

# **JERA Co., Inc. and Consolidated Subsidiaries**

Consolidated Financial Statements for the Year Ended March 31, 2021, and  
Independent Auditor's Report

## Consolidated Balance Sheet

JERA Co., Inc. and Consolidated Subsidiaries

As of March 31, 2021

Assets	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>Current assets:</b>			
Cash and deposits (Notes 11, 21 and 22)	¥ 616,132	¥ 459,178	\$ 5,565,278
Notes and accounts receivable—trade (Notes 11 and 22)	323,157	292,262	2,918,950
Inventories (Notes 4 and 11)	154,318	175,967	1,393,893
Other (Notes 11 and 13)	231,027	216,121	2,086,776
Total current assets	1,324,636	1,143,531	11,964,917
<b>Non-current assets:</b>			
<b>Property, plant and equipment (Notes 5 and 11):</b>			
Buildings and structures	348,272	359,102	3,145,804
Machinery, equipment and vehicles	946,642	940,670	8,550,645
Land	331,653	331,653	2,995,691
Construction in progress	374,504	348,563	3,382,747
Other	8,958	9,688	80,914
Total property, plant and equipment	2,010,030	1,989,679	18,155,812
<b>Intangible assets:</b>			
Other (Note 11)	37,123	41,549	335,317
Total intangible assets	37,123	41,549	335,317
<b>Investments and other assets:</b>			
Investment securities (Notes 6, 11 and 22)	559,401	613,305	5,052,849
Other (Notes 11 and 19)	159,689	247,258	1,442,408
Total investments and other assets	719,090	860,564	6,495,257
Total non-current assets	2,766,244	2,891,792	24,986,396
<b>Total assets</b>	<b>¥ 4,090,880</b>	<b>¥ 4,035,324</b>	<b>\$ 36,951,314</b>

See notes to consolidated financial statements.

## Consolidated Balance Sheet

JERA Co., Inc. and Consolidated Subsidiaries

As of March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>Liabilities and net assets</b>			
<b>Current liabilities:</b>			
Notes and accounts payable—trade (Notes 5 and 22)	¥ 287,329	¥ 258,321	\$ 2,595,330
Short-term borrowings (Notes 7, 11 and 22)	74,553	92,391	673,408
Other (Note 7)	276,172	488,631	2,494,553
Total current liabilities	638,055	839,344	5,763,300
<b>Non-current liabilities:</b>			
Long-term borrowings (Notes 7, 11 and 22)	1,498,737	1,413,565	13,537,503
Retirement benefit liability (Note 9)	472	434	4,263
Other (Notes 7, 8 and 10)	191,494	180,712	1,729,690
Total non-current liabilities	1,690,704	1,594,712	15,271,465
Total liabilities	2,328,760	2,434,056	21,034,775
<b>Net assets (Note 15):</b>			
Shareholders' equity			
Share capital	5,000	5,000	45,163
Capital surplus	1,312,523	1,312,517	11,855,505
Retained earnings	379,415	248,562	3,427,106
Total shareholders' equity	1,696,938	1,566,080	15,327,775
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	290	0	2,619
Deferred gains or losses on hedges	(4,384)	(41,505)	(39,598)
Foreign currency translation adjustment	(6,650)	15,947	(60,066)
Total accumulated other comprehensive income	(10,744)	(25,558)	(97,046)
Non-controlling interests	75,926	60,745	685,809
Total net assets	1,762,120	1,601,267	15,916,538
<b>Total liabilities and net assets</b>	<b>¥ 4,090,880</b>	<b>¥ 4,035,324</b>	<b>\$ 36,951,314</b>

See notes to consolidated financial statements.

## Consolidated Statement of Income

JERA Co., Inc. and Consolidated Subsidiaries

For the Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>Net sales</b>	¥ 2,730,146	¥ 3,280,002	\$ 24,660,337
<b>Cost of sales</b> (Note 16)	2,422,130	3,058,839	21,878,150
Gross profit	308,015	221,162	2,782,178
<b>Selling, general and administrative expenses</b> (Notes 16 and 17)	58,576	54,153	529,094
Operating profit	249,438	167,008	2,253,075
<b>Non-operating income:</b>			
Interest income	2,144	6,621	19,365
Dividend income	8,406	2,995	75,928
Gain on sale of non-current assets	2,540	496	22,942
Share of profit of entities accounted for using equity method	-	15,925	-
Other	4,451	5,085	40,204
Total non-operating income	17,542	31,124	158,450
<b>Non-operating expenses:</b>			
Interest expenses	7,950	8,158	71,809
Share of loss of entities accounted for using equity method	3,406	-	30,765
Foreign exchange losses	5,282	-	47,710
Loss on impairment of non-current assets	-	5,821	-
Commission for syndicated loans	4,631	5,569	41,830
Other	1,514	4,154	13,675
Total non-operating expenses	22,786	23,703	205,816
Ordinary profit	244,194	174,429	2,205,708
<b>Extraordinary income:</b>			
Gain on sale of investment securities	-	20,956	-
Total extraordinary income	-	20,956	-
<b>Extraordinary losses:</b>			
Loss on impairment of non-current assets (Note 18)	16,376	-	147,917
Total extraordinary losses	16,376	-	147,917
<b>Profit before income taxes</b>	227,818	195,386	2,057,790
<b>Income taxes</b> (Note 19):			
Current	44,950	65,420	406,015
Deferred	9,219	(51,168)	83,271
Total income taxes	54,169	14,252	489,287
<b>Profit</b>			
<b>Profit attributable to non-controlling interests</b>	15,795	12,591	142,670
<b>Profit attributable to owners of parent</b>	¥ 157,852	¥ 168,543	\$ 1,425,815
		Yen	U.S. Dollars (Note 1)
<b>Earnings per share</b> (Note 24):			
Basic	¥ 7,892.64	¥ 8,427.15	\$ 71.29
Diluted	-	-	-

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

JERA Co., Inc. and Consolidated Subsidiaries

For the Year ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>Profit</b>	¥ 173,648	¥ 181,134	\$ 1,568,494
<b>Other comprehensive income</b> (Note 20):			
Valuation difference on available-for-sale securities	271	(31)	2,447
Deferred gains or losses on hedges	41,993	(24,494)	379,306
Foreign currency translation adjustment	(6,434)	(6,597)	(58,115)
Share of other comprehensive income of entities accounted for using equity method	(19,561)	(7,762)	(176,686)
Total other comprehensive income	16,269	(38,886)	146,951
<b>Comprehensive income</b>	¥ 189,918	¥ 142,248	\$ 1,715,454
<b>Total comprehensive income attributable to:</b>			
Owners of parent	¥ 172,666	¥ 130,648	\$ 1,559,624
Non-controlling interests	17,251	11,600	155,821

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Net Assets

JERA Co., Inc. and Consolidated Subsidiaries

For the Year Ended March 31, 2021

	Millions of Yen									
	Shareholders' equity				Accumulated other comprehensive income					
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
<b>Balance, April 1, 2019</b>	¥5,000	¥469,129	¥79,831	¥553,960	¥(420)	¥(9,713)	¥22,017	¥11,883	¥47,329	¥613,173
Profit attributable to owners of parent	-	-	168,543	168,543	-	-	-	-	-	168,543
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	188	188	-	-	-	-	-	188
Increase by corporate division	-	843,388	-	843,388	-	-	-	-	-	843,388
Other changes in the year—net	-	-	-	-	420	(31,791)	(6,070)	(37,441)	13,416	(24,025)
<b>Total changes in the year</b>	-	843,388	168,731	1,012,119	420	(31,791)	(6,070)	(37,441)	13,416	988,094
<b>Balance, March 31, 2020</b>	¥5,000	¥1,312,517	¥248,562	¥1,566,080	¥0	¥(41,505)	¥15,947	¥(25,558)	¥60,745	¥1,601,267
Dividends of surplus	-	-	(27,000)	(27,000)	-	-	-	-	-	(27,000)
Profit attributable to owners of parent	-	-	157,852	157,852	-	-	-	-	-	157,852
Change in ownership interest of parent due to transactions with non-controlling interests	-	5	-	5	-	-	-	-	-	5
Other changes in the year—net	-	-	-	-	290	37,121	(22,597)	14,813	15,180	29,993
<b>Total changes in the year</b>	-	5	130,852	130,858	290	37,121	(22,597)	14,813	15,180	160,852
<b>Balance, March 31, 2021</b>	¥5,000	¥1,312,523	¥379,415	¥1,696,938	¥290	¥(4,384)	¥(6,650)	¥(10,744)	¥75,926	¥1,762,120

	Thousands of U.S. Dollars (Note 1)									
	Shareholders' equity				Accumulated other comprehensive income					
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
<b>Balance, April 1, 2020</b>	\$45,163	\$11,855,451	\$2,245,163	\$14,145,786	\$0	\$(374,898)	\$144,042	\$(230,855)	\$548,685	\$14,463,616
Dividends of surplus	-	-	(243,880)	(243,880)	-	-	-	-	-	(243,880)
Profit attributable to owners of parent	-	-	1,425,815	1,425,815	-	-	-	-	-	1,425,815
Change in ownership interest of parent due to transactions with non-controlling interests	-	45	-	45	-	-	-	-	-	45
Other changes in the year—net	-	-	-	-	2,619	335,299	(204,109)	133,800	137,114	270,915
<b>Total changes in the year</b>	-	45	1,181,934	1,181,988	2,619	335,299	(204,109)	133,800	137,114	1,452,913
<b>Balance, March 31, 2021</b>	\$45,163	\$11,855,505	\$3,427,106	\$15,327,775	\$2,619	\$(39,598)	\$(60,066)	\$(97,046)	\$685,809	\$15,916,538

See notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

JERA Co., Inc. and Consolidated Subsidiaries  
For the Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 227,818	¥ 195,386	\$ 2,057,790
Depreciation and amortization (Note 29)	187,737	197,940	1,695,754
Loss on impairment of non-current assets	16,376	5,821	147,917
Interest and dividend income	(10,550)	(9,616)	(95,294)
Interest expenses	7,949	8,158	71,800
(Increase) decrease in trade receivables	(28,213)	(115,177)	(254,836)
(Increase) decrease in inventories	22,674	2,177	204,805
Increase (decrease) in trade payables	25,188	171,139	227,513
Other—net (Note 3)	(51,490)	86,413	(465,088)
Subtotal	397,490	542,242	3,590,371
Interest and dividends received	41,642	25,822	376,135
Interest paid	(8,936)	(7,814)	(80,715)
Income taxes paid	(89,371)	(8,579)	(807,253)
Net cash provided by operating activities	340,825	551,670	3,078,538
<b>Cash flows from investing activities:</b>			
Purchase of investment securities	(31,580)	(115,798)	(285,249)
Proceeds from sale of investment securities	-	15,846	-
Loan advances	(4,974)	(4,126)	(44,928)
Proceeds from collection of loans receivable	650	1,633	5,871
Purchase of non-current assets	(241,358)	(211,188)	(2,180,092)
Proceeds from sale of non-current assets	1,461	3,806	13,196
Purchase of shares of subsidiaries	(1,511)	-	(13,648)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,950)	-
Other—net (Note 3)	5,221	1,913	47,159
Net cash used in investing activities	(272,092)	(310,863)	(2,457,700)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term borrowings—net	(23,975)	(1,645,769)	(216,556)
Proceeds from long-term borrowings	149,746	1,344,698	1,352,596
Repayments of long-term borrowings	(62,409)	(151,186)	(563,716)
Proceeds from issuance of bonds	39,882	-	360,238
Dividends paid	(27,000)	-	(243,880)
Dividends paid to non-controlling interests	(574)	(1,557)	(5,184)
Other—net	13,872	1,760	125,300
Net cash provided by (used in) financing activities	89,542	(452,054)	808,797
<b>Effect of exchange rate change on cash and cash equivalents</b>			
	977	(2,701)	8,824
<b>Net increase (decrease) in cash and cash equivalents</b>	159,253	(213,948)	1,438,469
<b>Cash and cash equivalents at the beginning of the year</b>	402,431	269,587	3,635,001
<b>Increase in cash and cash equivalents resulting from absorption-type split</b>	-	335,000	-
<b>Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation</b>	-	11,791	-
<b>Cash and cash equivalents at the end of the year (Note 21)</b>	¥ 561,685	¥ 402,431	\$ 5,073,480

See notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

JERA Co., Inc. and Consolidated Subsidiaries

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

The accompanying consolidated financial statements of JERA Co., Ltd. (the “Company”) and consolidated subsidiaries (collectively the “Group”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued in Japanese so as to present them in a format which is more familiar to readers outside Japan.

Japanese yen figures less than one million yen are rounded down to the nearest million yen and U.S. dollar figures less than one thousand dollars are rounded down to the nearest thousand dollars, except for per share data. The total Japanese yen and U.S. dollars amounts shown in the consolidated financial statements and notes do not necessarily agree with the sum of the individual amounts.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate as of March 31, 2021, which was ¥110.71 to U.S.\$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**a. Consolidation**—The consolidated financial statements for the year ended March 31, 2021 include the accounts of the Company and its 64 (65 in 2020) subsidiaries. Major consolidated subsidiaries are JERA Power International B.V.; JERA Australia Pty Ltd; JERA Global Markets Pte. Ltd.; Tokyo Timor Sea Resources Pty Ltd.; Hitachinaka Generation Co., Inc.; LNG Marine Transport Co., Ltd.; JERA Asia Pte. Ltd.; JERA Power YOKOSUKA LLC; JERA Power ANEGASAKI, LLC.; Chita LNG Co., Ltd.; GOI United Generation LLC; JERA Power (Thailand) Co., Ltd.; Fuel TEPCO Limited; JERA Power TAKETOYO LLC; JERA Americas Inc.; and JERA Americas Holdings Inc.

JERA Global Markets UK Ltd was newly included in the scope of consolidation due to establishment in the year ended March 31, 2021, while JERA Night Hawk Holdings Pty Ltd and JERA Port Kembla Pty Ltd were excluded from the scope of consolidation due to decrease in materiality.

Non-consolidated subsidiaries including KAWASAKI STEAM NET CO., LTD. were excluded from the scope of consolidation because they are small-sized companies and their total assets, net sales, and the Company’s interests in their respective amounts of profit or loss and retained earnings in aggregate have minimal impact on the consolidated financial statements and do not have importance as a whole.

In preparing these consolidated financial statements, JERA Power International B.V. and other 39 subsidiaries were included using their financial statements based on their respective year-ends, which falls on December 31, and necessary adjustments were made to their financial statements to reflect any significant transactions that occurred from January 1 to March 31.

All significant intercompany transactions, accounts and unrealized profits among the Group have been eliminated on consolidation.

**b. Equity Method Accounting**—Investments in 42 (42 in 2020) affiliates including Soma Kyodo Power Company, Ltd.; Joban Joint Power Co., Ltd.; KASHIMA KYODO ELECTRIC POWER Co., Ltd.; Kimitsu Cooperative Thermal Power Company, Inc.; and TeaM Energy Corporation for the year ended March 31, 2021 were accounted for using equity method.

Non-consolidated subsidiaries and affiliates not accounted for using equity method including K1 Energy Limited were excluded from the scope of the equity method as the Company’s interests in their respective amounts of profit or loss and retained earnings have minimal impact on the consolidated financial statements and do not have importance as a whole.

Affiliates accounted for using equity method whose year-ends differ from the consolidated year-end were consolidated using their financial statements based on their respective year-ends.

**c. Inventories**—Fuel supplies are stated at the lower of cost, determined principally by the periodic average method, or net selling value. Inventories held for trading purposes of certain foreign subsidiaries are stated at fair value.

**d. Securities**—Available-for-sale securities with quoted market prices are measured at fair value as of the balance sheet date, with net unrealized gain and loss, net of income taxes, reported as a separate component of net assets. The cost of securities sold is calculated using the moving-average method.



Available-for-sale securities without quoted market prices are measured at cost determined principally by the moving-average method.

**e. Property, Plant and Equipment**—Depreciation of property, plant and equipment is calculated principally using the declining-balance method, while the units-of-production method is principally applied to property, plant and equipment of foreign subsidiaries operating the fuel upstream business.

**f. Intangible Assets**—Intangible assets are amortized by the straight-line method.

**g. Goodwill**—Goodwill is amortized using the straight-line method over a reasonable estimated amortization period of up to 20 years.

**h. Foreign Currency Transactions**—Assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the spot exchange rate as of the balance sheet date of each subsidiary, and revenue and expense accounts are translated into Japanese yen at the average exchange rate for the year. Differences arising from such translation are shown as non-controlling interests and foreign currency translation adjustment as a separate component of net assets.

**i. Derivatives and Hedge Accounting**—Derivatives are measured at fair value. The Group uses derivative financial instruments, such as foreign currency forward contracts and interest rate swaps, to hedge fluctuations in foreign currency exchange rates and interest rates of payables for procurement of fuels and fund raising, etc. These derivatives are conducted by identifying cash flows based on actual demand within the Group's business in order to avoid loss due in particular to market volatility or to reduce costs.

Derivatives are accounted for using the deferral hedge accounting. The allocation method is applied for foreign currency forward contracts that meet specific requirements for hedge accounting.

With respect to foreign currency forward contracts, in entering into foreign currency forward contracts, the value and maturity of hedged items are matched with the contracted amount denominated in the same foreign currencies and the corresponding maturity pursuant to the Group's risk management policy. Accordingly, an evaluation of hedge effectiveness is omitted since there is a complete correlation with subsequent fluctuations in foreign currency exchange rates.

With respect to interest rate swaps, hedge effectiveness is evaluated by comparing the aggregate fluctuations in cash flows of hedged items and hedging instruments during the period from commencement of hedging to judgement of hedge effectiveness and determined based on the fluctuated amount of both.

**j. Cash and Cash Equivalents**—Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible into cash and are subject to little risk of change in value, all of which mature or become due within three months of the date of acquisition.

**k. Consumption Taxes**—Transactions subject to national and local consumption taxes are recorded at amounts exclusive of consumption taxes.

#### ***l. Significant Accounting Estimates***

**Expected Loss on Sales of LNG**—The Company purchases most liquefied natural gas ("LNG") through long-term contracts. There is a possibility of surplus LNG due to declining demand of power and operating status of power plants. The Company endeavors to reduce the risk through fuel optimization by JERA Global Markets Pte. Ltd. and other measures; however, if it is difficult to accept the surplus LNG at thermal power plants, the Company has to sell it. Losses expected to be incurred in connection with sales of LNG should be recognized if they are probable and the amount can be reasonably estimated. The Company recorded expected loss on sales of LNG of ¥17,995 million (\$162,541 thousand) in other under current liabilities as of March 31, 2021.

The loss estimate is calculated using the volume of surplus LNG and futures prices at the time of sales agreed by contracts. The volume of surplus LNG is based on various assumptions such as future power demand, and therefore the estimated loss due to sales may fluctuate depending on future supply and demand.

**Loss on Impairment of Non-Current Assets of Affiliates Holding Fuel Interests**—The Group recognized loss on impairment of non-current assets of ¥8,158 million (\$73,688 thousand) and share of loss of entities accounted for using equity method of ¥6,251 million (\$56,462 thousand) for the year ended March 31, 2021 regarding mining interest for gas fields under LNG projects which are held through the Company's affiliates and liquefaction facilities, etc.

In case where there is an impairment indicator, the recoverable value of related assets has to be estimated. As a result, in case where the book value exceeds the recoverable value, the difference between the two is recognized as loss on impairment of non-current assets or share of loss of entities accounted for using equity method. The recoverable value is measured at their value in use, which is calculated using future cash flows based on business plans. The main

assumptions for estimating future cash flows are future prices of LNG, production plans based on reserves of the gas fields and discount rates. The future cash flows are based on various assumptions such as estimation of LNG prices, and therefore the estimated amount may fluctuate depending on future market volatility, etc.

***m. Accounting Standards Issued but Not yet Effective***

***Accounting Standard for Revenue Recognition and Implementation Guidance on Accounting Standard for Revenue Recognition***—The Accounting Standards Board of Japan (“ASBJ”) issued “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021). The accounting standard and implementation guidance set out the accounting treatment and disclosure requirements concerning revenue from contracts with customers.

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the year ending March 31, 2022.

The impact of the accounting standard and implementation guidance on the consolidated financial statements is immaterial.

***Accounting Standard for Fair Value Measurement, etc.***—The ASBJ issued “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019), “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 4, 2019), “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), and “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Statement No. 19, March 31, 2020). These accounting standards and implementation guidance set out the accounting treatment and disclosure requirements concerning calculation method of fair value.

