JERA Co., Inc. and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2025, 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, 2025	As of March 31, 2024	As of March 31, 2025
Assets				
Current assets				
Cash and cash equivalents	8, 21, 34	1,261,635	1,405,387	8,437,336
Trade and other receivables	9, 21, 34	784,896	662,121	5,249,087
Inventories	10, 21, 35	321,107	306,515	2,147,441
Derivative assets	34, 35	347,241	665,707	2,322,216
Other financial assets	11, 21, 34	93,010	72,414	622,015
Other current assets	12, 21	109,174	110,857	730,114
Subtotal		2,917,065	3,223,005	19,508,225
Assets held for sale	39	128,589	–	859,954
Total current assets		3,045,655	3,223,005	20,368,186
Non-current assets				
Property, plant and equipment	13, 21	2,905,181	2,805,405	19,428,750
Right-of-use assets	15, 21	440,730	444,670	2,947,435
Goodwill and intangible assets	7, 14, 21	374,252	240,824	2,502,855
Investments accounted for using the equity method	6, 18, 21	1,299,241	1,235,268	8,688,831
Derivative assets	34, 35	197,191	260,578	1,318,738
Other financial assets	11, 21, 34, 35	177,426	177,396	1,186,557
Deferred tax assets	19	97,610	93,381	652,778
Other non-current assets	12, 21, 24	52,458	27,604	350,819
Total non-current assets		5,544,093	5,285,129	37,076,793
Total assets	6	8,589,748	8,508,134	57,444,980

	Notes	Millions of Yen		Thousands of U.S. Dollars
		As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	20, 34	812,905	660,759	5,436,400
Bonds and borrowings	21, 33, 34	425,855	455,828	2,847,956
Lease liabilities	15, 33, 34	79,228	91,247	529,846
Derivative liabilities	34, 35	342,713	631,764	2,291,934
Other financial liabilities	22, 34	54,928	89,924	367,337
Other current liabilities	12, 23	128,887	233,021	861,947
Subtotal		1,844,518	2,162,545	12,335,437
Liabilities directly associated with assets held for sale	39	93,009	–	622,008
Total current liabilities		1,937,528	2,162,545	12,957,453
Non-current liabilities				
Bonds and borrowings	21, 33, 34, 35	2,673,860	2,647,826	17,881,762
Lease liabilities	15, 33, 34	343,024	366,427	2,294,014
Derivative liabilities	34, 35	118,964	196,039	795,586
Other financial liabilities	22, 34, 35	195,999	245,142	1,310,767
Deferred tax liabilities	19	89,223	71,361	596,689
Other non-current liabilities	12, 23, 24	237,877	160,173	1,590,831
Total non-current liabilities		3,658,948	3,686,970	24,469,658
Total liabilities	6	5,596,477	5,849,515	37,427,118
Equity				
Share capital	25	100,000	100,000	668,762
Capital surplus	25	1,183,936	1,195,253	7,917,715
Other equity instruments	25	199,392	199,392	1,333,458
Retained earnings	25, 26	900,859	719,558	6,024,603
Other components of equity	25	513,447	418,434	3,433,739
Amounts recognized in other comprehensive income and accumulated in equity relating to assets held for sale	39	(1,473)	–	(9,850)
Total equity attributable to owners of parent		2,896,162	2,632,639	19,368,434
Non-controlling interests		97,108	25,978	649,421
Total equity		2,993,271	2,658,618	20,017,862
Total liabilities and equity		8,589,748	8,508,134	57,444,980

(2) Consolidated Statement of Profit or Loss

For the years ended March 31, 2024 and 2025

	Notes	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Revenue	6, 27	3,355,916	3,710,727	22,443,095
Cost of sales	10, 13, 14, 29	(2,966,464)	(3,028,163)	(19,838,587)
Gross profit		389,452	682,563	2,604,507
Selling, general and administrative expenses	13, 14, 28, 29	(199,746)	(194,129)	(1,335,825)
Other income	30	16,894	13,417	112,980
Other expenses	16, 30	(5,768)	(14,280)	(38,574)
Share of profit (loss) of investments accounted for using the equity method	6, 18	39,935	75,841	267,070
Operating profit		240,767	563,412	1,610,158
Finance income	6, 31, 34	94,121	78,668	629,445
Finance costs	6, 31, 34	(56,737)	(64,631)	(379,435)
Profit before tax		278,152	577,450	1,860,175
Income tax (expense) benefit	6, 19	(66,016)	(116,148)	(441,490)
Profit		212,135	461,302	1,418,678
Profit attributable to				
Owners of parent	6	183,912	399,628	1,229,933
Non-controlling interests	17	28,222	61,673	188,738
Profit		212,135	461,302	1,418,678

(3) Consolidated Statement of Comprehensive Income

For the years ended March 31, 2024 and 2025

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2025	2024	2025
Profit		212,135	461,302	1,418,678
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	(5,045)	14,327	(33,739)
Remeasurements of defined benefit plans	24, 32	1,171	4,703	7,831
Share of other comprehensive income of investments accounted for using the equity method	18, 32	1,213	(228)	8,112
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	32	117,044	173,915	782,745
Effective portion of change in fair value of cash flow hedges	32, 34	21,751	127,917	145,462
Share of other comprehensive income of investments accounted for using the equity method	18, 32	9,181	(4,959)	61,399
Other comprehensive income, net of tax		145,317	315,674	971,825
Comprehensive income		357,452	776,976	2,390,503
Comprehensive income attributable to				
Owners of parent		316,823	690,695	2,118,792
Non-controlling interests		40,629	86,281	271,711
Comprehensive income		357,452	776,976	2,390,503

(4) Consolidated Statement of Changes in Equity

For the year ended March 31, 2025

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, 2024		100,000	1,195,253	199,392	719,558	346,893	58,785	12,756
Comprehensive income								
Profit					183,912			
Other comprehensive income						109,074	26,495	(5,094)
Total comprehensive income					183,912	109,074	26,495	(5,094)
Transactions with owners								
Dividends	26							
Distributions to owners of other equity instruments	25				(4,357)			
Obtaining of control of subsidiaries								
Changes in ownership interest in subsidiaries not resulting in loss of control			(1,141)			(29)		
Capital increase of consolidated subsidiaries								
Transfer from other components of equity to retained earnings					1,745			688
Other components of equity related to disposal groups classified as held for sale								1,473
Transfer to acquisition cost of non-financial assets							(37,596)	
Change due to written put options over non-controlling interests	35		(10,328)					
Other changes			152					
Total transactions with owners		–	(11,316)	–	(2,612)	(29)	(37,596)	2,162
Balance as of March 31, 2025		100,000	1,183,936	199,392	900,859	455,938	47,684	9,824

Millions of Yen

	Notes	Equity attributable to owners of parent				Non-controlling interests	Total equity
		Other components of equity		Amounts 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, 2024		–	418,434	–	2,632,639	25,978	2,658,618
Comprehensive income							
Profit					183,912	28,222	212,135
Other comprehensive income		2,434	132,910		132,910	12,406	145,317
Total comprehensive income		2,434	132,910		316,823	40,629	357,452
Transactions with owners							
Dividends	26					(77,677)	(77,677)
Distributions to owners of other equity instruments	25				(4,357)		(4,357)
Obtaining of control of subsidiaries						2,486	2,486
Changes in ownership interest in subsidiaries not resulting in loss of control			(29)		(1,170)	62,267	61,097
Capital increase of consolidated subsidiaries						524	524
Transfer from other components of equity to retained earnings		(2,434)	(1,745)				
Other components of equity related to disposal groups classified as held for sale			1,473	(1,473)			
Transfer to acquisition cost of non-financial assets			(37,596)		(37,596)		(37,596)
Change due to written put options over non-controlling interests	35				(10,328)	42,899	32,570
Other changes					152	(0)	152
Total transactions with owners		(2,434)	(37,897)	(1,473)	(53,300)	30,500	(22,800)
Balance as of March 31, 2025		–	513,447	(1,473)	2,896,162	97,108	2,993,271

For the year ended March 31, 2024

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, 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 to acquisition cost of non-financial assets							(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	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 to acquisition cost of non-financial assets			(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, 2025

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, 2024		668,762	7,993,399	1,333,458	4,812,131	2,319,888	393,131	85,307
Comprehensive income								
Profit					1,229,933			
Other comprehensive income						729,445	177,188	(34,066)
Total comprehensive income					1,229,933	729,445	177,188	(34,066)
Transactions with owners								
Dividends	26							
Distributions to owners of other equity instruments	25				(29,137)			
Obtaining of control of subsidiaries								
Changes in ownership interest in subsidiaries not resulting in loss of control			(7,630)			(193)		
Capital increase of consolidated subsidiaries								
Transfer from other components of equity to retained earnings					11,669			4,601
Other components of equity related to disposal groups classified as held for sale								9,850
Transfer to acquisition cost of non-financial assets							(251,427)	
Change due to written put options over non-controlling interests	35		(69,069)					
Other changes			1,016					
Total transactions with owners		–	(75,677)	–	(17,468)	(193)	(251,427)	14,458
Balance as of March 31, 2025		668,762	7,917,715	1,333,458	6,024,603	3,049,140	318,892	65,699

Thousands of U.S. Dollars

	Notes	Equity attributable to owners of parent					
		Other components of equity					
		Remeasurements of defined benefit retirement plans	Total	Amounts recognized in other comprehensive income and accumulated in equity relating to assets held for sale	Total	Non-controlling interests	Total equity
Balance as of March 31, 2024		–	2,798,328	–	17,606,092	173,731	17,779,830
Comprehensive income							
Profit					1,229,933	188,738	1,418,678
Other comprehensive income		16,277	888,851		888,851	82,966	971,825
Total comprehensive income		16,277	888,851		2,118,792	271,711	2,390,503
Transactions with owners							
Dividends	26					(519,474)	(519,474)
Distributions to owners of other equity instruments	25				(29,137)		(29,137)
Obtaining of control of subsidiaries						16,625	16,625
Changes in ownership interest in subsidiaries not resulting in loss of control			(193)		(7,824)	416,418	408,593
Capital increase of consolidated subsidiaries						3,504	3,504
Transfer from other components of equity to retained earnings		(16,277)	(11,669)				
Other components of equity related to disposal groups classified as held for sale			9,850	(9,850)			
Transfer to acquisition cost of non-financial assets			(251,427)		(251,427)		(251,427)
Change due to written put options over non-controlling interests	35				(69,069)	286,892	217,815
Other changes					1,016	(0)	1,016
Total transactions with owners		(16,277)	(253,440)	(9,850)	(356,450)	203,972	(152,477)
Balance as of March 31, 2025		–	3,433,739	(9,850)	19,368,434	649,421	20,017,862

