JERA Co., Inc. and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2026, 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, 2026	As of March 31, 2025	As of March 31, 2026
Assets				
Current assets				
Cash and cash equivalents	8, 21, 34	1,124,678	1,261,635	7,033,633
Trade and other receivables	9, 21, 34	731,004	784,896	4,571,632
Inventories	10, 21, 35	332,089	321,107	2,076,854
Derivative assets	34, 35	1,561,498	347,241	9,765,465
Other financial assets	11, 21, 34	243,043	93,010	1,519,968
Other current assets	12, 21	192,035	109,174	1,200,969
Subtotal		4,184,350	2,917,065	26,168,542
Assets held for sale	21, 39	131,746	128,589	823,927
Total current assets		4,316,097	3,045,655	26,992,476
Non-current assets				
Property, plant and equipment	13, 21	2,688,843	2,905,181	16,815,778
Right-of-use assets	15, 21	549,319	440,730	3,435,390
Goodwill and intangible assets	14, 21	223,145	374,252	1,395,528
Investments accounted for using the equity method	6, 18, 21	1,502,874	1,299,241	9,398,836
Derivative assets	21, 34, 35	339,224	197,191	2,121,475
Other financial assets	11, 21, 34, 35	162,719	177,426	1,017,629
Deferred tax assets	19	131,419	97,610	821,882
Other non-current assets	12, 21, 24	84,274	52,458	527,041
Total non-current assets		5,681,820	5,544,093	35,533,583
Total assets	6	9,997,918	8,589,748	62,526,066

	Notes	Millions of Yen		Thousands of U.S. Dollars
		As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	20, 34	785,721	812,905	4,913,827
Bonds and borrowings	21, 33, 34	470,896	425,855	2,944,940
Lease liabilities	15, 33, 34	85,743	79,228	536,228
Derivative liabilities	34, 35	1,567,613	342,713	9,803,708
Other financial liabilities	22, 34	53,308	54,928	333,383
Other current liabilities	12, 23	192,948	128,887	1,206,679
Subtotal		3,156,231	1,844,518	19,738,780
Liabilities directly associated with assets held for sale	21, 39	90,397	93,009	565,334
Total current liabilities		3,246,629	1,937,528	20,304,121
Non-current liabilities				
Bonds and borrowings	21, 33, 34, 35	2,305,151	2,673,860	14,416,203
Lease liabilities	15, 33, 34	418,039	343,024	2,614,377
Derivative liabilities	34, 35	247,479	118,964	1,547,711
Other financial liabilities	22, 34, 35	199,446	195,999	1,247,317
Deferred tax liabilities	19	131,150	89,223	820,200
Other non-current liabilities	12, 23, 24	180,888	237,877	1,131,257
Total non-current liabilities		3,482,156	3,658,948	21,777,085
Total liabilities	6	6,728,785	5,596,477	42,081,207
Equity				
Share capital	25	100,000	100,000	625,390
Capital surplus	25	1,162,278	1,183,936	7,268,780
Other equity instruments	25	199,392	199,392	1,246,979
Retained earnings	25, 26	1,061,148	900,859	6,636,322
Other components of equity	25	638,684	513,447	3,994,271
Amounts recognized in other comprehensive income and accumulated in equity relating to assets held for sale	39	–	(1,473)	–
Total equity attributable to owners of parent		3,161,504	2,896,162	19,771,757
Non-controlling interests		107,628	97,108	673,095
Total equity		3,269,132	2,993,271	20,444,853
Total liabilities and equity		9,997,918	8,589,748	62,526,066

(2) Consolidated Statement of Profit or Loss

For the years ended March 31, 2026 and 2025

	Notes	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Revenue	6, 27	3,050,014	3,355,916	19,074,509
Cost of sales	10, 13, 14, 29	(2,705,788)	(2,966,464)	(16,921,751)
Gross profit		344,225	389,452	2,152,751
Selling, general and administrative expenses	13, 14, 28, 29	(185,004)	(199,746)	(1,156,998)
Other income	30	85,763	16,894	536,353
Other expenses	16, 30	(10,871)	(5,768)	(67,986)
Share of profit (loss) of investments accounted for using the equity method	6, 18	41,789	39,935	261,344
Operating profit		275,902	240,767	1,725,465
Finance income	6, 31, 34	84,404	94,121	527,854
Finance costs	6, 31, 34	(68,685)	(56,737)	(429,549)
Profit before tax		291,621	278,152	1,823,771
Income tax expense	6, 19	(70,517)	(66,016)	(441,006)
Profit		221,103	212,135	1,382,757
Profit attributable to				
Owners of parent	6	193,515	183,912	1,210,225
Non-controlling interests	17	27,588	28,222	172,532
Profit		221,103	212,135	1,382,757

(3) Consolidated Statement of Comprehensive Income

For the years ended March 31, 2026 and 2025

		Millions of Yen		Thousands of U.S. Dollars
	Notes	2026	2025	2026
Profit		221,103	212,135	1,382,757
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	(4,519)	(5,045)	(28,261)
Remeasurements of defined benefit plans	24, 32	4,141	1,171	25,897
Share of other comprehensive income of investments accounted for using the equity method	18, 32	331	1,213	2,070
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	32	123,906	117,044	774,896
Effective portion of change in fair value of cash flow hedges	32, 34	53,321	21,751	333,464
Share of other comprehensive income of investments accounted for using the equity method	18, 32	(1,360)	9,181	(8,505)
Other comprehensive income, net of tax		175,820	145,317	1,099,562
Comprehensive income		396,924	357,452	2,482,326
Comprehensive income attributable to				
Owners of parent		362,602	316,823	2,267,679
Non-controlling interests		34,321	40,629	214,640
Comprehensive income		396,924	357,452	2,482,326

(4) Consolidated Statement of Changes in Equity

For the year ended March 31, 2026

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, 2025		100,000	1,183,936	199,392	900,859	455,938	47,684	9,824
Comprehensive income								
Profit					193,515			
Other comprehensive income						127,759	41,373	(5,147)
Total comprehensive income					193,515	127,759	41,373	(5,147)
Transactions with owners								
Dividends	26				(43,100)			
Distributions to owners of other equity instruments	25				(4,279)			
Changes in ownership interest in subsidiaries not resulting in loss of control			3,099			165	(496)	
Changes in interests due to capital increase of subsidiaries								
Changes due to loss of control of subsidiaries								
Transfer from other components of equity to retained earnings					14,153			(1,327)
Other components of equity related to disposal groups classified as held for sale								(9,199)
Transfer to acquisition cost of non-financial assets							(27,892)	
Change due to written put options over non-controlling interests	35		(24,782)					
Other changes			25					
Total transactions with owners		–	(21,658)	–	(33,226)	165	(28,389)	(10,526)
Balance as of March 31, 2026		100,000	1,162,278	199,392	1,061,148	583,863	60,669	(5,849)

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, 2025		–	513,447	(1,473)	2,896,162	97,108	2,993,271
Comprehensive income							
Profit					193,515	27,588	221,103
Other comprehensive income		4,436	168,422	664	169,086	6,733	175,820
Total comprehensive income		4,436	168,422	664	362,602	34,321	396,924
Transactions with owners							
Dividends	26				(43,100)	(44,371)	(87,471)
Distributions to owners of other equity instruments	25				(4,279)		(4,279)
Changes in ownership interest in subsidiaries not resulting in loss of control			(331)		2,768	15,065	17,833
Changes in interests due to capital increase of subsidiaries						2,425	2,425
Changes due to loss of control of subsidiaries						(4,143)	(4,143)
Transfer from other components of equity to retained earnings		(4,436)	(5,763)	(8,390)			
Other components of equity related to disposal groups classified as held for sale			(9,199)	9,199			
Transfer to acquisition cost of non-financial assets			(27,892)		(27,892)		(27,892)
Change due to written put options over non-controlling interests	35				(24,782)	7,408	(17,374)
Other changes					25	(184)	(159)
Total transactions with owners		(4,436)	(43,185)	809	(97,261)	(23,801)	(121,062)
Balance as of March 31, 2026		–	638,684	–	3,161,504	107,628	3,269,132

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)		
Changes in interests due to capital increase of 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					
		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		–	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
Changes in interests due to capital increase of 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, 2026

Thousands of U.S. Dollars

		Equity attributable to owners of parent						
						Other components of equity		
	Notes	Share capital	Capital surplus	Other equity instruments	Retained earnings	Exchange differences on translation of foreign operations	Effective portion of change in fair value of cash flow hedges	Net change in fair value of financial assets measured through other comprehensive income
Balance as of March 31, 2025		625,390	7,404,227	1,246,979	5,633,889	2,851,394	298,211	61,438
Comprehensive income								
Profit					1,210,225			
Other comprehensive income						798,993	258,742	(32,188)
Total comprehensive income					1,210,225	798,993	258,742	(32,188)
Transactions with owners								
Dividends	26				(269,543)			
Distributions to owners of other equity instruments	25				(26,760)			
Changes in ownership interest in subsidiaries not resulting in loss of control			19,380			1,031	(3,101)	
Changes in interests due to capital increase of subsidiaries								
Changes due to loss of control of subsidiaries								
Transfer from other components of equity to retained earnings					88,511			(8,298)
Other components of equity related to disposal groups classified as held for sale								(57,529)
Transfer to acquisition cost of non-financial assets							(174,434)	
Change due to written put options over non-controlling interests	35		(154,984)					
Other changes			156					
Total transactions with owners		–	(135,447)	–	(207,792)	1,031	(177,542)	(65,828)
Balance as of March 31, 2026		625,390	7,268,780	1,246,979	6,636,322	3,651,425	379,418	(36,579)

Thousands of U.S. Dollars

	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, 2025		–	3,211,050	(9,212)	18,112,332	607,304	18,719,643
Comprehensive income							
Profit					1,210,225	172,532	1,382,757
Other comprehensive income		27,742	1,053,295	4,152	1,057,448	42,107	1,099,562
Total comprehensive income		27,742	1,053,295	4,152	2,267,679	214,640	2,482,326
Transactions with owners							
Dividends	26				(269,543)	(277,492)	(547,035)
Distributions to owners of other equity instruments	25				(26,760)		(26,760)
Changes in ownership interest in subsidiaries not resulting in loss of control			(2,070)		17,310	94,215	111,525
Changes in interests due to capital increase of subsidiaries						15,165	15,165
Changes due to loss of control of subsidiaries						(25,909)	(25,909)
Transfer from other components of equity to retained earnings		(27,742)	(36,041)	(52,470)			
Other components of equity related to disposal groups classified as held for sale			(57,529)	57,529			
Transfer to acquisition cost of non-financial assets			(174,434)		(174,434)		(174,434)
Change due to written put options over non-controlling interests	35				(154,984)	46,328	(108,655)
Other changes					156	(1,150)	(994)
Total transactions with owners		(27,742)	(270,075)	5,059	(608,261)	(148,849)	(757,110)
Balance as of March 31, 2026		–	3,994,271	–	19,771,757	673,095	20,444,853

(5) Consolidated Statement of Cash Flows

For the years ended March 31, 2026 and 2025

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2026	2025	2026
Cash flows from operating activities				
Profit before tax		291,621	278,152	1,823,771
Depreciation and amortization		339,099	325,122	2,120,694
Finance income and finance costs		(9,281)	(19,341)	(58,042)
Share of loss (profit) of investments accounted for using the equity method		(41,789)	(39,935)	(261,344)
Decrease (increase) in trade and other receivables		64,156	(128,034)	401,225
Decrease (increase) in inventories		7,826	(25,156)	48,943
Increase (decrease) in trade and other payables		(39,128)	182,702	(244,702)
Net changes in derivative assets and derivative liabilities		2,234	(8,277)	13,971
Decrease (increase) in other financial assets		(147,305)	(10,900)	(921,232)
Increase (decrease) in other financial liabilities		(7,988)	(50,021)	(49,956)
Decrease (increase) in other assets		(113,282)	(38,536)	(708,455)
Increase (decrease) in other liabilities		51,718	(20,311)	323,439
Increase (decrease) in consumption tax payable		30,284	(79,844)	189,393
Other		(54,131)	(5,222)	(338,530)
Subtotal		374,033	360,394	2,339,168
Dividends received		90,014	84,688	562,939
Interest received		55,660	62,667	348,092
Interest paid		(51,677)	(41,643)	(323,183)
Income taxes refund (paid)		(42,225)	(60,922)	(264,071)
Net cash provided by (used in) operating activities		425,804	405,185	2,662,939
Cash flows from investing activities				
Purchase of property, plant and equipment	33	(393,415)	(287,794)	(2,460,381)
Purchase of intangible assets		(19,316)	(137,211)	(120,800)
Purchase of investment securities		(42,342)	(20,644)	(264,803)
Proceeds from sale of investment securities		91,534	13,050	572,445
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation		11,064	–	69,193
Other		(32,875)	(2,770)	(205,597)
Net cash provided by (used in) investing activities		(385,351)	(435,369)	(2,409,949)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	33	93,717	(19,144)	586,097
Net increase (decrease) in commercial papers	33	20,000	–	125,078
Proceeds from long-term borrowings	33	68,265	250,303	426,923
Repayments of long-term borrowings	33	(314,446)	(404,899)	(1,966,516)
Proceeds from issuance of bonds	33	153,297	164,775	958,705
Redemption of bonds	33	(122,100)	(30,000)	(763,602)
Repayments of lease liabilities	33	(97,225)	(90,797)	(608,036)
Dividends paid	26	(43,100)	–	(269,543)
Dividends paid to non-controlling interests		(44,371)	(77,677)	(277,492)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation		18,200	59,226	113,821
Distributions paid to owners of other equity instruments		(6,010)	(6,043)	(37,585)
Other		1,653	35,593	10,337
Net cash provided by (used in) financing activities		(272,120)	(118,663)	(1,701,813)
Effect of exchange rate changes on cash and cash equivalents		98,365	5,095	615,165
Net increase (decrease) in cash and cash equivalents		(133,301)	(143,752)	(833,652)
Cash and cash equivalents at beginning of period	8	1,261,635	1,405,387	7,890,150
Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	39	(3,655)	–	(22,858)
Cash and cash equivalents at end of period	8	1,124,678	1,261,635	7,033,633

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, 2026 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 consolidated financial statements in Japanese as at and for the year ended March 31, 2026 were approved by Hisahide Okuda, President, Director, CEO, and COO on June 18, 2026. These consolidated financial statements in English were approved by him subsequently on July 3, 2026. There are no material differences between these consolidated financial statements and the consolidated financial statements in Japanese.

(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, 2026, which was ¥159.90 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.

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 measure such agreements at fair value 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) Fair value hedges

Changes in the fair value of derivatives designated as fair value hedging instruments are recognized in profit or loss in the consolidated statement of profit or loss, together with changes in the fair value of the hedged item attributable to the hedged risk.

(iii) 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.

(iv) 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 50 years
- Machinery and equipment: 2 to 40 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: 1 to 5 years
- Mining rights: 25 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(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

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 recognized at JERA Nex bp Limited

Through the Company’s consolidated subsidiary, JERA Nex Limited, the Company holds a 50% interest in JERA Nex bp Limited (“JERA Nex bp”), which develops, owns, and operates offshore wind power generation projects, and accounts for this investment as a joint venture using the equity method in accordance with the shareholders’ agreement with BP p.l.c.

In the Group’s consolidated financial statements, the investment accounted for using the equity method for JERA Nex bp amounts to ¥332,757 million ($2,081,031 thousand) as of March 31, 2026.

In addition, JERA Nex bp recognizes goodwill in its consolidated financial statements of which the Group’s share amounts to ¥76,051 million ($475,616 thousand).

The goodwill 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 future cash flows estimated by management, which incorporate the assumptions market participants would use. The key assumptions adopted by management for the

offshore wind projects include wind conditions, which are key inputs in estimating future electricity generation, as well as construction costs, operating periods, and discount rates. These assumptions are based on historical experience and external information.
As a result of the impairment tests performed during the current fiscal year, the recoverable amount of the group of cash-generating units exceeded the carrying amount. Accordingly, no impairment loss was recognized by JERA Nex bp, nor was any impairment loss recognized on the investment accounted for using the equity method in the Group's consolidated financial statements. However, if the key assumptions used in the impairment test change, an impairment loss may be recognized in subsequent fiscal years.

Of the judgements made in the process of applying 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 measure such agreements at fair value as executory contracts.

5. NEW STANDARDS NOT YET ADOPTED
Among the standards and interpretations that were issued or revised before the approval date of the consolidated financial statements, the major ones that have not been early adopted by the Group in the year ended March 31, 2026 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
IFRS 20	*Regulatory Assets and Regulatory Liabilities*	January 1, 2029	Fiscal year ending March 31, 2030	Specifies the recognition and measurement of Regulatory Assets and Regulatory Liabilities

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, 2026

Millions of Yen

	Reportable segments				Adjustment (Note 2)	Consolidated
	Fuel business	Overseas power generation and renewable energy business	Domestic thermal power generation and gas business	Total		
Revenue						
Revenue from contracts with customers	6,352	69,393	3,872,806	3,948,553	–	3,948,553
Revenue from other sources (Note 1)	(954,537)	–	55,999	(898,538)	–	(898,538)
Revenue from external customers	(948,185)	69,393	3,928,806	3,050,014	–	3,050,014
Intersegment revenue	1,361,185	103	46,596	1,407,886	(1,407,886)	–
Total	413,000	69,497	3,975,402	4,457,901	(1,407,886)	3,050,014
Segment profit (loss)	98,383	12,659	122,550	233,593	(40,077)	193,515
Other items of profit or loss:						
Finance income	42,238	22,395	444	65,078	19,326	84,404
Finance costs	(26,338)	(11,579)	(75,867)	(113,785)	45,099	(68,685)
Share of profit (loss) of investments accounted for using the equity method	41,690	(731)	831	41,789	–	41,789
Depreciation and amortization	(97,190)	(26,870)	(208,606)	(332,667)	(6,431)	(339,099)
Impairment losses	–	–	(337)	(337)	–	(337)
Income tax expense	(23,951)	(7,794)	(47,011)	(78,757)	8,239	(70,517)
Segment assets	5,113,650	2,194,990	3,737,067	11,045,707	(1,047,789)	9,997,918
Other asset items:						
Investments accounted for using the equity method	544,966	830,409	127,499	1,502,874	–	1,502,874
Capital expenditures	479,269	15,729	106,493	601,492	4,924	606,416
Segment liabilities	3,818,575	1,158,655	2,611,962	7,589,194	(860,408)	6,728,785

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 ¥413,000 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 ¥413,000 million results in revenue from other sources of ¥(954,537) million and revenue from external customers of ¥(948,185) 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. Adjustment reflects the elimination of intersegment transactions.

For the year ended March 31, 2025

Millions of Yen

	Reportable segments				Adjustment (Note 2)	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. Adjustment reflects the elimination of intersegment transactions.

For the year ended March 31, 2026

Thousands of U.S. Dollars

	Reportable segments				Adjustment (Note 2)	Consolidated
	Fuel business	Overseas power generation and renewable energy business	Domestic thermal power generation and gas business	Total		
Revenue						
Revenue from contracts with customers	39,724	433,977	24,220,175	24,693,889	–	24,693,889
Revenue from other sources (Note 1)	(5,969,587)	–	350,212	(5,619,374)	–	(5,619,374)
Revenue from external customers	(5,929,862)	433,977	24,570,393	19,074,509	–	19,074,509
Intersegment revenue	8,512,726	644	291,407	8,804,790	(8,804,790)	–
Total	2,582,864	434,627	24,861,801	27,879,305	(8,804,790)	19,074,509
Segment profit (loss)	615,278	79,168	766,416	1,460,869	(250,637)	1,210,225
Other items of profit or loss:						
Finance income	264,152	140,056	2,776	406,991	120,863	527,854
Finance costs	(164,715)	(72,414)	(474,465)	(711,601)	282,045	(429,549)
Share of profit (loss) of investments accounted for using the equity method	260,725	(4,571)	5,196	261,344	–	261,344
Depreciation and amortization	(607,817)	(168,042)	(1,304,602)	(2,080,469)	(40,218)	(2,120,694)
Impairment losses	–	–	(2,107)	(2,107)	–	(2,107)
Income tax expense	(149,787)	(48,742)	(294,002)	(492,539)	51,525	(441,006)
Segment assets	31,980,300	13,727,267	23,371,275	69,078,843	(6,552,776)	62,526,066
Other asset items:						
Investments accounted for using the equity method	3,408,167	5,193,302	797,367	9,398,836	–	9,398,836
Capital expenditures	2,997,304	98,367	665,997	3,761,676	30,794	3,792,470
Segment liabilities	23,881,019	7,246,122	16,334,971	47,462,126	(5,380,913)	42,081,207

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 $2,582,864 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 $2,582,864 thousand results in revenue from other sources of $(5,969,587) thousand and revenue from external customers of $(5,929,862) 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. Adjustment reflects the elimination of intersegment transactions.

