JERA Co., Inc. and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2024, and
Independent Auditor's Report

1 Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

		Millions of Yen		Thousands of U.S. Dollars
	Notes	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Assets				
Current assets				
Cash and cash equivalents	8, 21, 34	1,405,387	1,360,906	9,286,902
Trade and other receivables	9, 21, 34	662,121	978,023	4,375,345
Inventories	10, 21, 35	306,515	447,760	2,025,474
Derivative assets	34, 35	665,707	1,566,179	4,399,041
Other financial assets	11, 21, 34	72,414	128,883	478,517
Other current assets	12, 21	110,857	78,761	732,551
Total current assets		3,223,005	4,560,516	21,297,858
Non-current assets				
Property, plant and equipment	13, 21	2,805,405	2,387,868	18,538,326
Right-of-use assets	15, 21	444,670	323,074	2,938,412
Goodwill and intangible assets	7, 14, 21	240,824	59,500	1,591,383
Investments accounted for using the equity method	6, 18, 21	1,235,268	1,112,770	8,162,743
Derivative assets	34, 35	260,578	434,487	1,721,918
Other financial assets	11, 21, 34, 35	177,396	126,657	1,172,246
Deferred tax assets	19	93,381	146,811	617,068
Other non-current assets	12, 21, 24	27,604	20,671	182,409
Total non-current assets		5,285,129	4,611,841	34,924,529
Total assets	6	8,508,134	9,172,358	56,222,388

	Notes	Millions of Yen		Thousands of U.S. Dollars
		As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	20, 34	660,759	670,069	4,366,345
Bonds and borrowings	21, 33, 34	455,828	1,007,131	3,012,145
Lease liabilities	15, 33, 34	91,247	55,242	602,967
Derivative liabilities	34, 35	631,764	1,464,274	4,174,743
Other financial liabilities	22, 34	89,924	160,845	594,224
Other current liabilities	12, 23	233,021	140,041	1,539,820
Total current liabilities		2,162,545	3,497,604	14,290,259
Non-current liabilities				
Bonds and borrowings	21, 33, 34, 35	2,647,826	2,503,690	17,497,032
Lease liabilities	15, 33, 34	366,427	286,338	2,421,377
Derivative liabilities	34, 35	196,039	463,552	1,295,440
Other financial liabilities	22, 34, 35	245,142	219,595	1,619,916
Deferred tax liabilities	19	71,361	22,360	471,558
Other non-current liabilities	12, 23, 24	160,173	139,511	1,058,435
Total non-current liabilities		3,686,970	3,635,048	24,363,774
Total liabilities	6	5,849,515	7,132,652	38,654,034
Equity				
Share capital	25	100,000	100,000	660,807
Capital surplus	25	1,195,253	1,179,533	7,898,321
Other equity instruments	25	199,392	199,392	1,317,597
Retained earnings	25, 26	719,558	319,777	4,754,893
Other components of equity	25	418,434	224,170	2,765,043
Total equity attributable to owners of parent		2,632,639	2,022,874	17,396,676
Non-controlling interests		25,978	16,831	171,664
Total equity		2,658,618	2,039,705	17,568,347
Total liabilities and equity		8,508,134	9,172,358	56,222,388

(2) Consolidated Statement of Profit or Loss

		Millions of Yen		Thousands of U.S. Dollars
	Notes	2024	2023	2024
Revenue	6, 27	3,710,727	4,737,870	24,520,762
Cost of sales	10, 13, 14, 29	(3,028,163)	(4,489,777)	(20,010,328)
Gross profit		682,563	248,092	4,510,427
Selling, general and administrative expenses	13, 14, 28, 29	(194,129)	(111,133)	(1,282,819)
Other income	16, 30	13,417	26,774	88,660
Other expenses	16, 30	(14,280)	(33,631)	(94,363)
Share of profit (loss) of investments accounted for using the equity method	6, 18	75,841	8,199	501,163
Operating profit		563,412	138,301	3,723,068
Finance income	6, 31, 34	78,668	27,139	519,844
Finance costs	6, 31, 34	(64,631)	(63,177)	(427,086)
Profit before tax		577,450	102,264	3,815,832
Income tax (expense) benefit	6, 19	(116,148)	63,301	(767,514)
Profit		461,302	165,565	3,048,318
Profit attributable to				
Owners of parent	6	399,628	17,847	2,640,771
Non-controlling interests	17	61,673	147,717	407,539
Profit		461,302	165,565	3,048,318

(3) Consolidated Statement of Comprehensive Income

	Notes	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Profit		461,302	165,565	3,048,318
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in fair value of financial assets measured through other comprehensive income	32, 34	14,327	(9,119)	94,673
Remeasurements of defined benefit plans	24, 32	4,703	3,135	31,077
Share of other comprehensive income of investments accounted for using the equity method	18, 32	(228)	58	(1,506)
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	32	173,915	131,026	1,149,243
Effective portion of change in fair value of cash flow hedges	32, 34	127,917	69,250	845,285
Share of other comprehensive income of investments accounted for using the equity method	18, 32	(4,959)	36,828	(32,769)
Other comprehensive income, net of tax		315,674	231,180	2,085,997
Comprehensive income		776,976	396,745	5,134,315
Comprehensive income attributable to				
Owners of parent		690,695	243,155	4,564,164
Non-controlling interests		86,281	153,590	570,151
Comprehensive income		776,976	396,745	5,134,315

(4) Consolidated Statement of Changes in Equity

For the year ended March 31, 2024

Millions of Yen

		Equity attributable to owners of parent						
						Other components of equity		
	Notes	Share capital	Capital surplus	Other equity instruments	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges	Net change in fair value of financial assets measured through other comprehensive income
Balance as of March 31, 2023		100,000	1,179,533	199,392	319,777	199,427	26,301	(1,558)
Comprehensive income								
Profit					399,628			
Other comprehensive income						147,585	124,679	14,315
Total comprehensive income					399,628	147,585	124,679	14,315
Transactions with owners								
Dividends	26							
Distributions to owners of other equity instruments	25				(4,333)			
Obtaining of control of subsidiaries								
Changes in ownership interest in subsidiaries not resulting in loss of control			2,021			(120)	(157)	
Capital increase of consolidated subsidiaries								
Transfer from other components of equity to retained earnings					4,486			
Transfer of non-financial assets to acquisition cost							(92,038)	
Change due to written put options over non-controlling interests	35		13,698					
Total transactions with owners		–	15,719	–	152	(120)	(92,195)	–
Balance as of March 31, 2024		100,000	1,195,253	199,392	719,558	346,893	58,785	12,756

Millions of Yen

	Notes	Equity attributable to owners of parent: Other components of equity: Remeasurements of defined benefit retirement plans	Other components of equity: Total	Total	Non-controlling interests	Total equity
Balance as of March 31, 2023		–	224,170	2,022,874	16,831	2,039,705
Comprehensive income						
Profit				399,628	61,673	461,302
Other comprehensive income		4,486	291,067	291,067	24,607	315,674
Total comprehensive income		4,486	291,067	690,695	86,281	776,976
Transactions with owners						
Dividends	26			–	(63,582)	(63,582)
Distributions to owners of other equity instruments	25			(4,333)		(4,333)
Obtaining of control of subsidiaries				–	8,797	8,797
Changes in ownership interest in subsidiaries not resulting in loss of control			(277)	1,744	3,749	5,494
Capital increase of consolidated subsidiaries				–	2,395	2,395
Transfer from other components of equity to retained earnings		(4,486)	(4,486)	–		–
Transfer of non-financial assets to acquisition cost			(92,038)	(92,038)		(92,038)
Change due to written put options over non-controlling interests	35			13,698	(28,493)	(14,795)
Total transactions with owners		(4,486)	(96,802)	(80,929)	(77,134)	(158,063)
Balance as of March 31, 2024		–	418,434	2,632,639	25,978	2,658,618

For the year ended March 31, 2023

Millions of Yen

	Notes	Equity attributable to owners of parent						
						Other components of equity		
		Share capital	Capital surplus	Other equity instruments	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges	Net change in fair value of financial assets measured through other comprehensive income
Balance as of March 31, 2022		5,000	1,255,435	–	342,963	77,035	35,956	8,468
Comprehensive income								
Profit					17,847			
Other comprehensive income						122,392	108,840	(9,183)
Total comprehensive income					17,847	122,392	108,840	(9,183)
Transactions with owners								
Transfer from capital surplus to share capital		95,000	(95,000)					
Dividends	26		(37,964)		(45,135)			
Issuance of other equity instruments	25			199,392				
Capital increase of consolidated subsidiaries								
Transfer from other components of equity to retained earnings					4,101			
Other components of equity related to disposal groups classified as held for sale								(843)
Transfer of non-financial assets to acquisition cost							(118,496)	
Change due to written put options over non-controlling interests	35		57,087					
Other changes			(25)					
Total transactions with owners		95,000	(75,902)	199,392	(41,033)	–	(118,496)	(843)
Balance as of March 31, 2023		100,000	1,179,533	199,392	319,777	199,427	26,301	(1,558)

Millions of Yen

	Notes	Equity attributable to owners of parent				Non-controlling interests	Total equity
		Other components of equity		Amount recognized in other comprehensive income and accumulated in equity relating to assets held for sale	Total		
		Remeasurements of defined benefit retirement plans	Total				
Balance as of March 31, 2022		–	121,460	–	1,724,859	6,804	1,731,664
Comprehensive income							
Profit					17,847	147,717	165,565
Other comprehensive income		3,258	225,307		225,307	5,872	231,180
Total comprehensive income		3,258	225,307		243,155	153,590	396,745
Transactions with owners							
Transfer from capital surplus to share capital							–
Dividends	26				(83,100)	(41,186)	(124,286)
Issuance of other equity instruments	25				199,392		199,392
Capital increase of consolidated subsidiaries						897	897
Transfer from other components of equity to retained earnings		(3,258)	(3,258)	(843)			–
Other components of equity related to disposal groups classified as held for sale			(843)	843			–
Transfer of non-financial assets to acquisition cost			(118,496)		(118,496)		(118,496)
Change due to written put options over non-controlling interests	35				57,087	(103,274)	(46,186)
Other changes					(25)		(25)
Total transactions with owners		(3,258)	(122,598)	–	54,858	(143,563)	(88,704)
Balance as of March 31, 2023		–	224,170	–	2,022,874	16,831	2,039,705

For the year ended March 31, 2024

Thousands of U.S. Dollars

	Notes	Equity attributable to owners of parent						
						Other components of equity		
		Share capital	Capital surplus	Other equity instruments	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges	Net change in fair value of financial assets measured through other comprehensive income
Balance as of March 31, 2023		660,807	7,794,442	1,317,597	2,113,110	1,317,828	173,798	(10,295)
Comprehensive income								
Profit					2,640,771			
Other comprehensive income						975,252	823,888	94,594
Total comprehensive income					2,640,771	975,252	823,888	94,594
Transactions with owners								
Dividends	26							
Distributions to owners of other equity instruments	25				(28,632)			
Obtaining of control of subsidiaries								
Changes in ownership interest in subsidiaries not resulting in loss of control			13,354			(792)	(1,037)	
Capital increase of consolidated subsidiaries								
Transfer from other components of equity to retained earnings					29,643			
Transfer of non-financial assets to acquisition cost							(608,194)	
Change due to written put options over non-controlling interests	35		90,517					
Total transactions with owners		–	103,872	–	1,004	(792)	(609,231)	–
Balance as of March 31, 2024		660,807	7,898,321	1,317,597	4,754,893	2,292,294	388,455	84,292

Thousands of U.S. Dollars

	Notes	Equity attributable to owners of parent: Other components of equity: Remeasurements of defined benefit retirement plans	Equity attributable to owners of parent: Other components of equity: Total	Equity attributable to owners of parent: Total	Non-controlling interests	Total equity
Balance as of March 31, 2023		–	1,481,332	13,367,303	111,220	13,478,523
Comprehensive income						
Profit				2,640,771	407,539	3,048,318
Other comprehensive income		29,643	1,923,392	1,923,392	162,604	2,085,997
Total comprehensive income		29,643	1,923,392	4,564,164	570,151	5,134,315
Transactions with owners						
Dividends	26			–	(420,154)	(420,154)
Distributions to owners of other equity instruments	25			(28,632)		(28,632)
Obtaining of control of subsidiaries				–	58,131	58,131
Changes in ownership interest in subsidiaries not resulting in loss of control			(1,830)	11,524	24,773	36,304
Capital increase of consolidated subsidiaries				–	15,826	15,826
Transfer from other components of equity to retained earnings		(29,643)	(29,643)	–		–
Transfer of non-financial assets to acquisition cost			(608,194)	(608,194)		(608,194)
Change due to written put options over non-controlling interests	35			90,517	(188,283)	(97,766)
Total transactions with owners		(29,643)	(639,674)	(534,784)	(509,707)	(1,044,492)
Balance as of March 31, 2024		–	2,765,043	17,396,676	171,664	17,568,347

(5) Consolidated Statement of Cash Flows

	Notes	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Cash flows from operating activities				
Profit before tax		577,450	102,264	3,815,832
Depreciation and amortization		289,700	214,786	1,914,359
Finance income and finance costs		(19,330)	13,271	(127,734)
Share of loss (profit) of investments accounted for using the equity method		(75,841)	(8,199)	(501,163)
Decrease (increase) in trade and other receivables		391,860	(151,773)	2,589,440
Decrease (increase) in inventories		137,673	(84,285)	909,753
Increase (decrease) in trade and other payables		(48,805)	(124,875)	(322,507)
Net changes in derivative assets and derivative liabilities		65,265	46,212	431,276
Decrease (increase) in other financial assets		87,277	257,363	576,732
Increase (decrease) in other financial liabilities		(82,190)	54,726	(543,117)
Other		(2,901)	123,327	(19,170)
Subtotal		1,320,157	442,818	8,723,696
Dividends received		38,742	39,172	256,010
Interest received		53,753	14,965	355,203
Interest paid		(47,665)	(29,153)	(314,973)
Income taxes refund (paid)		(40,098)	(17,092)	(264,970)
Net cash provided by (used in) operating activities		1,324,889	450,710	8,754,965
Cash flows from investing activities				
Purchase of property, plant and equipment	33	(242,321)	(303,428)	(1,601,275)
Proceeds from sale of property, plant and equipment		5,832	135	38,538
Purchase of intangible assets		(7,599)	(32,366)	(50,214)
Purchase of investment securities		(59,647)	(27,081)	(394,151)
Proceeds from sale of investment securities		19,707	5,969	130,225
Purchase of shares of subsidiaries resulting in change in scope of consolidation	7	(239,280)	(17,256)	(1,581,180)
Other		(5,163)	4,575	(34,117)
Net cash provided by (used in) investing activities		(528,473)	(369,452)	(3,492,189)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	33	(186,077)	102,097	(1,229,610)
Net increase (decrease) in commercial paper	33	(99,000)	(198,000)	(654,199)
Proceeds from long-term borrowings	33	204,337	1,025,776	1,350,274
Repayments of long-term borrowings	33	(800,462)	(434,602)	(5,289,512)
Proceeds from issuance of bonds	33	149,610	285,469	988,634
Repayments of lease liabilities	33	(80,590)	(60,226)	(532,544)
Dividends paid	26	–	(84,246)	–
Dividends paid to non-controlling interests		(63,582)	(40,042)	(420,154)
Proceeds from issuance of other equity instruments		–	199,157	–
Distributions paid to owners of other equity instruments		(6,010)	–	(39,714)
Other		8,516	853	56,274
Net cash provided by (used in) financing activities		(873,260)	796,236	(5,770,567)
Effect of exchange rate changes on cash and cash equivalents		121,325	26,981	801,724
Net increase (decrease) in cash and cash equivalents		44,480	904,475	293,927
Cash and cash equivalents at beginning of period	8	1,360,906	456,430	8,992,969
Cash and cash equivalents at end of period	8	1,405,387	1,360,906	9,286,902

Notes to Consolidated Financial Statements

1. REPORTING ENTITY

JERA Co., Inc. (the "Company") is a company incorporated in Japan. The addresses of its registered head office and principal offices are given on the Company's website at https://www.jera.co.jp/en/. The Company's consolidated financial statements have been prepared for the year ended March 31, 2024 and comprises the financial statements of the Company and its subsidiaries (collectively, the "Group") as well as its interests in associates, joint operations, and joint ventures.

The Group's businesses are the domestic thermal power generation and gas business, fuel business, and overseas power generation and renewable energy business. Details of those businesses are provided in Note 6 "SEGMENT INFORMATION."

2. BASIS OF PREPARATION

(1) Compliance with IFRS

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), pursuant to the provisions set forth in Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Ministry of Finance Order No. 28 of 1976), as the Group satisfies the requirements of a "specified company complying with designated international accounting standards" prescribed in Article 1-2 of the Regulation.

The Company's Japanese language Consolidated Financial Statements for the year ended March 31, 2024 were approved by Hisahide Okuda, President, Director, CEO, and COO on June 26, 2024. These English language consolidated financial statements were approved by him subsequently on August 13, 2024. There are no material differences between these consolidated financial statements and the Japanese language consolidated financial statements.

(2) Basis of measurement

As described in Note 3 "MATERIAL ACCOUNTING POLICIES", the Group's consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments and other items that are measured at fair value.

(3) Functional currency and presentation currency

The Group's consolidated financial statements are presented in Japanese yen, the Company's functional currency. 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 U.S. dollars are rounded down to the nearest thousand U.S. 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, 2024, which was ¥151.33 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.

(4) Changes in accounting policies

The Group has applied the following standard from the year ended March 31, 2024.

IFRS		Overview of new or revised standard
IAS 12	*Income Taxes*	Revisions to require disclosure of an entity's exposure to corporate income taxes arising from tax systems enacted or substantively enacted to implement the Pillar Two Model Rules issued by the Organisation for Economic Co-operation and Development (OECD)

The effects of the above revision are described in "19. Income Taxes."

3. MATERIAL ACCOUNTING POLICIES

(1) Basis of consolidation

A. Subsidiaries

A subsidiary refers to an entity controlled by the Group. The Group determines that it controls an entity when the Group has variable exposures, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

However, if the Group determines that it substantially controls the decision-making body of an entity even if the Group does not hold a majority of the voting rights of the entity, it is deemed to be a consolidated subsidiary.

In addition, even if the Group holds a majority of the voting rights of an entity, and shareholders holding the remaining voting rights of the entity have majority rights to participate in decision-making over the ordinary course of business of the entity, the Group applies the equity method to the entity because the Group does not have control over the entity. Financial statements of a subsidiary are included in the consolidated financial statements from the date on which the Group obtains control of the subsidiary until the date on which it loses control of the subsidiary.

If any accounting policies applied by a subsidiary differ from those applied by the Group, adjustments are made to the subsidiary's financial statements as necessary. The balances of receivables and payables, transactions between Group companies, and unrealized gains or losses arising from transactions between Group companies are eliminated in the preparation of the consolidated financial statements.

Comprehensive income of a subsidiary is attributed to owners of the parent and non-controlling interests, even if this results in a negative balance in non-controlling interests.

Changes in the parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. Any difference between the adjustment to non-controlling interests and the fair value of consideration is directly recognized in equity as interests attributable to owners of the parent.

If the Group loses control of a subsidiary, it recognizes gains or losses resulting from the loss of control in profit or loss.

B. Associates and joint control arrangements

An associate refers to an entity over which the Group has significant influence in terms of the finance and business policies but does not have control or joint control. If the Group holds 20% or more but no more than 50% of the voting rights of another entity, it is presumed that the Group has significant influence over the entity.

An investment in an associate is accounted for using the equity method from the date on which the Group gains significant influence over the associate until the date on which it loses significant influence over the associate. The investment in the associate includes goodwill recognized when the associate was acquired and is less any accumulated impairment losses.

If any accounting policies adopted by an associate differ from those adopted by the Group, adjustments are made to the associate's financial statements as necessary.

Joint control refers to the contractually agreed sharing of control of an arrangement, which exists only if decisions about the activities that significantly affect the returns of the arrangement require unanimous consent of the parties sharing control.

