Accumulated depreciation	**19,333,127**	19,158,347	**144,774**
	19,761,064	19,574,579	**147,979**
Property, plant and equipment, net (Notes 2 and 7)	**7,495,132**	7,229,492	**56,126**
Nuclear fuel (Note 2):			
Loaded nuclear fuel	**81,103**	81,122	**607**
Nuclear fuel in processing	**496,521**	504,945	**3,718**
	577,624	586,067	**4,325**
Investments and other assets:			
Long-term investments (Notes 14 and 33)	**129,765**	132,397	**972**
Long-term investments in subsidiaries and associates (Notes 9 and 14)	**1,411,335**	1,465,693	**10,569**
Grants-in-aid receivable from Nuclear Damage Compensation and Decommissioning Facilitation Corporation (Notes 26 and 37)	**864,921**	484,344	**6,477**
Reserve fund for nuclear reactor decommissioning (Notes 2 and 37)	**637,804**	585,513	**4,776**
Net defined benefit asset (Notes 2 and 18)	**142,545**	158,277	**1,067**
Other	**227,721**	165,768	**1,705**
	3,414,093	2,991,995	**25,566**
Current assets :			
Cash and deposits (Notes 12,14 and 33)	**717,908**	862,376	**5,376**
Notes and accounts receivable–trade (Notes 14 and 32)	**715,306**	611,367	**5,356**
Notes and accounts receivable–trade and contract assets (Notes 10 and 33)	**109,793**	97,185	**822**
Inventories (Note 11)	**555,247**	477,666	**4,159**
Other (Note 14)	**2,098,255**	2,048,596	**15,713**
	2,048,596	1,598,459	**16,735**
Less:			
Allowance for doubtful accounts	**(22,019)**	(17,753)	**(165)**
	2,076,235	2,030,843	**15,548**
Total assets.	**¥ 13,563,085**	¥ 12,838,398	**$ 101,566**

See notes to consolidated financial statements.

	Millions of yen		Millions of U.S. dollars (Note 6)
LIABILITIES AND NET ASSETS	**March 31, 2023**	March 31, 2022	**March 31, 2023**
Long-term liabilities and reserves:			
Long-term debt (Notes 13, 14, 16 and 33)	**¥ 2,980,281**	¥ 2,772,245	**$ 22,318**
Other long-term liabilities	**391,406**	337,142	**2,931**
Provision for preparation of removal of reactor cores in the specified nuclear power facilities(Notes 2 and 24)	**9,168**	—	**69**
Provision for removal of reactor cores in the specified nuclear power facilities (Note 2)	**158,783**	163,968	**1,189**
Reserve for loss on disaster (Notes 2 and 24)	**500,623**	496,293	**3,749**
Reserve for nuclear damage compensation (Note 24)	**869,133**	487,381	**6,508**
Net defined benefit liability (Notes 2 and 18)	**318,875**	323,514	**2,388**
Asset retirement obligations (Note 19)	**1,055,749**	1,036,579	**7,906**
	6,284,022	5,617,126	**47,058**
Current liabilities:			
Current portion of long-term debt (Notes 13, 14, 16 and 33)	**593,036**	497,601	**4,441**
Short-term loans (Notes 13,16 and 33)	**2,183,111**	2,170,398	**16,348**
Notes and accounts payable-trade (Note 33)	**575,778**	467,654	**4,312**
Accrued taxes	**47,678**	57,714	**357**
Other	**757,496**	811,357	**5,672**
	4,157,101	4,004,727	**31,130**
Reserve under special laws:			
Reserve for preparation of the depreciation of nuclear power construction	**—**	9,485	**—**
	—	9,485	**—**
Total liabilities.	**10,441,123**	9,631,339	**78,188**
Net assets:			
Shareholders' equity (Note 20):			
Common stock, without par value:			
Authorized — 35,000,000,000 shares in 2023 and 2022			
Issued —1,607,017,531 shares in 2023 and 2022	**900,975**	900,975	**6,747**
Preferred stock:			
Authorized — 5,500,000,000 shares in 2023 and 2022			
Issued —1,940,000,000 shares in 2023 and 2022	**500,000**	500,000	**3,744**
Capital surplus	**756,221**	756,222	**5,663**
Retained earnings	**840,869**	964,209	**6,297**
Treasury stock, at cost:			
4,870,608 shares in 2023 and 4,846,547 shares in 2022	**(8,492)**	(8,483)	**(64)**
Total shareholders' equity	**2,989,573**	3,112,924	**22,387**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	**10,162**	14,059	**76**
Deferred gains or losses on hedges	**23,598**	26,646	**177**
Land revaluation loss (Note 17)	**(2,789)**	(2,497)	**(21)**
Foreign currency translation adjustments	**88,319**	23,865	**661**
Remeasurements of defined benefit plans	**(13,466)**	6,718	**(101)**
Total accumulated other comprehensive income	**105,823**	68,792	**792**
Stock acquisition rights (Note 20)	**—**	10	**—**
Non-controlling interests	**26,565**	25,330	**199**
Total net assets	**3,121,962**	3,207,059	**23,378**
Total liabilities and net assets	**¥ 13,563,085**	¥ 12,838,398	**$ 101,566**

See notes to consolidated financial statements.

Consolidated Statement of Income

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 6)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Operating revenues (Note 22):			
Electricity	**¥ 7,132,112**	¥ 4,841,579	**$ 53,408**
Other	**666,584**	468,344	**4,991**
	7,798,696	5,309,924	**58,399**
Operating expenses (Notes 23, 24 and 25):			
Electricity	**7,403,991**	4,836,691	**55,444**
Other	**623,675**	427,002	**4,670**
	8,027,666	5,263,693	**60,114**
Operating income (loss)	**(228,969)**	46,230	**(1,715)**
Other income (expenses):			
Interest and dividend income	**949**	1,137	**7**
Interest expense	**(48,282)**	(44,622)	**(362)**
Extraordinary loss on disaster (Notes 24 and 28)	**(22,214)**	(12,824)	**(166)**
Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation (Note 26)	**507,491**	116,607	**3,800**
Compensation for nuclear damages (Notes 24 and 26)	**(507,350)**	(117,793)	**(3,799)**
Share of profit of entities accounted for using the equity method	**—**	36,549	**—**
Share of loss of entities accounted for using the equity method	**(1,142)**	—	**(9)**
Gain on sale of noncurrent assets(Note 27)	**62,739**	—	**470**
Gain on sale of shares of subsidiaries and associates	**123,331**	—	**924**
Loss on return of imbalance income and expenditures (Note 29)	**—**	(15,841)	**—**
Gain on settlement	**—**	7,200	**—**
Other, net	**(7,947)**	(4,250)	**(59)**
	107,573	(33,837)	**806**
Income (loss) before special items and income taxes	**(121,396)**	12,392	**(909)**
Special items:			
Provision for reserve for preparation of the depreciation of nuclear power construction	**—**	(1,041)	**—**
Reversal of reserve for preparation of the depreciation of nuclear power construction (credit) (Note 1(f))	**9,485**	—	**71**
	9,485	(1,041)	**71**
Income (loss) before income taxes	**(111,911)**	11,351	**(838)**
Income taxes (Note 30):			
Current	**8,710**	8,041	**65**
Deferred	**2,408**	(467)	**18**
	11,118	7,574	**83**
Net income (loss)	**6,501**	181,784	**53**
Net income (loss) attributable to non-controlling interests	**601**	860	**5**
Net income (loss) attributable to owners of the parent	**¥ (123,631)**	¥ 2,916	**$ (926)**
Per share information (Note 38):	Yen		U.S. dollars (Note 6)
Net assets (basic)	**¥ 1,307.87**	¥ 1,361.73	**$ 9.79**
Net income (loss) (basic)	**(77.17)**	1.82	**(0.58)**
Net income (diluted)	**—**	0.58	**0.00**
Cash dividends	**—**	—	**—**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 6)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Net income	**¥ (123,029)**	¥ 3,777	**$ (921)**
Other comprehensive income (Note 31):			
Valuation difference on available-for-sale securities	**(80)**	(680)	**(1)**
Foreign currency translation adjustments	**2,990**	2,813	**22**
Remeasurements of defined benefit plans	**(21,697)**	(9,080)	**(162)**
Share of other comprehensive income of entities accounted for using the equity method	**56,108**	54,445	**420**
Total other comprehensive income	**37,320**	47,498	**279**
Comprehensive income (loss)	**¥ (85,709)**	¥ 51,275	**$ (642)**
Total comprehensive income attributable to:			
Owners of the parent	**¥ (86,308)**	¥ 50,415	**$ (646)**
Non-controlling interests	**599**	860	**4**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2023

Year ended March 31, 2023
Millions of yen

	Shareholders' equity						Accumulated other comprehensive income								
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2022	**¥0**	**¥500,000**	**¥756,222**	**¥964,209**	**¥(8,483)**	**¥3,112,924**		**¥26,646**	**¥(2,497)**	**¥23,865**	**¥6,718**	**¥68,792**	**¥10**	**¥25,330**	**¥3,207,059**
Net income attributable to owners of the parent	—	—	—	(123,631)	—	(123,631)	—	—	—	—	—	—	—	—	(123,631)
Purchases of treasury stock	—	—	—	—	(12)	(12)	—	—	—	—	—	—	—	—	(12)
Sales of treasury stock	—	—	(1)	—	1	0	—	—	—	—	—	—	—	—	0
Change in ownership interest of parent due to transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of land revaluation loss	—	—	—	292	—	292	—	—	—	—	—	—	—	—	292
Other	—	—	—	—	0	0	—	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(3,897)	(3,048)	(292)	64,453	(20,184)	37,030	(10)	1,234	38,254
Total changes	—	—	(1)	(123,339)	(9)	(123,350)	(3,897)	(3,048)	(292)	64,453	(20,184)	37,030	(10)	1,234	(85,096)
Balance at March 31, 2023	**¥900,975**	**¥500,000**	**¥756,221**	**¥840,869**	**¥(8,492)**	**¥2,989,573**	**¥10,162**	**¥23,598**	**¥(2,789)**	**¥88,319**	**¥(13,466)**	**¥105,823**	**—**	**¥26,565**	**¥3,121,962**

Year ended March 31, 2022
Millions of yen

	Shareholders' equity						Accumulated other comprehensive income								
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2021	¥900,975	¥500,000	¥756,196	¥972,790	¥(8,477)	¥3,121,484	¥9,267	¥4,015	¥(2,483)	¥(23,083)	¥16,098	¥3,814	¥18	¥17,483	¥3,142,801
Cumulative effect from accounting changes	—	—	—	2,161	—	2,161	—	—	—	—	—	—	—	—	2,161
Increase or decrease due to changes in accounting treatment of affiliated companies accounted for by the equity method	—	—	—	(13,674)	—	(13,674)	15,770	(1,602)	—	3,325	—	17,493	—	—	3,819
Net income attributable to owners of the parent	—	—	—	¥2,916	—	¥2,916	—	—	—	—	—	—	—	—	¥2,916
Purchases of treasury stock	—	—	—	—	(7)	(7)	—	—	—	—	—	—	—	—	(7)
Sales of treasury stock	—	—	(1)	—	1	0	—	—	—	—	—	—	—	—	0
Change in ownership interest of parent due to transactions with non-controlling shareholders	—	—	28	—	—	28	—	—	—	—	—	—	—	—	28
Reversal of land revaluation loss	—	—	—	13	—	13	—	—	—	—	—	—	—	—	13
Other	—	—	—	—	0	0	—	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(10,978)	24,233	(13)	43,623	(9,380)	47,484	(7)	7,846	55,324
Total changes	—	—	26	2,930	(5)	2,952	(10,978)	24,233	(13)	43,623	(9,380)	47,484	(7)	7,846	58,276
Balance at March 31, 2022	¥900,975	¥500,000	¥756,222	¥964,209	¥(8,483)	¥3,112,924	¥14,059	¥26,646	¥(2,497)	¥23,865	¥6,718	¥68,792	¥10	¥25,330	¥3,207,059

Year ended March 31, 2023
Millions of U.S. dollars (Note 2)

	Shareholders' equity						Accumulated other comprehensive income								
	Common stock	Preferred stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2022	**$6,747**	**$3,744**	**$5,663**	**$7,221**	**$(64)**	**$23,311**	**$105**	**$200**	**$(19)**	**$179**	**$50**	**$515**	**$0**	**$190**	**$24,016**
Net income attributable to owners of the parent	—	—	—	(926)	—	(926)	—	—	—	—	—	—	—	—	(926)
Purchases of treasury stock	—	—	—	—	(0)	(0)	—	—	—	—	—	—	—	—	(0)
Sales of treasury stock	—	—	(0)	—	0	0	—	—	—	—	—	—	—	—	0
Change in ownership interest of parent due to transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of land revaluation loss	—	—	—	2	—	2	—	—	—	—	—	—	—	—	2
Other	—	—	—	—	0	0	—	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(29)	(23)	(2)	482	(151)	277	(0)	9	286
Total changes	—	—	(0)	(924)	(0)	(924)	(29)	(23)	(2)	482	(151)	277	(0)	9	(638)
Balance at March 31, 2023	**$6,747**	**$3,744**	**$5,663**	**$6,297**	**$(64)**	**$22,387**	**$76**	**$177**	**$(21)**	**$661**	**$(101)**	**$792**	**$0**	**$199**	**$23,378**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
Year ended March 31, 2023

	Millions of yen		Millions of U.S. dollars (Note 6)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from operating activities			
Income (loss) before income taxes	**¥ (111,911)**	¥ 11,351	**$ (838)**
Depreciation and amortization	**341,145**	419,203	**2,555**
Decommissioning costs of nuclear power units	**41,341**	39,195	**310**
Loss on disposal of property, plant and equipment	**24,194**	28,281	**181**
Increase in provision for preparation of removal of reactor cores in specified nuclear power facilities	**9,168**	—	**69**
Increase in reserve for loss on disaster	**12,767**	7,100	**96**
Decrease in net defined benefit liability	**(4,639)**	(8,686)	**(35)**
Increase in reserve fund for nuclear reactor decommissioning	**(52,290)**	(100,513)	**(392)**
Interest and dividend income	**(949)**	(1,137)	**(7)**
Interest expense	**48,282**	44,622	**362**
Share of loss (profit) of entities accounted for using the equity method	**1,142**	(36,549)	**9**
Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	**(507,491)**	(116,607)	**(3,800)**
Compensation for nuclear damages	**507,350**	117,793	**3,799**
Gain on sale of noncurrent assets	**(62,739)**	—	**(470)**
Gain on sale of shares of subsidiaries and associates	**(123,331)**	—	**(924)**
Loss on return of imbalance income and expenditures	**—**	15,841	**—**
Increase in trade receivables	**(119,387)**	(69,030)	**(894)**
Increase in trade payables	**114,956**	163,053	**861**
Other	**(164,575)**	(43,013)	**(1,234)**
	(46,964)	470,906	**(352)**
Interest and cash dividends received	**25,415**	18,952	**190**
Interest paid	**(46,967)**	(43,942)	**(352)**
Payments for loss on disaster due to the Tohoku-Chihou-Taiheiyou-Oki Earthquake	**(16,848)**	(16,281)	**(126)**
Receipts of Grants-in-aid from Nuclear Damage Compensation and Decommissioning Facilitation Corporation	**310,000**	410,100	**2,321**
Payments for nuclear damage compensation	**(305,149)**	(406,553)	**(2,285)**
Income taxes paid	**4,840**	(26,686)	**37**
Net cash provided by operating activities	**(75,673)**	406,493	**(567)**
Cash flows from investing activities			
Purchases of property, plant and equipment	**(631,143)**	(551,904)	**(4,726)**
Proceeds from sale of fixed assets	**63,653**	1,159	**477**
Contributions in aid of construction received	**24,591**	22,739	**184**
Increase in long-term investments	**(17,555)**	(33,821)	**(131)**
Proceeds from long-term investments	**195,442**	1,401	**1,464**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	**(18,501)**	(1,424)	**(139)**
Other	**(5,329)**	2,059	**(41)**
Net cash used in investing activities	**(388,842)**	(559,791)	**(2,912)**
Cash flows from financing activities			
Proceeds from issuance of bonds	**774,506**	745,001	**5,800**
Redemptions of bonds	**(475,835)**	(351,467)	**(3,563)**
Proceeds from long-term loans	**5,138**	—	**38**
Repayments of long-term loans	**(23,765)**	(46,497)	**(178)**
Proceeds from short-term loans	**4,379,165**	4,402,840	**32,793**
Repayments of short-term loans	**(4,366,662)**	(4,200,387)	**(32,699)**
Proceeds from issuance of commercial papers	**42,000**	—	**315**
Redemptions of commercial papers	**(20,000)**	—	**(150)**
Other	**5,437**	11,107	**41**
Net cash provided by (used in) financing activities	**319,984**	560,596	**2,397**
Effect of exchange rate changes on cash and cash equivalents	**62**	218	**0**
Net increase (decrease) in cash and cash equivalents	**(144,468)**	407,517	**(1,082)**
Cash and cash equivalents at beginning of the year	**861,825**	454,307	**6,454**
Cash and cash equivalents at end of the year (Note 12)	**¥ 717,357**	¥ 861,825	**$ 5,372**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Tokyo Electric Power Company Holdings, Incorporated and Consolidated Subsidiaries
March 31, 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The accompanying consolidated financial statements of "Tokyo Electric Power Company Holdings, Incorporated" (hereinafter the "Company") and its consolidated subsidiaries (collectively, the "Group") have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which differ in certain respects from the application and disclosure requirements of the International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.
Certain amounts in the prior year's comparative financial information have been reclassified to conform to the current year's presentation.

(b) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all companies which it controls directly or indirectly. (Subsidiaries: 71 in 2023 and 51 in 2022. Affiliates accounted for using the equity method: 30 in 2023 and 27 in 2022.) Companies over which the Company or the Group exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements using the equity method of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

The financial statements of overseas consolidated subsidiaries and affiliates are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the certain items required by Japanese generally accepted accounting principles as applicable.

(c) Investments

Securities are classified into three categories according to holding intent as follows: i) trading securities, which are held for the purpose of earning capital gains in the short-term; ii) held-to-maturity securities, which the Group intends to hold until maturity; and iii) available-for-sale securities, which are not classified as either of the other two categories. The Group has no securities categorized as trading securities or held-to-maturity securities. Available-for-sale securities other than those which do not have a market price are stated at fair value. Unrealized gains or losses, net of the applicable taxes, are reported under accumulated other comprehensive income as a separate component of net assets. Realized gain or loss on sales of these securities is calculated based on the moving-average cost.

Equity securities, etc. which do not have a market price are stated at the moving-average cost.

(d) Inventories

Inventories are stated at the lower of cost, determined principally by the average method, or a net selling value.

(e) Derivatives

Derivatives are stated at the fair value.

(f) Depreciation and Amortization

Depreciation of property, plant and equipment is computed by the straight-line method based on the estimated useful lives of the respective assets. Amortization of intangible fixed assets is computed by the straight-line method. Useful lives are the same as those stipulated in the Corporation Tax Act.

