

JERA Co., Inc. and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2022, and
Independent Auditor's Report

Consolidated Balance Sheet

JERA Co., Inc. and Consolidated Subsidiaries

As of March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
Assets			
Current assets:			
Cash and deposits (Notes 11, 23 and 24)	¥ 514,313	¥ 616,132	\$ 4,201,560
Notes and accounts receivable—trade (Notes 11, 16 and 24)	-	323,157	-
Notes receivable—trade (Notes 11, 16 and 24)	7	-	57
Accounts receivable—trade (Notes 11, 16 and 24)	766,776	-	6,263,998
Inventories (Notes 4 and 11)	338,330	154,318	2,763,908
Derivatives (Notes 24 and 25)	2,552,870	167,289	20,855,077
Other (Notes 11 and 13)	504,353	63,737	4,120,194
Total current assets	4,676,650	1,324,636	38,204,803
Non-current assets:			
Property, plant and equipment (Notes 5 and 11):			
Buildings and structures	368,252	348,272	3,008,348
Machinery, equipment and vehicles	828,500	946,642	6,768,237
Land	331,653	331,653	2,709,361
Construction in progress	637,599	374,504	5,208,716
Other	7,831	8,958	63,973
Total property, plant and equipment	2,173,837	2,010,030	17,758,655
Intangible assets:			
Other (Note 11)	36,616	37,123	299,125
Total intangible assets	36,616	37,123	299,125
Investments and other assets:			
Investment securities (Notes 6, 11 and 24)	1,026,578	559,401	8,386,390
Retirement benefit asset (Note 9)	2,332	-	19,050
Derivatives (Notes 24 and 25)	660,326	67,020	5,394,379
Other (Notes 11 and 21)	145,856	92,668	1,191,536
Total investments and other assets	1,835,092	719,090	14,991,356
Total non-current assets	4,045,546	2,766,244	33,049,146
Total assets	¥ 8,722,197	¥ 4,090,880	\$ 71,253,958

See notes to consolidated financial statements.

Consolidated Balance Sheet

JERA Co., Inc. and Consolidated Subsidiaries

As of March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable—trade	¥ 692,753	¥ 287,329	\$ 5,659,284
Short-term borrowings (Notes 7, 11 and 24)	379,178	74,553	3,097,606
Contract liabilities (Note 16)	2,294	-	18,740
Derivative liabilities (Notes 24 and 25)	2,350,100	132,379	19,198,594
Other (Note 7)	558,801	143,793	4,564,994
Total current liabilities	3,983,128	638,055	32,539,236
Non-current liabilities:			
Bonds payable (Notes 8 and 24)	150,000	40,000	1,225,390
Long-term borrowings (Notes 7, 11 and 24)	1,820,370	1,498,737	14,871,088
Retirement benefit liability (Note 9)	46,100	472	376,603
Derivative liabilities (Notes 24 and 25)	655,259	59,707	5,352,985
Other (Notes 7 and 10)	92,966	91,786	759,464
Total non-current liabilities	2,764,697	1,690,704	22,585,548
Total liabilities	6,747,826	2,328,760	55,124,793
Net assets (Note 15):			
Shareholders' equity			
Share capital	5,000	5,000	40,846
Capital surplus	1,312,523	1,312,523	10,722,351
Retained earnings	370,641	379,415	3,027,865
Total shareholders' equity	1,688,164	1,696,938	13,791,062
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	3,011	290	24,597
Deferred gains or losses on hedges	37,315	(4,384)	304,836
Foreign currency translation adjustment	81,320	(6,650)	664,324
Remeasurements of defined benefit plans	(120)	-	(980)
Total accumulated other comprehensive income	121,527	(10,744)	992,786
Non-controlling interests	164,679	75,926	1,345,306
Total net assets	1,974,370	1,762,120	16,129,156
Total liabilities and net assets	¥ 8,722,197	¥ 4,090,880	\$ 71,253,958

See notes to consolidated financial statements.

Consolidated Statement of Income

JERA Co., Inc. and Consolidated Subsidiaries

For the Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
Net sales (Note 16)	¥ 4,435,275	¥ 2,730,146	\$ 36,232,946
Cost of sales (Note 17)	4,237,549	2,422,130	34,617,670
Gross profit	197,725	308,015	1,615,268
Selling, general and administrative expenses (Notes 17 and 18)	64,733	58,576	528,821
Operating profit	132,992	249,438	1,086,447
Non-operating income:			
Interest income	2,282	2,144	18,642
Dividend income	4,549	8,406	37,161
Gain on sale of non-current assets	-	2,540	-
Other	1,721	4,451	14,059
Total non-operating income	8,553	17,542	69,871
Non-operating expenses:			
Interest expenses	10,331	7,950	84,396
Share of loss of entities accounted for using equity method	23,713	3,406	193,717
Foreign exchange losses	8,341	5,282	68,139
Other	3,787	6,146	30,937
Total non-operating expenses	46,174	22,786	377,207
Ordinary profit	95,370	244,194	779,103
Extraordinary income:			
Gain on sale of non-current assets (Note 19)	4,160	-	33,984
Gain on sale of investment securities	19,748	-	161,326
Total extraordinary income	23,908	-	195,310
Extraordinary losses:			
Loss on impairment of non-current assets (Note 20)	22,944	16,376	187,435
Total extraordinary losses	22,944	16,376	187,435
Profit before income taxes	96,334	227,818	786,978
Income taxes (Note 21):			
Current	21,247	44,950	173,572
Deferred	(36,824)	9,219	(300,825)
Total income taxes	(15,576)	54,169	(127,244)
Profit	111,911	173,648	914,230
Profit attributable to non-controlling interests	87,285	15,795	713,054
Profit attributable to owners of parent	¥ 24,625	¥ 157,852	\$ 201,168
	Yen		U.S. Dollars (Note 1)
Earnings per share (Note 26):			
Basic	¥ 1,231.30	¥ 7,892.64	\$ 10.05
Diluted	-	-	-

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

JERA Co., Inc. and Consolidated Subsidiaries

For the Year ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
Profit	¥ 111,911	¥ 173,648	\$ 914,230
Other comprehensive income (Note 22):			
Valuation difference on available-for-sale securities	2,764	271	22,579
Deferred gains or losses on hedges	35,921	41,993	293,448
Foreign currency translation adjustment	62,095	(6,434)	507,270
Remeasurements of defined benefit plans	(120)	-	(980)
Share of other comprehensive income of entities accounted for using equity method	43,413	(19,561)	354,652
Total other comprehensive income	144,073	16,269	1,176,970
Comprehensive income	¥ 255,985	¥ 189,918	\$ 2,091,209
Total comprehensive income attributable to:			
Owners of parent	¥ 156,897	¥ 172,666	\$ 1,281,733
Non-controlling interests	99,087	17,251	809,468

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

JERA Co., Inc. and Consolidated Subsidiaries

For the Year Ended March 31, 2022

Millions of Yen					
Shareholders' equity					
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity	
Balance, April 1, 2020	¥ 5,000	¥ 1,312,517	¥ 248,562	¥ 1,566,080	
Dividends of surplus	-	-	(27,000)	(27,000)	
Profit attributable to owners of parent	-	-	157,852	157,852	
Change in ownership interest of parent due to transactions with non-controlling interests	-	5	-	5	
Other changes in the year—net	-	-	-	-	
Total changes in the year	-	5	130,852	130,858	
Balance, March 31, 2021	¥ 5,000	¥ 1,312,523	¥ 379,415	¥ 1,696,938	
Dividends of surplus	-	-	(33,400)	(33,400)	
Profit attributable to owners of parent	-	-	24,625	24,625	
Other changes in the year—net	-	-	-	-	
Total changes in the year	-	-	(8,774)	(8,774)	
Balance, March 31, 2022	¥ 5,000	¥ 1,312,523	¥ 370,641	¥ 1,688,164	

Millions of Yen									
Accumulated other comprehensive income									
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets		
Balance, April 1, 2020	¥ 0	¥ (41,505)	¥ 15,947	¥ -	¥ (25,558)	¥ 60,745	¥ 1,601,267		
Dividends of surplus	-	-	-	-	-	-	(27,000)		
Profit attributable to owners of parent	-	-	-	-	-	-	157,852		
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	5		
Other changes in the year—net	290	37,121	(22,597)	-	14,813	15,180	29,993		
Total changes in the year	290	37,121	(22,597)	-	14,813	15,180	160,852		
Balance, March 31, 2021	¥ 290	¥ (4,384)	¥ (6,650)	¥ -	¥ (10,744)	¥ 75,926	¥ 1,762,120		
Dividends of surplus	-	-	-	-	-	-	(33,400)		
Profit attributable to owners of parent	-	-	-	-	-	-	24,625		
Other changes in the year—net	2,720	41,700	87,970	(120)	132,271	88,752	221,024		
Total changes in the year	2,720	41,700	87,970	(120)	132,271	88,752	212,250		
Balance, March 31, 2022	¥ 3,011	¥ 37,315	¥ 81,320	¥ (120)	¥ 121,527	¥ 164,679	¥ 1,974,370		

See notes to consolidated financial statements.

Thousands of U.S. Dollars (Note 1)				
Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance, April 1, 2021	\$ 40,846	\$ 10,722,351	\$ 3,099,542	\$ 13,862,739
Dividends of surplus	-	-	(272,853)	(272,853)
Profit attributable to owners of parent	-	-	201,168	201,168
Other changes in the year—net	-	-	-	-
Total changes in the year	-	-	(71,677)	(71,677)
Balance, March 31, 2022	\$ 40,846	\$ 10,722,351	\$ 3,027,865	\$ 13,791,062

Thousands of U.S. Dollars (Note 1)								
Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets	
Balance, April 1, 2021	\$ 2,369	\$ (35,814)	\$ (54,325)	\$ -	\$ (87,770)	\$ 620,259	\$ 14,395,229	
Dividends of surplus	-	-	-	-	-	-	(272,853)	
Profit attributable to owners of parent	-	-	-	-	-	-	201,168	
Other changes in the year—net	22,220	340,658	718,650	(980)	1,080,557	725,038	1,805,604	
Total changes in the year	22,220	340,658	718,650	(980)	1,080,557	725,038	1,733,926	
Balance, March 31, 2022	\$ 24,597	\$ 304,836	\$ 664,324	\$ (980)	\$ 992,786	\$ 1,345,306	\$ 16,129,156	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