The Group concludes a joint control arrangement with a third party when jointly operating business with a third party or when jointly having an entity with a third party based on a joint venture agreement.

A joint control arrangement is classified as either a joint operation or a joint venture. A joint operation refers to an arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture refers to an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

If a joint control arrangement is a joint operation, the Group recognizes the assets and liabilities relating to the arrangement and its share of the revenue and expenses relating to the arrangement. On the other hand, if a joint control arrangement is a joint venture, the Group incorporates in the consolidated financial statements the net assets relating to the arrangement using the equity method.

C. Reporting date

The consolidated financial statements include the financial statements of subsidiaries, associates and joint ventures whose reporting dates are different from that of the Company. For such subsidiaries, associates and joint ventures, that are unable to adopt the same reporting date as that of the Company because the local legal system or contractual terms among shareholders requires the year end to be different from that of the Company.

In such a case, adjustments have been made to the consolidated financial statements for the effects of significant transactions that occurred between the date of the consolidated financial statements and the end of the reporting period of those consolidated subsidiaries, associates, and joint ventures.

(2) Business combinations

Business combinations are accounted for using the acquisition method. The consideration of acquisition is measured as the aggregate of the consideration transferred measured at its acquisition-date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures non-controlling interests in the acquiree at either fair value or the non-controlling interests' proportionate share in the fair value of the acquiree's identifiable net assets. The Group also accounts for acquisition-related costs incurred as expenses when they are incurred.

(3) Foreign currency translation

A. Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group company using the exchange rates at the dates of the transactions or approximations of such rates. Foreign currency monetary items at the end of a reporting period are translated into the functional currencies using the exchange rates at the end of the reporting period. Foreign currency non-monetary items measured at fair value are translated into the functional currencies using the exchange rates at the measurement date of the fair value. Exchange differences arising from the translation are recognized in profit or loss. However, if gains or losses on non-monetary items are recognized in other comprehensive income, any exchange components of those gains or losses are recognized in other comprehensive income.

B. Translation of foreign operations

Assets and liabilities of foreign operations are translated using the exchange rates at the end of a reporting period. Revenue and expenses of foreign operations are translated using the average exchange rates during the period unless the exchange rates fluctuate significantly. Translation differences are recognized in other comprehensive income, and the cumulative amount thereof is included in other components of equity.

When disposing of a foreign operation, the cumulative amount of the translation differences on foreign operations is recognized in profit or loss upon the disposal.

(4) Financial Instruments

A. Non-derivative financial assets

(i) Initial recognition and measurement

The Group classifies financial assets as those measured at fair value through profit or loss, those measured at fair value through other comprehensive income, or those measured at amortized cost. This classification is made at initial recognition.

The Group initially recognizes financial assets at the date on which it becomes a party to the contract of the financial instrument.

All financial assets are measured at fair value plus transaction costs, unless the assets are classified as those measured at fair value through profit or loss.

However, trade receivables that do not contain a significant financing component are measured at their transaction price.

The Group classifies financial assets as those measured at amortized cost if both of the following conditions are met:

- the financial assets are held based on a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as those measured at fair value.

Among financial assets measured at fair value, the Group classifies equity instruments as those measured at fair value through other comprehensive income, which the Group makes an irrevocable election on an instrument-by-instrument basis at initial recognition to present subsequent changes in fair value in other comprehensive income.

Financial assets are classified as those measured at fair value through profit or loss, other than those measured at amortized cost and equity instruments measured at fair value through other comprehensive income.

(ii) Subsequent measurement

After initial recognition, financial assets are measured as follows in accordance with their classification.

(a) Financial assets measured at amortized cost

Financial assets are measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value

Changes in the fair value of financial assets measured at fair value are recognized in profit or loss. However, changes in the fair value of equity instruments designated as those measured at fair value through other comprehensive income are recognized in other comprehensive income. Dividends from those instruments are recognized in profit or loss for the period as part of finance income. The cumulative amount of changes recognized in other comprehensive income is transferred to retained earnings, not to profit or loss, if the instruments are derecognized.

(iii) Derecognition

The Group derecognizes financial assets if the contractual rights to the cash flows from the financial assets expire, or the Group transfers substantially all the risks and rewards of ownership of the financial assets. If the Group has retained control of the financial assets transferred, it recognizes the assets and related liabilities to the extent of its continuing involvement in the financial assets.

B. Impairment of financial assets

The Group recognizes an allowance for doubtful accounts for expected credit losses on financial assets measured at amortized cost and lease receivables.

The Group assesses, at the end of each reporting period, whether credit risk on each financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group recognizes 12-month expected credit losses as an allowance for doubtful accounts. If the credit risk has increased significantly since initial recognition, the Group recognizes an amount equal to lifetime expected credit losses as an allowance for doubtful accounts.

If contractual payments are more than 30 days past due, the credit risk is deemed in principle to have increased significantly. In assessing whether the credit risk has increased significantly, the Group considers reasonably available and supportable information in addition to past due information.

If the financial asset is determined to have low credit risk at the end of the reporting period, the Group assesses that credit risk on the financial asset has not increased significantly since initial recognition. However, the Group always recognizes an allowance for doubtful accounts at an amount equal to lifetime expected credit losses on trade receivables that do not contain a significant financing component, regardless of whether the credit risk has or has not increased significantly since initial recognition.

The Group measures expected credit losses as the present value of the difference between all the contractual cash flows that are due to an entity under the contract and all the cash flows that the entity expects to receive.

The Group measures expected credit losses of financial assets in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

If the expected credit losses are affected by significant economic fluctuations, the Group makes necessary adjustments to the expected credit losses measured in the above way.

The Group directly reduces the gross carrying amount of a financial asset if it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Group recognizes a provision for doubtful accounts on financial assets in profit or loss. The Group recognizes a reversal of allowance for doubtful accounts in profit or loss if an event that causes the Group to reduce the allowance for doubtful accounts arises.

C. Non-derivative financial liabilities

(i) Initial recognition and measurement

The Group classifies financial liabilities as those measured at fair value through profit or loss or those measured at amortized cost. This classification is made at initial recognition.

The Group initially recognizes all financial liabilities at the date on which it becomes a party to the contract of the financial instrument.

The Group initially measures all financial liabilities at fair value, but it measures financial liabilities measured at amortized cost at fair value less directly attributable transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured as follows in accordance with their classification.

(a) Financial liabilities measured at amortized cost

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Amortization using the effective interest method and gains or losses on derecognition are recognized in profit or loss for the period as part of finance income or costs.

(b) Financial liabilities measured at fair value

After initial recognition, changes in the fair value of financial liabilities held for sale and those designated as measured at fair value at initial recognition are recognized in profit or loss.

Interest on those financial liabilities is recognized in profit or loss for the period as a part of finance costs.

(iii) Derecognition

The Group derecognizes financial liabilities when they are extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

D. Derivatives and hedge accounting

The Group uses derivatives, including foreign currency forward contracts, interest rate swap contracts, and commodity derivative contracts, to hedge foreign currency risk, interest rate risk, and the risk of fluctuations in commodity prices of the contracts that the Group has entered into. These derivatives are initially recognized at fair value when the contracts are entered into, and are subsequently remeasured at fair value.

At the inception of a hedge, the Group formally designates and documents the hedging relationship to which it plans to apply hedging accounting and its risk management objective and strategy for undertaking the hedge. The documentation includes the specific hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and the method of assessing the effectiveness of the hedging instrument in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Specifically, the Group determines that the hedge is effective if all of the following requirements are met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from the economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group assesses on an ongoing basis whether the hedging relationship is effective prospectively. As one of the sources of hedge ineffectiveness, the value changes of the hedging instrument may exceed or fall below the value changes of the hedged item.

The Group has appropriately established the hedge ratio in light of an economic relationship between the hedged item and the hedging instrument and its risk management strategy.

The Group readjusts the hedge ratio to make the hedging relationship effective again if the hedging relationship is deemed to be no longer effective, but its risk management objective remains unchanged.

If the risk management objective for the hedging relationship has changed, hedge accounting for the hedging relationship is discontinued.

Derivatives are categorized and accounted for as follows:

(i) Cash flow hedges

The effective portion of gains or losses on the hedging instrument is recognized in other comprehensive income in the consolidated statement of comprehensive income, and the ineffective portion of them is immediately recognized in profit or loss in the consolidated statement of profit or loss.

The amount of the gains or losses on the hedging instrument recognized in other comprehensive income is transferred to profit or loss at the time when the hedged transaction affects profit or loss. If the hedged item results in the recognition of non-financial assets or non-financial liabilities, the amount recognized in other comprehensive income is accounted for as an adjustment to the initial carrying amount of the non-financial assets or non-financial liabilities.

If a forecast transaction or a firm commitment is no longer expected to occur, the cumulative gains or losses previously recognized in equity through other comprehensive income are transferred to profit or loss. If the hedged future cash flows are still expected to occur, the amount previously recognized in equity through other comprehensive income remains in equity until the future cash flows occur.

(ii) Hedges of net investments in foreign operations

Exchange differences on translation arising from net investments in foreign operations are accounted for using the same method as for cash flow hedges. The effective portion of gains or losses on the hedging instrument is recognized in other comprehensive income in the consolidated statement of comprehensive income, and the ineffective portion of them is recognized in profit or loss in the consolidated statement of profit or loss. On the disposal of a foreign operation, the cumulative amount of gains or losses previously recognized in equity through other comprehensive income is transferred to profit or loss.

(iii) Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are recognized in profit or loss.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, are recognized as derivatives, and changes in the fair value of them are recognized in profit or loss.

The Group deems long-term purchase agreements for LNG to be outside the scope of application of IFRS 9 *Financial Instruments* if they are entered into and continue to be held for the purpose of the receipt of a non-financial item in accordance with the Group’s expected purchase or usage requirements, and does not assess the fair value of such agreements as executory contracts.

E. Offsetting of financial instruments

The Group offsets financial assets and financial liabilities and presents the net amount in the consolidated statement of financial position if the Group currently has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(5) Put options written on non-controlling interests

The Group recognizes put options of shares of the subsidiaries written on non-controlling interests as financial liabilities at present value of the exercise price and derecognizes the non-controlling interests with the difference between the present value and the non-controlling interests being recognized in capital surplus.

(6) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn on demand, 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.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling expenses. The cost of inventories is measured mainly based on the specific identification method and the weighted average method, and comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Inventories held for trading purposes are measured at fair value less selling expenses, and changes in the fair value are recognized in profit or loss in the period of the changes.

(8) Non-current assets held for sale

The Group classifies non-current assets (or disposal groups) as held for sale if their carrying amount will be recovered principally through sale rather than through continuing use. The requirements for the classification of non-current assets (or disposal groups) as held for sale are their sale is highly probable and available for immediate sale in their present condition and only when the Group's management is committed to a plan to sell the assets (or disposal groups) and their sale is expected to be completed within one year.

The Group measures non-current assets (or disposal groups) classified as held for sale at the lower of their carrying amount and fair value less costs to sell. After classifying non-current assets (or disposal groups) as held for sale, the Group does not depreciate or amortize them.

(9) Property, plant and equipment (excluding right-of-use assets)

The Group measures property, plant and equipment using the cost model after recognition and records them at cost less any accumulated depreciation and any accumulated impairment losses.

The Group depreciates property, plant and equipment other than land and construction in progress principally using the straight-line method. The Group depreciates property, plant and equipment of foreign subsidiaries operating the fuel upstream business principally using the units-of-production method.

The estimated useful lives of major asset items are as follows:

- Buildings and structures: 3 to 41 years
- Machinery and equipment: 2 to 25 years

At the end of each fiscal year, the Group reviews the estimated useful lives, depreciation methods, and residual values of property, plant and equipment.

(10) Goodwill and intangible assets

The Group measures separately-acquired intangible assets at cost upon initial recognition. The Group measures intangible assets acquired in business combinations at fair value at the acquisition date. The Group measures intangible assets using the cost model after recognition and records them at cost less any accumulated amortization and any accumulated impairment losses.

The Group amortizes intangible assets with finite useful lives using the straight-line method over the estimated useful lives.

The estimated useful lives of major asset items are as follows:

- Software: 2 to 5 years
- Mining rights: 35 to 40 years

At the end of each fiscal year, the Group reviews the estimated useful lives and amortization methods of intangible assets.

The Group performs an impairment test for goodwill and intangible assets with indefinite useful lives annually and whenever there is any indication of impairment.

(11) Leases

As lessee

A contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for payments to be made to the owners (lessors) is accounted for as a lease. Contracts are assessed to determine whether a contract is, or contains, a lease at the inception of a contract.

If the contract is, or contains, a lease, a right-of-use asset and a lease liability are recognized at the commencement date of the lease. The lease liability is measured at the present value of total lease payments yet to be paid. The right-of-use asset is measured at cost, adjusted to the amount of the initial measurement of the lease liability for any lease payments made at or before the commencement date, etc., any initial direct costs incurred by the lessee, and the costs to be incurred as the obligation for restoration, etc. required by the terms and conditions of the lease.

After initial recognition, the right-of-use asset is depreciated using the straight-line method over the shorter of its useful life and the lease term.

Lease payments are allocated to finance costs and repayments of lease liabilities based on the effective interest method, with finance costs being recognized in the consolidated statement of profit or loss.

However, for short-term leases with a lease term of 12 months or less and leases for which the underlying asset is of low value, the Group does not recognize the right-of-use asset or lease liability associated with those leases, but recognizes the lease payments as an expense on either a straight-line basis over the lease term or another systematic basis.

As lessor

The Group classifies leases as either operating leases or finance leases. The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset, and as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

In finance lease transactions, at the commencement date, the Group presents assets held under a finance lease in the consolidated statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease.

In operating lease transactions, the Group presents assets subject to an operating lease in the consolidated statement of financial position and recognizes lease payments to be received as revenue on a straight-line basis over the lease term in the consolidated statement of profit or loss.

In classifying subleases in which the Group is an intermediate lessor, the Group classifies them as operating leases if the head lease is a short-term lease, or otherwise classifies them by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

(12) Borrowing costs

For borrowing costs that occur directly attributable to the acquisition, construction, or manufacturing of an asset (qualifying asset) that necessarily takes a substantial period of time to get ready for its intended use or sale, the Group includes such borrowing costs in the cost of the asset until it substantially gets ready for its intended use.

The Group recognizes all other borrowing costs in profit or loss in the period in which they occur.

(13) Impairment of non-financial assets

If there is any indication of impairment of property, plant and equipment, intangible assets, and right-of-use assets at the end of a reporting period, the Group assesses their recoverable amount at the higher of the fair value of a cash-generating unit less costs of disposal and its value in use. If the carrying amount of the asset exceeds its recoverable amount, the Group reduces the carrying amount of the asset to the recoverable amount.

The Group performs an impairment test for goodwill and intangible assets with indefinite useful lives annually and whenever there is any indication of impairment.

The Group assesses at the end of a reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of the asset. If the estimated recoverable amount exceeds the carrying amount of the asset or the cash-generating unit to which the asset belongs, the Group increases the carrying amount to the estimated recoverable amount, but not above the amount that it would have been without the prior impairment loss, and recognizes a reversal of an impairment loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(14) Employee benefits

A. Post-employment benefits

The Group manages defined benefit plans and defined contribution plans as retirement benefit plans for employees.

(i) Defined benefit plans

The Group uses the projected unit credit method to determine the present value of its defined benefit obligations, the related current service cost, and past service cost.

A discount period is set based on a period until an estimated date of benefit payments in each future fiscal year, and a discount rate is determined based on market yields at the end of the reporting period on high quality corporate bonds that match the discount period.

Defined benefit liability or asset is determined at the present value of the defined benefit obligation less the fair value of plan assets.

All remeasurements of defined benefit plans are recognized in other comprehensive income in the period in which they occur, and are immediately transferred from other components of equity to retained earnings.

Past service cost is recognized in profit or loss in the period in which it occurs.

(ii) Defined contribution plans

The cost of defined contribution retirement benefits is recognized as an expense at the time when contributions are made to the defined contribution plans.

B. Short-term employee benefits

The undiscounted amount of short-term employee benefits is recognized as an expense in the period in which related services are rendered.

Bonuses and paid vacation holds legal or constructive obligations to be paid, and are recognized as a liability if reliable estimates of the amount based on such plans can be made.

(15) Provisions

The Group recognizes provisions if: it has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount can be made.

If the effect of the time value of money is material, the Group measures provisions at an amount discounted using a discount rate that reflects the risks specific to the liability.

If the Group has a potential obligation at the end of a reporting period but the potential obligation does not constitute a measurable obligation at the end of the reporting period or does not meet the recognition criteria for provisions, the potential obligation is described in Note 38 “CONTINGENT LIABILITIES” as a contingent liability.

(16) Government grants

The Group recognizes government grants when it meets the conditions incidental to receiving the grant and obtains reasonable assurance that it will receive the grant.

Grants for expenses incurred are recognized as income in the fiscal year in which the expenses are incurred. For grants for acquisition of assets, the amount of the grant is deducted from cost of the assets.

(17) Equity

Share capital and capital surplus

The Group records the proceeds from issuance of equity instruments issued by the Company at the issuance value in share capital and capital surplus, with costs directly attributable to the issuance (net of tax effects) being deducted from capital surplus.

(18) Revenue

The Group recognizes revenue by applying the following five-step approach, except for lease income under IFRS 16 *Leases* and interest, dividend income, and income or costs, etc. from derivatives and other financing transactions under IFRS 9 *Financial Instruments*.

Step 1: Identify the contract
Step 2: Identify separate performance obligations
Step 3: Determine the transaction price
Step 4: Allocate transaction price to performance obligations
Step 5: Recognize revenue when each performance obligation is satisfied

The revenue of the Group is primarily from the supply of electricity in the domestic thermal power generation and gas business and in the overseas power generation and renewable energy business, as well as from the sale of fuel in the fuel business.

The rates and other terms and conditions for electricity supplied to customers are set forth in the contracts with each counterparty, and the Group has a performance obligation to supply electricity to customers in accordance with such contracts. The supply of electricity is continued primarily over the contract period, and revenue is recognized over a certain period of time in accordance with the satisfaction of the performance obligation to supply electricity.

The selling prices and other terms of fuel sold to customers are set forth in contracts with each of the counterparties. As the Company has a performance obligation to sell fuel to the customer in accordance with such a contract, it recognizes revenue primarily when the goods arrive at the destination designated by the customer and are delivered to the customer because control over the goods is considered to have transferred at that time.

For electricity supply and fuel sales, which are the Group’s main performance obligation, receivables arising from transactions are generally collected within one month. In addition, consideration for contracts with main customers reflects changes in market conditions for fuel and other factors, and revenue is recognized when the performance obligation is satisfied based on such consideration.

Of costs incurred to fulfill contracts with customers, any amounts expected to be recovered are recognized as assets, and they are subsequently amortized systematically in line with the transfer of the related goods or services to the customer. The Group recognizes an asset related primarily to contribution for construction of grid interconnection facilities as contract fulfillment costs and amortizes them on a straight-line basis over the period of time during which goods or services that relate directly to the costs are expected to be provided.

(19) Income taxes

Income taxes consist of current tax and deferred tax. These taxes are recognized in profit or loss, except for taxes arising from items directly recognized in other comprehensive income or equity, and taxes arising from business combinations.

Current tax is measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized in relation to temporary differences arising from differences between the carrying amount of assets or liabilities and its tax base, tax loss carryforwards, and tax credits carryforwards, and is measured using the tax rates and tax laws that will be applied in the fiscal year in which the temporary differences are expected to reverse.

The Group has applied the exception provided for in IAS 12 and has not recognized or disclosed any deferred tax assets or liabilities in respect of income taxes arising from the global minimum tax rules.