Furthermore, property, plant and equipment include removal costs corresponding to asset retirement obligations related to the decommissioning measures for specified nuclear power stations. The method of recording the related decommissioning costs is explained in Note 1 (l).

(Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates)

(Change in the depreciation method for property, plant and equipment)

The Company and certain consolidated subsidiaries changed the depreciation method for property, plant and equipment from the previously adopted declining-balance method to the straight-line method from the fiscal year ended March 31, 2023.

The business environment surrounding the electricity business is experiencing a major transformation as businesses are being called upon to realize a more stable and economic business management amid ongoing competition due to progress in deregulation of power retail and generation businesses following electricity system reform, and it is expected to ensure neutrality and independence through legal separation of the power transmission and distribution business, while contributing to stable power supply through efficient and stable business operation. Further, in the power generation business, the roles expected of power sources including nuclear power, general hydroelectric power, pumped-storage hydropower, and thermal power have been changing.

To take measures responding to the above and other changes, the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (hereinafter referred to as the "NDF") and the Company made necessary revisions to the Comprehensive Special Business Plan, which sets forth the direction of the Company's business administration and formulated it into the Fourth Comprehensive Special Business Plan (approved on August 4, 2021). In the Fourth Comprehensive Special Business Plan, the Company aims to respond to changes in environment primarily through the electricity business, which is the core business; the power generation business would strive to ensure stable operations by leveraging the characteristics of each facility; and the power transmission and distribution business would pursue efficient maintenance and operation of facilities while ensuring to fulfill the responsibility of stable supply given the social requirements. Moreover, the Sixth Strategic Energy Plan announced in October 2021 positioned nuclear power, general hydropower, and geothermal power as baseload power sources and they are expected to operate stably, while positioning thermal power and pumped-storage hydropower as adjustment power sources providing added values to facility capacity.

The Company had repeated discussions as to the future operation of the facilities to give shape to the direction of the Fourth Comprehensive Special Business Plan, and as a result, decided to aim for stable and efficient operation of facilities it owns from the fiscal year ended March 31, 2023 through measures such as the full-scale renewal of the power transmission and distribution facilities built during the high economic growth period to maintain their functions in order to realize stable supply taking into account achievement of carbon neutrality and strengthening of resilience as well as to ensure further efficiency. With this move, the Company expects stable use of the facilities and decided to change the depreciation method from the declining-balance method to the straight-line method as it judges that the use of the straight-line method for depreciation of property, plant and equipment more appropriately reflect the consumption pattern of the economic benefits in the future.

As a result of this change, compared to the amounts that would have resulted if the previous depreciation method had been used, operating loss for the fiscal year ended March 31, 2023 decreased by ¥75,512 million (US$565 million), and ordinary loss and loss before income taxes both decreased by ¥74,503 million (US$558 million).

The impact of the change on segment information is described in Note 36. SEGMENT INFORMATION.

(Additional information)

Reversal of reserve for preparation of the depreciation of nuclear power construction due to the change in the depreciation method of property, plant and equipment

(1) Description of the event

As the Company changed the depreciation method from the declining-balance method to the straight-line method from the fiscal year ended March 31, 2023, it no longer falls under the electric power generator stipulated by the Ministerial Ordinance of Provision for Preparation of the Depreciation of Nuclear Power Construction, and therefore it reversed the entire balance of the reserve for preparation of the depreciation of nuclear power construction as of March 31, 2022.

(2) Reversal amount
¥9,485 million (US$71 million)

(3) Impact on consolidated financial statements for the fiscal year ended March 31, 2023.
Along with the reversal, the reversal of reserve for preparation of the depreciation of nuclear power construction (credit) was recorded for the fiscal year ended March 31, 2023, and as a result, loss before income taxes decreased by ¥9,485 million (US$71 million).

(g) Allowance for Doubtful Accounts and Reserves
(1) Allowance for Doubtful Accounts
The Group provides an allowance for doubtful accounts based on the historical ratio of actual credit losses to total receivables for the general receivables and the amount of uncollectible receivables estimated on an individual basis for the specified doubtful receivables.

(2) Reserve for Loss on Disaster
For the Niigataken Chuetsu-Oki Earthquake
The Company provides reserve for loss on disaster for the restoration of assets damaged by the Niigataken Chuetsu-Oki Earthquake.

For the Tohoku-Chihou-Taiheiyou-Oki Earthquake
The Company provides reserve for loss on disaster for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake.

Major expenses and/or losses included in reserve for loss on disaster are recognized as follows:
a. Expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station
"Mid-and-Long-Term Roadmap towards the Decommissioning of Fukushima Daiichi Nuclear Power Station, Tokyo Electric Power Company, Incorporated" (December 21, 2011; hereinafter "Mid-and-Long Term Roadmap") was prepared by Government and TEPCO's Mid-to- Long Term Countermeasure Meeting established by Nuclear Emergency Response Headquarters of the Government (finally revised on December 27, 2019).
The Company prepared "Mid-and-Long Term Decommissioning Implementation Plan 2023" (revised on March 30, 2023) as a specific plan to achieve main target processes and goals of the Mid-and-Long Term Roadmap.
Regarding expenses and/or losses related to Mid-and-Long Term Roadmap, the Company records estimated amounts (excluding expenses required for removal of reactor cores in the plan concerning withdrawal of reserve for decommissioning reactors applied for authorization pursuant to the paragraph 2 of Article 55-9 of the NDF Act) based on specific target periods and contents of individual countermeasures, if it is possible to estimate the amounts in the normal way. The details of expenses required for removal of reactor cores, etc. are stated in Note 1 (g) (3) Provision for Preparation of Removal of Reactor Cores in the Specified Nuclear Power Facilities and Provision for Removal of Reactor Cores in the Specified Nuclear Power Facilities. If the normal estimation is difficult, the Company records estimated amounts based on the historical amounts of an accident at overseas nuclear power stations.
Regarding estimation of expenses and /or losses, after classifying those which are possible to estimate the amounts in the normal way and those which are difficult to estimate, the details of each estimation method and uncertainties included in the estimation are stated in "(1) Reserve for expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station" under Note 2. SIGNIFICANT ACCOUNTING ESTIMATES.

b. Expenses for disposal of nuclear fuels in processing within expenses and/or losses for scrapping of Fukushima Daiichi Nuclear Power Station Units 1 through 4
The Company records an amount equivalent to the present value (discount rate: 4.0%) of the processing costs of nuclear fuels in processing which are not expected to be spent, in accordance with the accounting guideline for "Reserve for reprocessing of irradiated nuclear fuel".
Processing costs for loaded fuels are included in "Other long-term liabilities".

For the Typhoon No. 19 (East Japan Typhoon)
The Company provides reserve for loss on disaster for the restoration of assets damaged by the Typhoon No. 19 (East Japan Typhoon) which occurred in October 2019.

For the Fukushimaken-Oki Earthquake Occurred in February 2021
The Company provides reserve for loss on disaster for the restoration of assets damaged by the Fukushimaken-Oki earthquake which occurred in February 2021.

For the Fukushimaken-Oki Earthquake Occurred in March 2022
The Company provides reserve for loss on disaster for the restoration of assets damaged by the Fukushimaken-Oki earthquake which occurred in March 2022.

(Additional information)
Reserve for loss on disaster at March 31, 2023 and 2022 consists of the following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Loss on the Niigataken Chuetsu-Oki Earthquake	¥ 4,870	¥ 4,870	$ 36
Loss on the Tohoku-Chihou-Taiheiyou-Oki Earthquake:	495,519	490,641	3,711
a. Expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station	487,614	482,789	3,651
b. Expenses for disposal of nuclear fuels in processing within expenses and/or losses for scrapping Fukushima Daiichi Nuclear Power Station Units 1 through 4	7,160	6,885	54
c. Other	744	966	6
Costs required for restoration of assets damaged by the Typhoon No. 19 (East Japan Typhoon)	206	372	1
Costs required for restoration of assets damaged by the Fukushimaken-Oki Earthquake which occurred in February 2021	802	1,471	6
Costs required for restoration of assets damaged by the Fukushimaken-Oki Earthquake which occurred in March 2022	2,506	12,819	19
Other	¥ 503,906	¥ 510,174	$ 3,773
Total	¥ 510,174	¥ 510,183	$ 4,168

(3) Provision for Preparation of Removal of Reactor Cores in the Specified Nuclear Power Facilities and Provision for Removal of Reactor Cores in the Specified Nuclear Power Facilities
In order to provide for expenses/losses required for the restoration of assets damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has recorded expenses required for removal of reactor cores out of the amount prescribed in the plan concerning withdrawal of reserve fund for nuclear reactor decommissioning applied for authorization pursuant to the paragraph 2 of Article 55-9 of the NDF Act. The authorized amount out of the amount applied has been recorded as provision for removal of reactor cores in the specified nuclear power facilities and the other unauthorized amount applied has been recorded as provision for preparation of removal of reactor cores in the specified nuclear power facilities.
The details of uncertainties concerning estimation of expenses/losses are stated in "(1). Reserve for expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station" under Note 2. SIGNIFICANT ACCOUNTING ESTIMATES.

(Additional information)
Reserve fund for nuclear reactor decommissioning
The Company has recorded a reserve fund for nuclear reactor decommissioning at the amount funded after receiving a notice from NDF pursuant to the paragraph 1 of Article 55-3 of the NDF

Act. The fund is implemented to the Corporation pursuant to the provision of the NDF Act from the fiscal year ended March 31, 2019 in order to secure appropriate and steady implementation of decommissioning nuclear reactors by the authorized operators for decommissioning reactors. The relationship between the said reserve fund, fund scheme design and related reserve is stated in "(1) Reserve for expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station" under Note 2. SIGNIFICANT ACCOUNTING ESTIMATES.

(4) Reserve for Nuclear Damage Compensation

For the year ended March 31, 2023

a. Method of recording reserve for damage compensation and decontamination

In order to provide for compensation payments for nuclear damages concerning the accident of Fukushima Daiichi Nuclear Power station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has recorded a reserve for nuclear damage compensation in the estimated damage compensation amounts at March 31, 2023. The Company estimates the damage compensation based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage (hereinafter the "Interim Guidelines"), the Act on Special Measures Concerning the Handling of Environment Pollution by Radioactive Materials and the Company's compensation criteria considering these guidelines and the actual compensation claim amounts and objective statistical data.

The Company records the estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the government decisions on guidelines regarding new compensation, establishment of the Company's compensation criteria, accuracy of reference data and agreements with the victims in the future.

b. Offset presentation of reserve for decontamination

Regarding compensation payments for decontamination of nuclear damages, the Company presents reserve for nuclear damage compensation offsetting with receivables on Grants-in-aid receivable from NDF at March 31, 2023 pursuant to the Electricity Utility Accounting Regulations.

Specifically, ¥188,926 million (US$1,415 million) of the amount received as compensation pursuant to the Act on Contract for Indemnification of Nuclear Damage Compensation and receivables of ¥1,611,851 million (US$12,070 million) of the amount which was submitted as an application for financial support based on the provision of the NDF Act corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015, based on the Act on Special Measures Concerning the Handling of Environment Pollution by Radioactive Materials are deducted from the Grants-in-aid receivable from NDF and reserve for nuclear damage compensation at the end of the fiscal year in accordance with the Electricity Utility Accounting Regulations.

For the year ended March 31, 2022

a. Method of recording reserve for damage compensation and decontamination

In order to provide for compensation payments for nuclear damages concerning the accident of Fukushima Daiichi Nuclear Power station damaged by the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has recorded a reserve for nuclear damage compensation in the estimated damage compensation amounts at March 31, 2022. The Company estimates the damage compensation based on the government compensation criteria to be decided by the Committee for Adjustment of Compensation for Nuclear Damage Disputes, including the Interim Guidelines on Criteria for Determining Nuclear Damage Indemnification Coverage (hereinafter the "Interim Guidelines"), the Act on Special Measures Concerning the Handling of Environment Pollution by Radioactive Materials and the Company's compensation criteria considering these guidelines and the actual compensation claim amounts and objective statistical data.

The Company records the estimated amount as far as reasonable estimation is possible at this moment, although the estimated compensation amounts might vary depending on the government decisions on guidelines regarding new compensation, establishment of the Company's compensation criteria, accuracy of reference data and agreements with the victims in the future.

b. Offset presentation of reserve for decontamination

Regarding compensation payments for decontamination of nuclear damages, the Company presents reserve for nuclear damage compensation offsetting with receivables on Grants-in-aid receivable from NDF at March 31, 2022 pursuant to the Electricity Utility Accounting Regulations.

Specifically, ¥188,926 million of the amount received as compensation pursuant to the Act on Contract for Indemnification of Nuclear Damage Compensation and receivables of ¥1,685,069 million of the amount which was submitted as an application for financial support based on the provision of the NDF Act corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015, based on the Act on Special Measures Concerning the Handling of Environment Pollution by Radioactive Materials are deducted from the Grants-in-aid receivable from NDF and reserve for nuclear damage compensation at the end of the fiscal year in accordance with the Electricity Utility Accounting Regulations.

(h) Accounting for Employees' Retirement Benefits

The Group records liability for employees' retirement benefits principally based on the projected benefit obligation and the fair value of the pension plan assets at the balance sheet date.

The projected benefit obligation is attributed to periods on a straight-line basis.

Prior service costs are mainly charged to income when incurred.

Actuarial gains or losses are mainly amortized by the straight-line method over a defined period (three years) within the employees' average remaining service period, commencing in the fiscal year in which the gains or losses are incurred.

Actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss are recognized in remeasurements of defined benefit plans under accumulated other comprehensive income within the net assets section, after adjusting for tax effects.

(i) Accounting for Significant Revenue

Operating revenues from electricity business:

Operating revenues from electricity business consist of electric light charges, electricity charges, electricity charges sold to other companies, wheeling service income, etc.

(1) Electric light charges/electricity charges

Electric light charges/electricity charges refer to electric charges which TEPCO Energy Partner Inc., a principal electricity retail business company of the Group, sold to the customers of general households, offices, factories, etc.

According to the type of electric appliances used by the customers and transmission systems, the charges are categorized into electric light charges or electricity charges.

The electricity charges and other supply conditions related to the supply of electricity to customers are defined in the various electricity supply and demand contracts, and the performance obligation is to supply electricity in accordance with such contracts.

Supply of electricity in accordance with the contracts, etc. is principally performed over a contract period of one year and as the performance obligation to supply electricity is satisfied, revenue is recognized over the period. Specifically, the use of electricity is identified by inspection or measurement implemented usually once every month and revenue is recognized at that point. Inspection or measurement is periodically implemented for approximately twenty days per month by region since the number of contracts is large and monthly electricity charge is determined using a rate provided by the electricity supply and demand contracts based on the use identified.

In addition, TEPCO Energy Partner, Inc. is subject to the transitional measure charge system on part of electricity charge pursuant to the Electricity Business Act, and the Electricity Utility Accounting Regulations is applied during the period of application of such charge system. The Electricity Utility Accounting Regulations provide that revenue on electric light charge/electricity charge shall be recognized at the amount determined by the completed survey based on the inspection or measurement.

Consequently, the electricity charge on the uninspected use from the previous inspection as of the balance sheet date is not recognized as revenue.

(2) Electricity charge sold to other companies

Electricity charge sold to other companies is the sum of electricity and non-fossil fuel energy value sold through the Japan Electric Power Exchange (hereinafter referred to as the "Exchange") and electric charges sold to electricity retail business operators, general transmission and distribution business operators and power generation operators (hereinafter referred to as the "Electricity retail business operators").

With respect to the electricity and non-fossil fuel energy value trading associated with the following day trading, intraday trading, forward trading, etc. sold through the Exchange, the determination method of the unit price and other trading conditions are defined in the trading rules provided by the Exchange. The performance obligation is to supply electricity and deliver non-fossil fuel energy value pursuant to such rules.

Regarding various transactions at the Exchange, contract, delivery, and settlement are executed according to the trading rules provided by the Exchange. With respect to forward transactions of weekly type, monthly type and yearly type categorized by delivery terms of various transactions, revenue is recognized over time, and with respect to the following day trading, intraday trading and non-fossil fuel energy trading, revenue is recognized at that point of time.

Charges of electricity sold to the Electricity retail business operators and other conditions are defined in the contracts with each counterpart, and the performance obligation is to supply electricity to the Electricity retail business operators based on such contracts.

Supply of electricity is principally implemented over a contract period of one year and revenue is recognized every month over time as the performance obligation to supply electricity is satisfied.

(3) Wheeling service income

Wheeling service income refers to the utilization charge of transmission and distribution related facilities owned by TEPCO Power Grid, Inc., a company of the Group, and electricity supply charge associated with adjustment of electricity charges implemented by TEPCO Power Grid, Inc.

The utilization charge of transmission and distribution related facilities refers to the charges when the Electricity retail business operators and contractors of other general transmission and distribution business operators utilize the transmission and distribution related facilities.

Electricity supply charge associated with adjustment of electricity charges is related to the power generation adjustment supply contract with power generation contractors and demand restraint adjustment supply contract with demand restraint contractors and refers to the charges in case of supplying deficiency of power generation and demand restraint.

Charges and other conditions in case that the Electricity retail business operators and other general transmission and distribution business operators utilize transmission and distribution related facilities, and in case of supplying electricity to power generation contractors and demand restraint contractors are defined in the wheeling service provisions, and the performance obligation is to allow the utilization of the transmission and distribution related facilities and to supply adjusted electricity.

Regarding utilization of transmission and distribution related facilities and supply of adjusted electricity, they are principally implemented over a contract period of one year and revenue is recognized every month over time as the performance obligation of utilization of transmission and distribution related facilities and supply adjustment of electricity is satisfied.

Operating revenues from other business:

Operating revenues from other business refer to operating revenues from gas supply business.

Operating revenues from gas supply business, etc.

Operating revenues from gas supply business refer to gas charges which TEPCO Energy Partner Inc., a principal electricity retail business company of the Group, sold to the customers of general households, offices, factories, etc.

The gas charges and other supply conditions related to the supply of gas to customers are defined in the various gas supply and demand contracts and main contract charge tables, and the performance obligation is to supply gas in accordance with such contracts.

Supply of gas in accordance with the contracts, etc. is principally performed over a contract period of one year, and as the performance obligation to supply gas is satisfied, revenue is recognized over the period. Specifically, the use of gas is identified by inspection implemented usually once every month and revenue is recognized at that point. Inspection is periodically implemented for approximately twenty days per month by region since the number of contracts is large and monthly gas charge is determined using a rate provided by the gas supply and demand contracts and principal contract charge tables based on the identified use of gas.

However, estimated accrued revenue from gas charges on the uninspected use from the previous inspection date as of the balance sheet date is recognized.

(j) Derivatives and Hedging Activities

Derivatives are stated at fair values with any changes in unrealized gains or losses charged or credited to income, except for those that meet the criteria for deferral hedge accounting under which unrealized gains or losses is deferred as a component of net assets.

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

Liabilities that are denominated in foreign currencies and hedged by derivative instruments are translated at their respective contract rates.