JERA Co., Inc. and Consolidated Subsidiaries

For the Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
Cash flows from operating activities:			
Profit before income taxes	¥ 96,334	¥ 227,818	\$ 786,978
Depreciation and amortization	153,619	187,737	1,254,954
Loss on impairment of non-current assets	22,944	16,376	187,435
Increase (decrease) in retirement benefit liability	45,627	40	372,739
(Increase) decrease in retirement benefit asset	(2,332)	-	(19,050)
Interest and dividend income	(6,832)	(10,550)	(55,812)
Interest expenses	10,331	7,949	84,396
Share of (profit) loss of entities accounted for using equity method	23,713	3,406	193,717
(Gain) loss on sale of investment securities	(19,748)	33	(161,326)
(Gain) loss on sale of non-current assets	(4,160)	(2,540)	(33,984)
(Increase) decrease in trade receivables	(406,846)	(28,213)	(3,323,633)
(Increase) decrease in inventories	(171,737)	22,674	(1,402,965)
(Increase) decrease in segregated deposits	(309,212)	18,527	(2,526,035)
Increase (decrease) in trade payables	355,926	25,188	2,907,654
Increase (decrease) in contract liabilities	2,293	-	18,732
Decrease/increase in derivatives/derivative liabilities	(117,520)	18,820	(960,052)
Other—net	7,112	(89,778)	58,099
Subtotal	(320,485)	397,490	(2,618,127)
Interest and dividends received	31,894	41,642	260,550
Interest paid	(8,758)	(8,936)	(71,546)
Income taxes paid	(43,083)	(89,371)	(351,956)
Net cash provided by (used in) operating activities	(340,433)	340,825	(2,781,088)
Cash flows from investing activities:			
Purchase of investment securities	(376,845)	(31,580)	(3,078,547)
Proceeds from sale of investment securities	27,964	-	228,445
Loan advances	(17,543)	(4,974)	(143,313)
Proceeds from collection of loans receivable	736	650	6,012
Purchase of non-current assets	(311,147)	(241,358)	(2,541,842)
Proceeds from sale of non-current assets	5,852	1,461	47,806
Purchase of shares of subsidiaries	-	(1,511)	-
Other—net	9,949	5,221	81,276
Net cash used in investing activities	(661,033)	(272,092)	(5,400,155)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings—net	102,836	(23,975)	840,094
Increase (decrease) in commercial papers—net	297,000	-	2,426,272
Proceeds from long-term borrowings	484,794	149,746	3,960,411
Repayments of long-term borrowings	(76,420)	(62,409)	(624,295)
Proceeds from issuance of bonds	109,717	39,882	896,307
Dividends paid	(33,400)	(27,000)	(272,853)
Dividends paid to non-controlling interests	(11,835)	(574)	(96,683)
Other—net	(917)	13,872	(7,491)
Net cash provided by financing activities	871,775	89,542	7,121,762
Effect of exchange rate change on cash and cash equivalents	29,462	977	240,682
Net increase (decrease) in cash and cash equivalents	(100,229)	159,253	(818,797)
Cash and cash equivalents at the beginning of the year	561,685	402,431	4,588,554
Cash and cash equivalents at the end of the year (Note 23)	¥ 461,456	¥ 561,685	\$ 3,769,757

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

JERA Co., Inc. and Consolidated Subsidiaries

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate as of March 31, 2022, which was ¥122.41 to U.S.\$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements for the year ended March 31, 2022 include the accounts of the Company and its 80 (64 in 2021) subsidiaries. Major consolidated subsidiaries are JERA Power International B.V.; JERA Asia Pte. Ltd.; JERA Australia Pty Ltd; JERA Global Markets Pte. Ltd.; Tokyo Timor Sea Resources Pty Ltd.; Hitachinaka Generation Co., Inc.; LNG Marine Transport Co., Ltd.; JERA Global Insurance Inc.; JERA Power YOKOSUKA LLC; JERA Power ANEGASAKI, LLC.; Chita LNG Co., Ltd.; GOI United Generation LLC; JERA Power (Thailand) Co., Ltd.; Nexeraise Co., Ltd.; JERA Power TAKETOYO LLC; JERA Americas Inc.; and JERA Americas Holdings Inc.

In the year ended March 31, 2022, JERA Global Insurance Inc. and other 12 companies were newly included in the scope of consolidation due to establishment. In addition, El Sauz Ranch Wind, LLC and other five companies were newly included in the scope consolidation due to acquisition of their shares by the Company. Meanwhile, JERA LNG Coordination Inc. and other two companies were excluded from the scope of consolidation due to liquidation.

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

In preparing these consolidated financial statements, JERA Power International B.V. and other 55 subsidiaries were included using their financial statements based on their respective year-ends, which falls on December 31, and necessary adjustments were made to their financial statements to reflect any significant transactions that occurred from January 1 to March 31.

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

b. Equity Method Accounting—Investments in 41 (42 in 2021) affiliates including Soma Kyodo Power Company, Ltd.; Joban Joint Power Co., Ltd.; Aboitiz Power Corporation; KASHIMA KYODO ELECTRIC POWER Co., Ltd.; Kimitsu Cooperative Thermal Power Company, Inc.; TeaM Energy Corporation; and Freeport LNG Development, L.P. for the year ended March 31, 2022 were accounted for using equity method.

In the year ended March 31, 2022, Aboitiz Power Corporation and Freeport LNG Development, L.P. were newly accounted for using equity method due to acquisition of their shares by the Company. Meanwhile, CELT INC. and one other company were excluded from the scope of the equity method due to liquidation. In addition, TAC Energy Co., Ltd. was excluded from the scope of the equity method due to the sale of its shares held by the Company.

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

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

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

d. Securities—Available-for-sale securities other than equity securities, etc. without market prices are measured at fair value, with net unrealized gain and loss, net of income taxes, reported as a separate component of net assets. The cost of securities sold is calculated using the moving-average method.

Equity securities, etc. without market prices are measured at cost determined principally by the moving-average method.

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

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

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

h. Employee Retirement Benefits—Retirement benefit liability is recorded based on the projected retirement benefit obligations and pension assets at the balance sheet date to provide for the payment of retirement benefits to employees.

The projected benefit obligation is attributed to periods up to the end of the year based on the benefit calculation method.

Actuarial gain or loss is amortized mainly by the straight-line method over a fixed number of years (10 years), which is shorter than the average remaining service period of employees at the time the actuarial gain or loss is recognized, starting from the following year (or from the year in which they arise for some consolidated subsidiaries).

Actuarial gains and losses that are yet to be recognized in profit or loss are recognized in remeasurements of defined benefit plans under accumulated other comprehensive income within the net assets section, after adjusting for tax effects.

(Transfer of employees)

The Company succeeded to the fuel receiving, storage and gas transmission businesses and some existing thermal power generation businesses from TEPCO Fuel & Power, Inc. and Chubu Electric Power Co., Inc. by an absorption-type split on April 1, 2019. Taking this opportunity, most of the employees seconded from the two companies were transferred to the Company on April 1, 2021. Due to the transfer of the employees, the Company began providing defined benefit corporate pension plans, defined contribution pension plans and lump-sum retirement payment plans, which have the same designs as those of the companies that the employees had been transferred from.

i. Recognition of Revenue and Expenses—The Company's revenues are primarily from the supply of electricity and the sale of fuels.

The rates and other terms and conditions for electricity supplied to customers are set forth in the contracts with each counterparty, and the Company has a performance obligation to supply electricity to customers in accordance with such contracts. The supply of electricity is continued 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 price and other terms and conditions of fuels sold to customers are set forth in the contracts with each counterparty. The Company has a performance obligation to sell fuel to customers under such contracts and recognizes revenue at the time of delivery.

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

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

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

With respect to foreign currency forward contracts, in entering into foreign currency forward contracts, the value and maturity of hedged items are matched with the contracted amount denominated in the same foreign currencies and the corresponding maturity pursuant to the Group's risk management policy. Accordingly, an evaluation of hedge

effectiveness is omitted since there is a complete correlation with subsequent fluctuations in foreign currency exchange rates.

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

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

m. Significant Accounting Estimates

For the year ended March 31, 2022

Loss on Impairment of Non-Current Assets in the Domestic Power Generation Business—In the domestic power generation business, with respect to non-current assets of thermal power plants held by the Company, the Group wrote down the book value of assets for which loss on impairment were determined necessary to be recognized to their recoverable value. The decrease due to the write-down was recorded as loss on impairment of non-current assets of ¥22,944 million (\$187,435 thousand) for the year ended March 31, 2022. The recoverable value of these assets was measured at their value in use, which was calculated using future cash flows based on business plans. The cash generating unit used to determine loss on impairment is the same as that described in Note 20.

The main assumptions for estimating future cash flows are future power generation output and facility operation rates, etc. The future cash flows are based on various assumptions such as estimated future power generation output, and therefore the estimated amount may fluctuate.

Valuation of Investment in Foreign Offshore Wind Project—The Group recorded share of loss of entities accounted for using equity method of ¥33,201 million (\$271,227 thousand) for the year ended March 31, 2022 regarding investment securities for a foreign offshore wind project, which is held through the Company's affiliate, due to a deterioration in profitability caused by changes in the business environment.

Because of the deterioration in profitability of the project, it became necessary to evaluate the investment and so the book value was compared with the recoverable amount. The recoverable value of the investment was measured at its value in use, which was calculated using future cash flows based on business plans. The main assumptions for estimating future cash flows are future power generation output, construction costs, power plant operating costs and discount rates, etc. The future cash flows are based on various assumptions such as estimated construction costs, and therefore the estimated amount may fluctuate depending on the progress of construction which may be affected by COVID-19 resurgence and other factors.

For the year ended March 31, 2021

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

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

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

In case where there is an impairment indicator, the recoverable value of related assets has to be estimated. As a result, in case where the book value exceeds the recoverable value, the difference between the two is recognized as loss on impairment of non-current assets or share of loss of entities accounted for using equity method. The recoverable value is measured at their value in use, which is calculated using future cash flows based on business plans. The main assumptions for estimating future cash flows are future prices of LNG, production plans based on reserves of the gas fields and discount rates. The future cash flows are based on various assumptions such as estimation of LNG prices, and therefore the estimated amount may fluctuate depending on future market volatility, etc.

n. Accounting Standards Issued but Not yet Effective

Implementation Guidance on Accounting Standard for Fair Value Measurement—The Accounting Standards Board of Japan (“ASBJ”) issued “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021). The implementation guidance sets out the accounting treatment concerning fair value measurement of investment trusts and notes thereon, as well as notes on fair value of investments in partnerships, etc. for which the amount equivalent to equity interests is recorded in net amounts on the balance sheet.

The Group expects to adopt the implementation guidance from the beginning of the year ending March 31, 2023.

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

3. ACCOUNTING CHANGES

Changes in Accounting Policies

Adoption of Accounting Standard for Revenue Recognition, etc.—The Group has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”), etc. from the beginning of year ended March 31, 2022. Therefore, revenue is recognized when the control of promised goods or services is passed to customers in an expected amount of receipt in exchange for the goods or services. Accordingly, revenue from certain transactions, which was previously recognized in the gross amount of consideration to fulfill the responsibility for providing specified goods or services, has been recognized in net amounts as a result of making a judgement on the principal versus agent considerations.