Deferred tax liabilities are recognized for taxable temporary differences, except the following:

- temporary differences arising from the initial recognition of goodwill;
- temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination, affects, at the time of the transaction, neither accounting profit nor taxable profit, and does not give rise to equal taxable and deductible temporary differences; and
- taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements when the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences, tax loss carryforwards, and tax credits carryforwards to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, etc. can be utilized, unless the deferred tax assets arise from the initial recognition of an asset or liability in a transaction that is not a business combination, affects, at the time of the transaction, neither accounting profit nor taxable profit, and does not give rise, at the time of the transaction, to equal taxable and deductible temporary differences.

Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements only if it is probable that the temporary differences will reverse in the foreseeable future and that taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to offset income taxes receivable and income taxes payable, and either of the following requirements is met:

- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity; or
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on different taxable entities which intend to settle income taxes receivable and income taxes payable on a net basis or to realize the assets and settle the liabilities simultaneously.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the consolidated financial statements in accordance with IFRS, the management makes judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may vary from these estimates.

The estimates and their underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the period in which the estimates are reviewed and in subsequent future periods.

Information about uncertainties of assumptions and estimates that could have significant changes in the following fiscal year is as follows.

Recoverability of deferred tax assets

The Group records deferred tax assets for tax loss carryforwards and deductible temporary differences that it determines are recoverable. The Group determines the recoverability of deferred tax assets based on the estimate of future taxable profit. The estimate of the future taxable profit is made based on the management plan prepared by the management, and includes, as key assumptions, electricity sales volume and fuel price forecasts. Changes in the key assumptions may affect the recoverability of deferred tax assets.

The details and amounts of income taxes are provided in Note 19 “INCOME TAXES.”

Of the judgments made in the process of applying accounting policies at the Group, the following items have a significant impact on amounts to be recorded in the consolidated financial statements.

Accounting for contracts to buy or sell a non-financial item

The Company procures LNG as a fuel to generate power, mostly by entering into long-term agreements. In addition, the Group optimizes fuel procurement, including the short-term buying and selling of LNG through JERA Global Markets Pte. Ltd. Under these circumstances, the Group analyzes whether individual contracts to buy or sell LNG entered into by the Group are subject to the application of IFRS 9 *Financial Instruments*. Based on this analysis, the Group recognizes contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as derivatives, and recognizes changes in the fair value thereof in profit or loss. Long-term LNG purchase contracts-designed for the Group to receive non-financial items according to its expected demand for purchases or use and maintained for that purpose-and for which it had been determined that the Group does not have a practice similar to settling net in cash or another financial instrument, or by exchanging financial instruments, have been deemed to be outside the scope of IFRS 9 *Financial Instruments* and are not measured at fair value as executory contracts.

5. NEW STANDARDS NOT YET ADOPTED

Among the standards and interpretations that were issued or revised before the approval date of the consolidated financial statements, the major one that has not been early adopted by the Group in the year ended March 31, 2024 is as shown below. The impact of the adoption of the new IFRS on the Group is under assessment.

IFRS		Effective date (Applicable for the fiscal year beginning on or after the stated date)	Period in which the Group adopts the standard or interpretation	Overview of issued or revised standard or interpretation
IFRS 18	*Presentation and Disclosure in Financial Statements*	January 1, 2027	Fiscal year ending March 31, 2028	Amendments to the presentation and disclosure in financial statements

6. SEGMENT INFORMATION

(1) General information of reportable segments

The Group's operating 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.

(Change in the classification of reportable segment)

From the year ended March 31, 2024, in line with a review of the business management categories within the Group, the name of the reportable segment previously identified as the "Overseas power generation business" has been changed to the "Overseas power generation and renewable energy business." In addition, the amount of the adjustment for certain transactions within the consolidated group that were previously included in "Adjustment" has now been included in the "domestic thermal power generation and gas business."

Segment information for the year ended March 31, 2023 has been restated using the revised reportable segments.

The Group aggregates its multiple operating segments and categorizes them into the following three reportable segments based on markets, the nature of products and services, and similarities in economic characteristics.

Reportable segment	General information
Fuel business	Investments in the fuel upstream business, etc., and the fuel transportation and fuel trading business
Overseas power generation and renewable energy business	Investments in the overseas power generation business and renewable energy power generation business, etc. in Japan and overseas
Domestic thermal power generation and gas business	Sales of electricity and gas, etc. in Japan

(2) Information on reportable segments

The accounting policies of each reportable segment are consistent with those disclosed in Note 3 "MATERIAL ACCOUNTING POLICIES."

Segment profit is reconciled with profit attributable to owners of parent in the consolidated statement of profit or loss.

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

For the year ended March 31, 2024

Millions of Yen

	Reportable segments				Adjustment (Note 3) (Note 4)	Consolidated
	Fuel business	Overseas power generation and renewable energy business	Domestic thermal power generation and gas business	Total		
Revenue						
Revenue from contracts with customers	18,898	50,958	4,371,503	4,441,359	–	4,441,359
Revenue from other sources (Note 1)	(756,797)	–	26,165	(730,631)	–	(730,631)
Revenue from external customers	(737,898)	50,958	4,397,668	3,710,727	–	3,710,727
Intersegment revenue	1,145,397	1,606	26,544	1,173,548	(1,173,548)	–
Total	407,498	52,564	4,424,212	4,884,276	(1,173,548)	3,710,727
Segment profit (loss) (Note 2)	132,691	33,759	255,377	421,827	(22,199)	399,628
Other items of profit or loss:						
Finance income	54,149	19,963	6,152	80,265	(1,596)	78,668
Finance costs	(37,692)	(9,765)	(16,052)	(63,511)	(1,120)	(64,631)
Share of profit (loss) of investments accounted for using the equity method	29,201	46,234	405	75,841	–	75,841
Depreciation and amortization	(75,347)	(22,810)	(184,512)	(282,670)	(5,786)	(288,457)
Impairment losses	–	–	(81)	(81)	–	(81)
Income tax expense	(24,817)	(4,110)	(95,246)	(124,174)	8,025	(116,148)
Segment assets	3,586,191	1,901,245	3,611,623	9,099,060	(590,926)	8,508,134
Other asset items:						
Investments accounted for using the equity method	483,537	626,665	125,065	1,235,268	–	1,235,268
Capital expenditures	180,409	45,447	175,952	401,810	7,386	409,196
Segment liabilities	2,359,095	969,863	2,778,993	6,107,952	(258,437)	5,849,515

Notes:

1. Revenue from other sources includes lease income under IFRS 16 *Leases*; and interest, dividend income, and income or costs, etc. from derivatives transactions under IFRS 9 *Financial Instruments*. The subsidiary engaged in the fuel trading business in Singapore and other countries enters into spot transactions and financial transactions for both buying and selling. The total amount of revenue in the fuel business of ¥407,498 million includes unrealized gains or losses recorded from such transactions and the net amount of realized sales recorded from such transactions. Deducting intersegment revenue from the amount of ¥407,498 million results in revenue from other sources of negative ¥756,797 million and revenue from external customers of negative ¥737,898 million.
   The amounts of revenue recorded are also negative in “(3) Revenue from external customers by product and service” and “(4) Geographical information on revenue from external customers” specified later.
   In addition, other income from domestic thermal power generation and gas business includes grants from the Ministry of Economy, Trade and Industry under Strategic Buffer LNG (SBL) plan.
2. The difference between the total amount of segment profit (loss) of each reportable segment and the amount recorded in the consolidated financial statements reflects the elimination of intersegment transactions and the deduction of unrealized gains.
3. Adjustment to segment assets reflects the elimination of intersegment transactions and the deduction of unrealized gains.
4. Adjustment to segment liabilities reflects the elimination of intersegment transactions.

For the year ended March 31, 2023

Millions of Yen

	Reportable segments				Adjustment (Note 3) (Note 4)	Consolidated
	Fuel business	Overseas power generation and renewable energy business	Domestic thermal power generation and gas business	Total		
Revenue						
Revenue from contracts with customers	66,138	5,314	5,917,109	5,988,562	–	5,988,562
Revenue from other sources (Note 1)	(1,288,890)	–	38,198	(1,250,692)	–	(1,250,692)
Revenue from external customers	(1,222,752)	5,315	5,955,307	4,737,870	–	4,737,870
Intersegment revenue	1,808,483	3,358	198,163	2,010,005	(2,010,005)	–
Total	585,731	8,673	6,153,470	6,747,875	(2,010,005)	4,737,870
Segment profit (loss) (Note 2)	201,313	(6,695)	(96,888)	97,729	(79,881)	17,847
Other items of profit or loss:						
Finance income	34,609	10,861	263	45,734	(18,594)	27,139
Finance costs	(47,826)	(15,445)	(14,546)	(77,818)	14,641	(63,177)
Share of profit (loss) of investments accounted for using the equity method	5,571	2,844	(216)	8,199	–	8,199
Depreciation and amortization	(26,403)	(1,092)	(152,445)	(179,942)	(5,708)	(185,650)
Impairment losses	–	–	(226)	(226)	–	(226)
Gain on reversal of impairment losses	–	–	17,955	17,955	–	17,955
Income tax expense	(29,276)	(1,946)	(305)	(31,528)	94,829	63,301
Segment assets	4,618,062	1,047,618	4,178,079	9,843,759	(671,401)	9,172,358
Other asset items:						
Investments accounted for using the equity method	437,446	550,614	124,709	1,112,770	–	1,112,770
Capital expenditures	89,612	49,250	232,582	371,445	7,146	378,592
Segment liabilities	3,705,308	291,613	3,635,640	7,632,562	(499,909)	7,132,652

Notes:

1. Revenue from other sources includes lease income under IFRS 16 *Leases*; and interest, dividend income, and income or costs, etc. from derivatives transactions under IFRS 9 *Financial Instruments*. The subsidiary engaged in the fuel trading business in Singapore and other countries enters into spot transactions and financial transactions for both buying and selling. The total amount of revenue in the fuel business of ¥585,731 million includes unrealized gains or losses recorded from such transactions and the net amount of realized sales recorded from such transactions. Deducting intersegment revenue from the amount of ¥585,731 million results in revenue from other sources of negative ¥1,288,890 million and revenue from external customers of negative ¥1,222,752 million.
   The amounts of revenue recorded are also negative in “(3) Revenue from external customers by product and service” and “(4) Geographical information on revenue from external customers” specified later.
2. The difference between the total amount of segment profit (loss) of each reportable segment and the amount recorded in the consolidated financial statements reflects the elimination of intersegment transactions and the deduction of unrealized gains.
3. Adjustment to segment assets reflects the elimination of intersegment transactions and the deduction of unrealized gains.
4. Adjustment to segment liabilities reflects the elimination of intersegment transactions.

For the year ended March 31, 2024

Thousands of U.S. Dollars

	Reportable segments				Adjustment (Note 3) (Note 4)	Consolidated
	Fuel business	Overseas power generation and renewable energy business	Domestic thermal power generation and gas business	Total		
Revenue						
Revenue from contracts with customers	124,879	336,734	28,887,219	29,348,833	–	29,348,833
Revenue from other sources (Note 1)	(5,000,971)	–	172,900	(4,828,064)	–	(4,828,064)
Revenue from external customers	(4,876,085)	336,734	29,060,120	24,520,762	–	24,520,762
Intersegment revenue	7,568,869	10,612	175,404	7,754,893	(7,754,893)	–
Total	2,692,777	347,346	29,235,525	32,275,662	(7,754,893)	24,520,762
Segment profit (loss) (Note 2)	876,832	223,082	1,687,550	2,787,464	(146,692)	2,640,771
Other items of profit or loss:						
Finance income	357,820	131,917	40,652	530,397	(10,546)	519,844
Finance costs	(249,071)	(64,527)	(106,072)	(419,685)	(7,401)	(427,086)
Share of profit (loss) of investments accounted for using the equity method	192,962	305,517	2,676	501,163	–	501,163
Depreciation and amortization	(497,898)	(150,730)	(1,219,269)	(1,867,904)	(38,234)	(1,906,145)
Impairment losses	–	–	(535)	(535)	–	(535)
Income tax expense	(163,992)	(27,159)	(629,392)	(820,551)	53,029	(767,514)
Segment assets	23,697,819	12,563,569	23,865,875	60,127,271	(3,904,883)	56,222,388
Other asset items:						
Investments accounted for using the equity method	3,195,248	4,141,049	826,438	8,162,743	–	8,162,743
Capital expenditures	1,192,156	300,317	1,162,704	2,655,190	48,807	2,703,997
Segment liabilities	15,589,076	6,408,927	18,363,794	40,361,805	(1,707,771)	38,654,034

Notes:

1. Revenue from other sources includes lease income under IFRS 16 *Leases*; and interest, dividend income, and income or costs, etc. from derivatives under IFRS 9 *Financial Instruments*. The subsidiary engaged in the fuel trading business in Singapore and other countries enters into spot transactions and financial transactions for both buying and selling. The total amount of revenue in the fuel business of $2,692,777 thousand includes unrealized gains or losses recorded from such transactions and the net amount of realized sales recorded from such transactions. Deducting intersegment revenue from the amount of $2,692,777 thousand results in revenue from other sources of negative $5,000,971 thousand and revenue from external customers of negative $4,876,085 thousand.
   The amounts of revenue recorded are also negative in "(3) Revenue from external customers by product and service" and "(4) Geographical information on revenue from external customers" specified later.
   In addition, other income from domestic thermal power generation and gas business includes grants from the Ministry of Economy, Trade and Industry under Strategic Buffer LNG (SBL) plan.
2. The difference between the total amount of segment profit (loss) of each reportable segment and the amount recorded in the consolidated financial statements reflects the elimination of intersegment transactions and the deduction of unrealized gains.
3. Adjustment to segment assets reflects the elimination of intersegment transactions and the deduction of unrealized gains.
4. Adjustment to segment liabilities reflects the elimination of intersegment transactions.

(3) Revenue from external customers by product and service

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Electricity	3,952,282	5,279,195	26,116,976
Coal	(231,498)	(825,756)	(1,529,756)
LNG	(293,562)	(30,771)	(1,939,879)
Other	283,507	315,203	1,873,435
Total	3,710,727	4,737,870	24,520,762

(4) Geographical information on revenue from external customers

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Japan	4,405,171	5,788,272	29,109,700
Singapore	(771,034)	(1,047,443)	(5,095,050)
Other	76,590	(2,958)	506,112
Total	3,710,727	4,737,870	24,520,762

Note: Revenues are classified by country in which each distributor is located.

(5) Geographical information on non-current assets (excluding financial assets, deferred tax assets, and retirement benefit asset)

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Japan	3,144,543	2,699,052	20,779,376
United States	577,409	575,948	3,815,562
Other	1,023,079	624,480	6,760,582
Total	4,745,032	3,899,482	31,355,527

Note: Non-current assets are classified by location of each Group company.

(6) Information on major customers

External customers that account for 10% or more of the Group’s revenue in the consolidated statement of profit or loss are as follows:

A group of entities known to the Company to be under common control is considered a single customer.

		Millions of Yen		Thousands of U.S. Dollars
	Related segment	2024	2023	2024
Tokyo Electric Power Company Holdings, Inc.	Domestic thermal power generation and gas business	2,566,004	3,699,383	16,956,347
Chubu Electric Power Co., Inc.	Domestic thermal power generation and gas business	1,586,023	1,901,454	10,480,559

7. BUSINESS COMBINATIONS

For the year ended March 31, 2024

(1) Summary of business combination

A. Name and business description of the acquired company
   Name: Parkwind N.V. (hereinafter "Parkwind")
   Business description: Offshore wind power generation

B. Primary reasons for the business combination
   Parkwind is a major Belgian offshore wind power generation company with the experience of more than ten years in the development, construction, and operation of offshore wind projects in Europe. It operates four offshore wind farm projects off the Belgian coast (with a total production capacity of 771 thousand kilowatts, of which Parkwind's share is 420 thousand kilowatts) and is constructing an offshore wind farm project in Germany (with a production capacity of 257 thousand kilowatts, of which Parkwind's share is 180 thousand kilowatts). It also owns other offshore wind farm projects under development, mainly in Europe (share of Parkwind is approximately 4,500 thousand kilowatts).
   This acquisition enables the Group to utilize Parkwind's know-how and knowledge of offshore wind power generation business in Europe in ongoing projects and future business development opportunities, mainly in Asia.
   The acquisition will further enhance Parkwind's corporate value and accelerate the development of the global renewable energy business of the Group. We furthermore expect it will contribute to the procurement and production of low-carbon fuels (green hydrogen, ammonia, etc.) derived from renewable energy sources.
   The Group's vision for 2035 is to "scale up its clean energy platform of renewables and low greenhouse gas thermal power, sparking sound development in Asia and around the world." The acquisition will accelerate our move toward building a clean energy supply infrastructure.

C. Date of business combination
   July 26, 2023

D. Legal form of business combination
   Share acquisition in exchange for consideration in cash

E. Company name after business combination
   Unchanged

F. Percentage of voting rights acquired
   100.00%

G. Primary basis for determining the acquiring company
   A subsidiary of the Company acquired the shares of the acquired company in exchange for consideration in cash.

(2) Acquisition-related expenses

The Group has recorded ¥1,740 million ($11,498 thousand) of acquisition-related expenses for the business combination as "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

(3) Fair value of consideration paid, assets acquired, liabilities assumed, and goodwill as of the acquisition date (Note 1)

	Millions of Yen	Thousands of U.S. Dollars
Fair value of consideration paid (Note 2)	257,147	1,699,246
Assets acquired	399,984	2,643,124
Current assets	31,319	206,958
Property, plant and equipment	275,940	1,823,432
Intangible assets	30,773	203,350
Deferred tax assets	7,254	47,934
Other non-current assets	54,695	361,428
Liabilities assumed	260,985	1,724,608
Trade and other payables	19,660	129,914
Bonds and borrowings	193,771	1,280,453
Deferred tax liabilities	26,583	175,662
Other liabilities	20,970	138,571
Fair value of assets acquired and liabilities assumed, net	138,999	918,515
Non-controlling interests (Note 3)	8,727	57,668
Goodwill (Note 4)	126,875	838,399

Notes: 1. Provisional accounting was applied until the third quarter of the year ended March 31, 2024. As the allocation of acquisition cost has been completed, the amount of goodwill was finalized at the end of the year ended March 31, 2024.
2. All consideration paid was settled in cash and there was no contingent consideration.
3. The amount of non-controlling interests is measured as the non-controlling interests' ratio of the acquisition-date fair value of the identifiable net assets of the acquired company.
4. The goodwill acquired relates to the future excess earning power expected from future business development, and none of the goodwill recognized is expected to be deductible for tax purposes.

(4) Expenditure on acquisition of subsidiary

	Millions of Yen	Thousands of U.S. Dollars
Consideration for acquisition paid in cash	(257,148)	(1,699,253)
Cash and cash equivalents held by the subsidiary	17,868	118,073
Cash paid for acquisition of subsidiary	(239,280)	(1,581,180)

(5) Information on profit or loss from the acquisition date related to business combination

Revenue and profit for the period arising from the acquired company after the date of business combination are omitted because they are immaterial.

For the year ended March 31, 2023
There were no significant business combinations.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are classified as financial assets measured at amortized cost.

The balances of "Cash and cash equivalents" in the consolidated statement of financial position as of March 31, 2024 and 2023 agree with the balances of "Cash and cash equivalents" in the consolidated statement of cash flows.

9. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Notes and accounts receivable - trade	631,550	894,332	4,173,329
Accounts receivable - other	14,688	77,184	97,059
Other	15,882	6,506	104,949
Total	662,121	978,023	4,375,345

Note: Trade and other receivables are classified as financial assets measured at amortized cost.

10. INVENTORIES

The breakdown of inventories as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Merchandise and finished goods	70,653	68,922	466,880
Raw materials and supplies	235,862	378,838	1,558,593
Total	306,515	447,760	2,025,474

Note: The cost of inventories recognized as an expense for the years ended March 31, 2024 and 2023 is included primarily in "Cost of sales."

The carrying amount of inventories recorded at their fair value less costs to sell is as stated in Note 35 "FAIR VALUE MEASUREMENT."