(3) Revenue from external customers by product and service

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Electricity	3,507,319	3,814,439	21,934,452
Coal	(277,920)	(354,947)	(1,738,086)
LNG	(519,804)	(370,169)	(3,250,806)
Other	340,420	266,593	2,128,955
Total	3,050,014	3,355,916	19,074,509

(4) Geographical information on revenue from external customers

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Japan	3,970,998	4,231,557	24,834,258
Singapore	(999,172)	(949,754)	(6,248,730)
Other	78,188	74,113	488,980
Total	3,050,014	3,355,916	19,074,509

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, 2026	As of March 31, 2025	As of March 31, 2026
Japan	2,935,335	3,241,605	18,357,317
United States	829,611	579,991	5,188,311
Other	1,270,799	1,242,110	7,947,460
Total	5,035,746	5,063,707	31,493,095

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 were 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	2026	2025	2026
Tokyo Electric Power Company Holdings, Inc.	Domestic thermal power generation and gas business	2,077,503	2,126,034	12,992,514
Chubu Electric Power Co., Inc.	Domestic thermal power generation and gas business	1,431,593	1,393,524	8,953,051

7. BUSINESS COMBINATIONS

For the year ended March 31, 2026
There were no significant business combinations.

For the year ended March 31, 2025
There were no significant business combinations.

8. CASH AND CASH EQUIVALENTS

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

The balances of “Cash and cash equivalents” in the consolidated statement of financial position as of March 31, 2026 and 2025 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Notes and accounts receivable - trade	708,860	756,539	4,433,145
Accounts receivable - other	18,576	22,341	116,172
Other	3,567	6,015	22,307
Total	731,004	784,896	4,571,632

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

10. INVENTORIES

The breakdown of inventories as of March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Merchandise and finished goods	102,745	56,767	642,557
Raw materials and supplies	229,344	264,340	1,434,296
Total	332,089	321,107	2,076,854

Note: The cost of inventories recognized as an expense for the years ended March 31, 2026 and 2025 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Financial assets measured at amortized cost			
Loans receivable	59,235	62,090	370,450
Deposits (primarily margin deposits of derivatives)	203,601	51,587	1,273,302
Time deposits	24,719	29,102	154,590
Other	27,616	19,998	172,707
Subtotal	315,173	162,780	1,971,063
Financial assets measured at fair value through profit or loss			
Other	6,732	3,150	42,101
Equity instruments measured at fair value through other comprehensive income			
Equity securities and investments in capital	83,857	104,506	524,434
Total	405,763	270,437	2,537,604
Current assets	243,043	93,010	1,519,968
Non-current assets	162,719	177,426	1,017,629
Total	405,763	270,437	2,537,604

(2) The principal securities and fair value of equity instruments measured at fair value through other comprehensive income as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
Securities	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Marketable securities	31,061	34,452	194,252
Non-marketable securities	52,796	70,053	330,181
Total	83,857	104,506	524,434

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

	Millions of Yen		Thousands of U.S. Dollars
Issuer	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
ReNew Energy Global plc	25,226	30,810	157,761
KANDENKO CO., LTD.	3,905	1,784	24,421
West Holdings Corporation	1,640	1,471	10,256
Other	288	385	1,801
Total	31,061	34,452	194,252

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, 2026 and 2025 were ¥40,611 million ($253,977 thousand), ¥58,833 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, 2026 and 2025 were as follows:

For the year ended March 31, 2026

Millions of Yen

Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
22,044	8,390

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, 2026 was ¥ 8,390 million.

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)

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.

For the year ended March 31, 2026

Thousands of U.S. Dollars

Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
137,861	52,470

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, 2026 was $52,470 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, 2026 and 2025 were as follows:

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

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Assets recognized by application of fair value hedge	89,500	–	559,724
Prepaid expenses	52,957	67,968	331,188
Costs incurred to fulfill contracts	17,030	14,778	106,504
Other	116,820	78,886	730,581
Total	276,309	161,633	1,728,011
Current assets	192,035	109,174	1,200,969
Non-current assets	84,274	52,458	527,041
Total	276,309	161,633	1,728,011

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

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Provisions	118,781	125,715	742,845
Liabilities recognized by application of fair value hedge	34,834	2,712	217,848
Retirement benefit liabilities	34,274	35,908	214,346
Other (Note)	185,946	202,428	1,162,889
Total	373,837	366,764	2,337,942
Current liabilities	192,948	128,887	1,206,679
Non-current liabilities	180,888	237,877	1,131,257
Total	373,837	366,764	2,337,942

Note: “Other” includes subsidies granted in the fiscal year ended March 31, 2026 in connection with the following: the Group has been certified as a Supplier of Low-Carbon Hydrogen and its Derivatives by the Ministry of Economy, Trade and Industry. The certification was granted under the “Support Focusing on the Price Gap” Scheme established in accordance with the Hydrogen Society Promotion Act.

13. PROPERTY, PLANT AND EQUIPMENT

(1) Changes

Changes in the carrying amount of property, plant and equipment during the years ended March 31, 2026 and 2025 were as follows:

For the year ended March 31, 2026

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
Beginning balance	465,528	1,688,437	344,251	390,690	16,272	2,905,181
Separate purchases	1,314	2,262	–	121,847	237,796	363,219
Disposals	(1,679)	(2,635)	(58)	(79)	(98)	(4,551)
Changes due to loss of control of subsidiaries	–	(270,915)	–	(7,401)	(197)	(278,514)
Transfer to assets held for sale	(10,784)	(68,961)	(275)	(14,081)	(6)	(94,110)
Depreciation	(30,505)	(191,727)	–	–	(9,177)	(231,409)
Impairment losses	(61)	(268)	–	–	(7)	(337)
Exchange differences	(2,238)	501	(92)	30,698	5,917	34,786
Transfer from construction in progress	33,024	165,468	–	(257,784)	59,292	–
Other	3,462	(12,520)	6	(12,166)	15,798	(5,419)
Ending balance	458,058	1,309,641	343,831	251,721	325,589	2,688,843

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
Disposals	(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, 2026

Thousands of U.S. Dollars

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
Beginning balance	2,911,369	10,559,330	2,152,914	2,443,339	101,763	18,168,736
Separate purchases	8,217	14,146	–	762,020	1,487,154	2,271,538
Disposals	(10,500)	(16,479)	(362)	(494)	(612)	(28,461)
Changes due to loss of control of subsidiaries	–	(1,694,277)	–	(46,285)	(1,232)	(1,741,801)
Transfer to assets held for sale	(67,442)	(431,275)	(1,719)	(88,061)	(37)	(588,555)
Depreciation	(190,775)	(1,199,043)	–	–	(57,392)	(1,447,210)
Impairment losses	(381)	(1,676)	–	–	(43)	(2,107)
Exchange differences	(13,996)	3,133	(575)	191,982	37,004	217,548
Transfer from construction in progress	206,529	1,034,821	–	(1,612,157)	370,806	–
Other	21,651	(78,298)	37	(76,085)	98,799	(33,889)
Ending balance	2,864,652	8,190,375	2,150,287	1,574,240	2,036,203	16,815,778

The cost, accumulated depreciation, accumulated impairment losses, and carrying amount of property, plant and equipment as of March 31, 2026 and 2025 and April 1, 2024 were as follows:

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
As of March 31, 2026						
Cost	1,951,512	7,819,000	354,153	252,854	405,591	10,783,112
Accumulated depreciation and accumulated impairment losses	(1,493,453)	(6,509,359)	(10,321)	(1,133)	(80,001)	(8,094,268)
Carrying amount	458,058	1,309,641	343,831	251,721	325,589	2,688,843
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 April 1, 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

Thousands of U.S. Dollars

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
As of March 31, 2026						
Cost	12,204,577	48,899,312	2,214,840	1,581,325	2,536,529	67,436,597
Accumulated depreciation and accumulated impairment losses	(9,339,918)	(40,708,936)	(64,546)	(7,085)	(500,318)	(50,620,813)
Carrying amount	2,864,652	8,190,375	2,150,287	1,574,240	2,036,203	16,815,778

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 ¥18,212 million ($113,896 thousand) and ¥14,924 million in the years ended March 31, 2026 and 2025, 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, 2026 and 2025 were 1.51% and 1.19%, respectively.

14. GOODWILL AND INTANGIBLE ASSETS

(1) Changes

Changes in the carrying amount of goodwill and intangible assets during the years ended March 31, 2026 and 2025 were as follows:

For the year ended March 31, 2026

Millions of Yen

	Goodwill	Intangible assets			Total
		Software	Mining rights	Other	
Beginning balance	135,484	27,533	169,945	41,289	374,252
Separate acquisition	–	12,538	20,210	36	32,785
Disposals	–	(391)	–	(0)	(392)
Changes due to loss of control of subsidiaries	(138,653)	(20)	–	(14,839)	(153,513)
Transfer to assets held for sale	(3,580)	(4)	–	(16,402)	(19,987)
Amortization	–	(7,889)	(354)	(3,595)	(11,838)
Exchange differences	8,175	788	(1,434)	196	7,725
Other	(1,426)	(34)	–	(4,426)	(5,886)
Ending balance	–	32,519	188,367	2,258	223,145

For the year ended March 31, 2025

Millions of Yen

	Goodwill	Intangible assets			Total
		Software	Mining rights	Other	
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
Disposals	–	(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, 2026

Thousands of U.S. Dollars

	Goodwill	Intangible assets			Total
		Software	Mining rights	Other	
Beginning balance	847,304	172,188	1,062,820	258,217	2,340,537
Separate acquisition	–	78,411	126,391	225	205,034
Disposals	–	(2,445)	–	(0)	(2,451)
Changes due to loss of control of subsidiaries	(867,123)	(125)	–	(92,801)	(960,056)
Transfer to assets held for sale	(22,388)	(25)	–	(102,576)	(124,996)
Amortization	–	(49,337)	(2,213)	(22,482)	(74,033)
Exchange differences	51,125	4,928	(8,968)	1,225	48,311
Other	(8,918)	(212)	–	(27,679)	(36,810)
Ending balance	–	203,370	1,178,030	14,121	1,395,528

The cost, accumulated amortization and accumulated impairment losses, and carrying amount of goodwill and intangible assets as of March 31, 2026 and 2025 and April 1, 2024 were as follows:

Millions of Yen

	Goodwill	Intangible assets			Total
		Software	Mining rights	Other	
As of March 31, 2026					
Cost	–	74,571	191,856	29,084	295,512
Accumulated amortization and accumulated impairment losses	–	(42,051)	(3,488)	(26,826)	(72,367)
Carrying amount	–	32,519	188,367	2,258	223,145
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 April 1, 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

Thousands of U.S. Dollars

As of March 31, 2026					
Cost	–	466,360	1,199,849	181,888	1,848,105
Accumulated amortization and accumulated impairment losses	–	(262,983)	(21,813)	(167,767)	(452,576)
Carrying amount	–	203,370	1,178,030	14,121	1,395,528

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.”

(2) Material intangible assets

Among the intangible assets, the significant intangible assets in the fiscal year ended March 31, 2026 is a mining rights 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, 2026 is ¥188,367 million ($1,178,030 thousand), with an average remaining amortization period of 32.5 years.

(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, 2026 and 2025 were ¥1,570 million ($9,818 thousand) and ¥7,910 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, 2026 and 2025.

Future cash outflows relating to lease contracts that the Group concluded with lessors but that have not yet commenced as of March 31, 2026 and 2025 were ¥20,247 million ($126,622 thousand) and ¥20,240 million, respectively.

(1) Disclosure of lease-related expenses

The breakdown of profit or loss relating to leases as lessee for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Depreciation of right-of-use assets			
Buildings and structures as underlying assets	5,155	4,229	32,238
Machinery and equipment as underlying assets	1,079	2,468	6,747
Vessels as underlying assets	89,850	77,825	561,913
Other as underlying assets	596	438	3,727
Subtotal	96,682	84,962	604,640
Interest expense on lease liabilities	9,202	9,186	57,548
Short-term lease expense	31,483	39,585	196,891
Expenses for leases of low-value assets excluding short-term leases	4,160	3,516	26,016
Variable lease payments	11,231	11,422	70,237
Income from subleasing right-of-use assets	(272)	(248)	(1,701)
Profit or loss relating to leases as lessee	152,487	148,424	953,639

(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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Right-of-use assets	549,319	440,730	3,435,390
Buildings and structures as underlying assets	72,220	16,011	451,657
Machinery and equipment as underlying assets	10,037	11,034	62,770
Vessels as underlying assets	460,624	407,014	2,880,700
Other as underlying assets	6,437	6,669	40,256

(3) Increase in right-of-use assets

The increases in right-of-use assets for the years ended March 31, 2026 and 2025 were ¥194,371 million ($1,215,578 thousand) and ¥96,966 million, respectively.

(4) Total cash outflow for leases

Total cash outflows associated with leases for the years ended March 31, 2026 and 2025 were ¥150,835 million ($943,308 thousand) and ¥154,529 million, respectively.

(5) Lease liabilities

	Millions of Yen		Thousands of U.S. Dollars		
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026	Average interest rate (%)	Due date
Current portion of lease liabilities	85,743	79,228	536,228	3.0	–
Lease liabilities excluding current portion	418,039	343,024	2,614,377	2.6	2027–2054

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.

The maturity analysis of the undiscounted lease payments receivable based on finance lease contracts as of March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Lease payments receivable		
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Due within 1 year	1,166	1,133	7,292
Due in 1 to 2 years	1,171	1,134	7,323
Due in 2 to 3 years	1,176	1,136	7,354
Due in 3 to 4 years	220	1,137	1,375
Due in 4 to 5 years	216	177	1,350
Due in more than 5 years	2,529	1,844	15,816
Total	6,480	6,564	40,525
Unearned finance income	1,339	999	8,373
Net investment in finance leases	5,141	5,564	32,151

(2) Operating leases

The Group leases buildings and other assets as lessor in operating leases, and lease income for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Lease income	6,427	5,189	40,193

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

(1) Cash-generating unit

The Group groups its assets by independent cash-generating unit in principle (cash-generating 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 ¥337 million ($2,107 thousand) and ¥294 million for the years ended March 31, 2026 and 2025, 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	
	As of March 31, 2026		As of March 31, 2025		As of March 31, 2026	
	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	337	–	294	–	2,107	–

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 ¥27,588 million ($172,532 thousand) and ¥28,222 million for the years ended March 31, 2026 and 2025, 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, 2026 and 2025 were as follows:

Name	Location	Principal lines of business	Percentage of ownership	
			As of March 31, 2026	As of March 31, 2025
Freeport LNG Development, L.P.	Houston, USA	Operation, maintenance and development of LNG facilities in North America	21.9%	21.9%
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, 2026 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 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets	141,205	161,423	883,083
Non-current assets	1,441,578	1,551,056	9,015,497
Total assets	1,582,784	1,712,479	9,898,586
Current liabilities	172,214	175,419	1,077,010
Non-current liabilities	1,652,095	1,771,090	10,332,051
Total liabilities	1,824,310	1,946,510	11,409,068
Total equity	(241,525)	(234,030)	(1,510,475)
The Group's share of total equity	(54,779)	(51,252)	(342,582)
Consolidated adjustments	453,645	475,437	2,837,054
Carrying amount of investments	398,865	424,185	2,494,465

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Revenue	520,491	379,138	3,255,103
Profit (loss)	106,413	32,584	665,497
Other comprehensive income	(7,802)	9,894	(48,792)
Comprehensive income	98,611	42,479	616,704
The Group's share of profit (loss)	23,272	7,136	145,540
Dividend income from Freeport LNG Development, L.P.	34,290	5,924	214,446

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 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets	337,792	335,861	2,112,520
Non-current assets	1,318,850	1,077,229	8,247,967
Total assets	1,656,642	1,413,091	10,360,487
Current liabilities	417,502	215,631	2,611,019
Non-current liabilities	668,197	608,062	4,178,843
Total liabilities	1,085,699	823,693	6,789,862
Total equity	570,942	589,397	3,570,619
The Group's share of total equity	147,203	162,497	920,594
Consolidated adjustments	72,548	71,109	453,708
Carrying amount of investments	219,752	233,606	1,374,308
Fair value of investments	249,681	200,762	1,561,482

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Revenue	517,043	522,710	3,233,539
Profit (loss)	22,422	60,575	140,225
Other comprehensive income	(14,252)	(12,815)	(89,130)
Comprehensive income	8,169	47,759	51,088
The Group's share of profit (loss)	6,181	16,700	38,655
Dividend income from Aboitiz Power Corporation	12,410	12,153	77,611

(2) Material joint ventures

The joint ventures that are material to the Group as of March 31, 2026 and 2025 were as follows:

Name	Location	Principal lines of business	Percentage of ownership	
			As of March 31, 2026	As of March 31, 2025
JERA Nex bp Limited	London, U.K.	Offshore wind power generation	50.0%	–

The reconciliation of the IFRS condensed consolidated financial information of JERA Nex bp Limited to the carrying amount of the Group's interest in the joint venture was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets	119,357	–	746,447
Non-current assets	898,269	–	5,617,692
Total assets	1,017,626	–	6,364,140
Current liabilities	29,120	–	182,113
Non-current liabilities	317,728	–	1,987,041
Total liabilities	346,849	–	2,169,161
Total equity	670,777	–	4,194,978
The Group's share of total equity	321,020	–	2,007,629
Goodwill and consolidated adjustments	11,737	–	73,402
Carrying amount of investments	332,757	–	2,081,031

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Revenue	41,440	–	259,161
Profit (loss)	(32,601)	–	(203,883)
Other comprehensive income	20,910	–	130,769
Comprehensive income	(11,690)	–	(73,108)
The Group's share of profit (loss)	(16,300)	–	(101,938)
Dividend income from JERA Nex bp Limited	–	–	–

(3) Immaterial associates and joint ventures

The carrying amounts of investments in immaterial associates and joint ventures as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Associates	103,702	76,666	648,542
Joint ventures	447,796	564,783	2,800,475

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
	2026	2025	2026
Associates			
Profit (loss)	5,769	3,614	36,078
Other comprehensive income	(395)	(615)	(2,470)
Comprehensive income	5,374	2,999	33,608
Joint ventures			
Profit (loss)	22,866	12,484	143,001
Other comprehensive income	(5,453)	7,068	(34,102)
Comprehensive income	17,413	19,552	108,899

Regarding the shares, 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 ¥22,436 million ($140,312 thousand) and ¥13,624 million for the years ended March 31, 2026 and 2025, respectively. Additionally, the Group recognized a reversal of impairment losses of ¥2,204 million ($13,783 thousand) for the year ended March 31, 2026, and were recorded 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Deferred tax assets			
Lease liabilities	141,259	114,446	883,420
Tax loss carryforwards	107,328	118,882	671,219
Derivatives	40,878	5,002	255,647
Investments in associates	35,372	64,757	221,213
Provision	33,659	35,343	210,500
Other	45,236	51,177	282,901
Total deferred tax assets	403,735	389,609	2,524,921
Deferred tax liabilities			
Investments in associates	148,729	200,434	930,137
Right-of-use assets	142,795	111,865	893,026
Derivatives	63,222	16,995	395,384
Non-current assets	32,561	37,789	203,633
Other	16,157	14,137	101,044
Total deferred tax liabilities	403,467	381,222	2,523,245
Deferred tax assets (liabilities), net	268	8,387	1,676

Details of changes in net deferred tax assets or liabilities for the years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	8,387	22,020	52,451
Deferred income taxes	(27,084)	(16,050)	(169,380)
Deferred taxes relating to items of other comprehensive income			
Effective portion of change in fair value of cash flow hedges	(21,462)	(10,320)	(134,221)
Net change in fair value of financial assets measured through other comprehensive income	(925)	153	(5,784)
Remeasurements of defined benefit retirement plans	(1,681)	(515)	(10,512)
Changes in deferred tax assets (liabilities) due to loss of control of subsidiaries.	15,190	–	94,996
Transfer to liabilities directly associated with assets held for sale	6,879	–	43,020
Other	20,965	13,099	131,113
Ending balance	268	8,387	1,676

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Deductible temporary differences	121,924	112,640	762,501
Tax loss carryforwards	24,548	35,980	153,520

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Within 1 year	–	–	–
Between 1 and 5 years	–	–	–
More than 5 years	24,548	30,948	153,520
No expiration schedule set	–	5,032	–
Total	24,548	35,980	153,520

Deferred tax assets as of March 31, 2026 and 2025 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 ¥204,682 million ($1,280,062 thousand) and ¥145,797 million, respectively.

(2) Income tax expense

The breakdown of income tax expense for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Income taxes			
For the period	43,048	50,503	269,218
Prior period	384	(536)	2,401
Total income taxes	43,433	49,966	271,626
Deferred income taxes			
Origination and reversal of temporary differences	24,248	17,331	151,644
Changes in unrecognized deferred tax assets	2,836	279	17,736
Adjustment to deferred tax assets and liabilities resulting from changes in tax rates	–	(1,560)	–
Total deferred income taxes	27,084	16,050	169,380
Total income tax expense	70,517	66,016	441,006

(3) Reconciliation of effective tax rate

Reconciliation between the statutory tax rate and the effective tax rate reflected in the consolidated statement of profit or loss for the years ended March 31, 2026 and 2025 was as follows:

(%)

	2026	2025
Statutory tax rate	27.9	27.9
Reconciliation:		
Difference in tax rates of subsidiaries	(8.2)	(9.2)
Undistributed profits of foreign subsidiaries	1.0	0.9
Share of profit/loss of investments accounted for using the equity method	0.5	(1.2)
Change in assessment of recoverability of deferred tax assets	1.1	(0.3)
Controlled Foreign Company (CFC)	1.9	3.5
Other	(0.1)	2.2
Effective tax rate	24.2	23.7

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, 2026 and 2025.