(5) Consolidated Statement of Cash Flows

For the years ended March 31, 2024 and 2025

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2025	2024	2025
Cash flows from operating activities				
Profit before tax		278,152	577,450	1,860,175
Depreciation and amortization		325,122	289,700	2,174,292
Finance income and finance costs		(19,341)	(19,330)	(129,345)
Share of loss (profit) of investments accounted for using the equity method		(39,935)	(75,841)	(267,070)
Decrease (increase) in trade and other receivables		(128,034)	391,860	(856,242)
Decrease (increase) in inventories		(25,156)	137,673	(168,233)
Increase (decrease) in trade and other payables		182,702	(48,805)	1,221,841
Net changes in derivative assets and derivative liabilities		(8,277)	65,265	(55,353)
Decrease (increase) in other financial assets		(10,900)	87,277	(72,895)
Increase (decrease) in other financial liabilities		(50,021)	(82,190)	(334,521)
Increase (decrease) in consumption tax payable		(79,844)	66,063	(533,966)
Other		(64,071)	(68,964)	(428,482)
Subtotal		360,394	1,320,157	2,410,178
Dividends received		84,688	38,742	566,361
Interest received		62,667	53,753	419,093
Interest paid		(41,643)	(47,665)	(278,492)
Income taxes refund (paid)		(60,922)	(40,098)	(407,423)
Net cash provided by (used in) operating activities		405,185	1,324,889	2,709,723
Cash flows from investing activities				
Purchase of property, plant and equipment	33	(287,794)	(242,321)	(1,924,657)
Purchase of intangible assets		(137,211)	(7,599)	(917,615)
Purchase of investment securities		(20,644)	(59,647)	(138,059)
Proceeds from sale of investment securities		13,050	19,707	87,273
Purchase of shares of subsidiaries resulting in change in scope of consolidation	7	(21,162)	(239,280)	(141,523)
Other		18,392	668	122,998
Net cash provided by (used in) investing activities		(435,369)	(528,473)	(2,911,582)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	33	(19,144)	(186,077)	(128,027)
Net increase (decrease) in commercial paper	33	–	(99,000)	–
Proceeds from long-term borrowings	33	250,303	204,337	1,673,931
Repayments of long-term borrowings	33	(404,899)	(800,462)	(2,707,811)
Proceeds from issuance of bonds	33	164,775	149,610	1,101,952
Repayments of lease liabilities	33	(90,797)	(80,590)	(607,215)
Dividends paid to non-controlling interests		(77,677)	(63,582)	(519,474)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation		59,226	6,567	396,081
Distributions paid to owners of other equity instruments		(6,043)	(6,010)	(40,413)
Other		5,593	1,949	37,403
Net cash provided by (used in) financing activities		(118,663)	(873,260)	(793,573)
Effect of exchange rate changes on cash and cash equivalents		5,095	121,325	34,073
Net increase (decrease) in cash and cash equivalents		(143,752)	44,480	(961,358)
Cash and cash equivalents at beginning of period	8	1,405,387	1,360,906	9,398,695
Cash and cash equivalents at end of period	8	1,261,635	1,405,387	8,437,336

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 as at and for the year ended March 31, 2025 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 Accounting Standards (IFRS)

The Group's consolidated financial statements have been prepared in accordance with IFRS, pursuant to the provisions set forth in Article 312 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, (i) of the Regulation.

The Company's Japanese language consolidated financial statements as at and for the year ended March 31, 2025 were approved by Hisahide Okuda, President, Director, CEO, and COO on June 26, 2025. These English language consolidated financial statements were approved by him subsequently on August 8, 2025.

Refer to "*Formation of JERA Nex bp*" in Note 40 for a description of differences between these English language consolidated financial statements and the Japanese language consolidated financial statements which arose due to the reflection of events up to August 8, 2025.

(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, 2025, which was ¥149.53 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) Reclassification

When there are any changes in the presentation of the consolidated financial statements or the notes to the consolidated financial statements for the current fiscal year, the Group reclassifies its comparative information.

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 its share of 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 fiscal year ends are December 31 and different from that of the Company. For such subsidiaries, associates and joint ventures, those 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, and are unable to prepare additional financial information as of the same reporting date as that of the Company due to their business characteristics or other practical factors.

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 fiscal year 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 outcome;
- 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 trading 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. The Group applies the so-called "own use exemption" of paragraph 2.4 of IFRS 9 *Financial Instruments* to long-term purchase agreements for LNG that 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, sale or usage requirements, and does not assess the fair value of such agreements as executory contracts.

At the inception of a hedge, the Group formally designates and documents the hedging relationship to which it plans to apply hedge 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 amounts recognized in other comprehensive income are 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

Hedges of net investments in foreign operations are accounted for similarly to 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.

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 cost to sell, 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, which 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 production 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 hold 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 all attached conditions incidental to receiving the grant are complied with and obtains reasonable assurance that the grant will be received.

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, gain or loss from derivatives and others 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.”

Valuation of goodwill related to Parkwind N.V.

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

The recoverable amount is measured based on fair value less costs of disposal. Fair value less costs of disposal is determined using the income approach, based on the present value of future cash flows derived from management-approved business plan, less costs of disposal. The key assumptions used are the wind conditions for the offshore wind projects, construction costs, operating periods, and the discount rates. These assumptions are based on historical experience and external information.

As a result of the impairment test conducted in the current fiscal year, no impairment loss was recognized, as the recoverable amount of the group of cash-generating unit exceeded its carrying amount. However, if the key assumptions used in the impairment test change, an impairment loss may be recognized in subsequent fiscal years.

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. The Group applies the so-called "own use exemption" of paragraph 2.4 of IFRS 9 *Financial Instruments* to long-term purchase agreements for LNG that 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, sale or usage requirements, and does not assess the fair value of such agreements 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 ones that have not been early adopted by the Group in the year ended March 31, 2025 are 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
IFRS 7	*Financial Instruments: Disclosures*	January 1, 2026	Fiscal year ending March 31, 2027	Contracts referencing nature-dependent electricity
IFRS 9	*Financial Instruments*	January 1, 2026	Fiscal year ending March 31, 2027	Contracts referencing nature-dependent electricity

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.

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, 2025

Millions of Yen

	Reportable segments				Adjustment (Note 2) (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	10,992	72,235	4,201,886	4,285,114	–	4,285,114
Revenue from other sources (Note 1)	(950,177)	–	20,979	(929,197)	–	(929,197)
Revenue from external customers	(939,185)	72,235	4,222,866	3,355,916	–	3,355,916
Intersegment revenue	1,345,428	549	42,496	1,388,473	(1,388,473)	–
Total	406,243	72,784	4,265,362	4,744,390	(1,388,473)	3,355,916
Segment profit (loss)	122,756	8,308	124,324	255,389	(71,476)	183,912
Other items of profit or loss:						
Finance income	54,684	24,738	13,138	92,562	1,559	94,121
Finance costs	(14,625)	(17,586)	(23,370)	(55,582)	(1,154)	(56,737)
Share of profit (loss) of investments accounted for using the equity method	15,408	22,812	1,714	39,935	–	39,935
Depreciation and amortization	(82,009)	(39,293)	(199,593)	(320,896)	(4,225)	(325,122)
Impairment losses	–	–	(294)	(294)	–	(294)
Income tax expense	(32,875)	1,077	(48,090)	(79,888)	13,871	(66,016)
Segment assets	3,551,408	2,058,219	4,158,012	9,767,640	(1,177,891)	8,589,748
Other asset items:						
Investments accounted for using the equity method	536,832	635,699	126,708	1,299,241	–	1,299,241
Capital expenditures	337,173	39,080	141,845	518,099	30,792	548,892
Segment liabilities	2,275,669	1,310,052	3,202,806	6,788,528	(1,192,051)	5,596,477

Notes:

1. Revenue from other sources includes lease income under IFRS 16 *Leases*; and interest, dividend income, gain or loss from derivatives and others 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 ¥406,243 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 ¥406,243 million results in revenue from other sources of ¥(950,177) million and revenue from external customers of ¥(939,185) 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, 2024

Millions of Yen

	Reportable segments				Adjustment (Note 2) (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)	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, gain or loss from derivatives and others 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 ¥(756,797) million and revenue from external customers of ¥(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, 2025

Thousands of U.S. Dollars

	Reportable segments				Adjustment (Note 2) (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	73,510	483,080	28,100,621	28,657,219	–	28,657,219
Revenue from other sources (Note 1)	(6,354,423)	–	140,299	(6,214,117)	–	(6,214,117)
Revenue from external customers	(6,280,913)	483,080	28,240,928	22,443,095	–	22,443,095
Intersegment revenue	8,997,712	3,671	284,197	9,285,581	(9,285,581)	–
Total	2,716,799	486,751	28,525,125	31,728,683	(9,285,581)	22,443,095
Segment profit (loss)	820,945	55,560	831,431	1,707,944	(478,004)	1,229,933
Other items of profit or loss:						
Finance income	365,705	165,438	87,861	619,019	10,426	629,445
Finance costs	(97,806)	(117,608)	(156,289)	(371,711)	(7,717)	(379,435)
Share of profit (loss) of investments accounted for using the equity method	103,042	152,558	11,462	267,070	–	267,070
Depreciation and amortization	(548,445)	(262,776)	(1,334,802)	(2,146,030)	(28,255)	(2,174,292)
Impairment losses	–	–	(1,966)	(1,966)	–	(1,966)
Income tax expense	(219,855)	7,202	(321,607)	(534,260)	92,763	(441,490)
Segment assets	23,750,471	13,764,589	27,807,209	65,322,276	(7,877,288)	57,444,980
Other asset items:						
Investments accounted for using the equity method	3,590,129	4,251,314	847,375	8,688,831	–	8,688,831
Capital expenditures	2,254,885	261,352	948,605	3,464,849	205,925	3,670,781
Segment liabilities	15,218,812	8,761,131	21,419,153	45,399,103	(7,971,985)	37,427,118

Notes:

1. Revenue from other sources includes lease income under IFRS 16 *Leases*; and interest, dividend income, gain or loss from derivatives and others 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 $2,716,799 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 $2,716,799 thousand results in revenue from other sources of $(6,354,423) thousand and revenue from external customers of $(6,280,913) 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
	2025	2024	2025
Electricity	3,814,439	3,952,282	25,509,523
Coal	(354,947)	(231,498)	(2,373,751)
LNG	(370,169)	(293,562)	(2,475,550)
Other	266,593	283,507	1,782,873
Total	3,355,916	3,710,727	22,443,095

(4) Geographical information on revenue from external customers

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Japan	4,231,557	4,405,171	28,299,050
Singapore	(949,754)	(771,034)	(6,351,594)
Other	74,113	76,590	495,639
Total	3,355,916	3,710,727	22,443,095

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, 2025	As of March 31, 2024	As of March 31, 2025
Japan	3,241,605	3,144,543	21,678,626
United States	579,991	577,409	3,878,760
Other	1,242,110	1,023,079	8,306,761
Total	5,063,707	4,745,032	33,864,154

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	2025	2024	2025
Tokyo Electric Power Company Holdings, Inc.	Domestic thermal power generation and gas business	2,126,034	2,566,004	14,218,110
Chubu Electric Power Co., Inc.	Domestic thermal power generation and gas business	1,393,524	1,586,023	9,319,360
Organization for Cross-regional Coordination of Transmission Operators, JAPAN	Domestic thermal power generation and gas business	472,475	–	3,159,733

7. BUSINESS COMBINATIONS

For the year ended March 31, 2025
There were no significant 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 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 and liabilities assumed as of the acquisition date, and goodwill (Note 1)

Millions of Yen

Fair value of consideration paid (Note 2)	257,147
Assets acquired	399,984
Current assets	31,319
Property, plant and equipment	275,940
Intangible assets	30,773
Deferred tax assets	7,254
Other non-current assets	54,695
Liabilities assumed	260,985
Trade and other payables	19,660
Bonds and borrowings	193,771
Deferred tax liabilities	26,583
Other liabilities	20,970
Fair value of assets acquired and liabilities assumed, net	138,999
Non-controlling interests (Note 3)	8,727
Goodwill (Note 4)	126,875

Notes: 1. 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

Consideration for acquisition paid in cash	(257,148)
Cash and cash equivalents held by the subsidiary	17,868
Cash paid for acquisition of subsidiary	(239,280)

(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.