11. OTHER FINANCIAL ASSETS

(1) The breakdown of other financial assets as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Financial assets measured at amortized cost			
Loans receivable	53,592	46,985	354,139
Deposits (primarily margin deposits of derivatives)	41,192	113,704	272,199
Time deposits	20,432	1,523	135,016
Other	28,086	12,904	185,594
Subtotal	143,302	175,118	946,950
Financial assets measured at fair value through profit or loss			
Other	1,341	4,002	8,861
Equity instruments measured at fair value through other comprehensive income			
Equity securities and investments in capital	105,167	76,421	694,951
Total	249,811	255,541	1,650,769
Current assets	72,414	128,883	478,517
Non-current assets	177,396	126,657	1,172,246
Total	249,811	255,541	1,650,769

(2) The principal securities and fair value of equity instruments measured at fair value through other comprehensive income as of March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
Securities	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Marketable securities	38,365	26,463	253,518
Non-marketable securities	66,801	49,957	441,426
Total	105,167	76,421	694,951

The fair values of marketable securities in the above table were as follows:

	Millions of Yen		Thousands of U.S. Dollars
Issuer	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
ReNew Energy Global plc	30,989	20,819	204,777
Fuji Oil Company, Ltd.	3,242	1,812	21,423
West Holdings Corporation	2,691	3,029	17,782
Other	1,442	801	9,528
Total	38,365	26,463	253,518

Non-marketable securities comprise investments included primarily in the overseas power generation and renewable energy business segment. The total amounts of fair values of the investments as of March 31, 2024 and 2023 were ¥54,610 million ($360,866 thousand), ¥38,712 million, respectively.

As equity securities are held for strategic investment purposes, they are designated as equity instruments measured at fair value through other comprehensive income.

Equity instruments measured at fair value through other comprehensive income are sold (derecognized) in consideration of the efficiency and effective use of assets held.

The fair value of such instruments at the time of sale and the cumulative gain (loss) before tax recognized in equity as other components of equity for the years ended March 31, 2024 and 2023 were as follows:

For the year ended March 31, 2024

Millions of Yen

Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
–	–

For the year ended March 31, 2023

Millions of Yen

Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
1,713	843

For the year ended March 31, 2024

Thousands of U.S. Dollars

Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
–	–

Note: The cumulative gain (loss) recognized in equity as other components of equity was transferred to retained earnings upon sale (derecognition). The amounts transferred to retained earnings (after tax) for the years ended March 31, 2023 was ¥843 million.

12. OTHER ASSETS AND LIABILITIES

The breakdown of other current assets and other non-current assets and the breakdown of other current liabilities and other non-current liabilities as of March 31, 2024 and 2023 were as follows:

(1) Other current assets and other non-current assets

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of M arch 31, 2024
Prepaid expenses	38,103	29,809	251,787
Consumption tax receivable	28,941	16,143	191,244
Costs incurred to fulfill contracts	15,027	14,645	99,299
Other	56,389	38,833	372,622
Total	138,462	99,433	914,967
Current assets	110,857	78,761	732,551
Non-current assets	27,604	20,671	182,409
Total	138,462	99,433	914,967

(2) Other current liabilities and other non-current liabilities

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Consumption tax payable	116,202	32,615	767,871
Provisions	116,091	94,406	767,138
Retirement benefit liability	38,436	42,912	253,987
Corporate income tax payable	36,260	15,235	239,608
Other	86,202	94,383	569,629
Total	393,194	279,552	2,598,255
Current liabilities	233,021	140,041	1,539,820
Non-current liabilities	160,173	139,511	1,058,435
Total	393,194	279,552	2,598,255

13. PROPERTY, PLANT AND EQUIPMENT

(1) Changes

Changes in the carrying amount of property, plant and equipment during the years ended March 31, 2024 and 2023 were as follows:

For the year ended March 31, 2024

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
Beginning balance	404,883	1,061,449	337,644	573,535	10,355	2,387,868
Separate purchases	403	17,502	–	214,646	928	233,479
Acquisition through business combinations	–	256,303	275	99,922	218	356,720
Sale or disposal	(476)	(2,779)	–	(5,698)	(83)	(9,038)
Depreciation	(28,375)	(167,813)	–	–	(1,947)	(198,135)
Impairment losses	(28)	(50)	–	–	(2)	(81)
Exchange differences	1,421	12,881	411	12,638	497	27,850
Transfer from construction in progress	71,479	401,606	5,089	(480,912)	2,737	–
Other	453	8,297	–	(4,974)	2,964	6,741
Ending balance	449,761	1,587,397	343,420	409,157	15,667	2,805,405

For the year ended March 31, 2023

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
Beginning balance	352,524	831,703	331,653	667,844	8,733	2,192,460
Separate purchases	505	513	–	290,083	310	291,413
Acquisition through business combinations	8,016	39,743	6,380	11	57	54,210
Sale or disposal	(135)	(3,109)	–	(105)	(12)	(3,363)
Depreciation	(25,852)	(127,084)	–	–	(1,433)	(154,370)
Impairment losses	(18)	(203)	–	–	(3)	(226)
Gain on reversal of impairment losses	3,563	14,384	–	–	2	17,950
Exchange differences	1,697	(279)	(389)	(10,794)	615	(9,149)
Transfer from construction in progress	67,701	303,922	–	(373,805)	2,180	–
Other	(3,118)	1,858	–	300	(97)	(1,057)
Ending balance	404,883	1,061,449	337,644	573,535	10,355	2,387,868

For the year ended March 31, 2024

Thousands of U.S. Dollars

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
Beginning balance	2,675,497	7,014,134	2,231,176	3,789,962	68,426	15,779,210
Separate purchases	2,663	115,654	–	1,418,396	6,132	1,542,846
Acquisition through business combinations	–	1,693,669	1,817	660,292	1,440	2,357,232
Sale or disposal	(3,145)	(18,363)	–	(37,652)	(548)	(59,723)
Depreciation	(187,504)	(1,108,920)	–	–	(12,865)	(1,309,290)
Impairment losses	(185)	(330)	–	–	(13)	(535)
Exchange differences	9,390	85,118	2,715	83,512	3,284	184,034
Transfer from construction in progress	472,338	2,653,842	33,628	(3,177,902)	18,086	–
Other	2,993	54,827	–	(32,868)	19,586	44,545
Ending balance	2,972,054	10,489,638	2,269,345	2,703,740	103,528	18,538,326

The cost, accumulated depreciation, accumulated impairment losses, and carrying amount of property, plant and equipment as of March 31, 2024 and 2023 and April 1, 2022 were as follows:

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
As of March 31, 2024						
Cost	1,948,135	8,105,865	368,195	410,290	79,562	10,912,049
Accumulated depreciation and accumulated impairment losses	(1,498,374)	(6,518,467)	(24,774)	(1,133)	(63,894)	(8,106,644)
Carrying amount	449,761	1,587,397	343,420	409,157	15,667	2,805,405
As of March 31, 2023						
Cost	1,882,544	7,633,422	362,419	574,668	72,787	10,525,843
Accumulated depreciation and accumulated impairment losses	(1,477,661)	(6,571,972)	(24,774)	(1,133)	(62,432)	(8,137,975)
Carrying amount	404,883	1,061,449	337,644	573,535	10,355	2,387,868
As of April 1, 2022						
Cost	1,808,201	7,528,528	356,427	668,977	69,869	10,432,005
Accumulated depreciation and accumulated impairment losses	(1,455,676)	(6,696,825)	(24,774)	(1,133)	(61,134)	(8,239,545)
Carrying amount	352,524	831,703	331,653	667,844	8,733	2,192,460

Thousands of U.S. Dollars

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
As of March 31, 2024						
Cost	12,873,422	53,564,164	2,433,060	2,711,227	525,751	72,107,638
Accumulated depreciation and accumulated impairment losses	(9,901,367)	(43,074,519)	(163,708)	(7,486)	(422,216)	(53,569,312)
Carrying amount	2,972,054	10,489,638	2,269,345	2,703,740	103,528	18,538,326

Notes: 1. Depreciation is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

2. Details of impairment losses and gain on reversal of impairment losses are as stated in Note 16 "IMPAIRMENT OF NON-FINANCIAL ASSETS."

(2) Borrowing costs

Borrowing costs capitalized as part of the cost of qualifying assets amounted to ¥16,940 million ($111,940 thousand) and ¥12,800 million in the years ended March 31, 2024 and 2023, respectively.

The full amount of borrowing costs directly linked to the purchase of property, plant and equipment was capitalized.

The capitalization rates used to determine the borrowing costs arising from general borrowings in the years ended March 31, 2024 and 2023 were 0.87% and 0.44%, respectively.

14. GOODWILL AND INTANGIBLE ASSETS

(1) Changes

Changes in the carrying amount of goodwill and intangible assets during the years ended March 31, 2024 and 2023 were as follows:

For the year ended March 31, 2024

Millions of Yen

	Goodwill	Intangible assets			
		Software	Mining rights	Other	Total
Beginning balance	1,469	15,113	34,196	8,720	59,500
Separate acquisition	–	7,853	–	109	7,962
Acquisition through business combinations	131,557	40	–	48,772	180,370
Sale or disposal	–	(286)	–	–	(286)
Amortization	–	(7,434)	(181)	(1,017)	(8,632)
Exchange differences	3,183	208	2,348	332	6,073
Other	–	1,447	–	(5,611)	(4,163)
Ending balance	136,211	16,942	36,363	51,306	240,824

For the year ended March 31, 2023

Millions of Yen

	Goodwill	Intangible assets			
		Software	Mining rights	Other	Total
Beginning balance	1,657	16,131	5,072	7,830	30,691
Separate acquisition	–	3,605	30,370	1,534	35,510
Acquisition through business combinations	–	249	–	–	249
Sale or disposal	–	(13)	–	–	(13)
Amortization	–	(6,180)	(172)	(679)	(7,032)
Gain on reversal of impairment losses	–	5	–	–	5
Exchange differences	(188)	448	(1,073)	(640)	(1,453)
Other	–	867	–	675	1,542
Ending balance	1,469	15,113	34,196	8,720	59,500

For the year ended March 31, 2024

Thousands of U.S. Dollars

	Goodwill	Intangible assets			
		Software	Mining rights	Other	Total
Beginning balance	9,707	99,867	225,969	57,622	393,180
Separate acquisition	–	51,893	–	720	52,613
Acquisition through business combinations	869,338	264	–	322,289	1,191,898
Sale or disposal	–	(1,889)	–	–	(1,889)
Amortization	–	(49,124)	(1,196)	(6,720)	(57,040)
Exchange differences	21,033	1,374	15,515	2,193	40,130
Other	–	9,561	–	(37,077)	(27,509)
Ending balance	900,092	111,954	240,289	339,033	1,591,383

The cost, accumulated amortization and accumulated impairment losses, and carrying amount of goodwill and intangible assets as of March 31, 2024 and 2023 and April 1, 2022 were as follows:

Millions of Yen

	Goodwill	Intangible assets			
		Software	Mining rights	Other	Total
As of March 31, 2024					
Cost	136,211	45,873	37,781	81,228	301,094
Accumulated amortization and accumulated impairment losses	–	(28,930)	(1,417)	(29,921)	(60,269)
Carrying amount	136,211	16,942	36,363	51,306	240,824
As of March 31, 2023					
Cost	1,469	36,246	35,523	28,926	102,166
Accumulated amortization and accumulated impairment losses	–	(21,132)	(1,326)	(20,206)	(42,665)
Carrying amount	1,469	15,113	34,196	8,720	59,500
As of April 1, 2022					
Cost	1,657	30,976	6,222	26,042	64,899
Accumulated amortization and accumulated impairment losses	–	(14,845)	(1,149)	(18,211)	(34,207)
Carrying amount	1,657	16,131	5,072	7,830	30,691

Thousands of U.S. Dollars

As of March 31, 2024					
Cost	900,092	303,132	249,659	536,760	1,989,651
Accumulated amortization and accumulated impairment losses	–	(191,171)	(9,363)	(197,720)	(398,262)
Carrying amount	900,092	111,954	240,289	339,033	1,591,383

Notes: 1. Amortization is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.
2. Details of impairment losses and gain on reversal of impairment losses are provided in Note 16 “IMPAIRMENT OF NON-FINANCIAL ASSETS.”

Restrictions on title and intangible assets pledged as collateral for liabilities are described in Note 21 “BONDS AND BORROWINGS.”

Intangible assets acquired through business combinations primarily resulted from power purchase agreements.

Goodwill acquired through business combinations is tested for impairment by comparing the carrying amount with the recoverable amount for each group of cash-generating units.

The significant goodwill recorded in the consolidated statement of financial position is that of ¥126,875 million ($838,399 thousands) resulting from the acquisition of Parkwind as a consolidated subsidiary during the year ended March 31, 2024, and belongs to the overseas power generation and renewable energy business. The recoverable amount is calculated based on the fair value less costs of disposal. The fair value less costs of disposal is calculated using the income approach, and is calculated by deducting costs of disposal from the present value of future cash flows based on the future business plan for 11 to 52 years, which are based on the business plan approved by management. The main assumptions used are the wind conditions forecast for the offshore wind projects, construction costs, and the discount rate. These are based on past experience and external sources of information.

As this valuation technique uses unobservable inputs, the fair value less costs of disposal is classified as Level 3 of the fair value hierarchy.

The discount rates used in the test for goodwill impairment are based on the weighted average cost of capital, etc. set for each group of cash-generating units. The pre-tax discount rates used for the impairment test range from 8.7% to 14.6%.

As a result of the impairment test conducted at the end of the year ended March 31, 2024, the recoverable amount of the groups of cash-generating units exceeded their carrying amount, so no impairment loss was recorded. Even if the key assumptions used in the impairment test change within a reasonably predictable range, it is judged that it is unlikely that the recoverable amount will fall below the carrying amount.

(2) Research and development costs

Research and development costs recognized as “Cost of sales” and “Selling, general and administrative expenses” for the years ended March 31, 2024 and 2023 were ¥1,347 million ($8,901 thousand) and ¥1,566 million, respectively.

15. LEASES

Leases as lessee

The Group leases mainly buildings, structures, machinery, equipment and vessels as lessee. There are no significant purchase options, escalation clauses, and restrictions under lease contracts (such as restrictions on dividends, additional borrowings and additional leases).

Some of the Group's vessel leases contain variable payment terms primarily linked to the number of voyages and volume of transport. Variable payment terms are used to minimize fixed costs and lease contracts with variable payment terms require no fixed lease payments.

Some of the Group's leases contain extension options in their contractual terms. In most cases, however, the Group is not reasonably certain to exercise those options and does not include them in the measurement of lease liabilities.

Furthermore, there were no lease contracts with residual value guarantees for the years ended March 31, 2024 and 2023.

Future cash outflows relating to lease contracts that the Group concluded with lessors but that have not yet commenced as of March 31, 2024 and 2023 were ¥21,713 million ($143,481 thousand) and ¥3,500 million, respectively.

(1) Disclosure of lease-related expense

The breakdown of profit (loss) relating to leases as lessee for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Depreciation of right-of-use assets			
Buildings and structures as underlying assets	3,579	3,237	23,650
Machinery and equipment as underlying assets	1,961	933	12,958
Vessels as underlying assets	68,603	49,973	453,333
Other as underlying assets	311	485	2,055
Subtotal	74,456	54,629	492,010
Interest expense on lease liabilities	6,434	4,054	42,516
Short-term lease expense	23,101	33,643	152,653
Expenses for leases of low-value assets excluding short-term leases	5,112	1,951	33,780
Variable lease payments	10,829	11,187	71,558
Income from subleasing right-of-use assets	(224)	(99)	(1,480)
Profit (loss) relating to leases as lessee	119,710	105,366	791,052

(2) Breakdown of carrying amount of right-of-use assets

The breakdown of the carrying amount of right-of-use assets as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Right-of-use assets	444,670	323,074	2,938,412
Buildings and structures as underlying assets	12,303	11,511	81,299
Machinery and equipment as underlying assets	13,068	12,808	86,354
Vessels as underlying assets	415,053	296,417	2,742,701
Other as underlying assets	4,244	2,336	28,044

(3) Increase in right-of-use assets

The increases in right-of-use assets for the years ended March 31, 2024 and 2023 were ¥187,390 million ($1,238,287 thousand) and ¥59,880 million, respectively.

(4) Total cash outflow for leases

Total cash outflows associated with leases for the years ended March 31, 2024 and 2023 were ¥122,288 million ($808,088 thousand) and ¥109,107 million, respectively.

(5) Lease liabilities

	Millions of Yen		Thousands of U.S. Dollars		
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	Average interest rate (%)	Due date
Current portion of lease liabilities	91,247	55,242	602,967	3.0	–
Lease liabilities excluding current portion	366,427	286,338	2,421,377	1.2	2025–2049

Note: The maturity analysis of lease liabilities is presented in "(4) Liquidity risk" of Note 34 "FINANCIAL INSTRUMENTS."

Leases as lessor

(1) Finance leases

The Group leases vessels and other assets as lessor in finance leases, and lease income for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Finance income on the net investment in finance leases	94	21	621

The maturity analysis of the undiscounted lease payments receivable based on finance lease contracts as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Lease payments receivable		
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Due within 1 year	1,132	1,102	7,480
Due in 1 to 2 years	1,129	1,085	7,460
Due in 2 to 3 years	1,130	1,079	7,467
Due in 3 to 4 years	1,131	1,079	7,473
Due in 4 to 5 years	1,132	1,079	7,480
Due in more than 5 years	1,980	2,715	13,083
Total	7,636	8,142	50,459
Unearned finance income	(1,085)	(975)	(7,169)
Net investment in finance leases	6,550	7,167	43,282

(2) Operating leases

The Group leases buildings and other assets as lessor in operating leases, and lease income for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Lease income	3,665	1,764	24,218

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

(1) Cash-generating unit

The Group groups its assets by independent cash-generating unit in principle (cash generation units in the domestic power generation business take interdependence into consideration).

In addition, each material asset that is idle or is scheduled to be disposed of, is treated as an individual asset group.

(2) Impairment losses and gain on reversal of impairment losses

Impairment losses and gain on reversal of impairment losses for each fiscal year are described below. The items are included in “Other expenses” and “Other income,” respectively, in the consolidated statement of profit or loss.

Impairment of property, plant and equipment, and intangible assets associated with the domestic power generation business

A. Amounts of impairment losses and gain on reversal of impairment losses

In the domestic power generation business, with respect to property, plant and equipment, etc. of thermal power plants held by the Company, the Group recognized impairment losses of ¥81 million ($535 thousand) and ¥226 million for the years ended March 31, 2024 and 2023, respectively, for assets or groups of assets whose investments were determined to be difficult to recover due to their scheduled long-term suspension and other reasons. In addition, for the year ended March 31, 2023, the Group recognized gain on reversal of impairment losses of ¥17,955 million on property, plant and equipment, etc., at thermal power plants, which had been recorded as impairment losses in prior periods, because profitability recovered owing to the cancellation of its scheduled long-term suspension caused by fluctuations in fuel indices and so forth.

B. Measurement methods for recoverable amount

The recoverable amount used when recording impairment losses is measured at fair value less costs of disposal. Their fair value measurements are categorized within Level 3 of the fair value hierarchy. Additionally, the recoverable amount used when recording a reversal of impairment losses is measured at value in use.

Fair value is set at zero because the assets are unlikely to be used for other purposes or sold. Value in use is calculated by discounting future cash flows using a discount rate based on the cost of capital of the Company.

Amount of impairment of non-financial assets relating to the domestic power generation business

	Millions of Yen				Thousands of U.S. Dollars	
	2024		2023		2024	
	Impairment losses	Gain on reversal of impairment losses	Impairment losses	Gain on reversal of impairment losses	Impairment losses	Gain on reversal of impairment losses
Property, plant and equipment	81	–	226	17,950	535	–
Intangible assets	–	–	–	5	–	–
Total	81	–	226	17,955	535	–

Note: The types of assets subject to impairment losses and gain on reversal of impairment losses are described in Notes 13 “PROPERTY, PLANT AND EQUIPMENT” and 14 “GOODWILL AND INTANGIBLE ASSETS.”

17. SUBSIDIARIES

Certain subsidiaries raise funds through project financing that includes restrictions on the use of their bank deposits.

