

JERA Co., Inc. and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2025, and

Independent Auditor's Report

1 Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

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

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

(2) Consolidated Statement of Profit or Loss

For the years ended March 31, 2024 and 2025

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

(3) Consolidated Statement of Comprehensive Income

For the years ended March 31, 2024 and 2025

			Millions of Yen	Thousands of U.S. Dollars
	Notes	2025	2024	2025
Profit		212,135	461,302	1,418,678
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in fair value of financial assets measured through other comprehensive income	32, 34	(5,045)	14,327	(33,739)
Remeasurements of defined benefit plans	24, 32	1,171	4,703	7,831
Share of other comprehensive income of investments accounted for using the equity method	18, 32	1,213	(228)	8,112
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	32	117,044	173,915	782,745
Effective portion of change in fair value of cash flow hedges	32, 34	21,751	127,917	145,462
Share of other comprehensive income of investments accounted for using the equity method	18, 32	9,181	(4,959)	61,399
Other comprehensive income, net of tax		145,317	315,674	971,825
Comprehensive income		357,452	776,976	2,390,503
Comprehensive income attributable to				
Owners of parent		316,823	690,695	2,118,792
Non-controlling interests		40,629	86,281	271,711
Comprehensive income		357,452	776,976	2,390,503

(4) Consolidated Statement of Changes in Equity

For the year ended March 31, 2025

Millions of Yen

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

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

For the year ended March 31, 2024

Millions of Yen

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

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

For the year ended March 31, 2025

Thousands of U.S. Dollars

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

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

(5) Consolidated Statement of Cash Flows

For the years ended March 31, 2024 and 2025

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

Notes to Consolidated Financial Statements

1. REPORTING ENTITY

JERA Co., Inc. (the “Company”) is a company incorporated in Japan. The addresses of its registered head office and principal offices are given on the Company’s website at <https://www.jera.co.jp/en/>. The Company’s consolidated financial statements have been prepared as at and for the year ended March 31, 2025 and comprises the financial statements of the Company and its subsidiaries (collectively, the “Group”) as well as its interests in associates, joint operations, and joint ventures.

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

2. BASIS OF PREPARATION

(1) Compliance with IFRS Accounting Standards (IFRS)

The Group’s consolidated financial statements have been prepared in accordance with IFRS, pursuant to the provisions set forth in Article 312 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Ministry of Finance Order No. 28 of 1976), as the Group satisfies the requirements of a “specified company complying with designated international accounting standards” prescribed in Article 1-2, (i) of the Regulation. The Company’s Japanese language consolidated financial statements as at and for the year ended March 31, 2025 were approved by Hisahide Okuda, President, Director, CEO, and COO on June 26, 2025. These English language consolidated financial statements were approved by him subsequently on August 8, 2025.

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

(2) Basis of measurement

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

(3) Functional currency and presentation currency

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

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate as of March 31, 2025, which was ¥149.53 to U.S.\$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

(4) Reclassification

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

3. MATERIAL ACCOUNTING POLICIES

(1) Basis of consolidation

A. Subsidiaries

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

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

In addition, even if the Group holds a majority of the voting rights of an entity, and shareholders holding the remaining voting rights of the entity have majority rights to participate in decision-making over the ordinary course of business of the entity, the Group applies the equity method to the entity because the Group does not have control over the entity.

Financial statements of a subsidiary are included in the consolidated financial statements from the date on which the Group obtains control of the subsidiary until the date on which it loses control of the subsidiary.

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

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

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

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

B. Associates and joint control arrangements

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

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

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

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

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

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

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

C. Reporting date

The consolidated financial statements include the financial statements of subsidiaries, associates and joint ventures whose fiscal year ends are December 31 and different from that of the Company. For such subsidiaries, associates and joint ventures, those are unable to adopt the same reporting date as that of the Company because the local legal system or contractual terms among shareholders requires the year end to be different from that of the Company, and are unable to prepare additional financial information as of the same reporting date as that of the Company due to their business characteristics or other practical factors.

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

(2) Business combinations

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

(3) Foreign currency translation

A. Translation of foreign currency transactions

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

B. Translation of foreign operations

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

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

(4) Financial Instruments

A. Non-derivative financial assets

(i) Initial recognition and measurement

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

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

All financial assets are measured at fair value plus transaction costs, unless the assets are classified as those measured at fair value through profit or loss. However, trade receivables that do not contain a significant financing component are measured at their transaction price.