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, 2025 and 2024 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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Notes and accounts receivable - trade	756,539	631,550	5,059,446
Accounts receivable - other	22,341	14,688	149,408
Other	6,015	15,882	40,226
Total	784,896	662,121	5,249,087

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

10. INVENTORIES

The breakdown of inventories as of March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Merchandise and finished goods	56,767	70,653	379,636
Raw materials and supplies	264,340	235,862	1,767,805
Total	321,107	306,515	2,147,441

Note: The cost of inventories recognized as an expense for the years ended March 31, 2025 and 2024 is included primarily in “Cost of sales.”

The inventories pledged as collateral are described in Note 21 “BONDS AND BORROWINGS.”

The carrying amount of inventories recorded at their fair value less costs to sell is disclosed in Note 35 “FAIR VALUE MEASUREMENT.”

11. OTHER FINANCIAL ASSETS

(1) The breakdown of other financial assets as of March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Financial assets measured at amortized cost			
Loans receivable	62,090	53,592	415,234
Deposits (primarily margin deposits of derivatives)	51,587	41,192	344,994
Time deposits	29,102	20,432	194,623
Other	19,998	28,086	133,739
Subtotal	162,780	143,302	1,088,610
Financial assets measured at fair value through profit or loss			
Other	3,150	1,341	21,066
Equity instruments measured at fair value through other comprehensive income			
Equity securities and investments in capital	104,506	105,167	698,896
Total	270,437	249,811	1,808,580
Current assets	93,010	72,414	622,015
Non-current assets	177,426	177,396	1,186,557
Total	270,437	249,811	1,808,580

(2) The principal securities and fair value of equity instruments measured at fair value through other comprehensive income as of March 31, 2025 and 2024 were as follows:

Securities	Millions of Yen As of March 31, 2025	Millions of Yen As of March 31, 2024	Thousands of U.S. Dollars As of March 31, 2025
Marketable securities	34,452	38,365	230,401
Non-marketable securities	70,053	66,801	468,487
Total	104,506	105,167	698,896

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

Issuer	Millions of Yen As of March 31, 2025	Millions of Yen As of March 31, 2024	Thousands of U.S. Dollars As of March 31, 2025
ReNew Energy Global plc	30,810	30,989	206,045
KANDENKO CO., LTD.	1,784	1,165	11,930
West Holdings Corporation	1,471	2,691	9,837
Other	385	3,519	2,574
Total	34,452	38,365	230,401

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, 2025 and 2024 were ¥58,833 million ($393,452 thousand), ¥54,610 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, 2025 and 2024 were as follows:

For the year ended March 31, 2025

Millions of Yen

Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
2,462	(952)

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, 2025

Thousands of U.S. Dollars

Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
16,464	(6,366)

Note: The cumulative gain (loss) recognized in equity as other components of equity was transferred to retained earnings upon sale (derecognition). The amount transferred to retained earnings (after tax) for the year ended March 31, 2025 was ¥(688) million ($(4,601) thousand).

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, 2025 and 2024 were as follows:

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

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of M arch 31, 2025
Prepaid expenses	67,968	38,103	454,544
Consumption tax receivable	35,889	28,941	240,012
Costs incurred to fulfill contracts	14,778	15,027	98,829
Other	42,996	56,389	287,540
Total	161,633	138,462	1,080,940
Current assets	109,174	110,857	730,114
Non-current assets	52,458	27,604	350,819
Total	161,633	138,462	1,080,940

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

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Provisions	125,715	116,091	840,734
Consumption tax payable	36,549	116,202	244,425
Retirement benefit liability	35,908	38,436	240,139
Other	168,591	122,463	1,127,472
Total	366,764	393,194	2,452,778
Current liabilities	128,887	233,021	861,947
Non-current liabilities	237,877	160,173	1,590,831
Total	366,764	393,194	2,452,778

13. PROPERTY, PLANT AND EQUIPMENT

(1) Changes

Changes in the carrying amount of property, plant and equipment during the years ended March 31, 2025 and 2024 were as follows:

For the year ended March 31, 2025

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
Beginning balance	449,761	1,587,397	343,420	409,157	15,667	2,805,405
Separate purchases	1,799	6,068	–	283,960	125	291,953
Acquisition through business combinations	–	94,923	262	4,036	–	99,222
Sale or disposal	(78)	(987)	–	(7,743)	(57)	(8,866)
Transfer to assets held for sale	–	(111,162)	(768)	–	–	(111,930)
Depreciation	(29,656)	(197,218)	–	–	(3,710)	(230,586)
Impairment losses	(153)	(134)	–	–	(7)	(294)
Exchange differences	2,918	17,092	782	2,314	462	23,570
Transfer from construction in progress	32,098	285,962	94	(319,363)	1,208	–
Other	8,840	6,494	459	18,328	2,584	36,707
Ending balance	465,528	1,688,437	344,251	390,690	16,272	2,905,181

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, 2025

Thousands of U.S. Dollars

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
Beginning balance	3,007,831	10,615,909	2,296,662	2,736,287	104,774	18,761,485
Separate purchases	12,031	40,580	–	1,899,016	835	1,952,471
Acquisition through business combinations	–	634,809	1,752	26,991	–	663,559
Sale or disposal	(521)	(6,600)	–	(51,782)	(381)	(59,292)
Transfer to assets held for sale	–	(743,409)	(5,136)	–	–	(748,545)
Depreciation	(198,328)	(1,318,919)	–	–	(24,811)	(1,542,071)
Impairment losses	(1,023)	(896)	–	–	(46)	(1,966)
Exchange differences	19,514	114,304	5,229	15,475	3,089	157,627
Transfer from construction in progress	214,659	1,912,405	628	(2,135,778)	8,078	–
Other	59,118	43,429	3,069	122,570	17,280	245,482
Ending balance	3,113,274	11,291,627	2,302,220	2,612,786	108,820	19,428,750

The cost, accumulated depreciation, accumulated impairment losses, and carrying amount of property, plant and equipment as of March 31, 2025 and 2024 and April 1, 2023 were as follows:

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
As of March 31, 2025						
Cost	1,983,601	8,387,845	369,026	391,823	82,649	11,214,946
Accumulated depreciation and accumulated impairment losses	(1,518,072)	(6,699,408)	(24,774)	(1,133)	(66,376)	(8,309,765)
Carrying amount	465,528	1,688,437	344,251	390,690	16,272	2,905,181
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 April 1, 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

Thousands of U.S. Dollars

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
As of March 31, 2025						
Cost	13,265,572	56,094,730	2,467,906	2,620,363	552,725	75,001,310
Accumulated depreciation and accumulated impairment losses	(10,152,290)	(44,803,103)	(165,679)	(7,577)	(443,897)	(55,572,560)
Carrying amount	3,113,274	11,291,627	2,302,220	2,612,786	108,820	19,428,750

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 are disclosed in Note 16 "IMPAIRMENT OF NON-FINANCIAL ASSETS."

(2) Borrowing costs

Borrowing costs capitalized as part of the cost of qualifying assets amounted to ¥14,924 million ($99,806 thousand) and ¥16,940 million in the years ended March 31, 2025 and 2024, 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, 2025 and 2024 were 1.19% and 0.87%, respectively.

14. GOODWILL AND INTANGIBLE ASSETS

(1) Changes

Changes in the carrying amount of goodwill and intangible assets during the years ended March 31, 2025 and 2024 were as follows:

For the year ended March 31, 2025

Millions of Yen

	Goodwill	Intangible assets			
		Software	Mining rights	Other	Total
Beginning balance	136,211	16,942	36,363	51,306	240,824
Separate acquisition	–	15,237	124,797	666	140,701
Acquisition through business combinations	407	–	–	–	407
Sale or disposal	–	(400)	–	(1)	(401)
Amortization	–	(5,609)	(127)	(10,179)	(15,917)
Exchange differences	(1,134)	98	8,912	52	7,928
Other	–	1,264	–	(555)	708
Ending balance	135,484	27,533	169,945	41,289	374,252

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, 2025

Thousands of U.S. Dollars

	Goodwill	Intangible assets			
		Software	Mining rights	Other	Total
Beginning balance	910,927	113,301	243,181	343,115	1,610,539
Separate acquisition	–	101,899	834,595	4,453	940,954
Acquisition through business combinations	2,721	–	–	–	2,721
Sale or disposal	–	(2,675)	–	(6)	(2,681)
Amortization	–	(37,510)	(849)	(68,073)	(106,446)
Exchange differences	(7,583)	655	59,600	347	53,019
Other	–	8,453	–	(3,711)	4,734
Ending balance	906,065	184,130	1,136,527	276,125	2,502,855

The cost, accumulated amortization and accumulated impairment losses, and carrying amount of goodwill and intangible assets as of March 31, 2025 and 2024 and April 1, 2023 were as follows:

Millions of Yen

	Goodwill	Intangible assets			
		Software	Mining rights	Other	Total
As of March 31, 2025					
Cost	135,484	61,817	171,526	81,094	449,923
Accumulated amortization and accumulated impairment losses	–	(34,284)	(1,581)	(39,805)	(75,670)
Carrying amount	135,484	27,533	169,945	41,289	374,252
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 April 1, 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

Thousands of U.S. Dollars

As of March 31, 2025					
Cost	906,065	413,408	1,147,100	542,325	3,008,914
Accumulated amortization and accumulated impairment losses	–	(229,278)	(10,573)	(266,200)	(506,052)
Carrying amount	906,065	184,130	1,136,527	276,125	2,502,855

Note: Amortization is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

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 ¥130,457 million ($872,447 thousand) resulting from a consolidation due to the acquisition of Parkwind during the year ended March 31, 2024, and belongs to the overseas power generation and renewable energy business. The group of cash-generating units related to the goodwill comprises individual offshore wind projects owned by Parkwind's consolidated subsidiaries. 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 14 to 45 years, which are based on the business plan approved by management. The key assumptions used are the wind conditions for the offshore wind projects, construction costs, operating periods, and the discount rate. These are based on past experience and external sources of information. As the recoverable amount is determined based on fair value, the business plan incorporates reasonable expectations and assumptions of market participants.

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 cash-generating unit. The pre-tax discount rates used for the impairment test range from 8.4% to 12.3%.