(k) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(l) Method of Recording Contribution Costs Concerning Reprocessing of Irradiated Nuclear Fuel

The costs required to implement the reprocessing of irradiated nuclear fuel are recorded by booking the contribution stipulated in the paragraph 1 of Article 4 of the "Act on the Partial Revision of the Spent Nuclear Fuel Reprocessing Fund Act" as expenses in proportion to the amount of irradiated nuclear fuel generated from operation. The cost burden responsibility is fulfilled by paying the contribution to the Spent Nuclear Fuel Reprocessing Corporation, which will implement reprocessing.

In addition, contribution costs related to reprocessing of irradiated nuclear fuel is recorded in "Facilities in progress" on the consolidated balance sheet.

(m) Decommissioning Costs of Nuclear Power Units

Accounting at the normal time

The Group applies the paragraph 8 of Accounting Standards Board of Japan (hereinafter "ASBJ") Guidance No. 21, "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" to the decommissioning measures for specified nuclear power stations stipulated by the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" and records the decommissioning costs of nuclear power units by allocating the total estimated decommissioning costs of nuclear power units approved by the Minister of Economy, Trade and Industry in accordance with the "Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units" over the expected operational period on a straight-line basis.

Accounting at the time of decommissioning nuclear reactors

In case of decommissioning nuclear reactors following the changes in energy policies, safety rules, etc., when an entity obtained authorization of the Minister of Economy, Trade and Industry based on the request from a power generation operator, the decommissioning costs will be recorded over the period of 10 years from the month that includes the date of decommission of the specified nuclear power units on a straight-line method.

The present value of total estimated amounts of obligations is recorded as asset retirement obligations.

(Additional information)

Estimated amounts of decommissioning costs of Fukushima Daiichi Nuclear Power Station Units 1 through 4:

The Group records the estimated amounts as far as the reasonable estimation is possible, although they might vary from now on, since it is difficult to identify the whole situation of the damages.

Regarding decommissioning costs of Fukushima Daiichi Nuclear Power Station, the relationship between the said costs and asset retirement obligations and other reserves is stated in "(1) Reserve for expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station" under Note 2. SIGNIFICANT ACCOUNTING ESTIMATES.

(n) Depreciation of Suspense Account for Decommissioning Related Nuclear Power Facilities and Burden Money for Facilitating Nuclear Reactor Decommissioning

For the purpose of facilitating nuclear reactor decommissioning, the accounting system for decommissioning was introduced and nuclear reactors decommissioned following changes in energy policies and safety rules, etc. will be subject to the application of the system for its residual book value and recovered through the system of the wheeling service charges of general power transmission and distribution operators.

Depreciation of suspense account for decommissioning related nuclear power facilities

Pursuant to the resolution of the Board of Directors' meeting held on July 31, 2019, the Company determined decommissioning of Fukushima Daini Nuclear Power Station Units 1 through 4 and on the same date submitted the application for the approval of suspense account for decommissioning related nuclear power facilities to the Minister of Economy, Trade and Industry based on the paragraph 2 of Article 28-5 of the Electricity Utility Accounting Regulations and the application was approved on August 19, 2019. The Company records the amounts corresponding to contribution costs concerning reprocessing of irradiated nuclear fuel (excluding existing power generation costs such as reprocessing of irradiated nuclear fuel) and costs required for decommissioning the fuel in suspense account for decommissioning related nuclear power facilities.

Suspense account for decommissioning related nuclear power facilities is depreciated according to the payments for power transmission and distribution operators based on Article 8 of the supplementary provisions of Ordinance of Ministry for making a revision of the Ordinance for Enforcement of the Electricity Business Act.

Burden money for facilitating nuclear reactor decommissioning

In accordance with the provision of Article 45-21-12 of the Ordinance for Enforcement of the Electricity Business Act, the Company submitted the application for approval of burden money for facilitating nuclear reactor decommissioning to the Minister of Economy, Trade and Industry regarding the provisioning amounts of suspense account for decommissioning related nuclear power facilities and reserve for decommissioning costs of nuclear power units and it was approved on July 22, 2020. TEPCO Power Grid, Inc. and Tohoku Electric Power Network Co., Inc. changed the Wheeling Service provisions effective October 1, 2020 in accordance with the provision of Article 45-21-11 of the Ordinance for Enforcement of the Electricity Business Act and collection of burden money for facilitating nuclear reactor decommissioning and payments to the Company were implemented.

Burden money for facilitating nuclear reactor decommissioning paid by general power transmission and distribution operators is recorded as revenue from burden money for facilitating nuclear reactor decommissioning based on the Electricity Utility Accounting Regulations.

(o) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws expected to be in effect when the differences are expected to be recovered or settled.

(p) Foreign Currency Translation

The revenue and expenses of overseas consolidated subsidiaries are translated into yen at the average exchange rates prevailing during the fiscal year.

The assets and liabilities of overseas consolidated subsidiaries, except for the components of net assets, are translated into yen at the rates of exchange in effect at the respective balance sheet date.

Certain components of equity (net assets) are translated at their historical exchange rates. Translation differences arising from the translation of the financial statements of overseas consolidated subsidiaries are presented as foreign currency translation adjustments in net assets.

Current and non-current accounts denominated in foreign currency are translated into yen at the exchange rates prevailing as of the fiscal year-end, and the resulting gain or loss is credited or charged to income for the fiscal year.

2 SIGNIFICANT ACCOUNTING ESTIMATES

(1) Reserve for expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station

a. Amounts recorded in the consolidated financial statements for the years ended March 31, 2023 and 2022:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Reserve for loss on disaster	¥ 487,614	¥ 482,789	$ 3,651
Provision for preparation of removal of reactor cores in the specified nuclear power facilities	9,168	–	69
Provision for removal of reactor cores in the specified nuclear power facilities	158,783	163,968	1,189

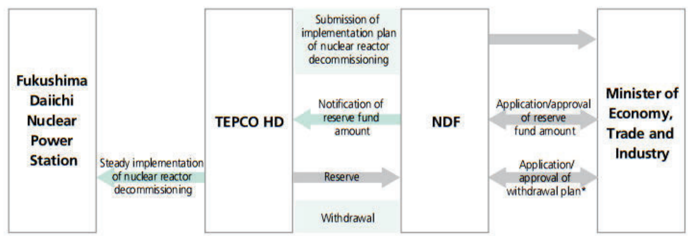
b. Other information useful for the users of the consolidated financial statements to understand the contents of accounting estimates:

Calculation method of the amount recorded in the consolidated financial statements for the year ended March 31, 2023

i) Assumption of estimates related to decommissioning of reactors

The Company implements reserve fund for decommissioning nuclear reactors regarding the amount designated by NDF and designs the withdrawal plan jointly with NDF for necessary fund required assuming nuclear reactor decommissioning works.

After the plan was approved by the Minister of Economy, Trade and Industry, the Company recovers reserve fund for nuclear reactor decommissioning, which is spent for actual decommissioning works. Reserve for expenses or losses arising from decommissioning works is recorded in the consolidated balance sheet as three accounts of "Reserve for loss on disaster," "Provision for preparation of removal of reactor cores in the specified nuclear power facilities" and "Provision for removal of reactor cores in the specified nuclear power facilities."



*Joint preparation by NDF and TEPCO HD

Relationships of "Reserve for loss on disaster," "Provision for preparation of removal of reactor cores in the specified nuclear power facilities*" and "Provision for removal of reactor cores in the specified nuclear power facilities"

Subject of reserve	Status of withdrawal plan	Name of reserve
Expenses required for removal of nuclear reactor cores out of the amount prescribed in the withdrawal plan	Before approval by the Minister	Provision for preparation of removal of reactor cores in the specified nuclear power facilities
	After approval by the Minister	Provision for removal of reactor cores in the specified nuclear power facilities
Other		Reserve for loss on disaster

ii) Method of accounting estimates

· Reserve for loss on disaster

Methods of recording main expenses or losses included in reserve for loss on disaster are as follows:

Ⅰ Expenses and/or losses for settlement of the accident and the decommissioning of

Fukushima Daiichi Nuclear Power Station

Based on the history stated in Note 1. (g) (2) "Reserve for loss on disaster," for the expenses and/or losses which are possible to estimate in the normal way, the estimated amount based on the specific target period and individual measures (excluding expenses required for removal of nuclear reactor cores in the withdrawal plan of reserve fund for nuclear reactor decommissioning applied for approval on the paragraph 2 of Article 55-9 of the NDF Act) is recorded. On the other hand, expenses and/or losses, which are difficult to estimate in the normal way since the specific contents of future works cannot be assumed, are recorded based on the estimated amount based on the historical amounts of an accident at overseas nuclear power stations.

Ⅱ Expenses for disposal of nuclear fuels in processing out of expenses and/or losses for scrapping Fukushima Daiichi Nuclear Power Station Units 1 through 4

The method is stated in Note 1.(g) (2) "Reserve for loss on disaster."

· Provision for preparation of removal of reactor cores in the specified nuclear power facilities and Provision for removal of reactor cores in the specified nuclear power facilities

The method is stated in Note 1. (g) (3) "Provision for Preparation of Removal of Reactor Cores in the Specified Nuclear Power Facilities and Provision for Removal of Reactor Cores in the Specified Nuclear Power Facilities."

Concerning estimated amounts of decommissioning costs of Fukushima Daiichi Nuclear Power Station, costs for recovery into normal status are recorded as "Reserve for loss on disaster," "Provision for preparation of removal of reactor cores in the specified nuclear power facilities" and "Provision for removal of reactor cores in the specified nuclear power facilities" and decommissioning costs as normal reactors are recorded as asset retirement obligations. While the former involves the following uncertainties, the latter is estimated according to the same Ministerial Ordinance for normal reactors.

<u>Main assumptions used for calculation of the amount recorded in the consolidated financial statements for the year ended March 31, 2023</u>

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

i) Items to which standard estimation process is applied:

"Mid-and-Long Term Decommissioning Implementation Plan" issued on March 30, 2023 presented main work process of decommissioning reactors. Related expenses are estimated based on the Plan at March 30, 2023.

Decommissioning of Fukushima Daiichi Nuclear Power Station is unprecedented attempt and involves uncertainties itself. Conceptual study is developing for the recent three years and specific construction and works are easy to plan, but on the other hand, for the further years, many assumptions need to be studied specifically from now, and among others, concerning debris retrieval, lots of assumptions shall be placed in estimating the amounts for long-term construction and works, since equipment for retrieving debris in earnest is in the nearly conceptual stage. In the current estimation, assumptions are based on the status of national study that is currently proceeded and past working contents whose implementation contents are similar, assumptions placed on the premise of estimates may possibly require future review, depending on the future progress of study, grasping site situations in more details and acquisition of new technical knowledge based on step-by-step approach. In such cases, new works and changes in working methods assumed, review of the scope of works, changes in labor unit cost may arise and accordingly, estimates on decommissioning costs might change.

ii) Items to which standard estimation process is not applied:

Concerning expenses and/or losses where normal estimation is difficult since specific construction details cannot be assumed at this moment, the estimated amount based on the actual costs incurred at the accident of Nuclear Power Units of Three Mile Island ("TMI"), which is a similar case, is recorded.

This estimation is determined using the actual costs of disposal at TMI, price increase rate during the period from the time of accident at TMI until the time of accident at Fukushima Daiichi Nuclear Power Station, foreign exchange rate, etc. and considering the number of fuel removal plant, etc. For this purpose, type, scope and volume of works required for decommissioning reactors are based on assumptions that they are proportionate to the number of power generator, etc. However, the estimates assumed may differ from the type, scope and volume of actual works, since there are differences of situations between TMI and Fukushima Daiichi Nuclear Power Station, such as the volume of fuel debris, degree of difficulty due to the different location in the nuclear reactors. Furthermore, as to extremely limited and long-term works of decommissioning accident reactors, even if the type, scope and volume of works are constant, estimates on decommissioning costs might change due to the changes in price level, status of innovation, etc.

<u>Effects on the consolidated financial statements for the following year</u>

According to the above conditions, uncertainties exist regardless of making best estimates for each assumption where normal estimation is possible and difficult and depending on the future changes in circumstances, financial position and operating results might be significantly affected for the following fiscal year.

(2) Valuation of nuclear power facilities

a. Amounts recorded in the consolidated financial statements for the years ended March 31, 2023 and 2022:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Nuclear power facilities, construction in progress and nuclear fuels etc. related to Kashiwazaki-Kariwa Nuclear Power Station	**¥ 1,005,608**	¥ 967,450	**$ 7,530**

b. Other information useful for the users of the consolidated financial statements to understand the contents of accounting estimates:

<u>Calculation method of the amount recorded in the consolidated financial statements for the year ended March 31, 2023</u>

Accounting estimation method:

Regarding business fixed assets, if recovery of the investment amount is not expected due to the decrease in profitability of assets, the carrying amount is required to be reduced to reflect its recoverability under definite conditions. Regarding nuclear power facilities, the power station which is the minimum unit generating independent cash flows is established as an asset group, and regarding Kashiwazaki-Kariwa Nuclear Power Station, nuclear power facilities related to each unit of 1 through 7 are classified as an asset group and assessment of impairment is conducted based on the recovery of investments by revenue from electricity charges through power transaction contracts.

The said power station is responding to the new regulatory standard for nuclear power facilities under the Comprehensive Special Business Plan and taking actions to gain an understanding of the local community. In addition, in response to an order prohibiting the transfer of specific nuclear fuel material issued to the Company by the Nuclear Regulation Authority based on a series of incidents including the illegal use of ID and partial loss of functions of protection facilities against nuclear materials, the Company has developed an action plan to rectify these issues and is steadily implementing improvement activities based on the three confirmation policies and 27 confirmation viewpoints presented by the Secretariat of the Nuclear Regulation Authority. The power station has ceased to operate over the long period to date after the operation of unit 6 was stopped for regular inspection in March 2012 and the Company has recognized indication of impairment on the asset group of the power station and studied recognition of impairment losses.

In the study, the Company estimated total amount of future cash flows before discounting and compared it with the carrying amount of the asset group.

As a result, the Company determined that recognition of impairment losses is unnecessary since the total estimated amount of future cash flows before discounting exceeds the carrying amount of the asset group.

Main assumptions used for calculation of the amount recorded in the consolidated financial statements for the year ended March 31, 2023

Main assumptions included in assessment of assets of nuclear power facilities of Kashiwazaki-Kariwa Nuclear Power Station are operating status by unit, safety measure renovation costs and future electricity rate, any of which involves uncertainties. It is necessary hereafter to obtain understandings of municipalities where it is located after passing safety regulation investigation by Nuclear Regulatory Commission ("NRC") including additional inspection based on a series of cases. Furthermore, the cost related to safety measure works to comply with the new regulatory standard for nuclear power facilities may be greater than expected due to the increasing sophistication and tightening of regulatory requirements following revisions to the new regulatory standard in line with the future progress in the Nuclear Regulation Authority's investigations including investigations of other nuclear power operators, in addition to the potential upturn in material cost and other cost including labor cost of workers in the planned works. In addition, the future electricity rate significantly depends on the effects of the status of supply and demand of electricity, crude oil price which is the base of fuel costs of thermal power and the electricity rate of Japan Electric Power Exchange including these matters.

Effects on the consolidated financial statements for the following year

Regarding above noted uncertainties, the Company makes best estimates based on the available information at this moment, but the changes of these items in future might give significant effects on the financial position and operating results of the Company. Furthermore, the adoption of the accounting for impairment may have effects on part of the total amount of above noted nuclear power facilities, construction in progress, nuclear fuels, etc.

(3) Net defined benefit liability and asset

a. Amounts recorded in the consolidated financial statements for the years ended March 31, 2023 and 2022:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Net defined benefit liability	**¥ 318,875**	¥ 323,514	**$ 2,388**
Net defined benefit assets	**142,545**	158,277	**1,067**

b. Other information useful for the users of the consolidated financial statements to understand the contents of accounting estimates:

Calculation method of the amount recorded in the consolidated financial statements for the year ended March 31, 2023

Accounting estimation method:

It is noted in (h) under Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Discount rate used in calculation of retirement benefit obligation is determined based on mainly yield of corporate bonds rated AA at the end of the fiscal year (Benchmark interest rate), which is 1.0% for the year ended March 31, 2023. In addition, long-term expected rate of return of pension assets is determined based on management policy and portfolio of pension assets held and historical management performances and it is mainly 2.5% for the fiscal year ended March 31, 2023.

Main assumptions used for calculation of the amount recorded in the consolidated financial statements for the year ended March 31, 2023

Retirement benefit obligation and expenses of employees are estimated based on the reasonable assumptions on discount rate, severance rate, mortality rate, long-term expected rate of return of pension assets, pension actuarial base rate, etc., but difference from actual results and changes in assumptions might give effects on retirement benefit obligation and expenses in future.

Retirement benefit obligation would vary if the discount rate is changed due to the change in benchmark interest rate, but if the retirement benefit obligation is not expected to change more than 10%, it will not be changed due to materiality.

Fair value of equity and debt securities held as pension assets will fluctuate depending on the movement of the financial market.

Effects on the consolidated financial statements for the following year

Due to the above notes, uncertainties exist regardless of making best estimates, and future changes in circumstances might give significant effects on financial position and operating results for the following fiscal year.

Based on accounting policies, actuarial variance is amortized principally over three years using a straight-line method form the fiscal year when it is incurred. The effects are as follows:

	Effects on retirement benefit obligation	Effects on retirement benefit expenses (per year)
Per discount rate of 0.1%	Approx. ¥7,800 million (US$58 million)	Approx. ¥2,600 million (US$19 million)
Per variance of 1.0% of expected rate of return of pension assets	Approx. ¥5,400 million (US$40 million)	Approx. ¥1,800 million (US$13 million)

3 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

- Accounting Standard for Current Income Taxes
- Accounting Standard for Presentation of Comprehensive Income
- Guidance on Accounting Standard for Tax Effect Accounting

(1) Overview

These accounting standards stipulate the accounting categories of corporate income taxes and so on that are imposed on other comprehensive income and the handling of tax effect accounting in relation to the sale of the equities of subsidiaries when the group corporate tax system is applied.

(2) Scheduled application date

The Company plans to apply these accounting standards from the beginning of the fiscal year ending on March 31, 2025.

(3) Impact of the application of these accounting standards

The Company is currently evaluating the financial impact of the application of the Accounting Standard for Current Income Taxes and others on its consolidated financial statements.

4 CHANGES IN PRESENTATION

"Proceeds from sale of fixed assets" and "Purchase of shares of subsidiaries resulting in change in scope of consolidation" which were included in "Other" in "Cash flows from investing activities" in the fiscal year ended March 31, 2022 are stated as separate categories due to their increased financial importance. In order to confirm to the current year's presentation, the consolidated financial statements for the year ended March 31, 2022 have been reclassified.

As a result, ¥1,793 million (US$13 million) recorded in "Other" in "Cash flows from investing activities" in the consolidated statement of cash flows of the fiscal year ended March 31, 2022 has been reclassified into the following: ¥1,159 million (US$9 million) in "Proceeds from sale of fixed assets," ¥(1,424) million (US$ (11) million) in "Purchase of shares of subsidiaries resulting in change in scope of consolidation" and ¥2,059 million (US$15 million) in "Other."