Concerning the adoption of the Revenue Recognition Standard, etc., based on the transitional treatment prescribed in the proviso of Paragraph 84 of the Revenue Recognition Standard, the cumulative impact in the case of adopting the new accounting standard retroactively before the beginning of the year ended March 31, 2022 was adjusted to retained earnings at the beginning of the year ended March 31, 2022, and the new accounting standard was adopted from the said beginning balance. However, contracts recognizing almost all revenue in accordance with the previous treatment before the beginning of the year ended March 31, 2022 have not been adopted to the new accounting standard retroactively in accordance with Paragraph 86 of the Revenue Recognition Standard.

As a result, net sales and cost of sales for the year ended March 31, 2022 decreased by ¥2,924 million (\$23,886 thousand) each, while there was no impact on selling, general and administrative expenses, operating profit, ordinary profit, profit before income taxes or per share data. In addition, there was no impact on the beginning balance of retained earnings.

Due to the adoption of the Revenue Recognition Standard, etc., “notes and accounts receivable—trade” presented under “current assets” in the consolidated balance sheet in the previous year has been included in “notes receivable—trade” and “accounts receivable—trade” from the year ended March 31, 2022. In addition, “other” presented under “current liabilities” in the consolidated balance sheet in the previous year has been included in “contract liabilities” and “other” from the year ended March 31, 2022. However, in accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Standard, the figures of the previous year have not been reclassified based on the new presentation. Furthermore, notes on revenue recognition for the previous year have not been disclosed in accordance with the transitional treatment prescribed in Paragraph 89-3 of the Revenue Recognition Standard.

Adoption of Accounting Standard for Fair Value Measurement, etc.—The Group has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”), etc. from the beginning of the year ended March 31, 2022. Based on the transitional treatment set out in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the new accounting policies prescribed in Fair Value Measurement Standard, etc. are adopted prospectively. There was no impact on the consolidated balance sheet and other financial information as of March 31, 2022.

In addition, the Group has included notes on fair value information of financial instruments and inventories held for trading purposes by level within the fair value hierarchy in Note 24 and Note 4, respectively. However, in accordance with the transitional treatment provided for in Paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019), notes pertaining to the previous year have not been disclosed.

Accounting Changes Which Are Difficult to Distinguish from Changes in Accounting Estimates—The Company and its subsidiaries used to adopt principally the declining-balance method as a method of depreciation of property, plant and equipment. However, the Company and its subsidiaries have changed the method principally to the straight-line method from the beginning of the year ended March 31, 2022.

The power demand is expected to remain stable in the Company’s main service areas, the Kanto area and the Chubu area, thanks to progress of power saving and energy conservation, etc.

Based on this demand assumption, the Company and its subsidiaries began commercial operation of Hitachinaka Joint Thermal Power Station Unit 1 in January 2021. In addition, large-scale thermal power stations, which have been developed, planned and are under construction, are scheduled to sequentially begin commercial operation. Accordingly, existing thermal power development plans are expected to be completed. Moreover, towards realization of the “JERA Zero CO₂ Emissions 2050” goals announced in October 2020, the Group determined to gradually make phased efforts from the year ended March 31, 2022 to develop renewable energy such as offshore wind power and expand zero CO₂ emission thermal power using ammonia and hydrogen as fuel, subject to steady development of decarbonization technologies, economic rationality, consistency with policies, to accelerate initiatives taken so far to reduce CO₂ emissions. Therefore, a conventional scrap-and-build scheme, which is based on new development of large-scale thermal power stations and decline in operation rate and abolishment of existing power stations, is expected to change. Specifically, future investments are expected to focus on efficient operation considering each characteristic of power possessed, such as development of renewable energy suitable for decarbonization society, mixed combustion of ammonia and hydrogen at thermal power stations, and operation and maintenance of the whole power generation facilities, not expanding power generation capacity.

Taking these facts into consideration, the Company expects that most of its facilities, mainly those in the power generation business, will be utilized in a stable manner. The Company and its subsidiaries judged, therefore, that the straight-line method, which evenly allocates expenses over the useful life, would reflect a consumption pattern of economic benefits more appropriately as a method of depreciation of property, plant and equipment.

Due to this change, operating profit, ordinary profit and profit before income taxes for the year ended March 31, 2022 increased by ¥34,278 million (\$280,026 thousand) when compared with the previous method.

Changes in Presentation

Consolidated Balance Sheet—“Derivatives” included in “other” under “current assets” in the consolidated balance sheet in the previous year has been presented separately from the year ended March 31, 2022 due to an increase in materiality. The consolidated balance sheet for the previous year has been reclassified to reflect this change.

As a result, “other” of ¥231,027 million under “current assets” in the consolidated balance sheet for the previous year has been reclassified as “derivatives” of ¥167,289 million and “other” of ¥63,737 million.

“Derivatives” included in “other” under “investments and other assets” in the consolidated balance sheet in the previous year has been presented separately from the year ended March 31, 2022 due to an increase in materiality. The consolidated balance sheet for the previous year has been reclassified to reflect this change.

As a result, “other” of ¥159,689 million under “investments and other assets” in the consolidated balance sheet for the previous year has been reclassified as “derivatives” of ¥67,020 million and “other” of ¥92,668 million.

“Derivative liabilities” included in “other” under “current liabilities” in the consolidated balance sheet in the previous year has been presented separately from the year ended March 31, 2022 due to an increase in materiality. The consolidated balance sheet for the previous year has been reclassified to reflect this change.

As a result, “other” of ¥276,172 million under “current liabilities” in the consolidated balance sheet for the previous year has been reclassified as “derivative liabilities” of ¥132,379 million and “other” of ¥143,793 million.

“Bonds payable” and “derivative liabilities” included in “other” under “non-current liabilities” in the consolidated balance sheet in the previous year have been presented separately from the year ended March 31, 2022 due to an increase in materiality. The consolidated balance sheet for the previous year has been reclassified to reflect this change.

As a result, “other” of ¥191,494 million under “non-current liabilities” in the consolidated balance sheet for the previous year has been reclassified as “bonds payable” of ¥40,000 million, “derivative liabilities” of ¥59,707 million and “other” of ¥91,786 million.

Consolidated Statement of Income—“Commission for syndicated loans” presented separately under “non-operating expenses” in the consolidated statement of income for the previous year has been included in “other” from the year ended March 31, 2022 due to a decrease in materiality. The consolidated statement of income for the previous year has been reclassified to reflect this change.

As a result, “commission for syndicated loans” of ¥4,631 million and “other” of ¥1,514 million under “non-operating expenses” in the consolidated statement of income for the previous year have been reclassified as “other” of ¥6,146 million.

Consolidated Statement of Cash Flows—“Increase (decrease) in retirement benefit liability,” “share of (profit) loss of entities accounted for using equity method,” “(gain) loss on sale of investment securities,” “(gain) loss on sale of non-current assets,” “(increase) decrease in segregated deposits” and “decrease/increase in derivatives/derivative liabilities” included in “other—net” under “cash flows from operating activities” in the consolidated statement of cash flows for the previous year have been presented separately from the year ended March 31, 2022 due to an increase in materiality. The consolidated statement of cash flows for the previous year has been reclassified to reflect this change.

As a result, “other—net” of ¥(51,490) million under “cash flows from operating activities” in the consolidated statement of cash flows for the previous year has been reclassified as “increase (decrease) in retirement benefit liability” of ¥40 million, “share of (profit) loss of entities accounted for using equity method” of ¥3,406 million, “(gain) loss

on sale of investment securities” of ¥33 million, “(gain) loss on sale of non-current assets” of ¥(2,540) million, “(increase) decrease in segregated deposits” of ¥18,527 million, “decrease/increase in derivatives/derivative liabilities” of ¥18,820 million and “other—net” of ¥(89,778) million.

4. INVENTORIES

Inventories as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Merchandise and finished goods	¥ 141,499	¥ 36,722	\$ 1,155,943
Raw materials and supplies	196,830	117,596	1,607,956

The fair value of inventories held for the purpose of earning profit from fluctuations in market prices is classified into the three levels according to the observability and materiality of inputs used to measure fair value (See Note 24 for a description of the respective levels).

The fair value of inventories held for the purpose of earning profit from fluctuations in market prices as of March 31, 2022 was as follows:

	Millions of Yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Fuel supplies	¥ -	¥ 140,758	¥ -	¥ 140,758
Total	¥ -	¥ 140,758	¥ -	¥ 140,758

	Thousands of U.S. Dollars			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Fuel supplies	\$ -	\$ 1,149,889	\$ -	\$ 1,149,889
Total	\$ -	\$ 1,149,889	\$ -	\$ 1,149,889

Valuation techniques and inputs used in the fair value measurements are as follows:

Inventories

The fair value of inventories is measured at the quoted price of the exchange on which they are traded, or price which is calculated by adjusting interest rates and other fluctuation factors as necessary to year-end index price relevant to transaction items, and is classified as Level 2.

5. PROPERTY, PLANT AND EQUIPMENT

Accumulated tax purpose reduction entry of non-current assets due to receipt of contribution for construction as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Accumulated tax purpose reduction entry of non-current assets	¥ 58,713	¥ 59,149	\$ 479,642

Accumulated depreciation of property, plant and equipment as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Accumulated depreciation of property, plant and equipment	¥ 8,142,873	¥ 8,448,747	\$ 66,521,305

6. INVESTMENT SECURITIES

Available-for-sale securities sold in the year ended March 31, 2022 were as follows:

	Millions of Yen			
	2022			
	Proceeds from sales		Realized gain	Realized loss
Equity securities	¥	22,524	¥ 17,909	¥ -
Total	¥	22,524	¥ 17,909	¥ -

	Thousands of U.S. Dollars			
	2022			
	Proceeds from sales		Realized gain	Realized loss
Equity securities	\$	184,004	\$ 146,303	\$ -
Total	\$	184,004	\$ 146,303	\$ -

Investments in non-consolidated subsidiaries and affiliates as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
	¥	¥	\$
Investment in non-consolidated subsidiaries and affiliates	963,895	502,397	7,874,315
Of which, investments in joint controlled entities	490,528	498,258	4,007,254

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

Short-term borrowings, long-term borrowings, lease obligations and other interest-bearing liabilities as of March 31, 2022 and 2021 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	Average interest rate (%)
	2022	2021	2022	2022
Short-term borrowings	¥ 117,100	¥ 6,753	\$ 956,621	1.0
Current portion of long-term borrowings	262,077	67,799	2,140,977	0.5
Current portion of lease obligations	970	935	7,924	3.3
Long-term borrowings excluding current portion, due from 2024 to 2038	1,820,370	1,498,737	14,871,088	0.9
Lease obligations excluding current portion, due from 2023 to 2045	4,667	5,062	38,125	5.0
Other interest-bearing liabilities				
Commercial papers (current portion)	297,000	-	2,426,272	0.0
Current portion of other non-current liabilities	4,744	-	38,755	5.5
Other non-current liabilities excluding current portion, due through 2027	11,240	16,065	91,822	5.5
Total	¥ 2,518,173	¥ 1,595,354	\$ 20,571,628	-

Notes: 1. The average interest rates above present the weighted-average rates applicable to year-end balances of borrowings, etc.