Furthermore, profit or loss allocated to non-controlling interests of the subsidiaries during the reporting period were ¥61,673 million ($407,539 thousand) and ¥147,717 million for the years ended March 31, 2024 and 2023, respectively. The majority of the amount was attributable to JERA Global Markets Pte. Ltd., a subsidiary of the Company.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(1) Material associates

The associates that are material to the Group as of March 31, 2024 and 2023 are as follows:

Name	Location	Principal lines of business	Percentage of ownership	
			As of March 31, 2024	As of March 31, 2023
Freeport LNG Development, L.P.	Houston, USA	Operation, maintenance and development of LNG facilities in America	25.7%	25.7%
Aboitiz Power Corporation	Manila, Philippines	Power generation, distribution and retail of electricity in the Philippines	27.6%	27.0%

Note: As the fiscal year-end of the material associates in the table above is December 31, any significant transactions executed after that date and up to the March 31, 2024 were reflected in the consolidated financial statements.

The reconciliation of the IFRS condensed consolidated financial information of Freeport LNG Development, L.P. to the carrying amount of the Group's interest in the associate is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Current assets	134,596	147,992	889,420
Non-current assets	1,431,476	1,368,040	9,459,300
Total assets	1,566,072	1,516,033	10,348,721
Current liabilities	124,597	174,307	823,346
Non-current liabilities	1,673,182	1,683,181	11,056,512
Total liabilities	1,797,780	1,857,489	11,879,865
Total equity	(231,707)	(341,456)	(1,531,137)
The Group's share of total equity	(59,618)	(87,856)	(393,960)
Consolidated adjustments	437,790	428,032	2,892,949
Carrying amount of investments	378,172	340,176	2,498,988

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Revenue	316,147	117,791	2,089,123
Profit (loss)	62,133	(18,675)	410,579
Other comprehensive income	(502)	34,424	(3,317)
Comprehensive income	61,631	15,749	407,262
The Group's share of profit (loss)	15,987	(4,805)	105,643
Dividend income from Freeport LNG Development, L.P.	–	2,670	–

The reconciliation of the IFRS condensed consolidated financial information of Aboitiz Power Corporation to the carrying amount of the Group's interest in the associate as well as fair value are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Current assets	296,456	316,483	1,959,003
Non-current assets	950,322	820,189	6,279,799
Total assets	1,246,779	1,136,673	8,238,809
Current liabilities	165,464	177,471	1,093,398
Non-current liabilities	584,740	530,385	3,864,005
Total liabilities	750,205	707,857	4,957,410
Total equity	496,574	428,815	3,281,398
The Group's share of total equity	134,074	115,780	885,971
Consolidated adjustments	72,402	89,513	478,437
Carrying amount of investments	206,476	205,293	1,364,408
Fair value of investments	189,731	181,079	1,253,756

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Revenue	523,822	470,629	3,461,455
Profit	50,974	32,320	336,840
Other comprehensive income	(6,891)	7,598	(45,536)
Comprehensive income	44,082	39,919	291,297
The Group's share of profit	13,763	8,726	90,946
Dividend income from Aboitiz Power Corporation	9,038	6,452	59,723

(2) Material joint ventures

There were no material joint ventures as of March 31, 2024 and 2023.

(3) Immaterial associates and joint ventures

The carrying amounts of investments in immaterial associates and joint ventures as of March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Associates	35,838	7,405	236,820
Joint ventures	614,781	559,895	4,062,518

For certain joint ventures, the use of their deposits is restricted through project financing or agreements with financial institutions.

Financial information of immaterial associates and joint ventures is disclosed below. These amounts are equivalent to the Group's share.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Associates			
Profit	3,638	2,263	24,040
Other comprehensive income	(523)	495	(3,456)
Comprehensive income	3,115	2,758	20,584
Joint ventures			
Profit	42,453	2,014	280,532
Other comprehensive income	(2,674)	25,483	(17,669)
Comprehensive income	39,779	27,497	262,862

Regarding the shares in the overseas power generation and renewable energy business segment held through joint ventures, due to deterioration in profitability caused by changes in the business environment, the Group recorded impairment losses of ¥12,395 million ($81,907 thousand) and ¥23,517 million for the years ended March 31, 2024 and 2023, respectively, and a reversal of impairment losses of ¥19,668 million ($129,967 thousand) for the year ended March 31, 2024, as "Share of (profit) loss of investments accounted for using the equity method."

19. INCOME TAXES

(1) Deferred tax assets and deferred tax liabilities

The breakdown of the major causes for the occurrence of deferred tax assets and deferred tax liabilities as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Deferred tax assets			
Tax loss carryforwards	119,301	149,986	788,349
Lease liabilities	113,206	84,797	748,073
Deferred assets	14,648	15,910	96,795
Investments in associates	26,109	24,740	172,530
Other	62,080	73,044	410,229
Total deferred tax assets	335,347	348,479	2,215,998
Deferred tax liabilities			
Investments in associates	151,331	101,345	1,000,006
Right-of-use assets	99,599	73,972	658,157
Non-current assets	28,897	21,499	190,953
Other	33,498	27,210	221,357
Total deferred tax liabilities	313,327	224,028	2,070,488
Deferred tax assets (liabilities), net	22,020	124,450	145,509

Details of changes in net deferred tax assets or liabilities for the years ended March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	124,450	13,353	822,374
Deferred income taxes	(45,262)	98,229	(299,094)
Deferred taxes relating to items of other comprehensive income			
Effective portion of change in fair value of cash flow hedges	(48,136)	10,394	(318,086)
Net change in fair value of financial assets measured through other comprehensive income	(645)	232	(4,262)
Remeasurements of defined benefit retirement plans	(1,760)	(1,213)	(11,630)
Changes in deferred tax assets (liabilities) resulting from business combinations, etc.	(19,328)	–	(127,720)
Other	12,702	3,454	83,935
Ending balance	22,020	124,450	145,509

In recognizing deferred tax assets, the Group takes into consideration the possibility of utilizing deductible temporary differences or tax loss carryforwards, in whole or in part, against future taxable profit. In assessing the recoverability of deferred tax assets, the Group takes into consideration the scheduled reversal of deferred tax liabilities, expected future taxable profit, and tax planning. The Group believes that the recognized deferred tax assets are likely to be recovered based on past taxable profit levels and forecasts for future taxable profit over the period in which the deferred tax assets are deductible.

The breakdown of deductible temporary differences and tax loss carryforwards for which no deferred tax assets were recognized in the consolidated statement of financial position as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Deductible temporary differences	98,165	113,574	648,681
Tax loss carryforwards	23,887	22,018	157,847

The breakdown by expiration schedule of tax loss carryforwards for which no deferred tax assets were recognized in the consolidated statement of financial position as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Within 1 year	–	–	–
Between 1 and 5 years	–	–	–
More than 5 years	21,535	19,647	142,304
No expiration schedule set	2,352	2,370	15,542
Total	23,887	22,018	157,847

The total amount of future temporary differences related to investments in subsidiaries that have not recognized deferred tax liabilities for the year ended March 31, 2024 was ¥388 million ($2,563 thousand).
The Group has not recognized deferred tax liabilities for these items because it can control when the temporary differences will be reversed and it is highly likely that the temporary differences will not be reversed within a predictable period of time.

Deferred tax assets as of March 31, 2024 and 2023 attributable to taxable entities that suffered losses in either the previous or current fiscal year and for which the recoverability of deferred tax assets was dependent on future taxable profit were ¥201,628 million ($1,332,372 thousand) and ¥258,235 million, respectively.

In assessing the recoverability of deferred tax assets, the Group takes into consideration the scheduled reversal of deferred tax liabilities, expected future taxable profit, and tax planning.

(2) Income tax expense

The breakdown of income tax expense for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Income taxes			
For the period	56,577	35,383	373,865
Prior period	(2,659)	(456)	(17,570)
Total income taxes	53,918	34,927	356,294
Deferred income taxes			
Origination and reversal of temporary differences	66,295	(101,487)	438,082
Changes in unrecognized deferred tax assets	(4,037)	3,354	(26,676)
Adjustment to deferred tax assets and liabilities resulting from changes in tax rates	(28)	(95)	(185)
Total deferred income taxes	62,229	(98,229)	411,213
Total income tax expense	116,148	(63,301)	767,514

(3) Reconciliation of effective tax rates

Reconciliation between the statutory tax rates and the effective tax rates reflected in the consolidated statement of profit or loss for the years ended March 31, 2024 and 2023 was as follows:

(%)

	2024	2023
Statutory tax rate	27.9	27.9
Reconciliation:		
Difference in tax rates of subsidiaries	(6.8)	(94.2)
Retained earnings of foreign subsidiaries	0.6	3.8
Share of profit/loss of investments accounted for using the equity method	(1.0)	(0.7)
Change in judgment of recoverability of deferred tax assets	(0.6)	1.0
Other	(0.0)	0.4
Effective tax rate	20.1	(61.9)

Note: “Other” for the year ended March 31, 2023 include negative 4.9% of “Dividend income” and 5.4% of “Taxes on permanent non-taxable/non-deductible items other than dividend income.”

The Company and its subsidiaries in Japan are mainly subject to corporate income tax, inhabitant tax, and enterprise tax levied on income. The applicable tax rate calculated based on these taxes was 27.9% for the years ended March 31, 2024 and 2023.

Foreign subsidiaries are subject to income and other taxes in their respective countries of domicile.

(4) Global minimum taxation

In the 2023 Tax Reform in Japan, a corporation income tax corresponding to the global minimum tax rules under the OECD BEPS was established. Provisions related to this matter (the “Global Minimum Tax Rules”) were included in the Tax Reform Act (Act for Partial Revision of the Income Tax Act and Other Acts (Act No. 3 of 2023) (the “revised

Corporation Tax Act”), which was enacted on March 28, 2023.

The revised Corporation Tax Act introduces legislation for the Income Inclusion Rule (“IIR”) of the BEPS Global Minimum Tax Rules. The IIR will be applicable to fiscal years beginning on or after April 1, 2024. With the IIR, the top-up tax will be additionally imposed on the parent companies located in Japan, which have subsidiaries falling below the minimum tax rate of 15%, to cover the gap.

The Group has assessed the impact of the rules based on the most recent tax returns, country-by-country reports, financial statements, etc. of each of the constituent entities covered by the rules, and as a result, does not expect any material exposure to corporate income tax.

20. TRADE AND OTHER PAYABLES

The breakdown of trade and other payables as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Trade accounts payable	563,585	628,063	3,724,211
Accrued expenses	78,188	14,052	516,672
Accounts payable - capital expenditures	18,985	27,953	125,454
Total	660,759	670,069	4,366,345

Note: Trade and other payables are classified into financial liabilities measured at amortized cost.

21. BONDS AND BORROWINGS

(1) The breakdown of bonds and borrowings as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars		
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	Average interest rate (%)	Repayment (maturity) date
Short-term borrowings	51,496	232,560	340,289	2.90	–
Current portion of long-term borrowings	374,346	675,571	2,473,706	0.79	–
Current portion of bonds payable (Note 4)	29,985	–	198,143	(Note 1)	(Note 1)
Commercial paper	–	99,000	–	–	–
Long-term borrowings	2,084,288	2,065,351	13,773,131	1.84	2025–2043
Bonds payable (Note 4)	563,537	438,338	3,723,894	(Note 1)	(Note 1)
Total	3,103,654	3,510,821	20,509,178	–	–
Current liabilities	455,828	1,007,131	3,012,145		
Non-current liabilities	2,647,826	2,503,690	17,497,032		
Total	3,103,654	3,510,821	20,509,178		

Notes: 1. The average interest rate represents the weighted average of contractual interest rate applicable to the ending balances.
2. Bonds and borrowings are classified into financial liabilities measured at amortized cost.
3. Some of the Group’s borrowings were subject to financial covenants. The Company was in compliance with the financial covenants for the years ended March 31, 2024 and 2023. The Company monitors and maintains the level required by the said covenants.

4. The outline of the conditions for bond as of March 31, 2024 and 2023 is as follows:

Company name	Issue	Date of issuance	Millions of Yen As of March 31, 2024	Millions of Yen As of March 31, 2023	Thousands of U.S. Dollars As of March 31, 2024	Interest rate (%)	Collateral	Date of maturity
JERA Co., Inc.	Unsecured bonds - 1st (with an inter-bond pari passu clause)	October 22, 2020	19,984	19,973	132,055	0.190	None	October 24, 2025
JERA Co., Inc.	Unsecured bonds - 2nd (with an inter-bond pari passu clause)	October 22, 2020	19,955	19,949	131,864	0.390	None	October 25, 2030
JERA Co., Inc.	Unsecured bonds - 3rd (with an inter-bond pari passu clause)	November 26, 2021	39,952	39,935	264,005	0.150	None	November 25, 2026
JERA Co., Inc.	Unsecured bonds - 4th (with an inter-bond pari passu clause)	November 26, 2021	29,927	29,918	197,759	0.350	None	November 25, 2031
JERA Co., Inc.	Unsecured bonds - 5th (with an inter-bond pari passu clause)	January 19, 2022	29,985	29,967	198,143	0.050	None	January 24, 2025
JERA Co., Inc.	Unsecured bonds - 6th (with an inter-bond pari passu clause)	January 19, 2022	9,960	9,958	65,816	0.670	None	January 25, 2041
JERA Co., Inc.	Unsecured bonds - 7th (with an inter-bond pari passu clause)	April 27, 2022	69,960	69,922	462,300	0.200	None	April 25, 2025
JERA Co., Inc.	Unsecured bonds - 8th (with an inter-bond pari passu clause) (transition bonds)	May 24, 2022	11,980	11,973	79,164	0.420	None	May 25, 2027
JERA Co., Inc.	Unsecured bonds - 9th (with an inter-bond pari passu clause) (transition bonds)	May 24, 2022	7,976	7,974	52,706	0.664	None	May 25, 2032
JERA Co., Inc.	Unsecured bonds - 10th (with an inter-bond pari passu clause)	June 22, 2022	12,089	12,080	79,885	0.350	None	June 25, 2025
JERA Co., Inc.	Unsecured bonds - 11th (with an inter-bond pari passu clause)	July 11, 2022	10,078	10,073	66,596	0.600	None	July 25, 2028
JERA Co., Inc.	Unsecured bonds - 12th (with an inter-bond pari passu clause)	July 11, 2022	10,252	10,250	67,745	1.400	None	July 25, 2047
JERA Co., Inc.	Unsecured bonds - 13th (with an inter-bond pari passu clause)	September 12, 2022	5,275	5,274	34,857	1.340	None	September 23, 2044
JERA Co., Inc.	Unsecured bonds - 14th (with an inter-bond pari passu clause)	September 12, 2022	5,274	5,273	34,850	1.390	None	September 25, 2046
JERA Co., Inc.	Unsecured bonds - 15th (with an inter-bond pari passu clause)	September 22, 2022	19,976	19,965	132,002	0.540	None	March 25, 2026
JERA Co., Inc.	Unsecured bonds - 16th (with an inter-bond pari passu clause)	April 26, 2023	24,950	–	164,871	0.640	None	April 25, 2028
JERA Co., Inc.	Unsecured bonds - 17th (with an inter-bond pari passu clause)	April 26, 2023	14,959	–	98,850	0.900	None	April 25, 2030
JERA Co., Inc.	Unsecured bonds - 18th (with an inter-bond pari passu clause)	June 22, 2023	19,943	–	131,784	0.510	None	June 23, 2028
JERA Co., Inc.	Unsecured bonds - 19th (with an inter-bond pari passu clause)	June 19, 2023	9,977	–	65,928	0.510	None	June 23, 2028
JERA Co., Inc.	Unsecured bonds - 20th (with an inter-bond pari passu clause)	December 6, 2023	29,950	–	197,911	0.470	None	November 25, 2026
JERA Co., Inc.	Unsecured bonds – 21st (with an inter-bond pari passu clause)	December 6, 2023	9,974	–	65,908	0.689	None	November 24, 2028
JERA Co., Inc.	Unsecured bonds – 22nd (with an inter-bond pari passu clause)	March 6, 2024	29,946	–	197,885	0.500	None	February 25, 2027
JERA Co., Inc.	Unsecured bonds – 23rd (with an inter-bond pari passu clause) (transition bonds)	March 6, 2024	9,965	–	65,849	1.192	None	February 24, 2034

Company name	Issue	Date of issuance	Millions of Yen As of March 31, 2024	Millions of Yen As of March 31, 2023	Thousands of U.S. Dollars As of March 31, 2024	Interest rate (%)	Collateral	Date of maturity
JERA Co., Inc.	Unsecured bonds with interest deferrable clause and early redeemable option - 1st (with a subordination clause)	December 15, 2022	64,973	64,964	429,346	2.144 *1	None	December 25, 2057
JERA Co., Inc.	Unsecured bonds with interest deferrable clause and early redeemable option - 2nd (with a subordination clause)	December 15, 2022	9,147	9,145	60,444	2.209 *2	None	December 25, 2059
JERA Co., Inc.	Unsecured bonds with interest deferrable clause and early redeemable option - 3rd (with a subordination clause)	December 15, 2022	21,865	21,862	144,485	2.549 *3	None	December 25, 2062
JERA Co., Inc.	Unsecured U.S. dollar-denominated bonds - 1st	April 14, 2022	45,234	39,872	298,909	3.665	None	April 14, 2027

*1. A fixed interest rate will apply until December 25, 2027, and variable interest rates will apply from the day immediately following December 25, 2027. The interest rate will increase on the day immediately following December 25, 2032 and the day immediately following December 25, 2047.

*2. A fixed interest rate will apply until December 25, 2029, and variable interest rates will apply from the day immediately following December 25, 2029. The interest rate will increase on the day immediately following December 25, 2032 and the day immediately following December 25, 2049.

*3. A fixed interest rate will apply until December 25, 2032, and variable interest rates will apply from the day immediately following December 25, 2032. The interest rate will increase on the day immediately following December 25, 2032 and the day immediately following December 25, 2052.

(2) Assets pledged as collateral and corresponding liabilities as of March 31, 2024 and 2023 were as follows:

A. Assets pledged as collateral

	Millions of Yen As of March 31, 2024	Millions of Yen As of March 31, 2023	Thousands of U.S. Dollars As of March 31, 2024
Cash and cash equivalents	125,227	70,279	827,509
Trade and other receivables	882	918	5,828
Inventories	1,111	2,156	7,341
Property, plant and equipment	962,364	864,571	6,359,373
Right-of-use assets	401	338	2,649
Goodwill and intangible assets	3,217	4,613	21,258
Investments accounted for using the equity method	46,981	56,900	310,453
Other financial assets (current and non-current)	17,201	27,320	113,665
Other assets (current and non-current)	1,942	1,942	12,832
Total	1,159,330	1,029,040	7,660,939

B. Liabilities corresponding to assets pledged as collateral

	Millions of Yen As of March 31, 2024	Millions of Yen As of March 31, 2023	Thousands of U.S. Dollars As of March 31, 2024
Borrowings (current and non-current)	737,945	757,512	4,876,395

22. OTHER FINANCIAL LIABILITIES

The breakdown of other financial liabilities as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Financial liabilities measured at amortized cost			
Accounts payable - other	72,225	53,411	477,268
Deposits received	67,924	146,771	448,846
Other (Note)	16,040	16,176	105,993
Subtotal	156,189	216,358	1,032,108
Other			
Liabilities recognized for written put options over non-controlling interests	178,877	164,082	1,182,032
Total	335,067	380,440	2,214,147
Current liabilities	89,924	160,845	594,224
Non-current liabilities	245,142	219,595	1,619,916
Total	335,067	380,440	2,214,147

Note: Items under "Other" in "Financial liabilities measured at amortized cost" include those that bear interest, the amounts of which were ¥16,040 million ($105,993 thousand) and ¥16,101 million (including ¥7,964 million due within one year) as of March 31, 2024 and 2023, respectively. Their maturities ranged from 2026 through 2028 with an average interest rate of 5.5%.