5 ADDITIONAL INFORMATION

(1) Fixed Assets Necessary for Decommissioning Reactors and Fixed Assets Requiring Maintenance after Having Discontinued Operation of Reactors

The outstanding balance of fixed assets necessary for decommissioning reactors and fixed assets requiring maintenance after having discontinued operation of reactors as of March 31, 2023 and 2022 was ¥491,758 million (US$3,682 million) and ¥475,578 million, respectively.

(2) Application of International Financial Reporting Standards at Equity-method Affiliate

In applying the equity method to JERA Co., Inc., an affiliate of the Company, the Company uses JERA's consolidated financial statements which were prepared under the International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2023.

This treatment is applied retrospectively: the Company therefore used JERA's consolidated financial statements based on the IFRS for the fiscal year ended March 31, 2022.

As a result, both ordinary income and income before income taxes for the fiscal year ended March 31, 2022 have decreased by ¥2,724 million, respectively, in comparison with the figures not based on the retrospective application of IFRS. Furthermore, because the cumulative financial impact of this treatment was reflected on net assets at the beginning of the fiscal year ended March 31, 2022, the balance of retained earnings at the beginning of the fiscal year was decreased by ¥13,674 million (US$102 million).

6 U.S. DOLLAR AMOUNTS

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥133.54 = US$1.00, the approximate rate of exchange in effect on March 31, 2023, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized, or settled in U.S. dollars at that or any other rate.

7 PROPERTY, PLANT AND EQUIPMENT, NET

The major classifications of property, plant and equipment, net at March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Hydroelectric power production facilities	¥ 392,931	¥ 389,053	$ 2,942
Nuclear power production facilities	965,012	962,079	7,226
Transmission facilities	1,365,771	1,390,553	10,227
Transformation facilities	636,143	637,530	4,764
Distribution facilities	2,064,563	2,026,850	15,460
Other electricity-related property, plant and equipment	131,291	138,121	983
Other property, plant and equipment	260,826	192,663	1,954
Facilities in progress	1,678,591	1,492,640	12,570
	¥ 7,495,132	¥ 7,229,492	$ 56,126

Assets corresponding to asset retirement obligations related to the decommissioning of specified nuclear power generating facilities are included in property, plant and equipment (Note 19).

In addition, deferred income from receipts of contribution in aid of construction costs is directly deducted from the carrying amounts of property, plant and equipment in the amounts of ¥427,936 million (US$3,205 million) and ¥416,231 million as of March 31, 2023 and 2022, respectively.

8 INVESTMENT SECURITIES

At March 31, 2023 and 2022, available-for-sale securities whose market prices were available were as follows:

	Millions of yen						Millions of U.S. dollars		
	2023			2022			2023		
	Carrying amount	Acquisition costs	Unrealized holding gains (losses)	Carrying amount	Acquisition costs	Unrealized holding gains (losses)	Carrying amount	Acquisition costs	Unrealized holding gains (losses)
Unrealized holding gains:									
Stocks, bonds and other	¥10,592	¥ 8,175	¥ 2,416	¥ 3,065	¥ 1,490	¥ 1,574	$ 79	$ 61	$ 18
Unrealized holding losses:									
Stocks, bonds and other	210	309	(99)	6,624	6,745	(121)	2	3	(1)
Total	¥10,802	¥ 8,485	¥ 2,317	¥ 9,689	¥8,235	¥ 1,453	$ 81	$ 64	$ 17

9 LONG-TERM INVESTMENTS IN ASSOCIATES

Shares and capital investments in associates (of which investments in joint ventures) were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Shar es and capital investments	¥ 1,396,370	¥ 1,444,698	$ 10,457
(Of which investments in joint ventures)	(939,542)	(948,729)	(7,036)

10 NOTES AND ACCOUNTS RECEIVABLE – TRADE AND CONTRACT ASSETS

Receivables and contract assets arising from contracts with customers out of notes and accounts receivable – trade and contract assets are as follows:

March 31, 2023	Millions of yen	Millions of U.S. dollars
Notes receivable – trade	¥ 225	$ 2
Accounts receivable - trade	682,611	5,112
Contract assets	28,864	216

11 INVENTORIES

Details of inventories were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Merchandise and finished products	¥ 12,985	¥ 8,329	$ 97
Work in process	20,115	16,360	151
Raw materials and stores	76,691	72,496	574
Total inventories	¥ 109,791	¥ 97,185	$ 822

12 CASH AND DEPOSITS

A reconciliation of the difference between cash and deposits stated in the consolidated balance sheets as of March 31, 2023 and 2022 and cash and cash equivalents for the purpose of the statement of cash flows for the years ended March 31, 2023 and 2022 is as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Cash and deposits	¥ 717,908	¥ 862,376	$ 5,376
Time deposits with maturities of more than three months	(551)	(551)	(4)
Cash and cash equivalents	¥ 717,357	¥ 861,825	$ 5,372

13 SHORT-TERM LOANS and LONG-TERM DEBT

Short-term loans are unsecured. The weighted-average interest rates of short-term loans were approximately 0.651% and 0.636% for the years ended March 31, 2023 and 2022, respectively.

At March 31, 2023 and 2022, short-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Loans from banks and other sources	¥ 2,183,111	¥ 2,170,398	$ 16,348
Commercial paper	22,000	—	165
Total	2,205,111	2,170,398	16,513

The annual interest rates applicable to the Company's domestic straight bonds at March 31, 2023 and 2022 ranged from 0.180% to 3.000%. The interest rates applicable to long-term debt (except for the current portion) at March 31, 2023 and 2022 averaged approximately 1.825% and 1.946%, respectively.

At March 31, 2023 and 2022, long-term debt consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Corporate bonds due from 2022 through 2041	¥ 3,400,412	¥ 3,100,412	$ 25,464
Loans from banks, insurance companies and other sources	150,906	169,435	1,130
	3,551,318	3,269,846	26,594
Less: Current portion	(571,036)	(497,600)	(4,276)
	¥ 2,980,281	¥ 2,772,245	$ 22,318

Corporate bonds as of March 31, 2023 and 2022 are as follows:

	Issue date	Interest rate (%)	Maturity date	Millions of yen 2023	Millions of yen 2022	Millions of U.S. dollars 2023
(Issuer: TEPCO)						
Secured domestic straight bonds	Sep. 29, 2008-	0.649-	Apr. 28, 2022-	¥ 494,642	¥ 494,642	$ 4,041
	Mar. 30, 2023	2.401	May 28, 2040	(253,835)	(253,835)	(2,074)
(Issuer: TEPCO Power Grid)						
Secured domestic straight bonds	Jun. 20, 2017-	0.290-	Jun. 20, 2022-	2,835,000	2,565,000	21,230
	Jan. 19, 2023	1.600	Jan. 21, 2041	(260,000)	(220,000)	(1,947)
(Issuer: TEPCO Renewable Power)						
Unsecured domestic straight bonds, Green Bonds	Sep. 9, 2021	0.180-	Sep. 9, 2024-	70,000	40,000	524
	Sept. 14, 2022	0.850	Mar. 10, 2027			
(Issuer: TRENDE)						
Unsecured convertible bonds with share subscription rights (Note 2)	Jun. 15, 2020	3.000	Jun. 16, 2023 Jun. 14, 2030	769	769	6
Total				¥ 3,400,412	¥ 3,100,412	$ 25,464
				(513,835)	(473,835)	(3,848)

Notes:
1. Figures indicated in parentheses ( ) indicate the amounts to be redeemed within one year.
2. Conditions of corporate bonds with share subscription rights are as follows:

Issue:	Unsecured convertible bonds with share subscription rights
Shares to be issued:	Common stock
Issue price of share subscription rights:	Free
Issue price of a share	¥2,400 (US$17.97)
Total amount of issuance	¥769 million (US$6 million)
Total amount of issuance of shares issued due to exercise of share subscription rights	—
Ratio of granting subscription rights	100%
Exercise period of share subscription rights	June 16, 2023 through June 14, 2030

(Note) In exercising the share subscription rights, the bonds related to the subscription rights will be invested in capital and the value of the bonds will be equivalent to the face value.
3. Regarding the redemption schedule, see Note 32. FINANCIAL INSTRUMENTS.

14 PLEDGED ASSETS AND SECURED LIABILITIES

The Company's entire property was subject to certain statutory preferential rights as security for loans from the Development Bank of Japan that amounted to ¥17,415 million (US$130 million) and ¥31,541 million, and for bonds that amounted to ¥494,642 million (US$3,704 million) and ¥494,642 million including current portion at March 31, 2023 and 2022, respectively.

Pursuant to the Nuclear Damage Compensation Act, the Company has made a deposit of ¥120,000 million (US$899 million) as a measure of compensation for damages to be paid as the operator for cooling of nuclear reactors and treatment of accumulated water of Fukushima Daiichi Nuclear Power Station.

The entire property of TEPCO Power Grid, Incorporated was provided as security for bonds that amounted to ¥2,835,000 million (US$21,230 million) and ¥2,565,000 million at March 31, 2023 and 2022, respectively.

Assets pledged as collateral and secured liabilities due to participation in overseas operations for certain consolidated subsidiaries at March 31, 2023 and 2022, respectively, were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
Investments and other:			
Long-term investments	**¥ 3**	¥ 3	**$ 0**
Long-term investments in affiliates	**6,091**	5,186	**45**
Current assets			
Cash and deposits	**79**	73	**1**
	¥ 6,173	¥ 5,263	**$ 46**

Long-term investments totaling ¥24,387 million (US$183 million) and ¥2,487 million were pledged as collateral for long-term loans from financial institutions to investees of certain consolidated subsidiaries as of March 31, 2023 and 2022, respectively. In case of default of the investees, the burden of the consolidated subsidiaries is limited to the concerned amount of investments.

15 CONTINGENT LIABILITIES

(1) Guarantee obligations

	Millions of yen		Millions of U.S. dollars
	2023	2022	**2023**
a. Guarantee obligations on the borrowings of the following companies from financial institutions			
Japan Nuclear Fuel Limited	**¥ 27,033**	¥ 25,591	**$ 202**
SKZ-U☐LLP	**—**	120	**—**
b. Guarantee obligations on the borrowings of employees' own house financing system from financial institutions	**80,548**	92,217	**604**
Total	**¥ 107,582**	¥ 117,930	**$ 806**

(2) Contingent Liabilities related to Decontamination out of Nuclear Damage Compensation

At March 31, 2023 and 2022

Treatment of wastes and decontamination measures have been proceeding under the national fiscal measures based on the Act on Special Measures Concerning the Handling of Environment pollution by Radioactive Materials. A reasonable estimation of the amount of compensation concerning costs, the allocation of which are being discussed with the government, is not possible under the current circumstances, as concrete measures for the treatment of waste are not yet identifiable.

Regarding such costs, NDF shall provide necessary financial support based on the NDF Act to the nuclear power operators who applied for financial support.

16 FINANCIAL COVENANTS

At March 31, 2023

Corporate bonds of ¥806 million (US$6 million), current portion of long-term debt of ¥253,835 million (US$1,901 million), and short-term loans of ¥1,045,999 million (US$7,833 million) are all subject to financial covenants related to the financial position and operating results of the Company and the Group.

At March 31, 2022

Corporate bonds of ¥806 million, current portion of long-term debt of ¥253,835 million, and short-term loans of ¥1,075,203 million are all subject to financial covenants related to the financial position and operating results of the Company and the Group.

17 LAND REVALUATION LOSS

Land revaluation loss represents the amount corresponding to the Company's share of the revaluation differences resulting from revaluation of land used for business made by certain affiliates accounted for using the equity method in accordance with the "Act on Revaluation of Land".

18 EMPLOYEES' RETIREMENT BENEFITS

The Company and certain consolidated subsidiaries have defined benefit plans, including a defined benefit corporate pension plan and lump-sum payment plans, and, also defined contribution pension plans. The Company has defined benefit corporate pension plan, defined contribution pension plan and lump-sum payment plan.

Defined Benefit Plans

(1) The changes in projected benefit obligations for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Beginning balance of projected benefit obligations	**¥ 745,931**	¥ 757,860	**$ 5,586**
Service cost	**21,173**	21,851	**159**
Interest cost	**7,204**	7,327	**54**
Actuarial gain and loss	**2,116**	(913)	**16**
Retirement benefit paid	**(38,785)**	(40,194)	**(290)**
Other (Note 2 below)	**286**	0	**1**
Ending balance of projected benefit obligations	**¥ 737,926**	¥ 745,931	**$ 5,526**

(Notes):
1. For certain retirement benefit plans, a simplified method is applied in determining projected benefit obligations.
2. This includes the amount accounted for as cost for switching from the simplified method to the principle method.

(2) The changes in plan assets for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Beginning balance of plan assets	**¥ 580,693**	¥ 589,225	**$ 4,348**
Expected return on plan assets	**14,199**	14,422	**106**
Actuarial gain and loss	**(22,253)**	(11,055)	**(167)**
Contribution from the employer	**5,172**	4,896	**39**
Retirement benefit paid	**(16,738)**	(17,330)	**(125)**
Other (Note 2 below)	**521**	535	**4**
Ending balance of plan assets	**¥ 561,596**	¥ 580,693	**$ 4,205**

(Notes):
1. Above amounts include plan assets of retirement benefit plans to which a simplified method is applied.
2. Other represents an increase due to employees' contribution, etc.

(3) Reconciliation between the ending balances of projected benefit obligations and plan assets and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Funded projected benefit obligations	**¥ 420,115**	¥ 423,367	**$ 3,146**
Plan assets	**(561,596)**	(580,693)	**(4,205)**
	(141,480)	(157,326)	**(1,059)**
Unfunded projected benefit obligations	**317,810**	322,564	**2,379**
Net liability recorded in the consolidated balance sheet	**176,330**	165,237	**1,320**
Net defined benefit liability	**318,875**	323,514	**2,388**
Net defined benefit asset	**(142,545)**	(158,277)	**(1,068)**
Net liability recorded in the consolidated balance sheet	**¥ 176,330**	¥ 165,237	**$ 1,320**

(4) The components of retirement benefit expenses for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Service cost (Notes 1 and 2 below)	**¥ 20,629**	¥ 21,295	**$ 154**
Interest cost	**7,204**	7,327	**54**
Expected return on plan assets	**(14,199)**	(14,422)	**(106)**
Amortization of actuarial loss	**(1,950)**	(1,162)	**(15)**
Charges related to transfer	**—**	50	**—**
Other (Note 3 below)	**298**	10	**3**
Retirement benefit expenses on defined benefit plans	**¥ 11,983**	¥ 13,098	**$ 90**

(Notes):
1. Service cost includes retirement expenses of the retirement benefit plans to which a simplified method is applied.
2. The amount excluded employees' contribution.
3. This includes the amount accounted for as cost for switching from the simplified method to the principle method.

(5) Remeasurements of defined benefit plans on other comprehensive income

The components of remeasurements of defined benefit plans (before tax effects) on other comprehensive income were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Actuarial loss	**(26,320)**	(11,304)	**(197)**

(6) Remeasurements of defined benefit plans on accumulated other comprehensive income

The components of remeasurements of defined benefit plans (before tax effects) on accumulated other comprehensive income were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Unrecognized prior service cost	¥ (34)	¥ (34)	$ (1)
Unrecognized actuarial gain and loss	(19,285)	7,034	(144)
Total	¥(19,319)	¥ 7,000	$ (145)

(7) Plan assets

a. Plan assets, by major category, as a percentage of total plan assets, consisted of the following:

	2023	2022
Life insurance general account	39%	38%
Debt securities	34%	37%
Equity securities	25%	23%
Other	2%	2%
Total	100%	100%

b. Method of determining the long-term expected rate of return on plan assets
The expected return on assets has been estimated based on the anticipated allocation to each class and the expected long-term returns on assets held in each category.

(8) Assumptions used for actuarial calculation

	2023	2022
Discount rate	Mainly 1.0%	Mainly 1.0%
Long-term expected rate of return	Mainly 2.5%	Mainly 2.5%
Expected rate of salary increase	Mainly 5.6%	Mainly 5.6%

Defined Contribution Plans

The amount of the required contribution to the defined contribution plans of the Company and consolidated subsidiaries was ¥3,529 million (US$26 million) and ¥3,562 million for the years ended March 31, 2023 and 2022, respectively.

19 ASSET RETIREMENT OBLIGATIONS

The Company recorded asset retirement obligations in the accompanying consolidated financial statements for the decommissioning of specified nuclear power station facilities as prescribed in the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors." The corresponding removal costs are stated in (m) "Decommissioning Costs of Nuclear Power Units" under "1. Summary of Significant Accounting Policies."

In computing the amount of asset retirement obligations, the Company uses the remaining years (calculated deducting the years since the start of operations from the estimated operating period of the generating facilities for each specified nuclear power unit) as the expected terms until expenditures incur and applies a discount rate of 2.3%.

The changes in asset retirement obligations for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Balance at beginning of year	¥ 1,036,643	¥ 1,016,919	$ 7,763
Net changes during the year	19,108	19,723	143
Balance at end of year	¥ 1,055,751	¥ 1,036,643	$ 7,906

20 SHAREHOLDERS' EQUITY

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than capital reserve) and retained earnings (other than legal reserve) be transferred to the capital reserve or the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of common stock. The capital reserve amounted to ¥743,555 million (US$5,568 million) at March 31, 2023 and 2022 and the legal reserve amounted to ¥169,108 million (US$1,266 million) at March 31, 2023 and 2022. Moreover, neither the capital reserve nor the legal reserve is available for the payment of dividends, but distributions of capital surplus can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

The changes in the number of outstanding shares and treasury stock during the years ended March 31, 2023 and 2022 were as follows:

	Number of shares (in thousands)			
	April 1, 2022	Increase	Decrease	March 31, 2023
Outstanding shares issued:				
Common stock	1,607,017	—	—	1,607,017
Preferred stock — Class A	1,600,000	—	—	1,600,000
Preferred stock — Class B	340,000	—	—	340,000
Total	3,547,017	—	—	3,547,017
Treasury stock:				
Common stock	4,847	24	1	4,870

Note: An increase in common stock of treasury stock of 24 thousand shares is due to purchases of shares less than one unit and a decrease of 1 thousand shares is due to changes in treasury stock attributable to the Company followed by a decrease in the ownership ratio of affiliates accounted for using the equity method.

	Number of shares (in thousands) April 1, 2021	Increase	Decrease	March 31, 2022
Outstanding shares issued:				
Common stock	1,607,017	—	—	1,607,017
Preferred stock — Class A	1,600,000	—	—	1,600,000
Preferred stock — Class B	340,000	—	—	340,000
Total	3,547,017	—	—	3,547,017
Treasury stock:				
Common stock	4,825	23	1	4,847

Note: An increase in common stock of treasury stock of 23 thousand shares is due to purchases of shares less than one unit and a decrease of 1 thousand shares is due to changes in treasury stock attributable to the Company followed by a decrease in the ownership ratio of affiliates accounted for using the equity method.