As a result of the impairment test conducted for the year ended March 31, 2025, 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 possible change, it is judged that it is unlikely that the recoverable amount will fall below the carrying amount.

(2) Material intangible assets

Among the intangible assets, the significant intangible asset in the current fiscal year is a mining right recognized in connection with the acquisition of an interest in a gas field under an LNG project in Australia. The carrying amount of this asset as of March 31, 2025 is ¥169,945 million ($1,136,527 thousand), with an average remaining amortization period of 37.5 years (excluding assets not yet subject to amortization).

(3) 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, 2025 and 2024 were ¥7,910 million ($52,899 thousand) and ¥1,347 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, 2025 and 2024.

Future cash outflows relating to lease contracts that the Group concluded with lessors but that have not yet commenced as of March 31, 2025 and 2024 were ¥20,240 million ($135,357 thousand) and ¥21,713 million, respectively.

(1) Disclosure of lease-related expense

The breakdown of profit (loss) relating to leases as lessee for the years ended March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Depreciation of right-of-use assets			
Buildings and structures as underlying assets	4,229	3,579	28,281
Machinery and equipment as underlying assets	2,468	1,961	16,505
Vessels as underlying assets	77,825	68,603	520,464
Other as underlying assets	438	311	2,929
Subtotal	84,962	74,456	568,193
Interest expense on lease liabilities	9,186	6,434	61,432
Short-term lease expense	39,585	23,101	264,729
Expenses for leases of low-value assets excluding short-term leases	3,516	5,112	23,513
Variable lease payments	11,422	10,829	76,386
Income from subleasing right-of-use assets	(248)	(224)	(1,658)
Profit (loss) relating to leases as lessee	148,424	119,710	992,603

(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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Right-of-use assets	440,730	444,670	2,947,435
Buildings and structures as underlying assets	16,011	12,303	107,075
Machinery and equipment as underlying assets	11,034	13,068	73,791
Vessels as underlying assets	407,014	415,053	2,721,955
Other as underlying assets	6,669	4,244	44,599

(3) Increase in right-of-use assets

The increases in right-of-use assets for the years ended March 31, 2025 and 2024 were ¥96,966 million ($648,471 thousand) and ¥187,390 million, respectively.

(4) Total cash outflow for leases

Total cash outflows associated with leases for the years ended March 31, 2025 and 2024 were ¥154,529 million ($1,033,431 thousand) and ¥122,288 million, respectively.

(5) Lease liabilities

	Millions of Yen		Thousands of U.S. Dollars		
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	Average interest rate (%)	Due date
Current portion of lease liabilities	79,228	91,247	529,846	0.5	–
Lease liabilities excluding current portion	343,024	366,427	2,294,014	0.8	2026–2054

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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Finance income on the net investment in finance leases	107	94	715

The maturity analysis of the undiscounted lease payments receivable based on finance lease contracts as of March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Lease payments receivable		
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Due within 1 year	1,133	1,132	7,577
Due in 1 to 2 years	1,134	1,129	7,583
Due in 2 to 3 years	1,136	1,130	7,597
Due in 3 to 4 years	1,137	1,131	7,603
Due in 4 to 5 years	177	1,132	1,183
Due in more than 5 years	1,844	1,980	12,331
Total	6,564	7,636	43,897
Unearned finance income	999	1,085	6,680
Net investment in finance leases	5,564	6,550	37,209

(2) Operating leases

The Group leases buildings and other assets as lessor in operating leases, and lease income for the years ended March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Lease income	5,189	3,665	34,702

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

Impairment losses for each fiscal year are described below. The item is included in “Other expenses” 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

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 ¥294 million ($1,966 thousand) and ¥81 million for the years ended March 31, 2025 and 2024, 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.

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.

Fair value is set at zero because the assets are unlikely to be used for other purposes or sold.

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

	Millions of Yen				Thousands of U.S. Dollars	
	2025		2024		2025	
	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	294	–	81	–	1,966	–

Note: The types of assets subject to impairment losses are described in Note 13 “PROPERTY, PLANT AND EQUIPMENT.”

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 ¥28,222 million ($188,738 thousand) and ¥61,673 million for the years ended March 31, 2025 and 2024, 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, 2025 and 2024 are as follows:

Name	Location	Principal lines of business	Percentage of ownership	
			As of March 31, 2025	As of March 31, 2024
Freeport LNG Development, L.P.	Houston, USA	Operation, maintenance and development of LNG facilities in America	21.9%	25.7%
Aboitiz Power Corporation	Manila, Philippines	Power generation, distribution and retail of electricity in the Philippines	27.6%	27.6%

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 March 31, 2025 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, 2025	As of March 31, 2024	As of March 31, 2025
Current assets	161,423	134,596	1,079,535
Non-current assets	1,551,056	1,431,476	10,372,875
Total assets	1,712,479	1,566,072	11,452,410
Current liabilities	175,419	124,597	1,173,135
Non-current liabilities	1,771,090	1,673,182	11,844,379
Total liabilities	1,946,510	1,797,780	13,017,521
Total equity	(234,030)	(231,707)	(1,565,103)
The Group's share of total equity	(51,252)	(59,618)	(342,753)
Consolidated adjustments	475,437	437,790	3,179,542
Carrying amount of investments	424,185	378,172	2,836,788

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Revenue	379,138	316,147	2,535,531
Profit (loss)	32,584	62,133	217,909
Other comprehensive income	9,894	(502)	66,167
Comprehensive income	42,479	61,631	284,083
The Group's share of profit (loss)	7,136	15,987	47,722
Dividend income from Freeport LNG Development, L.P.	5,924	–	39,617

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, 2025	As of March 31, 2024	As of March 31, 2025
Current assets	335,861	296,456	2,246,111
Non-current assets	1,077,229	950,322	7,204,099
Total assets	1,413,091	1,246,779	9,450,217
Current liabilities	215,631	165,464	1,442,058
Non-current liabilities	608,062	584,740	4,066,488
Total liabilities	823,693	750,205	5,508,546
Total equity	589,397	496,574	3,941,663
The Group's share of total equity	162,497	134,074	1,086,718
Consolidated adjustments	71,109	72,402	475,550
Carrying amount of investments	233,606	206,476	1,562,268
Fair value of investments	200,762	189,731	1,342,620

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Revenue	522,710	523,822	3,495,686
Profit	60,575	50,974	405,102
Other comprehensive income	(12,815)	(6,891)	(85,701)
Comprehensive income	47,759	44,082	319,394
The Group's share of profit	16,700	13,763	111,683
Dividend income from Aboitiz Power Corporation	12,153	9,038	81,274

(2) Material joint ventures

There were no material joint ventures as of March 31, 2025 and 2024.

(3) Immaterial associates and joint ventures

The carrying amounts of investments in immaterial associates and joint ventures as of March 31, 2025 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Associates	76,666	35,838	512,713
Joint ventures	564,783	614,781	3,777,054

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
	2025	2024	2025
Associates			
Profit	3,614	3,638	24,169
Other comprehensive income	(615)	(523)	(4,112)
Comprehensive income	2,999	3,115	20,056
Joint ventures			
Profit	12,484	42,453	83,488
Other comprehensive income	7,068	(2,674)	47,268
Comprehensive income	19,552	39,779	130,756

Regarding the shares held through joint ventures, mainly in the overseas power generation and renewable energy business segment, due to deterioration in profitability caused by changes in the business environment, the Group recorded impairment losses of ¥13,624 million ($91,112 thousand) and ¥12,395 million for the years ended March 31, 2025 and 2024, respectively, and a reversal of impairment losses of ¥19,668 million 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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Deferred tax assets			
Tax loss carryforwards	118,882	119,301	795,037
Lease liabilities	114,446	113,206	765,371
Investments in associates	64,757	26,109	433,070
Provision	35,343	31,148	236,360
Deferred assets	18,112	14,648	121,126
Other	38,067	30,932	254,577
Total deferred tax assets	389,609	335,347	2,605,557
Deferred tax liabilities			
Investments in associates	200,434	151,331	1,340,426
Right-of-use assets	111,865	99,599	748,110
Non-current assets	37,789	28,897	252,718
Other	31,133	33,498	208,205
Total deferred tax liabilities	381,222	313,327	2,549,468
Deferred tax assets (liabilities), net	8,387	22,020	56,089

Details of changes in net deferred tax assets or liabilities for the years ended March 31, 2025 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	22,020	124,450	147,261
Deferred income taxes	(16,050)	(45,262)	(107,336)
Deferred taxes relating to items of other comprehensive income			
Effective portion of change in fair value of cash flow hedges	(10,320)	(48,136)	(69,016)
Net change in fair value of financial assets measured through other comprehensive income	153	(645)	1,023
Remeasurements of defined benefit retirement plans	(515)	(1,760)	(3,444)
Changes in deferred tax assets (liabilities) resulting from business combinations, etc.	–	(19,328)	–
Other	13,099	12,702	87,601
Ending balance	8,387	22,020	56,089

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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Deductible temporary differences	112,640	98,165	753,293
Tax loss carryforwards	35,980	23,887	240,620

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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Within 1 year	–	–	–
Between 1 and 5 years	–	–	–
More than 5 years	30,948	21,535	206,968
No expiration schedule set	5,032	2,352	33,652
Total	35,980	23,887	240,620

Deferred tax assets as of March 31, 2025 and 2024 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 ¥145,797 million ($975,035 thousand) and ¥201,628 million, respectively.

(2) Income tax expense

The breakdown of income tax expense for the years ended March 31, 2025 and 2024 was as follows:

	Millions of Yen	Thousands of U.S. Dollars

	2025	2024	2025
Income taxes			
For the period	50,503	56,577	337,744
Prior period	(536)	(2,659)	(3,584)
Total income taxes	49,966	53,918	334,153
Deferred income taxes			
Origination and reversal of temporary differences	17,331	66,295	115,903
Changes in unrecognized deferred tax assets	279	(4,037)	1,865
Adjustment to deferred tax assets and liabilities resulting from changes in tax rates	(1,560)	(28)	(10,432)
Total deferred income taxes	16,050	62,229	107,336
Total income tax expense	66,016	116,148	441,490

(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, 2025 and 2024 was as follows:

(%)

	2025	2024
Statutory tax rate	27.9	27.9
Reconciliation:		
Difference in tax rates of subsidiaries	(9.2)	(6.8)
Retained earnings of foreign subsidiaries	0.9	0.6
Share of profit/loss of investments accounted for using the equity method	(1.2)	(1.0)
Change in judgment of recoverability of deferred tax assets	(0.3)	(0.6)
Controlled Foreign Company (CFC)	3.5	0.3
Other	2.2	(0.3)
Effective tax rate	23.7	20.1

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, 2025 and 2024.