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Trade accounts payable	675,385	687,525	4,223,796
Accrued expenses	97,216	98,591	607,979
Accounts payable - capital expenditures	13,119	26,787	82,045
Total	785,721	812,905	4,913,827

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars		
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026	Average interest rate (%) (Note 1)	Repayment (maturity) date
Short-term borrowings	91,013	19,604	569,186	2.48	–
Current portion of long-term borrowings	259,923	284,173	1,625,534	1.28	–
Current portion of bonds payable	99,959	122,078	625,134	0.35	(Note 4)
Commercial papers	20,000	–	125,078	0.83	–
Long-term borrowings	1,628,557	2,065,294	10,184,846	2.51	2027–2048
Bonds payable	676,593	608,566	4,231,350	2.18	(Note 4)
Total	2,776,047	3,099,716	17,361,144	–	–
Current liabilities	470,896	425,855	2,944,940		
Non-current liabilities	2,305,151	2,673,860	14,416,203		
Total	2,776,047	3,099,716	17,361,144		

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, 2026 and 2025. The Company monitors and maintains the level required by the said covenants.

4. The outline of the conditions for bond as of March 31, 2026 and 2025 was as follows:

Company name	Issue	Date of issuance	Millions of Yen As of March 31, 2026	Millions of Yen As of March 31, 2025	Thousands of U.S. Dollars As of March 31, 2026	Interest rate (%)	Collateral	Date of maturity
JERA Co., Inc.	Unsecured bonds - 1st (with an inter-bond pari passu clause)	October 22, 2020	–	19,994	–	0.190	None	October 24, 2025
JERA Co., Inc.	Unsecured bonds - 2nd (with an inter-bond pari passu clause)	October 22, 2020	19,969	19,962	124,884	0.390	None	October 25, 2030
JERA Co., Inc.	Unsecured bonds - 3rd (with an inter-bond pari passu clause)	November 26, 2021	39,988	39,970	250,081	0.150	None	November 25, 2026
JERA Co., Inc.	Unsecured bonds - 4th (with an inter-bond pari passu clause)	November 26, 2021	29,946	29,937	187,279	0.350	None	November 25, 2031
JERA Co., Inc.	Unsecured bonds - 6th (with an inter-bond pari passu clause)	January 19, 2022	9,965	9,963	62,320	0.670	None	January 25, 2041
JERA Co., Inc.	Unsecured bonds - 7th (with an inter-bond pari passu clause)	April 27, 2022	–	69,997	–	0.200	None	April 25, 2025
JERA Co., Inc.	Unsecured bonds - 8th (with an inter-bond pari passu clause) (transition bonds)	May 24, 2022	11,992	11,986	74,996	0.420	None	May 25, 2027
JERA Co., Inc.	Unsecured bonds - 9th (with an inter-bond pari passu clause) (transition bonds)	May 24, 2022	7,982	7,979	49,918	0.664	None	May 25, 2032
JERA Co., Inc.	Unsecured bonds - 10th (with an inter-bond pari passu clause)	June 22, 2022	–	12,097	–	0.350	None	June 25, 2025
JERA Co., Inc.	Unsecured bonds - 11th (with an inter-bond pari passu clause)	July 11, 2022	10,088	10,083	63,089	0.600	None	July 25, 2028
JERA Co., Inc.	Unsecured bonds - 12th (with an inter-bond pari passu clause)	July 11, 2022	10,255	10,254	64,133	1.400	None	July 25, 2047
JERA Co., Inc.	Unsecured bonds - 13th (with an inter-bond pari passu clause)	September 12, 2022	5,277	5,276	33,001	1.340	None	September 23, 2044
JERA Co., Inc.	Unsecured bonds - 14th (with an inter-bond pari passu clause)	September 12, 2022	5,276	5,275	32,995	1.390	None	September 25, 2046
JERA Co., Inc.	Unsecured bonds - 15th (with an inter-bond pari passu clause)	September 22, 2022	–	19,988	–	0.540	None	March 25, 2026
JERA Co., Inc.	Unsecured bonds - 16th (with an inter-bond pari passu clause)	April 26, 2023	24,974	24,962	156,185	0.640	None	April 25, 2028
JERA Co., Inc.	Unsecured bonds - 17th (with an inter-bond pari passu clause)	April 26, 2023	14,972	14,965	93,633	0.900	None	April 25, 2030
JERA Co., Inc.	Unsecured bonds - 18th (with an inter-bond pari passu clause)	June 22, 2023	19,969	19,956	124,884	0.510	None	June 23, 2028
JERA Co., Inc.	Unsecured bonds - 19th (with an inter-bond pari passu clause)	June 19, 2023	9,988	9,982	62,464	0.510	None	June 23, 2028
JERA Co., Inc.	Unsecured bonds - 20th (with an inter-bond pari passu clause)	December 6, 2023	29,987	29,969	187,535	0.470	None	November 25, 2026
JERA Co., Inc.	Unsecured bonds – 21st (with an inter-bond pari passu clause)	December 6, 2023	9,985	9,980	62,445	0.689	None	November 24, 2028
JERA Co., Inc.	Unsecured bonds – 22nd (with an inter-bond pari passu clause)	March 6, 2024	29,983	29,964	187,510	0.500	None	February 25, 2027
JERA Co., Inc.	Unsecured bonds – 23rd (with an inter-bond pari passu clause) (transition bonds)	March 6, 2024	9,972	9,969	62,363	1.192	None	February 24, 2034
JERA Co., Inc.	Unsecured bonds – 24th (with an inter-bond pari passu clause)	April 24, 2024	19,968	19,958	124,878	0.876	None	April 25, 2029

Company name	Issue	Date of issuance	Millions of Yen As of March 31, 2026	Millions of Yen As of March 31, 2025	Thousands of U.S. Dollars As of March 31, 2026	Interest rate (%)	Collateral	Date of maturity
JERA Co., Inc.	Unsecured bonds – 25th (with an inter-bond pari passu clause)	April 24, 2024	5,985	5,982	37,429	1.054	None	April 25, 2031
JERA Co., Inc.	Unsecured bonds – 26th (with an inter-bond pari passu clause)	June 25, 2024	19,956	19,942	124,803	0.924	None	June 25, 2029
JERA Co., Inc.	Unsecured bonds – 27th (with an inter-bond pari passu clause)	June 13, 2024	19,967	19,957	124,871	0.924	None	June 13, 2029
JERA Co., Inc.	Unsecured bonds – 28th (with an inter-bond pari passu clause) (transition bonds)	November 28, 2024	14,961	14,954	93,564	1.215	None	November 25, 2031
JERA Co., Inc.	Unsecured bonds – 29th (with an inter-bond pari passu clause) (transition bonds)	February 27, 2025	12,162	12,158	76,060	1.830	None	February 22, 2035
JERA Co., Inc.	Unsecured bonds – 30th (with an inter-bond pari passu clause)	April 23, 2025	19,971	–	124,896	1.125	None	April 25, 2028
JERA Co., Inc.	Unsecured bonds – 31st (with an inter-bond pari passu clause)	June 24, 2025	24,928	–	155,897	1.504	None	June 25, 2030
JERA Co., Inc.	Unsecured bonds – 32nd (with an inter-bond pari passu clause)	November 28, 2025	9,980	–	62,414	1.371	None	November 24, 2028
JERA Co., Inc.	Unsecured bonds – 33rd (with an inter-bond pari passu clause) (transition bonds)	November 28, 2025	9,968	–	62,338	1.924	None	November 25, 2032
JERA Co., Inc.	Unsecured bonds – 34th (with an inter-bond pari passu clause)	February 13, 2026	14,961	–	93,564	1.977	None	February 25, 2031
JERA Co., Inc.	Unsecured bonds with interest deferrable clause and early redeemable option - 1st (with a subordination clause)	December 15, 2022	64,993	64,983	406,460	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	9,150	9,148	57,223	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	21,872	21,869	136,785	2.549 *3	None	December 25, 2062
JERA Co., Inc.	Unsecured U.S. dollar-denominated bonds - 1st	April 14, 2022	47,909	44,748	299,618	3.665	None	April 14, 2027
JERA Co., Inc.	U.S. dollar-denominated bonds - 2nd	September 4, 2024	79,658	74,419	498,173	4.614	None	September 4, 2029
JERA Co., Inc.	U.S. dollar-denominated bonds – 3rd	September 2, 2025	79,580	–	497,686	4.544	None	September 2, 2030

*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, 2026 and 2025 were as follows: The amounts include assets held for sale and liabilities directly associated with those assets.

A. Assets pledged as collateral

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents	178,592	120,309	1,116,898
Trade and other receivables	17,395	4,468	108,786
Inventories	1,492	1,134	9,330
Property, plant and equipment	970,961	1,277,555	6,072,301
Right-of-use assets	278	327	1,738
Intangible assets	3,382	3,731	21,150
Investments accounted for using the equity method	–	3,926	–
Derivative assets	21,121	12,421	132,088
Other financial assets (current and non-current)	33,589	29,341	210,062
Other assets (current and non-current)	2,035	1,957	12,726
Total	1,228,848	1,455,174	7,685,103

B. Liabilities corresponding to assets pledged as collateral

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Borrowings (current and non-current)	807,284	876,751	5,048,680

22. OTHER FINANCIAL LIABILITIES

The breakdown of other financial liabilities as of March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Financial liabilities measured at amortized cost			
Accounts payable - other	57,471	82,152	359,418
Deposits received	24,619	6,141	153,964
Other (Note)	6,982	16,327	43,664
Subtotal	89,073	104,620	557,054
Other			
Liabilities recognized for written put options over non-controlling interests	163,681	146,306	1,023,646
Total	252,755	250,927	1,580,706
Current liabilities	53,308	54,928	333,383
Non-current liabilities	199,446	195,999	1,247,317
Total	252,755	250,927	1,580,706

Note: Items under “Other” in “Financial liabilities measured at amortized cost” include those that bear interest, the amounts of which were ¥16,121 million (including ¥3,184 million due within one year) as of March 31, 2025.

23. PROVISIONS

Changes in provisions were as follows:

For the year ended March 31, 2026

Millions of Yen

	Asset retirement obligations	Other provisions	Total
Beginning balance	34,405	91,310	125,715
Increase during the period	107	17,549	17,656
Interest expense incurred over the discount period	1,031	5	1,036
Decrease due to intended use	–	(18,181)	(18,181)
Changes due to loss of control of subsidiaries	(14,088)	–	(14,088)
Transfer to liabilities directly associated with assets held for sale	(1,677)	–	(1,677)
Exchange differences on translation of foreign operations	688	32	720
Other	4,689	2,909	7,599
Ending balance	25,155	93,626	118,781

For the year ended March 31, 2026

Thousands of U.S. Dollars

	Asset retirement obligations	Other provisions	Total
Beginning balance	215,165	571,044	786,210
Increase during the period	669	109,749	110,419
Interest expense incurred over the discount period	6,447	31	6,479
Decrease due to intended use	–	(113,702)	(113,702)
Changes due to loss of control of subsidiaries	(88,105)	–	(88,105)
Transfer to liabilities directly associated with assets held for sale	(10,487)	–	(10,487)
Exchange differences on translation of foreign operations	4,302	200	4,502
Other	29,324	18,192	47,523
Ending balance	157,317	585,528	742,845

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, 2026	As of March 31, 2025	As of March 31, 2026
Current liabilities	19,611	12,614	122,645
Non-current liabilities	99,169	113,101	620,193

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 resource development-related facilities in the fuel upstream business after completion of production.

These costs are expected to be paid by no later than 2065, 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 2036, 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. In the defined benefit corporate plan and the lump-sum retirement benefit plan, benefit amounts are calculated based on the accumulation of points reflecting employees' roles and performance.

The Company has adopted mainly lump-sum retirement payment plans, defined benefit corporate plans, and defined contribution plans. The Company's defined benefit corporate 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 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.

(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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Present value of funded defined benefit obligation	25,766	28,124	161,138
Fair value of plan assets	(39,942)	(37,721)	(249,793)
Subtotal	(14,176)	(9,597)	(88,655)
Present value of unfunded defined benefit obligation	35,739	37,348	223,508
Total	21,563	27,751	134,853
Amount in the consolidated statement of financial position			
Retirement benefit liability (Note 1)	34,274	35,908	214,346
Retirement benefit asset (Note 2)	(12,711)	(8,156)	(79,493)
Net liability (asset) recognized in the consolidated statement of financial position	21,563	27,751	134,853

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, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	65,473	67,977	409,462
Current service cost	3,251	3,107	20,331
Interest cost	1,423	1,086	8,899
Gains and losses on remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	15	(763)	93
Actuarial gains and losses arising from changes in financial assumptions	(5,941)	(5,102)	(37,154)
Actuarial gains and losses arising from experience adjustments	1,141	2,039	7,135
Past service cost	1	–	6
Benefits paid	(3,324)	(3,209)	(20,787)
Changes due to loss of control of subsidiaries	(601)	–	(3,758)
Increase due to transfer of employees	–	275	–
Other	66	61	412
Ending balance	61,505	65,473	384,646

The weighted average duration of the defined benefit obligation as of March 31, 2026 and 2025 was as follows:

(Years)

	As of March 31, 2026	As of March 31, 2025
Weighted average duration	11	11–18

(3) Reconciliation of plan assets

Changes in plan assets for the years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	37,721	38,280	235,903
Interest income	829	619	5,184
Gains and losses on remeasurements			
Return on plan assets (excluding interest income)	1,027	(1,976)	6,422
Contribution by the employer	1,366	1,224	8,542
Contribution by plan participants	18	31	112
Benefits paid	(509)	(433)	(3,183)
Changes due to loss of control of subsidiaries	(552)	–	(3,452)
Increase due to transfer of employees	–	13	–
Other	40	(37)	250
Ending balance	39,942	37,721	249,793

Note: The Group will contribute ¥1,379 million ($8,624 thousand) for the fiscal year ending March 31, 2027.

(4) Major components of plan assets

The major components of total plan assets as of March 31, 2026 and 2025 were as follows:

Millions of Yen

	As of March 31, 2026			As of March 31, 2025		
	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	278	–	278	146	–	146
Equity investments	8,841	–	8,841	7,402	–	7,402
Bonds	12,587	–	12,587	11,964	–	11,964
General accounts of life insurance companies	–	14,387	14,387	–	14,471	14,471
Other (Note)	–	3,847	3,847	–	3,736	3,736
Total	21,707	18,234	39,942	19,513	18,208	37,721

Thousands of U.S. Dollars

	As of March 31, 2026		
	With quoted prices in active markets	With no quoted prices in active markets	Total
Cash and cash equivalents	1,738	–	1,738
Equity investments	55,290	–	55,290
Bonds	78,717	–	78,717
General accounts of life insurance companies	–	89,974	89,974
Other	–	24,058	24,058
Total	135,753	114,033	249,793

Note: Other 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, 2026 and 2025 were as follows:

(%)

	As of March 31, 2026	As of March 31, 2025
Discount rate	mainly 3.2	mainly 2.2

Note: The sensitivities of defined benefit obligation as of March 31, 2026 and 2025 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, 2026	As of March 31, 2025	As of March 31, 2026
Discount rate	50-basis-point increase	(2,884)	(3,396)	(18,036)
	50-basis-point decrease	3,149	3,724	19,693

(6) Defined contribution plans

The amounts recognized as expenses in relation to defined contribution plans for the years ended March 31, 2026 and 2025 were ¥8,726 million ($54,571 thousand) and ¥8,210 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, 2026 and 2025.

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, 2026 and 2025 were as follows:

	Number of shares of common stock issued (Shares)
As of March 31, 2026	20,000,000
As of March 31, 2025	20,000,000
Changes during period	–
As of April 1, 2024	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, 2026

Resolution	Type of shares	Total amount (Millions of Yen)	Total amount (Thousands of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Annual shareholders' meeting held on June 20, 2025	Common stock	43,100	269,543	2,155	13.47	March 31, 2025	June 21, 2025

For the year ended March 31, 2025

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, 2026

Resolution	Type of shares	Source of dividends	Total amount (Millions of Yen)	Total amount (Thousands of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Annual shareholders' meeting held on June 19, 2026	Common stock	Retained earnings	55,100	344,590	2,755	17.22	March 31, 2026	June 22, 2026

For the year ended March 31, 2025

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

27. REVENUE

(1) Disaggregation of revenue

The breakdown of revenue for the years ended March 31, 2026 and 2025 is presented in Note 6 "SEGMENT INFORMATION".

(2) Information on contract balances as of March 31, 2026 and 2025 and April 1, 2024 was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of April 1, 2024	As of March 31, 2026
Receivables from contracts with customers	389,564	428,022	400,041	2,436,297

Note: The balance of contract liabilities as of March 31, 2026 and 2025 was immaterial. In addition, for the year ended March 31, 2026, 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied	1,826,173	1,312,803	11,420,719
Expected timing of revenue recognition			
Within 1 year	243,219	133,259	1,521,069
Between 1 and 5 years	1,582,954	1,179,544	9,899,649
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 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 wholesale 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Ending balance of costs incurred to fulfill contracts that were recognized as assets	17,030	14,778	106,504

The amounts of amortization of the costs incurred to fulfill contracts recognized as assets for the years ended March 31, 2026 and 2025 were ¥754 million ($4,715 thousand) and ¥555 million, respectively.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of selling, general and administrative expenses for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Employee benefit expenses	65,758	62,599	411,244
Outsourcing expenses	36,775	30,919	229,987
Depreciation and amortization	30,966	44,222	193,658
Other	51,503	62,005	322,095
Total	185,004	199,746	1,156,998

29. EMPLOYEE BENEFIT EXPENSES

Total employee benefit expenses recorded for the years ended March 31, 2026 and 2025 were ¥113,249 million ($708,248 thousand) and ¥107,717 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Insurance claim income, etc.	36,820	6,161	230,268
Gain on sale of investments accounted for using the equity method	28,315	6,080	177,079
Other	20,627	4,653	128,999
Total	85,763	16,894	536,353

The breakdown of other expenses for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Loss on disposal of subsidiaries	3,633	–	22,720
Loss on liquidation of subsidiaries and associates	1,116	–	6,979
Commission expenses	1,082	1,171	6,766
Other	5,039	4,596	31,513
Total	10,871	5,768	67,986

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Interest income			
Financial assets measured at amortized cost	59,639	62,584	372,976
Dividend income			
Equity instruments measured at fair value through other comprehensive income	3,717	5,590	23,245
Net change in fair value of financial assets			
Financial assets measured at fair value through profit or loss	1,005	–	6,285
Gain on valuation of derivatives	18,820	25,562	117,698
Other	1,220	383	7,629
Total	84,404	94,121	527,854

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
	2026	2025	2026
Financial assets derecognized during the year	2,152	102	13,458
Financial assets held at the end of the year	1,565	5,488	9,787

(2) The breakdown of finance costs for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Interest expenses			
Financial liabilities measured at amortized cost	46,730	40,119	292,245
Lease liabilities	9,202	9,186	57,548
Foreign exchange loss	8,879	2,877	55,528
Other	3,873	4,554	24,221
Total	68,685	56,737	429,549

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, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Net change in fair value of financial assets measured through other comprehensive income			
Amount arising during the year	(3,594)	(5,199)	(22,476)
Amount before income tax effect	(3,594)	(5,199)	(22,476)
Income tax effect	(925)	153	(5,784)
Net change in fair value of financial assets measured through other comprehensive income	(4,519)	(5,045)	(28,261)
Remeasurements of defined benefit retirement plans			
Amount arising during the year	5,822	1,686	36,410
Amount before income tax effect	5,822	1,686	36,410
Income tax effect	(1,681)	(515)	(10,512)
Remeasurements of defined benefit retirement plans	4,141	1,171	25,897
Exchange differences on translation of foreign operations			
Amount arising during the year	123,365	118,308	771,513
Reclassification adjustment	541	(1,264)	3,383
Exchange differences on translation of foreign operations	123,906	117,044	774,896
Effective portion of change in fair value of cash flow hedges			
Amount arising during the year	105,337	41,797	658,767
Reclassification adjustment	(30,553)	(9,724)	(191,075)
Amount before income tax effect	74,783	32,072	467,686
Income tax effect	(21,462)	(10,320)	(134,221)
Effective portion of change in fair value of cash flow hedges	53,321	21,751	333,464
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	6,357	13,884	39,756
Reclassification adjustment	(7,386)	(3,489)	(46,191)
Share of other comprehensive income of investments accounted for using the equity method	(1,029)	10,394	(6,435)

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
	2026	2025	2026
Interest paid	5,649	13,653	35,328

(2) Non-cash transactions

Non-cash transactions related to investing and financing activities in the years ended March 31, 2026 and 2025 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, 2026 and 2025 were as follows:

For the year ended March 31, 2026

Millions of Yen

Liabilities arising from financing activities	Beginning balance	Changes from cash flows from financing activities	Non-cash changes					Ending balance
			Changes due to loss of control of subsidiaries	Increase due to new leases	Exchange differences	Transfer to liabilities directly associated with assets held for sale	Other	
Bonds and borrowings (Note)	3,099,716	(121,265)	(187,114)	–	34,694	(80,885)	10,903	2,756,047
Lease liabilities (Note)	422,252	(97,225)	(617)	158,013	14,716	–	6,644	503,783
Commercial papers	–	20,000	–	–	–	–	–	20,000
Total	3,521,969	(198,491)	(187,732)	158,013	49,410	(80,885)	17,547	3,279,831

Note: Including the current portion.