Subscription rights to shares
Outstanding balance at consolidated subsidiaries at March 31, 2023 and 2022 was ¥— million (US$— million) and ¥10 million, respectively.

21 STOCK OPTIONS

Amount of expenses recorded in relation to stock options for the year ended March 31, 2023:
¥(10) million (US$(0) million)

Description of stock options:

Name of the issuer	TRENDE Inc.	TRENDE Inc.	TRENDE Inc.
Name of stock option	2nd stock option	3rd stock option-1	3rd stock option-2
Date of resolution	June 11, 2018	January 18, 2019	January 18, 2019
Individuals covered by the plan	Employee: 3	External advisor: 5	Employee: 1
Type and number of stock options to be granted (Note 1)	Common stock: 39,063 shares	Common stock: 500 shares	Common stock: 15,000 shares
Date of grant	1/48 of 55,000 shares of common stock are granted on the 11th of every month from July 11, 2018	1/24 of 500 shares of common stock are granted on the 18th of every month from February 18, 2019	1/48 of 15,000 shares of common stock are granted on the 18th of every month from March 18, 2019
Vesting conditions	The grantee must be an officer or employee of the issuer at the time they exercise their option right, unless the issuer's Board of Directors considers that there is a legitimate reason for not meeting the above requirement. Other details are prescribed in the subscription warrant allotment contract.	As prescribed in the subscription warrant allotment contract.	The grantee must be an officer or employee of the issuer at the time they exercise their option right, unless the issuer's Board of Directors considers that there is a legitimate reason for not meeting the above requirement. Other details are prescribed in the subscription warrant allotment contract.
Applicable service period	June 11, 2018 through June 10, 2020	January 18, 2019 through January 18, 2021	February 18, 2019 through February 18, 2021
Exercise period	une 11, 2020 through June 10, 2028	January 19, 2021 through January 18, 2029	February 19, 2021 through February 18, 2029

Name of the issuer	TRENDE Inc.	TRENDE Inc.	TRENDE Inc.
Name of stock option	3rd stock option-3	3rd stock option-4	4th stock option-A
Date of resolution	January 18, 2019	January 18, 2019	June 9, 2020
Individuals covered by the plan	Employee: 1	Employee: 1	Officer: 1 Employee: 2
Type and number of stock options to be granted (Note 1)	Common stock: 720 shares	Common stock: 429 shares	Common stock: 34,110 shares
Date of grant	1/48 of 3,000 shares of common stock are granted on the 7th of every month from July 7, 2019	1/48 of 500 shares of common stock are granted on the 19th of every month from October 19, 2019	1/48 of 51,000 shares of common stock are granted on the 9th of every month from July 9, 2020
Vesting conditions	The grantee must be an officer or employee of the issuer at the time they exercise their option right, unless the issuer's Board of Directors considers that there is a legitimate reason for not meeting the above requirement. Other details are prescribed in the subscription warrant allotment contract.	The grantee must be an officer or employee of the issuer at the time they exercise their option right, unless the issuer's Board of Directors considers that there is a legitimate reason for not meeting the above requirement. Other details are prescribed in the subscription warrant allotment contract.	As prescribed in the subscription warrant allotment contract.
Applicable service period	June 7, 2019 through June 7, 2021	September 20, 2019 through September 19, 2021	—
Exercise period	June 8, 2021 through June 7, 2029	September 20, 2021 through September 19, 2029	June 10, 2022 through June 9, 2030

Name of the issuer	TRENDE Inc.	TRENDE Inc.	TEPCO Life Service, Inc. (Note 2)
Name of stock option	4th stock option-B	5th stock option	1st stock option
Date of resolution	June 9, 2020	June 28, 2021	March 30, 2020 (Note 3)
Individuals covered by the plan	Officer: 1 Employee: 1	Employee: 2	Officer: 3 Employee: 5
Type and number of stock options to be granted (Note 1)	Common stock: 65,340 shares	Common stock: 6,280 shares	Common stock: 1,465 shares
Date of grant	1/48 of 95,000 shares of common stock are granted on the 9th of every month from July 9, 2020	1/48 of 15,000 shares of common stock are granted on the 28th of every month from July 28, 2021	March 30, 2020

Vesting conditions	As prescribed in the subscription warrant allotment contract.	As prescribed in the subscription warrant allotment contract.	*1, *2, *3,*4
Applicable service period	—	—	March 30, 2020 through March 30, 2022
Exercise period	June 10, 2022 through June 9, 2030	June 29, 2023 through June 28, 2031	April 21, 2020 through March 30, 2030

(Notes)
1. The number of stock options is converted into the number of shares.
2. Since TEPCO Life Service, Inc. was incorporated as a parent company of TEPCO FinTech, Inc. (previous TEPCO Life Service, Inc.) through a share transfer on April 21, 2020, new share subscription rights expired on that date and TEPCO Life Service, Inc. issued the same number of new share subscription rights as the total number of new subscription rights on the base date.
3. The date refers to the date when it was resolved at TEPCO FinTech, Inc. (previous TEPCO Life Service, Inc.)

*1 Those who are allotted new share subscription rights (hereinafter "Subscription right holders") shall be the issuer's directors or employees continuously in service until the corresponding date of the second year after the issue date. However, this shall not be applied if authorized by the Board of Directors.
*2 The subscription right holders shall be the issuer's directors or employees at the time of exercise. However, this shall not be applied if authorized by the Board of Directors.
*3 The inheritance of the new share subscription rights is not permitted. However, this shall not be applied if authorized by the Board of Directors.
*4 No pledge nor other disposal of the new share subscription rights is permitted. However, this shall not be applied if authorized by the Board of Directors.

The stock option activity is as follows:

Name of the issuer:	TRENDE Inc.	TRENDE Inc.	TRENDE Inc.	TEPCO LIFE SERVICE, Inc.
Name of stock option	2nd stock option	3rd stock option	4th stock option	5th stock option
Date of resolution	June 11, 2018	January 18, 2019	June 9, 2020	June 28, 2021
Non-vested (shares)				
Mar. 31, 2022	1,990	3,589	82,076	12,174
Granted	—	—	—	—
Forfeited	—	66	—	—
Vested	1,990	3,485	36,528	3,768
Outstanding unexercised	—	38	45,548	8,406
Vested (shares)				
Mar. 31, 2022	37,073	13,167	63,924	2,826
Vested	1,990	3,485	36,528	3,768
Exercised	—	—	—	—
Forfeited	10,000	396	—	—
Outstanding unexercised	29,063	16,256	100,452	6,594

Name of the issuer	TEPCO Life Service, Inc.
Name of stock option	1st stock option
Date of resolution	March 30, 2020
Non-vested	
(shares)	—
Mar. 31, 2022	—
Granted	—
Forfeited	—
Vested	—
Outstanding unexercised	—
Vested (shares)	
Mar. 31, 2022	218
Vested	—
Exercised	—
Forfeited	218
Outstanding unexercised	—

Unit price information:

Issuer	TRENDE Inc.	TRENDE Inc.	TRENDE Inc.	TRENDE Inc.	TEPCO LIFE SERVICE, Inc.
Issuer	2nd stock option	3rd stock option	4th stock option	5th stock option	1st stock option
Name of stock option	2nd stock option	3rd stock option	4th stock option	5th stock option	1st stock option
Exercise price	¥400 (US$3.00)	¥1,900(US$14.23)	¥2,400(US$17.97)	¥2,400(US$17.97)	¥1(US$0.01)
Average stock price at the time of exercise	—	—	—	—	—
Fair unit price at the date of grant	—	—	—	—	—

Estimate method of the fair unit price of stock options:

TRENDE Inc.

Since TRENDE Inc. is an unlisted company at the date of grant of stock options, the estimate method of the fair unit price of stock options is based on the method of estimating the intrinsic value per unit.

The valuation method of the company's own shares which is the base for computing the intrinsic value per unit is based on the price computed using the fair value of net assets.

Estimate method of the vested number of stock options:

Since it is basically difficult to make a reasonable estimate of the number to be forfeited in future, the historical number of forfeited options is reflected in the estimate of the vested number of stock options.

In case of computing the fair unit price of stock options based on the intrinsic value per unit of stock options, total amount of the intrinsic value as of March 31, 2023 and total amount of the intrinsic value at the time of exercise of stock options:

a. Total amount of the intrinsic value as of March 31, 2023:
 ¥— million (US$0 million)

b. Total amount of the intrinsic value at the time of exercise in the fiscal year ended March 31, 2023: ¥— million (US$— million)

22 REVENUE FROM CONTRACTS WITH CUSTOMERS

Operating revenue is not divided into revenue from contracts with customers and revenue from other sources. Revenue from contracts with customers is presented in Note 36. SEGMENT INFORMATION.

23 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The amount of selling, general and administrative expenses (before netting) included in the electric power business operating expenses (¥7,403,991 million (US$55,444 million) after netting and offset amount of ¥(127,163) million (US$(952) million) for the year ended March 31, 2023 and ¥4,836,691 million after netting and offset amount of ¥(88,139) million for the year ended March 31, 2022) was ¥353,440 million (US$2,647 million) (¥340,252 million in 2022). Major components and amounts are shown below:

Since netting of transactions between consolidated companies in the electric power business is conducted for the total of electric power business operating expenses, the amount before netting is presented.

* The offset amount represents the amount excluding the netting of transactions between the Company and its core management companies. The selling, general and administrative expenses (before netting) represent the amount excluding transactions between the Company and its core management companies.

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Salaries and allowances	¥ 81,250	¥ 80,907	$ 608
Employees' retirement benefits	12,390	13,755	93
Consignment expenses	121,092	118,476	907
Bad debts	6,999	(5,112)	52

24 PROVISION FOR RESERVES

Provision for reserves charged to net income during the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Provision for preparation of removal of reactor cores in the specified nuclear power facilities	¥ 9,168	¥ —	$ 69
Reserve for loss on disaster	16,252	20,477	122
Reserve for nuclear damage compensation	507,350	117,793	3,799

25 RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in operating expenses for the years ended March 31, 2023 and 2022 totaled ¥19,735 million (US$148 million) and ¥18,160 million, respectively.

26 COMPENSATION FOR NUCLEAR DAMAGES AND GRANTS-IN-AID FROM NDF

For the year ended March 31, 2023

(1) Damage compensation and decontamination

a. Compensation for nuclear damages

Regarding nuclear damages caused by a series of accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has been implementing compensation in accordance with the Nuclear Damage Compensation Act and recorded compensation for nuclear damages at the amount of the difference between the estimated amount at March 31, 2023 and the estimated amount at March 31, 2023.

b. Grants-in-aid from NDF

The Company submitted an application to NDF for a change of the amount of financial support to the estimated amount of compensation based on the provision of the paragraph 1 of Article 43 of the NDF Act as of March 22, 2023, and recorded the difference between the estimated amount of compensation above and the amount which was submitted as an application for financing the compensation on March 22, 2022 as the grants-in-aid from NDF.

(2) Decontamination

¥109,867 million (US$823 million) of the amount which was submitted as an application for financial support based on the provision of the NDF Act corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 based on the Act on Special Measures Concerning the Handling of Environment Pollution by Radioactive Materials is deducted from compensation for nuclear damages and the grants-in-aid from NDF at the end of the fiscal year in accordance with the Electricity Utility Accounting Regulations.

(Additional information)

Method to record special contribution to NDF

In receiving the financial assistance, the recipient shall pay special contribution defined by NDF based on the provision of the paragraph 1 of Article 52 of the NDF Act, but the Company has not recorded such amount, except for the amount applicable to the year ended March 31, 2023 notified from NDF, since the amount will be determined by the resolution of the steering committee of NDF for every fiscal year in light of the Company's operating results and also requires the approval of the minister in charge.

For the year ended March 31, 2022

(3) Damage compensation and decontamination

c. Compensation for nuclear damages

Regarding nuclear damages caused by a series of accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake, the Company has been implementing compensation in accordance with the Nuclear Damage Compensation Act and recorded compensation for nuclear damages at the amount of the difference between the estimated amount at March 31, 2022 and the estimated amount at March 31, 2021.

d. Grants-in-aid from NDF

The Company submitted an application to NDF for a change of the amount of financial support to the estimated amount of compensation based on the provision of the paragraph 1 of Article 43 of the NDF Act as of March 22, 2022 and recorded the difference between the estimated amount of compensation above and the amount which was submitted as an application for financing the compensation on March 22, 2021 as the grants-in-aid from NDF.

(4) Decontamination

¥148,297 million of the amount which was submitted as an application for financial support based on the provision of the NDF Act corresponding to the Company's compensation liability to the government, which was recognized as a liability on and after January 1, 2015 based on the Act on Special Measures Concerning the Handling of Environment Pollution by Radioactive Materials is deducted from compensation for nuclear damages and the grants-in-aid from NDF at the end of the fiscal year in accordance with the Electricity Utility Accounting Regulations.

(Additional information)

Method to record special contribution to NDF

In receiving the financial assistance, the recipient shall pay special contribution defined by NDF based on the provision of the paragraph 1 of Article 52 of the NDF Act, but the Company has not recorded such amount, except for the amount applicable to the year ended March 31, 2021 notified from NDF, since the amount will be determined by the resolution of the steering committee of NDF for every fiscal year in light of the Company's operating results and also requires the approval of the minister in charge.

27 GAIN ON SALE OF NONCURRENT ASSETS

Gain on sale of noncurrent assets during the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Land	¥ 29,670	¥ —	$ 222
Buildings	32,986	—	247
Other	82	—	1
Total	62,739	—	470

28 EXTRAORDINARY LOSS ON DISASTER

The Company recorded costs required to restore assets damaged by Fukushima-ken Oki earthquake occurred in March 2022 as extraordinary loss on disaster in an amount of ¥12,824 million for the year ended March 31, 2022.

Fiscal Year Ended Mar. 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)

The Company recorded ¥22,214 million (US$166 million) in extraordinary loss on disaster to account for the cost of works related to the preparations for the removal of fuel debris in connection with the cost or loss incurred for the recovery of assets affected by the Tohoku-Chihou-Taiheiyou-Oki Earthquake.

As a specific plan to achieve the key targets and processes identified in the Mid-and-Long Term Roadmap prepared by Government and TEPCO's Mid-to- Long Term Countermeasure Meeting established by the government's Nuclear Emergency Response Headquarters (last revised on December 27, 2019), the Company developed the "Mid-and-Long Term Decommissioning Implementation Plan 2023" (which was revised on March 30, 2023).

The Company has recorded estimates of the costs or losses related to the above where normal estimation is possible based on specific target periods and the details of individual measures.

While costs or losses related to the Mid-and-Long-Term Roadmap including the figures recorded based on the actual amounts incurred in overseas nuclear facility accidents could fluctuate in the future, the Company has recorded their estimates where it is possible to make reasonable estimates as of March 31, 2023.

29 LOSS ON RETURN OF IMBALANCE INCOME AND EXPENDITURES

Concerning imbalance income and expenditures seen in January 2021, which was caused by the tight supply-demand situation experienced during the winter of the fiscal year ended March 31, 2021, the Company applied for the exceptional approval (measures pertaining to the provision of paragraph 2 of the Article 18 of the Electricity Business Act) based on the discussions and conclusion of the subcommittee on electricity and gas basic policy, electricity and gas session of Advisory Committee for Natural Resources and Energy. Accordingly, the Company recorded the estimated adjustment amount of ¥15,841 million, which will be made by subtracting excess over a certain level of the imbalanced revenue and expenditures seen in January 2021 from wheeling service charges after April 2022.

30 INCOME TAXES

The significant components of deferred tax assets and liabilities as of March 31, 2023 and 2022 were as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Deferred tax assets:			
Reserve for nuclear damage compensation	¥ 243,357	¥ 136,466	$ 1,822
Asset retirement obligations	166,152	167,059	1,244
Tax loss carryforwards (Note 2)	160,874	103,762	1,205
Reserve for loss on disaster	141,140	142,895	1,057
Impairment losses	108,543	115,155	813
Net defined benefit liability	94,422	93,015	707
Amortization of easement on transmission line	73,347	73,402	549
Other	204,142	208,755	1,529
Subtotal	1,191,980	1,040,513	8,926
Valuation allowance on tax loss carryforwards (Note 2)	(160,802)	(103,475)	(1,204)
Valuation allowance on deductible temporary differences in future	(602,094)	(612,575)	(4,509)
Subtotal	(762,896)	(716,050)	(5,713)
Total deferred tax assets	429,083	324,462	3,213
Deferred tax liabilities:			
Grants-in-aid receivable from NDF	(242,178)	(135,616)	(1,814)
Provision for Removal of Reactor Cores in the Specified Nuclear Power Facilities	(44,459)	(45,911)	(333)
Other	(117,585)	(120,399)	(880)
Total deferred tax liabilities	(404,223)	(301,927)	(3,027)
Net deferred tax assets	¥ 24,860	¥ 22,535	$ 186

Notes:
1. Valuation allowance increased by ¥46,845 million (US$ 351 million). This is mainly due to increases in valuation allowances related to tax loss carryforwards in some consolidated subsidiaries.

2. Tax loss carryforwards and their amounts by maturities of the related deferred tax assets

	Millions of yen						
	As of March 31, 2023						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax loss carryforwards*	¥ 75	¥ 70	¥ 6,112	¥ 3,373	—	¥ 151,242	¥ 160,874
Valuation allowance	(75)	(70)	(6,112)	(3,373)	—	(151,170)	(160,802)
Deferred tax assets	—	—	—	—	—	71	71

	Millions of yen						
	As of March 31, 2022						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax loss carryforwards*	¥ 80	¥ 75	¥ 70	¥ 7,235	¥ 3,361	¥ 92,938	¥ 103,762
Valuation allowance	(80)	(75)	(70)	(7,235)	(3,361)	(92,651)	(103,475)
Deferred tax assets	—	—	—	—	—	286	286

	Millions of U.S. dollars						
	As of March 31, 2023						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax loss carryforwards*	$ 1	$ 1	$ 46	$ 25	$ —	$ 1,133	$ 1,205
Valuation allowance	(1)	(1)	(46)	(25)	—	(1,132)	(1,204)
Deferred tax assets	—	—	—	—	—	1	1

*Tax loss carryforwards is the amount multiplied by statutory tax rate.

(Additional information)
Accounting treatment of corporate income tax and local income taxes and treatment of tax effect accounting related thereto

The Company and certain domestic consolidated subsidiaries adopted the group tax sharing system from the beginning of the year ended March 31, 2023, and account for and disclose corporate income tax, local income taxes and tax effect accounting related to such taxes according to the treatment of accounting and disclosure in case of applying the group tax sharing system.