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

20. TRADE AND OTHER PAYABLES

The breakdown of trade and other payables as of March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Trade accounts payable	687,525	563,585	4,597,906
Accrued expenses	98,591	78,188	659,339
Accounts payable - capital expenditures	26,787	18,985	179,141
Total	812,905	660,759	5,436,400

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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars		
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	Average interest rate (%)	Repayment (maturity) date
Short-term borrowings	19,604	51,496	131,104	1.01	–
Current portion of long-term borrowings	284,173	374,346	1,900,441	1.15	–
Current portion of bonds payable	122,078	29,985	816,411	0.27	(Note 4)
Long-term borrowings	2,065,294	2,084,288	13,811,903	2.36	2026–2043
Bonds payable	608,566	563,537	4,069,858	1.63	(Note 4)
Total	3,099,716	3,103,654	20,729,726	–	–
Current liabilities	425,855	455,828	2,847,956		
Non-current liabilities	2,673,860	2,647,826	17,881,762		
Total	3,099,716	3,103,654	20,729,726		

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, 2025 and 2024. The Company monitors and maintains the level required by the said covenants.

4. The outline of the conditions for bond as of March 31, 2025 and 2024 is as follows:

			Millions of Yen		Thousands of U.S. Dollars			
Company name	Issue	Date of issuance	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	Interest rate (%)	Collateral	Date of maturity
JERA Co., Inc.	Unsecured bonds - 1st (with an inter-bond pari passu clause)	October 22, 2020	19,994	19,984	133,712	0.190	None	October 24, 2025
JERA Co., Inc.	Unsecured bonds - 2nd (with an inter-bond pari passu clause)	October 22, 2020	19,962	19,955	133,498	0.390	None	October 25, 2030
JERA Co., Inc.	Unsecured bonds - 3rd (with an inter-bond pari passu clause)	November 26, 2021	39,970	39,952	267,304	0.150	None	November 25, 2026
JERA Co., Inc.	Unsecured bonds - 4th (with an inter-bond pari passu clause)	November 26, 2021	29,937	29,927	200,207	0.350	None	November 25, 2031
JERA Co., Inc.	Unsecured bonds - 5th (with an inter-bond pari passu clause)	January 19, 2022	–	29,985	–	0.050	None	January 24, 2025
JERA Co., Inc.	Unsecured bonds - 6th (with an inter-bond pari passu clause)	January 19, 2022	9,963	9,960	66,628	0.670	None	January 25, 2041
JERA Co., Inc.	Unsecured bonds - 7th (with an inter-bond pari passu clause)	April 27, 2022	69,997	69,960	468,113	0.200	None	April 25, 2025
JERA Co., Inc.	Unsecured bonds - 8th (with an inter-bond pari passu clause) (transition bonds)	May 24, 2022	11,986	11,980	80,157	0.420	None	May 25, 2027
JERA Co., Inc.	Unsecured bonds - 9th (with an inter-bond pari passu clause) (transition bonds)	May 24, 2022	7,979	7,976	53,360	0.664	None	May 25, 2032
JERA Co., Inc.	Unsecured bonds - 10th (with an inter-bond pari passu clause)	June 22, 2022	12,097	12,089	80,900	0.350	None	June 25, 2025
JERA Co., Inc.	Unsecured bonds - 11th (with an inter-bond pari passu clause)	July 11, 2022	10,083	10,078	67,431	0.600	None	July 25, 2028
JERA Co., Inc.	Unsecured bonds - 12th (with an inter-bond pari passu clause)	July 11, 2022	10,254	10,252	68,574	1.400	None	July 25, 2047
JERA Co., Inc.	Unsecured bonds - 13th (with an inter-bond pari passu clause)	September 12, 2022	5,276	5,275	35,283	1.340	None	September 23, 2044
JERA Co., Inc.	Unsecured bonds - 14th (with an inter-bond pari passu clause)	September 12, 2022	5,275	5,274	35,277	1.390	None	September 25, 2046
JERA Co., Inc.	Unsecured bonds - 15th (with an inter-bond pari passu clause)	September 22, 2022	19,988	19,976	133,672	0.540	None	March 25, 2026
JERA Co., Inc.	Unsecured bonds - 16th (with an inter-bond pari passu clause)	April 26, 2023	24,962	24,950	166,936	0.640	None	April 25, 2028
JERA Co., Inc.	Unsecured bonds - 17th (with an inter-bond pari passu clause)	April 26, 2023	14,965	14,959	100,080	0.900	None	April 25, 2030
JERA Co., Inc.	Unsecured bonds - 18th (with an inter-bond pari passu clause)	June 22, 2023	19,956	19,943	133,458	0.510	None	June 23, 2028
JERA Co., Inc.	Unsecured bonds - 19th (with an inter-bond pari passu clause)	June 19, 2023	9,982	9,977	66,755	0.510	None	June 23, 2028
JERA Co., Inc.	Unsecured bonds - 20th (with an inter-bond pari passu clause)	December 6, 2023	29,969	29,950	200,421	0.470	None	November 25, 2026
JERA Co., Inc.	Unsecured bonds – 21st (with an inter-bond pari passu clause)	December 6, 2023	9,980	9,974	66,742	0.689	None	November 24, 2028
JERA Co., Inc.	Unsecured bonds – 22nd (with an inter-bond pari passu clause)	March 6, 2024	29,964	29,946	200,387	0.500	None	February 25, 2027
JERA Co., Inc.	Unsecured bonds – 23rd (with an inter-bond pari passu clause) (transition bonds)	March 6, 2024	9,969	9,965	66,668	1.192	None	February 24, 2034

Company name	Issue	Date of issuance	Millions of Yen As of March 31, 2025	As of March 31, 2024	Thousands of U.S. Dollars As of March 31, 2025	Interest rate (%)	Collateral	Date of maturity
JERA Co., Inc.	Unsecured bonds – 24th (with an inter-bond pari passu clause)	April 24, 2024	19,958	–	133,471	0.876	None	April 25, 2029
JERA Co., Inc.	Unsecured bonds – 25th (with an inter-bond pari passu clause)	April 24, 2024	5,982	–	40,005	1.054	None	April 25, 2031
JERA Co., Inc.	Unsecured bonds – 26th (with an inter-bond pari passu clause)	June 25, 2024	19,942	–	133,364	0.924	None	June 25, 2029
JERA Co., Inc.	Unsecured bonds – 27th (with an inter-bond pari passu clause)	June 13, 2024	19,957	–	133,464	0.924	None	June 13, 2029
JERA Co., Inc.	Unsecured bonds – 28th (with an inter-bond pari passu clause) (transition bonds)	November 28, 2024	14,954	–	100,006	1.215	None	November 25, 2031
JERA Co., Inc.	Unsecured bonds – 29th (with an inter-bond pari passu clause) (transition bonds)	February 27, 2025	12,158	–	81,308	1.830	None	February 22, 2035
JERA Co., Inc.	Unsecured bonds with interest deferrable clause and early redeemable option - 1st (with a subordination clause)	December 15, 2022	64,983	64,973	434,581	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	9,148	9,147	61,178	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	21,869	21,865	146,251	2.549 *3	None	December 25, 2062
JERA Co., Inc.	Unsecured U.S. dollar-denominated bonds - 1st	April 14, 2022	44,748	45,234	299,257	3.665	None	April 14, 2027
JERA Co., Inc.	U.S. dollar-denominated bonds - 2nd	September 4, 2024	74,419	–	497,686	4.614	None	September 4, 2029

*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, 2025 and 2024 were as follows:

A. Assets pledged as collateral

	Millions of Yen As of March 31, 2025	As of March 31, 2024	Thousands of U.S. Dollars As of March 31, 2025
Cash and cash equivalents	120,309	125,227	804,581
Trade and other receivables	4,468	882	29,880
Inventories	1,134	1,111	7,583
Property, plant and equipment	1,277,555	962,364	8,543,803
Right-of-use assets	327	401	2,186
Goodwill and intangible assets	3,731	3,217	24,951
Investments accounted for using the equity method	3,926	46,981	26,255
Derivative assets	12,421	–	83,066
Other financial assets (current and non-current)	29,341	17,201	196,221
Other assets (current and non-current)	1,957	1,942	13,087

Total	1,455,174	1,159,330	9,731,652

B. Liabilities corresponding to assets pledged as collateral

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Borrowings (current and non-current)	876,751	737,945	5,863,378

22. OTHER FINANCIAL LIABILITIES

The breakdown of other financial liabilities as of March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Financial liabilities measured at amortized cost			
Accounts payable - other	82,152	72,225	549,401
Deposits received	6,141	67,924	41,068
Other (Note)	16,327	16,040	109,188
Subtotal	104,620	156,189	699,658
Other			
Liabilities recognized for written put options over non-controlling interests	146,306	178,877	978,439
Total	250,927	335,067	1,678,104
Current liabilities	54,928	89,924	367,337
Non-current liabilities	195,999	245,142	1,310,767
Total	250,927	335,067	1,678,104

Note: Items under "Other" in "Financial liabilities measured at amortized cost" include those that bear interest, the amounts of which were ¥16,121 million ($107,811 thousand) (including ¥3,184 million [$21,293 thousand] due within one year) as of March 31, 2025 and ¥16,040 million as of March 31, 2024. Their maturities ranged from 2025 through 2027 with an average interest rate of 5.5%.

23. PROVISIONS

Changes in provisions were as follows:

For the year ended March 31, 2025

Millions of Yen

	Asset retirement obligations	Other provisions	Total
Beginning balance	21,005	95,085	116,091
Increase during the period	13,277	10,911	24,188
Increase due to business combination	3,085	–	3,085
Interest expense incurred over the discount period	633	2	635
Decrease due to intended use	–	(13,305)	(13,305)
Transfer to liabilities directly associated with assets held for sale	(4,954)	–	(4,954)
Exchange differences on translation of foreign operations	1,342	(4)	1,337
Other	17	(1,379)	(1,362)
Ending balance	34,405	91,310	125,715

For the year ended March 31, 2025

Thousands of U.S. Dollars

	Asset retirement obligations	Other provisions	Total
Beginning balance	140,473	635,892	776,372
Increase during the period	88,791	72,968	161,760
Increase due to business combination	20,631	–	20,631
Interest expense incurred over the discount period	4,233	13	4,246
Decrease due to intended use	–	(88,978)	(88,978)
Transfer to liabilities directly associated with assets held for sale	(33,130)	–	(33,130)
Exchange differences on translation of foreign operations	8,974	(26)	8,941
Other	113	(9,222)	(9,108)
Ending balance	230,087	610,646	840,734

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, 2025	As of March 31, 2024	As of March 31, 2025
Current liabilities	12,614	8,742	84,357
Non-current liabilities	113,101	107,348	756,376

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.

These costs are expected to be paid by no later than 2048 for the former and 2065 for the latter, although 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.

These costs are expected to be settled by no later than 2035, although 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 has adopted mainly lump-sum retirement payment plans, defined benefit corporate pension plans, and defined contribution pension plans. The Company's defined benefit corporate pension plans are a contract-based corporate pension plan and managed in accordance with laws and regulations, as well as the pension plan rules.

The pension plan rules 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 Company. 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 pension plans are exposed to general investment risk, interest rate risk and inflation risk. However, the Company appropriately manages those risks to operate the plans in a sound manner.

