

Chubu Electric Power Group Report 2021 (Integrated Report) Financial Section

Year ended March 31, 2021

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Consolidated Balance Sheets

Chubu Electric Power Company, Incorporated and Subsidiaries
As of March 31, 2021 and 2020

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2021	March 31, 2020	March 31, 2021
Property, Plant and Equipment:			
Property, plant and equipment, at cost	¥10,366,869	¥10,208,521	\$93,639,866
Construction in progress	382,692	387,105	3,456,712
	10,749,562	10,595,626	97,096,579
Less:			
Contributions in aid of construction	(207,754)	(204,451)	(1,876,568)
Accumulated depreciation	(7,412,829)	(7,310,834)	(66,957,177)
	(7,620,583)	(7,515,285)	(68,833,745)
Total Property, Plant and Equipment, Net (Notes 7 and 11)	3,128,978	3,080,341	28,262,834
Nuclear Fuel:			
Loaded nuclear fuel	40,040	40,040	361,666
Nuclear fuel in processing	152,034	148,733	1,373,266
Total Nuclear Fuel	192,074	188,773	1,734,933
Investments and Other Assets:			
Long-term investments (Notes 8, 9 and 11)	1,527,470	1,433,614	13,797,038
Net defined benefit asset (Note 12)	22,517	13,627	203,393
Deferred tax assets (Notes 11 and 18)	160,383	162,692	1,448,681
Other (Note 11)	17,680	15,796	159,696
Allowance for doubtful accounts	(4,208)	(558)	(38,011)
Total Investments and Other Assets	1,723,843	1,625,171	15,570,797
Current Assets:			
Cash and deposits (Notes 6, 8 and 11)	176,460	148,583	1,593,902
Trade notes and accounts receivable (Note 8 and 11)	309,272	308,452	2,793,538
Allowance for doubtful accounts	(2,099)	(885)	(18,968)
Other (Note 11)	157,818	150,377	1,425,512
Total Current Assets	641,452	606,528	5,793,985
Total Assets (Notes 11 and 23)	¥ 5,686,348	¥ 5,500,815	\$51,362,550

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2021	March 31, 2020	March 31, 2021
Noncurrent Liabilities:			
Long-term loans payable (Notes 8 and 11)	¥1,848,661	¥1,758,950	\$16,698,231
Lease obligations	60,517	52,374	546,626
Provision for loss in conjunction with discontinued operations of nuclear power plants	7,956	7,981	71,865
Net defined benefit liability (Note 12)	143,420	161,239	1,295,458
Asset retirement obligations (Note 14)	261,754	255,032	2,364,322
Other (Notes 11 and 18)	143,860	128,927	1,299,437
Total Noncurrent Liabilities	2,466,169	2,364,506	22,275,941
Current Liabilities:			
Current portion of noncurrent liabilities (Notes 8 and 11)	223,586	303,212	2,019,572
Short-term loans payable (Notes 8 and 11)	262,442	274,962	2,370,535
Commercial paper (Notes 8 and 11)	20,000	96,000	180,652
Notes and accounts payable - trade (Note 8)	200,397	192,715	1,810,111
Accrued taxes	88,983	30,571	803,757
Other (Notes 8 and 14)	298,735	254,335	2,698,364
Total Current Liabilities	1,094,146	1,151,797	9,882,993
Reserve for Fluctuation in Water Levels	22,347	22,446	201,858
Total Liabilities	3,582,663	3,538,749	32,360,792
Commitments and Contingent Liabilities (Note 16)			
Net Assets (Note 17)			
Capital stock	430,777	430,777	3,891,042
Capital surplus	70,732	70,808	638,899
Retained earnings	1,472,678	1,363,241	13,302,126
Treasury shares, at cost (Note 4)	(2,697)	(2,474)	(24,369)
Total Shareholders' Equity	1,971,490	1,862,352	17,807,699
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	45,002	37,407	406,487
Deferred gains and losses on hedges (Note 15)	(435)	(13,623)	(3,930)
Foreign currency translation adjustments	11,216	13,534	101,311
Remeasurements of defined benefit plans	3,892	(5,278)	35,160
Total Accumulated Other Comprehensive Income	59,675	32,040	539,029
Noncontrolling interests	72,518	67,672	655,028
Total Net Assets	2,103,684	1,962,065	19,001,757
Total Liabilities and Net Assets	¥5,686,348	¥5,500,815	\$51,362,550

Consolidated Statements of Income

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2021	March 31, 2020	March 31, 2021
Operating Revenues:			
Electricity	¥2,498,070	¥2,630,228	\$22,564,086
Other	437,339	435,726	3,950,318
Total Operating Revenues (Note 23)	2,935,409	3,065,954	26,514,405
Operating Expenses:			
Electricity (Note 19)	2,373,137	2,515,286	21,435,621
Other	416,577	419,836	3,762,783
Total Operating Expenses	2,789,715	2,935,122	25,198,405
Operating Income	145,694	130,832	1,315,999
Other Income (Expenses):			
Interest expense	(19,355)	(22,309)	(174,834)
Gain on change in equity	–	19,092	–
Other, net	65,871	83,281	594,989
Total Other Income, Net	46,515	80,063	420,154
Income Before Reversal of Reserve for Fluctuation in Water Levels and Income Taxes	192,209	210,895	1,736,154
Reversal of Reserve for Fluctuation in Water Levels	(98)	–	(893)
Income Before Income Taxes	192,308	210,895	1,737,047
Income Taxes:			
Current	46,223	28,792	417,520
Deferred	(5,126)	14,382	(46,301)
Total Income Taxes	41,097	43,175	371,219
Net Income	151,210	167,720	1,365,828
Net income attributable to noncontrolling interests	4,007	4,248	36,201
Net income attributable to owners of parent	¥ 147,202	¥ 163,472	\$ 1,329,626

	yen		U.S. dollars (Note 1)
	March 31, 2021	March 31, 2020	March 31, 2021
Per Share of Capital Stock:			
Net income - basic (Notes 2 and 4)	¥194.65	¥216.11	\$1.76
Cash dividends	50.00	50.00	0.45

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2021	March 31, 2020	March 31, 2021
Net Income	¥151,210	¥167,720	\$1,365,828
Other Comprehensive Income:			
Valuation difference on available-for-sale securities	8,154	1,389	73,654
Deferred gains and losses on hedges	615	2,245	5,563
Foreign currency translation adjustments	(964)	19	(8,710)
Remeasurements of defined benefit plans, net of tax	10,011	3,293	90,431
Share of other comprehensive income of entities accounted for using equity method	11,638	(15,815)	105,122
Other Comprehensive Income (Note 20)	29,455	(8,867)	266,061
Comprehensive Income	¥180,666	¥158,852	\$ 1,631,890
Comprehensive income attributable to:			
Owners of parent	174,838	154,189	1,579,246
Noncontrolling interests	5,828	4,663	52,643