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

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

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

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

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

(ii) Subsequent measurement

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

(a) Financial assets measured at amortized cost

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

(b) Financial assets measured at fair value

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

(iii) Derecognition

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

B. Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

C. Non-derivative financial liabilities

(i) Initial recognition and measurement

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

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

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

(ii) Subsequent measurement

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

(a) Financial liabilities measured at amortized cost

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

(b) Financial liabilities measured at fair value

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

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

(iii) Derecognition

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

D. Derivatives and hedge accounting

The Group uses derivatives, including foreign currency forward contracts, interest rate swap contracts, and commodity derivative contracts, to hedge foreign currency risk, interest rate risk, and the risk of fluctuations in commodity prices of the contracts that the Group has entered into. These derivatives are initially recognized at fair value when the contracts are entered into, and are subsequently remeasured at fair value. The Group applies the so-called “own use exemption” of paragraph 2.4 of IFRS 9 *Financial Instruments* to long-term purchase agreements for LNG that are entered into and continue to be held for the purpose of the receipt of a non-financial item in accordance with the Group’s expected purchase, sale or usage requirements, and does not assess the fair value of such agreements as executory contracts.

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

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

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

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

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

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

Derivatives are categorized and accounted for as follows:

(i) Cash flow hedges

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

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

or non-financial liabilities.

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

(ii) Hedges of net investments in foreign operations

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

(iii) Derivatives not designated as hedges

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

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

E. Offsetting of financial instruments

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

(5) Put options written on non-controlling interests

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

(6) Cash and cash equivalents

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

(7) Inventories

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

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

(8) Non-current assets held for sale

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

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

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

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

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

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

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

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

(10) Goodwill and intangible assets

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

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

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

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

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

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

(11) Leases

As lessee

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

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

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

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

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

As lessor

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

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

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

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

(12) Borrowing costs

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

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

(13) Impairment of non-financial assets

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

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

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

(14) Employee benefits

A. Post-employment benefits

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

(i) Defined benefit plans

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

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

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

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

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

(ii) Defined contribution plans

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

B. Short-term employee benefits

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

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

(15) Provisions

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

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

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

(16) Government grants

The Group recognizes government grants when all attached conditions incidental to receiving the grant are complied with and obtains reasonable assurance that the grant will be received.

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

(17) Equity

Share capital and capital surplus

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

(18) Revenue

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

Step 1: Identify the contract

Step 2: Identify separate performance obligations

Step 3: Determine the transaction price

Step 4: Allocate transaction price to performance obligations

Step 5: Recognize revenue when each performance obligation is satisfied

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

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

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

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

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

(19) Income taxes

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

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

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

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

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

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

probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Recoverability of deferred tax assets

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

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

Valuation of goodwill related to Parkwind N.V.

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

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

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

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

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

The Company procures LNG as a fuel to generate power, mostly by entering into long-term agreements. In addition, the Group optimizes fuel procurement, including the short-term buying and selling of LNG through JERA Global Markets Pte. Ltd. Under these circumstances, the Group analyzes whether individual contracts to buy or sell LNG entered into by the Group are subject to the application of IFRS 9 *Financial Instruments*. Based on this analysis, the Group recognizes contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as derivatives, and recognizes changes in the fair value thereof in profit or loss. The Group applies the so-called “own use exemption” of paragraph 2.4 of IFRS 9 *Financial Instruments* to long-term purchase agreements for LNG that are entered into and continue to be held for the purpose of the receipt of a non-financial item in accordance with the Group’s expected purchase, sale or usage requirements, and does not assess the fair value of such agreements as executory contracts.

5. NEW STANDARDS NOT YET ADOPTED

Among the standards and interpretations that were issued or revised before the approval date of the consolidated financial statements, the major ones that have not been early adopted by the Group in the year ended March 31, 2025 are as shown below. The impact of the adoption of the new IFRS on the Group is under assessment.

IFRS		Effective date (Applicable for the fiscal year beginning on or after the stated date)	Period in which the Group adopts the standard or interpretation	Overview of issued or revised standard or interpretation
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	January 1, 2027	Fiscal year ending March 31, 2028	Amendments to the presentation and disclosure in financial statements
IFRS 7	<i>Financial Instruments: Disclosures</i>	January 1, 2026	Fiscal year ending March 31, 2027	Contracts referencing nature-dependent electricity
IFRS 9	<i>Financial Instruments</i>	January 1, 2026	Fiscal year ending March 31, 2027	Contracts referencing nature-dependent electricity

6. SEGMENT INFORMATION

(1) General information of reportable segments

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

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

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

(2) Information on reportable segments

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

Segment profit is reconciled with profit attributable to owners of parent in the consolidated statement of profit or loss. Intersegment revenue is determined primarily based on internal transaction prices which are set on the basis of prevailing market prices and costs.