The Company integrated the existing corporate pension plans and lump-sum retirement payment plans, and transitioned to new retirement benefit plans effective from April 1, 2024. The Company recognized past service cost associated with this revision 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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Present value of funded defined benefit obligation	28,124	29,853	188,082
Fair value of plan assets	(37,721)	(38,280)	(252,263)
Subtotal	(9,597)	(8,426)	(64,181)
Present value of unfunded defined benefit obligation	37,348	38,123	249,769
Total	27,751	29,696	185,588
Amount in the consolidated statement of financial position			
Retirement benefit liability (Note 1)	35,908	38,436	240,139
Retirement benefit asset (Note 2)	(8,156)	(8,739)	(54,544)
Net liability (asset) recognized in the consolidated statement of financial position	27,751	29,696	185,588

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, 2025 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	67,977	72,817	454,604
Current service cost	3,107	3,171	20,778
Interest cost	1,086	915	7,262
Gains and losses on remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	(763)	(821)	(5,102)
Actuarial gains and losses arising from changes in financial assumptions	(5,102)	(3,242)	(34,120)
Actuarial gains and losses arising from experience adjustments	2,039	207	13,636
Past service cost	–	(2,525)	–
Benefits paid	(3,209)	(3,078)	(21,460)
Effect of business combinations and disposal	–	648	–
Increase due to transfer of employees	275	101	1,839
Other	61	(217)	407
Ending balance	65,473	67,977	437,858

The weighted average duration of the defined benefit obligation as of March 31, 2025 and 2024 was as follows:

(Years)

	As of March 31, 2025	As of March 31, 2024
Weighted average duration	11–18	11–20

(3) Reconciliation of plan assets

Changes in plan assets for the years ended March 31, 2025 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	38,280	34,308	256,002
Interest income	619	440	4,139
Gains and losses on remeasurements			
Return on plan assets (excluding interest income)	(1,976)	2,536	(13,214)
Contribution by the employer	1,224	943	8,185
Contribution by plan participants	31	59	207
Benefits paid	(433)	(481)	(2,895)
Effect of business combinations and disposal	–	444	–
Increase due to transfer of employees	13	53	86
Other	(37)	(24)	(247)
Ending balance	37,721	38,280	252,263

Note: The Group will contribute ¥1,877 million ($12,552 thousand) for the fiscal year ending March 31, 2026.

(4) Major components of plan assets

The major components of total plan assets as of March 31, 2025 and 2024 were as follows:

Millions of Yen

	As of March 31, 2025			As of March 31, 2024		
	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	146	–	146	77	–	77
Equity investments	7,402	–	7,402	6,865	–	6,865
Bonds	11,964	–	11,964	12,006	757	12,764
General accounts of life insurance companies	–	14,471	14,471	3,489	14,557	18,046
Other (Note)	–	3,736	3,736	–	525	525
Total	19,513	18,208	37,721	22,439	15,840	38,280

Thousands of U.S. Dollars

	As of March 31, 2025		
	With quoted prices in active markets	With no quoted prices in active markets	Total
Cash and cash equivalents	976	–	976
Equity investments	49,501	–	49,501
Bonds	80,010	–	80,010
General accounts of life insurance companies	–	96,776	96,776
Other	–	24,984	24,984
Total	130,495	121,768	252,263

Note: Other as of March 31, 2025 includes privately placed REITs.

The investments of plan assets under the corporate pension plans of the Company 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, 2025 and 2024 were as follows:

%

	As of March 31, 2025	As of March 31, 2024
Discount rate	mainly 2.2	mainly 1.6

Note: The sensitivities of defined benefit obligation as of March 31, 2025 and 2024 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, 2025	As of March 31, 2024	As of March 31, 2025
Discount rate	50-basis-point increase	(3,396)	(4,111)	(22,711)
	50-basis-point decrease	3,724	4,515	24,904

(6) Defined contribution pension plans

The contributions to the defined contribution pension plans for the years ended March 31, 2025 and 2024 were ¥8,210 million ($54,905 thousand) and ¥5,935 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, 2025 and 2024.

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, 2025 and 2024 were as follows:

	Number of shares of common stock issued (Shares)
As of March 31, 2025	20,000,000
As of March 31, 2024	20,000,000
Changes during period	–
As of April 1, 2023	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, 2025

Not applicable because no dividends were paid.

For the year ended March 31, 2024

Not applicable because no dividends were paid.

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

For the year ended March 31, 2025

Resolution	Type of shares	Source of dividends	Total amount		Per share amount		Record date	Effective date
			(Millions of Yen)	(Thousands of U.S. Dollars)	(Yen)	(U.S. Dollars)		
Annual shareholders' meeting held on June 20, 2025	Common stock	Retained earnings	43,100	288,236	2,155	14.41	March 31, 2025	June 21, 2025

For the year ended March 31, 2024

Not applicable because no dividends were paid.

27. REVENUE

(1) Disaggregation of revenue

The breakdown of revenue for the years ended March 31, 2025 and 2024 is presented in Note 6 "SEGMENT INFORMATION."

(2) Information on contract balances as of March 31, 2025 and 2024 was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of April 1, 2023	As of March 31, 2025
Receivables from contracts with customers	428,022	400,041	630,164	2,862,449
Contract liabilities	1,092	2,260	1,856	7,302

Note: The balance of contract liabilities as of the beginning of the year ended March 31, 2025 was mostly recognized as revenue for the fiscal year, and the amount carried forward was immaterial. In addition, for the year ended March 31, 2025, there was no material revenue recognized from performance obligations satisfied in previous periods.

(3) Information on the remaining performance obligations associated with the supply of electricity as of March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied	1,312,803	1,237,972	8,779,529
Expected timing of revenue recognition			
Within 1 year	133,259	493,173	891,185
Between 1 and 5 years	1,179,544	744,798	7,888,343
More than 5 years	–	–	–

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. Furthermore, the total transaction price expected to be recognized as revenue as of March 31, 2025 does not include revenue from the long-term decarbonization capacity auction. Revenue from the long-term decarbonization capacity auction is the contract amount of the capacity contract, net of refund, which is approximately 90% of the revenue from the whole sale markets and non-fossil markets etc. during the same period of the contract term. As the amount of refund changes along with the future market prices, it is difficult to estimate a portion for which a recorded revenue decline is highly unlikely to occur, when the uncertainty about the amount of variable consideration is resolved subsequently. Therefore, revenue from the long-term decarbonization capacity auction is not subject to the notes.

(4) Information on costs incurred to fulfill contracts as of March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Ending balance of costs incurred to fulfill contracts that were recognized as assets	14,778	15,027	98,829

The amounts of amortization of the costs incurred to fulfill contracts recognized as assets for the years ended March 31, 2025 and 2024 were ¥555 million ($3,711 thousand) and ¥151 million, respectively.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of selling, general and administrative expenses for the years ended March 31, 2025 and 2024 was follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Employee benefit expenses	62,599	48,723	418,638
Depreciation and amortization	44,222	73,655	295,739
Outsourcing expenses	30,919	28,365	206,774
Other	62,005	43,385	414,665
Total	199,746	194,129	1,335,825

29. EMPLOYEE BENEFIT EXPENSES

Total employee benefit expenses recorded for the years ended March 31, 2025 and 2024 were ¥107,717 million ($720,370 thousand) and ¥89,467 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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Insurance claim income, etc.	6,161	1,986	41,202
Gain on sale of investments accounted for using the equity method	6,080	1,662	40,660
Other	4,653	9,767	31,117
Total	16,894	13,417	112,980

The breakdown of other expenses for the years ended March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Commission expenses	1,171	634	7,831
Foreign exchange loss	120	10,766	802
Other	4,476	2,880	29,933
Total	5,768	14,280	38,574

Note: Details of impairment losses included in Other 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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Interest income			
Financial assets measured at amortized cost	62,584	62,006	418,538
Dividend income			
Equity instruments measured at fair value through other comprehensive income	5,590	3,696	37,383
Net change in fair value of financial assets			
Financial assets measured at fair value through profit or loss	–	4,714	–
Gain on valuation of derivatives	25,562	4,555	170,948
Other	383	3,696	2,561
Total	94,121	78,668	629,445

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
	2025	2024	2025
Financial assets derecognized during the year	102	–	682
Financial assets held at the end of the year	5,488	3,696	36,701

(2) The breakdown of finance costs for the years ended March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Interest expenses			
Financial liabilities measured at amortized cost	40,119	44,849	268,300
Lease liabilities	9,186	6,434	61,432
Foreign exchange loss	2,877	8,430	19,240
Other	4,554	4,916	30,455
Total	56,737	64,631	379,435

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, 2025 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Net change in fair value of financial assets measured through other comprehensive income			
Amount arising during the year	(5,199)	14,972	(34,768)
Amount before income tax effect	(5,199)	14,972	(34,768)
Income tax effect	153	(645)	1,023
Net change in fair value of financial assets measured through other comprehensive income	(5,045)	14,327	(33,739)
Remeasurements of defined benefit retirement plans			
Amount arising during the year	1,686	6,463	11,275
Amount before income tax effect	1,686	6,463	11,275
Income tax effect	(515)	(1,760)	(3,444)
Remeasurements of defined benefit retirement plans	1,171	4,703	7,831
Exchange differences on translation of foreign operations			
Amount arising during the year	118,308	174,861	791,199
Reclassification adjustment	(1,264)	(946)	(8,453)
Exchange differences on translation of foreign operations	117,044	173,915	782,745
Effective portion of change in fair value of cash flow hedges			
Amount arising during the year	41,797	183,024	279,522
Reclassification adjustment	(9,724)	(6,970)	(65,030)
Amount before income tax effect	32,072	176,053	214,485
Income tax effect	(10,320)	(48,136)	(69,016)
Effective portion of change in fair value of cash flow hedges	21,751	127,917	145,462
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	13,884	(2,097)	92,850
Reclassification adjustment	(3,489)	(3,090)	(23,333)
Share of other comprehensive income of investments accounted for using the equity method	10,394	(5,187)	69,511

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
	2025	2024	2025
Interest paid	13,653	9,193	91,306

(2) Non-cash transactions

Non-cash transactions related to investing and financing activities in the years ended March 31, 2025 and 2024 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, 2025 and 2024 were as follows:

For the year ended March 31, 2025

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	Transfer to liabilities directly associated with assets held for sale	Other	
Bonds and borrowings (Note)	3,103,654	(38,965)	34,166	–	23,609	(27,980)	5,230	3,099,716
Lease liabilities (Note)	457,674	(90,797)	9,594	83,067	(8,533)	(10,036)	(18,715)	422,252
Commercial paper	–	–	–	–	–	–	–	–
Total	3,561,329	(129,762)	43,760	83,067	15,075	(38,016)	(13,485)	3,521,969

Note: Including the current portion.

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	Transfer to liabilities directly associated with assets held for sale	Other	
Bonds and borrowings (Note)	3,411,821	(632,592)	256,811	–	63,041	–	4,573	3,103,654
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, 2025

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	Transfer to liabilities directly associated with assets held for sale	Other	
Bonds and borrowings (Note)	20,756,062	(260,583)	228,489	–	157,888	(187,119)	34,976	20,729,726
Lease liabilities (Note)	3,060,750	(607,215)	64,161	555,520	(57,065)	(67,116)	(125,158)	2,823,861
Commercial paper	–	–	–	–	–	–	–	–
Total	23,816,819	(867,799)	292,650	555,520	100,815	(254,236)	(90,182)	23,553,594

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, 2025 and 2024 were 0.62 and 0.64, 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, and Électricité de France S.A. and its associates.