The Company expects to adopt the accounting standards and related implementation guidances from the beginning of the year ending March 31, 2022.

The impact of the accounting standards and related implementation guidances on the consolidated financial statements is immaterial.

### **3. ACCOUNTING CHANGES**

***Changes in Presentation***

***Accounting Standard for Disclosure of Accounting Estimates***—The Company has adopted “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) to the consolidated financial statements as of and for the year ended March 31, 2021. Accordingly, description of significant accounting estimates is presented in Note 2. However, the comparative information for the previous year is not included in Note 2 in accordance with the transitional treatment prescribed in the proviso of Paragraph 11 of the accounting standard.

#### 4. INVENTORIES

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

	Millions of Yen		Thousands of
	2021	2020	U.S. Dollars
Merchandise and finished goods	¥ 36,722	¥ 20,195	\$ 331,695
Work in process	-	2	-
Raw materials and supplies	117,596	155,770	1,062,198

#### 5. PROPERTY, PLANT AND EQUIPMENT

Accumulated tax purpose reduction entry of non-current assets due to receipt of contribution for construction as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of
	2021	2020	U.S. Dollars
Accumulated tax purpose reduction entry of non-current assets	¥ 59,149	¥ 58,342	\$ 534,269

Accumulated depreciation of property, plant and equipment as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of
	2021	2020	U.S. Dollars
Accumulated depreciation of property, plant and equipment	¥ 8,448,747	¥ 8,303,047	\$ 76,314,217

#### 6. INVESTMENT SECURITIES

Investments in non-consolidated subsidiaries and affiliates as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of
	2021	2020	U.S. Dollars
Investment in non-consolidated subsidiaries and affiliates	¥ 502,397	¥ 551,029	\$ 4,537,955
Of which, investments in joint controlled entities	498,258	547,013	4,500,569

## 7. SHORT-TERM BORROWINGS, LONG-TERM BORROWINGS, LEASE OBLIGATIONS AND OTHER INTEREST-BEARING LIABILITIES

Short-term borrowings, long-term borrowings, lease obligations and other interest-bearing liabilities as of March 31, 2021 and 2020 consisted of the following:

	Millions of Yen		Thousands of	Average
	2021	2020	U.S. Dollars	interest rate (%)
Short-term borrowings	¥ 6,753	¥ 31,222	\$ 60,997	0.4
Current portion of long-term borrowings	67,799	61,169	612,401	0.6
Current portion of lease obligations	935	776	8,445	3.3
Long-term borrowings excluding current portion, due from 2022 to 2038	1,498,737	1,413,565	13,537,503	0.6
Lease obligations excluding current portion, due from 2022 to 2045	5,062	5,079	45,723	4.7
Other interest-bearing liabilities due through 2027	16,065	-	145,108	5.5
<b>Total</b>	<b>¥ 1,595,354</b>	<b>¥ 1,511,812</b>	<b>\$ 14,410,206</b>	<b>-</b>

- Notes: 1. The average interest rates above present the weighted-average rates applicable to year-end balances of borrowings, etc.  
2. Annual maturities of long-term borrowings, lease obligations and other interest-bearing liabilities as of March 31, 2021 were as follows:

	Millions of Yen			
	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
March 31, 2021				
Long-term borrowings	¥ 292,148	¥ 295,810	¥ 286,303	¥ 193,972
Lease obligations	840	562	463	457
Other interest-bearing liabilities	4,768	3,178	1,091	1,103

	Thousands of U.S. Dollars			
	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
March 31, 2021				
Long-term borrowings	\$ 2,638,858	\$ 2,671,935	\$ 2,586,062	\$ 1,752,072
Lease obligations	7,587	5,076	4,182	4,127
Other interest-bearing liabilities	43,067	28,705	9,854	9,962

## 8. BONDS PAYABLE

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

	Millions of Yen		Thousands of
	2021	2020	U.S. Dollars
Issued by JERA Co., Inc.:			
Unsecured bonds issued on October 22, 2020 and due on October 24, 2025 with an interest rate of 0.190% - 1st (with inter-bond pari passu clause)	¥ 20,000	¥ -	\$ 180,652
Unsecured bonds issued on October 22, 2020 and due on October 25, 2030 with an interest rate of 0.390% - 2nd (with inter-bond pari passu clause)	20,000	-	180,652
<b>Total</b>	<b>¥ 40,000</b>	<b>¥ -</b>	<b>\$ 361,304</b>

Annual maturities of bonds payable as of March 31, 2021 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ -	\$ -
Due after one year through two years	-	-
Due after two years through three years	-	-
Due after three years through four years	-	-
Due after four years through five years	20,000	180,652

## 9. EMPLOYEE RETIREMENT BENEFITS PLANS

(1) General information on the retirement benefit plan adopted

The Company's certain consolidated subsidiaries have lump-sum retirement payment plans as defined benefit plans, and defined contribution pension plans as defined contribution plans.

The Company does not have retirement benefit plans because most of its employees are seconded from TEPCO Fuel & Power, Inc. and Chubu Electric Power Co., Inc. whose retirement benefit plans are applied to them.

(2) Defined benefit plans

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Retirement benefit obligations at the beginning of the year	¥ 434	¥ 24	\$ 3,920
Service cost	56	54	505
Interest cost	1	0	9
Retirement benefits paid	(15)	(30)	(135)
Past service cost	-	3	-
Other (Note 2)	(2)	381	(18)
Retirement benefit obligations at the end of the year	¥ 472	¥ 434	\$ 4,263

Notes: 1. The simplified method is applied to the calculation of retirement benefit obligations for certain retirement benefit plans.

2. Other of ¥381 million for the year ended March 31, 2020 includes an increase due to changes in scope of consolidation.

Reconciliation between the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2021 and 2020 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Funded retirement benefit obligations	¥ -	¥ -	\$ -
Plan assets	-	-	-
Unfunded retirement benefit obligations	472	434	4,263
Net retirement benefit liability (asset) in the consolidated balance sheet	¥ 472	¥ 434	\$ 4,263
Retirement benefit liability	¥ 472	¥ 434	\$ 4,263
Net retirement benefit liability (asset) in the consolidated balance sheet	¥ 472	¥ 434	\$ 4,263

The components of retirement benefit expenses for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Service cost (Note 1)	¥ 56	¥ 52	\$ 505
Interest cost	1	0	9
Amortization of past service cost	-	3	-
Other (Note 2)	2	2	18
Retirement benefit expenses for defined benefit plans	¥ 60	¥ 59	\$ 541

Notes: 1. Service cost includes retirement benefit expenses calculated by the simplified method.

2. Other includes early retirement premiums.

The main actuarial assumptions for the years ended March 31, 2021 and 2020 were as follows:

	2021	2020
Discount rate	mainly 3.3%	mainly 3.3%
Expected salary increase rate	mainly 6.0%	mainly 6.0%

### (3) Defined contribution plans

Amounts paid to defined contribution plans by the Company's consolidated subsidiaries for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Amounts paid to defined contribution plans by the Company's consolidated subsidiaries	¥ 129	¥ 114	\$ 1,165

## 10. ASSET RETIREMENT OBLIGATIONS

Following asset retirement obligations were recorded on the consolidated balance sheet.

### (1) Outline of asset retirement obligations

The Group's asset retirement obligations consist mainly of removal obligations of resource development-related facilities in the fuel upstream business after completion of production.

### (2) Calculation method of asset retirement obligations

The Group calculates the amounts of asset retirement obligations assuming that an estimated period until settlement is equal to years available for production and using the discount rates ranging from 0.2% to 7.4%.

### (3) Changes in asset retirement obligations

Changes in asset retirement obligations during the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Asset retirement obligations at the beginning of the year	¥ 15,830	¥ 16,556	\$ 142,986
Increase due to acquisition of property, plant and equipment	672	1,869	6,069
Adjustment due to passage of time	606	615	5,473
Decrease due to settlement of asset retirement obligations	-	(11)	-
Increase due to changes in estimates (Note)	-	579	-
Other	(769)	(3,778)	(6,946)
Asset retirement obligations at the end of the year	¥ 16,339	¥ 15,830	\$ 147,583

Note: Asset retirement obligations were recognized additionally due to an increase in its amounts by re-estimates mainly of removal expenses of resource development-related facilities.

## 11. ASSETS PLEDGED AS COLLATERAL

(1) The Company and its consolidated subsidiaries

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Cash and deposits	¥ 13,153	¥ 10,753	\$ 118,805
Notes and accounts receivable—trade	362	-	3,269
Inventories	-	280	-
Other in current assets	320	4	2,890
Buildings and structures	16,292	-	147,159
Machinery, equipment and vehicles	92,886	1,457	839,002
Construction in progress	122,378	163,836	1,105,392
Other in property, plant and equipment	0	-	0
Other in investments and other assets	23,030	17,847	208,020
<b>Total</b>	<b>¥ 268,424</b>	<b>¥ 194,179</b>	<b>\$ 2,424,568</b>

The above assets were pledged as collateral for the following liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Short-term borrowings (including current portion of long-term borrowings)	¥ 14,614	¥ 1,075	\$ 132,002
Long-term borrowings	211,636	155,575	1,911,624
<b>Total</b>	<b>¥ 226,250</b>	<b>¥ 156,650</b>	<b>\$ 2,043,627</b>

(2) The following assets were pledged as collateral for borrowings from financial institutions of investing companies of the Company's certain consolidated subsidiaries as of March 31, 2021 and 2020:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Cash and deposits	¥ 6,364	¥ 7,171	\$ 57,483
Notes and accounts receivable—trade	190	249	1,716
Inventories	169	136	1,526
Other in current assets	57	36	514
Buildings and structures	7,002	10,520	63,246
Machinery, equipment and vehicles	2,950	4,516	26,646
Construction in progress	623	482	5,627
Other in intangible assets	2,548	3,885	23,015
Investment securities	52,658	75,075	475,639
Other in investments and other assets	10,911	10,620	98,554
<b>Total</b>	<b>¥ 83,478</b>	<b>¥ 112,695</b>	<b>\$ 754,024</b>