2. Annual maturities of long-term borrowings, lease obligations and other interest-bearing liabilities as of March 31, 2022 were as follows:

	Millions of Yen			
	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
March 31, 2022				
Long-term borrowings	¥ 313,132	¥ 332,298	¥ 270,343	¥ 248,483
Lease obligations	672	505	507	527
Other interest-bearing liabilities	3,163	1,086	1,097	1,121

	Thousands of U.S. Dollars			
	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
March 31, 2022				
Long-term borrowings	\$ 2,558,058	\$ 2,714,631	\$ 2,208,504	\$ 2,029,924
Lease obligations	5,489	4,125	4,141	4,305
Other interest-bearing liabilities	25,839	8,871	8,961	9,157

8. BONDS PAYABLE

Bonds payable as of March 31, 2022 and 2021 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2022	2021	2022	
Issued by JERA Co., Inc.:				
Unsecured bonds issued on October 22, 2020 and due on October 24, 2025 with an interest rate of 0.190% - 1st (with inter-bond pari passu clause)	¥ 20,000	¥ 20,000	\$ 163,385	
Unsecured bonds issued on October 22, 2020 and due on October 25, 2030 with an interest rate of 0.390% - 2nd (with inter-bond pari passu clause)	20,000	20,000	163,385	
Unsecured bonds issued on November 26, 2021 and due on November 25, 2026 with an interest rate of 0.150% - 3rd (with inter-bond pari passu clause)	40,000	-	326,770	
Unsecured bonds issued on November 26, 2021 and due on November 25, 2031 with an interest rate of 0.350% - 4th (with inter-bond pari passu clause)	30,000	-	245,078	
Unsecured bonds issued on January 19, 2022 and due on January 24, 2025 with an interest rate of 0.050% - 5th (with inter-bond pari passu clause)	30,000	-	245,078	
Unsecured bonds issued on January 19, 2022 and due on January 25, 2041 with an interest rate of 0.670% - 6th (with inter-bond pari passu clause)	10,000	-	81,692	
Total	¥ 150,000	¥ 40,000	\$ 1,225,390	

Annual maturities of bonds payable as of March 31, 2022 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ -	\$ -
Due after one year through two years	-	-
Due after two years through three years	30,000	245,078
Due after three years through four years	20,000	163,385
Due after four years through five years	40,000	326,770

9. EMPLOYEE RETIREMENT BENEFITS PLANS

(1) General information on the retirement benefit plan adopted

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

The Company's defined benefit corporate pension plans are multi-employer plans, and are included in the note pertaining to defined benefit plans below because the amount of pension assets corresponding to the Company's contributions can be reasonably calculated.

The Company succeeded to the fuel receiving, storage and gas transmission businesses and some existing thermal power generation businesses from TEPCO Fuel & Power, Inc. and Chubu Electric Power Co., Inc. by an absorption-type split on April 1, 2019. Taking this opportunity, most of the employees seconded from the two companies were transferred to the Company on April 1, 2021. Due to the transfer of the employees, the Company began providing defined benefit corporate pension plans, defined contribution pension plans and lump-sum retirement payment plans, which have the same designs as those of the companies that the employees had been transferred from.

(2) Defined benefit plans

The changes in retirement benefit obligations during the years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Retirement benefit obligations at the beginning of the year	¥ 472	¥ 434	\$ 3,855
Service cost	3,309	56	27,032
Interest cost	348	1	2,842
Actuarial gain or loss	48	-	392
Retirement benefits paid	(2,543)	(15)	(20,774)
Increase due to transfer of employees (Note 2)	75,993	-	620,807
Other	47	(2)	383
Retirement benefit obligations at the end of the year	¥ 77,677	¥ 472	\$ 634,564

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

2. This increase was due to transfer of the employees seconded from TEPCO Fuel & Power, Inc. and Chubu Electric Power Co., Inc., etc.

The changes in plan assets during the years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Plan assets at the beginning of the year	¥ -	¥ -	\$ -
Expected return on plan assets	704	-	5,751
Actuarial gain or loss	(118)	-	(963)
Contribution by the employer	866	-	7,074
Retirement benefits paid	(317)	-	(2,589)
Increase due to transfer of employees (Note)	32,725	-	267,339
Other	47	-	383
Plan assets at the end of the year	¥ 33,909	¥ -	\$ 277,011

Note: This increase was due to transfer of the employees seconded from TEPCO Fuel & Power, Inc. and Chubu Electric Power Co., Inc., etc.

Reconciliation between the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2022 and 2021 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Funded retirement benefit obligations	¥ 32,843	¥ -	\$ 268,303
Plan assets	(33,909)	-	(277,011)
	(1,066)	-	(8,708)
Unfunded retirement benefit obligations	44,834	472	366,260
Net retirement benefit liability (asset) in the consolidated balance sheet	¥ 43,767	¥ 472	\$ 357,544
Retirement benefit liability	¥ 46,100	¥ 472	\$ 376,603
Retirement benefit asset	(2,332)	-	(19,050)
Net retirement benefit liability (asset) in the consolidated balance sheet	¥ 43,767	¥ 472	\$ 357,544

The components of retirement benefit expenses for the years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2022	2021	2022	
Service cost (Note)	¥ 3,309	¥ 56	\$ 27,032	
Interest cost	348	1	2,842	
Expected return on plan assets	(704)	-	(5,751)	
Other	31	2	253	
Retirement benefit expenses for defined benefit plans	¥ 2,984	¥ 60	\$ 24,377	

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

The components of remeasurements of defined benefit plans (before tax effects) under other comprehensive income for the years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2022	2021	2022	
Actuarial gain or loss	¥ (166)	¥ -	\$ (1,356)	
Total	¥ (166)	¥ -	\$ (1,356)	

The components of remeasurements of defined benefit plans (before tax effects) under accumulated other comprehensive income as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2022	2021	2022	
Unrecognized actuarial gain or loss	¥ (166)	¥ -	\$ (1,356)	
Total	¥ (166)	¥ -	\$ (1,356)	

Ratio of pension assets by major category to total pension assets as of March 31, 2022 and 2021 was as follows:

	2022	2021
Debt securities	42%	-
General accounts of life insurance companies	37	-
Equity securities	19	-
Other	2	-
Total	100%	-

The long-term expected rate of return on plan assets has been estimated based on the current and projected allocation of plan assets to each asset class and the current and long-term expected rates of return on the various asset classes.

The main actuarial assumptions for the years ended March 31, 2022 and 2021 were as follows:

	2022	2021
Discount rate	mainly 0.5-0.6%	mainly 3.3%
Long-term expected rate of return on plan assets	mainly 1.7-2.5%	-

(3) Defined contribution plans

Amounts paid to defined contribution plans by the Company and its consolidated subsidiaries for the years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2022	2021	2022	
Amounts paid to defined contribution plans by the Company and its consolidated subsidiaries	¥ 703	¥ 129	\$ 5,742	

10. ASSET RETIREMENT OBLIGATIONS

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

(1) Outline of asset retirement obligations

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

(2) Calculation method of asset retirement obligations

The Group calculates the amounts of asset retirement obligations assuming that an estimated period until settlement is equal to years available for production and using the discount rates ranging from 0.7% to 7.4%.

(3) Changes in asset retirement obligations

Changes in asset retirement obligations during the years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Asset retirement obligations at the beginning of the year	¥ 16,339	¥ 15,830	\$ 133,477
Increase due to acquisition of property, plant and equipment	-	672	-
Adjustment due to passage of time	718	606	5,865
Decrease due to changes in estimates (Note)	(510)	-	(4,166)
Other	1,608	(769)	13,136
Asset retirement obligations at the end of the year	¥ 18,156	¥ 16,339	\$ 148,321

Note: Asset retirement obligations decreased mainly due to the re-estimation of removal expenses for resource development-related facilities.

11. ASSETS PLEDGED AS COLLATERAL

(1) The Company and its consolidated subsidiaries

Assets pledged as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Cash and deposits	¥ 77,532	¥ 13,153	\$ 633,379
Notes and accounts receivable—trade	-	362	-
Accounts receivable—trade	2	-	16
Other in current assets	16,284	320	133,028
Buildings and structures	15,180	16,292	124,009
Machinery, equipment and vehicles	75,848	92,886	619,622
Construction in progress	578,456	122,378	4,725,561
Other in property, plant and equipment	474	0	3,872
Other in intangible assets	0	-	0
Other in investments and other assets	24,965	23,030	203,945
Total	¥ 788,744	¥ 268,424	\$ 6,443,460

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

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Short-term borrowings (including current portion of long-term borrowings)	¥ 19,485	¥ 14,614	\$ 159,178
Long-term borrowings	526,813	211,636	4,303,676
Total	¥ 546,298	¥ 226,250	\$ 4,462,854

- (2) The following assets were pledged as collateral for borrowings from financial institutions of investing companies of the Company's certain consolidated subsidiaries as of March 31, 2022 and 2021:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Cash and deposits	¥ 9,569	¥ 6,364	\$ 78,171
Notes and accounts receivable—trade	-	190	-
Accounts receivable—trade	367	-	2,998
Inventories	185	169	1,511
Other in current assets	63	57	514
Buildings and structures	7,575	7,002	61,882
Machinery, equipment and vehicles	3,189	2,950	26,051
Construction in progress	1,105	623	9,027
Other in intangible assets	2,757	2,548	22,522
Investment securities	51,932	52,658	424,246
Other in investments and other assets	12,418	10,911	101,445
Total	¥ 89,164	¥ 83,478	\$ 728,404

12. GUARANTEE OBLIGATIONS

- (1) Guarantee obligations for borrowings as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
PE Wheatstone Pty Ltd	¥ 26,733	¥ -	\$ 218,389
Team Energy Corporation	12,709	13,147	103,823
MT Falcon Holdings Company, S. A. P. I. de C. V.	3,391	3,435	27,701
Phoenix Power Company SAOG	2,401	2,273	19,614
Compania de Generacion Valladolid. S. De R. L. de C.V.	1,150	1,107	9,394
PT Cirebon Energi Prasarana	-	4,580	-
Other	4,809	4,402	39,286
Total	¥ 51,195	¥ 28,946	\$ 418,225