For the year ended March 31, 2025

Millions of Yen

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

Notes:

- 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.
- The difference between the total amount of segment profit (loss) of each reportable segment and the amount recorded in the

consolidated financial statements reflects the elimination of intersegment transactions and the deduction of unrealized gains.

3. Adjustment to segment assets reflects the elimination of intersegment transactions and the deduction of unrealized gains.
4. Adjustment to segment liabilities reflects the elimination of intersegment transactions.

For the year ended March 31, 2024

Millions of Yen

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

Notes:

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

For the year ended March 31, 2025

Thousands of U.S. Dollars

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

Notes:

- Revenue from other sources includes lease income under IFRS 16 *Leases*; and interest, dividend income, gain or loss from derivatives and others under IFRS 9 *Financial Instruments*. The subsidiary engaged in the fuel trading business in Singapore and other countries enters into spot transactions and financial transactions for both buying and selling. The total amount of revenue in the fuel business of \$2,716,799 thousand includes unrealized gains or losses recorded from such transactions and the net amount of realized sales recorded from such transactions. Deducting intersegment revenue from the amount of \$2,716,799 thousand results in revenue from other sources of \$(6,354,423) thousand and revenue from external customers of \$(6,280,913) thousand. The amounts of revenue recorded are also negative in “(3) Revenue from external customers by product and service” and “(4) Geographical information on revenue from external customers” specified later.
In addition, other income from domestic thermal power generation and gas business includes grants from the Ministry of Economy, Trade and Industry under Strategic Buffer LNG (SBL) plan.
- The difference between the total amount of segment profit (loss) of each reportable segment and the amount recorded in the consolidated financial statements reflects the elimination of intersegment transactions and the deduction of unrealized gains.
- Adjustment to segment assets reflects the elimination of intersegment transactions and the deduction of unrealized gains.
- Adjustment to segment liabilities reflects the elimination of intersegment transactions.

(3) Revenue from external customers by product and service

		Millions of Yen	Thousands of U.S. Dollars
	2025	2024	2025
Electricity	3,814,439	3,952,282	25,509,523
Coal	(354,947)	(231,498)	(2,373,751)
LNG	(370,169)	(293,562)	(2,475,550)
Other	266,593	283,507	1,782,873
Total	3,355,916	3,710,727	22,443,095

(4) Geographical information on revenue from external customers

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

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

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

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

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

(6) Information on major customers

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

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

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

7. BUSINESS COMBINATIONS

For the year ended March 31, 2025

There were no significant business combinations.

For the year ended March 31, 2024

(1) Summary of business combination

A. Name and business description of the acquired company

Name: Parkwind N.V. (hereinafter “Parkwind”)

Business description: Offshore wind power generation

B. Primary reasons for the business combination

Parkwind is a major Belgian offshore wind power generation company with the experience of more than ten years in the development, construction, and operation of offshore wind projects in Europe. It operates four offshore wind farm projects off the Belgian coast (with a total production capacity of 771 thousand kilowatts, of which Parkwind’s share is 420 thousand kilowatts) and is constructing an offshore wind farm project in Germany (with a production capacity of 257 thousand kilowatts, of which Parkwind’s share is 180 thousand kilowatts). It also owns other offshore wind farm projects under development, mainly in Europe (share of Parkwind is approximately 4,500 thousand kilowatts).

This acquisition enables the Group to utilize Parkwind’s know-how and knowledge of offshore wind power generation business in Europe in ongoing projects and future business development opportunities, mainly in Asia.

The acquisition will further enhance Parkwind’s corporate value and accelerate the development of the global renewable energy business of the Group. We furthermore expect it will contribute to the procurement and production of low-carbon fuels (green hydrogen, ammonia, etc.) derived from renewable energy sources.

The Group’s vision for 2035 is to “scale up its clean energy platform of renewables and low greenhouse gas thermal power, sparking sound development in Asia and around the world.” The acquisition will accelerate our move toward building a clean energy supply infrastructure.

C. Date of business combination

July 26, 2023

D. Legal form of business combination

Share acquisition in exchange for consideration in cash

E. Company name after business combination

Unchanged

F. Percentage of voting rights acquired

100.00%

G. Primary basis for determining the acquiring company

A subsidiary of the Company acquired the shares of the acquired company in exchange for consideration in cash.

(2) Acquisition-related expenses

The Group has recorded ¥1,740 million of acquisition-related expenses for the business combination as “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

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

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

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

(4) Expenditure on acquisition of subsidiary

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

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

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

8. CASH AND CASH EQUIVALENTS

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

The balances of "Cash and cash equivalents" in the consolidated statement of financial position as of March 31, 2025 and 2024 agree with the balances of "Cash and cash equivalents" in the consolidated statement of cash flows.