## 12. GUARANTEE OBLIGATIONS

(1) Guarantee obligations for borrowings as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
TeaM Energy Corporation	¥ 13,147	¥ 7,853	\$ 118,751
PT Cirebon Energi Prasarana	4,580	4,531	41,369
MT Falcon Holdings Company, S. A. P. I. de C. V.	3,435	3,388	31,027
Phoenix Power Company SAOG	2,273	2,128	20,531
Compania de Generacion Valladolid. S. De R. L. de C.V.	1,107	1,519	9,999
Mesaieed Power Company Limited	872	947	7,876
Ras Girtas Power Company	863	848	7,795
Cricket Valley Energy Partners, LLC.	-	2,161	-
Other	2,665	2,350	24,071
<b>Total</b>	<b>¥ 28,946</b>	<b>¥ 25,731</b>	<b>\$ 261,457</b>

(2) Guarantee obligations for performance of other contracts as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
JERA Energy America LLC	¥ 20,623	¥ 25,656	\$ 186,279
MC GFS Participation Company Limited	15,147	12,042	136,816
Reliance Bangladesh LNG & Power	11,141	2,812	100,632
MT Falcon Holdings Company, S. A. P. I. de C. V.	5,109	3,491	46,147
Other	5,776	6,704	52,172
<b>Total</b>	<b>¥ 57,798</b>	<b>¥ 50,707</b>	<b>\$ 522,066</b>

Note: The above (1) and (2) include guarantee obligations by Tokyo Electric Company Holdings, Inc. and Chubu Electric Power Co., Inc. (collectively the “Guarantee Companies”). The Company has entered into an agreement with the Guarantee Companies to compensate for any loss incurred by the Guarantee Companies. The said guarantee obligations are disclosed because they have the same substantive and economic effect as if the Company had assumed them. The breakdown for each of the Guarantee Companies as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Chubu Electric Power Co., Inc.	¥ 40,255	¥ 46,028	\$ 363,607
Tokyo Electric Company Holdings, Inc.	1,153	2,309	10,414

## 13. LOAN COMMITMENT

The Company has entered into loan commitment agreements with its consolidated subsidiaries. The outstanding amounts receivable and the unused balances under these agreements as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Total amount of loan commitment	¥ 16,181	¥ -	\$ 146,156
Outstanding amounts receivable	488	-	4,407
Unused balances	¥ 15,692	¥ -	\$ 141,739



## 14. LEASES

### *As Lessee*

#### Operating leases

Future minimum lease payments under non-cancelable operating leases as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2021	2020	2021	
Future minimum lease payments:				
Due within one year	¥ 148	¥ 69	\$	1,336
Due over one year	249	184		2,249
<b>Total</b>	<b>¥ 397</b>	<b>¥ 254</b>	<b>\$</b>	<b>3,585</b>

## 15. NET ASSETS

### (1) Type and number of shares issued

Type of shares	Thousands of shares			
	2021			
	April 1, 2020	Increase	Decrease	March 31, 2021
Shares issued:				
Common stock	20,000	-	-	20,000
<b>Total</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>

Type of shares	Thousands of shares			
	2020			
	April 1, 2019	Increase	Decrease	March 31, 2020
Shares issued:				
Common stock	10,000	10,000	-	20,000
<b>Total</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>20,000</b>

#### Reason for the change

- Increase of 10,000 thousand shares due to issuance of new shares by an absorption-type split contract effective April 1, 2019

### (2) Information on dividends

#### a. Dividends paid

2021					
Resolution	Type of shares	Total amount	Per share amount	Record date	Effective date
Annual shareholders' meeting held on June 22, 2020	Common stock	¥27,000 million (\$243,880 thousand)	¥1,350 (\$12.19)	March 31, 2020	June 23, 2020

No dividends were paid for the year ended March 31, 2020.

#### b. Dividends whose effective date falls after the end of the fiscal year

2021						
Resolution	Type of shares	Source of dividends	Total amount	Per share amount	Record date	Effective date
Annual shareholders' meeting held on June 17, 2021	Common stock	Retained earnings	¥33,400 million (\$301,689 thousand)	¥1,670 (\$15.08)	March 31, 2021	June 18, 2021

## 2020

Resolution	Type of shares	Source of dividends	Total amount	Per share amount	Record date	Effective date
Annual shareholders' meeting held on June 22, 2020	Common stock	Retained earnings	¥27,000 million	¥1,350	March 31, 2020	June 23, 2020

**16. RESEARCH AND DEVELOPMENT COSTS**

Research and development costs included in general and administrative expenses and manufacturing costs for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Research and development costs	¥ 1,142	¥ 1,433	\$ 10,315

**17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

Major components of selling, general and administrative expenses for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Salaries and allowances	¥ 9,829	¥ 8,638	\$ 88,781
Retirement benefit expenses	11,203	3,125	101,192
Outsourcing expenses	13,415	20,361	121,172
Miscellaneous expenses	6,258	4,804	56,526
Depreciation and amortization	5,338	5,502	48,216

**18. LOSS ON IMPAIRMENT OF NON-CURRENT ASSETS**

The Group groups its assets by cash generating unit in principle. Each of the significant idle assets and significant assets that are scheduled to be disposed of and for which no replacement investment has been planned forms one separate asset group.

The Group recognized loss on impairment of ¥16,376 million (\$147,917 thousand) on the following asset groups for the year ended March 31, 2021.

For the year ended March 31, 2021

Usage	Type	Location	Millions of Yen	Thousands of U.S. Dollars
Fuel upstream business	Property, plant and equipment, and intangible assets	Australia	¥ 8,158	\$ 73,688
Domestic power generation business	Property, plant and equipment, and intangible assets	Japan	5,671	51,223

In the fuel upstream business, with respect to mining interests of gas fields in LNG projects held through the Company's consolidated subsidiaries, etc., the Group recognized loss on impairment of non-current assets of ¥8,158 million (\$73,688 thousand) under extraordinary losses due to review of discount rates resulting from fluctuations in resource prices and interest rates, etc. The recoverable value of these assets was measured at their value in use, which was calculated by discounting future cash flows at discount rates based on capital costs of the said asset group.

In the domestic power generation business, with respect to non-current assets of thermal power plants held by the Company, etc., the Group recognized loss on impairment of non-current assets of ¥5,671 million (\$51,223 thousand) under extraordinary losses for facilities that have been decided to be discontinued or idle assets without concrete construction plans or prospects for future use and whose investments were determined to be difficult to recover. The recoverable value of these assets was measured at their net selling prices, which was zero because they were difficult to use for other purposes or sell.

## 19. INCOME TAXES

The Company and its subsidiaries in Japan are subject to Japanese national and regional income taxes which, in aggregate, resulted in statutory tax rates of approximately 27.8% for the both years ended March 31, 2021 and 2020.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities, as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Tax loss carryforwards (Note)	¥ 48,507	¥ 45,878	\$ 438,144
Deferred assets	21,031	20,060	189,964
Depreciation and amortization	17,488	19,444	157,962
Foreign tax credit carryforwards	9,932	13,513	89,711
Other	39,342	58,570	355,360
Subtotal	136,302	157,467	1,231,162
Valuation allowance for tax loss carryforwards (Note)	(10,501)	(9,223)	(94,851)
Valuation allowance for deductible temporary differences	(37,750)	(38,388)	(340,980)
Total valuation allowance	(48,251)	(47,611)	(435,832)
Total deferred tax assets	88,050	109,856	795,321
Deferred tax liabilities:			
Temporary differences related to investments in affiliates	(41,447)	(47,724)	(374,374)
Other	(16,603)	(5,830)	(149,968)
Total deferred tax liabilities	(58,050)	(53,554)	(524,342)
Net deferred tax assets	¥ 30,000	¥ 56,301	\$ 270,978

Note: Tax loss carryforwards and deferred tax assets thereof by expiration period were as follows:

	Millions of Yen							Total
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years		
As of March 31, 2021								
Tax loss carryforwards (a) ¥	167	¥ 460	¥ 1,525	¥ 2,677	¥ 245	¥ 43,431	¥ 48,507	
Valuation allowance	-	-	(877)	(1,839)	-	(7,784)	(10,501)	
Deferred tax assets	167	460	648	838	245	35,646	38,006(b)	

	Millions of Yen							Total
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years		
As of March 31, 2020								
Tax loss carryforwards (a) ¥	532	¥ 813	¥ 1,081	¥ 2,385	¥ 134	¥ 40,931	¥ 45,878	
Valuation allowance	(3)	-	-	(1,500)	-	(7,720)	(9,223)	
Deferred tax assets	528	813	1,081	885	134	33,211	36,654(b)	

	Thousands of U.S. Dollars							Total
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years		
As of March 31, 2021								
Tax loss carryforwards (a) \$	1,508	\$ 4,154	\$ 13,774	\$ 24,180	\$ 2,212	\$ 392,295	\$ 438,144	
Valuation allowance	-	-	(7,921)	(16,610)	-	(70,309)	(94,851)	
Deferred tax assets	1,508	4,154	5,853	7,569	2,212	321,976	343,293(b)	

(a) Tax loss carryforwards represent the amount multiplied by the statutory tax rates.

(b) Deferred tax assets of ¥38,006 million (\$343,293 thousand) and ¥36,654 million for tax loss carryforwards of ¥48,507 million (\$438,144 thousand) and ¥45,878 million, which represent the amounts multiplied by the statutory tax rates, as of March 31, 2021 and 2020, respectively, were recorded. The said tax loss carryforwards recognizing deferred tax assets were determined to be recoverable based on the projected future taxable income.