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
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, 2026

Thousands of U.S. Dollars

Liabilities arising from financing activities	Beginning balance	Changes from cash flows from financing activities	Non-cash changes					Ending balance
			Changes due to loss of control of subsidiaries	Increase due to new leases	Exchange differences	Transfer to liabilities directly associated with assets held for sale	Other	
Bonds and borrowings (Note)	19,385,340	(758,380)	(1,170,193)	–	216,973	(505,847)	68,186	17,236,066
Lease liabilities (Note)	2,640,725	(608,036)	(3,858)	988,198	92,032	–	41,550	3,150,612
Commercial papers	–	125,078	–	–	–	–	–	125,078
Total	22,026,072	(1,241,344)	(1,174,058)	988,198	309,005	(505,847)	109,737	20,511,763

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 Group focuses on the net debt-to-equity ratio (net D/E ratio) *1 as a capital management index. 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, 2026 and 2025 were 0.51 and 0.62, 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 24.1%, 16.0%, and 31.5% of total trade and other receivables, respectively, as of March 31, 2026, and 12.4%, 7.7%, and 37.2% of total trade and other receivables, respectively, as of March 31, 2025.

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, 2026 and 2025 were as follows:

Millions of Yen

	2026				2025			
	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	–	1,190	31	–	–	1,991	31	–
Provision	–	2,392	132	–	–	1,214	–	–
Reversal	–	(1,249)	–	–	–	(2,007)	–	–
Other	–	132	–	–	–	(7)	–	–
Ending balance	–	2,465	164	–	–	1,190	31	–

Thousands of U.S. Dollars

	2026			
	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	–	7,442	193	–
Provision	–	14,959	825	–
Reversal	–	(7,811)	–	–
Other	–	825	–	–
Ending balance	–	15,415	1,025	–

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, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Financial assets whose allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	58,400	62,055	365,228
Trade and other receivables, lease receivables (Lifetime expected credit losses)	733,072	786,414	4,584,565
Financial instruments whose credit risk has increased significantly (Lifetime expected credit losses)	835	35	5,222
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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Before due date	790,382	848,504	4,942,976
Past due within 30 days	–	–	–
Past due between 30 days and 90 days	28	–	175
Past due over 90 days	1,897	–	11,863
Total	792,307	848,504	4,955,015

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, 2026 and 2025 was as follows:

As of March 31, 2026

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	785,721	785,721	785,721	–	–
Short-term borrowings	91,013	91,026	91,026	–	–
Long-term borrowings	1,888,481	2,183,597	310,044	973,698	899,853
Bonds payable	776,553	841,121	115,334	571,964	153,822
Lease liabilities	503,783	554,895	95,588	213,723	245,583
Liabilities recognized for put options written on non-controlling interests (Note)	163,681	188,201	–	188,201	–
Total	4,209,234	4,644,564	1,397,716	1,947,588	1,299,259

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

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, 2026

Thousands of U.S. Dollars

	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	In more than 5 years
Non-derivative financial liabilities					
Trade and other payables	4,913,827	4,913,827	4,913,827	–	–
Short-term borrowings	569,186	569,268	569,268	–	–
Long-term borrowings	11,810,387	13,656,016	1,938,986	6,089,418	5,627,598
Bonds payable	4,856,491	5,260,293	721,288	3,577,010	961,988
Lease liabilities	3,150,612	3,470,262	597,798	1,336,604	1,535,853
Liabilities recognized for put options written on non-controlling interests (Note)	1,023,646	1,176,991	–	1,176,991	–
Total	26,324,165	29,046,679	8,741,188	12,180,037	8,125,447

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, 2026 and 2025 was as follows: Derivatives that are settled net of other contracts are also disclosed in gross amounts.

As of March 31, 2026

Millions of Yen

		Within 1 year	In 1 to 5 years	In more than 5 years	Total
Foreign currency contracts	Receipts	25,731	24,812	2,559	53,103
	Payments	(30,846)	(6,735)	–	(37,582)
Interest rate contracts	Receipts	8,952	25,303	36,468	70,724
	Payments	(1,156)	(774)	–	(1,930)
Commodity contracts	Receipts	1,542,280	240,019	9,695	1,791,994
	Payments	(1,545,878)	(243,586)	(0)	(1,789,465)

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, 2026

Thousands of U.S. Dollars

		Within 1 year	In 1 to 5 years	In more than 5 years	Total
Foreign currency contracts	Receipts	160,919	155,171	16,003	332,101
	Payments	(192,908)	(42,120)	–	(235,034)
Interest rate contracts	Receipts	55,984	158,242	228,067	442,301
	Payments	(7,229)	(4,840)	–	(12,070)
Commodity contracts	Receipts	9,645,278	1,501,056	60,631	11,206,966
	Payments	(9,667,779)	(1,523,364)	(0)	(11,191,150)

(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, 2026 and 2025, 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 ¥5,036 million ($31,494 thousand) and ¥3,297 million, respectively, and the effect of a 1 % increase in the value of the U.S. Dollar against the Euro is ¥740 million ($4,627 thousand) and ¥1,045 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, 2026 and 2025, the effect of a 1% increase in the interest rates on profit before tax, assuming that all the other variable factors remain constant, was 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
	2026	2025	2026
Effect on profit before tax	(1,007)	(4,103)	(6,297)

(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, 2026 and 2025 was ¥126,636 million ($791,969 thousand) and ¥8,119 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, 2026 and 2025 was ¥1,153 million ($7,210 thousand) and ¥626 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, 2026 and 2025, 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. Fair value hedge

The Group uses commodity swaps to hedge the risk of changes in the fair value of commodities.

For the years ended March 31, 2026 and 2025, 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. 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, 2026 and 2025, 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.

D. 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, 2026 and 2025 by hedge type were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	As of March 31, 2026		As of March 31, 2025		As of March 31, 2026	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedges						
Foreign currency forward contracts	–	–	6,386	7,247	–	–
Interest rate swaps	70,604	33	39,050	–	441,550	206
Commodity swaps	–	–	23	274	–	–
Currency swaps	17,183	–	3,203	–	107,460	–
Subtotal	87,787	33	48,665	7,521	549,011	206
Fair value hedges						
Commodity swaps	36,047	88,036	2,148	3,878	225,434	550,569
Subtotal	36,047	88,036	2,148	3,878	225,434	550,569
Hedges of net investments in foreign operations						
Bonds and borrowings	–	191,880	–	179,436	–	1,200,000
Currency swaps	18	–	0	–	112	
Subtotal	18	191,880	0	179,436	112	1,200,000
Total	123,853	279,950	50,813	190,835	774,565	1,750,781

E. 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, 2026 and 2025 were as follows:

Category	Contract details	Type	Notional amount and average price	Millions of Yen, unless otherwise stated				Thousands of U.S. Dollars, unless otherwise stated	
				As of March 31, 2026		As of March 31, 2025		As of March 31, 2026	
				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	–	–
			Average price (Yen / U.S. Dollar)	–		141.54		–	
	Interest rate swaps (Note 1)	Pay fixed/ Receive variable	Notional amount	751,544	648,185	939,377	837,566	4,700,087	4,053,689
			Average rate (%)	1.61%		1.46%		1.61%	
	Commodity swaps (Note 2)	–	Notional amount	–	–	272,506	9,023	–	–
	Currency swaps	Buy U.S. Dollar / Sell Yen	Notional amount	146,125	108,394	72,225	55,931	913,852	677,886
			Average price (Yen / U.S. Dollar)	146.13		144.45		146.13	
Fair value hedges	Commodity swaps (Note 2)	–	Notional amount	292,505	–	175,304	175,304	1,829,299	–
Hedges of net investments in foreign operations	Bonds and borrowings	Sell U.S. Dollar / Buy Yen	Notional amount	191,880	169,494	179,436	179,436	1,200,000	1,060,000
			Average price (Yen / U.S. Dollar)	159.9		149.53		159.9	
	Currency swaps	Sell Euro / Buy U.S. Dollar	Notional amount	15,291	–	13,083	–	95,628	–
			Average price (Euro / U.S. Dollar)	1.15		1.08		1.15	

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.

F. Carrying amounts of hedged items which the Group classified as fair value hedge and the accumulated amounts of fair value hedge adjustments on the hedged items

Carrying amounts of hedged items which the Group classified as fair value hedge and the accumulated amounts of fair value hedge adjustments on the hedged items included in the carrying amounts of hedged items recognized in the consolidated statement of financial position as of March 31, 2026 and 2025 were as follows:

As of March 31, 2026

Millions of Yen

	Carrying amount		Accumulated amount of fair value hedge adjustments		Line item in the consolidated statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Commodity price fluctuation risk	89,500	34,834	89,500	34,834	(Note)

Note: "Other current assets" and "Other current liabilities"

As of March 31, 2025

Millions of Yen

	Carrying amount		Accumulated amount of fair value hedge adjustments		Line item in the consolidated statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Commodity price fluctuation risk	–	2,712	–	2,712	(Note)

Note: "Other current liabilities"

As of March 31, 2026

Thousands of U.S. Dollars

	Carrying amount		Accumulated amount of fair value hedge adjustments		Line item in the consolidated statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Commodity price fluctuation risk	559,724	217,848	559,724	217,848	(Note)

Note: "Other current assets" and "Other current liabilities"

G. 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, 2026 and 2025 were as follows:

For the year ended March 31, 2026

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	–	38,467	(28,116)	(9,674)	Cost of sales
Interest rate swaps	50,826	27,933	–	(4,447)	Finance costs
Commodity swaps	–	(420)	224	389	Cost of sales
Currency swaps	2,426	14,612	–	(12,660)	Finance costs
Subtotal	53,253	80,593	(27,892)	(26,392)	
Hedges of net investments in foreign operations					
Bonds and borrowings	(37,628)	(8,860)	–	–	–
Currency swaps	(775)	(271)	–	–	–
Subtotal	(38,404)	(9,131)	–	–	
Total	14,849	71,461	(27,892)	(26,392)	

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, 2026

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	–	240,569	(175,834)	(60,500)	Cost of sales
Interest rate swaps	317,861	174,690	–	(27,811)	Finance costs
Commodity swaps	–	(2,626)	1,400	2,432	Cost of sales
Currency swaps	15,171	91,382	–	(79,174)	Finance costs
Subtotal	333,039	504,021	(174,434)	(165,053)	
Hedges of net investments in foreign operations					
Bonds and borrowings	(235,322)	(55,409)	–	–	–
Currency swaps	(4,846)	(1,694)	–	–	–
Subtotal	(240,175)	(57,104)	–	–	
Total	92,864	446,910	(174,434)	(165,053)	

(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, 2026 and 2025 were as follows:

As of March 31, 2026

Millions of Yen

	Gross amount of recognized financial assets	Total amount of financial liabilities offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative assets	2,208,264	(307,541)	1,900,723	(132,589)	–	1,768,133

Millions of Yen

	Gross amount of recognized financial liabilities	Total amount of financial assets offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative liabilities	2,122,633	(307,541)	1,815,092	(132,589)	(69,844)	1,612,658

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, 2026

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	13,810,281	(1,923,333)	11,886,948	(829,199)	–	11,057,742

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	13,274,752	(1,923,333)	11,351,419	(829,199)	(436,797)	10,085,415

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 were as follows.

As of March 31, 2026

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	629,987	(572,421)	57,565

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	572,421	(572,421)	–

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, 2026

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	3,939,881	(3,579,868)	360,006

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	3,579,868	(3,579,868)	–

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. There were no transfers between Level 1 and Level 2 in the year ended March 31, 2026 and 2025.

(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, 2026 and 2025 was as follows:

As of March 31, 2026

Millions of Yen

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets (Note)	622,411	1,263,466	20,539	1,906,417
Other	–	–	6,732	6,732
Equity instruments measured at fair value through other comprehensive income				
Equity securities and investments in capital	31,061	–	52,796	83,857
Inventories	–	102,392	–	102,392
Total	653,472	1,365,859	80,068	2,099,400
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	511,959	1,299,901	3,231	1,815,092
Total	511,959	1,299,901	3,231	1,815,092

Note: They include assets held for sale, which are described in Note 39 “DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE.”

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 1)	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 2)	95,910	365,733	12,236	473,880
Total	95,910	365,733	12,236	473,880

Notes: 1. They include assets held for sale, which are described in Note 39 “DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE.”

2. 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, 2026

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)	3,892,501	7,901,601	128,449	11,922,557
Other	–	–	42,101	42,101
Equity instruments measured at fair value through other comprehensive income				
Equity securities and investments in capital	194,252	–	330,181	524,434
Inventories	–	640,350	–	640,350
Total	4,086,754	8,541,957	500,737	13,129,455
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	3,201,744	8,129,462	20,206	11,351,419
Total	3,201,744	8,129,462	20,206	11,351,419

Note: They include 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 7.1% to 8.9% as of March 31, 2026, and from 5.8% to 9.7% as of March 31, 2025.

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, 2026 and 2025 were as follows:

Please note that the changes include those in assets held for sale and liabilities directly associated with assets held for sale.

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	77,845	70,969	486,835
Total gain (loss)	10,752	18,723	67,242
Profit (loss) (Note 1)	6,932	20,214	43,352
Other comprehensive income (Note 2)	3,820	(1,491)	23,889
Purchase and transfer	6,450	(13,953)	40,337
Sale	(23,424)	(0)	(146,491)
Settlement	(1,518)	570	(9,493)
Other	6,730	1,536	42,088
Ending balance	76,837	77,845	480,531
Change in unrealized gains (losses) in assets and liabilities held at the end of reporting period recognized in profit or loss	6,932	20,214	43,352

Notes: 1. Included mainly in “Revenue” in the consolidated statement of profit or loss.

2. 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, 2026 and 2025 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, 2026		As of March 31, 2025		As of March 31, 2026	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings (Note)	1,948,792	1,918,944	2,377,447	2,358,085	12,187,567	12,000,900
Bonds payable	776,553	749,522	730,644	714,036	4,856,491	4,687,442

Note: 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, 2026 and 2025 were ¥163,681 million ($1,023,646 thousand) and ¥146,306 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, 2026

Type	Name	Transaction	Millions of Yen Transaction amount	Millions of Yen Outstanding balance	Thousands of U.S. Dollars Transaction amount	Thousands of U.S. Dollars Outstanding balance
Subsidiary of shareholder	Chubu Electric Power Miraiz Co., Inc.	Sales of electricity and gas	1,380,298	104,871	8,632,257	655,853
Fellow subsidiary of shareholder	TEPCO Energy Partner, Inc.	Sales of electricity and gas	1,998,054	155,693	12,495,647	973,689

For the year ended March 31, 2025

Type	Name	Transaction	Millions of Yen Transaction amount	Millions of Yen Outstanding balance
Subsidiary of shareholder	Chubu Electric Power Miraiz Co., Inc.	Sales of electricity and gas	1,339,672	47,551
Fellow subsidiary of shareholder	TEPCO Energy Partner, Inc.	Sales of electricity and gas	2,077,810	94,017

(2) Compensation for management personnel

Compensation for management personnel for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Compensation and bonuses	487	403	3,045
Total	487	403	3,045

37. COMMITMENTS

(1) Commitments relating to purchase of assets

Commitments relating to purchase of assets as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Purchase of property, plant and equipment	396,747	363,952	2,481,219
Purchase of intangible assets	1,775	1,568	11,100

(2) Loan commitments

The Group has loan commitments to equity method associates.

The unused balances of such loan commitment as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Total amount of loan commitment	–	2,609	–
Outstanding loan balances	–	2,609	–
Difference (unused balances)	–	–	–

38. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2026 and 2025 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, 2026	As of March 31, 2025	As of March 31, 2026
Guarantee obligations for borrowings			
Joint ventures	113,972	75,270	712,770
Associates	1,527	49,900	9,549
Other	4,981	4,663	31,150
Total	120,481	129,834	753,477
Guarantee obligations for performance of contracts			
Joint ventures	76,975	34,645	481,394
Associates	44,052	40,789	275,497
Other	43,408	51,002	271,469
Total	164,436	126,437	1,028,367

Note: The Company has received counter-guarantees from third parties for certain guarantee contracts, and the amount of such counter-guarantees as of March 31, 2026 is ¥50,117 million ($313,427 thousand).

As of March 31, 2026, 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 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Assets held for sale			
Property, plant and equipment	94,110	111,930	588,555
Goodwill and intangible assets	19,987	–	124,996
Derivative assets (Note)	5,694	1,285	35,609
Other financial assets	4,421	5,183	27,648
Other	7,533	10,190	47,110
Total	131,746	128,589	823,927
Liabilities directly associated with assets held for sale			
Bonds and borrowings	80,885	27,980	505,847
Deferred Tax Liabilities	6,943	–	43,420
Other non-current liabilities	1,677	40,867	10,487
Other	890	24,161	5,565
Total	90,397	93,009	565,334

Note: 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.”

Major assets and liabilities held for sale as of March 31, 2026 are related to the decision to sell offshore wind power projects in Japan in the overseas power generation and renewable energy business segment. The transfer of the relevant assets to JERA Nex bp Limited was completed on April 1, 2026, and there was no material impact on the Group’s consolidated financial statements.

These disposal groups are measured at their carrying amount because their fair value less costs to sell exceeds the carrying amount.

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, 2026, 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, 2026, 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, including those applicable to audits of financial statements of public interest entities, 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><td colspan="2">Valuation of goodwill recognized at JERA Nex bp Limited</td></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 18, “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD,” through the Company’s consolidated subsidiary, JERA Nex Limited, the Company holds a 50% interest in JERA Nex bp Limited (JERA Nex bp), which develops, owns, and operates offshore wind power generation projects, and accounts for this investment as a joint venture using the equity method in accordance with the shareholders’ agreement with BP p.l.c.

In the Group’s consolidated financial statements, the investment accounted for using the equity method for JERA Nex bp amounts to ¥332,757 million ($2,081,031 thousand) as of March 31, 2026.

In addition, JERA Nex bp recognizes goodwill in its consolidated financial statements, of which the Group’s share amounts to ¥76,051 million ($475,616 thousand). The goodwill is tested for impairment annually and whenever there is any indication of impairment.

JERA Nex bp performed an impairment test by comparing the carrying amount with the recoverable amount for each group of cash-generating units containing goodwill. The recoverable amount is measured based on future cash flows estimated by management, which incorporate the assumptions market participants would use.

The key assumptions adopted by management in estimating future cash flows are wind conditions, which are the key inputs in estimating future electricity generation, as well as construction costs, operating periods, and discount rates.</td>
<td>We primarily performed the following audit procedures regarding the goodwill recognized at JERA Nex bp Limited with the involvement of the component auditor.

・We made inquiries of management relating to the environment surrounding offshore wind power generation projects.

・We compared future cash flows with the business plan approved by the Board of Directors.

・We performed the following procedures with respect to future electricity sales volumes included in future cash flows.

  ・We inspected power sales agreements.

  ・We evaluated the assumptions related to estimates by comparing them with actual electricity sales volumes for the year ended March 31, 2026.

  ・We compared assumptions for wind conditions, which are used in calculating future electricity sales volumes, with data published by external organizations.

・We evaluated the assumptions related to the estimates for construction costs included in future cash flows by comparing them with actual construction costs incurred.

・We compared the operating periods of offshore wind power generation projects with those disclosed by comparable companies.

・We involved valuation specialists from our network firm to consider the valuation models and discount rates used by management. We compared the discount rates with 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.</td></tr>
</table>

Given that the aforementioned key assumptions used in estimating the recoverable amount are subject to uncertainty and require judgment to be exercised by management, we determined the valuation of goodwill recognized at JERA Nex bp Limited as a key audit matter.	