9. TRADE AND OTHER RECEIVABLES

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

Millions of Yen Thousands of U.S. Dollars

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

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

10. INVENTORIES

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

Millions of Yen Thousands of U.S. Dollars

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

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

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

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

11. OTHER FINANCIAL ASSETS

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

Millions of Yen Thousands of U.S. Dollars

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

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

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

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

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

Non-marketable securities comprise investments included primarily in the overseas power generation and renewable energy business segment. The total amounts of fair values of the investments as of March 31, 2025 and 2024 were ¥58,833 million (\$393,452 thousand), ¥54,610 million, respectively.

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

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

The fair value of such instruments at the time of sale and the cumulative gain (loss) before tax recognized in equity as other components of equity for the years ended March 31, 2025 and 2024 were as follows:

For the year ended March 31, 2025

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

For the year ended March 31, 2024

Millions of Yen	
Fair value	Cumulative gain (loss) recognized in equity as other components of equity (Note)
—	—

For the year ended March 31, 2025

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

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

12. OTHER ASSETS AND LIABILITIES

The breakdown of other current assets and other non-current assets and the breakdown of other current liabilities and other non-current liabilities as of March 31, 2025 and 2024 were as follows:

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

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

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

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

13. PROPERTY, PLANT AND EQUIPMENT

(1) Changes

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

For the year ended March 31, 2025

Millions of Yen

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

For the year ended March 31, 2024

Millions of Yen

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

For the year ended March 31, 2025

Thousands of U.S. Dollars

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

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

Millions of Yen

	Buildings and structures	Machinery and equipment	Land	Construction in progress	Other	Total
As of March 31, 2025						
Cost	1,983,601	8,387,845	369,026	391,823	82,649	11,214,946
Accumulated depreciation and accumulated impairment losses	(1,518,072)	(6,699,408)	(24,774)	(1,133)	(66,376)	(8,309,765)
Carrying amount	465,528	1,688,437	344,251	390,690	16,272	2,905,181
As of March 31, 2024						
Cost	1,948,135	8,105,865	368,195	410,290	79,562	10,912,049
Accumulated depreciation and accumulated impairment losses	(1,498,374)	(6,518,467)	(24,774)	(1,133)	(63,894)	(8,106,644)
Carrying amount	449,761	1,587,397	343,420	409,157	15,667	2,805,405
As of April 1, 2023						
Cost	1,882,544	7,633,422	362,419	574,668	72,787	10,525,843
Accumulated depreciation and accumulated impairment losses	(1,477,661)	(6,571,972)	(24,774)	(1,133)	(62,432)	(8,137,975)
Carrying amount	404,883	1,061,449	337,644	573,535	10,355	2,387,868

Thousands of U.S. Dollars

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

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

2. Details of impairment losses are disclosed in Note 16 “IMPAIRMENT OF NON-FINANCIAL ASSETS.”

(2) Borrowing costs

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

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

The capitalization rates used to determine the borrowing costs arising from general borrowings in the years ended March 31, 2025 and 2024 were 1.19% and 0.87%, respectively.

14. GOODWILL AND INTANGIBLE ASSETS

(1) Changes

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

For the year ended March 31, 2025

Millions of Yen

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

For the year ended March 31, 2024

Millions of Yen

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

For the year ended March 31, 2025

Thousands of U.S. Dollars

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

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

Millions of Yen

	Goodwill	Intangible assets			
		Software	Mining rights	Other	Total
As of March 31, 2025					
Cost	135,484	61,817	171,526	81,094	449,923
Accumulated amortization and accumulated impairment losses	—	(34,284)	(1,581)	(39,805)	(75,670)
Carrying amount	135,484	27,533	169,945	41,289	374,252
As of March 31, 2024					
Cost	136,211	45,873	37,781	81,228	301,094
Accumulated amortization and accumulated impairment losses	—	(28,930)	(1,417)	(29,921)	(60,269)
Carrying amount	136,211	16,942	36,363	51,306	240,824
As of April 1, 2023					
Cost	1,469	36,246	35,523	28,926	102,166
Accumulated amortization and accumulated impairment losses	—	(21,132)	(1,326)	(20,206)	(42,665)
Carrying amount	1,469	15,113	34,196	8,720	59,500

Thousands of U.S. Dollars

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

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

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

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

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

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

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

The discount rates used in the test for goodwill impairment are based on the weighted average cost of capital, etc. set for each cash-generating unit. The pre-tax discount rates used for the impairment test range from 8.4% to 12.3%.