Reconciliation between the statutory tax rates and the effective tax rates reflected in the consolidated statement of income for the years ended March 31, 2021 and 2020 is as follows:

	2021	2020
Statutory tax rate	27.8%	27.8%
Difference due to consolidation procedures	1.8	6.6
Valuation allowance	0.8	(10.5)
Share of profit of entities accounted for using equity method	(0.2)	(2.3)
Difference in tax rates of subsidiaries	(4.9)	(13.4)
Other—net	(1.4)	(0.9)
Effective tax rate	23.8%	7.3%

## 20. OTHER COMPREHENSIVE INCOME

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

	Millions of Yen		Thousands of
	2021	2020	U.S. Dollars
Valuation difference on available-for-sale securities:			2021
Gains (losses) arising during the year	¥ 385	¥ (1,581)	\$ 3,477
Reclassification adjustments to profit or loss	-	1,532	-
Amount before income tax effect	385	(48)	3,477
Income tax effect	(114)	16	(1,029)
Total	¥ 271	¥ (31)	\$ 2,447
Deferred gains or losses on hedges			
Gains (losses) arising during the year	¥ 37,525	¥ (37,798)	\$ 338,948
Reclassification adjustments to profit or loss	-	14	-
Adjustments to acquisition costs of assets	18,423	6,069	166,407
Amount before income tax effect	55,949	(31,714)	505,365
Income tax effect	(13,955)	7,219	(126,050)
Total	¥ 41,993	¥ (24,494)	\$ 379,306
Foreign currency translation adjustment:			
Gains (losses) arising during the year	¥ (6,434)	¥ (6,597)	\$ (58,115)
Total	¥ (6,434)	¥ (6,597)	\$ (58,115)
Share of other comprehensive income of entities accounted for using equity method			
Gains (losses) arising during the year	¥ (22,562)	¥ (12,555)	\$ (203,793)
Reclassification adjustments to profit or loss	2,804	4,409	25,327
Adjustments to acquisition costs of assets	197	384	1,779
Total	¥ (19,561)	¥ (7,762)	\$ (176,686)
Total other comprehensive income	¥ 16,269	¥ (38,886)	\$ 146,951

## 21. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2021 and 2020 were reconciled to cash and deposits in the consolidated balance sheet as of March 31, 2021 and 2020 as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2021	2020	2021	2021
Cash and deposits	¥ 616,132	¥ 459,178	\$ 5,565,278	
Time deposits with maturities over three months	(54,447)	(56,747)	(491,798)	
Cash and cash equivalents	¥ 561,685	¥ 402,431	\$ 5,073,480	

## 22. FINANCIAL INSTRUMENTS

### (1) Group policy for financial instruments

In principle, the Group raises funds necessary for business operations mainly through bank borrowings. With respect to fund management, the Group invests only in highly secure financial assets such as short-term deposits.

Derivatives are used within the scope of the Group's operations, mainly for the purpose of risk avoidance.

### (2) Nature and extent of risks arising from financial instruments

Notes and accounts receivable—trade are exposed to customer credit risk. Most of them are receivables arising from sales of electricity and gas, whose counterparties are limited to the prime shareholders, etc.

Investment securities consist mainly of unlisted equity securities, and the Group regularly monitors the financial condition of issuers.

Bank borrowings are for the purpose of raising funds necessary for the Group's businesses. Most of them are raised at fixed rates, therefore the Group considers that the effect on the operating results is limited.

Notes and accounts payable—trade which are exposed to foreign currency exchange risk, such as accounts payable—trade denominated in foreign currencies for procurement of fuels, are hedged by using foreign currency forward contracts.

Derivatives consist of commodity swaps and foreign currency forward contracts for payables for procurement of fuels, etc., which are used to avoid losses from future fluctuations in foreign exchange rates and fuel prices related to fuel procurement, etc., and currency swaps and interest rate swaps for financial liabilities arising from fund procurement, which are used to avoid losses from fluctuations in foreign exchange rates and interest rates on financial liabilities arising from fund procurement. In addition, the Company's subsidiaries conducting the trading business use commodity forward contracts, commodity futures contracts, and commodity swaps, etc., and strictly control a transaction upper limit.

Information on hedging instruments and hedged items, hedging policy, and the method of assessing the effectiveness of hedging activities is included in Note 2.

### (3) Risk management for financial instruments

#### a. Credit risk management

With respect to accounts receivables—trade, the Group manages the maturity dates and balances by customer.

With respect to derivatives, the Group selects financial institutions and other counterparties which have a sound credit profile and take measures such as monitoring their credit status even after signing transaction contracts.

#### b. Market risk management

Derivatives are conducted in accordance with the Group's internal rules that stipulate the authority to conduct transactions.

#### c. Liquidity risk management for fund raising

The Group manages liquidity risk mainly by preparing funding plans and confirming daily payment schedules.

(4) Fair value of financial instruments

a. Fair value of financial instruments

Book value and fair value of financial instruments, and difference between the two as of March 31, 2021 and 2020 were as follows. Financial instruments whose fair value cannot be reliably determined are not included in the following tables (See b. below).

	Millions of Yen		
	2021		Difference
	Book value	Fair value	
Assets:			
1) Cash and deposits	¥ 616,132	¥ 616,132	¥ -
2) Notes and accounts receivable—trade	323,157	323,157	-
3) Investment securities	11,848	6,306	(5,541)
Liabilities:			
4) Notes and accounts payable—trade	¥ 287,329	¥ 287,329	¥ -
5) Short-term borrowings	6,753	6,753	-
6) Long-term borrowings (Note 1)	1,566,537	1,581,861	15,323
7) Derivatives (Note 2)	¥ 42,223	¥ 42,223	¥ -

	Millions of Yen		
	2020		Difference
	Book value	Fair value	
Assets:			
1) Cash and deposits	¥ 459,178	¥ 459,178	¥ -
2) Notes and accounts receivable—trade	292,262	292,262	-
3) Investment securities	11,845	7,370	(4,474)
Liabilities:			
4) Notes and accounts payable—trade	¥ 258,321	¥ 258,321	¥ -
5) Short-term borrowings	31,222	31,222	-
6) Long-term borrowings (Note 1)	1,474,734	1,472,345	(2,388)
7) Derivatives (Note 2)	¥ 4,427	¥ 4,427	¥ -

	Thousands of U.S. Dollars		
	2021		Difference
	Book value	Fair value	
Assets:			
1) Cash and deposits	\$ 5,565,278	\$ 5,565,278	\$ -
2) Notes and accounts receivable—trade	2,918,950	2,918,950	-
3) Investment securities	107,018	56,959	(50,049)
Liabilities:			
4) Notes and accounts payable—trade	\$ 2,595,330	\$ 2,595,330	\$ -
5) Short-term borrowings	60,997	60,997	-
6) Long-term borrowings (Note 1)	14,149,914	14,288,329	138,406
7) Derivatives (Note 2)	\$ 381,383	\$ 381,383	\$ -

Notes: 1. Long-term borrowings include current portion.

2. Derivative receivables and payables arising from derivatives transactions are presented on a net basis.

Valuation approach for fair value of financial instruments is as follows:

- 1) Cash and deposits, 2) notes and accounts receivable—trade, 4) notes and accounts payable—trade and 5) short-term borrowings

The book values of cash and deposits, notes and accounts receivable—trade, notes and accounts payable—trade, and short-term borrowings approximate the fair values because of their short maturities.

3) Investment securities

The fair value of equity securities is measured at the quoted price of the stock exchange on which they are traded.

6) Long-term borrowings

The fair value of long-term borrowings is calculated based on the total amount of principal and interests discounted at interest rates that would be applicable to similar new borrowings.

7) Derivatives

Information on the fair value of derivatives is included in Note 23.

b. Book value of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unlisted equity securities, etc.	¥ 547,552	¥ 601,460	\$ 4,945,822

These financial instruments are not included in 3) investment securities of a. above because their market values are unavailable and future cash flows cannot be estimated, and therefore their fair values cannot be reliably determined.

(5) Maturity analysis for monetary receivables

	Millions of Yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
As of March 31, 2021				
Cash and deposits	¥ 616,132	¥ -	¥ -	¥ -
Notes and accounts receivable—trade	323,157	-	-	-
	¥ 939,290	¥ -	¥ -	¥ -

	Millions of Yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
As of March 31, 2020				
Cash and deposits	¥ 459,178	¥ -	¥ -	¥ -
Notes and accounts receivable—trade	292,262	-	-	-
	¥ 751,441	¥ -	¥ -	¥ -

	Thousands of U.S. Dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
As of March 31, 2021				
Cash and deposits	\$ 5,565,278	\$ -	\$ -	\$ -
Notes and accounts receivable—trade	2,918,950	-	-	-
	\$ 8,484,238	\$ -	\$ -	\$ -

(6) Maturity analysis for short-term borrowings and long-term borrowings

	Millions of Yen					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
As of March 31, 2021						
Short-term borrowings	¥ 6,753	¥ -	¥ -	¥ -	¥ -	¥ -
Long-term borrowings	67,799	292,148	295,810	286,303	193,972	430,501
Total	¥ 74,553	¥ 292,148	¥ 295,810	¥ 286,303	¥ 193,972	¥ 430,501

Millions of Yen						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
As of March 31, 2020						
Short-term borrowings	¥ 31,222	¥ -	¥ -	¥ -	¥ -	¥ -
Long-term borrowings	61,169	63,852	256,810	262,704	279,901	550,295
Total	¥ 92,391	¥ 63,852	¥ 256,810	¥ 262,704	¥ 279,901	¥ 550,295

Thousands of U.S. Dollars						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
As of March 31, 2021						
Short-term borrowings	\$ 60,997	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	612,401	2,638,858	2,671,935	2,586,062	1,752,072	3,888,546
Total	\$ 673,408	\$ 2,638,858	\$ 2,671,935	\$ 2,586,062	\$ 1,752,072	\$ 3,888,546

## 23. DERIVATIVES

(1) Derivative transactions to which hedge accounting is not applied

a. Currency-related derivatives

March 31, 2021		Millions of Yen			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Foreign currency forward contracts:				
	Buy	¥ 275,137	¥ 135,087	¥ 2,225	¥ 2,225
	Foreign currency forward contracts:				
	Sell	365,775	197,161	(1,118)	(1,118)
	Currency swaps	131,942	82,800	(215)	(215)
Total		¥ 772,855	¥ 415,049	¥ 891	¥ 891

Note: The fair value of the above derivatives is mainly measured at the quoted price of the stock exchange on which they are traded, or price which is calculated by adjusting interest rates and other fluctuation factors as necessary to year-end index price relevant to transaction items.

March 31, 2020		Millions of Yen			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Foreign currency forward contracts:				
	Buy	¥ 141,694	¥ 67,515	¥ (3,491)	¥ (3,491)
	Foreign currency forward contracts:				
	Sell	205,716	90,971	9,920	9,920
	Currency swaps	64,775	43,818	(42)	(42)
Total		¥ 412,186	¥ 202,305	¥ 6,387	¥ 6,387

Note: The fair value of the above derivatives is mainly measured at the quoted price of the stock exchange on which they are traded.