23. PROVISIONS

Changes in provisions were as follows:

For the year ended March 31, 2024

Millions of Yen

	Asset retirement obligations	Other provisions	Total
Beginning balance	6,369	88,036	94,406
Increase during the period	860	37,217	38,077
Increase due to business combination	12,773	–	12,773
Interest expense incurred over the discount period	428	–	428
Decrease due to intended use	–	(7,225)	(7,225)
Exchange differences on translation of foreign operations	698	93	792
Other (Note)	(123)	(23,036)	(23,160)
Ending balance	21,005	95,085	116,091

Note: Decreases due to changes in estimates are included.

For the year ended March 31, 2024

Thousands of U.S. Dollars

	Asset retirement obligations	Other provisions	Total
Beginning balance	42,086	581,748	623,841
Increase during the period	5,682	245,932	251,615
Increase due to business combination	84,404	–	84,404
Interest expense incurred over the discount period	2,828	–	2,828
Decrease due to intended use	–	(47,743)	(47,743)
Exchange differences on translation of foreign operations	4,612	614	5,233
Other	(812)	(152,223)	(153,043)
Ending balance	138,802	628,328	767,138

The breakdown of provisions for current and non-current liabilities was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Current liabilities	8,742	2,450	57,767
Non-current liabilities	107,348	91,956	709,363

Note: Provisions are included in "Other current liabilities" and "Other non-current liabilities" in the consolidated statement of financial position.

A. Asset retirement obligations

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

The Group expects these expenses to be paid after 13 to 24 years for the former obligations and 41 years for the latter obligations from March 31, 2024 in most cases. However, the payment will be subject to future business plans and other factors.

B. Other provisions

The Group's other provisions consist mainly of expenses and other outlays associated with the removal of power plant facilities.

The Group expects these expenses to be paid after two years from March 31, 2024 in most cases. However, the payment will be subject to future business plans and other factors.

24. POST-EMPLOYMENT BENEFITS

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

The Company's defined benefit corporate pension plans are multi-employer plans, and the Company participates in the corporate pension plans of Tokyo Electric Power Company and Chubu Electric Power Company. The contributions to those plans are determined by multiplying the points as the calculation basis by a specific rate or other methods.

The plans are different from single-employer plans in the following respects:

(a) Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other employers.

(b) If some employers suspend their contributions, the remaining employers may be required to assume the unfunded obligations.

(c) If the multi-employer plan winds up or an employer withdraws from the plan, participating employers or the withdrawing employer may be required to contribute the unfunded amount on the plan's wind-up or as a withdrawal contribution.

As the Company can reasonably determine the amount of pension assets corresponding to its contributions to the plans, it includes them in plan assets.

Tokyo Electric Power Company and Chubu Electric Power Company have corporate pension rules for their corporate pension plans, which specify the details of the pension plans, including eligibility, benefit details and methods, and contributions, on the basis of the consent of their employees.

Plan assets are legally separated from the Group. The asset management trustees are responsible for plan assets and obliged to perform their fiduciary duties for pension plan participants and other parties concerned and operational responsibilities such as diversified investments, as well as to prevent conflicts of interest.

The lump-sum retirement payment plans and defined benefit corporate pension plans are exposed to general investment risk, interest rate risk and inflation risk. However, the Company determines that those risks are immaterial.

The Company decided in the year ended March 31, 2024 to integrate the existing defined-benefit corporate pension plans and lump-sum retirement payment plans and transition to new retirement benefit plans effective from April 1, 2024.

The Company recognized past service cost associated with this decision in the year ended March 31, 2024.

(1) Reconciliation of defined benefit obligation and plan assets

Reconciliation of defined benefit obligation and plan assets, and retirement benefit liability (asset) recognized in the consolidated statement of financial position as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Present value of funded defined benefit obligation	29,853	29,905	197,270
Fair value of plan assets	(38,280)	(34,308)	(252,957)
Subtotal	(8,426)	(4,402)	(55,679)
Present value of unfunded defined benefit obligation	38,123	42,912	251,919
Total	29,696	38,509	196,233
Amount in the consolidated statement of financial position			
Retirement benefit liability (Note 1)	38,436	42,912	253,987
Retirement benefit asset (Note 2)	(8,739)	(4,402)	(57,747)
Net liability (asset) recognized in the consolidated statement of financial position	29,696	38,509	196,233

Notes: 1. Retirement benefit liability is included in other non-current liabilities.
2. Retirement benefit asset is included in other non-current assets.

(2) Reconciliation of defined benefit obligation

Changes in defined benefit obligation for the years ended March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	72,817	76,107	481,180
Current service cost	3,171	3,671	20,954
Interest cost	915	618	6,046
Gains and losses on remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	(821)	5	(5,425)
Actuarial gains and losses arising from changes in financial assumptions	(3,242)	(4,408)	(21,423)
Actuarial gains and losses arising from experience adjustments	207	(536)	1,367
Past service cost	(2,525)	–	(16,685)
Benefits paid	(3,078)	(2,740)	(20,339)
Effect of business combinations and disposal	648	–	4,282
Increase due to transfer of employees	101	66	667
Other	(217)	34	(1,433)
Ending balance	67,977	72,817	449,197

The weighted average duration of the defined benefit obligation as of March 31, 2024 and 2023 was as follows:

(Years)

	As of March 31, 2024	As of March 31, 2023
Weighted average duration	11–20	12–18

(3) Reconciliation of plan assets

Changes in plan assets for the years ended March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	34,308	33,909	226,709
Interest income	440	277	2,907
Gains and losses on remeasurements			
Return on plan assets (excluding interest income)	2,536	(590)	16,758
Contribution by the employer	943	899	6,231
Contribution by plan participants	59	47	389
Benefits paid	(481)	(269)	(3,178)
Effect of business combinations and disposal	444	–	2,933
Increase due to transfer of employees	53	35	350
Other	(24)	–	(158)
Ending balance	38,280	34,308	252,957

Note: The Group will contribute ¥1,557 million ($10,288 thousand) for the fiscal year ending March 31, 2025.

(4) Major components of plan assets

The major components of total plan assets as of March 31, 2024 and 2023 were as follows:

Millions of Yen

	As of March 31, 2024			As of March 31, 2023		
	With quoted prices in active markets	With no quoted prices in active markets	Total	With quoted prices in active markets	With no quoted prices in active markets	Total
Cash and cash equivalents	77	–	77	71	–	71
Equity investments	6,865	–	6,865	6,644	–	6,644
Bonds	12,006	757	12,764	12,976	686	13,663
General accounts of life insurance companies	3,489	14,557	18,046	–	13,395	13,395
Other	–	525	525	–	532	532
Total	22,439	15,840	38,280	19,694	14,614	34,308

Thousands of U.S. Dollars

	As of March 31, 2024		
	With quoted prices in active markets	With no quoted prices in active markets	Total
Cash and cash equivalents	508	–	508
Equity investments	45,364	–	45,364
Bonds	79,336	5,002	84,345
General accounts of life insurance companies	23,055	96,193	119,249
Other	–	3,469	3,469
Total	148,278	104,671	252,957

The investments of plan assets under the corporate pension plans of Tokyo Electric Power Company and Chubu Electric Power Company in which the Company participates are managed to generate sufficient earnings to meet future benefit payments.

The group has established a portfolio to meet the objective, considering operational risks and returns, past performance and forecasts.

(5) Matters concerning actuarial assumptions

The major actuarial assumptions as of March 31, 2024 and 2023 were as follows:

%

	As of March 31, 2024	As of March 31, 2023
Discount rate	mainly 1.6	mainly 1.2–1.4

Note: The sensitivities of defined benefit obligation as of March 31, 2024 and 2023 that were affected by changes in main actuarial assumptions are described below. Each sensitivity is based on the assumption that the other variables are constant. However, in reality, they do not necessarily change independently. Negative values represent a decrease in defined benefit obligation, while positive values represent an increase in defined benefit obligation.

		Millions of Yen		Thousands of U.S. Dollars
	Change in actuarial assumptions	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Discount rate	50-basis-point increase	(4,111)	(4,430)	(27,165)
	50-basis-point decrease	4,515	4,936	29,835

(6) Defined contribution pension plans

The contributions to the defined contribution pension plans for the years ended March 31, 2024 and 2023 were ¥5,935 million ($39,218 thousand) and ¥9,903 million, respectively.

25. EQUITY AND OTHER EQUITY ITEMS

(1) Share capital

A. Number of shares authorized

The number of shares authorized was 50,000,000 shares of common stock, two Class A shares, and two Class B shares as of March 31, 2024 and 2023.

The shares are no-par-value common stock with no restrictions on any rights and no par-value Class A and B shares prescribed differently from common stock in respect of dividends of surplus, distribution of residual assets, put options, and matters to be resolved at shareholders' meetings.

B. Shares issued and fully paid

Changes in the number of shares issued for the years ended March 31, 2024 and 2023 were as follows:

	Number of shares of common stock issued (Shares)
As of March 31, 2024	20,000,000
As of March 31, 2023	20,000,000
Changes during period	–
As of April 1, 2022	20,000,000
Changes during period	–

(2) Surplus

A. Capital surplus

Under the Companies Act of Japan (the "Companies Act"), at least 50% of the amount paid-in or contributed for share issuance shall be credited to share capital, and the remainder shall be credited to legal capital surplus that is included in capital surplus.

The Companies Act also provides that legal capital surplus may be credited to share capital pursuant to a resolution at the shareholders' meeting.

B. Retained earnings

The Companies Act provides that 10% of the amount of surplus that is reduced by the distribution of surplus shall be appropriated as legal capital surplus or as legal retained earnings until the aggregate amount of legal capital surplus and legal retained earnings included in retained earnings equals 25% of share capital. Legal retained earnings accumulated may be used to eliminate or reduce a deficit. Further, legal retained earnings may be reversed pursuant to a resolution at the shareholders' meeting.

(3) Other equity instruments

In order to further strengthen its financial base, the Company obtained financing through a perpetual subordinated syndicated loan of ¥200.0 billion (Tranche A: ¥100.0 billion and Tranche B: ¥100.0 billion) (the "Loans") on March 30, 2023. The Loans have no requirements for repayments of principal or maturity date. The Company is able to defer interest payments at its discretion and has no obligation to redeem the Loans unless any of the subordination events (liquidation and bankruptcy) occurs as specified in the subordination agreement. Accordingly, the Loans are classified into equity instruments under IFRS, and the amount raised through the Loans less issuance costs is recognized as "Other equity instruments" in "Equity" in the consolidated statement of financial position.

Details of the Loans

Total funding amount	¥200.0 billion (Tranche A: ¥100.0 billion and Tranche B: ¥100.0 billion)
Maturity date and optional redemption	No fixed due date. However, the Company may repay the principal of Tranche A on March 31, 2028 and any subsequent interest payment date, subject to prior notice by the Company. For Tranche B, the Company may repay the principal on March 29, 2030 and any subsequent interest payment date, subject to prior notice by the Company.
Restrictions on interest payments	The Company may, at its discretion, suspend and defer the payment of interest on the Loans, subject to prior notice by the Company. However, in the event that the Company pays dividends on its common stock, etc., it shall make reasonably possible efforts to pay the said optionally suspended interest and any interest arrears as a for-profit organization.
Subordination	In case any of the subordination events (liquidation and bankruptcy) occurs as specified in the subordination agreement, the Loans are subordinated to the claims of all senior creditors.
Applicable interest rates	For Tranche A, the interest rate will step up by 0.25% on and after the interest payment date in March 2033 and another 0.75% on and after the interest payment date in March 2048. For Tranche B, the interest rate will step up by 0.25% on and after the interest payment date in March 2033 and another 0.75% on and after the interest payment date in March 2050.

(4) Other components of equity

A. Exchange differences on translation of foreign operations

This represents the exchange differences arising from the consolidation of financial statements of foreign operating entities prepared in foreign currencies.

B. Effective portion of change in fair value of cash flow hedges

The Group hedges against the fluctuation risk of future cash flows. The portion of the amount of the change in fair value of the derivatives designated as a cash flow hedge, which is determined to be effective, is included within other components of equity.

C. Net change in fair value of financial assets measured through other comprehensive income

This represents the amount of change in fair value of financial assets measured at fair value through other comprehensive income.

D. Remeasurements of defined benefit retirement plans

This represents actuarial gains and losses associated with defined benefit obligation, the return on plan assets (excluding amounts included in interest income) and the amount of change in the effect of the asset ceiling (excluding amounts included in interest income).

26. DIVIDENDS

(1) Dividends paid

For the year ended March 31, 2024

Not applicable because no dividends were paid.

For the year ended March 31, 2023

Resolution	Type of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Annual shareholders' meeting held on June 23, 2022	Common stock	83,100	4,155	March 31, 2022	June 24, 2022

Note: Dividends paid for the year ended March 31, 2023 presented in the consolidated statement of cash flows included ¥83,100 million in dividends recognized as those paid to the holders as well as payments relating to the repayment of capital to non-controlling interests by certain consolidated subsidiaries.

(2) Dividends whose effective date falls after the end of the fiscal year

For the year ended March 31, 2024

Not applicable because no dividends were paid.

For the year ended March 31, 2023

Not applicable because no dividends were paid.

27. REVENUE

(1) Disaggregation of revenue

The breakdown of revenue for the years ended March 31, 2024 and 2023 is presented in Note 6 "SEGMENT INFORMATION."

(2) Information on contract balances as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Receivables from contracts with customers	400,041	630,164	2,643,500
Contract liabilities	2,260	1,856	14,934

Note: The balance of contract liabilities as of the beginning of the year ended March 31, 2024 was mostly recognized as revenue for the fiscal year, and the amount carried forward was immaterial. In addition, for the year ended March 31, 2024, there was no material revenue recognized from performance obligations satisfied in previous periods.

(3) Information on the remaining performance obligations as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied	1,237,972	853,462	8,180,611
Expected timing of revenue recognition			
Within 1 year	493,173	–	3,258,924
Between 1 and 3 years	360,289	626,433	2,380,816
More than 3 years	384,509	227,029	2,540,864

Note: Applying the practical expedient, the above amounts do not include the transaction price for the remaining performance obligations for which the expected term of the original contract is one year or less, and for the remaining performance obligations for which revenue is recognized in the amount that the Company has the right to bill, such as contracts billed based on hours of service rendered. In addition, the amount of variable consideration is included in the transaction price only to the extent that it is highly probable that, when the uncertainty regarding the amount of the variable consideration is resolved subsequently, there will not be a significant reversal in the amount of cumulative revenue recognized up to the point at which uncertainty is resolved.

(4) Information on costs incurred to fulfill contracts as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Ending balance of costs incurred to fulfill contracts that were recognized as assets	15,027	14,645	99,299

The amounts of amortization of the costs incurred to fulfill contracts recognized as assets for the years ended March 31, 2024 and 2023 were ¥151 million ($997 thousand) and ¥34 million, respectively.

The amount of impairment of the costs incurred to fulfill contracts recognized as assets was ¥23 million for the year ended March 31, 2023.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of selling, general and administrative expenses for the years ended March 31, 2024 and 2023 was follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Depreciation and amortization	73,655	10,396	486,717
Employee benefit expenses	48,723	55,350	321,965
Outsourcing expenses	28,365	20,514	187,438
Other	43,385	24,871	286,691
Total	194,129	111,133	1,282,819

29. EMPLOYEE BENEFIT EXPENSES

Total employee benefit expenses recorded for the years ended March 31, 2024 and 2023 were ¥89,467 million ($591,204 thousand) and ¥95,541 million, respectively.

Employee benefit expenses are included in “Cost of sales” and “Selling, general and administrative expenses.”

30. OTHER INCOME AND OTHER EXPENSES

The breakdown of other income for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Lease income	2,195	–	14,504
Insurance claim income	1,986	–	13,123
Gain on reversal of impairment losses	–	17,955	–
Other	9,234	8,818	61,018
Total	13,417	26,774	88,660

The breakdown of other expenses for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Foreign exchange loss	10,766	30,577	71,142
Other	3,514	3,053	23,220
Total	14,280	33,631	94,363

Note: Details of impairment losses or gain on reversal of impairment losses are provided in Note 16 “IMPAIRMENT OF NON-FINANCIAL ASSETS.”

31. FINANCE INCOME AND FINANCE COSTS

(1) The breakdown of finance income for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Interest income			
Financial assets measured at amortized cost	62,006	17,082	409,740
Dividend income			
Equity instruments measured at fair value through other comprehensive income	3,696	3,374	24,423
Net change in fair value of financial assets			
Financial assets measured at fair value through profit or loss	4,714	–	31,150
Gain on valuation of derivatives	4,555	6,677	30,099
Other	3,696	5	24,423
Total	78,668	27,139	519,844

The breakdown of dividend income from equity instruments measured at fair value through other comprehensive income was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Financial assets derecognized during the year	–	34	–
Financial assets held at the end of the year	3,696	3,340	24,423

(2) The breakdown of finance costs for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Interest expenses			
Financial liabilities measured at amortized cost	44,849	28,983	296,365
Lease liabilities	6,434	4,009	42,516
Foreign exchange loss	8,430	24,806	55,706
Other	4,916	5,377	32,485
Total	64,631	63,177	427,086

Note: Foreign exchange loss includes loss on valuation of currency derivatives.

32. OTHER COMPREHENSIVE INCOME

Amounts arising during the year, reclassification adjustment to profit or loss, and tax effects by item included in other comprehensive income for the years ended March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Net change in fair value of financial assets measured through other comprehensive income			
Amount arising during the year	14,972	(9,352)	98,936
Amount before income tax effect	14,972	(9,352)	98,936
Income tax effect	(645)	232	(4,262)
Net change in fair value of financial assets measured through other comprehensive income	14,327	(9,119)	94,673
Remeasurements of defined benefit retirement plans			
Amount arising during the year	6,463	4,349	42,707
Amount before income tax effect	6,463	4,349	42,707
Income tax effect	(1,760)	(1,213)	(11,630)
Remeasurements of defined benefit retirement plans	4,703	3,135	31,077
Exchange differences on translation of foreign operations			
Amount arising during the year	174,861	133,710	1,155,494
Reclassification adjustment	(946)	(2,683)	(6,251)
Exchange differences on translation of foreign operations	173,915	131,026	1,149,243
Effective portion of change in fair value of cash flow hedges			
Amount arising during the year	183,024	34,095	1,209,436
Reclassification adjustment	(6,970)	24,759	(46,058)
Amount before income tax effect	176,053	58,855	1,163,371
Income tax effect	(48,136)	10,394	(318,086)
Effective portion of change in fair value of cash flow hedges	127,917	69,250	845,285
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	(2,097)	36,683	(13,857)
Reclassification adjustment	(3,090)	203	(20,418)
Share of other comprehensive income of investments accounted for using the equity method	(5,187)	36,887	(34,276)

33. SUPPLEMENTARY INFORMATION ON CONSOLIDATED STATEMENT OF CASH FLOWS

(1) Interest paid

Cash flows from operating activities and "Purchase of property, plant and equipment" under cash flows from investing activities include the following interest paid.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Interest paid	9,193	7,633	60,748

(2) Non-cash transactions

Non-cash transactions related to investing and financing activities in the years ended March 31, 2024 and 2023 are the acquisition of right-of-use assets by lease, and the amounts for each year are presented in Note 15 "LEASES."

(3) Liabilities arising from financing activities

Changes in liabilities arising from financing activities during the years ended March 31, 2024 and 2023 were as follows:

For the year ended March 31, 2024

Millions of Yen

Liabilities arising from financing activities	Beginning balance	Changes from cash flows from financing activities	Non-cash changes				Ending balance
			Effect of business combinations and disposal	Increase due to new leases	Exchange differences	Other	
Short-term borrowings	232,560	(186,077)	–	–	5,014	–	51,496
Long-term borrowings (Note)	2,740,923	(596,125)	256,811	–	52,323	4,702	2,458,634
Bonds payable (Note)	438,338	149,610	–	–	5,703	(129)	593,523
Lease liabilities (Note)	341,581	(80,590)	757	179,198	16,691	37	457,674
Commercial paper	99,000	(99,000)	–	–	–	–	–
Total	3,852,403	(812,183)	257,568	179,198	79,732	4,610	3,561,329

Note: Including the current portion.