A reconciliation between the effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2023 and 2022 was as follows:

	2023	2022
Effective statutory tax rate	Not applicable because loss before income taxes is recorded	28.0%
Change in valuation allowance		100.5
Gain on equity method investments		(90.2)
Tax rate difference between parent and subsidiaries		15.4
Non-taxable dividend income		4.4
Other		8.6
Actual effective tax rate		66.7%

31 OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Valuation difference on available–for-sale securities:			
Gain (loss) incurred during the year	¥ 141	¥ (912)	$ 1
Reclassification adjustment to net income	(15)	0	(0)
Amount before tax effect	126	(911)	1
Tax effect	(206)	231	(2)
Valuation difference on available-for-sale securities	(80)	(680)	(1)
Foreign currency translation adjustments:			
Amount incurred during the year	2,990	2,813	22
Reclassification adjustment to net income	—	—	—
Amount before tax effect	2,990	2,813	22
Tax effect	—	—	—
Foreign currency translation adjustments	2,990	2,813	22
Remeasurements of defined benefit plans:			
Loss incurred during the year	(16,272)	(6,679)	(122)
Reclassification adjustment to net income	(10,048)	(4,624)	(75)
Amount before tax effect	(26,320)	(11,304)	(197)
Tax effect	4,623	2,224	35
Remeasurements of defined benefit plans	(21,697)	(9,080)	(162)
Share of other comprehensive income of entities accounted for using the equity method:			
Gain incurred during the year	108,471	87,359	812
Reclassification adjustment to net income	(52,363)	(32,913)	(392)
Share of other comprehensive income of entities accounted for using the equity method	56,108	54,445	420
Total other comprehensive income	¥ 37,320	¥ 47,498	$ 279

32 LEASES

(1) As Lessee

Future minimum lease payments subsequent to March 31, 2023 and 2022 for operating leases are summarized as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Within one year	¥ 116	¥ 101	$ 6
Later than one year	222	194	71
Total	¥ 338	¥ 295	$ 77

(2) As Lessor

Unearned lease payments

Future minimum lease payments subsequent to March 31, 2023 and 2022 for operating leases are summarized as follows:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Within one year	¥ 846	¥ —	$ 6
Later than one year	9,448	—	71
Total	¥ 10,294	¥ —	$ 77

33 FINANCIAL INSTRUMENTS

1. Status of financial instruments

(1) Policy regarding financial instruments

The Company tries to raise its fund to ensure its capital investments required for electric power business by borrowing from financial institutions, issuance of bonds.

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

The Company and certain consolidated subsidiaries comply with internal policies in using derivatives solely to hedge risk, never for trading or speculation.

(2) Details of financial instruments, associated risk and risk management

Investment securities consist mainly of equity securities and are exposed to market price fluctuation risk. The Company and certain consolidated subsidiaries review the fair values of listed equity securities on a quarterly basis.

Grants-in-aid receivable from NDF carrying amount of ¥864,921 million (US$6,477 million) (¥484,344 million in 2022) is grants-in-aid receivable of NDF stipulated in the paragraph 1-1 of Article 41 of the NDF Act. The fair value of this receivable is not presented because this fund will be paid from the "NDF" for the necessary amount to implement compensation for nuclear damages caused by the accidents at Fukushima Daiichi Nuclear Power Station after the Tohoku-Chihou-Taiheiyou-Oki Earthquake and it is determined based on the amounts required for compensation.

Notes and accounts receivable-trade and contract assets are exposed to the credit risk of customers. In compliance with internal policies, the Company and certain consolidated subsidiaries monitor due dates and outstanding balances by individual customer, and press for collection of receivables that become past due.

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

Almost all notes payable-trade and accounts payable-trade have payment due dates within a year.

Bonds, loans, and notes payable-trade and accounts payable-trade expose the Company to liquidity risk in that the Company and certain consolidated subsidiaries may not be able to meet their obligations on scheduled due dates. The Company and certain consolidated subsidiaries prepare and update their cash flow projections on a timely basis to manage this liquidity risk.

The Company and certain consolidated subsidiaries use derivatives, including interest rate swaps to hedge the risk of interest rate fluctuations associated with loans. The Company and certain consolidated subsidiaries have departments that conduct and manage such transactions in compliance with internal policies.

The Company and certain consolidated subsidiaries are also exposed to credit risk in the event of nonperformance by the counterparties to these derivatives positions, but consider the risk of any such loss to be minimal because they enter into derivative transactions only with financial institutions and companies that have high credit ratings. Information on hedge accounting is disclosed in the "1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (j) Derivatives and Hedging Activities."

(3) Supplementary explanation of items related to the fair value of financial instruments

Measurement of the fair value incorporates variable factors and such fair value might fluctuate if they used different assumptions. In addition, the contractual amounts of the derivatives are not necessarily indicative of the actual market risk involved in relevant derivatives.

2. Fair value of financial instruments

The carrying amount, their fair value and unrealized loss of financial instruments in the consolidated balance sheets as of March 31, 2023 and 2022 are as follows:

As of March 31, 2023

	Millions of yen		
	2023		
	Carrying amount*2	Fair value*2	Difference
(1) Investment securities*3, *4, *5	¥ 10,802	¥ 10,802	¥ —
(2) Bonds*6	(3,400,412)	(3,360,873)	39,538
(3) Long-term loans*6	(150,906)	(153,535)	(2,628)

	Millions of U.S. dollars		
	2023		
	Carrying amount*2	Fair value*2	Difference
(1) Investment securities*3, *4, *5	$ 79	$ 79	$ —
(2) Bonds*6	(25,328)	(25,743)	(415)
(3) Long-term loans*6	(1,384)	(1,441)	(57)

*1. Cash and deposits, notes and accounts receivable – trade and contract assets, short-term loans and notes and accounts payable-trade are omitted because of their short maturities.

*2. Figures shown in parentheses represent liabilities.

*3. Investment securities are included in "Long-term investments" in the accompanying consolidated balance sheets.

*4. Equity securities, etc. which do not have a market price are not included in "Investment securities." The carrying amounts of such financial instruments in the accompanying consolidated balance sheet are as follows:

As of March 31, 2023	Millions of yen	Millions of U.S. dollars
Unlisted equity securities	¥ 37,874	$ 284
Other	9,620	72
Total	¥ 47,495	$ 356

*5. Investments in partnerships and so on are not included in "(1)Investment securities" if the Company's equity in them is presented as a net amount on the consolidated balance sheet. The amount recognized on the consolidated balance sheet for such financial instruments is ¥805 million (US$6million).

*6. "Current portion of long-term debt" in the accompanying consolidated balance sheet is included.

As of March 31, 2022

	Millions of yen		
	2021		
	Carrying amount*2	Fair value*2	Difference
(1) Investment securities*3,*4	¥ 9,689	¥ 9,689	¥ —
(2) Bonds*5	(3,100,412)	(3,151,158)	(50,746)
(3) Long-term loans*5	(169,435)	(176,381)	(6,946)

*1. Cash and deposits, notes and accounts receivable-trade, contract assets, short-term loans and notes and accounts payable-trade are omitted because of their short maturities.

*2. Figures shown in parentheses represent liabilities.

*3. Investment securities are included in "Long-term investments" in the accompanying consolidated balance sheets.

*4. Equity securities, etc. which do not have a market price are not included in "(1) Investment securities." The values of such financial instruments recorded on the consolidated balance sheet are as follows.

As of March 31, 2022	Millions of yen
Unlisted equity securities	¥ 10,906
Other	15,458
Total	¥ 26,365

*5. "Current portion of long-term debt" in the accompanying consolidated balance sheet is included.

(Note 1) Redemption schedule for monetary instruments and debt securities with maturity dates subsequent to each fiscal closing date is as follows:

	Millions of yen			
	2023			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Investment securities:				
Available-for-sale securities with maturity				
Bonds				
Public bonds	¥ —	¥—	¥—	¥—
Corporate bonds	—	—	—	—
Other	—	—	—	—
Other	—	—	—	—
Cash and deposits*1	717,908	—	—	—
Notes and accounts receivable-trade and contract assets	715,306	—	—	—
Total	¥1,433,214	¥—	¥—	¥—

*1. Portion due in 1 year or less includes cash.

	Millions of yen			
	2022			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Investment securities:				
Available-for-sale securities with maturity				
Bonds				
Public bonds	¥ —	¥ —	¥ —	¥ —
Corporate bonds	—	—	—	—
Other	—	—	—	—
Other	—	—	—	—
Cash and deposits*1	862,376	—	—	—
Notes and accounts receivable-trade, contract assets	611,367	—	—	—
Total	¥1,473,743	¥ —	¥ —	¥ —

*1. Portion due in 1 year or less includes cash.

	Millions of U.S. dollars			
	2023			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Investment securities				
Available-for-sale securities with maturity				
Bonds				
Public bonds	$ —	$—	$—	$—
Corporate bonds	—	—	—	—
Other	—	—	—	—
Other	—	—	—	—
Cash and deposits *1	5,376	—	—	—
Notes and accounts receivable-trade and contract assets	5,376	—	—	—
Total	$ 10,732	$—	$—	$—

*1. Portion due in 1 year or less includes cash.

(Note 2) Redemption schedule for bonds, long-term loans and other interest-bearing liabilities subsequent to each fiscal closing date is as follows:

	Millions of yen					
	2023					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds	**¥ 513,835**	**¥ 230,806**	**¥ 304,000**	**¥ 190,000**	**¥ 359,000**	**¥1,802,769**
Long-term loans	**57,200**	**28,125**	**12,256**	**4,316**	**1,603**	**47,403**
Short-term loans	**2,183,111**					
Commercial papers	**22,000**	**—**	**—**	**—**	**—**	**—**
Total	**¥2,776,148**	**¥ 258,931**	**¥ 316,256**	**¥ 194,316**	**¥ 360,603**	**¥1,850,173**

	Millions of yen					
	2022					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds	¥ 473,835	¥ 260,000	¥ 230,806	¥ 210,000	¥ 190,000	¥1,735,769
Long-term loans	23,765	57,102	28,091	10,657	2,718	47,100
Short-term loans	2,170,398	—	—	—	—	—
Total	¥2,668,000	¥ 317,102	¥ 258,897	¥ 220,657	¥ 192,718	¥1,782,869

	Millions of U.S. dollars					
	2023					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds	**$ 3,848**	**$ 1,728**	**$ 2,276**	**$ 1,423**	**$ 2,688**	**$ 13,500**
Long-term loans	**428**	**211**	**92**	**32**	**12**	**355**
Short-term loans	**16,348**	**—**	**—**	**—**	**—**	**—**
Commercial papers	**165**	**—**	**—**	**—**	**—**	**—**
Total	**$ 20,789**	**$ 1,939**	**$ 2,368**	**$ 1,455**	**$ 2,700**	**$ 13,855**

3. Fair value information by level within the fair value hierarchy

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

Level 1 fair value: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using significant unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value in the consolidated balance sheet:

	Millions of yen			
	Fair value			
March 31, 2023	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥ 10,802	¥ —	¥ —	¥ 10,802
Total assets	¥ 10,802	¥ —	¥ —	¥ 10,802

	Millions of yen			
	Fair value			
March 31, 2022	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥ 9,689	¥ —	¥ —	¥ 9,689
Total assets	¥ 9,689	¥ —	¥ —	¥ 9,689

	Millions of U.S. dollars			
	Fair value			
March 31, 2023	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	$ 81	$ —	$ —	$ 81
Total assets	$ 81	$ —	$ —	$ 81

(2) Financial instruments other than those measured at fair value in the consolidated balance sheet:

	Millions of yen			
	Fair value			
March 31, 2023	Level 1	Level 2	Level 3	Total
Corporate bonds	¥ —	¥ 3,360,873	¥ —	¥ 3,360,873
Long-term loans	—	153,535	—	153,535
Total liabilities	¥ —	¥ 3,514,408	¥ —	¥ 3,514,408

	Millions of yen			
	Fair value			
March 31, 2022	Level 1	Level 2	Level 3	Total
Corporate bonds	¥ —	¥ 3,151,158	¥ —	¥ 3,151,158
Long-term loans	—	176,381	—	176,381
Total liabilities	¥ —	¥ 3,327,539	¥ —	¥ 3,327,539

	Millions of U.S. dollars			
	Fair value			
March 31, 2023	Level 1	Level 2	Level 3	Total
Corporate bonds	$ —	$ 25,168	$ —	$ 25,168
Long-term loans	—	1,150	—	1,150
Total liabilities	$ —	$ 26,318	$ —	$ 26,318

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed equity securities are valued using quoted prices. As listed equity securities are traded in active markets, their fair value is classified as Level 1.

Bonds

The fair value of bonds with floating interest rates is measured using the carrying value and classified as Level 2 since the fair value approximates the carrying value because their maturities are short-term and the floating rate reflects the market interest rate. The fair value of bonds with fixed rates, whose reference bond trading statistics published by the Japan Securities Dealers Association are available, is measured using the applicable reference bond trading statistics and if reference bond trading statistics are not available, the fair value is measured using the present value of the sum of the principal and interest discounted at the interest rate applicable if the similar bonds were issued and classified as Level 2.

Long-term loans

The fair value of long-term loans with floating interest rates is measured using the carrying value and classified as Level 2 since the fair value approximates the carrying value because their maturities are short-term and the floating rate reflects the market interest rate. The fair value of long-term loans with fixed interest rates is measured using the present value of the sum of the principal and interest categorized by definite period discounted at the interest rate assumed on the similar long-term loans and classified as Level 2. However, the fair value of long-term loans subject to the exceptional treatment of interest rate swaps (see Note 34. DERIVATIVES) is measured using the present value using the interest rate swap rates deemed as the borrowing interest rate and classified as Level 2.

34 DERIVATIVES

Derivatives to which hedge accounting is applied

Interest rate-related

	Millions of yen			
	2023			
	Hedged item	Notional amount	Maturing after 1 year	Fair value
Special treatment of interest rate swaps				
Interest rate swaps	**Long-term loans**			
Payable fixed rate/receivable floating rate		**¥ 24,168**	**¥ 24,168**	*
Total		**¥ 24,168**	**¥ 24,168**	**¥ —**

	Millions of yen			
	2022			
	Hedged item	Notional amount	Maturing after 1 year	Fair value
Special treatment of interest rate swaps				
Interest rate swaps	Long-term loans			
Payable fixed rate/receivable floating rate		¥ 24,168	¥ 24,168	*
Total		¥ 24,168	¥ 24,168	¥ —

	Millions of U.S. dollars			
	2023			
	Hedged item	Notional amount	Maturing after 1 year	Fair value
Special treatment of interest rate swaps				
Interest rate swaps	**Long-term loans**			
Payable fixed rate/receivable floating rate		**$ 181**	**$ 181**	*
Total		**$ 181**	**$ 181**	**$ —**

* Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income and accordingly, such interest rate swaps are not included in carrying value and fair value in the list of 2 "Fair value of financial instruments."

35 REVENUE RECOGNITION

a. Disaggregation of revenue from contracts with customers

Disaggregation of revenue from contracts with customers is as described in Note 36. SEGMENT INFORMATION.

b. Useful information in understanding revenue from contracts with customers

Operating revenues from electricity business:

Operating revenues from electricity business consist of electric light charges, electricity charges, electricity charges sold to other companies, wheeling service income, etc.

(1) Electric light charges/electricity charges

Electric light charges/electricity charges refer to electric charges which TEPCO Energy Partner Inc., a principal electricity retail business company of the Group, sold to the customers of general households, offices, factories, etc.

According to the type of electric appliances used by the customers and transmission systems, the charges are categorized into electric light charges or electricity charges.

The electricity charges and other supply conditions related to the supply of electricity to customers are defined in the various electricity supply and demand contracts, and the performance obligation is to supply electricity in accordance with such contracts.

Supply of electricity in accordance with the contracts, etc. is principally performed over a contract period of one year and as the performance obligation to supply electricity is satisfied, revenue is recognized over the period. Specifically, the use of electricity is identified by inspection or measurement implemented usually once every month and revenue is recognized at that point. Inspection or measurement is periodically implemented for approximately twenty days per month, by region since the number of contracts is large and monthly electricity charge is determined using a rate provided by the electricity supply and demand contracts based on the use identified.

Electricity charges are principally received by the thirtieth day from the following day of inspection or measurement.

In addition, TEPCO Energy Partner, Inc. is subject to the transitional measure charge system on part of electricity charge pursuant to the Electricity Business Act, and the Electricity Utility Accounting Regulations is applied during the period of application of such charge system. The Electricity Utility Accounting Regulations provide that revenue on electric light charge/electricity charge shall be recognized at the amount determined by the completed survey based on the inspection or measurement.

Consequently, the electricity charge on the uninspected use from the previous inspection as of the balance sheet date is not recognized as revenue.

Furthermore, the dues for promoting power generation of renewable energy are not included in the transaction price in revenue recognition since they are equivalent to the amount collected on behalf of third parties.

(2) Electricity charge sold to other companies

Electricity charge sold to other companies is the sum of electricity and non-fossil fuel energy value sold through the Japan Electric Power Exchange (hereinafter referred to as the "Exchange") and electric charges sold to electricity retail business operators, general transmission and distribution business operators and power generation operators (hereinafter referred to as the "Electricity retail business operators").

With respect to the electricity and non-fossil fuel energy value trading associated with the following day trading, intraday trading, forward trading, etc. sold through the Exchange, the determination method of the unit price and other trading conditions are defined in the trading rules provided by the Exchange. The performance obligation is to supply electricity and deliver non-fossil fuel energy value pursuant to such rules.

Regarding various transactions at the Exchange, contract, delivery and settlement are executed according to the trading rules provided by the Exchange. With respect to forward transactions of weekly type, monthly type and yearly type categorized by delivery terms of various transactions, revenue is recognized over time, and with respect to the following day trading, intraday trading and non-fossil fuel energy trading, revenue is recognized at that point of time.

Charges of electricity and non-fossil energy value are principally received on the second financial institution business day from the date when the payment obligation based on the contract incurred.

Charges of electricity sold to the Electricity retail business operators and other conditions are defined in the contracts with each counterpart, and the performance obligation is to supply electricity to the Electricity retail business operators based on such contracts.

Supply of electricity is principally implemented over a contract period of one year and revenue is recognized every month over time as the performance obligation to supply electricity is satisfied.

Electricity charges are principally received by the following month end after determination of the supply quantity.

(3) Wheeling service income

Wheeling service income refers to the utilization charge of transmission and distribution related facilities owned by TEPCO Power Grid, Inc., a company of the Group, and electricity supply charge associated with adjustment of electricity charges implemented by TEPCO Power Grid, Inc.

The utilization charge of transmission and distribution related facilities refers to the charges when the Electricity retail business operators and contractors of other general transmission and distribution business operators utilize the transmission and distribution related facilities.

Electricity supply charge associated with adjustment of electricity charges is related to the power generation adjustment supply contract with power generation contractors and demand restraint adjustment supply contract with demand restraint contractors and refers to the charges in case of supplying deficiency of power generation and demand restraint.

Charges and other conditions in case that the Electricity retail business operators and other general transmission and distribution business operators utilize transmission and distribution related facilities, and in case of supplying electricity to power generation contractors and demand restraint contractors are defined in the wheeling service provisions, and the performance obligation is to allow the utilization of the transmission and distribution related facilities and to supply adjusted electricity.