March 31, 2021		Thousands of U.S. Dollars			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
	Foreign currency forward contracts:				
Over-the-counter transactions	Buy	\$ 2,485,204	\$ 1,220,187	\$ 20,097	\$ 20,097
	Foreign currency forward contracts:				
	Sell	3,303,902	1,780,877	(10,098)	(10,098)
	Currency swaps	1,191,780	747,899	(1,942)	(1,942)
<b>Total</b>		<b>\$ 6,980,896</b>	<b>\$ 3,748,974</b>	<b>\$ 8,048</b>	<b>\$ 8,048</b>

Note: The fair value of the above derivatives is mainly measured at the quoted price of the stock exchange on which they are traded, or price which is calculated by adjusting interest rates and other fluctuation factors as necessary to year-end index price relevant to transaction items.

b. Interest rate-related derivatives

There were no interest rate-related derivatives as of March 31, 2021.

March 31, 2020		Millions of Yen			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Interest rate swaps	¥ 29,525	¥ -	¥ (64)	¥ (64)

Note: The fair value of the above derivatives is mainly measured at the quoted price obtained from financial institutions with which the Company has transactions.

c. Commodity-related derivatives

March 31, 2021		Millions of Yen			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
	Commodity forward contracts:				
	Buy	¥ 1,344,844	¥ 483,576	¥ 83,920	¥ 83,920
	Commodity forward contracts:				
Over-the-counter transactions	Sell	1,151,538	471,816	(75,446)	(75,446)
	Commodity options:				
	Buy	20,705	5,841	2,342	2,342
	Commodity options:				
	Sell	3,798	2,328	(570)	(570)
	Commodity swaps	82,680	4,418	142	142
Market transactions	Commodity futures contracts:				
	Buy	794,479	296,133	109,122	109,122
	Commodity futures contracts:				
	Sell	749,171	254,946	(99,850)	(99,850)
<b>Total</b>		<b>¥ 4,147,218</b>	<b>¥ 1,519,060</b>	<b>¥ 19,659</b>	<b>¥ 19,659</b>

Note: The fair value of the above derivatives is mainly measured at the quoted price of the stock exchange on which they are traded, or price which is calculated by adjusting interest rates and other fluctuation factors as necessary to year-end index price relevant to transaction items.

March 31, 2020		Millions of Yen			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
	Commodity forward contracts:				
	Buy	¥ 926,561	¥ 522,558	¥ (133,890)	¥ (133,890)
	Commodity forward contracts:				
Over-the-counter transactions	Sell	1,262,912	531,823	178,348	178,348
	Commodity options:				
	Buy	8,192	1,480	2,615	2,615
	Commodity options:				
	Sell	2,005	667	(828)	(828)
	Commodity swaps	129,041	115,522	(2,760)	(2,760)
	Commodity futures contracts:				
Market transactions	Buy	633,540	321,955	(171,836)	(171,836)
	Commodity futures contracts:				
	Sell	581,157	303,037	161,255	161,255
<b>Total</b>		¥ 3,543,411	¥ 1,797,045	¥ 32,903	¥ 32,903

Note: The fair value of the above derivatives is mainly measured at the quoted price of the stock exchange on which they are traded.

March 31, 2021		Thousands of U.S. Dollars			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
	Commodity forward contracts:				
	Buy	\$ 12,147,448	\$ 4,367,952	\$ 758,016	\$ 758,016
	Commodity forward contracts:				
Over-the-counter transactions	Sell	10,401,391	4,261,728	(681,474)	(681,474)
	Commodity options:				
	Buy	187,020	52,759	21,154	21,154
	Commodity options:				
	Sell	34,305	21,027	(5,148)	(5,148)
	Commodity swaps	746,816	39,906	1,282	1,282
	Commodity futures contracts:				
Market transactions	Buy	7,176,217	2,674,853	985,656	985,656
	Commodity futures contracts:				
	Sell	6,766,967	2,302,827	(901,905)	(901,905)
<b>Total</b>		\$ 37,460,193	\$ 13,721,073	\$ 177,572	\$ 177,572

Note: The fair value of the above derivatives is mainly measured at the quoted price of the stock exchange on which they are traded, or price which is calculated by adjusting interest rates and other fluctuation factors as necessary to year-end index price relevant to transaction items.

(2) Derivative transactions to which hedge accounting is applied

a. Currency-related derivatives

March 31, 2021		Millions of Yen			
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
	Forward currency forward contracts:				
Deferral hedge method	Buy	Accounts payable—trade	¥ 191,510	¥ 84,770	¥ 3,526
	Currency swaps	Investments in foreign subsidiaries	4,554	4,554	61
<b>Total</b>			¥ 196,064	¥ 89,324	¥ 3,588

Note: The fair value of the above derivatives is mainly measured at the quoted price obtained from counterparties with which the Company has transactions.

March 31, 2020			Millions of Yen		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Forward currency forward contracts: Buy	Accounts payable—trade	¥ 20,582	¥ 20,582	¥ (791)
	Forward currency forward contracts: Sell	Accounts receivable—trade	3,613	-	(188)
	Currency swaps	Other liabilities	12,189	12,189	245
Allocation method	Foreign currency forward contracts: Buy	Accounts payable—trade	285	-	-
Total			¥ 36,670	¥ 32,771	¥ (734)

Note: The fair value of the above derivatives is mainly measured at the quoted price obtained from financial institutions with which the Company has transactions.

March 31, 2021			Thousands of U.S. Dollars		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Forward currency forward contracts: Buy	Accounts payable—trade	\$ 1,729,834	\$ 765,694	\$ 31,848
	Currency swaps	Investments in foreign subsidiaries	41,134	41,134	550
Total			\$ 1,770,969	\$ 806,828	\$ 32,408

Note: The fair value of the above derivatives is mainly measured at the quoted price obtained from counterparties with which the Company has transactions.

b. Interest rate-related derivatives

March 31, 2021			Millions of Yen		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Interest rate swaps: Pay fixed/ Receive variable	Interest expenses	¥ 774,954	¥ 762,566	¥ (12,359)

Note: The fair value of the above derivatives is mainly measured at the quoted price obtained from counterparties with which the Company has transactions.

March 31, 2020			Millions of Yen		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Interest rate swaps: Pay fixed/ Receive variable	Interest expenses	¥ 412,070	¥ 210,746	¥ (12,117)

Note: The fair value of the above derivatives is measured at the quoted price obtained from financial institutions with which the Company has transactions.

March 31, 2021			Thousands of U.S. Dollars		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Interest rate swaps: Pay fixed/ Receive variable	Interest expenses	\$ 6,999,855	\$ 6,887,959	\$ (111,633)

Note: The fair value of the above derivatives is mainly measured at the quoted price obtained from counterparties with which the Company has transactions.

c. Commodity-related derivatives

March 31, 2021				Millions of Yen		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value	
Deferral hedge method	Commodity swaps	Accounts payable—trade	¥ 8,876	¥ 4,701	¥ 30,443	

Note: The fair value of the above derivatives is mainly measured at the quoted price obtained from counterparties with which the Company has transactions.

March 31, 2020				Millions of Yen		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value	
Deferral hedge method	Commodity swaps	Accounts payable—trade	¥ 14,809	¥ 4,102	¥ (21,946)	

Note: The fair value of the above derivatives is measured at the quoted price obtained from financial institutions with which the Company has transactions.

March 31, 2021				Thousands of U.S. Dollars		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value	
Deferral hedge method	Commodity swaps	Accounts payable—trade	\$ 80,173	\$ 42,462	\$ 274,979	

Note: The fair value of the above derivatives is mainly measured at the quoted price obtained from counterparties with which the Company has transactions.

## 24. PER SHARE DATA

Net assets per share as of March 31, 2021 and 2020 and basic and diluted earnings per share (“EPS”) for the years then ended were as follows:

	Yen		U.S. Dollars
	2021	2020	2021
Net assets per share	¥ 84,309.71	¥ 77,026.08	\$ 761.53
Basic EPS	7,892.64	8,427.15	71.29

Notes: 1. Diluted EPS for the years ended March 31, 2021 and 2020 is not presented because there were no dilutive shares.

2. Basic EPS for the years ended March 31, 2021 and 2020 are calculated as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Basic EPS:			
Profit attributable to owners of parent	¥ 157,852	¥ 168,543	\$ 1,425,815
Amount not attributable to common shareholders	-	-	-
Profit attributable to common shareholders	¥ 157,852	¥ 168,543	\$ 1,425,815
Average number of common stock outstanding during the year (thousands of shares)	20,000	20,000	

## 25. SEGMENT INFORMATION

### (1) General information of reportable segments

The Group's reportable segments are components for which separate financial information is available and whose operating results are regularly reviewed by management meetings for decisions on the allocation of management resources and for assessing business performance.

The Group operates the fuel business, overseas power generation business, and domestic thermal and gas business.

The business description of the Group's reportable segments is as follows:

- Fuel business: investments in the fuel upstream business, etc., and the fuel transportation and fuel trading business
- Overseas power generation: investments in the overseas power generation business, etc.
- Domestic thermal power and gas business: sales of electricity and gas, etc. in Japan

### (2) Methods of measurement for net sales, profit (loss), assets, liabilities and other items of each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2.

The segment profit represents profit attributable to owners of parent.

Intersegment sales and transfers are determined primarily based on internal transaction prices which are set on the basis of prevailing market prices and costs.

## (3) Information about net sales, profit (loss), assets, liabilities and other items by reportable segment

	Millions of Yen					
	2021					
	Reportable segments			Total	Recon- ciliation (Note1)	Consolidated (Note 2)
Fuel business	Overseas power generation business	Domestic thermal power and gas business				
Net sales:						
Sales to external customers	¥ 355,441	¥ 1,294	¥ 2,373,409	¥ 2,730,146	¥ -	¥ 2,730,146
Intersegment sales or transfers	720,759	1,368	17,635	739,762	(739,762)	-
Total	¥ 1,076,200	¥ 2,663	¥ 2,391,044	¥ 3,469,909	¥ (739,762)	¥ 2,730,146
Segment profit (loss)	¥ 48,014	¥ (7,661)	¥ 152,858	¥ 193,211	¥ (35,358)	¥ 157,852
Segment assets	767,485	467,003	2,967,688	4,202,177	(111,297)	4,090,880
Segment liabilities	431,698	154,549	2,148,722	2,734,970	(406,210)	2,328,760
Other:						
Depreciation and amortization	9,189	154	175,015	184,359	3,377	187,737
Dividend income	-	8,265	140	8,406	-	8,406
Interest income	1,757	377	9	2,143	0	2,144
Interest expenses	439	1,809	5,361	7,610	339	7,950
Share of profit (loss) of entities accounted for using equity method	2,236	(6,754)	1,110	(3,406)	-	(3,406)
Extraordinary losses	10,684	-	5,692	16,376	-	16,376
Income taxes	3,839	116	63,518	67,474	(13,305)	54,169
Investments in affiliates accounted for using equity method	48,015	322,390	124,492	494,898	-	494,898
Increase in property, plant and equipment, and intangible assets	1,679	8,413	214,553	224,646	1,351	225,997

Notes: 1. Reconciliation items for segment profit (loss) of ¥(35,358) million consist of intersegment eliminations of ¥1,841 million; and other overhead expenses, etc. not allocated to the reportable segments of ¥(37,199) million.