For the year ended March 31, 2023

Millions of Yen

Liabilities arising from financing activities	Beginning balance	Changes from cash flows from financing activities	Non-cash changes				Ending balance
			Effect of business combinations and disposal	Increase due to new leases	Exchange differences	Other	
Short-term borrowings	117,100	102,097	–	–	13,361	–	232,560
Long-term borrowings (Note)	2,075,387	591,173	44,331	–	27,676	2,353	2,740,923
Bonds payable (Note)	149,639	285,469	–	–	3,059	170	438,338
Lease liabilities (Note)	329,782	(60,226)	–	60,049	11,334	641	341,581
Commercial paper	297,000	(198,000)	–	–	–	–	99,000
Total	2,968,910	720,513	44,331	60,049	55,432	3,165	3,852,403

Note: Including the current portion.

For the year ended March 31, 2024

Thousands of U.S. Dollars

Liabilities arising from financing activities	Beginning balance	Changes from cash flows from financing activities	Non-cash changes				Ending balance
			Effect of business combinations and disposal	Increase due to new leases	Exchange differences	Other	
Short-term borrowings	1,536,773	(1,229,610)	–	–	33,132	–	340,289
Long-term borrowings (Note)	18,112,224	(3,939,238)	1,697,026	–	345,754	31,071	16,246,838
Bonds payable (Note)	2,896,570	988,634	–	–	37,685	(852)	3,922,044
Lease liabilities (Note)	2,257,192	(532,544)	5,002	1,184,153	110,295	244	3,024,344
Commercial paper	654,199	(654,199)	–	–	–	–	–
Total	25,456,968	(5,366,966)	1,702,028	1,184,153	526,875	30,463	23,533,529

Note: Including the current portion.

34. FINANCIAL INSTRUMENTS

(1) Capital management

The Group strives to achieve and maintain an optimal capital structure in order to achieve its medium- to long-term Group strategy and maximize corporate value.

The index we focus on in capital management is the net debt-to-equity ratio (net D/E ratio)*1. This index is continuously reported to the management and monitored.

*1 Net D/E ratio = net interest-bearing liabilities*2 / equity capital*3

*2 Net interest-bearing liabilities is obtained by deducting cash and cash equivalents and time deposits with maturities over three months from total interest-bearing liabilities.

Interest-bearing liabilities is calculated by subtracting lease liabilities from short-term and long-term financial liabilities.

*3 Equity capital = equity − non-controlling interests

The net D/E ratios as of March 31, 2024 and 2023 were 0.64 and 1.06, respectively.

The Group is subject to no significant capital regulations other than the general provisions of the Companies Act and other laws.

(2) Basic policy on financial risk management

The Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk, and commodity price fluctuation risk) in the course of performing operation activities. To mitigate such financial risks, the Group has managed risks in accordance with certain policies.

(3) Credit risk

A. Credit risk management and maximum exposure to credit risk

Credit risk is the risk of a financial loss that the Group will incur from a default of a contractual obligation by a counterparty of financial assets held by the Group.

The Group has a system in place for enabling the management of due dates and outstanding balances for each counterparty as well as the regular assessment of the credit status of major counterparties in accordance with the credit management regulations.

In addition, the Group enters into derivative transactions only with financial institutions and other counterparties which have a sound credit profile; thus, the impact of such transactions on credit risk is limited.

The Group is exposed to credit risk concentrated on a specific group of counterparties with respect to trade and other receivables.

The Group holds trade and other receivables from Tokyo Electric Power Company Holdings, Inc. and its associates, Chubu Electric Power Co., Inc. and its associates, Électricité de France S.A. and its associates.

Trade and other receivables from the customer groups mentioned above represent 34.1%, 21.6%, and 24.8% of total trade receivables, respectively, as of March 31, 2024 and 38.9%, 20.9%, and 25.3% of total trade receivables, respectively, as of March 31, 2023.

Except for unused balances related to loan commitments and guarantee obligations, the maximum exposure of the Group to credit risk equals the carrying amount of financial assets less impairment losses reported in the consolidated statement of financial position. The maximum exposure of the Group to the credit risk from loan commitments is unused balances related to loan commitments disclosed in Note 37 "COMMITMENTS," and that from guarantee obligations is the amount of guarantee obligation disclosed in Note 38 "CONTINGENT LIABILITIES."

B. Changes in allowance for doubtful accounts

Changes in allowance for doubtful accounts during the years ended March 31, 2024 and 2023 were as follows:

Millions of Yen

	2024				2023			
	Financial assets whose allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	Lifetime expected credit losses			Financial assets whose allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	Lifetime expected credit losses		
		Trade and other receivables, lease receivables	Financial instruments whose credit risk has increased significantly	Credit-impaired financial instruments		Trade and other receivables, lease receivables	Financial instruments whose credit risk has increased significantly	Credit-impaired financial instruments
Beginning balance	–	1,719	–	–	–	1,927	–	–
Provision	–	1,955	–	–	–	1,456	–	–
Reversal	–	(1,877)	–	–	–	(1,834)	–	–
Other	–	195	31	–	–	168	–	–
Ending balance	–	1,991	31	–	–	1,719	–	–

Thousands of U.S. Dollars

	2024			
	Financial assets whose allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	Lifetime expected credit losses		
		Trade and other receivables, lease receivables	Financial instruments whose credit risk has increased significantly	Credit-impaired financial instruments
Beginning balance	–	11,359	–	–
Provision	–	12,918	–	–
Reversal	–	(12,403)	–	–
Other	–	1,288	204	–
Ending balance	–	13,156	204	–

C. Carrying amounts of financial instruments related to allowance for doubtful accounts

Carrying amounts of financial instruments related to allowance for doubtful accounts (before deducting allowance for doubtful accounts) as of March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Financial assets whose allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	53,557	46,985	353,908
Trade and other receivables, lease receivables (Lifetime expected credit losses)	672,787	979,373	4,445,827
Financial instruments whose credit risk has increased significantly (Lifetime expected credit losses)	35	–	231
Credit-impaired financial instruments (Lifetime expected credit losses)	–	–	–

D. Credit risk analysis

Past due information of trade and other receivables, lease receivables, and loans receivable as of March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Before due date	726,192	1,026,305	4,798,731
Past due within 30 days	56	4	370
Past due between 30 days and 90 days	94	10	621
Past due over 90 days	37	39	244
Total	726,379	1,026,358	4,799,966

The Group does not have concentration of credit risk in rating of financial instruments related to allowance for doubtful accounts other than trade and other receivables, lease receivables, and loans receivable.

(4) Liquidity risk

A. Liquidity risk management

Liquidity risk is the risk that the Group is unable to fulfill its repayment obligations of financial liabilities on the due date.

The Group manages its liquidity risk by reserving adequate funds for repayment, ensuring readily available credit facility extended by financial institutions, and monitoring cash flow plans and its results on an ongoing basis.

B. Liquidity risk analysis of non-derivative financial liabilities

The liquidity risk analysis of non-derivative financial liabilities as of March 31, 2024 and 2023 was as follows:

As of March 31, 2024

Millions of Yen

	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	In more than 5 years
Non-derivative financial liabilities					
Trade and other payables	660,759	660,759	660,759	–	–
Short-term borrowings	51,496	51,496	51,496	–	–
Long-term borrowings	2,458,634	2,699,187	416,314	1,334,687	948,186
Bonds payable	593,523	626,615	35,832	371,448	219,333
Lease liabilities	457,674	482,075	98,937	199,044	184,092
Liabilities recognized for put options written on non-controlling interests (Note)	178,877	206,363	–	206,363	–
Total	4,400,966	4,726,498	1,263,341	2,111,544	1,351,612

Note: The table above assumes that the counterparties of the contracts will exercise their rights at the earliest possible date based on the contracts.

As of March 31, 2023

Millions of Yen

	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	In more than 5 years
Non-derivative financial liabilities					
Trade and other payables	670,069	670,069	670,069	–	–
Short-term borrowings	232,560	235,157	235,157	–	–
Long-term borrowings	2,740,923	2,911,157	700,861	1,196,990	1,013,305
Bonds payable	438,338	472,186	4,797	261,504	205,884
Lease liabilities	341,581	355,893	58,796	137,608	159,489
Liabilities recognized for put options written on non-controlling interests (Note)	164,082	195,670	–	195,670	–
Total	4,587,554	4,840,135	1,669,682	1,791,773	1,378,679

Note: The table above assumes that the counterparties of the contracts will exercise their rights at the earliest possible date based on the contracts.

As of March 31, 2024

Thousands of U.S. Dollars

	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	In more than 5 years
Non-derivative financial liabilities					
Trade and other payables	4,366,345	4,366,345	4,366,345	–	–
Short-term borrowings	340,289	340,289	340,289	–	–
Long-term borrowings	16,246,838	17,836,430	2,751,034	8,819,711	6,265,684
Bonds payable	3,922,044	4,140,718	236,780	2,454,556	1,449,368
Lease liabilities	3,024,344	3,185,587	653,783	1,315,297	1,216,493
Liabilities recognized for put options written on non-controlling interests (Note)	1,182,032	1,363,662	–	1,363,662	–
Total	29,081,913	31,233,053	8,348,252	13,953,241	8,931,553

Note: The table above assumes that the counterparties of the contracts will exercise their rights at the earliest possible date based on the contracts.

C. Liquidity analysis of derivatives

Liquidity risk analysis of derivatives as of March 31, 2024 and 2023 was as follows: Derivatives that are settled net of other contracts are also disclosed in gross amounts.

As of March 31, 2024

Millions of Yen

		Within 1 year	In 1 to 5 years	In more than 5 years	Total
Foreign currency contracts	Receipts	32,214	17,418	5,967	55,600
	Payments	(3,682)	(1,566)	–	(5,248)
Interest rate contracts	Receipts	11,086	12,288	27,796	51,171
	Payments	–	–	–	–
Commodity contracts	Receipts	632,913	212,666	6,606	852,186
	Payments	(663,116)	(197,825)	(1)	(860,943)

As of March 31, 2023

Millions of Yen

		Within 1 year	In 1 to 5 years	In more than 5 years	Total
Foreign currency contracts	Receipts	29,196	20,410	2,282	51,889
	Payments	(20,559)	(2,493)	–	(23,053)
Interest rate contracts	Receipts	8,906	8,140	3,104	20,152
	Payments	(18)	(48)	(32)	(98)
Commodity contracts	Receipts	1,524,832	406,020	7,528	1,938,380
	Payments	(1,450,290)	(459,719)	(560)	(1,910,570)

As of March 31, 2024

Thousands of U.S. Dollars

		Within 1 year	In 1 to 5 years	In more than 5 years	Total
Foreign currency contracts	Receipts	212,872	115,099	39,430	367,408
	Payments	(24,330)	(10,348)	–	(34,679)
Interest rate contracts	Receipts	73,257	81,200	183,678	338,141
	Payments	–	–	–	–
Commodity contracts	Receipts	4,182,336	1,405,312	43,652	5,631,309
	Payments	(4,381,920)	(1,307,242)	(6)	(5,689,175)

(5) Foreign exchange risk

A. Foreign exchange risk management

The Group is exposed to foreign exchange risk, mainly in fuel procurement transactions. Therefore, the Group engages in hedging transactions using derivatives such as forward exchange contracts in order to reduce foreign exchange risks.

B. Foreign exchange sensitivity analysis

For financial instruments held by the Group as of March 31, 2024 and 2023, the effect of a 1% increase in the value of the Japanese Yen against the U.S. Dollar on profit before tax, assuming that all the other variable factors remain constant, is ¥1,148 million ($7,586 thousand) and ¥(156) million, respectively, and the effect of a 1 % increase in the value of the U.S. Dollar against the Euro is ¥165 million ($1,090 thousand) and ¥3,770 million, respectively.

This analysis does not include the effect of financial instruments denominated in the functional currency or the effect of translating assets and liabilities of foreign operations into the reporting currency.

(6) Interest rate risk

A. Interest rate risk management

The Group is exposed to interest rate fluctuation risk mainly related to long-term borrowings. To minimize this risk, the Group manages the fluctuation risk of cash flows mainly through interest rate swap agreements. The interest rate swap agreements are mainly receive-variable, pay-fixed agreements. Under the agreements, the Group receives variable interest rate payments on long-term borrowings and makes fixed interest rate payments, thereby converting floating-rate long-term borrowings into fixed-rate long-term borrowings.

B. Sensitivity analysis on interest rate fluctuation risk

For floating-rate long-term borrowings held by the Group as of March 31, 2024 and 2023, the effect of a 1% increase in the interest rates on profit before tax, assuming that all the other variable factors remain constant, is as follows:
The analysis does not include long-term borrowings with floating interest rates whose interest rates were fixed by derivative transactions such as interest rate swap agreements.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Effect on profit before tax	(2,713)	(4,020)	(17,927)

(7) Commodity price fluctuation risk

A. Commodity price fluctuation risk management

The Group sells electricity and other products under long-term sales contracts that are linked to commodity price indexes and procures raw materials such as LNG and coal based on long-term purchase contracts, and thus is exposed to commodity price fluctuation risk due to market fluctuations and other factors. The Group takes measures to mitigate the risk of commodity price fluctuations using derivative instruments such as commodity swaps.

B. Sensitivity analysis on commodity price fluctuation risk

The Company and JERA Global Markets Pte. Ltd. have adopted the Value-at-Risk (VaR) metric to measure commodity price fluctuation risk. VaR is the statistically estimated maximum loss that could occur within a specified time frame based on past market fluctuation data. Since VaR is based on the mixture of trends in data on changes in market risk factors, actual results may deviate significantly from the calculations below.
The VaR of the Company’s commodity price fluctuation risk as of March 31, 2024 and 2023 was ¥8,518 million ($56,287 thousand) and ¥35,813 million, respectively. (Parametric method; 95% confidence interval (two-sided); holding period: 1 day)
The VaR of JERA Global Markets Pte. Ltd.’s commodity price fluctuation risk as of March 31, 2024 and 2023 was ¥1,025 million ($6,773 thousand) and ¥922 million, respectively. (Monte Carlo Simulation method; 95% confidence interval (two-sided); holding period: 1 day)

(8) Derivative transactions and hedging activities

At the inception of a hedging relationship, the Group determines an appropriate hedge ratio based on the volume of hedged items and instruments.

A. Cash flow hedges

The Group designates the following transactions as cash flow hedges: foreign currency forward contracts primarily to fix cash flows of transactions denominated in foreign currencies, interest rate swaps to fix cash flows associated with floating interest rates on borrowings, and commodity swaps to fix cash flows associated with fuel procurement transactions.

For the years ended March 31, 2024 and 2023, the amounts recognized in profit or loss on the ineffective portion of hedges and the portion excluded from the assessment of hedge effectiveness were not material.

B. Hedges of net investments in foreign operations

The Group uses bonds, borrowings and currency swaps to hedge the foreign exchange risk of net investments in foreign operations.

For the years ended March 31, 2024 and 2023, the amounts recognized in profit or loss on the ineffective portion of hedges and the portion excluded from the assessment of hedge effectiveness were not material.

C. Carrying amounts of hedging instruments to which hedge accounting is applied

Carrying amounts of hedging instruments to which hedge accounting is applied as of March 31, 2024 and 2023 by hedge type were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	As of March 31, 2024		As of March 31, 2023		As of March 31, 2024	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedges						
Foreign currency forward contracts	31,654	–	16,085	3,475	209,172	–
Interest rate swaps	23,057	–	14,227	98	152,362	–
Commodity swaps	1,632	1,280	691	33,246	10,784	8,458
Subtotal	56,344	1,280	31,003	36,821	372,325	8,458
Hedges of net investments in foreign operations						
Bonds and borrowings	–	181,596	–	160,248	–	1,200,000
Currency swaps	58	–	–	23	383	–
Subtotal	58	181,596	–	160,271	383	1,200,000
Total	56,403	182,876	31,003	197,092	372,715	1,208,458

D. Notional amounts and average prices of hedging instruments to which hedge accounting is applied

Notional amounts and average prices of hedging instruments to which hedge accounting is applied as of March 31, 2024 and 2023 were as follows:

Millions of Yen, unless otherwise stated / Thousands of U.S. Dollars, unless otherwise stated

Category	Contract details	Type	Notional amount and average price	As of March 31, 2024 (Millions of Yen)		As of March 31, 2023 (Millions of Yen)		As of March 31, 2024 (Thousands of U.S. Dollars)	
				Total	Portion over 1 year	Total	Portion over 1 year	Total	Portion over 1 year
Cash flow hedges	Foreign currency forward contracts	Buy U.S. Dollar / Sell Yen	Notional amount	588,774	60,136	754,621	68,275	3,890,662	397,383
			Average price (Yen / U.S. Dollar)	134.74		123.53		0.89	
	Interest rate swaps (Note 1)	Pay fixed/ Receive variable	Notional amount	965,948	901,470	665,038	634,333	6,383,056	5,956,981
			Average rate (%)	1.46%		1.66%		1.46%	
	Commodity swaps (Note 2)	–	Notional amount	275,787	76,465	590,628	296,823	1,822,421	505,286
Hedges of net investments in foreign operations	Bonds and borrowings	Sell U.S. Dollar / Buy Yen	Notional amount	181,596	181,596	160,248	160,248	1,200,000	1,200,000
			Average price (Yen / U.S. Dollar)	151.33		133.54		1.00	
	Currency swaps	Sell Euro / Buy U.S. Dollar	Notional amount	12,584	–	5,658	–	83,156	–
			Average price (Euro / U.S. Dollar)	1.09		1.08		0.00	

Notes: 1. It includes contracts whose notional amount increases or decreases depending on the balance of borrowings as hedged items.
2. Calculating average price of commodity swaps is practically impossible due to the countless types of its transactions.