Consolidated Statements of Changes in Net Assets

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2021 and 2020

	Shareholders' equity					Total shareholders' equity	Accumulated other comprehensive income					Non controlling interests	Total net assets
	Number of shares of capital stock issued	Capital stock	Capital surplus	Retained earnings	Treasury shares (Note 4)		Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Millions of yen													
Balance at April 1, 2019	758,000,000	¥430,777	¥70,798	¥1,237,605	¥(2,008)	¥1,737,172	¥35,232	¥(2,273)	¥16,428	¥(8,064)	¥41,322	¥65,867	¥1,844,362
Dividends of surplus	-	-	-	(37,835)	-	(37,835)	-	-	-	-	-	-	(37,835)
Net income attributable to owners of parent	-	-	-	163,472	-	163,472	-	-	-	-	-	-	163,472
Purchase of treasury shares	-	-	-	-	(470)	(470)	-	-	-	-	-	-	(470)
Disposal of treasury shares	-	-	(0)	-	4	4	-	-	-	-	-	-	4
Change in equity of parent on transactions with noncontrolling interests	-	-	9	-	-	9	-	-	-	-	-	-	9
Net changes in items other than shareholders' equity	-	-	-	-	-	-	2,174	(11,349)	(2,893)	2,786	(9,282)	1,805	(7,477)
Balance at March 31, 2020	758,000,000	¥430,777	¥70,808	¥1,363,241	¥(2,474)	¥1,862,352	¥37,407	¥(13,623)	¥13,534	¥(5,278)	¥32,040	¥67,672	¥1,962,065

Millions of yen													
Balance at April 1, 2020	758,000,000	¥430,777	¥70,808	¥1,363,241	¥(2,474)	¥1,862,352	¥37,407	¥(13,623)	¥13,534	¥(5,278)	¥32,040	¥67,672	¥1,962,065
Dividends of surplus	-	-	-	(37,834)	-	(37,834)	-	-	-	-	-	-	(37,834)
Net income attributable to owners of parent	-	-	-	147,202	-	147,202	-	-	-	-	-	-	147,202
Purchase of treasury shares	-	-	-	-	(227)	(227)	-	-	-	-	-	-	(227)
Disposal of treasury shares	-	-	(0)	(0)	4	3	-	-	-	-	-	-	3
Change in equity of parent on transactions with noncontrolling interests	-	-	(75)	68	-	(6)	-	-	-	-	-	-	(6)
Net changes in items other than shareholders' equity	-	-	-	-	-	-	7,595	13,188	(2,318)	9,170	27,635	4,845	32,481
Balance at March 31, 2021	758,000,000	¥430,777	¥70,732	¥1,472,678	¥(2,697)	¥1,971,490	¥45,002	¥(435)	¥11,216	¥3,892	¥59,675	¥72,518	¥2,103,684

Thousands of U.S. dollars (Note 1)													
Balance at April 1, 2020		\$3,891,042	\$639,583	\$12,313,626	\$(22,351)	\$16,821,901	\$337,883	\$(123,054)	\$122,256	\$(47,675)	\$289,409	\$611,258	\$17,722,569
Dividends of surplus		-	-	(341,742)	-	(341,742)	-	-	-	-	-	-	(341,742)
Net income attributable to owners of parent		-	-	1,329,626	-	1,329,626	-	-	-	-	-	-	1,329,626
Purchase of treasury shares		-	-	-	(2,059)	(2,059)	-	-	-	-	-	-	(2,059)
Disposal of treasury shares		-	(1)	(3)	41	36	-	-	-	-	-	-	36
Change in equity of parent on transactions with noncontrolling interests		-	(682)	620	-	(62)	-	-	-	-	-	-	(62)
Net changes in items other than shareholders' equity		-	-	-	-	-	68,604	119,123	(20,944)	82,836	249,620	43,770	293,390
Balance at March 31, 2021		\$3,891,042	\$638,899	\$13,302,126	\$(24,369)	\$17,807,699	\$406,487	\$(3,930)	\$101,311	\$35,160	\$539,029	\$655,028	\$19,001,757

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2021	March 31, 2020	March 31, 2021
Cash Flows from Operating Activities:			
Income before income taxes	¥192,308	¥210,895	\$1,737,047
Adjustments for:			
Depreciation	182,663	178,171	1,649,925
Decommissioning costs of nuclear power units	9,306	9,067	84,060
Loss on retirement of noncurrent assets	7,244	6,688	65,435
Decrease in provision for net defined benefit liability and asset	(12,776)	(3,066)	(115,405)
Decrease in provision for loss in conjunction with discontinued operations of nuclear power plants	(25)	(192)	(229)
Decrease in reserve for fluctuation in water levels	(98)	–	(893)
Interest and dividend income	(2,667)	(2,914)	(24,092)
Interest expense	19,355	22,309	174,834
Equity in net income of affiliates	(62,048)	(77,106)	(560,462)
Gain on change in equity	–	(19,092)	–
Decrease in notes and accounts receivable - trade	538	37,391	4,866
Increase in inventories	(5,080)	(14,724)	(45,891)
Increase in notes and accounts payable - trade	7,739	59,144	69,905
Other, net	82,594	(111,341)	746,048
Subtotal	419,053	295,231	3,785,147
Interest and dividend income received	20,997	6,707	189,663
Interest expense paid	(20,015)	(23,129)	(180,788)
Income taxes paid	(35,887)	(22,913)	(324,161)
Cash flows from operating activities	384,148	255,896	3,469,861
Cash Flows from Investing Activities:			
Purchase of noncurrent assets	(211,936)	(230,985)	(1,914,341)
Payments on investments and loans receivable	(32,391)	(450,446)	(292,577)
Collection on investments and loans receivable	12,161	15,163	109,851
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(944)	–	(8,533)
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	294	–	2,655
Other, net	17,003	18,646	153,583
Cash flows from investing activities	(215,813)	(647,622)	(1,949,361)
Cash Flows from Financing Activities:			
Proceeds from issuance of bonds	59,829	169,429	540,419
Redemption of bonds	(60,000)	(100,000)	(541,956)
Proceeds from long-term loans payable	226,935	105,315	2,049,814
Repayments of long-term loans payable	(228,257)	(176,528)	(2,061,760)
Proceeds of short-term loans payable	285,342	305,862	2,577,382
Repayments of short-term loans payable	(299,462)	(357,562)	(2,704,922)
Proceeds from issuance of commercial paper	271,000	349,000	2,447,836
Redemption of commercial paper	(347,000)	(253,000)	(3,134,314)
Purchase of treasury shares	(227)	(468)	(2,056)
Cash dividends paid	(37,767)	(37,747)	(341,142)
Dividends paid to noncontrolling interests	(2,508)	(2,525)	(22,661)
Other, net	(9,004)	(7,624)	(81,334)
Cash flows from financing activities	(141,121)	(5,851)	(1,274,696)
Effect of exchange rate change on cash and cash equivalents	119	10	1,081
Net increase (decrease) in cash and cash equivalents	27,332	(397,567)	246,884
Cash and cash equivalents at beginning of this period	147,576	550,060	1,333,001
Decrease in cash and cash equivalents resulting from change of scope of consolidation	–	(4,916)	–
Cash and cash equivalents at end of this period (Note 6)	¥174,909	¥147,576	\$1,579,886