- (2) Guarantee obligations for performance of other contracts as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
JERA Energy America LLC	¥ 19,410	¥ 20,623	\$ 158,565
MC GFS Participation Company Limited	16,780	15,147	137,080
MT Falcon Holdings Company, S. A. P. I. de C. V.	4,707	5,109	38,452
Reliance Bangladesh LNG & Power Limited	3,164	11,141	25,847
Team Energy Corporation	2,967	1,552	24,238
Other	3,511	4,224	28,682
Total	¥ 50,541	¥ 57,798	\$ 412,882

Note: The above (1) and (2) include guarantee obligations by Tokyo Electric Company Holdings, Inc. and Chubu Electric Power Co., Inc. (collectively, the "Guarantee Companies"). The Company has entered into an agreement with the Guarantee Companies to compensate for any loss incurred by the Guarantee Companies. The said guarantee obligations are disclosed because they have the same substantive and economic effect as if the Company had assumed them. The breakdown for each of the Guarantee Companies as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Chubu Electric Power Co., Inc.	¥ 28,735	¥ 40,255	\$ 234,743
Tokyo Electric Company Holdings, Inc.	-	1,153	-

13. LOAN COMMITMENT

The Company's consolidated subsidiaries have entered into loan commitment agreements. The outstanding amounts receivable and the unused balances under these agreements as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Total amount of loan commitment	¥ 36,138	¥ 16,181	\$ 295,220
Outstanding amounts receivable	17,332	488	141,589
Unused balances	¥ 18,805	¥ 15,692	\$ 153,623

14. LEASES

As Lessee

Operating leases

Future minimum lease payments under non-cancelable operating leases as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Future minimum lease payments:			
Due within one year	¥ 198	¥ 148	\$ 1,617
Due over one year	1,140	249	9,312
Total	¥ 1,338	¥ 397	\$ 10,930

15. NET ASSETS

(1) Type and number of shares issued

Type of shares	Thousands of shares			
	2022			
	April 1, 2021	Increase	Decrease	March 31, 2022
Shares issued:				
Common stock	20,000	-	-	20,000
Total	20,000	-	-	20,000

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

(2) Information on dividends

a. Dividends paid

2022					
Resolution	Type of shares	Total amount	Per share amount	Record date	Effective date
Annual shareholders' meeting held on June 17, 2021	Common stock	¥33,400 million (\$272,853 thousand)	¥1,670 (\$13.64)	March 31, 2021	June 18, 2021

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

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

2022						
Resolution	Type of shares	Source of dividends	Total amount	Per share amount	Record date	Effective date
Annual shareholders' meeting held on June 23, 2022	Common stock	Capital surplus	¥37,964 million	¥1,898.23	March 31, 2022	June 24, 2022
			(\$310,138 thousand)	(\$15.50)		
		Retained earnings	¥45,135 million	¥2,256.77		
			(\$368,719 thousand)	(\$18.43)		

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

16. REVENUE RECOGNITION

(1) Disaggregation of revenue from contracts with customers

Information on disaggregation of revenue from contracts with customers is provided in Note 27.

(2) Useful information in understanding revenue from contracts with customers

For electricity supply and sales of fuels, which are the Group's main performance obligations, receivables arising from these 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. Other useful information in understanding revenue is provided in Note 2.

(3) Balances of contract assets and contract liabilities, etc. and the transaction price allocated to the remaining performance obligations

a. Balances of contract assets and contract liabilities, etc.

The balances of contract assets and contract liabilities, etc. at the beginning and end of the year ended March 31, 2022 were as follows:

	Millions of Yen	
	2022	
	Balance at the beginning of the year	Balance at the end of the year
Receivables from contracts with customers	¥ 323,150	¥ 766,769
Of which, notes receivable—trade	-	7
Of which, accounts receivable—trade	-	766,762
Contract assets	-	-
Contract liabilities	954	2,294

	Thousands of U.S. Dollars	
	2022	
	Balance at the beginning of the year	Balance at the end of the year
Receivables from contracts with customers	\$ 2,639,898	\$ 6,263,940
Of which, notes receivable—trade	-	57
Of which, accounts receivable—trade	-	6,263,883
Contract assets	-	-
Contract liabilities	7,793	18,740

b. Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations as of March 31, 2022 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2022	
Total transaction price allocated to the remaining performance obligations	¥ 626,433	\$ 5,117,498
Period of time satisfying the above performance obligations		
Due in one year or less	¥ -	\$ -
Due after one year through three years	493,173	4,028,862
Due after three years	133,259	1,088,628

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

17. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in general and administrative expenses and manufacturing costs for the years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Research and development costs	¥ 1,079	¥ 1,142	\$ 8,814

18. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major components of selling, general and administrative expenses for the years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Salaries and allowances	¥ 20,164	¥ 9,829	\$ 164,725
Outsourcing expenses	15,081	13,415	123,200
Miscellaneous expenses	6,220	6,258	50,812
Retirement benefit expenses	3,916	11,203	31,990

19. GAIN ON SALE OF NON-CURRENT ASSETS

Gain on sale of non-current assets for the year ended March 31, 2022 was mainly due to sale of vessels and machinery and equipment, etc.

20. LOSS ON IMPAIRMENT OF NON-CURRENT ASSETS

For the year ended March 31, 2022

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

The Group recognized loss on impairment of ¥22,944 million (\$187,435 thousand) on the following asset groups for the year ended March 31, 2022.

For the year ended March 31, 2022

Usage	Type	Location	Millions of Yen	Thousands of U.S. Dollars
Domestic power generation business	Machinery and equipment, etc.	Japan	¥ 22,944	\$ 187,435

In the domestic power generation business, with respect to non-current assets of thermal power plants held by the Company, the Group recognized loss on impairment of non-current assets of ¥22,944 million (\$187,435 thousand) under extraordinary losses for facilities whose investments were determined to be difficult to recover due to their long-term suspension plan and other reasons. The recoverable value of these assets was measured at their net selling prices, which was zero because they were difficult to use for other purposes or sell, or their value in use, which was calculated by discounting future cash flows at discount rates based on capital costs of the Company.

For the year ended March 31, 2021

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

The Group recognized loss on impairment of ¥16,376 million on the following asset groups for the year ended March 31, 2021.

For the year ended March 31, 2021

Usage	Type	Location	Millions of Yen
Fuel upstream business	Property, plant and equipment, and intangible assets	Australia	¥ 8,158
Domestic power generation business	Property, plant and equipment, and intangible assets	Japan	5,671

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

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

21. INCOME TAXES

The Company and its subsidiaries in Japan are subject to Japanese national and regional income taxes which, in aggregate, resulted in statutory tax rates of approximately 27.9 % and 27.8% for the years ended March 31, 2022 and 2021, respectively.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities, as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Tax loss carryforwards (Note)	¥ 98,966	¥ 48,507	\$ 808,479
Depreciation and amortization	27,057	17,488	221,035
Deferred assets	17,301	21,031	141,336
Other	46,058	49,274	376,260
Subtotal	189,384	136,302	1,547,128
Valuation allowance for tax loss carryforwards (Note)	(8,245)	(10,501)	(67,355)
Valuation allowance for deductible temporary differences	(42,017)	(37,750)	(343,248)
Total valuation allowance	(50,263)	(48,251)	(410,611)
Total deferred tax assets	139,121	88,050	1,136,516
Deferred tax liabilities:			
Temporary differences related to investments in affiliates	(42,234)	(41,447)	(345,020)
Deferred gains or losses on hedges	(25,783)	(7,856)	(210,628)
Other	(20,629)	(8,747)	(168,523)
Total deferred tax liabilities	(88,646)	(58,050)	(724,172)
Net deferred tax assets	¥ 50,474	¥ 30,000	\$ 412,335

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

	Millions of Yen						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
As of March 31, 2022							
Tax loss carryforwards (a) ¥	-	¥ -	¥ 60	¥ -	¥ 391	¥ 98,514	¥ 98,966
Valuation allowance	-	-	-	-	(391)	(7,854)	(8,245)
Deferred tax assets	-	-	60	-	-	90,660	90,721(b)

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

	Thousands of U.S. Dollars						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
As of March 31, 2022							
Tax loss carryforwards (a) \$	-	\$ -	\$ 490	\$ -	\$ 3,194	\$ 804,787	\$ 808,479
Valuation allowance	-	-	-	-	(3,194)	(64,161)	(67,355)
Deferred tax assets	-	-	490	-	-	740,625	741,124(b)

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

(b) Deferred tax assets of ¥90,721 million (\$741,124 thousand) and ¥38,006 million for tax loss carryforwards of ¥98,966 million (\$808,479 thousand) and ¥48,507 million, which represent the amounts multiplied by the statutory

tax rates, as of March 31, 2022 and 2021, respectively, were recorded. The said tax loss carryforwards recognizing deferred tax assets were determined to be recoverable based on the projected future taxable income.

Reconciliation between the statutory tax rates and the effective tax rates reflected in the consolidated statement of income for the years ended March 31, 2022 and 2021 is as follows:

	2022	2021
Statutory tax rate	27.9%	27.8%
Difference in tax rates of subsidiaries	(37.5)	(4.9)
Difference due to consolidation procedures	(16.3)	1.8
Share of (profit) loss of entities accounted for using equity method	7.7	(0.2)
Other—net	2.0	(0.7)
Effective tax rate	(16.2)%	23.8%

22. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2022	2021	2022	
Valuation difference on available-for-sale securities:				
Gains (losses) arising during the year	¥ 2,806	¥ 385	\$ 22,922	
Reclassification adjustments to profit or loss	-	-	-	
Amount before income tax effect	2,806	385	22,922	
Income tax effect	(42)	(114)	(343)	
Total	¥ 2,764	¥ 271	\$ 22,579	
Deferred gains or losses on hedges				
Gains (losses) arising during the year	¥ 124,766	¥ 37,525	\$ 1,019,246	
Reclassification adjustments to profit or loss	665	-	5,432	
Adjustments to acquisition costs of assets	(75,125)	18,423	(613,716)	
Amount before income tax effect	50,307	55,949	410,971	
Income tax effect	(14,385)	(13,955)	(117,514)	
Total	¥ 35,921	¥ 41,993	\$ 293,448	
Foreign currency translation adjustment:				
Gains (losses) arising during the year	¥ 62,095	¥ (6,434)	\$ 507,270	
Total	¥ 62,095	¥ (6,434)	\$ 507,270	
Remeasurements of defined benefit plans				
Gains (losses) arising during the year	¥ (166)	¥ -	\$ (1,356)	
Reclassification adjustments to profit or loss	-	-	-	
Amount before income tax effect	(166)	-	(1,356)	
Income tax effect	46	-	375	
Total	¥ (120)	¥ -	\$ (980)	
Share of other comprehensive income of entities accounted for using equity method				
Gains (losses) arising during the year	¥ 37,617	¥ (22,562)	\$ 307,303	
Reclassification adjustments to profit or loss	5,542	2,804	45,274	
Adjustments to acquisition costs of assets	252	197	2,058	
Total	¥ 43,413	¥ (19,561)	\$ 354,652	
Total other comprehensive income	¥ 144,073	¥ 16,269	\$ 1,176,970	

23. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2022 and 2021 were reconciled to cash and deposits in the consolidated balance sheet as of March 31, 2022 and 2021 as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2022	2021	2022	
Cash and deposits	¥ 514,313	¥ 616,132	\$ 4,201,560	
Time deposits with maturities over three months	(52,857)	(54,447)	(431,802)	
Cash and cash equivalents	¥ 461,456	¥ 561,685	\$ 3,769,757	

24. FINANCIAL INSTRUMENTS

(1) Group policy for financial instruments

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

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

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

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

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

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

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

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

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

(3) Risk management for financial instruments

a. Credit risk management

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

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

b. Market risk management

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

c. Liquidity risk management for fund raising

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

(4) Fair value of financial instruments

a. Fair value of financial instruments

Book value and fair value of financial instruments, and difference between the two as of March 31, 2022 and 2021 were as follows. Equity securities, etc. without market prices are not included in the following tables (See b. below). “Cash and deposits” are omitted because they comprise cash and deposits settled in a short period of time and their book value approximates the fair value. In addition, “notes receivable—trade,” “accounts receivable—trade,” “notes and accounts payable—trade” and “short-term borrowings” are also omitted as they are settled in a short period of time and their book value approximates the fair value.