Recoverability of deferred tax assets	
Description of Key Audit Matter	**Auditor's Response**
The Group recorded deferred tax assets of ¥131,419 million in its consolidated statement of financial position as at March 31, 2026. As described in Note 19. "INCOME TAXES", deferred tax assets, before offsetting against deferred tax liabilities, amounted to ¥403,735 million. The primary balances of the deferred tax assets represent the Company's deferred tax assets on tax loss carryforwards of ¥24,366 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 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.	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. 　・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, 2026 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, 2026 are 931 million yen and 55 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

July 3, 2026

Daisuke Arikura
Designated Engagement Partner
Certified Public Accountant

Kazuyuki Maekawa
Designated Engagement Partner
Certified Public Accountant

Yasuo Maeda
Designated Engagement Partner
Certified Public Accountant

1 Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

		Millions of Yen		Thousands of U.S. Dollars
	Notes	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Assets				
Current assets				
Cash and cash equivalents	8, 21, 34	1,124,678	1,261,635	7,033,633
Trade and other receivables	9, 21, 34	731,004	784,896	4,571,632
Inventories	10, 21, 35	332,089	321,107	2,076,854
Derivative assets	34, 35	1,561,498	347,241	9,765,465
Other financial assets	11, 21, 34	243,043	93,010	1,519,968
Other current assets	12, 21	192,035	109,174	1,200,969
Subtotal		4,184,350	2,917,065	26,168,542
Assets held for sale	21, 39	131,746	128,589	823,927
Total current assets		4,316,097	3,045,655	26,992,476
Non-current assets				
Property, plant and equipment	13, 21	2,688,843	2,905,181	16,815,778
Right-of-use assets	15, 21	549,319	440,730	3,435,390
Goodwill and intangible assets	14, 21	223,145	374,252	1,395,528
Investments accounted for using the equity method	6, 18, 21	1,502,874	1,299,241	9,398,836
Derivative assets	21, 34, 35	339,224	197,191	2,121,475
Other financial assets	11, 21, 34, 35	162,719	177,426	1,017,629
Deferred tax assets	19	131,419	97,610	821,882
Other non-current assets	12, 21, 24	84,274	52,458	527,041
Total non-current assets		5,681,820	5,544,093	35,533,583
Total assets	6	9,997,918	8,589,748	62,526,066

		Millions of Yen		Thousands of U.S. Dollars
	Notes	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	20, 34	785,721	812,905	4,913,827
Bonds and borrowings	21, 33, 34	470,896	425,855	2,944,940
Lease liabilities	15, 33, 34	85,743	79,228	536,228
Derivative liabilities	34, 35	1,567,613	342,713	9,803,708
Other financial liabilities	22, 34	53,308	54,928	333,383
Other current liabilities	12, 23	192,948	128,887	1,206,679
Subtotal		3,156,231	1,844,518	19,738,780
Liabilities directly associated with assets held for sale	21, 39	90,397	93,009	565,334
Total current liabilities		3,246,629	1,937,528	20,304,121
Non-current liabilities				
Bonds and borrowings	21, 33, 34, 35	2,305,151	2,673,860	14,416,203
Lease liabilities	15, 33, 34	418,039	343,024	2,614,377
Derivative liabilities	34, 35	247,479	118,964	1,547,711
Other financial liabilities	22, 34, 35	199,446	195,999	1,247,317
Deferred tax liabilities	19	131,150	89,223	820,200
Other non-current liabilities	12, 23, 24	180,888	237,877	1,131,257
Total non-current liabilities		3,482,156	3,658,948	21,777,085
Total liabilities	6	6,728,785	5,596,477	42,081,207
Equity				
Share capital	25	100,000	100,000	625,390
Capital surplus	25	1,162,278	1,183,936	7,268,780
Other equity instruments	25	199,392	199,392	1,246,979
Retained earnings	25, 26	1,061,148	900,859	6,636,322
Other components of equity	25	638,684	513,447	3,994,271
Amounts recognized in other comprehensive income and accumulated in equity relating to assets held for sale	39	–	(1,473)	–
Total equity attributable to owners of parent		3,161,504	2,896,162	19,771,757
Non-controlling interests		107,628	97,108	673,095
Total equity		3,269,132	2,993,271	20,444,853
Total liabilities and equity		9,997,918	8,589,748	62,526,066

(2) Consolidated Statement of Profit or Loss

For the years ended March 31, 2026 and 2025

		Millions of Yen		Thousands of U.S. Dollars
	Notes	2026	2025	2026
Revenue	6, 27	3,050,014	3,355,916	19,074,509
Cost of sales	10, 13, 14, 29	(2,705,788)	(2,966,464)	(16,921,751)
Gross profit		344,225	389,452	2,152,751
Selling, general and administrative expenses	13, 14, 28, 29	(185,004)	(199,746)	(1,156,998)
Other income	30	85,763	16,894	536,353
Other expenses	16, 30	(10,871)	(5,768)	(67,986)
Share of profit (loss) of investments accounted for using the equity method	6, 18	41,789	39,935	261,344
Operating profit		275,902	240,767	1,725,465
Finance income	6, 31, 34	84,404	94,121	527,854
Finance costs	6, 31, 34	(68,685)	(56,737)	(429,549)
Profit before tax		291,621	278,152	1,823,771
Income tax expense	6, 19	(70,517)	(66,016)	(441,006)
Profit		221,103	212,135	1,382,757
Profit attributable to				
Owners of parent	6	193,515	183,912	1,210,225
Non-controlling interests	17	27,588	28,222	172,532
Profit		221,103	212,135	1,382,757

(3) Consolidated Statement of Comprehensive Income

For the years ended March 31, 2026 and 2025

		Millions of Yen		Thousands of U.S. Dollars
	Notes	2026	2025	2026
Profit		221,103	212,135	1,382,757
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	(4,519)	(5,045)	(28,261)
Remeasurements of defined benefit plans	24, 32	4,141	1,171	25,897
Share of other comprehensive income of investments accounted for using the equity method	18, 32	331	1,213	2,070
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	32	123,906	117,044	774,896
Effective portion of change in fair value of cash flow hedges	32, 34	53,321	21,751	333,464
Share of other comprehensive income of investments accounted for using the equity method	18, 32	(1,360)	9,181	(8,505)
Other comprehensive income, net of tax		175,820	145,317	1,099,562
Comprehensive income		396,924	357,452	2,482,326
Comprehensive income attributable to				
Owners of parent		362,602	316,823	2,267,679
Non-controlling interests		34,321	40,629	214,640
Comprehensive income		396,924	357,452	2,482,326

(4) Consolidated Statement of Changes in Equity

For the year ended March 31, 2026

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, 2025		100,000	1,183,936	199,392	900,859	455,938	47,684	9,824
Comprehensive income								
Profit					193,515			
Other comprehensive income						127,759	41,373	(5,147)
Total comprehensive income					193,515	127,759	41,373	(5,147)
Transactions with owners								
Dividends	26				(43,100)			
Distributions to owners of other equity instruments	25				(4,279)			
Changes in ownership interest in subsidiaries not resulting in loss of control			3,099			165	(496)	
Changes in interests due to capital increase of subsidiaries								
Changes due to loss of control of subsidiaries								
Transfer from other components of equity to retained earnings					14,153			(1,327)
Other components of equity related to disposal groups classified as held for sale								(9,199)
Transfer to acquisition cost of non-financial assets							(27,892)	
Change due to written put options over non-controlling interests	35		(24,782)					
Other changes			25					
Total transactions with owners		–	(21,658)	–	(33,226)	165	(28,389)	(10,526)
Balance as of March 31, 2026		100,000	1,162,278	199,392	1,061,148	583,863	60,669	(5,849)

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, 2025		–	513,447	(1,473)	2,896,162	97,108	2,993,271
Comprehensive income							
Profit					193,515	27,588	221,103
Other comprehensive income		4,436	168,422	664	169,086	6,733	175,820
Total comprehensive income		4,436	168,422	664	362,602	34,321	396,924
Transactions with owners							
Dividends	26				(43,100)	(44,371)	(87,471)
Distributions to owners of other equity instruments	25				(4,279)		(4,279)
Changes in ownership interest in subsidiaries not resulting in loss of control			(331)		2,768	15,065	17,833
Changes in interests due to capital increase of subsidiaries						2,425	2,425
Changes due to loss of control of subsidiaries						(4,143)	(4,143)
Transfer from other components of equity to retained earnings		(4,436)	(5,763)	(8,390)			
Other components of equity related to disposal groups classified as held for sale			(9,199)	9,199			
Transfer to acquisition cost of non-financial assets			(27,892)		(27,892)		(27,892)
Change due to written put options over non-controlling interests	35				(24,782)	7,408	(17,374)
Other changes					25	(184)	(159)
Total transactions with owners		(4,436)	(43,185)	809	(97,261)	(23,801)	(121,062)
Balance as of March 31, 2026		–	638,684	–	3,161,504	107,628	3,269,132

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)		
Changes in interests due to capital increase of 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: Other components of equity: Remeasurements of defined benefit retirement plans	Other components of equity: 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		–	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
Changes in interests due to capital increase of 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, 2026

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, 2025		625,390	7,404,227	1,246,979	5,633,889	2,851,394	298,211	61,438
Comprehensive income								
Profit					1,210,225			
Other comprehensive income						798,993	258,742	(32,188)
Total comprehensive income					1,210,225	798,993	258,742	(32,188)
Transactions with owners								
Dividends	26				(269,543)			
Distributions to owners of other equity instruments	25				(26,760)			
Changes in ownership interest in subsidiaries not resulting in loss of control			19,380			1,031	(3,101)	
Changes in interests due to capital increase of subsidiaries								
Changes due to loss of control of subsidiaries								
Transfer from other components of equity to retained earnings					88,511			(8,298)
Other components of equity related to disposal groups classified as held for sale								(57,529)
Transfer to acquisition cost of non-financial assets							(174,434)	
Change due to written put options over non-controlling interests	35		(154,984)					
Other changes			156					
Total transactions with owners		–	(135,447)	–	(207,792)	1,031	(177,542)	(65,828)
Balance as of March 31, 2026		625,390	7,268,780	1,246,979	6,636,322	3,651,425	379,418	(36,579)

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, 2025		–	3,211,050	(9,212)	18,112,332	607,304	18,719,643
Comprehensive income							
Profit					1,210,225	172,532	1,382,757
Other comprehensive income		27,742	1,053,295	4,152	1,057,448	42,107	1,099,562
Total comprehensive income		27,742	1,053,295	4,152	2,267,679	214,640	2,482,326
Transactions with owners							
Dividends	26				(269,543)	(277,492)	(547,035)
Distributions to owners of other equity instruments	25				(26,760)		(26,760)
Changes in ownership interest in subsidiaries not resulting in loss of control			(2,070)		17,310	94,215	111,525
Changes in interests due to capital increase of subsidiaries						15,165	15,165
Changes due to loss of control of subsidiaries						(25,909)	(25,909)
Transfer from other components of equity to retained earnings		(27,742)	(36,041)	(52,470)			
Other components of equity related to disposal groups classified as held for sale			(57,529)	57,529			
Transfer to acquisition cost of non-financial assets			(174,434)		(174,434)		(174,434)
Change due to written put options over non-controlling interests	35				(154,984)	46,328	(108,655)
Other changes					156	(1,150)	(994)
Total transactions with owners		(27,742)	(270,075)	5,059	(608,261)	(148,849)	(757,110)
Balance as of March 31, 2026		–	3,994,271	–	19,771,757	673,095	20,444,853

(5) Consolidated Statement of Cash Flows

For the years ended March 31, 2026 and 2025

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2026	2025	2026
Cash flows from operating activities				
Profit before tax		291,621	278,152	1,823,771
Depreciation and amortization		339,099	325,122	2,120,694
Finance income and finance costs		(9,281)	(19,341)	(58,042)
Share of loss (profit) of investments accounted for using the equity method		(41,789)	(39,935)	(261,344)
Decrease (increase) in trade and other receivables		64,156	(128,034)	401,225
Decrease (increase) in inventories		7,826	(25,156)	48,943
Increase (decrease) in trade and other payables		(39,128)	182,702	(244,702)
Net changes in derivative assets and derivative liabilities		2,234	(8,277)	13,971
Decrease (increase) in other financial assets		(147,305)	(10,900)	(921,232)
Increase (decrease) in other financial liabilities		(7,988)	(50,021)	(49,956)
Decrease (increase) in other assets		(113,282)	(38,536)	(708,455)
Increase (decrease) in other liabilities		51,718	(20,311)	323,439
Increase (decrease) in consumption tax payable		30,284	(79,844)	189,393
Other		(54,131)	(5,222)	(338,530)
Subtotal		374,033	360,394	2,339,168
Dividends received		90,014	84,688	562,939
Interest received		55,660	62,667	348,092
Interest paid		(51,677)	(41,643)	(323,183)
Income taxes refund (paid)		(42,225)	(60,922)	(264,071)
Net cash provided by (used in) operating activities		425,804	405,185	2,662,939
Cash flows from investing activities				
Purchase of property, plant and equipment	33	(393,415)	(287,794)	(2,460,381)
Purchase of intangible assets		(19,316)	(137,211)	(120,800)
Purchase of investment securities		(42,342)	(20,644)	(264,803)
Proceeds from sale of investment securities		91,534	13,050	572,445
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation		11,064	–	69,193
Other		(32,875)	(2,770)	(205,597)
Net cash provided by (used in) investing activities		(385,351)	(435,369)	(2,409,949)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	33	93,717	(19,144)	586,097
Net increase (decrease) in commercial papers	33	20,000	–	125,078
Proceeds from long-term borrowings	33	68,265	250,303	426,923
Repayments of long-term borrowings	33	(314,446)	(404,899)	(1,966,516)
Proceeds from issuance of bonds	33	153,297	164,775	958,705
Redemption of bonds	33	(122,100)	(30,000)	(763,602)
Repayments of lease liabilities	33	(97,225)	(90,797)	(608,036)
Dividends paid	26	(43,100)	–	(269,543)
Dividends paid to non-controlling interests		(44,371)	(77,677)	(277,492)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation		18,200	59,226	113,821
Distributions paid to owners of other equity instruments		(6,010)	(6,043)	(37,585)
Other		1,653	35,593	10,337
Net cash provided by (used in) financing activities		(272,120)	(118,663)	(1,701,813)
Effect of exchange rate changes on cash and cash equivalents		98,365	5,095	615,165
Net increase (decrease) in cash and cash equivalents		(133,301)	(143,752)	(833,652)
Cash and cash equivalents at beginning of period	8	1,261,635	1,405,387	7,890,150
Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	39	(3,655)	–	(22,858)
Cash and cash equivalents at end of period	8	1,124,678	1,261,635	7,033,633

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, 2026 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 consolidated financial statements in Japanese as at and for the year ended March 31, 2026 were approved by Hisahide Okuda, President, Director, CEO, and COO on June 18, 2026. These consolidated financial statements in English were approved by him subsequently on July 3, 2026. There are no material differences between these consolidated financial statements and the consolidated financial statements in Japanese.

(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, 2026, which was ¥159.90 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.

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 measure such agreements at fair value 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) Fair value hedges

Changes in the fair value of derivatives designated as fair value hedging instruments are recognized in profit or loss in the consolidated statement of profit or loss, together with changes in the fair value of the hedged item attributable to the hedged risk.

(iii) 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.

(iv) 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 50 years
- Machinery and equipment: 2 to 40 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: 1 to 5 years
- Mining rights: 25 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(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

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 recognized at JERA Nex bp Limited

Through the Company’s consolidated subsidiary, JERA Nex Limited, the Company holds a 50% interest in JERA Nex bp Limited (“JERA Nex bp”), which develops, owns, and operates offshore wind power generation projects, and accounts for this investment as a joint venture using the equity method in accordance with the shareholders’ agreement with BP p.l.c.

In the Group’s consolidated financial statements, the investment accounted for using the equity method for JERA Nex bp amounts to ¥332,757 million ($2,081,031 thousand) as of March 31, 2026.

In addition, JERA Nex bp recognizes goodwill in its consolidated financial statements of which the Group’s share amounts to ¥76,051 million ($475,616 thousand).

The goodwill 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 future cash flows estimated by management, which incorporate the assumptions market participants would use. The key assumptions adopted by management for the

offshore wind projects include wind conditions, which are key inputs in estimating future electricity generation, as well as construction costs, operating periods, and discount rates. These assumptions are based on historical experience and external information.
As a result of the impairment tests performed during the current fiscal year, the recoverable amount of the group of cash-generating units exceeded the carrying amount. Accordingly, no impairment loss was recognized by JERA Nex bp, nor was any impairment loss recognized on the investment accounted for using the equity method in the Group's consolidated financial statements. However, if the key assumptions used in the impairment test change, an impairment loss may be recognized in subsequent fiscal years.

Of the judgements made in the process of applying 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 measure such agreements at fair value as executory contracts.

5. NEW STANDARDS NOT YET ADOPTED
Among the standards and interpretations that were issued or revised before the approval date of the consolidated financial statements, the major ones that have not been early adopted by the Group in the year ended March 31, 2026 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
IFRS 20	*Regulatory Assets and Regulatory Liabilities*	January 1, 2029	Fiscal year ending March 31, 2030	Specifies the recognition and measurement of Regulatory Assets and Regulatory Liabilities

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, 2026

Millions of Yen

	Reportable segments				Adjustment (Note 2)	Consolidated
	Fuel business	Overseas power generation and renewable energy business	Domestic thermal power generation and gas business	Total		
Revenue						
Revenue from contracts with customers	6,352	69,393	3,872,806	3,948,553	–	3,948,553
Revenue from other sources (Note 1)	(954,537)	–	55,999	(898,538)	–	(898,538)
Revenue from external customers	(948,185)	69,393	3,928,806	3,050,014	–	3,050,014
Intersegment revenue	1,361,185	103	46,596	1,407,886	(1,407,886)	–
Total	413,000	69,497	3,975,402	4,457,901	(1,407,886)	3,050,014
Segment profit (loss)	98,383	12,659	122,550	233,593	(40,077)	193,515
Other items of profit or loss:						
Finance income	42,238	22,395	444	65,078	19,326	84,404
Finance costs	(26,338)	(11,579)	(75,867)	(113,785)	45,099	(68,685)
Share of profit (loss) of investments accounted for using the equity method	41,690	(731)	831	41,789	–	41,789
Depreciation and amortization	(97,190)	(26,870)	(208,606)	(332,667)	(6,431)	(339,099)
Impairment losses	–	–	(337)	(337)	–	(337)
Income tax expense	(23,951)	(7,794)	(47,011)	(78,757)	8,239	(70,517)
Segment assets	5,113,650	2,194,990	3,737,067	11,045,707	(1,047,789)	9,997,918
Other asset items:						
Investments accounted for using the equity method	544,966	830,409	127,499	1,502,874	–	1,502,874
Capital expenditures	479,269	15,729	106,493	601,492	4,924	606,416
Segment liabilities	3,818,575	1,158,655	2,611,962	7,589,194	(860,408)	6,728,785

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 ¥413,000 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 ¥413,000 million results in revenue from other sources of ¥(954,537) million and revenue from external customers of ¥(948,185) 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. Adjustment reflects the elimination of intersegment transactions.

For the year ended March 31, 2025

Millions of Yen

	Reportable segments				Adjustment (Note 2)	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. Adjustment reflects the elimination of intersegment transactions.

For the year ended March 31, 2026

Thousands of U.S. Dollars

	Reportable segments				Adjustment (Note 2)	Consolidated
	Fuel business	Overseas power generation and renewable energy business	Domestic thermal power generation and gas business	Total		
Revenue						
Revenue from contracts with customers	39,724	433,977	24,220,175	24,693,889	–	24,693,889
Revenue from other sources (Note 1)	(5,969,587)	–	350,212	(5,619,374)	–	(5,619,374)
Revenue from external customers	(5,929,862)	433,977	24,570,393	19,074,509	–	19,074,509
Intersegment revenue	8,512,726	644	291,407	8,804,790	(8,804,790)	–
Total	2,582,864	434,627	24,861,801	27,879,305	(8,804,790)	19,074,509
Segment profit (loss)	615,278	79,168	766,416	1,460,869	(250,637)	1,210,225
Other items of profit or loss:						
Finance income	264,152	140,056	2,776	406,991	120,863	527,854
Finance costs	(164,715)	(72,414)	(474,465)	(711,601)	282,045	(429,549)
Share of profit (loss) of investments accounted for using the equity method	260,725	(4,571)	5,196	261,344	–	261,344
Depreciation and amortization	(607,817)	(168,042)	(1,304,602)	(2,080,469)	(40,218)	(2,120,694)
Impairment losses	–	–	(2,107)	(2,107)	–	(2,107)
Income tax expense	(149,787)	(48,742)	(294,002)	(492,539)	51,525	(441,006)
Segment assets	31,980,300	13,727,267	23,371,275	69,078,843	(6,552,776)	62,526,066
Other asset items:						
Investments accounted for using the equity method	3,408,167	5,193,302	797,367	9,398,836	–	9,398,836
Capital expenditures	2,997,304	98,367	665,997	3,761,676	30,794	3,792,470
Segment liabilities	23,881,019	7,246,122	16,334,971	47,462,126	(5,380,913)	42,081,207

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 $2,582,864 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 $2,582,864 thousand results in revenue from other sources of $(5,969,587) thousand and revenue from external customers of $(5,929,862) 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. Adjustment reflects the elimination of intersegment transactions.