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

(a) Basis of presenting the consolidated financial statements

The consolidated financial statements of Chubu Electric Power Co., Inc. (the "Company") and its subsidiaries (together with the Company, the "Chubu Electric Group") have been prepared as required by the provisions set forth in the Japanese Corporate Law, the Financial Instruments and Exchange Law of Japan, the accounting regulations applicable to the electric power industry and on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

These consolidated financial statements are compiled from the original consolidated financial statements in Japanese prepared by the Company as required by the Financial Instruments and Exchange Law of Japan and submitted to the Director of Kanto Finance Bureau in Japan.

Monetary amounts less than one million yen or one thousand dollars are rounded down. As a result, total

amounts shown in the accompanying consolidated financial statements (in both yen and U.S. dollars) do not necessarily agree with the sum of individual amounts.

(b) U.S. dollar amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and these accompanying notes present the arithmetic results of translating yen amounts into U.S. dollar amounts on a basis of ¥110.71 to U.S. \$1.00, the prevailing exchange rate at the fiscal year-end. The inclusion of the dollar amounts is solely for convenience of the reader and is not intended to imply that the assets and liabilities originating in Japanese yen have been or could readily be converted, realized or settled in U.S. dollars at the above rate or at any other rate.

(c) Reclassification

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in all affiliates are accounted for by the equity method. The difference between the acquisition cost of investments in subsidiaries and affiliates and the

underlying equity in their net assets adjusted based on the fair value at the time of acquisition are principally deferred and amortized over certain periods that are within twenty years on a straight-line basis. All significant intercompany transactions and accounts are eliminated on consolidation.

The number of subsidiaries and affiliates at March 31, 2021 and 2020 was as follows:

	March 31, 2021	March 31, 2020
Subsidiaries:		
Domestic	32	29
Overseas	7	6
Affiliates	53	41

Certain domestic and overseas subsidiaries and affiliates close their books at December 31, three months earlier than the Company. The Company uses the financial statements of these subsidiaries and affiliates as of their fiscal year-end for its consolidation or application of the equity method. Significant transactions for the period between the December 31 year-end of the subsidiaries and affiliates and the March 31 year-end of the Company are adjusted for on consolidation or with the application of the equity method.

The financial statements of significant overseas subsidiaries and affiliates that are prepared in accordance with either IFRS or U.S. generally accepted accounting principles are adjusted for the specified five items as required by "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" and "Practical Solution on Unification of Accounting Policies Applied to Affiliates Accounted for by the Equity Method" issued by the Accounting Standards Board of Japan ("ASBJ").

(b) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed by the declining balance method over the estimated useful life of the asset. Contributions in aid of construction are deducted from the depreciable costs of the assets.

(c) Nuclear fuel and amortization

Nuclear fuel is stated at cost, less amortization. The amortization of loaded nuclear fuel is computed based on the quantity of energy produced for the generation of electricity in accordance with the provisions prescribed by the regulatory authorities.

(d) Investments and marketable securities

The Chubu Electric Group classifies certain investments in debt and equity securities as “trading,” “held-to-maturity” or “available-for-sale,” the classification of which determines the respective accounting methods to be used to account for the investments as stipulated by the accounting standard for financial instruments. The Chubu Electric Group had no trading securities in the fiscal years under review. Held-to-maturity securities are stated at amortized cost. Available-for-sale securities with market quotations are stated at fair value, and net unrealized gains and losses on these securities are reported as accumulated other comprehensive income, net of applicable income taxes. Available-for-sale securities without available market quotations are carried at cost determined by the moving average method. Adjustments in the carrying values of individual securities are charged to loss through write-downs when a decline in fair value is deemed other than temporary. The cost of securities is computed by the moving average method.

(e) Derivatives and hedge accounting

Derivatives are valued at fair value if hedge accounting is not appropriate or when there is no hedging designation, and the gains and losses on the derivatives are recognized in current earnings. Certain transactions classified as hedging transactions are accounted for under a deferral method by which unrealized gains and losses on the hedging instruments are carried as accumulated other comprehensive income on the balance sheet and the net changes are recognized as other comprehensive income on the consolidated statements of comprehensive income until the losses and gains on the hedged items are realized. Foreign exchange forward contracts are accounted for by translating foreign currency denominated assets and liabilities at contract rates as an interim measure if certain hedging criteria are met. According to the special treatment permitted by the accounting standard for financial instruments in Japan, interest rate swaps are not valued at fair value. Rather, the net amount received or paid is added to or deducted from the interest expense on the hedged items if certain conditions are met. The Chubu Electric Group enters into derivative transactions with respect to assets and liabilities generated through the Chubu Electric Group’s operations and to hedge exposure to fluctuations in exchange rates or interest rates.

(f) Allowance for doubtful accounts

An allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss for doubtful or troubled receivables based on a financial review of certain individual accounts and a general reserve for other receivables based on the historical loss experience for a certain past period.

(g) Provision for loss in conjunction with discontinued operations of nuclear power plants

In the years ended March 31, 2021 and 2020, a provision was made based on a reasonable estimate of possible future expenses and losses related to the decommissioning of electric generating facilities that followed the termination of operations at Hamaoka Reactors No. 1 and No. 2.