Reconciliation items for segment assets of ¥(111,297) million consist of intersegment eliminations of ¥(57,092) million; offsetting of receivables to the administrative departments of the head office of ¥(484,698) million; and other financial assets, etc. not allocated to the reportable segments of ¥430,493 million.

Reconciliation items for segment liabilities of ¥(406,210) million consist of intersegment eliminations of ¥(53,563) million; offsetting of payables to the administrative departments of the head office of ¥(461,546) million; and other financial liabilities, etc. not allocated to the reportable segments of ¥108,899 million.

Reconciliation items for depreciation and amortization of ¥3,377 million consist of other expenses not allocated to the reportable segments.

Reconciliation items for interest expenses of ¥339 million consist of other expenses not allocated to the reportable segments.

Reconciliation items for income taxes of ¥(13,305) million consist of intersegment eliminations of ¥408 million; and other expenses not allocated to the reportable segments of ¥(13,713) million.

Reconciliation items for increase in property, plant and equipment, and intangible assets of ¥1,351 million consist of other intangible assets, etc. not allocated to the reportable segments.

2. Segment profit (loss) is reconciled with profit attributable to owners of parent in the consolidated financial statements.

3. Increase in property, plant and equipment, and intangible assets does not include the amounts of assets corresponding to asset retirement obligations.

Millions of Yen							
2020							
Reportable segments							
	Overseas power generation business		Domestic thermal power and gas business		Total	Recon- ciliation (Note1)	Consolidated (Note 2)
	Fuel business						
Net sales:							
Sales to external customers	¥ 357,584	¥ 1,509	¥ 2,920,908	¥ 3,280,002	¥ -	¥ 3,280,002	
Intersegment sales or transfers	507,124	671	5,851	513,647	(513,647)	-	
Total	¥ 864,708	¥ 2,180	¥ 2,926,760	¥ 3,793,649	¥ (513,647)	¥ 3,280,002	
Segment profit	¥ 25,094	¥ 36,126	¥ 135,814	¥ 197,035	¥ (28,492)	¥ 168,543	
Segment assets	728,609	473,207	2,848,481	4,050,298	(14,973)	4,035,324	
Segment liabilities	404,504	43,302	2,359,466	2,807,274	(373,217)	2,434,056	
Other:							
Depreciation and amortization	12,421	106	182,004	194,532	3,407	197,940	
Dividend income	-	2,972	23	2,995	-	2,995	
Interest income	3,864	2,730	6	6,601	19	6,621	
Interest expenses	1,337	955	13	2,305	5,852	8,158	
Share of profit (loss) of entities accounted for using equity method	(1,573)	16,521	978	15,925	-	15,925	
Extraordinary income	-	20,956	-	20,956	-	20,956	
Income taxes	7,367	(315)	17,256	24,309	(10,057)	14,252	
Investments in affiliates accounted for using equity method	52,588	367,547	123,598	543,733	(138)	543,594	
Increase in property, plant and equipment, and intangible assets	8,080	694	232,682	241,457	3,083	244,541	

Notes: 1. Reconciliation items for segment profit of ¥(28,492) million consist of intersegment eliminations of ¥(1,152) million; and other overhead expenses, etc. not allocated to the reportable segments of ¥(27,340) million.

Reconciliation items for segment assets of ¥(14,973) million consist of intersegment eliminations of ¥(61,270) million; and other financial assets, etc. not allocated to the reportable segments of ¥46,296 million.

Reconciliation items for segment liabilities of ¥(373,217) million consist of intersegment eliminations of ¥(59,402) million; and other financial liabilities, etc. not allocated to the reportable segments of ¥(313,814) million.

Reconciliation items for depreciation and amortization of ¥3,407 million consist of other expenses not allocated to the reportable segments.

Reconciliation items for interest expenses of ¥5,852 million consist of intersegment eliminations of ¥(23) million; and other expenses not allocated to the reportable segments of ¥5,875 million.

Reconciliation items for income taxes of ¥(10,057) million consist of intersegment eliminations of ¥(354) million; and other expenses not allocated to the reportable segments of ¥(9,703) million.

Reconciliation items for investments in affiliates accounted for using equity method of ¥(138) million consist of intersegment eliminations.

Reconciliation items for increase in property, plant and equipment, and intangible assets of ¥3,083 million consist of other intangible assets, etc. not allocated to the reportable segments.

2. Segment profit is reconciled with profit attributable to owners of parent in the consolidated financial statements.

3. Increase in property, plant and equipment, and intangible assets does not include the amounts of assets corresponding to asset retirement obligations.

## Thousands of U.S. Dollars

	2021					
	Reportable segments					
	Fuel business	Overseas power generation business	Domestic thermal power and gas business	Total	Reconciliation (Note2)	Consolidated (Note 3)
Net sales:						
Sales to external customers	\$ 3,210,559	\$ 11,688	\$ 21,438,072	\$ 24,660,337	\$ -	\$ 24,660,337
Intersegment sales or transfers	6,510,333	12,356	159,290	6,681,979	(6,681,979)	-
Total	\$ 9,720,892	\$ 24,053	\$ 21,597,362	\$ 31,342,326	\$ (6,681,979)	\$ 24,660,337
Segment profit (loss)	\$ 433,691	\$ (69,198)	\$ 1,380,706	\$ 1,745,199	\$ (319,374)	\$ 1,425,815
Segment assets	6,932,390	4,218,254	26,805,961	37,956,616	(1,005,302)	36,951,314
Segment liabilities	3,899,358	1,395,980	19,408,562	24,703,911	(3,669,135)	21,034,775
Other:						
Depreciation and amortization	83,000	1,391	1,580,841	1,665,242	30,503	1,695,754
Dividend income	-	74,654	1,264	75,928	-	75,928
Interest income	15,870	3,405	81	19,356	0	19,365
Interest expenses	3,965	16,339	48,423	68,738	3,062	71,809
Share of profit (loss) of entities accounted for using equity method	20,196	(61,006)	10,026	(30,765)	-	(30,765)
Extraordinary losses	96,504	-	51,413	147,917	-	147,917
Income taxes	34,676	1,047	573,733	609,466	(120,178)	489,287
Investments in affiliates accounted for using equity method	433,700	2,912,022	1,124,487	4,470,219	-	4,470,219
Increase in property, plant and equipment, and intangible assets	15,165	75,991	1,937,973	2,029,139	12,203	2,041,342

Notes: 1. Reconciliation items for segment profit (loss) of \$(319,374) thousand consist of intersegment eliminations of \$16,629 thousand; and other overhead expenses, etc. not allocated to the reportable segments of \$(336,003) thousand.

Reconciliation items for segment assets of \$(1,005,302) thousand consist of intersegment eliminations of \$(515,689) thousand; offsetting of receivables to the administrative departments of the head office of \$(4,378,086) thousand; and other financial assets, etc. not allocated to the reportable segments of \$3,888,474 thousand.

Reconciliation items for segment liabilities of \$(3,669,135) thousand consist of intersegment eliminations of \$(483,813) thousand; offsetting of payables to the administrative departments of the head office of \$(4,168,963) thousand; and other financial liabilities, etc. not allocated to the reportable segments of \$983,641 thousand.

Reconciliation items for depreciation and amortization of \$30,503 thousand consist of other expenses not allocated to the reportable segments.

Reconciliation items for interest expenses of \$3,062 thousand consist of other expenses not allocated to the reportable segments.

Reconciliation items for income taxes of \$(120,178) thousand consist of intersegment eliminations of \$3,685 thousand; and other expenses not allocated to the reportable segments of \$(123,864) thousand.

Reconciliation items for increase in property, plant and equipment, and intangible assets of \$12,203 thousand consist of other intangible assets, etc. not allocated to the reportable segments.

2. Segment profit (loss) is reconciled with profit attributable to owners of parent in the consolidated financial statements.

3. Increase in property, plant and equipment, and intangible assets does not include the amounts of assets corresponding to asset retirement obligations.



(4) Related information

a. Information by product and service

	Millions of Yen		
	2021		
	Electricity	Other	Consolidated
Sales to external customers	¥ 2,176,384	¥ 553,761	¥ 2,730,146

  

	Millions of Yen		
	2020		
	Electricity	Other	Consolidated
Sales to external customers	¥ 2,674,165	¥ 605,836	¥ 3,280,002

  

	Thousands of U.S. Dollars		
	2021		
	Electricity	Other	Consolidated
Sales to external customers	\$ 19,658,422	\$ 5,001,905	\$ 24,660,337

b. Information by geographical area

i) Net sales

	Millions of Yen		
	2021		
	Japan	Other	Consolidated
Net sales	¥ 2,401,703	¥ 328,442	¥ 2,730,146

  

	Thousands of U.S. Dollars		
	2021		
	Japan	Other	Consolidated
Net sales	\$ 21,693,641	\$ 2,966,687	\$ 24,660,337

This information is omitted for the year ended March 31, 2020 because net sales to customers in Japan exceeded 90% of net sales in the consolidated statement of income.

ii) Property, plant and equipment

This information is omitted because the balance in Japan exceeded 90% of the total balance of property, plant and equipment in the consolidated balance sheet.

c. Information by major customer

Customer name	Millions of Yen	Thousands of U.S. Dollars	Related segment name
	2021		
	Net sales		
TEPCO Energy Partner, Inc.	¥ 1,413,921	\$ 12,771,393	Domestic thermal power and gas business
Chubu Electric Power Miraiz Co., Inc.	743,913	6,719,474	Domestic thermal power and gas business

Customer name	Millions of Yen		Related segment name
	2020		
	Net sales		
TEPCO Energy Partner, Inc.	¥ 1,802,977		Domestic thermal power and gas business
Chubu Electric Power Co., Inc.	954,801		Domestic thermal power and gas business

(5) Information about loss on impairment of non-current assets by reportable segment

					Millions of Yen			
					2021			
		Overseas power generation business		Domestic thermal power and gas business		Consolidated		
Fuel business								
Loss on impairment of non-current assets	¥	10,684	¥	-	¥	5,692	¥	16,376

					Thousands of U.S. Dollars			
					2021			
		Overseas power generation business		Domestic thermal power and gas business		Consolidated		
Fuel business								
Loss on impairment of non-current assets	\$	96,504	\$	-	\$	51,413	\$	147,917

This information is omitted for the year ended March 31, 2020 due to immateriality.