	Millions of Yen		
	2022		
	Book value	Fair value	Difference
Assets:			
Investment securities	¥ 221,583	¥ 165,432	¥ (56,150)
Liabilities:			
Bonds payable	¥ 150,000	¥ 148,507	¥ (1,493)
Long-term borrowings (Note 1)	2,082,448	2,088,911	6,463
Derivatives (Note 2)	¥ 207,835	¥ 207,835	¥ -

	Millions of Yen		
	2021		
	Book value	Fair value	Difference
Assets:			
Investment securities	¥ 11,848	¥ 6,306	¥ (5,541)
Liabilities:			
Bonds payable	¥ 40,000	¥ 40,122	¥ 122
Long-term borrowings (Note 1)	1,566,537	1,581,861	15,323
Derivatives (Note 2)	¥ 42,223	¥ 42,223	¥ -

	Thousands of U.S. Dollars		
	2022		
	Book value	Fair value	Difference
Assets:			
Investment securities	\$ 1,810,170	\$ 1,351,458	\$ (458,704)
Liabilities:			
Bonds payable	\$ 1,225,390	\$ 1,213,193	\$ (12,196)
Long-term borrowings (Note 1)	17,012,074	17,064,872	52,797
Derivatives (Note 2)	\$ 1,697,859	\$ 1,697,859	\$ -

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

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

b. Equity securities, etc. without market prices are not included in investment securities of a. above. The book value of such financial instruments were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unlisted equity securities, etc.	¥ 804,994	¥ 547,552	\$ 6,576,211

c. Maturity analysis for monetary receivables

	Millions of Yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
As of March 31, 2022				
Cash and deposits	¥ 514,313	¥ -	¥ -	¥ -
Notes receivable—trade	7	-	-	-
Accounts receivable—trade	766,776	-	-	-
	¥ 1,281,096	¥ -	¥ -	¥ -

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

	Thousands of U.S. Dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
As of March 31, 2022				
Cash and deposits	\$ 4,201,560	\$ -	\$ -	\$ -
Notes receivable—trade	57	-	-	-
Accounts receivable—trade	6,263,998	-	-	-
	\$ 10,465,615	\$ -	\$ -	\$ -

d. Maturity analysis for short-term borrowings, bonds payable and long-term borrowings

	Millions of Yen					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
As of March 31, 2022						
Short-term borrowings	¥ 117,100	¥ -	¥ -	¥ -	¥ -	¥ -
Bonds payable	-	-	30,000	20,000	40,000	60,000
Long-term borrowings	262,077	313,132	332,298	270,343	248,483	656,113
Total	¥ 379,178	¥ 313,132	¥ 362,298	¥ 290,343	¥ 288,483	¥ 716,113

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

	Thousands of U.S. Dollars					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
As of March 31, 2022						
Short-term borrowings	\$ 956,621	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	245,078	163,385	326,770	490,156
Long-term borrowings	2,140,977	2,558,058	2,714,631	2,208,504	2,029,924	5,359,962
Total	\$ 3,097,606	\$ 2,558,058	\$ 2,959,709	\$ 2,371,889	\$ 2,356,694	\$ 5,850,118

(5) Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair value measured using significant unobservable inputs

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

a. Financial instruments measured at fair value

Millions of Yen				
2022				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥ 165,432	¥ -	¥ -	¥ 165,432
Derivatives				
Interest rate-related derivatives	-	2,396	-	2,396
Currency-related derivatives	-	60,435	-	60,435
Commodity-related derivatives	737,050	2,326,979	86,334	3,150,364
Total assets	¥ 902,483	¥ 2,389,812	¥ 86,334	¥ 3,378,629
Derivatives				
Interest rate-related derivatives	¥ -	¥ 9,935	¥ -	¥ 9,935
Currency-related derivatives	-	22,264	-	22,264
Commodity-related derivatives	571,345	2,365,936	35,878	2,973,160
Total liabilities	¥ 571,345	¥ 2,398,136	¥ 35,878	¥ 3,005,360

Thousands of U.S. Dollars				
2022				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	\$ 1,351,458	\$ -	\$ -	\$ 1,351,458
Derivatives				
Interest rate-related derivatives	-	19,573	-	19,573
Currency-related derivatives	-	493,709	-	493,709
Commodity-related derivatives	6,021,158	19,009,713	705,285	25,736,165
Total assets	\$ 7,372,624	\$ 19,523,012	\$ 705,285	\$ 27,600,923
Derivatives				
Interest rate-related derivatives	\$ -	\$ 81,161	\$ -	\$ 81,161
Currency-related derivatives	-	181,880	-	181,880
Commodity-related derivatives	4,667,469	19,327,963	293,096	24,288,538
Total liabilities	\$ 4,667,469	\$ 19,591,013	\$ 293,096	\$ 24,551,588

b. Financial instruments other than those measured at fair value

Millions of Yen					
2022					
Fair value					
	Level 1	Level 2	Level 3	Total	
Bonds payable	¥ -	¥ 148,507	¥ -	¥	148,507
Long-term borrowings	-	2,088,911	-		2,088,911
Total liabilities	¥ -	¥ 2,237,418	¥ -	¥	2,237,418

Thousands of U.S. Dollars					
2022					
Fair value					
	Level 1	Level 2	Level 3	Total	
Bonds payable	\$ -	\$ 1,213,193	\$ -	\$	1,213,193
Long-term borrowings	-	17,064,872	-		17,064,872
Total liabilities	\$ -	\$ 18,278,065	\$ -	\$	18,278,065

Valuation techniques and inputs used in the fair value measurements is as follows:

Investment securities

The fair value of listed equity securities is measured at the quoted price. Listed equity securities are traded in active markets, and therefore their fair value is classified as Level 1.

Derivatives

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

For the allocation of forward exchange contracts, as they are accounted for as an integral part of hedged items, their fair value is included in the fair value of the hedged items.

Bonds payable

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

Long-term borrowings

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

25. DERIVATIVES

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

a. Currency-related derivatives

March 31, 2022		Millions of Yen			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Foreign currency forward contracts:				
	Buy	¥ 448,789	¥ 96,197	¥ (15,489)	¥ (15,489)
	Foreign currency forward contracts:				
	Sell	747,542	262,167	30,396	30,396
	Currency swaps	762,625	80,009	(1,650)	(1,650)
Total		¥ 1,958,957	¥ 438,375	¥ 13,256	¥ 13,256

March 31, 2021

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

March 31, 2022

		Thousands of U.S. Dollars			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Foreign currency forward contracts:				
	Buy	\$ 3,666,277	\$ 785,858	\$ (126,533)	\$ (126,533)
	Foreign currency forward contracts:				
	Sell	6,106,870	2,141,712	248,313	248,313
	Currency swaps	6,230,087	653,614	(13,479)	(13,479)
Total		\$ 16,003,243	\$ 3,581,202	\$ 108,291	\$ 108,291

b. Interest rate-related derivatives

March 31, 2022

		Millions of Yen			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Interest rate swaps:				
	Pay fixed/ Receive variable	¥ 43,510	¥ 43,510	¥ (380)	¥ (380)

March 31, 2022

		Thousands of U.S. Dollars			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Interest rate swaps:				
	Pay fixed/ Receive variable	\$ 355,444	\$ 355,444	\$ (3,104)	\$ (3,104)

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

c. Commodity-related derivatives

March 31, 2022

		Millions of Yen			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Commodity forward contracts:				
	Buy	¥ 4,364,593	¥ 1,008,787	¥ 2,504,605	¥ 2,504,605
	Commodity forward contracts:				
	Sell	4,365,501	613,599	(2,494,372)	(2,494,372)
	Commodity options:				
	Buy	9,634	562	32,276	32,276
	Commodity swaps	206,754	21,414	(104,543)	(104,543)
Market transactions	Commodity futures contracts:				
	Buy	3,168,474	1,002,138	1,511,200	1,511,200
	Commodity futures contracts:				
	Sell	2,842,306	802,843	(1,327,199)	(1,327,199)
Total		¥ 14,957,264	¥ 3,449,346	¥ 121,966	¥ 121,966

March 31, 2021

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

March 31, 2022

		Thousands of U.S. Dollars			
Classification	Type of derivative transactions	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Commodity forward contracts: Buy	\$ 35,655,526	\$ 8,241,050	\$ 20,460,787	\$ 20,460,787
	Commodity forward contracts: Sell	35,662,944	5,012,654	(20,377,191)	(20,377,191)
	Commodity options: Buy	78,702	4,591	263,671	263,671
	Commodity swaps	1,689,028	174,936	(854,039)	(854,039)
Market transactions	Commodity futures contracts: Buy	25,884,110	8,186,733	12,345,396	12,345,396
	Commodity futures contracts: Sell	23,219,557	6,558,639	(10,842,243)	(10,842,243)
Total		\$ 122,189,886	\$ 28,178,629	\$ 996,372	\$ 996,372

(2) Derivative transactions to which hedge accounting is applied

a. Currency-related derivatives

March 31, 2022

		Millions of Yen			
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Forward currency forward contracts: Buy	Accounts payable—trade	¥ 447,483	¥ 78,573	¥ 24,868
	Currency swaps	Investments in foreign subsidiaries	4,766	-	46
	Total		¥ 452,250	¥ 78,573	¥ 24,914

March 31, 2021

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

March 31, 2022			Thousands of U.S. Dollars		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Forward currency contracts: Buy	Accounts payable—trade	\$ 3,655,608	\$ 641,883	\$ 203,153
	Currency swaps	Investments in foreign subsidiaries	38,934	-	375
Total			\$ 3,694,551	\$ 641,883	\$ 203,529

b. Interest rate-related derivatives

March 31, 2022			Millions of Yen		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Interest rate swaps: Pay fixed/Receive variable	Interest expenses	¥ 730,416	¥ 643,964	¥ (7,158)

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

March 31, 2022			Thousands of U.S. Dollars		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Interest rate swaps: Pay fixed/Receive variable	Interest expenses	\$ 5,966,963	\$ 5,260,713	\$ (58,475)

c. Commodity-related derivatives

March 31, 2022			Millions of Yen		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Commodity swaps	Accounts payable—trade	¥ 9,640	¥ 4,015	¥ 55,237

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

March 31, 2022			Thousands of U.S. Dollars		
Hedge accounting method	Type of derivative transactions	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge method	Commodity swaps	Accounts payable—trade	\$ 78,751	\$ 32,799	\$ 451,245

26. PER SHARE DATA

Net assets per share as of March 31, 2022 and 2021 and basic and diluted earnings per share (“EPS”) for the years then ended were as follows:

	Yen		U.S. Dollars
	2022	2021	2022
Net assets per share	¥ 90,484.59	¥ 84,309.71	\$ 739.19
Basic EPS	1,231.30	7,892.64	10.05

Notes: 1. Diluted EPS for the years ended March 31, 2022 and 2021 is not presented because there were no dilutive shares.