(h) Reserve for fluctuation in water levels

In order to prepare for losses due to drought, Chubu Electric Power Miraiz Co., Inc. (hereinafter referred to as “Chubu Electric Power Miraiz”) has recognized the maximum amount of allowance specified in Article 36 of the Electricity Business Act (No. 170, 1964) before revision, to which Article 1 of the Act for Amending Part of the Electricity Business Act (No. 72, 2014) is applied, as effective by replacing the terms of Paragraph 3, Article 16 of the Supplementary Provisions of the Act.

(i) Employee retirement benefits

To cover the payment of retirement benefits to employees, the difference between the amount of retirement benefit obligations and the value of plan assets is recognized as a liability for retirement benefits if the amount of obligations exceed the value of the plan assets and as an asset for retirement benefits if the value of plan assets exceeds the amount of retirement benefit obligations.

(1) Method of allocation of estimated retirement benefits

To calculate retirement benefit obligations, the benefit formula basis is used to allocate estimated retirement benefits to periods of service.

(2) Actuarial gains and losses and prior service cost amortized in expenses

Prior service cost is amortized using the straight-line method over certain periods (10 to 15 years for subsidiaries), which are within the average of the estimated remaining service years of the employees, as of the year in which such cost arises. Actuarial gains and losses are amortized using the straight-line method (some subsidiaries use the declining balance method) over certain periods (3 years for the Company and 3 to 15 years for subsidiaries) which are within the average of the estimated remaining service years of the employees as of the year after such gains and losses arise (the year in which such gains and losses arise for some subsidiaries).

(j) Cash and cash equivalents

The Company considers all highly liquid short-term investments purchased with an original maturity of three months or less to be cash equivalents.

(k) Research and development costs

Research and development costs included in operating expenses for the years ended March 31, 2021 and 2020 amounted to ¥8,772 million (\$79,237 thousand) and ¥9,357 million, respectively.

(l) Income taxes

Income taxes are accounted for by the asset-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the promulgation date of the relevant law.

(m) Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese yen at the prevailing exchange rate at the fiscal year-end. Transactions in foreign currencies are translated based on the prevailing exchange rate on the transaction date. Resulting foreign exchange translation gains and losses are included in the consolidated statements of income.

For financial statement items of the overseas subsidiaries and affiliates, all asset and liability accounts are translated into Japanese yen by applying the exchange rate in effect at the respective fiscal year-end. All income and expense accounts are translated at the average rate of exchange prevailing during the year. Translation differences are reported in the consolidated balance sheets as foreign currency translation adjustments in accumulated other comprehensive income after allocating the portion attributable to noncontrolling interests, and the net change is recognized as other comprehensive income on the consolidated statement of comprehensive income.

(n) Per share information

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares outstanding during the year. The Company and the Company's wholly-owned subsidiary, Chubu Electric Power Miraiz, have introduced a Performance-Linked Stock Remuneration Plan (BBT: Board Benefit Trust), and in calculating net income per share, our shares (fiscal year 2019: 179,333 shares, fiscal year 2020:

364,400 shares) held by the trust account for the "Plan" are included in treasury shares, which are deducted in calculating "Weighted average number of common shares". Cash dividends per share shown for each fiscal year in the consolidated statements of income represent dividends declared as applicable to the respective year.

(o) Adoption of the consolidated tax payment system

The Company and some of its domestic consolidated subsidiaries have adopted the consolidated tax payment system beginning with the consolidated fiscal year ended March 31, 2021.

(p) Application of tax effect accounting for the transition from the consolidated tax payment system to the group tax sharing system

In regard to Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issue Task Force No. 39, March 31, 2020), the Company and some of its domestic consolidated subsidiaries did not follow Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) but applied provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group tax sharing system and related amendments of tax laws for transitioning to the single tax payment system.

3. Significant Accounting Estimates

Valuation of noncurrent assets in the nuclear power business

(a) Monetary amounts recognized in the consolidated financial statements at the end of the consolidated fiscal year.

The nuclear power generation facility, including construction in progress was recognized at ¥366,833 million (\$3,313,462 thousand) on the consolidated balance sheets at the end of the consolidated fiscal year, which accounted for about 6% of total assets. Impairment was not recognized in the consolidated fiscal year because the total amount of future cash flows exceeded the book value of noncurrent assets in the nuclear power business.

(b) Information on the nature of significant accounting estimates

In the nuclear power business, it is necessary to compare future cash flows with the book value of noncurrent assets to determine the necessity of recognizing impairment loss because of the long-term continuation of the shutdown status. Estimates of future cash flows are

based on management plans made by the executives.

Key assumptions involving the executives' judgments, such as sales revenues after restart and anticipated costs of safety improvement measures, are used in the management plans underlying the estimates, which have a significant impact on the estimates of future cash flows.

(c) Changes in presentation method

Adoption of "Accounting Standard for Disclosure of Accounting Estimates"

The Company and its subsidiaries adopted "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on March 31, 2020) for the consolidated financial statements for the consolidated fiscal year ended March 31, 2021, and therefore, significant accounting estimates are disclosed in the Notes to Consolidated Financial Statements.

The Notes do not include information for the previous consolidated fiscal year in accordance with the transitional provisions set out in Paragraph 11 of the Accounting Standard.

4. Additional Information

Performance-Linked Stock Remuneration Plan
The Company has introduced a Performance-Linked Stock Remuneration Plan (BBT: Board Benefit Trust, hereinafter referred to as the "Plan") based on the 95th General Shareholders' Meeting held on June 26, 2019. At the Board of Directors' meeting held on May 8, 2020, the Company resolved a revision to add Chubu Electric Power Miraiz to the Plan. The subjects of the Plan are Directors (excluding Outside Directors) and executive officers who do not hold the title of Director of the Company and Chubu Electric Power Miraiz (hereinafter, the subjects of the Plan are referred to as the "Directors, Etc.>").

(a) Outline of the Plan

The Plan is a performance-linked stock remuneration plan whereby shares in the Company will be acquired through a trust funded with cash contributed by the Company (hereinafter, the trust established pursuant to

the Plan is referred to as the "Trust"), and the Company's shares and an amount of cash equal to the market price of the Company's shares (hereinafter referred to as the "company's shares, etc.") are provided through the Trust to the Directors, Etc. pursuant to the Directors Stock Remuneration Regulation to be established by the Company and Chubu Electric Power Miraiz. Each Directors, Etc. will receive the Company's shares, etc. after the retirement of such Directors, Etc., in principle.