As a result of the impairment test conducted for the year ended March 31, 2025, the recoverable amount of the groups of cash-generating units exceeded their carrying amount, so no impairment loss was recorded. Even if the key assumptions used in the impairment test change within a reasonably possible change, it is judged that it is unlikely that the recoverable amount will fall below the carrying amount.

(2) Material intangible assets

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

(3) Research and development costs

Research and development costs recognized as "Cost of sales" and "Selling, general and administrative expenses" for the years ended March 31, 2025 and 2024 were ¥7,910 million (\$52,899 thousand) and ¥1,347 million, respectively.

15. LEASES

Leases as lessee

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

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

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

Furthermore, there were no lease contracts with residual value guarantees for the years ended March 31, 2025 and 2024. Future cash outflows relating to lease contracts that the Group concluded with lessors but that have not yet commenced as of March 31, 2025 and 2024 were ¥20,240 million (\$135,357 thousand) and ¥21,713 million, respectively.

(1) Disclosure of lease-related expense

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

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

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

The breakdown of the carrying amount of right-of-use assets as of March 31, 2025 and 2024 was as follows:

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

(3) Increase in right-of-use assets

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

(4) Total cash outflow for leases

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

(5) Lease liabilities

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

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

Leases as lessor

(1) Finance leases

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

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

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

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

(2) Operating leases

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

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

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

(1) Cash-generating unit

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

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

(2) Impairment losses

Impairment losses for each fiscal year are described below. The item is included in “Other expenses” in the consolidated statement of profit or loss.

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

A. Amounts of impairment losses

In the domestic power generation business, with respect to property, plant and equipment, etc. of thermal power plants held by the Company, the Group recognized impairment losses of ¥294 million (\$1,966 thousand) and ¥81 million for the years ended March 31, 2025 and 2024, respectively, for assets or groups of assets whose investments were determined to be difficult to recover due to their scheduled long-term suspension and other reasons.

B. Measurement methods for recoverable amount

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

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

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

	Millions of Yen				Thousands of U.S. Dollars	
	2025		2024		2025	
	Impairment losses	Gain on reversal of impairment losses	Impairment losses	Gain on reversal of impairment losses	Impairment losses	Gain on reversal of impairment losses
Property, plant and equipment	294	—	81	—	1,966	—

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

17. SUBSIDIARIES

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

Furthermore, profit or loss allocated to non-controlling interests of the subsidiaries during the reporting period were ¥28,222 million (\$188,738 thousand) and ¥61,673 million for the years ended March 31, 2025 and 2024, respectively.

The majority of the amount was attributable to JERA Global Markets Pte. Ltd., a subsidiary of the Company.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(1) Material associates

The associates that are material to the Group as of March 31, 2025 and 2024 are as follows:

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

Note: As the fiscal year-end of the material associates in the table above is December 31, any significant transactions executed after that date and up to March 31, 2025 were reflected in the consolidated financial statements.

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

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

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

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

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

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

(2) Material joint ventures

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

(3) Immaterial associates and joint ventures

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

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

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

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

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

Regarding the shares held through joint ventures, mainly in the overseas power generation and renewable energy business segment, due to deterioration in profitability caused by changes in the business environment, the Group recorded impairment losses of ¥13,624 million (\$91,112 thousand) and ¥12,395 million for the years ended March 31, 2025 and 2024, respectively, and a reversal of impairment losses of ¥19,668 million for the year ended March 31, 2024, as "Share of (profit) loss of investments accounted for using the equity method."

19. INCOME TAXES

(1) Deferred tax assets and deferred tax liabilities

The breakdown of the major causes for the occurrence of deferred tax assets and deferred tax liabilities as of March 31, 2025 and 2024 was as follows:

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

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

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

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

The breakdown of deductible temporary differences and tax loss carryforwards for which no deferred tax assets were recognized in the consolidated statement of financial position as of March 31, 2025 and 2024 was as follows:

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

The breakdown by expiration schedule of tax loss carryforwards for which no deferred tax assets were recognized in the consolidated statement of financial position as of March 31, 2025 and 2024 was as follows:

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

Deferred tax assets as of March 31, 2025 and 2024 attributable to taxable entities that suffered losses in either the previous or current fiscal year and for which the recoverability of deferred tax assets was dependent on future taxable profit were ¥145,797 million (\$975,035 thousand) and ¥201,628 million, respectively.

(2) Income tax expense

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

	Millions of Yen	Thousands of U.S. Dollars
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