2. Basic EPS for the years ended March 31, 2022 and 2021 are calculated as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Basic EPS:			
Profit attributable to owners of parent	¥ 24,625	¥ 157,852	\$ 201,168
Amount not attributable to common shareholders	-	-	-
Profit attributable to common shareholders	¥ 24,625	¥ 157,852	\$ 201,168
Average number of common stock outstanding during the year (thousands of shares)	20,000	20,000	

27. SEGMENT INFORMATION

(1) General information of reportable segments

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

The Group operates the fuel business, overseas power generation business, and domestic thermal and gas business. The business description of the Group’s reportable segments is as follows:

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

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

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

The segment profit represents profit attributable to owners of parent.

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

(Adoption of Revenue Recognition Standard, etc.)

As mentioned in Note 3, the Group has adopted the Revenue Recognition Standard, etc. from the beginning of the year ended March 31, 2022 and the accounting treatment of revenue recognition has been changed. Due to this change, net sales of the domestic thermal power and gas business for the year ended March 31, 2022 decreased by ¥2,924 million (\$23,886 thousand) when compared with the previous method, and there was no impact on segment profit.

(Changes in the method of depreciation of property, plant and equipment)

As mentioned in Note 3, the Company and its subsidiaries have changed the method of depreciation of property, plant and equipment principally from the declining-balance method to the straight-line method from the beginning of the year ended March 31, 2022. Due to this change, segment profit of the domestic thermal power and gas business for the year ended March 31, 2022 increased by ¥24,305 million (\$198,554 thousand) while other overhead expenses, etc. not allocated to the reportable segments decreased by ¥143 million (\$1,168 thousand).

(3) Information about net sales, profit (loss), assets, liabilities and other items by reportable segment and breakdown information of revenue

Millions of Yen						
2022						
Reportable segments						
	Fuel business	Overseas power generation business	Domestic thermal power and gas business	Total	Reconciliation (Note 1)	Consolidated (Note 2)
Net sales:						
Revenue from contracts with customers	¥ 1,344,863	¥ 1,588	¥ 3,038,219	¥ 4,384,671	¥ -	¥ 4,384,671
Revenue from other sources	27,203	-	23,400	50,603	-	50,603
Sales to external customers	1,372,066	1,588	3,061,620	4,435,275	-	4,435,275
Intersegment sales or transfers	1,623,467	2,544	57,817	1,683,829	(1,683,829)	-
Total	¥ 2,995,533	¥ 4,132	¥ 3,119,438	¥ 6,119,104	¥ (1,683,829)	¥ 4,435,275
Segment profit (loss)	¥ 161,337	¥ (19,301)	¥ (113,891)	¥ 28,144	¥ (3,518)	¥ 24,625
Segment assets	4,809,794	764,257	3,720,092	9,294,143	(571,946)	8,722,197
Segment liabilities	3,939,411	230,850	2,962,684	7,132,947	(385,121)	6,747,826
Other:						
Depreciation and amortization	6,414	199	142,804	149,418	4,201	153,619
Dividend income	-	4,339	210	4,549	-	4,549
Interest income	1,447	625	10	2,083	198	2,282
Interest expenses	1,330	1,186	6,250	8,767	1,564	10,331
Share of profit (loss) of entities accounted for using equity method	9,731	(33,460)	15	(23,713)	-	(23,713)
Extraordinary income	2,565	19,749	1,593	23,908	-	23,908
Extraordinary losses	-	-	22,944	22,944	-	22,944
Income taxes	29,539	3,392	(39,027)	(6,095)	(9,481)	(15,576)
Investments in affiliates accounted for using equity method	335,126	494,857	124,402	954,386	-	954,386
Increase in property, plant and equipment, and intangible assets	2,320	60,883	273,237	336,441	539	336,981

Notes: 1. Reconciliation items for segment profit (loss) of ¥(3,518) million consist of intersegment eliminations of ¥41,295 million; and other overhead expenses, etc. not allocated to the reportable segments of ¥(44,814) million.

Reconciliation items for segment assets of ¥(571,946) million consist of intersegment eliminations of ¥(254,059) million; offsetting of receivables to the administrative departments of the head office of ¥(1,150,351) million; and other financial assets, etc. not allocated to the reportable segments of ¥832,463 million.

Reconciliation items for segment liabilities of ¥(385,121) million consist of intersegment eliminations of ¥(286,601) million; offsetting of payables to the administrative departments of the head office of ¥(1,150,351) million; and other financial liabilities, etc. not allocated to the reportable segments of ¥1,051,831 million.

Reconciliation items for depreciation and amortization of ¥4,201 million consist of other expenses not allocated to the reportable segments.

Reconciliation items for interest income of ¥198 million consist of intersegment eliminations of ¥(22) million; and other expenses not allocated to the reportable segments of ¥221 million.

Reconciliation items for interest expenses of ¥1,564 million consist of intersegment eliminations of ¥22 million; and other expenses not allocated to the reportable segments of ¥1,541 million.

Reconciliation items for income taxes of ¥(9,481) million consist of intersegment eliminations of ¥3,339 million; and other expenses not allocated to the reportable segments of ¥(12,820) million.

Reconciliation items for increase in property, plant and equipment, and intangible assets of ¥539 million consist of other intangible assets, etc. not allocated to the reportable segments.

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

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

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

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

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

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

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

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

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

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

2. Segment profit (loss) is reconciled with profit attributable to owners of parent in the consolidated financial statements.
3. Increase in property, plant and equipment, and intangible assets does not include the amounts of assets corresponding to asset retirement obligations.

Thousands of U.S. Dollars						
2022						
Reportable segments						
	Fuel business	Overseas power generation business	Domestic thermal power and gas business	Total	Reconciliation (Note 1)	Consolidated (Note 2)
Net sales:						
Revenue from contracts with customers	\$ 10,986,545	\$ 12,972	\$ 24,820,022	\$ 35,819,549	\$ -	\$ 35,819,549
Revenue from other sources	222,228	-	191,160	413,389	-	413,389
Sales to external customers	11,208,773	12,972	25,011,191	36,232,946	-	36,232,946
Intersegment sales or transfers	13,262,535	20,782	472,322	13,755,649	(13,755,649)	-
Total	\$ 24,471,309	\$ 33,755	\$ 25,483,522	\$ 49,988,595	\$ (13,755,649)	\$ 36,232,946
Segment profit (loss)	\$ 1,318,005	\$ (157,675)	\$ (930,406)	\$ 229,915	\$ (28,739)	\$ 201,168
Segment assets	39,292,492	6,243,419	30,390,425	75,926,337	(4,672,379)	71,253,958
Segment liabilities	32,182,101	1,885,875	24,202,957	58,270,950	(3,146,156)	55,124,793
Other:						
Depreciation and amortization	52,397	1,625	1,166,604	1,220,635	34,319	1,254,954
Dividend income	-	35,446	1,715	37,161	-	37,161
Interest income	11,820	5,105	81	17,016	1,617	18,642
Interest expenses	10,865	9,688	51,057	71,619	12,776	84,396
Share of profit (loss) of entities accounted for using equity method	79,495	(273,343)	122	(193,717)	-	(193,717)
Extraordinary income	20,954	161,334	13,013	195,310	-	195,310
Extraordinary losses	-	-	187,435	187,435	-	187,435
Income taxes	241,311	27,710	(318,821)	(49,791)	(77,452)	(127,244)
Investments in affiliates accounted for using equity method	2,737,733	4,042,619	1,016,273	7,796,634	-	7,796,634
Increase in property, plant and equipment, and intangible assets	18,952	497,369	2,232,146	2,748,476	4,403	2,752,887

Notes: 1. Reconciliation items for segment profit (loss) of \$(28,739) thousand consist of intersegment eliminations of \$337,349 thousand; and other overhead expenses, etc. not allocated to the reportable segments of \$(366,097) thousand.

Reconciliation items for segment assets of \$(4,672,379) thousand consist of intersegment eliminations of \$(2,075,475) thousand; offsetting of receivables to the administrative departments of the head office of \$(9,397,524) thousand; and other financial assets, etc. not allocated to the reportable segments of \$6,800,612 thousand.

Reconciliation items for segment liabilities of \$(3,146,156) thousand consist of intersegment eliminations of \$(2,341,320) thousand; offsetting of payables to the administrative departments of the head office of \$(9,397,524) thousand; and other financial liabilities, etc. not allocated to the reportable segments of \$8,592,688 thousand.

Reconciliation items for depreciation and amortization of \$34,319 thousand consist of other expenses not allocated to the reportable segments.

Reconciliation items for interest income of \$1,617 thousand consist of intersegment eliminations of \$(179) thousand; and other expenses not allocated to the reportable segments of \$1,805 thousand.

Reconciliation items for interest expenses of \$12,776 thousand consist of intersegment eliminations of \$179 thousand; and other expenses not allocated to the reportable segments of \$12,588 thousand.

Reconciliation items for income taxes of \$(77,452) thousand consist of intersegment eliminations of \$27,277 thousand; and other expenses not allocated to the reportable segments of \$(104,730) thousand.

Reconciliation items for increase in property, plant and equipment, and intangible assets of \$4,403 thousand consist of other intangible assets, etc. not allocated to the reportable segments.