(b) The Company's shares that remain in Trust

The Company's shares that remain in the Trust are recorded in equity as treasury stock at the book value of the Trust (excluding any amount equivalent to expenses attributable). The book value of such treasury stock was ¥609 million (\$5,501 thousand) and the number of shares was 412 thousand shares at the end of this consolidated fiscal year.

5. Standards and Guidance Not Yet Adopted

The following standard and guidance were issued but not yet adopted.

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021)
- "Accounting Regulations Applicable to the Electric Power Industry" (Ordinance of the Ministry of International Trade and Industry of June 15, 1965, March 31, 2021)

(a) Overview

"Accounting Standard for Revenue Recognition" and "Implementation Guidance on Accounting Standard for Revenue Recognition" defined accounting policies and addressed disclosures of profit from contracts with customers. "Accounting Regulations Applicable to the Electric Power Industry" was revised based on these applications.

(b) Effective date

Effective from the beginning of the consolidated fiscal year ending March 31, 2022.

(c) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are in the process of determining the effects of these new standards in detail on the consolidated financial statements. However, it is assumed that transaction amounts of "Surcharge under act on purchase of renewable energy sourced electricity" and "Grant under act on purchase of renewable energy sourced electricity" which had been stated in operating revenues until this consolidated fiscal year, will be excluded from operating revenues, and the corresponding expenses will not be stated. Accordingly, operating revenues are expected to decrease by approximately ¥620 billion compared to the amounts in the previous consolidated fiscal year, and

operating expenses are expected to decrease by the same amount.

Fee revenue from residential, commercial and industrial fees within the electric utility operating revenue is stated based on the amount of electric power determined by meter reading ("Meter reading date standard"). Since "Accounting Regulations Applicable to the Electric Power Industry" hasn't been revised for such handling, revenue will be recorded based on the Meter reading date standard even after the fiscal year ending March 31, 2022.

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)
- "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

(a) Overview

"Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (together, hereinafter referred to as "Fair Value Accounting Standards") defined the accounting policies and addressed disclosures for the calculation method of fair value.

(b) Effective date

Effective from the beginning of the consolidated fiscal year ending March 31, 2022.

(c) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are in the process of determining the effects of these new standards on the consolidated financial statements.

6. Cash and Cash Equivalents

For the consolidated statements of cash flows, reconciliation between cash and cash equivalents and cash balances on the consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Cash and deposits	¥176,460	¥148,583	\$1,593,902
Time deposits with an original maturity of more than three months included in cash and deposits	(1,551)	(1,006)	(14,016)
Short-term investments	264	506	2,390
Short-term investments with an original maturity of over three months	(264)	(506)	(2,390)
Cash and cash equivalents	¥174,909	¥147,576	\$1,579,886

7. Noncurrent assets

The major classifications of noncurrent assets at March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Hydroelectric power production facilities	¥ 276,498	¥ 295,440	\$2,497,503
Nuclear power production facilities	151,690	163,825	1,370,164
Transmission facilities	595,855	615,708	5,382,132
Transformation facilities	452,024	407,888	4,082,961
Distribution facilities	784,942	775,088	7,090,075
General facilities	110,070	115,778	994,220
Other electricity related to noncurrent assets	24,020	8,415	216,969
Other noncurrent assets	351,182	311,091	3,172,094
Construction in progress	382,692	387,105	3,456,712
Total	¥3,128,978	¥3,080,341	\$28,262,834

Calculated according to the accounting principles and practices generally accepted in Japan, accumulated gains on the receipt of contributions in aid of real property construction deducted from the original acquisition costs

amounted to ¥207,754 million (\$1,876,568 thousand) and ¥204,451 million at March 31, 2021 and 2020, respectively.

8. Financial Instruments

(a) Items related to financial instruments

(1) Policy initiatives for financial instruments

The Chubu Electric Group raises funds for the equipment necessary to run its core electric power business through bond issues, bank loans and other means. Short-term working capital is secured principally through short-term borrowing and fund management is restricted to low-risk assets such as certificates of deposit. Derivative transactions are used to manage risk arising from the Chubu Electric Group's operations and are not used for speculative purposes.

(2) Breakdown of financial instruments and associated risks

Marketable securities include shares of companies contributing to business operations or regional development, shares acquired through strategic investments aimed at business growth and development, and bond holdings of subsidiaries and other instruments estimated to raise the Chubu Electric Group's corporate

value from a mid- and long-term viewpoint. These securities, bonds, etc., are exposed to risks arising from changes in market prices.

Trade notes and accounts receivable are exposed to customer credit risks.

Most of the Chubu Electric Group's interest-bearing debt balance consists of bonds and long-term funds holdings from long-term borrowings. However, operational results may be minimally affected because most funds are raised at fixed interest rates.

Notes and accounts payable - trade for operating debts are almost all due within one year.

Derivative transactions consist of interest rate swaps, etc., for financial liabilities connected to raising funds in order to avoid losses from future volatility in currency markets and interest rates on financial liabilities. Hedging methods and hedging objectives in hedge accounting, hedging policies, effective valuation methods for hedges and other related items are described in Note 2(e), Summary of Significant Accounting Policies - Derivatives and hedge accounting.

(3) Risk management system for financial instruments

1) Credit risk management

Most trade notes and accounts receivable arises from electricity bills, due dates and account balances are managed for each customer. For derivative transactions, financial institutions and other enterprises with high credit ratings are selected and credit standing is assessed even after transaction contracts are completed.

2) Market risk management

For marketable securities, the fair value of the securities and the financial and operating conditions of the issuers are regularly assessed. Derivative transactions are enacted and managed based on the Company's internal rules established for authorizing trades, managing and reporting. A trade management department independently handles transactions and approves contract amounts (notional and other value) for each transaction by classification.

3) Volatility risk management in financing

Financing plans are formulated and daily receipts and payments are validated for managing risk.

(4) Supplementary explanation of fair value for financial instruments

The fair value of financial instruments is based on market prices or reasonable alternative assessments if there is no market price. Since some variable factors are used in assessing value, the amounts calculated can change based on different assumptions that are applied. Derivative contract amounts noted below in "(b) Fair value of financial instruments" do not denote the market risk from the derivatives themselves. In addition, fair value and valuation gains and losses are reasonably quoted amounts based on market indicators for valuations and other measures. They are not necessarily amounts that would be received or paid in the future.

(b) Fair value of financial instruments

Differences between the valuation amounts of financial instruments as they appear on the consolidated balance sheets and their fair values as of March 31, 2021 and 2020 are shown below. Items with fair values that were extremely difficult to determine were not included (See Note 2).