(3) Revenue from external customers by product and service

	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Electricity	3,507,319	3,814,439	21,934,452
Coal	(277,920)	(354,947)	(1,738,086)
LNG	(519,804)	(370,169)	(3,250,806)
Other	340,420	266,593	2,128,955
Total	3,050,014	3,355,916	19,074,509

(4) Geographical information on revenue from external customers

	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Japan	3,970,998	4,231,557	24,834,258
Singapore	(999,172)	(949,754)	(6,248,730)
Other	78,188	74,113	488,980
Total	3,050,014	3,355,916	19,074,509

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 As of March 31, 2026	Millions of Yen As of March 31, 2025	Thousands of U.S. Dollars As of March 31, 2026
Japan	2,935,335	3,241,605	18,357,317
United States	829,611	579,991	5,188,311
Other	1,270,799	1,242,110	7,947,460
Total	5,035,746	5,063,707	31,493,095

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 were as follows:

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

	Related segment	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Tokyo Electric Power Company Holdings, Inc.	Domestic thermal power generation and gas business	2,077,503	2,126,034	12,992,514
Chubu Electric Power Co., Inc.	Domestic thermal power generation and gas business	1,431,593	1,393,524	8,953,051

7. BUSINESS COMBINATIONS

For the year ended March 31, 2026
There were no significant business combinations.

For the year ended March 31, 2025
There were no significant business combinations.

8. CASH AND CASH EQUIVALENTS

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

The balances of “Cash and cash equivalents” in the consolidated statement of financial position as of March 31, 2026 and 2025 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Notes and accounts receivable - trade	708,860	756,539	4,433,145
Accounts receivable - other	18,576	22,341	116,172
Other	3,567	6,015	22,307
Total	731,004	784,896	4,571,632

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

10. INVENTORIES

The breakdown of inventories as of March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Merchandise and finished goods	102,745	56,767	642,557
Raw materials and supplies	229,344	264,340	1,434,296
Total	332,089	321,107	2,076,854

Note: The cost of inventories recognized as an expense for the years ended March 31, 2026 and 2025 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Financial assets measured at amortized cost			
Loans receivable	59,235	62,090	370,450
Deposits (primarily margin deposits of derivatives)	203,601	51,587	1,273,302
Time deposits	24,719	29,102	154,590
Other	27,616	19,998	172,707
Subtotal	315,173	162,780	1,971,063
Financial assets measured at fair value through profit or loss			
Other	6,732	3,150	42,101
Equity instruments measured at fair value through other comprehensive income			
Equity securities and investments in capital	83,857	104,506	524,434
Total	405,763	270,437	2,537,604
Current assets	243,043	93,010	1,519,968
Non-current assets	162,719	177,426	1,017,629
Total	405,763	270,437	2,537,604

(2) The principal securities and fair value of equity instruments measured at fair value through other comprehensive income as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
Securities	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Marketable securities	31,061	34,452	194,252
Non-marketable securities	52,796	70,053	330,181
Total	83,857	104,506	524,434

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

	Millions of Yen		Thousands of U.S. Dollars
Issuer	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
ReNew Energy Global plc	25,226	30,810	157,761
KANDENKO CO., LTD.	3,905	1,784	24,421
West Holdings Corporation	1,640	1,471	10,256
Other	288	385	1,801
Total	31,061	34,452	194,252

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, 2026 and 2025 were ¥40,611 million ($253,977 thousand), ¥58,833 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, 2026 and 2025 were as follows:

For the year ended March 31, 2026

Millions of Yen

Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
22,044	8,390

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, 2026 was ¥ 8,390 million.

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)

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.

For the year ended March 31, 2026

Thousands of U.S. Dollars

Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
137,861	52,470

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, 2026 was $52,470 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, 2026 and 2025 were as follows:

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

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Assets recognized by application of fair value hedge	89,500	–	559,724
Prepaid expenses	52,957	67,968	331,188
Costs incurred to fulfill contracts	17,030	14,778	106,504
Other	116,820	78,886	730,581
Total	276,309	161,633	1,728,011
Current assets	192,035	109,174	1,200,969
Non-current assets	84,274	52,458	527,041
Total	276,309	161,633	1,728,011

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

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Provisions	118,781	125,715	742,845
Liabilities recognized by application of fair value hedge	34,834	2,712	217,848
Retirement benefit liabilities	34,274	35,908	214,346
Other (Note)	185,946	202,428	1,162,889
Total	373,837	366,764	2,337,942
Current liabilities	192,948	128,887	1,206,679
Non-current liabilities	180,888	237,877	1,131,257
Total	373,837	366,764	2,337,942

Note: "Other" includes subsidies granted in the fiscal year ended March 31, 2026 in connection with the following: the Group has been certified as a Supplier of Low-Carbon Hydrogen and its Derivatives by the Ministry of Economy, Trade and Industry. The certification was granted under the "Support Focusing on the Price Gap" Scheme established in accordance with the Hydrogen Society Promotion Act.

13. PROPERTY, PLANT AND EQUIPMENT

(1) Changes

Changes in the carrying amount of property, plant and equipment during the years ended March 31, 2026 and 2025 were as follows:

For the year ended March 31, 2026

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
Beginning balance	465,528	1,688,437	344,251	390,690	16,272	2,905,181
Separate purchases	1,314	2,262	–	121,847	237,796	363,219
Disposals	(1,679)	(2,635)	(58)	(79)	(98)	(4,551)
Changes due to loss of control of subsidiaries	–	(270,915)	–	(7,401)	(197)	(278,514)
Transfer to assets held for sale	(10,784)	(68,961)	(275)	(14,081)	(6)	(94,110)
Depreciation	(30,505)	(191,727)	–	–	(9,177)	(231,409)
Impairment losses	(61)	(268)	–	–	(7)	(337)
Exchange differences	(2,238)	501	(92)	30,698	5,917	34,786
Transfer from construction in progress	33,024	165,468	–	(257,784)	59,292	–
Other	3,462	(12,520)	6	(12,166)	15,798	(5,419)
Ending balance	458,058	1,309,641	343,831	251,721	325,589	2,688,843

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
Disposals	(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, 2026

Thousands of U.S. Dollars

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
Beginning balance	2,911,369	10,559,330	2,152,914	2,443,339	101,763	18,168,736
Separate purchases	8,217	14,146	–	762,020	1,487,154	2,271,538
Disposals	(10,500)	(16,479)	(362)	(494)	(612)	(28,461)
Changes due to loss of control of subsidiaries	–	(1,694,277)	–	(46,285)	(1,232)	(1,741,801)
Transfer to assets held for sale	(67,442)	(431,275)	(1,719)	(88,061)	(37)	(588,555)
Depreciation	(190,775)	(1,199,043)	–	–	(57,392)	(1,447,210)
Impairment losses	(381)	(1,676)	–	–	(43)	(2,107)
Exchange differences	(13,996)	3,133	(575)	191,982	37,004	217,548
Transfer from construction in progress	206,529	1,034,821	–	(1,612,157)	370,806	–
Other	21,651	(78,298)	37	(76,085)	98,799	(33,889)
Ending balance	2,864,652	8,190,375	2,150,287	1,574,240	2,036,203	16,815,778

The cost, accumulated depreciation, accumulated impairment losses, and carrying amount of property, plant and equipment as of March 31, 2026 and 2025 and April 1, 2024 were as follows:

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
As of March 31, 2026						
Cost	1,951,512	7,819,000	354,153	252,854	405,591	10,783,112
Accumulated depreciation and accumulated impairment losses	(1,493,453)	(6,509,359)	(10,321)	(1,133)	(80,001)	(8,094,268)
Carrying amount	458,058	1,309,641	343,831	251,721	325,589	2,688,843
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 April 1, 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

Thousands of U.S. Dollars

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
As of March 31, 2026						
Cost	12,204,577	48,899,312	2,214,840	1,581,325	2,536,529	67,436,597
Accumulated depreciation and accumulated impairment losses	(9,339,918)	(40,708,936)	(64,546)	(7,085)	(500,318)	(50,620,813)
Carrying amount	2,864,652	8,190,375	2,150,287	1,574,240	2,036,203	16,815,778

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 ¥18,212 million ($113,896 thousand) and ¥14,924 million in the years ended March 31, 2026 and 2025, 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, 2026 and 2025 were 1.51% and 1.19%, respectively.

14. GOODWILL AND INTANGIBLE ASSETS

(1) Changes

Changes in the carrying amount of goodwill and intangible assets during the years ended March 31, 2026 and 2025 were as follows:

For the year ended March 31, 2026

Millions of Yen

	Goodwill	Intangible assets			Total
		Software	Mining rights	Other	
Beginning balance	135,484	27,533	169,945	41,289	374,252
Separate acquisition	–	12,538	20,210	36	32,785
Disposals	–	(391)	–	(0)	(392)
Changes due to loss of control of subsidiaries	(138,653)	(20)	–	(14,839)	(153,513)
Transfer to assets held for sale	(3,580)	(4)	–	(16,402)	(19,987)
Amortization	–	(7,889)	(354)	(3,595)	(11,838)
Exchange differences	8,175	788	(1,434)	196	7,725
Other	(1,426)	(34)	–	(4,426)	(5,886)
Ending balance	–	32,519	188,367	2,258	223,145

For the year ended March 31, 2025

Millions of Yen

	Goodwill	Intangible assets			Total
		Software	Mining rights	Other	
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
Disposals	–	(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, 2026

Thousands of U.S. Dollars

	Goodwill	Intangible assets			Total
		Software	Mining rights	Other	
Beginning balance	847,304	172,188	1,062,820	258,217	2,340,537
Separate acquisition	–	78,411	126,391	225	205,034
Disposals	–	(2,445)	–	(0)	(2,451)
Changes due to loss of control of subsidiaries	(867,123)	(125)	–	(92,801)	(960,056)
Transfer to assets held for sale	(22,388)	(25)	–	(102,576)	(124,996)
Amortization	–	(49,337)	(2,213)	(22,482)	(74,033)
Exchange differences	51,125	4,928	(8,968)	1,225	48,311
Other	(8,918)	(212)	–	(27,679)	(36,810)
Ending balance	–	203,370	1,178,030	14,121	1,395,528

The cost, accumulated amortization and accumulated impairment losses, and carrying amount of goodwill and intangible assets as of March 31, 2026 and 2025 and April 1, 2024 were as follows:

Millions of Yen

	Goodwill	Intangible assets			Total
		Software	Mining rights	Other	
As of March 31, 2026					
Cost	–	74,571	191,856	29,084	295,512
Accumulated amortization and accumulated impairment losses	–	(42,051)	(3,488)	(26,826)	(72,367)
Carrying amount	–	32,519	188,367	2,258	223,145
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 April 1, 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

Thousands of U.S. Dollars

As of March 31, 2026					
Cost	–	466,360	1,199,849	181,888	1,848,105
Accumulated amortization and accumulated impairment losses	–	(262,983)	(21,813)	(167,767)	(452,576)
Carrying amount	–	203,370	1,178,030	14,121	1,395,528

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.”

(2) Material intangible assets

Among the intangible assets, the significant intangible assets in the fiscal year ended March 31, 2026 is a mining rights 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, 2026 is ¥188,367 million ($1,178,030 thousand), with an average remaining amortization period of 32.5 years.

(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, 2026 and 2025 were ¥1,570 million ($9,818 thousand) and ¥7,910 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, 2026 and 2025.

Future cash outflows relating to lease contracts that the Group concluded with lessors but that have not yet commenced as of March 31, 2026 and 2025 were ¥20,247 million ($126,622 thousand) and ¥20,240 million, respectively.

(1) Disclosure of lease-related expenses

The breakdown of profit or loss relating to leases as lessee for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Depreciation of right-of-use assets			
Buildings and structures as underlying assets	5,155	4,229	32,238
Machinery and equipment as underlying assets	1,079	2,468	6,747
Vessels as underlying assets	89,850	77,825	561,913
Other as underlying assets	596	438	3,727
Subtotal	96,682	84,962	604,640
Interest expense on lease liabilities	9,202	9,186	57,548
Short-term lease expense	31,483	39,585	196,891
Expenses for leases of low-value assets excluding short-term leases	4,160	3,516	26,016
Variable lease payments	11,231	11,422	70,237
Income from subleasing right-of-use assets	(272)	(248)	(1,701)
Profit or loss relating to leases as lessee	152,487	148,424	953,639

(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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Right-of-use assets	549,319	440,730	3,435,390
Buildings and structures as underlying assets	72,220	16,011	451,657
Machinery and equipment as underlying assets	10,037	11,034	62,770
Vessels as underlying assets	460,624	407,014	2,880,700
Other as underlying assets	6,437	6,669	40,256

(3) Increase in right-of-use assets

The increases in right-of-use assets for the years ended March 31, 2026 and 2025 were ¥194,371 million ($1,215,578 thousand) and ¥96,966 million, respectively.

(4) Total cash outflow for leases

Total cash outflows associated with leases for the years ended March 31, 2026 and 2025 were ¥150,835 million ($943,308 thousand) and ¥154,529 million, respectively.

(5) Lease liabilities

	Millions of Yen		Thousands of U.S. Dollars		
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026	Average interest rate (%)	Due date
Current portion of lease liabilities	85,743	79,228	536,228	3.0	–
Lease liabilities excluding current portion	418,039	343,024	2,614,377	2.6	2027–2054

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.

The maturity analysis of the undiscounted lease payments receivable based on finance lease contracts as of March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Lease payments receivable		
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Due within 1 year	1,166	1,133	7,292
Due in 1 to 2 years	1,171	1,134	7,323
Due in 2 to 3 years	1,176	1,136	7,354
Due in 3 to 4 years	220	1,137	1,375
Due in 4 to 5 years	216	177	1,350
Due in more than 5 years	2,529	1,844	15,816
Total	6,480	6,564	40,525
Unearned finance income	1,339	999	8,373
Net investment in finance leases	5,141	5,564	32,151

(2) Operating leases

The Group leases buildings and other assets as lessor in operating leases, and lease income for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Lease income	6,427	5,189	40,193

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

(1) Cash-generating unit

The Group groups its assets by independent cash-generating unit in principle (cash-generating 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 ¥337 million ($2,107 thousand) and ¥294 million for the years ended March 31, 2026 and 2025, 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	
	As of March 31, 2026		As of March 31, 2025		As of March 31, 2026	
	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	337	–	294	–	2,107	–

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 ¥27,588 million ($172,532 thousand) and ¥28,222 million for the years ended March 31, 2026 and 2025, 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, 2026 and 2025 were as follows:

Name	Location	Principal lines of business	Percentage of ownership	
			As of March 31, 2026	As of March 31, 2025
Freeport LNG Development, L.P.	Houston, USA	Operation, maintenance and development of LNG facilities in North America	21.9%	21.9%
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, 2026 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 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets	141,205	161,423	883,083
Non-current assets	1,441,578	1,551,056	9,015,497
Total assets	1,582,784	1,712,479	9,898,586
Current liabilities	172,214	175,419	1,077,010
Non-current liabilities	1,652,095	1,771,090	10,332,051
Total liabilities	1,824,310	1,946,510	11,409,068
Total equity	(241,525)	(234,030)	(1,510,475)
The Group's share of total equity	(54,779)	(51,252)	(342,582)
Consolidated adjustments	453,645	475,437	2,837,054
Carrying amount of investments	398,865	424,185	2,494,465

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Revenue	520,491	379,138	3,255,103
Profit (loss)	106,413	32,584	665,497
Other comprehensive income	(7,802)	9,894	(48,792)
Comprehensive income	98,611	42,479	616,704
The Group's share of profit (loss)	23,272	7,136	145,540
Dividend income from Freeport LNG Development, L.P.	34,290	5,924	214,446

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 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets	337,792	335,861	2,112,520
Non-current assets	1,318,850	1,077,229	8,247,967
Total assets	1,656,642	1,413,091	10,360,487
Current liabilities	417,502	215,631	2,611,019
Non-current liabilities	668,197	608,062	4,178,843
Total liabilities	1,085,699	823,693	6,789,862
Total equity	570,942	589,397	3,570,619
The Group's share of total equity	147,203	162,497	920,594
Consolidated adjustments	72,548	71,109	453,708
Carrying amount of investments	219,752	233,606	1,374,308
Fair value of investments	249,681	200,762	1,561,482

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Revenue	517,043	522,710	3,233,539
Profit (loss)	22,422	60,575	140,225
Other comprehensive income	(14,252)	(12,815)	(89,130)
Comprehensive income	8,169	47,759	51,088
The Group's share of profit (loss)	6,181	16,700	38,655
Dividend income from Aboitiz Power Corporation	12,410	12,153	77,611

(2) Material joint ventures

The joint ventures that are material to the Group as of March 31, 2026 and 2025 were as follows:

Name	Location	Principal lines of business	Percentage of ownership	
			As of March 31, 2026	As of March 31, 2025
JERA Nex bp Limited	London, U.K.	Offshore wind power generation	50.0%	–

The reconciliation of the IFRS condensed consolidated financial information of JERA Nex bp Limited to the carrying amount of the Group's interest in the joint venture was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets	119,357	–	746,447
Non-current assets	898,269	–	5,617,692
Total assets	1,017,626	–	6,364,140
Current liabilities	29,120	–	182,113
Non-current liabilities	317,728	–	1,987,041
Total liabilities	346,849	–	2,169,161
Total equity	670,777	–	4,194,978
The Group's share of total equity	321,020	–	2,007,629
Goodwill and consolidated adjustments	11,737	–	73,402
Carrying amount of investments	332,757	–	2,081,031

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Revenue	41,440	–	259,161
Profit (loss)	(32,601)	–	(203,883)
Other comprehensive income	20,910	–	130,769
Comprehensive income	(11,690)	–	(73,108)
The Group's share of profit (loss)	(16,300)	–	(101,938)
Dividend income from JERA Nex bp Limited	–	–	–

(3) Immaterial associates and joint ventures

The carrying amounts of investments in immaterial associates and joint ventures as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Associates	103,702	76,666	648,542
Joint ventures	447,796	564,783	2,800,475

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
	2026	2025	2026
Associates			
Profit (loss)	5,769	3,614	36,078
Other comprehensive income	(395)	(615)	(2,470)
Comprehensive income	5,374	2,999	33,608
Joint ventures			
Profit (loss)	22,866	12,484	143,001
Other comprehensive income	(5,453)	7,068	(34,102)
Comprehensive income	17,413	19,552	108,899

Regarding the shares, 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 ¥22,436 million ($140,312 thousand) and ¥13,624 million for the years ended March 31, 2026 and 2025, respectively. Additionally, the Group recognized a reversal of impairment losses of ¥2,204 million ($13,783 thousand) for the year ended March 31, 2026, and were recorded 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Deferred tax assets			
Lease liabilities	141,259	114,446	883,420
Tax loss carryforwards	107,328	118,882	671,219
Derivatives	40,878	5,002	255,647
Investments in associates	35,372	64,757	221,213
Provision	33,659	35,343	210,500
Other	45,236	51,177	282,901
Total deferred tax assets	403,735	389,609	2,524,921
Deferred tax liabilities			
Investments in associates	148,729	200,434	930,137
Right-of-use assets	142,795	111,865	893,026
Derivatives	63,222	16,995	395,384
Non-current assets	32,561	37,789	203,633
Other	16,157	14,137	101,044
Total deferred tax liabilities	403,467	381,222	2,523,245
Deferred tax assets (liabilities), net	268	8,387	1,676

Details of changes in net deferred tax assets or liabilities for the years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	8,387	22,020	52,451
Deferred income taxes	(27,084)	(16,050)	(169,380)
Deferred taxes relating to items of other comprehensive income			
Effective portion of change in fair value of cash flow hedges	(21,462)	(10,320)	(134,221)
Net change in fair value of financial assets measured through other comprehensive income	(925)	153	(5,784)
Remeasurements of defined benefit retirement plans	(1,681)	(515)	(10,512)
Changes in deferred tax assets (liabilities) due to loss of control of subsidiaries.	15,190	–	94,996
Transfer to liabilities directly associated with assets held for sale	6,879	–	43,020
Other	20,965	13,099	131,113
Ending balance	268	8,387	1,676

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Deductible temporary differences	121,924	112,640	762,501
Tax loss carryforwards	24,548	35,980	153,520

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Within 1 year	–	–	–
Between 1 and 5 years	–	–	–
More than 5 years	24,548	30,948	153,520
No expiration schedule set	–	5,032	–
Total	24,548	35,980	153,520

Deferred tax assets as of March 31, 2026 and 2025 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 ¥204,682 million ($1,280,062 thousand) and ¥145,797 million, respectively.

(2) Income tax expense

The breakdown of income tax expense for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Income taxes			
For the period	43,048	50,503	269,218
Prior period	384	(536)	2,401
Total income taxes	43,433	49,966	271,626
Deferred income taxes			
Origination and reversal of temporary differences	24,248	17,331	151,644
Changes in unrecognized deferred tax assets	2,836	279	17,736
Adjustment to deferred tax assets and liabilities resulting from changes in tax rates	–	(1,560)	–
Total deferred income taxes	27,084	16,050	169,380
Total income tax expense	70,517	66,016	441,006

(3) Reconciliation of effective tax rate

Reconciliation between the statutory tax rate and the effective tax rate reflected in the consolidated statement of profit or loss for the years ended March 31, 2026 and 2025 was as follows:

(%)

	2026	2025
Statutory tax rate	27.9	27.9
Reconciliation:		
Difference in tax rates of subsidiaries	(8.2)	(9.2)
Undistributed profits of foreign subsidiaries	1.0	0.9
Share of profit/loss of investments accounted for using the equity method	0.5	(1.2)
Change in assessment of recoverability of deferred tax assets	1.1	(0.3)
Controlled Foreign Company (CFC)	1.9	3.5
Other	(0.1)	2.2
Effective tax rate	24.2	23.7

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, 2026 and 2025.