Trade and other receivables from the customer groups mentioned above represent 12.4%, 7.7%, and 37.2% of total trade receivables, respectively, as of March 31, 2025 and 34.1%, 21.6%, and 24.8% of total trade receivables, respectively, as of March 31, 2024.

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, 2025 and 2024 were as follows:

Millions of Yen

	2025				2024			
	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	–	1,991	31	–	–	1,719	–	–
Provision	–	1,214	–	–	–	1,955	–	–
Reversal	–	(2,007)	–	–	–	(1,877)	–	–
Other	–	(7)	–	–	–	195	31	–
Ending balance	–	1,190	31	–	–	1,991	31	–

Thousands of U.S. Dollars

	2025			
	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	–	13,315	207	–
Provision	–	8,118	–	–
Reversal	–	(13,422)	–	–
Other	–	(46)	–	–
Ending balance	–	7,958	207	–

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, 2025 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Financial assets whose allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	62,055	53,557	415,000
Trade and other receivables, lease receivables (Lifetime expected credit losses)	786,414	672,787	5,259,238
Financial instruments whose credit risk has increased significantly (Lifetime expected credit losses)	35	35	234
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, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Before due date	848,504	726,192	5,674,473
Past due within 30 days	–	56	–
Past due between 30 days and 90 days	–	94	–
Past due over 90 days	–	37	–
Total	848,504	726,379	5,674,473

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, 2025 and 2024 was as follows:

As of March 31, 2025

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	812,905	812,905	812,905	–	–
Short-term borrowings	19,604	19,604	19,604	–	–
Long-term borrowings	2,349,467	2,687,914	319,723	1,254,329	1,113,860
Bonds payable	730,644	779,689	132,273	395,007	252,408
Lease liabilities	422,252	450,896	86,009	177,829	187,057
Liabilities recognized for put options written on non-controlling interests (Note)	146,306	159,312	–	159,312	–
Total	4,481,181	4,910,322	1,370,517	1,986,479	1,553,326

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

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, 2025

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	5,436,400	5,436,400	5,436,400	–	–
Short-term borrowings	131,104	131,104	131,104	–	–
Long-term borrowings	15,712,345	17,975,750	2,138,186	8,388,477	7,449,073
Bonds payable	4,886,270	5,214,264	884,591	2,641,657	1,688,009
Lease liabilities	2,823,861	3,015,421	575,195	1,189,252	1,250,966
Liabilities recognized for put options written on non-controlling interests (Note)	978,439	1,065,418	–	1,065,418	–
Total	29,968,441	32,838,373	9,165,498	13,284,819	10,388,055

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, 2025 and 2024 was as follows: Derivatives that are settled net of other contracts are also disclosed in gross amounts.

As of March 31, 2025

Millions of Yen

		Within 1 year	In 1 to 5 years	In more than 5 years	Total
Foreign currency contracts	Receipts	16,379	14,366	5,481	36,228
	Payments	(22,732)	(5,505)	–	(28,237)
Interest rate contracts	Receipts	10,905	14,401	35,430	60,737
	Payments	–	–	–	–
Commodity contracts	Receipts	386,574	130,623	22,441	539,639
	Payments	(386,642)	(132,155)	(8,270)	(527,068)

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, 2025

Thousands of U.S. Dollars

		Within 1 year	In 1 to 5 years	In more than 5 years	Total
Foreign currency contracts	Receipts	109,536	96,074	36,654	242,279
	Payments	(152,023)	(36,815)	–	(188,838)
Interest rate contracts	Receipts	72,928	96,308	236,942	406,186
	Payments	–	–	–	–
Commodity contracts	Receipts	2,585,260	873,557	150,076	3,608,901
	Payments	(2,585,715)	(883,802)	(55,306)	(3,524,831)

(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, 2025 and 2024, 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 ¥3,297 million ($22,049 thousand) and ¥1,148 million, respectively, and the effect of a 1 % increase in the value of the U.S. Dollar against the Euro is ¥1,045 million ($6,988 thousand) and ¥165 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, 2025 and 2024, 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
	2025	2024	2025
Effect on profit before tax	(4,103)	(2,713)	(27,439)

(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, 2025 and 2024 was ¥8,119 million ($54,296 thousand) and ¥8,518 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, 2025 and 2024 was ¥626 million ($4,186 thousand) and ¥1,025 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, commodity swaps to fix cash flows associated with fuel procurement transactions, and currency swaps to fix cash flows related to principal and interest payments on foreign currency-denominated corporate bonds.

For the years ended March 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024 by hedge type were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	As of March 31, 2025		As of March 31, 2024		As of March 31, 2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedges						
Foreign currency forward contracts	6,386	7,247	31,654	–	42,707	48,465
Interest rate swaps	39,050	–	23,057	–	261,151	–
Commodity swaps	23	274	1,632	1,280	153	1,832
Currency swaps	3,203	–	–	–	21,420	–
Subtotal	48,665	7,521	56,344	1,280	325,453	50,297
Hedges of net investments in foreign operations						
Bonds and borrowings	–	179,436	–	181,596	–	1,200,000
Currency swaps	0	–	58	–	0	–
Subtotal	0	179,436	58	181,596	0	1,200,000
Total	48,666	186,957	56,403	182,876	325,459	1,250,297

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, 2025 and 2024 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, 2025		As of March 31, 2024		As of March 31, 2025	
				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	525,440	44,239	588,774	60,136	3,513,943	295,853
			Average price (Yen / U.S. Dollar)		141.54		134.74		0.94
	Interest rate swaps (Note 1)	Pay fixed/ Receive variable	Notional amount	939,377	837,566	965,948	901,470	6,282,197	5,601,324
			Average rate (%)		1.46%		1.46%		1.46%
	Commodity swaps (Note 2)	–	Notional amount	272,506	9,023	275,787	76,465	1,822,416	60,342
	Currency swaps	Buy U.S. Dollar / Sell Yen	Notional amount	72,225	55,931	–	–	483,013	374,045
			Average price (Yen / U.S. Dollar)		144.45		–		0.96
Hedges of net investments in foreign operations	Bonds and borrowings	Sell U.S. Dollar / Buy Yen	Notional amount	179,436	179,436	181,596	181,596	1,200,000	1,200,000
			Average price (Yen / U.S. Dollar)		149.53		151.33		1.00
	Currency swaps	Sell Euro / Buy U.S. Dollar	Notional amount	13,083	–	12,584	–	87,494	–
			Average price (Euro / U.S. Dollar)		1.08		1.09		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, 2025 and 2024 were as follows:

For the year ended March 31, 2025

Millions of Yen

	Other components of equity (net of tax)	Gains (losses) on hedges recognized in other comprehensive income	Amount reclassified to acquisition cost of non-financial assets	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	(676)	23,701	(38,263)	(8,937)	Cost of sales
Interest rate swaps	35,126	8,530	–	(1,066)	Finance costs
Commodity swaps	(193)	(7,278)	667	5,865	Cost of sales
Currency swaps	474	3,369	–	(2,895)	Finance costs
Subtotal	34,730	28,322	(37,596)	(7,033)	
Hedges of net investments in foreign operations					
Bonds and borrowings	(28,768)	1,921	–	–	–
Currency swaps	(435)	8	–	–	–
Subtotal	(29,203)	1,929	–	–	
Total	5,526	30,252	(37,596)	(7,033)	

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 reclassified to acquisition cost of non-financial assets	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, 2025

Thousands of U.S. Dollars

	Other components of equity (net of tax)	Gains (losses) on hedges recognized in other comprehensive income	Amount reclassified to acquisition cost of non-financial assets	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	(4,520)	158,503	(255,888)	(59,767)	Cost of sales
Interest rate swaps	234,909	57,045	–	(7,129)	Finance costs
Commodity swaps	(1,290)	(48,672)	4,460	39,222	Cost of sales
Currency swaps	3,169	22,530	–	(19,360)	Finance costs
Subtotal	232,261	189,406	(251,427)	(47,034)	
Hedges of net investments in foreign operations					
Bonds and borrowings	(192,389)	12,846	–	–	–
Currency swaps	(2,909)	53	–	–	–
Subtotal	(195,298)	12,900	–	–	
Total	36,955	202,313	(251,427)	(47,034)	

(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, 2025 and 2024 were as follows:

As of March 31, 2025

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	964,709	(420,276)	544,433	(78,055)	–	466,377

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	881,954	(420,276)	461,677	(78,053)	(10,418)	373,206

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, 2025

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	6,451,608	(2,810,646)	3,640,961	(522,002)	–	3,118,952

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	5,898,174	(2,810,646)	3,087,520	(521,988)	(69,671)	2,495,860

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.

As of March 31, 2025

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	348,160	(334,992)	13,167

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	334,992	(334,992)	–

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, 2025

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	2,328,362	(2,240,299)	88,055

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	2,240,299	(2,240,299)	–

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, 2025 and 2024 was as follows:

As of March 31, 2025

Millions of Yen

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets (Note 2)	105,027	423,812	16,878	545,718
Other	–	–	3,150	3,150
Equity instruments measured at fair value through other comprehensive income				
Equity securities and investments in capital	34,452	–	70,053	104,506
Inventories	–	56,444	–	56,444
Total	139,479	480,257	90,082	709,820
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities (Note 3)	95,910	365,733	12,236	473,880
Total	95,910	365,733	12,236	473,880

Notes: 1. There were no reclassifications between Level 1 and Level 2 in the year ended March 31, 2025.
2. They include assets held for sale, which are described in Note 39 "DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE."
3. They include liabilities directly associated with assets held for sale, which are described in Note 39 "DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE."

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, 2025

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 (Note 2)	702,380	2,834,294	112,873	3,649,555
Other	–	–	21,066	21,066
Equity instruments measured at fair value through other comprehensive income				
Equity securities and investments in capital	230,401	–	468,487	698,896
Inventories	–	377,476	–	377,476
Total	932,782	3,211,776	602,434	4,747,007
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities (Note 3)	641,409	2,445,883	81,829	3,169,129
Total	641,409	2,445,883	81,829	3,169,129

Notes: 1. There were no reclassifications between Level 1 and Level 2 in the year ended March 31, 2025.
2. They include assets held for sale, which are described in Note 39 "DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE."
3. They include liabilities directly associated with assets held for sale, which are described in Note 39 "DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE."

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 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 5.8% to 9.7% as of March 31, 2025, and from 5.3% to 9.2% as of March 31, 2024.