	Carrying value	Fair value	Difference
As of March 31, 2021	Millions of yen		
Assets:			
(1) Marketable securities	¥ 113,291	¥ 107,524	¥ (5,767)
(2) Cash and deposits	176,460	176,460	–
(3) Trade notes and accounts receivable	309,272	309,272	–
Liabilities:			
(4) Bonds *1	¥ 723,260	¥ 731,026	¥ 7,766
(5) Long-term borrowings *1	1,321,223	1,369,500	48,277
(6) Short-term borrowings	262,442	262,442	–
(7) Commercial paper	20,000	20,000	–
(8) Notes and accounts payable - trade	200,397	200,397	–
(9) Derivative transactions *2	1,947	1,947	–

	Millions of yen		
As of March 31, 2020			
Assets:			
(1) Marketable securities	¥ 109,925	¥ 89,825	¥(20,100)
(2) Cash and deposits	148,583	148,583	–
(3) Trade notes and accounts receivable	308,452	308,452	–
Liabilities:			
(4) Bonds *1	¥ 723,260	¥ 729,102	¥ 5,842
(5) Long-term borrowings *1	1,322,545	1,372,406	49,860
(6) Short-term borrowings	274,962	274,962	–
(7) Commercial paper	96,000	96,000	–
(8) Notes and accounts payable - trade	192,715	192,715	–
(9) Derivative transactions *2	1,373	1,373	–

As of March 31, 2021	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
Assets:			
(1) Marketable securities	\$ 1,023,317	\$ 971,225	\$ (52,092)
(2) Cash and deposits	1,593,902	1,593,902	–
(3) Trade notes and accounts receivable	2,793,538	2,793,538	–
Liabilities:			
(4) Bonds *1	\$ 6,532,923	\$ 6,603,073	\$ 70,150
(5) Long-term borrowings *1	11,934,091	12,370,164	436,072
(6) Short-term borrowings	2,370,535	2,370,535	–
(7) Commercial paper	180,652	180,652	–
(8) Notes and accounts payable - trade	1,810,111	1,810,111	–
(9) Derivative transactions *2	17,590	17,590	–

*1 (4) Bonds and (5) Long-term borrowings include scheduled redemptions within one year.

*2 Assets and liabilities derived from derivative transaction are stated on a net basis.

(Note 1) Methods for calculating the fair value of financial instruments, marketable securities and derivative transactions.

(1) Marketable securities

The value of equity securities is determined from stock market prices and bonds from their market prices or prices quoted by financial institutions. See Note 9, Marketable Securities and Investments Securities, for the purposes for which securities are held.

(2) Cash and deposits and (3) Trade notes and accounts receivable

For cash and deposits, trade notes and accounts receivable, the book value is used for fair value because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the book value.

(4) Bonds

Bonds with market prices are valued by the market price, and bonds without market prices are valued based on terms projected as if they were being newly issued.

(5) Long-term borrowings

The value of long-term borrowings is calculated using terms as if the borrowings were new loans. Some borrowings are subject to interest rate swaps in the allocation process. These are valued based on the same terms and conditions applied to derivative transactions.

(6) Short-term borrowings, (7) Commercial paper and (8) Notes and accounts payable - trade

For short-term borrowings, commercial paper and notes and accounts payable - trade, the book value is used for the fair value because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the book value.

(9) Derivative transactions

Refer to Note 15, Derivatives.

(Note 2) Financial instruments for which assessing fair value is extremely difficult to determine

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Unlisted stocks, etc.	¥1,374,220	¥1,293,468	\$12,412,791

These financial instruments do not have market prices, and estimating their future cash flows would require

considerable costs. Consequently, these securities are not included in "(1) Marketable securities" above.

(Note 3) Anticipated redemption schedule for monetary instruments and securities with maturity dates subsequent to the fiscal year-end.

	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
As of March 31, 2021:	Millions of yen			
Securities:				
Held-to-maturity debt securities:				
National and local government bonds, etc.	¥ –	¥ –	¥ –	¥ –
Corporate bonds	–	–	–	–
Other	–	200	401	–
Available-for-sale securities with maturity dates:				
Debt securities:				
National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	–	235	–
Other	–	–	–	–
Other	–	–	–	–
Cash and deposits	176,460	–	–	–
Trade notes and accounts receivable	309,272	–	–	–
Total	¥485,733	¥200	¥636	¥–

	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
As of March 31, 2020:	Millions of yen			
Securities:				
Held-to-maturity debt securities:				
National and local government bonds, etc.	¥ –	¥ –	¥ –	¥ –
Corporate bonds	–	–	–	–
Other	–	200	401	–
Available-for-sale securities with maturity dates:				
Debt securities:				
National and local government bonds, etc.	–	–	–	–
Corporate bonds	100	–	239	–
Other	–	–	–	–
Other	–	–	–	–
Cash and deposits	148,583	–	–	–
Trade notes and accounts receivable	308,452	–	–	–
Total	¥457,137	¥200	¥640	¥–

	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
As of March 31, 2021:	Thousands of U.S. dollars			
Securities:				
Held-to-maturity debt securities:				
National and local government bonds, etc.	\$ –	\$ –	\$ –	\$ –
Corporate bonds	–	–	–	–
Other	–	1,806	3,624	–
Available-for-sale securities with maturity dates:				
Debt securities:				
National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	–	2,127	–
Other	–	–	–	–
Other	–	–	–	–
Cash and deposits	1,593,902	–	–	–
Trade notes and accounts receivable	2,793,538	–	–	–
Total	\$4,387,441	\$1,806	\$5,752	\$–

(Note 4) Anticipated redemption schedule for bonds, long-term borrowings and other interest-bearing debt subsequent to the fiscal year-end.