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Trade accounts payable	675,385	687,525	4,223,796
Accrued expenses	97,216	98,591	607,979
Accounts payable - capital expenditures	13,119	26,787	82,045
Total	785,721	812,905	4,913,827

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars		
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026	Average interest rate (%) (Note 1)	Repayment (maturity) date
Short-term borrowings	91,013	19,604	569,186	2.48	–
Current portion of long-term borrowings	259,923	284,173	1,625,534	1.28	–
Current portion of bonds payable	99,959	122,078	625,134	0.35	(Note 4)
Commercial papers	20,000	–	125,078	0.83	–
Long-term borrowings	1,628,557	2,065,294	10,184,846	2.51	2027–2048
Bonds payable	676,593	608,566	4,231,350	2.18	(Note 4)
Total	2,776,047	3,099,716	17,361,144	–	–
Current liabilities	470,896	425,855	2,944,940		
Non-current liabilities	2,305,151	2,673,860	14,416,203		
Total	2,776,047	3,099,716	17,361,144		

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, 2026 and 2025. The Company monitors and maintains the level required by the said covenants.

4. The outline of the conditions for bond as of March 31, 2026 and 2025 was as follows:

Company name	Issue	Date of issuance	Millions of Yen As of March 31, 2026	Millions of Yen As of March 31, 2025	Thousands of U.S. Dollars As of March 31, 2026	Interest rate (%)	Collateral	Date of maturity
JERA Co., Inc.	Unsecured bonds - 1st (with an inter-bond pari passu clause)	October 22, 2020	–	19,994	–	0.190	None	October 24, 2025
JERA Co., Inc.	Unsecured bonds - 2nd (with an inter-bond pari passu clause)	October 22, 2020	19,969	19,962	124,884	0.390	None	October 25, 2030
JERA Co., Inc.	Unsecured bonds - 3rd (with an inter-bond pari passu clause)	November 26, 2021	39,988	39,970	250,081	0.150	None	November 25, 2026
JERA Co., Inc.	Unsecured bonds - 4th (with an inter-bond pari passu clause)	November 26, 2021	29,946	29,937	187,279	0.350	None	November 25, 2031
JERA Co., Inc.	Unsecured bonds - 6th (with an inter-bond pari passu clause)	January 19, 2022	9,965	9,963	62,320	0.670	None	January 25, 2041
JERA Co., Inc.	Unsecured bonds - 7th (with an inter-bond pari passu clause)	April 27, 2022	–	69,997	–	0.200	None	April 25, 2025
JERA Co., Inc.	Unsecured bonds - 8th (with an inter-bond pari passu clause) (transition bonds)	May 24, 2022	11,992	11,986	74,996	0.420	None	May 25, 2027
JERA Co., Inc.	Unsecured bonds - 9th (with an inter-bond pari passu clause) (transition bonds)	May 24, 2022	7,982	7,979	49,918	0.664	None	May 25, 2032
JERA Co., Inc.	Unsecured bonds - 10th (with an inter-bond pari passu clause)	June 22, 2022	–	12,097	–	0.350	None	June 25, 2025
JERA Co., Inc.	Unsecured bonds - 11th (with an inter-bond pari passu clause)	July 11, 2022	10,088	10,083	63,089	0.600	None	July 25, 2028
JERA Co., Inc.	Unsecured bonds - 12th (with an inter-bond pari passu clause)	July 11, 2022	10,255	10,254	64,133	1.400	None	July 25, 2047
JERA Co., Inc.	Unsecured bonds - 13th (with an inter-bond pari passu clause)	September 12, 2022	5,277	5,276	33,001	1.340	None	September 23, 2044
JERA Co., Inc.	Unsecured bonds - 14th (with an inter-bond pari passu clause)	September 12, 2022	5,276	5,275	32,995	1.390	None	September 25, 2046
JERA Co., Inc.	Unsecured bonds - 15th (with an inter-bond pari passu clause)	September 22, 2022	–	19,988	–	0.540	None	March 25, 2026
JERA Co., Inc.	Unsecured bonds - 16th (with an inter-bond pari passu clause)	April 26, 2023	24,974	24,962	156,185	0.640	None	April 25, 2028
JERA Co., Inc.	Unsecured bonds - 17th (with an inter-bond pari passu clause)	April 26, 2023	14,972	14,965	93,633	0.900	None	April 25, 2030
JERA Co., Inc.	Unsecured bonds - 18th (with an inter-bond pari passu clause)	June 22, 2023	19,969	19,956	124,884	0.510	None	June 23, 2028
JERA Co., Inc.	Unsecured bonds - 19th (with an inter-bond pari passu clause)	June 19, 2023	9,988	9,982	62,464	0.510	None	June 23, 2028
JERA Co., Inc.	Unsecured bonds - 20th (with an inter-bond pari passu clause)	December 6, 2023	29,987	29,969	187,535	0.470	None	November 25, 2026
JERA Co., Inc.	Unsecured bonds – 21st (with an inter-bond pari passu clause)	December 6, 2023	9,985	9,980	62,445	0.689	None	November 24, 2028
JERA Co., Inc.	Unsecured bonds – 22nd (with an inter-bond pari passu clause)	March 6, 2024	29,983	29,964	187,510	0.500	None	February 25, 2027
JERA Co., Inc.	Unsecured bonds – 23rd (with an inter-bond pari passu clause) (transition bonds)	March 6, 2024	9,972	9,969	62,363	1.192	None	February 24, 2034
JERA Co., Inc.	Unsecured bonds – 24th (with an inter-bond pari passu clause)	April 24, 2024	19,968	19,958	124,878	0.876	None	April 25, 2029

			Millions of Yen		Thousands of U.S. Dollars			
Company name	Issue	Date of issuance	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026	Interest rate (%)	Collateral	Date of maturity
JERA Co., Inc.	Unsecured bonds – 25th (with an inter-bond pari passu clause)	April 24, 2024	5,985	5,982	37,429	1.054	None	April 25, 2031
JERA Co., Inc.	Unsecured bonds – 26th (with an inter-bond pari passu clause)	June 25, 2024	19,956	19,942	124,803	0.924	None	June 25, 2029
JERA Co., Inc.	Unsecured bonds – 27th (with an inter-bond pari passu clause)	June 13, 2024	19,967	19,957	124,871	0.924	None	June 13, 2029
JERA Co., Inc.	Unsecured bonds – 28th (with an inter-bond pari passu clause) (transition bonds)	November 28, 2024	14,961	14,954	93,564	1.215	None	November 25, 2031
JERA Co., Inc.	Unsecured bonds – 29th (with an inter-bond pari passu clause) (transition bonds)	February 27, 2025	12,162	12,158	76,060	1.830	None	February 22, 2035
JERA Co., Inc.	Unsecured bonds – 30th (with an inter-bond pari passu clause)	April 23, 2025	19,971	–	124,896	1.125	None	April 25, 2028
JERA Co., Inc.	Unsecured bonds – 31st (with an inter-bond pari passu clause)	June 24, 2025	24,928	–	155,897	1.504	None	June 25, 2030
JERA Co., Inc.	Unsecured bonds – 32nd (with an inter-bond pari passu clause)	November 28, 2025	9,980	–	62,414	1.371	None	November 24, 2028
JERA Co., Inc.	Unsecured bonds – 33rd (with an inter-bond pari passu clause) (transition bonds)	November 28, 2025	9,968	–	62,338	1.924	None	November 25, 2032
JERA Co., Inc.	Unsecured bonds – 34th (with an inter-bond pari passu clause)	February 13, 2026	14,961	–	93,564	1.977	None	February 25, 2031
JERA Co., Inc.	Unsecured bonds with interest deferrable clause and early redeemable option - 1st (with a subordination clause)	December 15, 2022	64,993	64,983	406,460	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	9,150	9,148	57,223	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	21,872	21,869	136,785	2.549 *3	None	December 25, 2062
JERA Co., Inc.	Unsecured U.S. dollar-denominated bonds - 1st	April 14, 2022	47,909	44,748	299,618	3.665	None	April 14, 2027
JERA Co., Inc.	U.S. dollar-denominated bonds - 2nd	September 4, 2024	79,658	74,419	498,173	4.614	None	September 4, 2029
JERA Co., Inc.	U.S. dollar-denominated bonds – 3rd	September 2, 2025	79,580	–	497,686	4.544	None	September 2, 2030

*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, 2026 and 2025 were as follows: The amounts include assets held for sale and liabilities directly associated with those assets.

A. Assets pledged as collateral

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents	178,592	120,309	1,116,898
Trade and other receivables	17,395	4,468	108,786
Inventories	1,492	1,134	9,330
Property, plant and equipment	970,961	1,277,555	6,072,301
Right-of-use assets	278	327	1,738
Intangible assets	3,382	3,731	21,150
Investments accounted for using the equity method	–	3,926	–
Derivative assets	21,121	12,421	132,088
Other financial assets (current and non-current)	33,589	29,341	210,062
Other assets (current and non-current)	2,035	1,957	12,726
Total	1,228,848	1,455,174	7,685,103

B. Liabilities corresponding to assets pledged as collateral

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Borrowings (current and non-current)	807,284	876,751	5,048,680

22. OTHER FINANCIAL LIABILITIES

The breakdown of other financial liabilities as of March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Financial liabilities measured at amortized cost			
Accounts payable - other	57,471	82,152	359,418
Deposits received	24,619	6,141	153,964
Other (Note)	6,982	16,327	43,664
Subtotal	89,073	104,620	557,054
Other			
Liabilities recognized for written put options over non-controlling interests	163,681	146,306	1,023,646
Total	252,755	250,927	1,580,706
Current liabilities	53,308	54,928	333,383
Non-current liabilities	199,446	195,999	1,247,317
Total	252,755	250,927	1,580,706

Note: Items under “Other” in “Financial liabilities measured at amortized cost” include those that bear interest, the amounts of which were ¥16,121 million (including ¥3,184 million due within one year) as of March 31, 2025.

23. PROVISIONS

Changes in provisions were as follows:

For the year ended March 31, 2026

Millions of Yen

	Asset retirement obligations	Other provisions	Total
Beginning balance	34,405	91,310	125,715
Increase during the period	107	17,549	17,656
Interest expense incurred over the discount period	1,031	5	1,036
Decrease due to intended use	–	(18,181)	(18,181)
Changes due to loss of control of subsidiaries	(14,088)	–	(14,088)
Transfer to liabilities directly associated with assets held for sale	(1,677)	–	(1,677)
Exchange differences on translation of foreign operations	688	32	720
Other	4,689	2,909	7,599
Ending balance	25,155	93,626	118,781

For the year ended March 31, 2026

Thousands of U.S. Dollars

	Asset retirement obligations	Other provisions	Total
Beginning balance	215,165	571,044	786,210
Increase during the period	669	109,749	110,419
Interest expense incurred over the discount period	6,447	31	6,479
Decrease due to intended use	–	(113,702)	(113,702)
Changes due to loss of control of subsidiaries	(88,105)	–	(88,105)
Transfer to liabilities directly associated with assets held for sale	(10,487)	–	(10,487)
Exchange differences on translation of foreign operations	4,302	200	4,502
Other	29,324	18,192	47,523
Ending balance	157,317	585,528	742,845

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, 2026	As of March 31, 2025	As of March 31, 2026
Current liabilities	19,611	12,614	122,645
Non-current liabilities	99,169	113,101	620,193

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 resource development-related facilities in the fuel upstream business after completion of production.

These costs are expected to be paid by no later than 2065, 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 2036, 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. In the defined benefit corporate plan and the lump-sum retirement benefit plan, benefit amounts are calculated based on the accumulation of points reflecting employees' roles and performance.

The Company has adopted mainly lump-sum retirement payment plans, defined benefit corporate plans, and defined contribution plans. The Company's defined benefit corporate 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 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.

(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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Present value of funded defined benefit obligation	25,766	28,124	161,138
Fair value of plan assets	(39,942)	(37,721)	(249,793)
Subtotal	(14,176)	(9,597)	(88,655)
Present value of unfunded defined benefit obligation	35,739	37,348	223,508
Total	21,563	27,751	134,853
Amount in the consolidated statement of financial position			
Retirement benefit liability (Note 1)	34,274	35,908	214,346
Retirement benefit asset (Note 2)	(12,711)	(8,156)	(79,493)
Net liability (asset) recognized in the consolidated statement of financial position	21,563	27,751	134,853

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, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	65,473	67,977	409,462
Current service cost	3,251	3,107	20,331
Interest cost	1,423	1,086	8,899
Gains and losses on remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	15	(763)	93
Actuarial gains and losses arising from changes in financial assumptions	(5,941)	(5,102)	(37,154)
Actuarial gains and losses arising from experience adjustments	1,141	2,039	7,135
Past service cost	1	–	6
Benefits paid	(3,324)	(3,209)	(20,787)
Changes due to loss of control of subsidiaries	(601)	–	(3,758)
Increase due to transfer of employees	–	275	–
Other	66	61	412
Ending balance	61,505	65,473	384,646

The weighted average duration of the defined benefit obligation as of March 31, 2026 and 2025 was as follows:

(Years)

	As of March 31, 2026	As of March 31, 2025
Weighted average duration	11	11–18

(3) Reconciliation of plan assets

Changes in plan assets for the years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	37,721	38,280	235,903
Interest income	829	619	5,184
Gains and losses on remeasurements			
Return on plan assets (excluding interest income)	1,027	(1,976)	6,422
Contribution by the employer	1,366	1,224	8,542
Contribution by plan participants	18	31	112
Benefits paid	(509)	(433)	(3,183)
Changes due to loss of control of subsidiaries	(552)	–	(3,452)
Increase due to transfer of employees	–	13	–
Other	40	(37)	250
Ending balance	39,942	37,721	249,793

Note: The Group will contribute ¥1,379 million ($8,624 thousand) for the fiscal year ending March 31, 2027.

(4) Major components of plan assets

The major components of total plan assets as of March 31, 2026 and 2025 were as follows:

Millions of Yen

	As of March 31, 2026			As of March 31, 2025		
	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	278	–	278	146	–	146
Equity investments	8,841	–	8,841	7,402	–	7,402
Bonds	12,587	–	12,587	11,964	–	11,964
General accounts of life insurance companies	–	14,387	14,387	–	14,471	14,471
Other (Note)	–	3,847	3,847	–	3,736	3,736
Total	21,707	18,234	39,942	19,513	18,208	37,721

Thousands of U.S. Dollars

	As of March 31, 2026		
	With quoted prices in active markets	With no quoted prices in active markets	Total
Cash and cash equivalents	1,738	–	1,738
Equity investments	55,290	–	55,290
Bonds	78,717	–	78,717
General accounts of life insurance companies	–	89,974	89,974
Other	–	24,058	24,058
Total	135,753	114,033	249,793

Note: Other 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, 2026 and 2025 were as follows:

(%)

	As of March 31, 2026	As of March 31, 2025
Discount rate	mainly 3.2	mainly 2.2

Note: The sensitivities of defined benefit obligation as of March 31, 2026 and 2025 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, 2026	As of March 31, 2025	As of March 31, 2026
Discount rate	50-basis-point increase	(2,884)	(3,396)	(18,036)
	50-basis-point decrease	3,149	3,724	19,693

(6) Defined contribution plans

The amounts recognized as expenses in relation to defined contribution plans for the years ended March 31, 2026 and 2025 were ¥8,726 million ($54,571 thousand) and ¥8,210 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, 2026 and 2025.

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, 2026 and 2025 were as follows:

	Number of shares of common stock issued (Shares)
As of March 31, 2026	20,000,000
As of March 31, 2025	20,000,000
Changes during period	–
As of April 1, 2024	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, 2026

Resolution	Type of shares	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	43,100	269,543	2,155	13.47	March 31, 2025	June 21, 2025

For the year ended March 31, 2025

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, 2026

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 19, 2026	Common stock	Retained earnings	55,100	344,590	2,755	17.22	March 31, 2026	June 22, 2026

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)	(Yen)		
Annual shareholders' meeting held on June 20, 2025	Common stock	Retained earnings	43,100	2,155	March 31, 2025	June 21, 2025

27. REVENUE

(1) Disaggregation of revenue

The breakdown of revenue for the years ended March 31, 2026 and 2025 is presented in Note 6 "SEGMENT INFORMATION".

(2) Information on contract balances as of March 31, 2026 and 2025 and April 1, 2024 was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of April 1, 2024	As of March 31, 2026
Receivables from contracts with customers	389,564	428,022	400,041	2,436,297

Note: The balance of contract liabilities as of March 31, 2026 and 2025 was immaterial. In addition, for the year ended March 31, 2026, 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied	1,826,173	1,312,803	11,420,719
Expected timing of revenue recognition			
Within 1 year	243,219	133,259	1,521,069
Between 1 and 5 years	1,582,954	1,179,544	9,899,649
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 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 wholesale 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Ending balance of costs incurred to fulfill contracts that were recognized as assets	17,030	14,778	106,504

The amounts of amortization of the costs incurred to fulfill contracts recognized as assets for the years ended March 31, 2026 and 2025 were ¥754 million ($4,715 thousand) and ¥555 million, respectively.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of selling, general and administrative expenses for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Employee benefit expenses	65,758	62,599	411,244
Outsourcing expenses	36,775	30,919	229,987
Depreciation and amortization	30,966	44,222	193,658
Other	51,503	62,005	322,095
Total	185,004	199,746	1,156,998

29. EMPLOYEE BENEFIT EXPENSES

Total employee benefit expenses recorded for the years ended March 31, 2026 and 2025 were ¥113,249 million ($708,248 thousand) and ¥107,717 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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Insurance claim income, etc.	36,820	6,161	230,268
Gain on sale of investments accounted for using the equity method	28,315	6,080	177,079
Other	20,627	4,653	128,999
Total	85,763	16,894	536,353

The breakdown of other expenses for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Loss on disposal of subsidiaries	3,633	–	22,720
Loss on liquidation of subsidiaries and associates	1,116	–	6,979
Commission expenses	1,082	1,171	6,766
Other	5,039	4,596	31,513
Total	10,871	5,768	67,986

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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Interest income			
Financial assets measured at amortized cost	59,639	62,584	372,976
Dividend income			
Equity instruments measured at fair value through other comprehensive income	3,717	5,590	23,245
Net change in fair value of financial assets			
Financial assets measured at fair value through profit or loss	1,005	–	6,285
Gain on valuation of derivatives	18,820	25,562	117,698
Other	1,220	383	7,629
Total	84,404	94,121	527,854

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
	2026	2025	2026
Financial assets derecognized during the year	2,152	102	13,458
Financial assets held at the end of the year	1,565	5,488	9,787

(2) The breakdown of finance costs for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Interest expenses			
Financial liabilities measured at amortized cost	46,730	40,119	292,245
Lease liabilities	9,202	9,186	57,548
Foreign exchange loss	8,879	2,877	55,528
Other	3,873	4,554	24,221
Total	68,685	56,737	429,549

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, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Net change in fair value of financial assets measured through other comprehensive income			
Amount arising during the year	(3,594)	(5,199)	(22,476)
Amount before income tax effect	(3,594)	(5,199)	(22,476)
Income tax effect	(925)	153	(5,784)
Net change in fair value of financial assets measured through other comprehensive income	(4,519)	(5,045)	(28,261)
Remeasurements of defined benefit retirement plans			
Amount arising during the year	5,822	1,686	36,410
Amount before income tax effect	5,822	1,686	36,410
Income tax effect	(1,681)	(515)	(10,512)
Remeasurements of defined benefit retirement plans	4,141	1,171	25,897
Exchange differences on translation of foreign operations			
Amount arising during the year	123,365	118,308	771,513
Reclassification adjustment	541	(1,264)	3,383
Exchange differences on translation of foreign operations	123,906	117,044	774,896
Effective portion of change in fair value of cash flow hedges			
Amount arising during the year	105,337	41,797	658,767
Reclassification adjustment	(30,553)	(9,724)	(191,075)
Amount before income tax effect	74,783	32,072	467,686
Income tax effect	(21,462)	(10,320)	(134,221)
Effective portion of change in fair value of cash flow hedges	53,321	21,751	333,464
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	6,357	13,884	39,756
Reclassification adjustment	(7,386)	(3,489)	(46,191)
Share of other comprehensive income of investments accounted for using the equity method	(1,029)	10,394	(6,435)

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
	2026	2025	2026
Interest paid	5,649	13,653	35,328

(2) Non-cash transactions

Non-cash transactions related to investing and financing activities in the years ended March 31, 2026 and 2025 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, 2026 and 2025 were as follows:

For the year ended March 31, 2026

Millions of Yen

Liabilities arising from financing activities	Beginning balance	Changes from cash flows from financing activities	Non-cash changes					Ending balance
			Changes due to loss of control of subsidiaries	Increase due to new leases	Exchange differences	Transfer to liabilities directly associated with assets held for sale	Other	
Bonds and borrowings (Note)	3,099,716	(121,265)	(187,114)	–	34,694	(80,885)	10,903	2,756,047
Lease liabilities (Note)	422,252	(97,225)	(617)	158,013	14,716	–	6,644	503,783
Commercial papers	–	20,000	–	–	–	–	–	20,000
Total	3,521,969	(198,491)	(187,732)	158,013	49,410	(80,885)	17,547	3,279,831

Note: Including the current portion.