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

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

(4) Related information

a. Information by product and service

Millions of Yen						
2022						
	Electricity	LNG	Coal	Other	Consolidated	
Sales to external customers	¥ 2,686,886	¥ 906,036	¥ 522,851	¥ 319,500	¥ 4,435,275	

Millions of Yen						
2021						
	Electricity	LNG	Coal	Other	Consolidated	
Sales to external customers	¥ 2,176,384	¥ 240,824	¥ 116,803	¥ 196,134	¥ 2,730,146	

Thousands of U.S. Dollars						
2022						
	Electricity	LNG	Coal	Other	Consolidated	
Sales to external customers	\$ 21,949,889	\$ 7,401,650	\$ 4,271,309	\$ 2,610,080	\$ 36,232,946	

b. Information by geographical area

i) Net sales

Millions of Yen				
2022				
	Japan	Other	Consolidated	
Net sales	¥ 3,419,820	¥ 1,015,454	¥ 4,435,275	

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

Thousands of U.S. Dollars				
2022				
	Japan	Other	Consolidated	
Net sales	\$ 27,937,423	\$ 8,295,515	\$ 36,232,946	

ii) Property, plant and equipment

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

c. Information by major customer

Customer name	Millions of Yen		Thousands of U.S. Dollars	Related segment name
	2022	2021	2022	
	Net sales			
TEPCO Energy Partner, Inc.	¥ 1,720,622	¥ 1,413,921	\$ 14,056,220	Domestic thermal power and gas business
Chubu Electric Power Miraiz Co., Inc.	915,312	743,913	7,477,428	Domestic thermal power and gas business

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

Millions of Yen				
2022				
	Fuel business	Overseas power generation business	Domestic thermal power and gas business	Consolidated
Loss on impairment of non-current assets	¥ -	¥ -	¥ 22,944	¥ 22,944

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

Thousands of U.S. Dollars				
2022				
	Fuel business	Overseas power generation business	Domestic thermal power and gas business	Consolidated
Loss on impairment of non-current assets	\$ -	\$ -	\$ 187,435	\$ 187,435

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

This information is omitted due to immateriality.

(7) Information about gain on negative goodwill

No gain on negative goodwill was recognized for the years ended March 31, 2022 and 2021.

28. RELATED PARTY TRANSACTIONS

(1) Transactions of the Company with related parties for the years ended March 31, 2022 and 2021 were as follows:

2022										
Type	Company name/name	Location	Capital	Business/ occupation	Percentage of voting rights (held)	Relationship	Transaction	Transaction amount	Account	Year-end balance
Other affiliates	Chubu Electric Power Co., Inc.	Higashi-ku Nagoya-shi Aichi	¥430,777 million (\$3,519,132 thousand)	Electricity business	Directly held 50%	Guarantee Interlocking directors, etc.	Guarantee (Note 2)	¥28,735 million (\$234,743 thousand)	-	-
Subsidiaries of other affiliates	Chubu Electric Power Miraiz Co., Inc.	Higashi-ku, Nagoya-shi, Aichi	¥4,000 million (\$32,677 thousand)	Electricity business	-	Sales of electricity and gas	Sales of electricity and gas (Note 1)	¥914,984 million (\$7,474,748 thousand)	Accounts receivable —trade	¥115,735 million (\$945,470 thousand)
Subsidiaries of other affiliates	TEPCO Energy Partner, Inc.	Chiyoda-ku, Tokyo	¥10,000 million (\$81,692 thousand)	Electricity business	-	Sales of electricity and gas	Sales of electricity and gas (Note 1)	¥1,720,424 million (\$14,054,603 thousand)	Accounts receivable —trade	¥211,171 million (\$1,725,112 thousand)
2021										
Type	Company name/name	Location	Capital	Business/ occupation	Percentage of voting rights (held)	Relationship	Transaction	Transaction amount	Account	Year-end balance
Other affiliates	Chubu Electric Power Co., Inc.	Higashi-ku Nagoya-shi Aichi	¥430,777 million	Electricity business	Directly held 50%	Guarantee Interlocking directors, etc.	Guarantee (Note 2)	¥40,255 million	-	-
Other affiliates	Tokyo Electric Company Holdings, Inc.	Chiyoda-ku, Tokyo	¥1,400,975 million	Electricity business	Indirectly held 50%	Guarantee Interlocking directors, etc.	Guarantee (Note 2)	¥1,153 million	-	-
Subsidiaries of other affiliates	Chubu Electric Power Miraiz Co., Inc.	Higashi-ku, Nagoya-shi, Aichi	¥4,000 million	Electricity business	-	Sales of electricity and gas	Sales of electricity and gas (Note 1)	¥743,599 million	Accounts receivable —trade	¥63,016 million
Subsidiaries of other affiliates	TEPCO Energy Partner, Inc.	Chiyoda-ku, Tokyo	¥10,000 million	Electricity business	-	Sales of electricity and gas	Sales of electricity and gas (Note 1)	¥1,413,782 million	Accounts receivable —trade	¥133,243 million

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

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

2. These transactions are presented in Note 12.

(2) Transactions between the Company's consolidated subsidiaries and related parties for the years ended March 31, 2022 and 2021 were as follows:

There were no transactions between the Company's consolidated subsidiaries and related parties for the year ended March 31, 2022.

2021										
Type	Company name/name	Location	Capital	Business/ occupation	Percentage of voting rights (held)	Relationship	Transaction	Transaction amount	Account	Year-end balance
Companies represented by a director of a significant subsidiary	EDF Trading Limited	London, United Kingdom	EUR81,000 thousand	Energy trading business	-	Sales and purchase of gas, etc.	Sales of gas, etc. (Note)	¥275,464 million	Accounts receivable—trade	¥61,860 million
						Interlocking directors	Purchase of gas, etc. (Note)	¥249,485 million	Accounts payable—trade	¥46,840 million

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

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

29. SUBSEQUENT EVENTS

On June 8, 2022, a fire broke out at Freeport LNG terminal in Texas, the United States, which are owned by Freeport LNG Development, L.P. and FLIQ1 Holdings, LLC, two of the Company's equity method affiliates. Due to this fire, expenses, etc. for recovery of the facilities and procurement of fuel may be incurred in the year ending March 31, 2023; however, it is difficult to reasonably estimate the impact on the consolidated financial statements as of this moment.

Independent Auditor's Report

Independent Auditor's Report

The Board of Directors
JERA Co., Inc.

Opinion

We have audited the accompanying consolidated financial statements of JERA Co., Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Change in the method for depreciating property, plant and equipment	
Description of Key Audit Matter	Auditor's Response
As described in (Accounting Changes Which Are Difficult to Distinguish from Changes in Accounting Estimates) under Notes to Consolidated Financial Statements, JERA Co., Inc. (the "Company") and its consolidated subsidiaries (collectively, the "Group") used to adopt the declining-balance method as a method of depreciation of property, plant and equipment, but have changed the method principally to the straight-line method from the beginning of the year ended March 31, 2022. Due to this change, operating profit, ordinary profit, and profit before income taxes for the year ended March 31, 2022 increased by ¥34,278 million when compared with the previous method. It is necessary for the Company to continue to apply its accounting policies, but changes in accounting policies may be permitted if there are reasonable grounds that meet the requirements below. • Changes in accounting policies are made in response to changes in the nature of the entity's business or changes in the business environment inside and outside the entity. • Changes in accounting policies are made to appropriately reflect events and so forth in financial statements. Given that future investments are expected to focus on efficient operation considering each characteristic of power possessed rather than expanding power generation capacity, the Company expects that its facilities, mainly those in the power generation business, will be utilized in a stable manner. Therefore, the Company changed its depreciation method on the justification that the straight-line method, which evenly allocates expenses over the useful life, would reflect a consumption pattern of economic benefits more appropriately as a method of depreciation of property, plant and equipment. As the change in the method for depreciating property, plant and equipment involves management's subjective decisions and has a significant effect on the consolidated financial statements, we have determined that this is a key audit matter.	To consider whether the changes to the method for depreciating property, plant and equipment were changes in accounting policy for justifiable reasons, we primarily performed the following audit procedures. • To assess whether the change in depreciation was made in response to changes in the business environment inside and outside the Group, we inquired of management and considered the consistency of this change with policies related to the electric power industry and carbon neutrality. • We considered the consistency of actual electric power demand and future forecasts, with statistical data and expected demand information released by external organizations. • We considered the consistency of the Company's power supply investment plans with the supply plans in accordance with the Electricity Business Act. • To consider whether the straight-line method reflects the future consumption pattern of economic benefits of the Company's facilities more appropriately, we analyzed past power supply development and changes in capacity utilization rates, and evaluated the reasonableness of expected utilization of facilities in a stable manner in light of future power supply development plans. In addition, to consider the timeliness of the change in the depreciation method, we primarily performed the following audit procedures. • We inquired of management on the timeliness of the change in the depreciation method in the year ended March 31, 2022 based on the status of power supply development and the JERA Zero CO₂ Emissions 2050 announced by the Company. • We considered the consistency of the change in the depreciation method with materials related to power supply operational policies from the year ended March 31, 2022.

Valuation of investment in a foreign offshore wind power project	
Description of Key Audit Matter	Auditor's Response
For investment securities related to a foreign offshore wind power project in the year ended March 31, 2022, the Group recorded share of loss of entities accounted for using equity method of ¥33,201 million due to a deterioration in profitability caused by changes in the business environment. As described in (Significant Accounting Estimates) under Notes to Consolidated Financial Statements, because of the deterioration in profitability of the project, it became necessary to evaluate the investment and so the book value was compared with the recoverable amount. The recoverable value of the investment was measured at its value in use, which was calculated using future cash flows based on business plans. The significant assumptions used in estimating future cash flows were future power generation output, construction costs, power plant operating costs, and discount rates. The aforementioned significant assumptions used in estimating recoverable amount involve uncertainty and require management judgment. Accordingly, we have determined that this is a key audit matter.	For the share of loss of entities accounted for using equity method related to a foreign offshore wind power project, we primarily performed the following audit procedures. • We inquired of management regarding future cash flows, and considered the consistency of the future cash flows with business plans approved by the board of directors. • We reviewed contracts for borrowings of power generation company for the year ended March 31, 2022. • We reviewed electric power sales contracts for future power generation output included in future cash flows. In addition, we reviewed valuation reports prepared by external specialists used by management and evaluated the competence, capabilities, and objectivity of these specialists. • We compared construction costs included in future cash flows to budgets approved by the board of directors of power generation company and related contracts. • We compared construction costs included in business plans formulated in prior years to actual costs, and evaluated assumptions related to estimates. • We compared power plant operating costs included in future cash flows to related contracts and operating costs of similar power plants. • We involved valuation specialists from our network firm and considered the valuation methods and discount rates of future cash flows. We compared discount rates to ranges set by these specialists based on external information.

Other Information

The other information comprises the information included in the disclosure document that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

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

Responsibilities of Management and the Corporate Auditor for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 10, 2022

関口 茂

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Designated Engagement Partner
Certified Public Accountant

清水 幹雄

Mikio Shimizu
Designated Engagement Partner
Certified Public Accountant