	Within 1 year	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
As of March 31, 2021:	Millions of yen					
Bonds	¥ –	¥ 80,000	¥ 80,000	¥130,000	¥ 70,000	¥ 363,260
Long-term borrowings	195,822	77,372	99,866	57,180	89,799	801,182
Short-term borrowings	262,442	–	–	–	–	–
Commercial paper	20,000	–	–	–	–	–
Total	¥478,264	¥157,372	¥179,866	¥187,180	¥159,799	¥1,164,442

	Millions of yen					
As of March 31, 2020:	Millions of yen					
Bonds	¥ 60,000	¥ –	¥ 80,000	¥ 70,000	¥130,000	¥ 383,260
Long-term borrowings	226,854	184,676	76,136	98,631	56,069	680,176
Short-term borrowings	274,962	–	–	–	–	–
Commercial paper	96,000	–	–	–	–	–
Total	¥657,816	¥184,676	¥156,136	¥168,631	¥186,069	¥1,063,436

	Thousands of U.S. dollars					
As of March 31, 2021:	Thousands of U.S. dollars					
Bonds	\$ –	\$ 722,608	\$ 722,608	\$1,174,239	\$ 632,282	\$ 3,281,185
Long-term borrowings	1,768,784	698,872	902,057	516,485	811,123	7,236,768
Short-term borrowings	2,370,535	–	–	–	–	–
Commercial paper	180,652	–	–	–	–	–
Total	\$4,319,971	\$1,421,480	\$1,624,666	\$1,690,724	\$1,443,406	\$10,517,953

9. Marketable Securities and Investments Securities

(a) Held-to-maturity debt securities at March 31, 2021 and 2020 were as follows:

	Carrying value	Fair value	Difference
As of March 31, 2021	Millions of yen		
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥ –	¥ –	¥ –
Corporate bonds	–	–	–
Other	200	218	18
Subtotal	200	218	18
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	401	398	(2)
Subtotal	401	398	(2)
Total	¥601	¥617	¥16

	Millions of yen		
As of March 31, 2020	Millions of yen		
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥ –	¥ –	¥ –
Corporate bonds	–	–	–
Other	200	216	16
Subtotal	200	216	16
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	401	399	(1)
Subtotal	401	399	(1)
Total	¥601	¥616	¥ 14

As of March 31, 2021	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	\$ -	\$ -	\$ -
Corporate bonds	-	-	-
Other	1,806	1,975	168
Subtotal	1,806	1,975	168
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	-	-	-
Corporate bonds	-	-	-
Other	3,624	3,601	(23)
Subtotal	3,624	3,601	(23)
Total	\$5,431	\$5,576	\$145

(b) Available-for-sale securities at March 31, 2021 and 2020 were as follows:

As of March 31, 2021	Carrying value	Acquisition cost	Difference
	Millions of yen		
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥81,875	¥16,250	¥65,624
Bonds			
National and local government bonds, etc.	-	-	-
Corporate bonds	235	200	35
Other	-	-	-
Other	-	-	-
Subtotal	82,110	16,450	65,660
Securities whose acquisition cost exceeds carrying value:			
Stocks	268	294	(25)
Bonds			
National and local government bonds, etc.	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	268	294	(25)
Total	¥82,378	¥16,744	¥65,634

As of March 31, 2020	Millions of yen		
	Securities whose carrying value exceeds acquisition cost:		
Stocks	¥67,533	¥12,766	¥54,766
Bonds			
National and local government bonds, etc.	-	-	-
Corporate bonds	340	299	40
Other	-	-	-
Other	-	-	-
Subtotal	67,873	13,066	54,806
Securities whose acquisition cost exceeds carrying value:			
Stocks	3,144	3,795	(651)
Bonds			
National and local government bonds, etc.	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	3,144	3,795	(651)
Total	¥71,017	¥16,862	¥54,155

	Carrying value	Acquisition cost	Difference
As of March 31, 2021	Thousands of U.S. dollars		
Securities whose carrying value exceeds acquisition cost:			
Stocks	\$739,544	\$146,782	\$592,761
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	2,127	1,806	321
Other	–	–	–
Other	–	–	–
Subtotal	741,672	148,589	593,083
Securities whose acquisition cost exceeds carrying value:			
Stocks	2,422	2,656	(233)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	2,422	2,656	(233)
Total	\$744,095	\$151,246	\$592,849

(c) Available-for sale securities that were sold during the year ended March 31, 2021 and 2020 were as follows.

	Sales value	Total profit on sales	Total loss on sales
As of March 31, 2021	Millions of yen		
Stocks	¥452	¥230	¥ 8
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	¥452	¥230	¥ 8

As of March 31, 2020	Millions of yen		
Stocks	¥1,677	¥648	¥ –
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	¥1,677	¥648	¥ –

As of March 31, 2021	Thousands of U.S. dollars		
Stocks	\$4,088	\$2,081	\$76
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	\$4,088	\$2,081	\$76

10. Investment in Capital of Associated Companies (Especially Amount of Investment to Jointly Controlled Entities)

At March 31, 2021 and 2020, investment in the capital of associated companies (especially the amount of investment to jointly controlled entities) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Investment in capital of associated companies	¥1,300,960	¥1,229,987	\$11,751,065
<amount of investment to jointly controlled entities>	<1,064,845>	<1,003,149>	9,618,328

11. Long-term Debt and Short-term Debt

At March 31, 2021 and 2020, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Bonds:			
Domestic issue:			
0.100% to 3.000%, maturing serially through 2040	¥(*)723,260	¥ 723,260	\$ 6,532,923
Loans from the Development Bank of Japan, other banks and insurance companies, maturing serially through 2041	1,321,223	1,322,545	11,934,091
Lease obligations	69,683	60,396	629,421
Subtotal	2,114,166	2,106,201	19,096,437
Less current portion of long-term debt	(204,988)	(294,876)	(1,851,579)
Total	¥ 1,909,178	¥1,811,325	\$17,244,857

* General mortgage bonds issued by Chubu Electric Power Grid Co., Inc. on April 1, 2020 and held by the Company (balance of ¥837,714 million at the end of the consolidated fiscal year ended March 31, 2021) have been offset and eliminated.

At March 31, 2021 and 2020, all assets of the Company were subject to certain statutory preferential rights as collateral for loans from the Development Bank of Japan before March 31, 2020 in the amount of ¥188,452 million (\$1,702,212 thousand) and ¥271,381 million, respectively, and for bonds of ¥709,260 million (\$6,406,467 thousand) and ¥709,260 million, respectively.

At March 31, 2021 and 2020, noncurrent assets of a certain subsidiary pledged as collateral for long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Other noncurrent assets	¥8,493	¥9,184	\$76,715
Deferred tax assets	139	157	1,258
Other investments	161	190	1,461
Cash and deposits	1,311	2,408	11,844
Trade notes and accounts receivable	168	75	1,521
Other current assets	94	41	853

At March 31, 2021 and 2020, assets which were pledged as collateral for long-term loans from financial institutions to investees of certain subsidiaries consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Long-term investments	¥ 199	¥ 193	\$ 1,806
Long-term investments in subsidiaries and associates	10,303	4,656	93,070

At March 31, 2021 and 2020, short-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Short-term borrowings	¥262,442	¥274,962	\$2,370,535
Commercial paper	20,000	96,000	180,652
Total	¥282,442	¥370,962	\$2,551,187

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.219% per annum at March 31, 2021. At March 31, 2021, commercial paper bore an average interest rate of (0.061) % per annum.