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
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, 2026

Thousands of U.S. Dollars

Liabilities arising from financing activities	Beginning balance	Changes from cash flows from financing activities	Non-cash changes					Ending balance
			Changes due to loss of control of subsidiaries	Increase due to new leases	Exchange differences	Transfer to liabilities directly associated with assets held for sale	Other	
Bonds and borrowings (Note)	19,385,340	(758,380)	(1,170,193)	–	216,973	(505,847)	68,186	17,236,066
Lease liabilities (Note)	2,640,725	(608,036)	(3,858)	988,198	92,032	–	41,550	3,150,612
Commercial papers	–	125,078	–	–	–	–	–	125,078
Total	22,026,072	(1,241,344)	(1,174,058)	988,198	309,005	(505,847)	109,737	20,511,763

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 Group focuses on the net debt-to-equity ratio (net D/E ratio) *1 as a capital management index. 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, 2026 and 2025 were 0.51 and 0.62, 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 24.1%, 16.0%, and 31.5% of total trade and other receivables, respectively, as of March 31, 2026, and 12.4%, 7.7%, and 37.2% of total trade and other receivables, respectively, as of March 31, 2025.

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, 2026 and 2025 were as follows:

Millions of Yen

	2026				2025			
	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	–	1,190	31	–	–	1,991	31	–
Provision	–	2,392	132	–	–	1,214	–	–
Reversal	–	(1,249)	–	–	–	(2,007)	–	–
Other	–	132	–	–	–	(7)	–	–
Ending balance	–	2,465	164	–	–	1,190	31	–

Thousands of U.S. Dollars

	2026			
	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	–	7,442	193	–
Provision	–	14,959	825	–
Reversal	–	(7,811)	–	–
Other	–	825	–	–
Ending balance	–	15,415	1,025	–

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, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Financial assets whose allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	58,400	62,055	365,228
Trade and other receivables, lease receivables (Lifetime expected credit losses)	733,072	786,414	4,584,565
Financial instruments whose credit risk has increased significantly (Lifetime expected credit losses)	835	35	5,222
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, 2026 and 2025 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Before due date	790,382	848,504	4,942,976
Past due within 30 days	–	–	–
Past due between 30 days and 90 days	28	–	175
Past due over 90 days	1,897	–	11,863
Total	792,307	848,504	4,955,015

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, 2026 and 2025 was as follows:

As of March 31, 2026

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	785,721	785,721	785,721	–	–
Short-term borrowings	91,013	91,026	91,026	–	–
Long-term borrowings	1,888,481	2,183,597	310,044	973,698	899,853
Bonds payable	776,553	841,121	115,334	571,964	153,822
Lease liabilities	503,783	554,895	95,588	213,723	245,583
Liabilities recognized for put options written on non-controlling interests (Note)	163,681	188,201	–	188,201	–
Total	4,209,234	4,644,564	1,397,716	1,947,588	1,299,259

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

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, 2026

Thousands of U.S. Dollars

	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	In more than 5 years
Non-derivative financial liabilities					
Trade and other payables	4,913,827	4,913,827	4,913,827	–	–
Short-term borrowings	569,186	569,268	569,268	–	–
Long-term borrowings	11,810,387	13,656,016	1,938,986	6,089,418	5,627,598
Bonds payable	4,856,491	5,260,293	721,288	3,577,010	961,988
Lease liabilities	3,150,612	3,470,262	597,798	1,336,604	1,535,853
Liabilities recognized for put options written on non-controlling interests (Note)	1,023,646	1,176,991	–	1,176,991	–
Total	26,324,165	29,046,679	8,741,188	12,180,037	8,125,447

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, 2026 and 2025 was as follows: Derivatives that are settled net of other contracts are also disclosed in gross amounts.

As of March 31, 2026

Millions of Yen

		Within 1 year	In 1 to 5 years	In more than 5 years	Total
Foreign currency contracts	Receipts	25,731	24,812	2,559	53,103
	Payments	(30,846)	(6,735)	–	(37,582)
Interest rate contracts	Receipts	8,952	25,303	36,468	70,724
	Payments	(1,156)	(774)	–	(1,930)
Commodity contracts	Receipts	1,542,280	240,019	9,695	1,791,994
	Payments	(1,545,878)	(243,586)	(0)	(1,789,465)

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, 2026

Thousands of U.S. Dollars

		Within 1 year	In 1 to 5 years	In more than 5 years	Total
Foreign currency contracts	Receipts	160,919	155,171	16,003	332,101
	Payments	(192,908)	(42,120)	–	(235,034)
Interest rate contracts	Receipts	55,984	158,242	228,067	442,301
	Payments	(7,229)	(4,840)	–	(12,070)
Commodity contracts	Receipts	9,645,278	1,501,056	60,631	11,206,966
	Payments	(9,667,779)	(1,523,364)	(0)	(11,191,150)

(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, 2026 and 2025, 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 ¥5,036 million ($31,494 thousand) and ¥3,297 million, respectively, and the effect of a 1 % increase in the value of the U.S. Dollar against the Euro is ¥740 million ($4,627 thousand) and ¥1,045 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, 2026 and 2025, the effect of a 1% increase in the interest rates on profit before tax, assuming that all the other variable factors remain constant, was 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
	2026	2025	2026
Effect on profit before tax	(1,007)	(4,103)	(6,297)

(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, 2026 and 2025 was ¥126,636 million ($791,969 thousand) and ¥8,119 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, 2026 and 2025 was ¥1,153 million ($7,210 thousand) and ¥626 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, 2026 and 2025, 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. Fair value hedge

The Group uses commodity swaps to hedge the risk of changes in the fair value of commodities.

For the years ended March 31, 2026 and 2025, 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. 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, 2026 and 2025, 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.

D. 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, 2026 and 2025 by hedge type were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	As of March 31, 2026		As of March 31, 2025		As of March 31, 2026	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedges						
Foreign currency forward contracts	–	–	6,386	7,247	–	–
Interest rate swaps	70,604	33	39,050	–	441,550	206
Commodity swaps	–	–	23	274	–	–
Currency swaps	17,183	–	3,203	–	107,460	–
Subtotal	87,787	33	48,665	7,521	549,011	206
Fair value hedges						
Commodity swaps	36,047	88,036	2,148	3,878	225,434	550,569
Subtotal	36,047	88,036	2,148	3,878	225,434	550,569
Hedges of net investments in foreign operations						
Bonds and borrowings	–	191,880	–	179,436	–	1,200,000
Currency swaps	18	–	0	–	112	
Subtotal	18	191,880	0	179,436	112	1,200,000
Total	123,853	279,950	50,813	190,835	774,565	1,750,781

E. 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, 2026 and 2025 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, 2026		As of March 31, 2025		As of March 31, 2026	
				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	–	–
			Average price (Yen / U.S. Dollar)		–		141.54		–
	Interest rate swaps (Note 1)	Pay fixed/ Receive variable	Notional amount	751,544	648,185	939,377	837,566	4,700,087	4,053,689
			Average rate (%)		1.61%		1.46%		1.61%
	Commodity swaps (Note 2)	–	Notional amount	–	–	272,506	9,023	–	–
	Currency swaps	Buy U.S. Dollar / Sell Yen	Notional amount	146,125	108,394	72,225	55,931	913,852	677,886
			Average price (Yen / U.S. Dollar)		146.13		144.45		146.13
Fair value hedges	Commodity swaps (Note 2)	–	Notional amount	292,505	–	175,304	175,304	1,829,299	–
Hedges of net investments in foreign operations	Bonds and borrowings	Sell U.S. Dollar / Buy Yen	Notional amount	191,880	169,494	179,436	179,436	1,200,000	1,060,000
			Average price (Yen / U.S. Dollar)		159.9		149.53		159.9
	Currency swaps	Sell Euro / Buy U.S. Dollar	Notional amount	15,291	–	13,083	–	95,628	–
			Average price (Euro / U.S. Dollar)		1.15		1.08		1.15

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.

F. Carrying amounts of hedged items which the Group classified as fair value hedge and the accumulated amounts of fair value hedge adjustments on the hedged items

Carrying amounts of hedged items which the Group classified as fair value hedge and the accumulated amounts of fair value hedge adjustments on the hedged items included in the carrying amounts of hedged items recognized in the consolidated statement of financial position as of March 31, 2026 and 2025 were as follows:

As of March 31, 2026

Millions of Yen

	Carrying amount		Accumulated amount of fair value hedge adjustments		Line item in the consolidated statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Commodity price fluctuation risk	89,500	34,834	89,500	34,834	(Note)

Note: “Other current assets” and “Other current liabilities”

As of March 31, 2025

Millions of Yen

	Carrying amount		Accumulated amount of fair value hedge adjustments		Line item in the consolidated statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Commodity price fluctuation risk	–	2,712	–	2,712	(Note)

Note: “Other current liabilities”

As of March 31, 2026

Thousands of U.S. Dollars

	Carrying amount		Accumulated amount of fair value hedge adjustments		Line item in the consolidated statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Commodity price fluctuation risk	559,724	217,848	559,724	217,848	(Note)

Note: “Other current assets” and “Other current liabilities”

G. 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, 2026 and 2025 were as follows:

For the year ended March 31, 2026

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	–	38,467	(28,116)	(9,674)	Cost of sales
Interest rate swaps	50,826	27,933	–	(4,447)	Finance costs
Commodity swaps	–	(420)	224	389	Cost of sales
Currency swaps	2,426	14,612	–	(12,660)	Finance costs
Subtotal	53,253	80,593	(27,892)	(26,392)	
Hedges of net investments in foreign operations					
Bonds and borrowings	(37,628)	(8,860)	–	–	–
Currency swaps	(775)	(271)	–	–	–
Subtotal	(38,404)	(9,131)	–	–	
Total	14,849	71,461	(27,892)	(26,392)	

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, 2026

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	–	240,569	(175,834)	(60,500)	Cost of sales
Interest rate swaps	317,861	174,690	–	(27,811)	Finance costs
Commodity swaps	–	(2,626)	1,400	2,432	Cost of sales
Currency swaps	15,171	91,382	–	(79,174)	Finance costs
Subtotal	333,039	504,021	(174,434)	(165,053)	
Hedges of net investments in foreign operations					
Bonds and borrowings	(235,322)	(55,409)	–	–	–
Currency swaps	(4,846)	(1,694)	–	–	–
Subtotal	(240,175)	(57,104)	–	–	
Total	92,864	446,910	(174,434)	(165,053)	

(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, 2026 and 2025 were as follows:

As of March 31, 2026

Millions of Yen

	Gross amount of recognized financial assets	Total amount of financial liabilities offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative assets	2,208,264	(307,541)	1,900,723	(132,589)	–	1,768,133

Millions of Yen

	Gross amount of recognized financial liabilities	Total amount of financial assets offset in the consolidated statement of financial position	Carrying amount	Related amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative liabilities	2,122,633	(307,541)	1,815,092	(132,589)	(69,844)	1,612,658

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, 2026

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	13,810,281	(1,923,333)	11,886,948	(829,199)	–	11,057,742

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	13,274,752	(1,923,333)	11,351,419	(829,199)	(436,797)	10,085,415

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 were as follows.

As of March 31, 2026

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	629,987	(572,421)	57,565

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	572,421	(572,421)	–

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, 2026

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	3,939,881	(3,579,868)	360,006

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	3,579,868	(3,579,868)	–

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. There were no transfers between Level 1 and Level 2 in the year ended March 31, 2026 and 2025.

(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, 2026 and 2025 was as follows:

As of March 31, 2026

Millions of Yen

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets (Note)	622,411	1,263,466	20,539	1,906,417
Other	–	–	6,732	6,732
Equity instruments measured at fair value through other comprehensive income				
Equity securities and investments in capital	31,061	–	52,796	83,857
Inventories	–	102,392	–	102,392
Total	653,472	1,365,859	80,068	2,099,400
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	511,959	1,299,901	3,231	1,815,092
Total	511,959	1,299,901	3,231	1,815,092

Note: They include assets held for sale, which are described in Note 39 “DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE.”

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 1)	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 2)	95,910	365,733	12,236	473,880
Total	95,910	365,733	12,236	473,880

Notes: 1. They include assets held for sale, which are described in Note 39 “DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE.”

2. 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, 2026

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)	3,892,501	7,901,601	128,449	11,922,557
Other	–	–	42,101	42,101
Equity instruments measured at fair value through other comprehensive income				
Equity securities and investments in capital	194,252	–	330,181	524,434
Inventories	–	640,350	–	640,350
Total	4,086,754	8,541,957	500,737	13,129,455
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	3,201,744	8,129,462	20,206	11,351,419
Total	3,201,744	8,129,462	20,206	11,351,419

Note: They include 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 7.1% to 8.9% as of March 31, 2026, and from 5.8% to 9.7% as of March 31, 2025.

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, 2026 and 2025 were as follows:

Please note that the changes include those in assets held for sale and liabilities directly associated with assets held for sale.

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	77,845	70,969	486,835
Total gain (loss)	10,752	18,723	67,242
Profit (loss) (Note 1)	6,932	20,214	43,352
Other comprehensive income (Note 2)	3,820	(1,491)	23,889
Purchase and transfer	6,450	(13,953)	40,337
Sale	(23,424)	(0)	(146,491)
Settlement	(1,518)	570	(9,493)
Other	6,730	1,536	42,088
Ending balance	76,837	77,845	480,531
Change in unrealized gains (losses) in assets and liabilities held at the end of reporting period recognized in profit or loss	6,932	20,214	43,352

Notes: 1. Included mainly in "Revenue" in the consolidated statement of profit or loss.

2. 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, 2026 and 2025 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, 2026		As of March 31, 2025		As of March 31, 2026	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings (Note)	1,948,792	1,918,944	2,377,447	2,358,085	12,187,567	12,000,900
Bonds payable	776,553	749,522	730,644	714,036	4,856,491	4,687,442

Note: 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, 2026 and 2025 were ¥163,681 million ($1,023,646 thousand) and ¥146,306 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, 2026

Type	Name	Transaction	Millions of Yen Transaction amount	Millions of Yen Outstanding balance	Thousands of U.S. Dollars Transaction amount	Thousands of U.S. Dollars Outstanding balance
Subsidiary of shareholder	Chubu Electric Power Miraiz Co., Inc.	Sales of electricity and gas	1,380,298	104,871	8,632,257	655,853
Fellow subsidiary of shareholder	TEPCO Energy Partner, Inc.	Sales of electricity and gas	1,998,054	155,693	12,495,647	973,689

For the year ended March 31, 2025

Type	Name	Transaction	Millions of Yen Transaction amount	Millions of Yen Outstanding balance
Subsidiary of shareholder	Chubu Electric Power Miraiz Co., Inc.	Sales of electricity and gas	1,339,672	47,551
Fellow subsidiary of shareholder	TEPCO Energy Partner, Inc.	Sales of electricity and gas	2,077,810	94,017

(2) Compensation for management personnel

Compensation for management personnel for the years ended March 31, 2026 and 2025 was as follows:

	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Compensation and bonuses	487	403	3,045
Total	487	403	3,045

37. COMMITMENTS

(1) Commitments relating to purchase of assets

Commitments relating to purchase of assets as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Purchase of property, plant and equipment	396,747	363,952	2,481,219
Purchase of intangible assets	1,775	1,568	11,100

(2) Loan commitments

The Group has loan commitments to equity method associates.

The unused balances of such loan commitment as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Total amount of loan commitment	–	2,609	–
Outstanding loan balances	–	2,609	–
Difference (unused balances)	–	–	–

38. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2026 and 2025 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, 2026	As of March 31, 2025	As of March 31, 2026
Guarantee obligations for borrowings			
Joint ventures	113,972	75,270	712,770
Associates	1,527	49,900	9,549
Other	4,981	4,663	31,150
Total	120,481	129,834	753,477
Guarantee obligations for performance of contracts			
Joint ventures	76,975	34,645	481,394
Associates	44,052	40,789	275,497
Other	43,408	51,002	271,469
Total	164,436	126,437	1,028,367

Note: The Company has received counter-guarantees from third parties for certain guarantee contracts, and the amount of such counter-guarantees as of March 31, 2026 is ¥50,117 million ($313,427 thousand).

As of March 31, 2026, 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 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Assets held for sale			
Property, plant and equipment	94,110	111,930	588,555
Goodwill and intangible assets	19,987	–	124,996
Derivative assets (Note)	5,694	1,285	35,609
Other financial assets	4,421	5,183	27,648
Other	7,533	10,190	47,110
Total	131,746	128,589	823,927
Liabilities directly associated with assets held for sale			
Bonds and borrowings	80,885	27,980	505,847
Deferred Tax Liabilities	6,943	–	43,420
Other non-current liabilities	1,677	40,867	10,487
Other	890	24,161	5,565
Total	90,397	93,009	565,334

Note: 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.”

Major assets and liabilities held for sale as of March 31, 2026 are related to the decision to sell offshore wind power projects in Japan in the overseas power generation and renewable energy business segment. The transfer of the relevant assets to JERA Nex bp Limited was completed on April 1, 2026, and there was no material impact on the Group’s consolidated financial statements.

These disposal groups are measured at their carrying amount because their fair value less costs to sell exceeds the carrying amount.

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, 2026, 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, 2026, 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, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill recognized at JERA Nex bp Limited	
Description of Key Audit Matter	**Auditor’s Response**
As described in Note 4, “SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS” and Note 18, “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD,” through the Company’s consolidated subsidiary, JERA Nex Limited, the Company holds a 50% interest in JERA Nex bp Limited (JERA Nex bp), which develops, owns, and operates offshore wind power generation projects, and accounts for this investment as a joint venture using the equity method in accordance with the shareholders’ agreement with BP p.l.c. In the Group’s consolidated financial statements, the investment accounted for using the equity method for JERA Nex bp amounts to ¥332,757 million ($2,081,031 thousand) as of March 31, 2026. In addition, JERA Nex bp recognizes goodwill in its consolidated financial statements, of which the Group’s share amounts to ¥76,051 million ($475,616 thousand). The goodwill is tested for impairment annually and whenever there is any indication of impairment. JERA Nex bp performed an impairment test by comparing the carrying amount with the recoverable amount for each group of cash-generating units containing goodwill. The recoverable amount is measured based on future cash flows estimated by management, which incorporate the assumptions market participants would use. The key assumptions adopted by management in estimating future cash flows are wind conditions, which are the key inputs in estimating future electricity generation, as well as construction costs, operating periods, and discount rates.	We primarily performed the following audit procedures regarding the goodwill recognized at JERA Nex bp Limited with the involvement of the component auditor. ・We made inquiries of management relating to the environment surrounding offshore wind power generation projects. ・We compared future cash flows with the business plan approved by the Board of Directors. ・We performed the following procedures with respect to future electricity sales volumes included in future cash flows. 　・We inspected power sales agreements. 　・We evaluated the assumptions related to estimates by comparing them with actual electricity sales volumes for the year ended March 31, 2026. 　・We compared assumptions for wind conditions, which are used in calculating future electricity sales volumes, with data published by external organizations. ・We evaluated the assumptions related to the estimates for construction costs included in future cash flows by comparing them with actual construction costs incurred. ・We compared the operating periods of offshore wind power generation projects with those disclosed by comparable companies. ・We involved valuation specialists from our network firm to consider the valuation models and discount rates used by management. We compared the discount rates with 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.

Given that the aforementioned key assumptions used in estimating the recoverable amount are subject to uncertainty and require judgment to be exercised by management, we determined the valuation of goodwill recognized at JERA Nex bp Limited as a key audit matter.	

Recoverability of deferred tax assets	
Description of Key Audit Matter	**Auditor's Response**
The Group recorded deferred tax assets of ¥131,419 million in its consolidated statement of financial position as at March 31, 2026. As described in Note 19. "INCOME TAXES", deferred tax assets, before offsetting against deferred tax liabilities, amounted to ¥403,735 million. The primary balances of the deferred tax assets represent the Company's deferred tax assets on tax loss carryforwards of ¥24,366 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 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.	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. 　・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, 2026 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, 2026 are 931 million yen and 55 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

July 3, 2026

Daisuke Arikura
Designated Engagement Partner
Certified Public Accountant

Kazuyuki Maekawa
Designated Engagement Partner
Certified Public Accountant

Yasuo Maeda
Designated Engagement Partner
Certified Public Accountant