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, 2025 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	70,969	53,533	474,613
Total gain (loss)	18,723	6,465	125,212
Profit (loss) (Note 2)	20,214	1,933	135,183
Other comprehensive income (Note 3)	(1,491)	4,532	(9,971)
Purchase and transfer	(13,953)	1,845	(93,312)
Sale	(0)	–	(0)
Settlement	570	1,200	3,811
Other	1,536	7,924	10,272
Ending balance	77,845	70,969	520,597
Change in unrealized gains (losses) in assets and liabilities held at the end of reporting period recognized in profit or loss (Note 1)	20,214	1,933	135,183

Notes: 1. Includes the change in liabilities directly associated with assets held for sale.
2. Included mainly in "Revenue" in the consolidated statement of profit or loss.
3. 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, 2025 and 2024 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, 2025		As of March 31, 2024		As of March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings*	2,377,447	2,358,085	2,458,634	2,450,863	15,899,464	15,769,979
Bonds payable	730,644	714,036	593,523	587,434	4,886,270	4,775,202

* Including the current portion and liabilities directly associated with assets held for sale.

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, 2025 and 2024 were ¥146,306 million ($978,439 thousand) and ¥178,877 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, 2025

			Millions of Yen		Thousands of U.S. Dollars	
Type	Name	Transaction	Transaction amount	Outstanding balance	Transaction amount	Outstanding balance
Subsidiary of shareholder	Chubu Electric Power Miraiz Co., Inc.	Sales of electricity and gas	1,339,672	47,551	8,959,218	318,003
Fellow subsidiary of shareholder	TEPCO Energy Partner, Inc.	Sales of electricity and gas	2,077,810	94,017	13,895,606	628,750

For the year ended March 31, 2024

			Millions of Yen	
Type	Name	Transaction	Transaction amount	Outstanding balance
Shareholder	Chubu Electric Power Co., Inc.	Guarantee (Note)	680	–
Subsidiary of shareholder	Chubu Electric Power Miraiz Co., Inc.	Sales of electricity and gas	1,543,499	137,575
Fellow subsidiary of shareholder	TEPCO Energy Partner, Inc.	Sales of electricity and gas	2,481,349	214,842

Note: Details are provided in Note 38 “CONTINGENT LIABILITIES.”

(2) Compensation for management personnel

Compensation for management personnel for the years ended March 31, 2025 and 2024 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Compensation and bonuses	403	390	2,695
Total	403	390	2,695

37. COMMITMENTS

(1) Commitments relating to purchase of assets

Commitments relating to purchase of assets as of March 31, 2025 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Purchase of property, plant and equipment	363,952	164,002	2,433,973
Purchase of intangible assets	1,568	2,348	10,486

(2) Loan commitments

The Group has loan commitments to equity method associates.

The unused balances of such loan commitment as of March 31, 2025 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Total amount of loan commitment	2,609	2,546	17,448
Outstanding loan balances	2,609	2,546	17,448
Difference (unused balances)	–	–	–

38. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2025 and 2024 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, 2025	As of March 31, 2024	As of March 31, 2025
Guarantee obligations for borrowings			
Joint ventures	75,270	38,367	503,377
Associates	49,900	2,435	333,712
Other	4,663	10,778	31,184
Total	129,834	51,580	868,280
Guarantee obligations for performance of contracts			
Joint ventures	34,645	19,921	231,692
Associates	40,789	–	272,781
Other	51,002	45,328	341,082
Total	126,437	65,250	845,562

Note: The above guarantee obligations as of March 31, 2024 include those by Chubu Electric Power Co., Inc. 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, 2025	As of March 31, 2024	As of March 31, 2025
Chubu Electric Power Co., Inc.	–	680	–

As of March 31, 2025, there were no guarantees whose execution would probably result in material losses.

39. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The breakdown of assets held for sale and liabilities directly associated with those assets is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Assets held for sale			
Property, plant and equipment	111,930	–	748,545
Right-of-use assets	9,579	–	64,060
Other financial assets	5,183	–	34,661
Derivative assets (Note 1)	1,285	–	8,593
Other	610	–	4,079
Total	128,589	–	859,954
Liabilities directly associated with assets held for sale			
Other non-current assets	40,867	–	273,303
Bonds and borrowings	27,980	–	187,119
Derivative liabilities (Note 2)	12,202	–	81,602
Lease liabilities	10,036	–	67,116
Other	1,922	–	12,853
Total	93,009	–	622,008

Notes: 1. Of the assets classified as held for sale, the fair value hierarchy level of the derivative assets is Level 2. Details on the fair value hierarchy are provided in Note 35 "FAIR VALUE MEASUREMENT."
2. Of the liabilities directly associated with assets classified as held for sale, the fair value hierarchy level of the derivative liabilities is Level 3. Details on the fair value hierarchy are provided in Note 35 "FAIR VALUE MEASUREMENT."

Major assets and liabilities held for sale as of March 31, 2025 are related to partial sale of the solar power generation project in North America in the overseas power generation and renewable energy business segment. The Group believes that it is able to sell those assets within one year from March 31, 2025.
These disposal groups are measured at their carrying amount because their fair value less costs to sell exceeds the carrying amount.

40. EVENTS AFTER THE REPORTING PERIOD

Investment in "Blue Point" Low-Carbon Ammonia Production Project in the United States

Through a subsidiary, the Group entered into a joint investment agreement on April 8, 2025, with CF Industries Holdings, Inc. and Mitsui & Co., Ltd. for the low-carbon ammonia production project, "Blue Point", in Ascension Parish, Louisiana, USA. The total project cost is approximately $4 billion (¥600 billion) and the Group plans to invest approximately $1.4 billion (¥210 billion) over the next five years. The Group has significant influence over the new associate, and applies the equity method. At this point in time, it is difficult to reasonably estimate the financial impact of this transaction on the Group's consolidated financial statements.

Formation of JERA Nex bp

On August 1, a joint venture company named JERA Nex bp was formed through the integration of the offshore wind power businesses of JERA Nex Limited, a renewable energy subsidiary of JERA, and bp.

JERA Nex bp is jointly owned by both parties on a 50:50 basis and qualifies as a joint venture under joint control.

JERA Nex bp will initially focus on progressing existing projects in North-West Europe, Australia and Japan. JERA Nex bp also sees potential for long-term growth through projects currently under consideration.

To support these initiatives, both parties have agreed to invest up to $5.8 billion in JERA Nex bp before end of 2030.

At this point in time, it is difficult to reasonably estimate the financial impact of this transaction on the Group's consolidated financial statements.

41. ADDITIONAL INFORMATION

Fire that occurred at Taketoyo Thermal Power Station

Although Taketoyo Thermal Power Station, owned by JERA Power TAKETOYO LLC., a consolidated subsidiary of the Company, had suspended its operation due to the fire that occurred on January 31, 2024, it started coal-only operation on January 7, 2025.

Due to the expenses incurred for equipment repairs and fuel procurement, etc. resulting from the fire and suspension of operation, profit attributable to owners of parent for the year ended March 31, 2025 decreased by ¥20,271 million ($135,564 thousand).

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, 2025, 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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

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.

<table>
<tr><th colspan="2">Valuation of goodwill related to Parkwind N.V.</th></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>As described in Note 4. “SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS” and Note 14. “GOODWILL AND INTANGIBLE ASSETS”, the Company holds 100% of the shares of Parkwind N.V., a Belgian offshore wind power generation company, and consolidates Parkwind N.V. and its subsidiaries. The Company recognized and measured the identifiable assets acquired and liabilities assumed, that were included in the consideration for the acquisition, and recorded goodwill. As at March 31, 2025, the amount of goodwill associated with the acquisition of Parkwind N.V. was ¥130,457 million.

Goodwill is tested for impairment annually and whenever there is any indication of impairment. The Company performed an impairment test for goodwill for the year ended March 31, 2025.

The Company measures the recoverable amount of the group of cash-generating units containing goodwill, at fair value less costs of disposal. The future cash flows used for measuring fair value less costs of disposal are estimated based on the future business plan and reflecting market participants' expectations.

The key assumptions used in estimating future cash flows are wind conditions, which are an element used in calculating future electricity sales volume, as well as construction costs, operating periods, and discount rates.</td><td>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 compared future cash flows to business plan approved by the Board of Directors.
・We performed the following procedures with respect to future electricity sales volume included in future cash flows.
　・We inspected power sales agreements.
　・We evaluated the assumptions related to estimates by comparing them to actual electricity sales volume for the year ended March 31, 2025.
　・We compared assumptions for wind conditions, which are an element used in calculating future electricity sales volume, 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 them to actual construction costs incurred for the year ended March 31, 2025.
　・We compared them to the Company’s cost estimates for the offshore wind power generation project that was awarded to the Group for the year ended March 31, 2025.
・We performed the following procedures for operating periods of the offshore wind power generation project.
　・We compared them to operating periods of the offshore wind power generation project disclosed by comparable companies.
　・We compared them to the period of the commercial licenses for constructing and</td></tr>
</table>

Given that the aforementioned key assumptions used in estimating the recoverable amounts are subject to uncertainty and require judgment to be exercised by the management, we determined the valuation of goodwill related to Parkwind N.V. as a key audit matter.	operating offshore wind power facilities in specified regions. ・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. ・To assess the uncertainty of estimates of future cash flows, we performed a sensitivity analysis, considering the risks associated with fluctuations in the underlying business plans.

Recoverability of deferred tax assets	
Description of Key Audit Matter	**Auditor's Response**
The Group recorded deferred tax assets of ¥97,610 million in its consolidated statement of financial position as at March 31, 2025. As described in Note 19. "INCOME TAXES", deferred tax assets, before offsetting against deferred tax liabilities, amounted to ¥389,609 million. The primary balances of the deferred tax assets represent the Company's deferred tax assets on tax loss carryforwards of ¥19,788 million. As described in Note 4. "SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS", deferred tax assets are recorded for the tax loss carryforwards and deductible temporary differences determined to be recoverable. The recoverability of deferred tax assets is determined 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. The key assumptions used in management's estimates of taxable profit are electricity sales volume and fuel price forecasts. As the key assumptions are influenced by changes in the	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. We also considered the schedule for future fiscal years in which these balances are expected to be reversed. ・We assessed the consistency between the estimate of future taxable profit and the management plan approved by the Board of Directors, which serve as the basis for the expected future taxable profit. ・We compared prior year management plan to actual amounts in the current fiscal year to evaluate the effectiveness of the estimation process used by the management in formulating management plan. ・To evaluate the reasonableness of the key assumptions adopted in the formulation of management plan, we performed the following procedures. 　・We compared the Company's electricity sales volume forecasts to demand forecasts released by external organizations for each area or region.

power generation mix, supply and demand balance of electricity, and future economic conditions, they involve subjective judgment exercised by the management and are subject to uncertainty. Based on the above, we determined the recoverability of deferred tax assets as a key audit matter.	・We compared the Company's fuel price forecasts to forward prices. ・To evaluate the uncertainty in estimates of future taxable profit, we considered the impact if certain stresses are accounted for in management plan, which serve as the basis for the estimated future taxable profit.

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 IFRS Accounting Standards, 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 IFRS Accounting Standards, 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 IFRS Accounting Standards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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, 2025 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, 2025 are 878 million yen and 91 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 8, 2025

Shigeru Sekiguchi
Designated Engagement Partner
Certified Public Accountant

Kazuyuki Maekawa
Designated Engagement Partner
Certified Public Accountant

Yasuo Maeda
Designated Engagement Partner
Certified Public Accountant