Regarding utilization of transmission and distribution related facilities and supply of adjusted electricity, they are principally implemented over a contract period of one year and revenue is recognized over time as the performance obligation of utilization of transmission and distribution related facilities and supply adjustment of electricity is satisfied. Specifically, utilization of transmission and distribution related facilities and adjusted supply quantity of electricity are identified by inspection or measurement implemented usually every one month and revenue is recognized at that point. Inspecion or measurement is periodically implemented for approximately twenty days per month by region since the number of contracts is large and monthly electricity charge is determined using a rate provided by the wheeling service contracts based on the use identified.

In addition, TEPCO Power Grid, Inc. is subject to the Electricity Utility Accounting Regulations based on the Electricity Business Act. The Electricity Utility Accounting Regulations provide that wheeling service income shall be recognized at the amount determined by the completed survey based on the inspection or measurement. Electricity charges are principally received by the thirtieth day from the following day of the payment obligation incurred after the use was determined by inspection or measurement.

Operating revenues from other business:

Operating revenues from other business refer to operating revenues from gas supply business, etc.

Operating revenues from gas supply business

Operating revenues from gas supply business refer to gas charges which TEPCO Energy Partner Inc., a principal electricity retail business company of the Group, sold to the customers of general households, offices, factories, etc.

The gas charges and other supply conditions related to the supply of gas to customers are defined in the various gas supply and demand contracts and main contract charge tables, and the performance obligation is to supply gas in accordance with such contracts.

Supply of gas in accordance with the contracts, etc. is principally performed over a contract period of one year, and as the performance obligation to supply of gas is satisfied, revenue is recognized over the period. Specifically, the use of gas is identified by inspection implemented usually once every month and revenue is recognized at that point. Inspection is periodically implemented for approximately twenty days per month by region since the number of contracts is large and monthly gas charge is determined using a rate provided by the gas supply and demand contracts and principal contract charge tables based on the identified use of gas.

Gas charges are principally received by the thirtieth day from the following day after inspection.

However, estimated accrued revenue from gas charges on the uninspected use from the latest inspection date as of the balance sheet date is recognized.

c. Reconciliation of satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue arising from customers existing at the end of the reporting period expected to be recognized in and after the following reporting period

(1) Balance of contract assets and contract liabilities, etc.

	Millions of yen		Millions of U.S. dollars
	March 31, 2023	April 1, 2022	**March 31, 2023**
Receivables from contracts with customers	**¥ 682,837**	¥ 587,165	**$ 5,113**
Contract assets	**28,864**	20,263	**216**
Contract liabilities	**7,393**	5,223	**55**

The balance of contract liabilities as of April 1, 2022 was mostly recognized as revenue for the fiscal year ended March 31, 2023 and the amount carried forward is immaterial. The amount of revenue recognized in the fiscal year ended March 31, 2023 from performance obligations that were satisfied in previous periods is also immaterial.

	Millions of yen		Millions of U.S. dollars
	March 31, 2022	April 1, 2021	March 31, 2022
Receivables from contracts with customers	¥ 587,165	¥ 658,145	$ 4,397
Contract assets	20,263	13,014	152
Contract liabilities	5,223	4,074	39

The balance of contract liabilities at April 1, 2021 was recognized as revenue for the year ended March 31, 2022 and the amount carried forward is immaterial.

The amount of revenue recognized in the year ended March 31, 2022 from performance obligations that were satisfied in previous periods is immaterial.

(2) Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations are as follows:

	Millions of yen		Millions of U.S. dollars
	March 31, 2023	March 31, 2022	**March 31, 2023**
Total transaction price allocated to the remaining performance obligations that were not satisfied	**¥ 255,517**	¥ 290,231	**$ 1,913**
Expected timing of satisfaction of performance obligations			
Within one year	**25,622**	22,153	**192**
Over one year within three years	**130,619**	131,875	**978**
Over three years	**99,274**	136,201	**743**

The Company has applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and does not include transaction prices related to the remaining performance obligations with an original expected duration of one year or less and remaining performance obligations on which revenue is recognized in the amount the Company holds the contractual right to bill the fixed amount based on the hours of services provided.

36 SEGMENT INFORMATION

1. Summary of reportable segments

The Company's reportable segments consist of five segments that are "Holdings," "Fuel & Power," "Power Grid," "Energy Partner" and "Renewable Power."

Major business of each reportable segment is as follows:
"Holdings":
Supporting management, efficiently providing services common to key operating companies*, and nuclear power generation *Key operating companies: TEPCO Fuel & Power, Inc., TEPCO Power Grid, Inc., TEPCO Energy Partner, Inc., TEPCO Renewable Power, Inc.
"Fuel & Power":
Sales of electricity generated by thermal power stations, procurement of fuel, development of thermal power stations and investment in fuel businesses
"Power Grid":
Wheeling of electricity by transmission lines, substations and distribution lines, construction and maintenance of transmission/distribution lines and telecommunication equipment, research, acquisition and maintenance of land and buildings for facilities
"Energy Partner":
Proposal of optimum total solution models that meet customer needs, high-standard customer services and inexpensive power purchase
"Renewable Power"
Sales of electricity generated by renewable energy power stations, maintenance management of equipment, new development and investment of renewable energy power in Japan and abroad

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

Accounting policies of each reportable segment are consistent with those disclosed in Note 1, "Summary of Significant Accounting Policies". Segment profit (loss) of the reportable segment is the figure based on ordinary income (loss), which consists of operating income (loss) and certain other income/ expenses. Certain other income/expenses mainly include interest and dividend income, interest expense, share of profit (loss) of entities accounted for using the equity method.

(Change to the depreciation method of property, plant and equipment)
As described in Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, the Company and certain consolidated subsidiaries changed the depreciation method of their property, plant and equipment from the previously adopted declining-balance method to the straight-line method from the fiscal year March 31, 2023. As a result of this change, compared to the amounts that would have resulted if the previous depreciation method had been used, segment profit for the fiscal year ended March 31, 2023 has increased by ¥25,893 million (US$194 million) in Holdings, by ¥45,322 million (US$339 million) in Power Grid, and by ¥3,946 million (US$30 million) in Renewable Power, while segment loss decreased by ¥10 million (US$0million) in Fuel & Power and by ¥139 million (US$1 million) in Energy Partner. In addition, adjustments increased by ¥810 million (US$6 million).

(Adoption of accounting treatment based on the International Financial Reporting Standards in an equity-method affiliate)
As stated in the additional information in the notes to consolidated financial statements, JERA Co., Inc., an affiliate of the Company, began adopting the International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2023. IFRS have been applied retrospectively, and as a result, segment information for the fiscal year ended March 31, 2022 is based on the IFRS.
Consequently, segment profit of Fuel & Power in the fiscal year ended March 31, 2022 fell by ¥2,724 million in comparison with the figure calculated without the retrospective application of IFRS.

3. Information about sales, profit (loss), assets and other items is as follows:

	Millions of yen							
	2023							
	Reportable segment							
	Holdings	Fuel & Power	Power Grid	Energy Partner	Renewable Power	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales:								
Sales to third parties	¥ 118,716	¥ 3,925	¥ 1,453,391	¥ 6,207,808	¥ 14,853	¥ 7,798,696	¥ —	¥ 7,798,696
Inter-segment sales and transfers	515,007	—	1,060,601	169,517	141,439	1,886,565	(1,886,565)	—
Total	633,724	3,925	2,513,993	6,377,325	156,292	9,685,261	(1,886,565)	7,798,696
Disaggregation of revenue (Note 3)								
Revenue from contracts with customers	¥ 633,699	¥ 3,925	¥ 2,510,635	¥ 6,258,261	¥ 156,292	¥ 9,562,814		
Electricity	477,418	3,925	2,422,945	5,773,754	155,920	8,833,964		
Gas supply	—	—	—	399,860	—	399,860		
Other	156,281	—	87,689	84,645	372	328,989		
Revenue from sources other than contracts with customers	24	—	3,358	119,064	—	122,447		
Total	633,724	3,925	2,513,993	6,377,325	156,292	9,685,261	(1,886,565)	7,798,696
Segment profit (loss)	¥ 67,059	¥ (30,332)	¥ 71,978	¥ (328,200)	¥ 51,961	¥ (167,532)	¥ (117,860)	¥ (285,393)
Segment assets	¥ 9,053,486	¥ 1,112,972	¥ 7,032,558	¥ 1,650,559	¥ 652,189	¥19,501,767	¥ (5,938,681)	¥ 13,563,085
Other items:								
Depreciation and amortization	¥ 85,371	¥ 20	¥ 225,530	¥ 13,611	¥ 17,501	¥ 342,035	¥ (889)	¥ 341,145
Dividend income	116,338	—	13	293	—	116,646	(115,976)	670
Interest income	9,595	1,006	9,739	4,326	777	25,445	(25,166)	279
Interest expense	26,174	—	41,663	4,369	1,241	73,449	(25,166)	48,282
Share of profit of entities accounted for using the equity method	9,615	(20,486)	9,467	496	(160)	(1,066)	(76)	(1,142)
Investments in entities accounted for using the equity method	255,394	937,350	170,825	10,664	17,535	1,391,770	484	1,392,255
Increase in tangible and intangible fixed assets (Note4)	232,241	—	339,541	41,978	26,819	640,580	(2,860)	637,720

Millions of yen — 2022

	Reportable segment							
	Holdings	Fuel & Power	Power Grid	Energy Partner	Renewable Power	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales:								
Sales to third parties	¥ 105,698	¥ 5,199	¥ 923,471	¥ 4,258,868	¥ 16,686	¥ 5,309,924	¥ —	¥ 5,309,924
Inter-segment sales and transfers	514,348	—	1,038,890	101,771	136,424	1,791,433	(1,791,433)	—
Total	620,046	5,199	1,962,362	4,360,639	153,110	7,101,358	(1,791,433)	5,309,924
Disaggregation of revenue (Note 3)								
Electricity	¥ 478,279	¥ 5,199	¥ 1,873,031	¥ 4,060,357	¥ 152,701	¥ 6,569,569		
Gas supply	—	—	—	235,351	—	235,351		
Other	141,766	—	89,330	64,930	409	296,436		
Total	620,046	5,199	1,962,362	4,360,639	153,110	7,101,358	(1,791,433)	5,309,924
Segment profit	¥ 73,022	¥ 6,935	¥ 118,359	¥ (66,428)	¥ 45,942	¥ 177,830	¥ (135,585)	¥ 42,245
Segment assets	¥ 8,290,629	¥ 1,101,197	¥ 6,802,436	¥ 1,347,445	¥ 580,632	¥18,122,341	¥ (5,283,942)	¥12,838,398
Other items:								
Depreciation and amortization	¥ 111,525	¥ 108	¥ 276,190	¥ 10,927	¥ 22,127	¥ 420,878	¥ (1,675)	¥ 419,203
Dividend income	152,308	—	15	240	—	152,564	(151,791)	773
Interest income	9,517	963	8,467	4,328	520	23,797	(23,432)	364
Interest expense	25,100	—	38,612	3,380	961	68,054	(23,432)	44,622
Share of profit of entities accounted for using the equity method	9,987	16,948	9,458	589	(1,034)	35,949	599	36,549
Investments in entities accounted for using the equity method	310,140	946,186	162,705	10,318	12,259	1,441,611	442	1,442,053
Increase in tangible and intangible fixed assets (Note4)	216,725	0	308,946	21,436	20,919	568,028	(1,971)	566,056

Millions of U.S. dollars — 2023

	Reportable segment							
	Holdings	Fuel & Power	Power Grid	Energy Partner	Renewable Power	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales:								
Sales to third parties	$ 889	$ 29	$ 10,884	$ 46,487	$ 111	$ 58,400	$ —	$ 58,400
Inter-segment sales and transfers	3,857	—	7,942	1,269	1,059	14,127	(14,127)	—
Total	4,746	29	18,826	47,756	1,170	72,527	(14,127)	58,400
Disaggregation of revenue (Note 3)								
Revenue from contracts with customers	$ 4,746	$ 29	$ 18,801	$ 46,864	$ 1,170	$ 71,610		
Electricity	3,575	29	18,144	43,236	1,168	66,152		
Gas supply	—	—	—	2,994	—	2,994		
Other	1,171	—	657	634	2	2,464		
Revenue from sources other than contracts with customers	0	—	25	892	—	917		
Total	4,746	29	18,826	47,756	1,170	72,527	(14,127)	58,400
Segment profit (loss)	$ 502	$ (227)	$ 539	$ (2,458)	$ 389	$ (1,255)	$ (882)	$ (2,137)
Segment assets	$ 67,796	$ 8,334	$ 52,663	$ 12,360	$ 4,884	$ 146,037	$ (44,471)	$ 101,566
Other items:								
Depreciation and amortization	$ 639	$ 0	$ 1,689	$ 102	$ 131	$ 2,561	$ (6)	$ 2,555
Dividend income	871	—	0	2	0	873	(868)	5
Interest income	72	8	73	32	6	191	(189)	2
Interest expense	196	—	312	33	9	550	(188)	362
Share of profit of entities accounted for using the equity method	71	(153)	71	4	(1)	(8)	(1)	(9)
Investments in entities accounted for using the equity method	1,913	7,019	1,279	80	131	10,422	4	10,426
Increase in tangible and intangible fixed assets (Note4)	1,739	—	2,543	314	201	4,797	(21)	4,776

Notes:

1. "Adjustments" of "Segment profit (loss) " in the amount of ¥ (117,860) million (US$ (882) million) and ¥ (135,585) million includes inter-segment elimination of dividend in an amount of ¥ (115,976) million (US$ (868) million) and ¥ (151,791) million for the years ended March 31, 2023 and 2022, respectively.
   "Adjustments" of "Segment assets" in the amount of ¥ (5,938,681) million (US$ (44,471) million) and ¥ (5,283,942) million includes ¥ (3,621,790) million (US$ (27,121) million) and ¥ (3,488,349) million of claims and obligations offsetting due to inter-segment transactions and ¥ (2,190,728) million (US$ (16,405) million) and ¥ (1,690,728) million investment and capital offsetting at March 31, 2023 and 2022, respectively.
   "Adjustments" of "Depreciation" in the amount of ¥ (889) million (US$ (6) million) and ¥ (1,675) million refers to inter-segment elimination for the years ended March 31, 2023 and 2022, respectively.
   "Adjustments" of "Increase in tangible and intangible fixed assets" in an amount of¥(2,860) million (US$(21) million) and ¥ (1,971) million refers to inter-segment elimination for the years ended March 31, 2023 and 2022, respectively.
2. Segment profit (loss) is reconciled with ordinary income (loss) in the consolidated financial statements.
3. For the year ended March 31,2023, electricity prices are discounted based on the discounted unit price prescribed by the Japanese government under an operation to mitigate sudden fluctuation in electricity and gas prices, which is implemented as part of the government's comprehensive economic measures to combat the rising inflation and to achieve economic

recovery. To provide this discount, the Company has received the subsidy of ¥122,447 million (US$917 million) (hereinafter, the "Subsidy") from the government, which is recorded in "Revenue from sources other than contracts with customers." The Subsidy consists of ¥24 million (US$0 million) for Holdings, ¥3,358 million (US$25 million) for Power Grid and ¥119,064 million (US$892 million) for Energy Partner.
Other than the Subsidy, the value of revenue arising from sources other than contracts with customers is immaterial and is therefore not separately recorded from revenue from contracts with customers.
For the year ended March 31,2022, the value of revenue arising from sources other than contracts with customers is immaterial and is therefore not separately recorded from revenue from contracts with customers.

4. "Increase in tangible and intangible fixed assets" does not include the amount recorded in assets corresponding to asset retirement obligations.

Information about impairment loss on tangible fixed assets by reportable segment has been omitted
for the years ended March 31, 2023 and 2022, since there was no materiality.

Information about amortization and unamortized ending balance of goodwill by reportable segment has been omitted, since there was no materiality for the year ended March 31, 2023 and such information was not applicable for the year ended March 31, 2022.

Information about gain on negative goodwill by reportable segment has been omitted, since such information was not applicable for the years ended March 31, 2023 and 2022.

37 RELATED PARTY TRANSACTIONS

Related party transactions with a main shareholder and an affiliate are as follows:

Type	Main shareholder	
Name	NDF	
Location	Toranomon, Minato-ku, Tokyo	
Capital	¥14,000 million (US$105 million)	
Business	*1	
Ownership	Directly owned 50.09%	
Relationship	*2	
Transaction:	Year ended March 31, 2023	Year ended March 31, 2022
Receipt of grant-in-aid (Note 1)	¥310,000 million (US$2,321 million)	¥410,100 million
Payment of contribution (Note 2)	¥67,550 million (US$506 million)	¥107,550 million
Reserve for decommissioning Reactors (Note 3)	¥864,921 million (US$6,477 million)	¥484,344 million
Accrued expenses	¥67,550 million (US$506 million)	¥107,550 million
Reserve fund for nuclear reactor decommissioning	¥637,804 million (US$4,776 million)	¥585,513 million

*1 Receipt of burden money based on the NDF Act, financial support, consultation and management of reserve fund for nuclear reactor decommissioning
*2 Receipt of financial support based on the NDF Act, payment of contribution and reserve fund for nuclear reactor decommissioning

(Note 1) Receipt of grants-in-aid is financial support based on the provision of the paragraph 1 of Article 41 of the NDF Act.
(Note 2) Payment of a contribution is based on the provision of the paragraph 1 of Article 38 and the paragraph 1 of Article 52 of the NDF Act.
(Note 3) Reserve for decommissioning reactors is based on the provision of the paragraph 1 of Article 55-3 of the NDF Act.

Type	Affiliate	
Name	JERA Co., Inc.	
Location	Chuou-ku, Tokyo	
Capital	¥100,000 million (US$749 million)	
Business	Electricity, gas, procurement of fuel	
Ownership	Directly owned 50%	
Relationship	Purchase of electricity and gas, Combination of offices as directors	
Transaction	Year ended March 31, 2023	Year ended March 31, 2022
Purchase of electricity and gas (Note)	¥3,704,379 million (US$27,740 million)	¥1,824,851 million
Ending balance:	At March 31, 2023	At March 31, 2022
Current payables to affiliates	¥370,614 million (US$2,775 million)	¥283,860 million

(Note) The transaction price is determined through negotiation considering the market trend.