E. Other components of equity and gains or losses on hedging instruments in cash flow hedges and hedges of net investments in foreign operations

Other components of equity and gains or losses on hedging instruments in cash flow hedges and hedges of net investments in foreign operations as of March 31, 2024 and 2023 were as follows:

For the year ended March 31, 2024

Millions of Yen

	Other components of equity (net of tax)	Gains (losses) on hedges recognized in other comprehensive income	Amount of non-financial assets reclassified to acquisition cost	Reclassification adjustment from other comprehensive income to profit	Major line items in the consolidated statement of profit or loss for reclassification adjustments
Cash flow hedges					
Foreign currency forward contracts	21,983	101,718	(86,384)	(3,340)	Cost of sales
Interest rate swaps	28,071	2,035	–	(453)	Finance costs
Commodity swaps	552	22,974	(5,875)	(1,219)	Cost of sales
Subtotal	50,606	126,728	(92,260)	(5,012)	
Hedges of net investments in foreign operations					
Bonds and borrowings	(30,689)	(15,391)	–	–	–
Currency swaps	(444)	53	–	–	–
Subtotal	(31,134)	(15,338)	–	–	
Total	19,472	111,390	(92,260)	(5,012)	

For the year ended March 31, 2023

Millions of Yen

	Other components of equity (net of tax)	Gains (losses) on hedges recognized in other comprehensive income	Amount of non-financial assets reclassified to acquisition cost	Reclassification adjustment from other comprehensive income to profit	Major line items in the consolidated statement of profit or loss for reclassification adjustments
Cash flow hedges					
Foreign currency forward contracts	9,091	37,475	(45,686)	(628)	Cost of sales
Interest rate swaps	10,084	16,791	–	1,121	Finance costs
Commodity swaps	(15,327)	9,385	(73,332)	17,398	Cost of sales
Subtotal	3,848	63,652	(119,019)	17,891	
Hedges of net investments in foreign operations					
Bonds and borrowings	(15,297)	(9,439)	–	–	–
Currency swaps	(1,274)	(7)	–	–	–
Subtotal	(16,572)	(9,446)	–	–	
Total	(12,723)	54,206	(119,019)	17,891	

For the year ended March 31, 2024

Thousands of U.S. Dollars

	Other components of equity (net of tax)	Gains (losses) on hedges recognized in other comprehensive income	Amount of non-financial assets reclassified to acquisition cost	Reclassification adjustment from other comprehensive income to profit	Major line items in the consolidated statement of profit or loss for reclassification adjustments
Cash flow hedges					
Foreign currency forward contracts	145,265	672,160	(570,831)	(22,070)	Cost of sales
Interest rate swaps	185,495	13,447	–	(2,993)	Finance costs
Commodity swaps	3,647	151,813	(38,822)	(8,055)	Cost of sales
Subtotal	334,408	837,428	(609,661)	(33,119)	
Hedges of net investments in foreign operations					
Bonds and borrowings	(202,795)	(101,704)	–	–	–
Currency swaps	(2,933)	350	–	–	–
Subtotal	(205,735)	(101,354)	–	–	
Total	128,672	736,073	(609,661)	(33,119)	

(9) Offsetting financial assets and financial liabilities

Total amount, offset amount and carrying amount of financial assets and financial liabilities, and the amount of financial assets and financial liabilities that are subject to legally enforceable master netting agreements or similar contracts as of March 31, 2024 and 2023 were as follows:

As of March 31, 2024

Millions of Yen

	Gross amount of recognized financial assets	Total amount of financial liabilities offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative assets	1,096,520	(170,234)	926,286	(182,526)	–	743,760

Millions of Yen

	Gross amount of recognized financial liabilities	Total amount of financial assets offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative liabilities	998,038	(170,234)	827,804	(182,526)	(34,174)	611,104

As of March 31, 2023

Millions of Yen

	Gross amount of recognized financial assets	Total amount of financial liabilities offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative assets	2,530,981	(530,315)	2,000,666	(228,342)	–	1,772,324

Millions of Yen

	Gross amount of recognized financial liabilities	Total amount of financial assets offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative liabilities	2,459,015	(531,189)	1,927,826	(228,342)	(82,727)	1,616,757

As of March 31, 2024

Thousands of U.S. Dollars

	Gross amount of recognized financial assets	Total amount of financial liabilities offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative assets	7,245,886	(1,124,919)	6,120,967	(1,206,145)	–	4,914,821

Thousands of U.S. Dollars

	Gross amount of recognized financial liabilities	Total amount of financial assets offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative liabilities	6,595,110	(1,124,919)	5,470,190	(1,206,145)	(225,824)	4,038,221

Financial instruments and collateral are subject to master netting agreements or other similar agreements, and offsetting becomes enforceable only in the event of specific circumstances, such as the inability of a counterparty to fulfill its obligations due to bankruptcy or other reasons.

The amounts of financial assets and liabilities recognized in relation to notional pooling are as follows. There were no items applicable for the year ended March 31, 2023.

As of March 31, 2024

Millions of Yen

	Type of transaction	Gross amount of recognized financial assets	Total amount of financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets on the consolidated statement of financial position
Cash and cash equivalents	Notional pooling	224,212	120,000	104,212

Millions of Yen

	Type of transaction	Gross amount of recognized financial liabilities	Total amount of financial assets offset in the consolidated statement of financial position	Net amount of financial liabilities on the consolidated statement of financial position
Bonds and borrowings	Notional pooling	120,000	120,000	–

As of March 31, 2024

Thousands of U.S. Dollars

	Type of transaction	Gross amount of recognized financial assets	Total amount of financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets on the consolidated statement of financial position
Cash and cash equivalents	Notional pooling	1,481,609	792,969	688,640

Thousands of U.S. Dollars

	Type of transaction	Gross amount of recognized financial liabilities	Total amount of financial assets offset in the consolidated statement of financial position	Net amount of financial liabilities on the consolidated statement of financial position
Bonds and borrowings	Notional pooling	792,969	792,969	–

35. FAIR VALUE MEASUREMENT

(1) Definition of fair value hierarchy

The Group classifies fair value measurements into the following three levels, according to the observability and materiality of inputs used.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

If multiple inputs are used for a fair value measurement, the fair value measurement is categorized in its entirety in the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are recognized to have occurred at the end of each quarter.

(2) Assets and liabilities measured at fair value on a recurring basis

The breakdown of assets and liabilities measured at fair value on a recurring basis as of March 31, 2024 and 2023 was as follows:

As of March 31, 2024

Millions of Yen

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	252,108	670,495	3,682	926,285
Other	–	–	1,341	1,341
Equity instruments measured at fair value through other comprehensive income				
Equity securities and investments in capital	38,365	–	66,801	105,167
Inventories	–	69,914	-	69,914
Total	290,473	740,409	71,825	1,102,708
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	172,942	654,005	856	827,803
Total	172,942	654,005	856	827,803

Note: There were no reclassifications between Level 1 and Level 2 in the year ended March 31, 2024.

As of March 31, 2023

Millions of Yen

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	624,619	1,370,908	5,139	2,000,666
Other	–	–	4,002	4,002
Equity instruments measured at fair value through other comprehensive income				
Equity securities and investments in capital	26,463	–	49,957	76,421
Inventories	–	67,151	–	67,151
Total	651,082	1,438,060	59,098	2,148,242
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	372,935	1,549,325	5,565	1,927,826
Total	372,935	1,549,325	5,565	1,927,826

Note: Certain derivative assets and liabilities were reclassified from Level 2 to Level 1 because active markets were deemed to exist as the settlement periods were approaching in the year ended March 31, 2023.

As of March 31, 2024

Thousands of U.S. Dollars

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	1,665,948	4,430,681	24,330	6,120,960
Other	–	–	8,861	8,861
Equity instruments measured at fair value through other comprehensive income				
Equity securities and investments in capital	253,518	–	441,426	694,951
Inventories	–	461,996	–	461,996
Total	1,919,467	4,892,678	474,624	7,286,777
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	1,142,813	4,321,714	5,656	5,470,184
Total	1,142,813	4,321,714	5,656	5,470,184

Note: There were no reclassifications between Level 1 and Level 2 in the year ended March 31, 2024.

The major measurement methods of assets and liabilities measured at fair value on a recurring basis are as follows.

Derivatives

The fair value of derivatives is mainly measured at the price obtained from counterparties with which the Company has transactions. In addition, the fair value of derivatives for trading purposes is mainly measured at the quoted price of the exchange on which they are traded or the price calculated by adjusting interest rates and other fluctuation factors as necessary to year-end index price relevant to transaction items. Such fair value is mainly classified as Level 2.

The significant unobservable inputs are mainly some of the fuel prices, correlation coefficients, and volatilities.

Equity securities and investments in capital

The fair value of equity securities for which an active market exists is based on quoted market prices and, therefore, is classified as Level 1. Of equity securities and investments in capital for which no active market exists, the fair value of those measured using observable inputs is classified as Level 2, and the fair value of those measured at the amounts calculated using significant unobservable inputs, including third-party appraisals, and valuation techniques based on net asset value is classified as Level 3.

The significant unobservable input is primarily the discount rate, and the fair value will decrease (increase) as the discount rate increases (decreases).

The discount rates used ranged from 5.3% to 9.2% as of March 31, 2024, and from 4.9% to 16.0% as of March 31, 2023.

Inventories

The fair value of inventories is measured at the quoted price of the 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, and is classified as Level 2.

For assets and liabilities classified as Level 3, the department in charge determines the valuation method and measures the fair value of each subject asset and liability in accordance with the valuation policies and procedures for fair value measurement.

The results of fair value measurements are approved by the appropriate authorized person.

Net changes in Level 3 assets and liabilities measured at fair value on a recurring basis during the years ended March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	53,533	112,448	353,750
Total gain (loss)	6,465	(918)	42,721
Profit (loss) (Note 1)	1,933	421	12,773
Other comprehensive income (Note 2)	4,532	(1,339)	29,947
Purchase	1,845	6,215	12,191
Sale	–	(1,713)	–
Settlement	1,200	(72,757)	7,929
Other	7,924	10,259	52,362
Ending balance	70,969	53,533	468,968
Change in unrealized gains (losses) in assets and liabilities held at the end of reporting period recognized in profit or loss (Note 1)	1,933	421	12,773

Notes: 1. They are included mainly in "revenue" in the consolidated statement of profit or loss.
2. It is included in "Net change in fair value of financial assets measured through other comprehensive income" in the consolidated statement of comprehensive income.

(3) Financial assets and liabilities measured at amortized cost

The breakdown of carrying amount and fair value of financial assets and liabilities measured at amortized cost as of March 31, 2024 and 2023 was as follows:

Financial assets and liabilities measured at amortized cost other than long-term borrowings and bonds payable are not included because their fair values approximate their carrying amounts.

	Millions of Yen				Thousands of U.S. Dollars	
	As of March 31, 2024		As of March 31, 2023		As of March 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings*	2,458,634	2,450,863	2,740,923	2,727,146	16,246,838	16,195,486
Bonds payable	593,523	587,434	438,338	428,242	3,922,044	3,881,807

* Including the current portion

The major measurement methods for fair value of the above financial assets and liabilities are as follows:

The fair value of long-term borrowings is measured based on the total amount of principal and interests discounted at an interest rate that would be applicable to similar new borrowings and is classified as Level 2.

The fair value of bonds payable is measured based on the terms that would be applicable to similar new bonds payable, and is classified as Level 2.

(4) Other

The Group recognizes put options of the shares of the subsidiaries written on non-controlling interests as financial liabilities at present value of the exercise price and derecognizes the non-controlling interests with the difference between the present value and the non-controlling interests being recognized in capital surplus.

Put options of the shares of the subsidiaries written by the Group on non-controlling interests are measured at present value of the exercise price. The carrying amounts as of March 31, 2024 and 2023 were ¥178,877 million ($1,182,032 thousand) and ¥164,082 million, respectively, and included in other financial liabilities (non-current liabilities) in the consolidated statement of financial position.

36. RELATED PARTIES

(1) Related party transactions

Transactions of the Group with related parties were as follows. Transactions between the Group and its subsidiaries are not subject to disclosure as they are eliminated for the purpose of consolidated financial statements.

Transaction terms with related parties are determined through price negotiations in consideration of prevailing market conditions.

For the year ended March 31, 2024

Type	Name	Transaction	Millions of Yen Transaction amount	Millions of Yen Outstanding balance	Thousands of U.S. Dollars Transaction amount	Thousands of U.S. Dollars Outstanding balance
Shareholder	Chubu Electric Power Co., Inc.	Guarantee (Note)	680	–	4,493	–
Subsidiary of shareholder	Chubu Electric Power Miraiz Co., Inc.	Sales of electricity and gas	1,543,499	137,575	10,199,557	909,105
Fellow subsidiary of shareholder	TEPCO Energy Partner, Inc.	Sales of electricity and gas	2,481,349	214,842	16,396,940	1,419,692

Note: Details are provided in Note 38 "CONTINGENT LIABILITIES."

For the year ended March 31, 2023

Type	Name	Transaction	Millions of Yen Transaction amount	Millions of Yen Outstanding balance
Shareholder	Chubu Electric Power Co., Inc.	Guarantee (Note)	600	–
Subsidiary of shareholder	Chubu Electric Power Miraiz Co., Inc.	Sales of electricity and gas	1,751,279	162,589
Fellow subsidiary of shareholder	TEPCO Energy Partner, Inc.	Sales of electricity and gas	3,489,019	324,081

Note: Details are provided in Note 38 "CONTINGENT LIABILITIES."

(2) Compensation for management personnel

Compensation for management personnel for the years ended March 31, 2024 and 2023 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Compensation and bonuses	390	389	2,577
Total	390	389	2,577

37. COMMITMENTS

(1) Commitments relating to purchase of assets

Commitments relating to purchase of assets as of March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Purchase of property, plant and equipment	164,002	295,622	1,083,737
Purchase of intangible assets	2,348	403	15,515

(2) Loan commitments

The Group has loan commitments to equity method associates.

The unused balances of such loan commitment as of March 31, 2024 and 2023 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Total amount of loan commitment	2,546	39,858	16,824
Outstanding loan balances	2,546	20,269	16,824
Difference (unused balances)	–	19,588	–

38. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2024 and 2023 were as follows:

Guarantee obligations, etc.

Guarantees and guarantees in kind provided by the Group to joint ventures, associates, and other companies for borrowings from financial institutions and guarantee obligations for performance of contracts were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Guarantee obligations for borrowings			
Joint ventures	38,367	44,549	253,532
Associates	2,435	1,030	16,090
Other	10,778	3,844	71,221
Total	51,580	49,423	340,844
Guarantee obligations for performance of contracts			
Joint ventures	19,921	16,089	131,639
Other	45,328	38,656	299,530
Total	65,250	54,746	431,176

Note: The above guarantee obligations include those by Chubu Electric Power Co., Inc. (collectively, the "Guarantee Company"). The Group has entered into an agreement with the Guarantee Company to compensate for any loss incurred by the Guarantee Company. The said guarantee obligations are disclosed because they have the same substantive and economic effect as if the Group had assumed them.

The breakdown by the Guarantee Company was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Chubu Electric Power Co., Inc.	680	600	4,493

Note: As of March 31, 2024, there were no guarantees whose execution would probably result in material losses.

39. ADDITIONAL INFORMATION

Fire that occurred at Taketoyo Thermal Power Station

Taketoyo Thermal Power Station, owned by JERA Power TAKETOYO LLC., a consolidated subsidiary of the Company, has suspended its operation due to the fire that occurred on January 31, 2024, resulting in expenses incurred due to the retirement of equipment and fuel procurement, etc.

The impact on profit attributable to owners of the parent for the year ended March 31, 2024 is immaterial.

(2) Other

Quarterly information for the year ended March 31, 2024

Millions of Yen, unless otherwise stated

(Cumulative period)	Three months ended June 30, 2023	Six months ended September 30, 2023	Nine months ended December 31, 2023	Year ended March 31, 2024
Revenue	935,918	2,097,343	2,782,518	3,710,727
Profit before tax	250,582	423,499	493,168	577,450
Profit attributable to owners of parent	178,477	291,262	338,937	399,628
Basic earnings per share (Yen)	8,923.88	14,563.12	16,946.88	19,981.41

(Quarterly period)	Three months ended June 30, 2023	Three months ended September 30, 2023	Three months ended December 31, 2023	Three months ended March 31, 2024
Basic earnings per share (Yen)	8,923.88	5,639.24	2,383.76	3,034.53

Thousands of U.S. Dollars, unless otherwise stated

(Cumulative period)	Three months ended June 30, 2023	Six months ended September 30, 2023	Nine months ended December 31, 2023	Year ended March 31, 2024
Revenue	6,184,616	13,859,399	18,387,087	24,520,762
Profit before tax	1,655,864	2,798,513	3,258,891	3,815,832
Profit attributable to owners of parent	1,179,389	1,924,681	2,239,721	2,640,771
Basic earnings per share (U.S. Dollars)	58.96	96.23	111.98	132.03

(Quarterly period)	Three months ended June 30, 2023	Three months ended September 30, 2023	Three months ended December 31, 2023	Three months ended March 31, 2024
Basic earnings per share (U.S. Dollars)	58.96	37.26	15.75	20.05

Independent Auditor’s Report

Independent Auditor’s Report

The Board of Directors
JERA Co., Inc.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of JERA Co., Inc. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of profit or loss, comprehensive income, changes in equity, 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, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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.

Valuation of goodwill related to Parkwind N.V.	
Description of Key Audit Matter	**Auditor's Response**

As described in Note 7. "BUSINESS COMBINATIONS" and Note 14. "GOODWILL AND INTANGIBLE ASSETS" to the consolidated financial statements, in the fiscal year ended March 31, 2024, the Company acquired, through a subsidiary, 100% of the shares of Parkwind N.V., a Belgian offshore wind power generation company, for ¥257,147 million, and made Parkwind N.V. and its subsidiaries consolidated subsidiaries. The Company recognized and measured the identifiable assets acquired and liabilities assumed, deducted from the consideration for the acquisition, and recorded goodwill. As of March 31, 2024, the amount of goodwill related to the acquisition of Parkwind N.V. was ¥126,875 million.
 	
Goodwill is tested for impairment annually and whenever there is any indication of impairment. The Company performed an impairment test for goodwill at the end of the year ended March 31, 2024.
 	
The Company measures the recoverable amount of the group of cash-generating units containing goodwill, at the fair value less costs of disposal. The future cash flows used for measuring fair value less costs of disposal are estimated based on future business plan and reflecting market participants' expectations.
 	
The significant assumptions used in estimating future cash flows are wind conditions, which are an element used in calculating future electricity sales volumes, as well as construction costs and discount rates.
 	
Given that the aforementioned significant assumptions used in estimating recoverable amounts are subject to uncertainty and
	We primarily performed the following audit procedures with respect to the goodwill related to Parkwind N.V.
	
	・ We made inquiries of management relating to the environment surrounding offshore wind power generation projects in Europe.
	
	・ We considered whether future cash flows were consistent with business plans approved by the board of directors.
	
	・ We performed the following procedures with respect to future electricity sales volumes included in future cash flows.
	
	  ・ We inspected power sales agreements.
	
	  ・ We inspected valuation reports prepared by management's external specialists and evaluated the competence, capabilities, and objectivity of these specialists.
	
	  ・ We compared assumptions for wind conditions, which are an element used in calculating future electricity sales volumes, to data published by external organizations.
	
	・ We performed the following procedures with respect to the construction costs included in future cash flows.
	
	  ・ We evaluated the assumptions related to estimates by comparing the construction costs to actual construction costs incurred up to the fiscal year ended March 31, 2024.
	
	  ・ We compared the construction costs to construction costs expected by the Company for an offshore wind power generation project in Europe, in which the Group made a successful bid in March

require judgment to be exercised by management, we determined the valuation of goodwill related to Parkwind N.V. as a key audit matter.	2024. ・ We involved valuation specialists from our network firm to consider the valuation models and discount rates used by management. We compared discount rates to ranges set by these specialists based on external information.

Recoverability of deferred tax assets	
Description of Key Audit Matter	**Auditor's Response**
The Group recorded deferred tax assets of ¥93,381 million (1.1% of total assets) in its consolidated statements of financial position as of March 31, 2024. As described in Note 19. "INCOME TAXES" to the consolidated financial statements, deferred tax assets, before offsetting against deferred tax liabilities, amounted to ¥335,347 million. The primary balances of the deferred tax assets represent the Company's deferred tax assets on tax loss carryforwards of ¥38,954 million. As described in Note 4. "SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS" to the consolidated financial statements, deferred tax assets are recorded for the tax loss carryforwards and deductible temporary differences deemed to be recoverable. The recoverability of deferred tax assets is determined based on the estimate of future taxable income, which is based on the business plans prepared by management. The significant assumptions used in management's estimates of taxable income are electricity sales volume and fuel price forecasts. As significant assumptions are influenced by changes in power generation mix, supply and demand balance of electricity, and future economic conditions, they involve subjective judgment exercised by management and are subject to uncertainty.	To consider the recoverability of the Company's deferred tax assets, we primarily performed the following audit procedures. ・ We considered the balances of temporary differences and tax loss carryforwards by involving tax professionals. We also considered the schedule for the fiscal years in which these balances are expected to be reversed. ・ We assessed the consistency between the estimate of future taxable income and the management plans approved by the board of directors, which serve as the basis for the estimated future taxable income. ・ We compared prior year management plans to actual figures in the current fiscal year to evaluate the effectiveness of the estimation process used by management in formulating management plans. ・ To evaluate the reasonableness of key assumptions adopted in the formulation of management plans, we performed the following procedures. 　・ We compared actual electric power demand and future forecasts estimated by management to statistical data and demand forecasts released by external organizations, and the Company's power generation plans.

Based on the above, we determined the recoverability of deferred tax assets as a key audit matter.	• We compared forecasts of the Company's fuel price fluctuations to forward prices. • To evaluate uncertainty in estimates of future taxable income, we considered the impact if certain stresses are accounted for in management plan that serve as the basis for the estimates.

Other Information

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

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

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 IFRSs, 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 IFRSs, 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 IFRSs.
- 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 consolidated 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 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 2 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of JERA Co., Inc. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 722 million yen and 199 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 13, 2024

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