(6) Information about amortization of goodwill and year-end balance of goodwill by reportable segment

This information is omitted due to immateriality.

(7) Information about gain on negative goodwill

No gain on negative goodwill was recognized for the years ended March 31, 2021 and 2020.

## 26. RELATED PARTY TRANSACTIONS

(1) Transactions of the Company with related parties for the years ended March 31, 2021 and 2020 were as follows:

2021										
Type	Company name/name	Location	Capital	Business/ occupation	Percentage of voting rights (held)	Relationship	Transaction	Transaction amount	Account	Year-end balance
Other affiliates	Chubu Electric Power Co., Inc.	Higashi-ku Nagoya-shi Aichi	¥430,777 million (\$3,891,039 thousand)	Electricity business	Directly held 50%	Guarantee Interlocking directors, etc.	Guarantee (Note 2)	¥40,255 million (\$363,607 thousand)	-	-
Other affiliates	Tokyo Electric Company Holdings, Inc.	Chiyoda-ku, Tokyo	¥1,400,975 million (\$12,654,457 thousand)	Electricity business	Indirectly held 50%	Guarantee Interlocking directors, etc.	Guarantee (Note 2)	¥1,153 million (\$10,414 thousand)	-	-
Subsidiaries of other affiliates	Chubu Electric Power Miraiz Co., Inc.	Higashi-ku, Nagoya-shi, Aichi	¥4,000 million (\$36,130 thousand)	Electricity business	-	Sales of electricity and gas	Sales of electricity and gas (Note 1)	¥743,599 million (\$6,716,638 thousand)	Accounts receivable —trade	¥63,016 million (\$569,198 thousand)
Subsidiaries of other affiliates	TEPCO Energy Partner, Inc.	Chiyoda-ku, Tokyo	¥10,000 million (\$90,326 thousand)	Electricity business	-	Sales of electricity and gas	Sales of electricity and gas (Note 1)	¥1,413,782 million (\$12,770,138 thousand)	Accounts receivable —trade	¥133,243 million (\$1,203,531 thousand)
2020										
Type	Company name/name	Location	Capital	Business/ occupation	Percentage of voting rights (held)	Relationship	Transaction	Transaction amount	Account	Year-end balance
Other affiliates	Chubu Electric Power Co., Inc.	Higashi-ku Nagoya-shi Aichi	¥430,777 million	Electricity business	Directly held 50%	Sales of electricity and gas Guarantee Interlocking directors, etc.	Sales of electricity and gas (Note 1) Guarantee (Note 2)	¥954,583 million ¥46,028 million	Accounts receivable —trade Short-term receivables from subsidiaries and affiliates	¥77,168 million ¥8,606 million
Other affiliates	Tokyo Electric Company Holdings, Inc.	Chiyoda-ku, Tokyo	¥1,400,975 million	Electricity business	Indirectly held 50%	Guarantee Interlocking directors, etc.	Guarantee (Note 2)	¥2,309 million	-	-
Subsidiaries of other affiliates	TEPCO Energy Partner, Inc.	Chiyoda-ku, Tokyo	¥10,000 million	Electricity business	-	Sales of electricity and gas	Sales of electricity and gas (Note 1)	¥1,802,721 million	Accounts receivable —trade	¥156,332 million

Transaction conditions and policy for determining related party transaction conditions are as follows:

Notes: 1. Prices and other transaction terms are determined through price negotiations in consideration of prevailing market conditions.

2. These transactions are presented in Note 12.

(2) Transactions between the Company's consolidated subsidiaries and related parties for the years ended March 31, 2021 and 2020 were as follows:

2021										
Type	Company name/name	Location	Capital	Business/occupation	Percentage of voting rights (held)	Relationship	Transaction	Transaction amount	Account	Year-end balance
Companies represented by a director of a significant subsidiary	EDF Trading Limited	London, United Kingdom	EUR81,000 thousand	Energy trading business	-	Sales and purchase of gas, etc.	Sales of gas, etc. (Note)	¥275,464 million (\$2,488,158 thousand)	Accounts receivable—trade	¥61,860 million (\$558,757 thousand)
						Interlocking directors	Purchase of gas, etc. (Note)	¥249,485 million (\$2,253,500 thousand)	Accounts payable—trade	¥46,840 million (\$423,087 thousand)
2020										
Type	Company name/name	Location	Capital	Business/occupation	Percentage of voting rights (held)	Relationship	Transaction	Transaction amount	Account	Year-end balance
Affiliates	Formosa 2 International Investment Co., Ltd.	Taipei, Taiwan	¥35,180 million	Power generation business	Indirect ownership 49%	Investments in overseas power generation	Investments	¥42,314 million	-	-

Transaction conditions and policy for determining related party transaction conditions are as follows:

Note: Prices and other transaction terms are determined through price negotiations in consideration of prevailing market conditions.

## 27. SUBSEQUENT EVENTS

There were no subsequent events to be reported.

# Independent Auditor's Report

## **Independent Auditor's Report**

The Board of Directors  
JERA Co., Inc.

### **Opinion**

We have audited the accompanying consolidated financial statements of JERA Co., Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

### **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.

### **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.

Expected Loss on Sales of LNG

Description of Key Audit Matter	Auditor's Response
<p>As described in the notes to the consolidated financial statements, "Significant Accounting Estimates," the Company purchases most liquefied natural gas ("LNG") through long-term contracts. There is a possibility of a surplus LNG due to declining demand of power and operating status of power plants. The Company endeavors to reduce the risk through fuel optimization by JERA Global Markets Pte. Ltd. and other measures; however, if it is difficult to accept the surplus LNG at thermal power plants, the Company has to sell it.</p> <p>Losses expected to be incurred in connection with sales of LNG should be recognized if they are probable and the amount can be reasonably estimated. The Company recorded expected loss on sales of LNG of ¥17,995 million (\$162,541 thousand) in other under current liabilities as of March 31, 2021.</p> <p>The loss estimate is calculated using the volume of surplus LNG and futures prices at the time of sales agreed by contracts. Furthermore, key assumptions used in the estimate are future power demand and fuel consumption in the thermal power plants.</p> <p>As the estimate of expected loss on sales of LNG requires management to apply judgement and the assumptions involve uncertainties, we determined it to be a key audit matter.</p>	<p>We primarily performed the following audit procedures to address the key audit matter.</p> <ul style="list-style-type: none"> <li>• To evaluate estimated volume of surplus LNG, we performed the following audit procedures. <ol style="list-style-type: none"> <li>1. We inquired of the responsible department how to estimate the future power demand specified in the business plan. In addition, we compared the estimated future power demand in the business plan with power generation plan, actual power demand and future power demand publicly announced by external institutes.</li> <li>2. We compared the power generation plan with the assignment of vessels for fuel procurement and the fuel consumption plan. In addition, we estimated the amount of fuel consumption and compared it with the fuel consumption plan.</li> <li>3. We compared the sales volume of surplus LNG with the agreements.</li> </ol> </li> <li>• To evaluate the estimation process for volume of surplus LNG, we compared past estimated volume with actual volume and inquired of the responsible department.</li> </ul>

Loss on Impairment of Non-Current Assets of Affiliates Holding Fuel Interests	
Description of Key Audit Matter	Auditor's Response
<p>As described in the notes to the consolidated financial statements "Significant Accounting Estimates," the Group recognized loss on impairment of non-current assets of ¥8,158 million (\$73,688 thousand) and share of loss of entities accounted for using equity method of ¥6,251 million (\$56,462 thousand) for the year ended March 31, 2021 regarding mining interests for gas fields under LNG projects which are held through the Company's affiliates and liquefaction facilities, etc.</p> <p>In case where there is an impairment indicator, the Company and affiliated companies need to estimate the recoverable value of related assets. As a result, in case where the book value exceeds the recoverable value, the difference between the two is recognized as loss on impairment of non-current assets or share of loss of entities accounted for using equity method. The Company measures the recoverable value of the assets at value in use calculated using future cash flows based on the business plan. The key assumptions used for estimating future cash flows are future prices of LNG, production plans based on reserves of the gas field and discount rates.</p> <p>As the estimate of loss on impairment of non-current assets of affiliates holding fuel interests requires management to apply judgement and the assumptions involve uncertainties, we determined it to be a key audit matter.</p>	<p>With the involvement of the component auditor of the affiliates holding the fuel interests, we primarily performed the following audit procedures to address the key audit matter.</p> <ul style="list-style-type: none"> <li>• To evaluate future cash flows, we compared the LNG price and production plan, which were the basis of the estimate, with the business plan approved by management.</li> <li>• To evaluate the assumed LNG price, we discussed the resource price outlook, including impacts of the COVID-19 pandemic, with management. In addition, we compared past estimates of LNG prices with actual prices or the latest forecasts from external organizations.</li> <li>• To evaluate development process of the production plan, we compared past production plans with production results.</li> <li>• To evaluate assumed reserves of the natural gas field, which are the basis of the production plan, we compared assumed reserves of the natural gas field by the Company with those by the external operator.</li> <li>• To evaluate uncertainties regarding fluctuations of future LNG prices and reserves of the natural gas field, we conducted a sensitivity analysis.</li> <li>• To evaluate the discount rate, we compared input data used in the estimate with external data.</li> </ul>

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

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

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

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

June 29, 2021

湯川 喜雄

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Yoshio Yukawa  
Designated Engagement Partner  
Certified Public Accountant

清水 幹雄

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Mikio Shimizu  
Designated Engagement Partner  
Certified Public Accountant