Summary of consolidated financial information of JERA Co., Inc., an important affiliated company of the Company, for the fiscal year ended March 31, 2023 is as follows:

	JERA Co., Inc. Year ended March 31, 2023
Total current assets	4,560,516
Total non-current assets	4,611,841
Total current liabilities	3,497,604
Total non-current liabilities	3,635,048
Total shareholders' equity	2,039,705
Revenue	4,737,870
Profit before tax	102,264
Profit attributable to owners of parent	17,847

38 PER SHARE INFORMATION

Per share information at March 31, 2023 and 2022 and for the years then ended is as follows:

	Yen		U.S. dollar
	2023	2022	2023
Net assets per share	¥ 1,307.87	¥ 1,361.73	$ 9.79
Net income (loss) per share	(77.17)	1.82	(0.58)
Diluted net income per share	—	0.58	—

Notes:

1. Diluted net income per share for 2023 is not stated despite the presence of dilutive shares because a net loss is recorded for the said year.
2. Net assets per share is computed based on the following information:

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Net assets	¥ 3,121,962	¥ 3,207,059	$ 23,378
Amounts to be deducted from net assets	1,026,565	1,025,341	7,687
(Of which payment of preferred stock)	(1,000,000)	(1,000,000)	(7,488)
(Of which stock acquisition rights)	(—)	(10)	(—)
(Of which Non-controlling interests)	(26,565)	(25,330)	(199)
Net assets at March 31 attributable to common stock	¥ 2,095,397	¥ 2,181,717	$ 15,691

	Number of shares (in thousands)	
	2023	2022
Number of shares of common stock at March 31 which was used to compute net assets per share	1,602,146	1,602,170

3. Net income (loss) per share was calculated based on the following.

	Millions of yen		Millions of U.S. dollars
	2023	2022	2023
Net income (loss) attributable to owners of the parent	¥ (123,631)	¥ 2,916	$ (926)
Net income not attributable to common stock shareholders	—	—	—
Net income (loss) attributable to common stockholders of the parent	¥ (123,631)	¥ 2,916	$ (926)

	Number of shares (in thousands)	
	2023	2022
Average number of shares of common stock outstanding during the year	1,602,158	1,602,180

4. Diluted net income per share is computed based on the following information:

	Millions of yen		Millions of U.S. dollar
	2023	2022	2023
Adjustments to net income attributable to owners of the parent	¥ —	¥ —	$ —

	Number of shares (in thousands)	
	2023	2022
Increase in common stock	—	3,396,739
(Of which preferred stock — Class A)	—	(1,086,956)
(Of which preferred stock — Class B)	—	(2,309,782)
Potential shares which were not included in computing net income per share after dilution of potential shares since they have no dilutive effect	*1	*2

*1 Preferred Stock Class A
(Number of shares issued: 1,600,000,000 shares)
Preferred Stock Class B
(Number of shares issued: 340,000,000 shares)
The details of these shares are stated in "1. Status of Shares, etc." in "Part 4. Status of the Issuer."
New share subscription rights issued by consolidated subsidiary
TRENDE, Inc.
Common stock: 190,000 shares
Convertible bonds with new subscription rights issued by consolidated subsidiary
TRENDE, Inc.
Common stock: 320,000 shares

*2 New shares subscription rights issued by TRENDE Inc. and TEPCO Life Service, Inc., which are consolidated subsidiaries:216 thousands and 0 thousand of common stock, respectively
Convertible bonds with new subscription rights issued by TRENDE Inc., which is a consolidated subsidiary: 320 thousands of common stock

Wordings of Acts, Regulations and others used in the notes to the consolidated financial statements	Full descriptions of the wordings of Acts, Regulations and Others
Implementation Guidance on Determining Consolidation Scope	Guidance on Determining a Subsidiary and an Affiliate (ASBJ Guidance No. 22 issued on March 25, 2011)
The Corporation Tax Act	The Corporation Tax Act (effective on March 31, 1965; Act No.34 of 1965)
Ministerial Ordinance of Provision for Preparation of the Depreciation of Nuclear Power Construction	Ministerial Ordinance of Provision for Preparation of the Depreciation of Nuclear Power Construction (2007, Ordinance of the Ministry of Economy, Trade and Industry No. 20)
The NDF Act	The Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (Act No.94 on August 10, 2011)
The Interim Guidelines	The Interim Guicelines on Criteria for Determining Nuclear Damage Indemnification Coverage due to the Accident at Fukushima Daiichi and Daini Power Stations, TEPCO (August 5, 2011)
The Act on Special Measures Concerning the Handling of Environment Pollution by Radioactive Materials	The Act on Special Measures Concerning the Handling of Environment Pollution by Radioactive Materials Discharged by the Nuclear Power Station Accident Associated with the Tohoku District - Off the Pacific Ocean Earthquake That Occurred on March 11, 2011(effective on August 30, 2011; Act No. 110 of 2011)
Electricity Utility Accounting Regulations	Electricity Utility Accounting Regulations (Ordinance No. 57 of the Ministry of International Trade and Industry, 1965)
The Act on Contract for Indemnification of Nuclear Damage Compensation	The Act on Contract for Indemnification of Nuclear Damage Compensation (Act No.148, June 17, 1961)
The Electricity Business Act	The Electricity Business Act (Act No.170 of 1964)
The Act on the Partial Revision of the Spent Nuclear Fuel Reprocessing Fund Act	The Act on the Partial Revision of the Spent Nuclear Fuel Reprocessing Fund Act (effective on May 18, 2016; Act No. 40 of 2016)
The Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors	The Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors (effective on June 10, 1957; Act No.166 of 1957)
Implementation Guidance on Accounting Standard for Asset Retirement Obligations	"Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21 issued on March 25, 2011)
The Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units	The Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units (Ordinance No.30 of 1989 of Ministry of International Trade and Industry)
The Ordinance of Ministry for making a revision of the Ordinance for Enforcement of the Electricity Business Act	The Ordinance of Ministry for making a revision of the Ordinance for Enforcement of the Electricity Business Act (Ordinance No.77 of 2017 of Ministry of Economy, Trade and Industry)
The Ordinance for Enforcement of the Electricity Business Act	The Ordinance for Enforcement of the Electricity Business Act (Ordinance No.77 of 1995 of Ministry of International Trade and Industry)
Accounting Standard for Current Income Taxes	Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan)
Accounting Standard for Presentation of Comprehensive Income	Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022, Accounting Standards Board of Japan)
Guidance on Accounting Standard for Tax Effect Accounting	Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan)
The Nuclear Damage Compensation Act	The Nuclear Damage Compensation Act (effective on June 17, 1961; Act No.147 of 1961)
Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System	Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (PITF No. 42 issued on August 12, 2021)

Independent Auditor's Report

(For Translation Purposes Only)

- This report is a translation of the independent auditor's report (Japanese) issued for the securities report (Japanese), Yukashoken-Houkokusho, based on the Financial Instruments and Exchange Act of Japan.
- The integrated report does not include the consolidated supplementary schedules and the Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements.
- Descriptions regarding "Other Information" do not relate to the integrated report, but to the securities report (Japanese), Yukashoken-Houkokusho.

Independent Auditor's Report

June 28, 2023

The Board of Directors
Tokyo Electric Power Company Holdings, Incorporated

Ernst & Young ShinNihon LLC
Tokyo, Japan

Designated Engagement Partner
Certified Public Accountant — Atsushi Kasuga

Designated Engagement Partner
Certified Public Accountant — Masayasu Iida

Designated Engagement Partner
Certified Public Accountant — Kazuyuki Maekawa

<Financial statements audit>

Opinion

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying consolidated financial statements of Tokyo Electric Power Company Holdings, Incorporated (the Company) and its consolidated subsidiaries (collectively, the Group)included in "Financial Information" for the fiscal year from April 1, 2022 to March 31, 2023, which comprise the consolidated balance sheet, the consolidated statements of income, comprehensive income, changes in net assets, and cash flows, significant accounting policies, other related notes, and the consolidated supplemental schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Emphasis of Matters

We draw attention to Notes 1(m) and 15 to the consolidated financial statements, which describes the matters below. Our opinion is not qualified in respect of those matters.

(1) As explained in Note 15 to the accompanying consolidated financial statements, treatment of wastes and decontamination measures have been proceeding under the national fiscal measures based on "The Act on Special Measures Concerning the Handling of Environment Pollution by Radioactive Materials Discharged by the Nuclear Power Station Accident Associated with the Tohoku District - Off the Pacific Ocean Earthquake That Occurred on March 11, 2011" (effective on August 30, 2011; Act No. 110 of 2011). A reasonable estimation of the amount of compensation concerning costs, the allocation of which are being discussed with the government, is not possible under the current circumstances, as concrete measures for the treatment of waste are not yet identifiable. Regarding such costs, Nuclear Damage Compensation and Decommissioning Facilitation Corporation shall provide necessary financial support based on "The Act on the Nuclear Damage Compensation and Decommissioning Facilitation Corporation" (effective on August 10, 2011; Act No. 94 of 2011) to the nuclear power operators who applied for financial support.

(2) As explained in Note 1(m) to the accompanying consolidated financial statements, the Company records the amounts of decommissioning costs of Fukushima Daiichi Nuclear Power Station Units 1 through 4 within the range of reasonable estimates based on the currently available information, although they might vary from now on, since it is difficult to identify the whole situations of the damages.

Key Audit Matters

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

Reserve for expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station

Description of Key Audit Matter	Auditor's Response
As described in Note 1 "Summary of Significant Accounting Policies," and Note 2 "Significant Accounting Estimates," the Company recorded a reserve for loss on disaster of ¥487,614 million as well as a provision for preparation of removal of reactor cores in the specified nuclear power facilities of ¥9,168 million and a provision for removal of reactor cores in the specified nuclear power facilities of ¥158,783 million as estimated	We primarily performed the following audit procedures to address the key audit matter. (1) Evaluation of internal controls ・We obtained an understanding of internal controls related to the estimation process of the reserve for loss on disaster, provision for preparation of removal of reactor cores in the specified nuclear power facilities, and provision for removal of reactor cores in the specified

reserves for expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station. In addition, these estimates were based on the "Mid-and-long-Term Roadmap towards the Decommissioning of TEPCO's Fukushima Daiichi Nuclear Power Station" (the Mid-and-Long-Term Roadmap) and "Mid-and-Long-Term Decommissioning Implementation Plan 2023." Although the estimates of expenses and/or losses, in line with the Mid-and-Long-Term Roadmap and estimated decommissioning costs recorded based on actual amounts of costs incurred in response to overseas nuclear power plant accidents, might vary in the future given that the decommissioning of the Fukushima Daiichi Nuclear Power Station is an unprecedented undertaking, the Company records the estimated amounts within a range of reasonable estimates based on currently available information as follows. (1) Items to which standard estimation process is applied: The Company disclosed the details of its primary work process for decommissioning reactors in the "Mid-and-Long-Term Decommissioning Implementation Plan 2023" issued on March 30, 2023. Based on the plan, related expenses are estimated as of the current fiscal year end. However, going forward, many specific considerations will be made about the necessary measures. Hence, the latest estimates of expenses and/or losses depend on management's judgment and assumptions since such estimates involve key assumptions based on the status of ongoing research by the national government and other institutions as well as specifications used for similar work already carried out in the past. (2) Items to which standard estimation process is not applied For expenses and/or losses to which the standard estimation process is not applied because the specific construction details cannot currently be ascertained, the estimated amounts are recorded based on actual amounts of costs incurred in response to overseas nuclear power plant accidents. The latest estimates are based on the key assumption that the type, scope, and volume of work required for decommissioning reactors is proportionate to the number of power generators.	nuclear power facilities and evaluated the design, implementation, and operating effectiveness of these internal controls. (2) Evaluation of items to which standard estimation process is applied ・In order to assess the completeness of the reserve for loss on disaster, we discussed the progress of the Mid-and-Long-Term Roadmap, status of concrete measures, propriety of estimates based on these measures, and fluctuation risk with management and external institutions. In addition, we evaluated the consistency of the scope within which such reserve is recorded by comparing a detailed progress schedule of the "Mid-and-Long-Term Decommissioning Implementation Plan 2023" with materials related to the calculation of the reserve. ・To evaluate estimates of costs to be incurred for specific measures, we obtained the contracts or budgets of selected samples based on a predetermined quantitative threshold. ・To evaluate the estimation process for loss on disaster, we compared previous estimates with actual amounts or the latest available estimates. ・To evaluate the amounts recorded for the provision for preparation of removal of reactor cores in the specified nuclear power facilities and the provision for removal of reactor cores in the specified nuclear power facilities, we compared the amounts of the provisions with the withdrawal plan for the reserve fund for decommissioning nuclear reactors. (3) Evaluation of items to which standard estimation process is not applied ・To evaluate the propriety of estimates based on concrete measures and the necessity of revising key assumptions, we discussed the latest status of such concrete measures for fuel removal with management and external institutions.

Furthermore, the estimate is reliant on management's judgment and involves uncertainties. Therefore, based on the above, we determined that the reserve for expenses and/or losses for settlement of the accident and the decommissioning of Fukushima Daiichi Nuclear Power Station is a key audit matter since it requires management to exercise significant judgment and is material.	

Valuation of the Kashiwazaki-Kariwa Nuclear Power Station

Description of Key Audit Matter	Auditor's Response
As described in Note 2 "Significant Accounting Estimates," the Company recorded a total of ¥1,005,608 million for nuclear power facilities, construction in progress, and nuclear fuel related to the Kashiwazaki-Kariwa Nuclear Power Station on the consolidated balance sheet as of March 31, 2023. The operations of the Kashiwazaki-Kariwa Nuclear Power Station have been suspended for an extended period of time since operation of Unit 6 was suspended to perform regular inspection in March 2012. Although the Company has responded to new regulatory requirements and made efforts to ensure that local residents understand the situation in accordance with the Comprehensive Special Business Plan, the Company is in the process of implementing measures in response to a series of incidents such as a partial loss of function in the plant's physical protection facilities. The Company's management determined that the current situation is an indication of impairment and conducted impairment testing. For the purposes of impairment testing, the Company identified Units 1 through 7 of the Kashiwazaki-Kariwa Nuclear Power Station as the smallest group of assets that generates largely independent cash flows and compared the carrying amount of the group of assets with the estimated undiscounted future cash flows generated from the operation of the Kashiwazaki-Kariwa Nuclear Power Station. As a result, no impairment loss was recognized for the current fiscal year.	We primarily performed the following audit procedures to address the key audit matter. ・To evaluate the outlook on the operational status of the nuclear power station, we assessed the status of permission required for operation through discussions with management and external institutions regarding matters such as the Company's business plan, additional inspections by the Nuclear Regulation Authority, and the progress of safety measures. ・To evaluate additional costs for safety measures necessary for nuclear power station operations, we obtained an understanding of the content of safety measures planned to be carried out in the future. In addition, we made inquiries of the appropriate persons responsible for the estimates of additional costs and considered the consistency of such estimates with future power generation costs and the budget issued by the national government. ・To evaluate estimates of future electricity prices, we considered the consistency between the prices used by the Company in calculations and the market prices on the Japan Electric Power Exchange, capacity market prices, and future power generation costs issued by the national government. ・To evaluate fluctuations in estimated future cash flows resulting from changes in the operating status of the nuclear power station, we analyzed such future cash flows based on multiple operating scenarios.

Key assumptions in the estimation of future cash flows are the operational status of the nuclear power station based on the business plan, additional costs for safety measures necessary for operations, and future electricity prices. Based on the above, we determined that the valuation of the Kashiwazaki-Kariwa Nuclear Power Station is a key audit matter since it requires management to exercise significant judgment and is material.	

Change in depreciation method for property, plant and equipment	
Description of Key Audit Matter	**Auditor's Response**
As described in "Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates," the Company and certain consolidated subsidiaries changed the depreciation method for property, plant and equipment from the previously adopted declining-balance method to the straight-line method from the current fiscal year. As a result of this change, compared to the amounts that would have resulted if the previous depreciation method had been used, operating loss for the current fiscal year decreased by ¥75,512 million, and ordinary loss and loss before income taxes both decreased by ¥74,503 million. As a result of considering the future operation of facilities that will allow the Company to realize the direction set forth in its Fourth Comprehensive Special Business Plan, the Company, beginning from fiscal year ended March 31, 2023, has aimed to achieve stable and efficient operation of its facilities by implementing extensive updates to maintain the functionality of distribution facilities that it constructed during Japan's period of high economic growth in order to ensure a stable supply of electricity while addressing its carbon neutrality initiatives and measures to strengthen power supply resilience as well as drive further efficiency in operations. Accordingly, considering that the Company expects that it will use its facilities in a stable manner, it has determined that adopting the straight-line method of depreciation for property, plant and equipment will more appropriately reflect the pattern of consumption of future economic benefits and, as such, decided to change its method of depreciation from the declining-balance method to the straight-line method. Given that the determination of whether this change represents a change in accounting policy that is based on justifiable grounds involves significant judgment by management and has a significant impact on the consolidated financial statements, we have determined that the validity of this change in depreciation method is a key audit matter.	To evaluate the reasonableness of the Company's view that the change in depreciation method for property, plant and equipment represents a change in accounting policy that is based on justifiable grounds, we separated the assets between power generation facilities and distribution facilities and mainly performed the following audit procedures. ・We considered whether the change in depreciation method was implemented in response to changes in the Company's internal and external environment, including trends involving electric power system reform as well as the Fourth Comprehensive Special Business Plan (hereinafter, the "Fourth Plan") and the Sixth Strategic Energy Plan, by making inquiries of management and inspecting changes in the composition of facilities, recent facility usage, and the facility usage policy that takes into consideration the direction of the Fourth Plan. ・Regarding the reasonableness of the change to the straight-line method, we considered whether the straight-line method will more appropriately reflect the pattern of consumption of future economic benefits by making inquiries of management and inspecting changes in the composition of facilities and recent facility usage as well as the facility usage policy that takes into consideration the direction of the Fourth Plan. ・We considered whether it was appropriate to change the depreciation method in the current fiscal year from the perspective of whether the facility usage policy that takes into consideration the direction of the Fourth Plan was formulated in a timely manner by making inquiries of management and inspecting changes in the composition of facilities and recent facility usage as well as the facility usage policy that takes into consideration the direction of the Fourth Plan.

Other Information

The other information comprises the information included in Yukashoken-Houkokusho but does not include the consolidated financial statements, the non-consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Management's and the Audit Committee's Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

<Internal control audit>

Opinion

Pursuant to Article 193-2, Section 2 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as at March 31, 2023 of Tokyo Electric Power Company Holdings, Incorporated. ("Management's Report").

In our opinion, Management's Report referred to above, which represents that the internal control over financial reporting as at March 31, 2023 of Tokyo Electric Power Company Holdings, Incorporated is effective, presents fairly, in all material respects, the result of management's assessment of internal control over financial reporting in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards on internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's and the Audit Committee's Responsibilities for Management's Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of Management's Report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

The Audit Committee is responsible for monitoring and verifying the design and operation of internal control over financial reporting.

Internal control over financial reporting may not prevent or detect misstatements.

Auditor's Responsibilities for the Audit of Internal Control

Our objectives are to obtain reasonable assurance about whether Management's Report is free from material misstatement, and to issue an auditor's report that includes our opinion from an independent standpoint.

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

- Perform audit procedures to obtain audit evidence relating to the result of management's assessment of internal control over financial reporting in Management's Report. The design and performance of audit procedures for internal control audits is based on our judgement in consideration of the materiality of the effect on the reliability of financial reporting.
- Consider the overall presentation of Management's Report with regards to the scope, procedures, and result of the assessment of internal control over financial reporting including descriptions by management.

- Obtain sufficient appropriate audit evidence regarding the result of management's assessment of internal control over financial reporting in Management's Report. We are responsible for the direction, supervision, and performance of the audit of Management's Report. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the internal control audit, the results of the internal control audit, any significant deficiencies in internal control that we identify, and the results of corrective measures for such significant deficiencies.

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

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

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

Tokyo Electric Power Company Holdings, Incorporated