12. Employee Retirement Benefits

The Company, Chubu Electric Power Miraiz and Chubu Electric Power Grid Co., Inc. (hereinafter referred to as the "Chubu Electric Power Grid") have defined benefit corporate plans of the Multi-Employer Plan, lump-sum retirement benefit plans and defined contribution retirement plans. The other consolidated subsidiaries have

defined benefit corporate plans, lump-sum retirement benefit plans and defined contribution retirement plans. They also may pay premium severance benefits to their retiring employees.

Employee retirement benefits at March 31, 2021 and 2020 were as follows:

Defined benefit plans, including the Multi-Employer Plan

(a) Movement in retirement benefit obligations except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Balance at the beginning of current period	¥507,180	¥538,529	\$4,581,158
Service cost	15,951	16,057	144,083
Interest cost	4,156	4,264	37,542
Actuarial gain and loss	4,738	2,392	42,801
Benefits paid	(32,219)	(34,145)	(291,027)
Past service costs incurred	–	(440)	–
Decrease in transition to the defined contribution retirement plan	–	(17,484)	–
Decrease in employment transfers	(23,306)	–	(210,522)
Other	86	(1,993)	784
Balance at the end of current period	¥476,586	¥507,180	\$4,304,821

(b) Movement in plan assets except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Balance at the beginning of current period	¥365,515	¥388,115	\$3,301,560
Expected return on plan assets	6,353	6,540	57,391
Actuarial gain and loss	15,337	(2,355)	138,538
Contributions paid by the employer	7,661	7,775	69,199
Benefits paid	(20,953)	(22,043)	(189,262)
Decrease in transition to the defined contribution retirement plan	–	(12,518)	–
Decrease in employment transfers	(12,537)	–	(113,249)
Other	(0)	1	(9)
Balance at the end of current period	¥361,376	¥365,515	\$3,264,168

(c) Movement in liability for retirement benefits of defined benefit plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Balance at the beginning of current period	¥5,947	¥5,139	\$53,721
Retirement benefit costs	717	923	6,480
Benefits paid	(910)	(1,832)	(8,222)
Contributions paid by the employer	(53)	(51)	(481)
Decrease in employment transfers	(20)	–	(186)
Other	11	1,769	101
Balance at the end of current period	¥5,691	¥5,947	\$51,412

(d) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits, including plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Funded retirement benefit obligations	¥348,189	¥364,682	\$3,145,060
Plan assets	(362,609)	(366,780)	(3,275,312)
	(14,420)	(2,098)	(130,251)
Unfunded retirement benefit obligations	135,322	149,710	1,222,317
Total net liability for retirement benefits	120,902	147,611	1,092,065
Liability for retirement benefits	143,420	161,239	1,295,458
Asset for retirement benefits	(22,517)	(13,627)	(203,393)
Total net liability for retirement benefits	¥120,902	¥147,611	\$1,092,065

(e) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Service cost	¥15,951	¥16,057	\$144,083
Interest cost	4,156	4,264	37,542
Expected return on plan assets	(6,353)	(6,540)	(57,391)
Net actuarial gain and loss amortization	4,172	6,722	37,692
Prior service costs amortization	(482)	(495)	(4,360)
Retirement benefit costs based on the simplified method	717	923	6,480
Other	125	77	1,132
Total retirement benefit costs	¥18,287	¥21,009	\$165,180

(f) Adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Prior service costs amortization	¥(466)	¥(77)	\$(4,216)
Net actuarial gain and loss amortization	14,395	4,728	130,029
Total balance	¥13,928	¥4,651	\$125,813

(Note) Prior service costs and net actuarial gain and loss amortization for the year ended March 31, 2020 include the reclassification adjustments of ¥(22) million and ¥2,755 million, respectively, associated with the conversion of a part of defined benefit corporate plans to defined contribution retirement plans.

(g) Accumulated adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Past service costs that are yet to be recognized	¥(6,107)	¥(6,574)	\$(55,164)
Actuarial gains and losses that are yet to be recognized	645	15,040	5,830
Total balance	¥(5,461)	¥8,466	\$(49,334)

(h) Plan assets

(1) Plan assets comprise:

	March 31, 2021	March 31, 2020
Bonds	47%	47%
General accounts of life insurance companies	32%	33%
Stocks	14%	10%
Other	7%	10%
Tota	100%	100%

(2) Long-term expected rate of return

Asset allocation, historical returns, operating policy, marketing trends and other have been considered in determining the long-term expected rate of return.

(i) Actuarial assumptions

The principle actuarial assumptions at March 31, 2021 and 2020 were as follows:

	March 31, 2021	March 31, 2020
Discount rate		
(Company)	0.9%	0.9%
(Subsidiaries)	0.1–0.9%	0.1–0.8%
Long-term expected rate of return		
(Company)	1.7%	1.7%
(Subsidiaries)	1.7%–2.2%	2.0%–2.2%

Defined contribution plans

Contributions to defined contribution plans required by the Company and its subsidiaries amounted to ¥4,232 million (\$38,231 thousand) and ¥4,276 million at March 31, 2021 and 2020, respectively.

13. Lease Transactions

Lessor

Future lease commitments to be received under noncancelable operating leases at March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Within 1 year	¥339	¥95	\$3,068
Over 1 year	7,021	140	63,426
Total	¥7,361	¥235	\$66,495

14. Asset Retirement Obligations

(a) Overview of Asset Retirement Obligations

Asset retirement obligations are recorded mainly in conjunction with measures to decommission specified nuclear power plants under the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (Act No. 166 of June 10, 1957). The asset retirement cost corresponding to the asset retirement obligations in the decommissioning of specified nuclear power plants is

recorded in tangible fixed assets based on the estimated total cost of decommissioning the nuclear power plants and is expensed by the straight-line method over the operational period in accordance with "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989).

(b) Method for calculating monetary amounts of asset retirement obligations

With regard to the decommissioning of specified nuclear power plants, the monetary amount of asset retirement obligations is calculated based on a discount rate of 2.3% and the relevant period (the operational period) as prescribed by the "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants" (Ordinance No. 30 of the Ministry of International

Trade and Industry, May 25, 1989). If the monetary amount of asset retirement obligations calculated in accordance with the ordinance exceeds the monetary amount calculated by the previous method, the monetary amount calculated according to the ordinance as obligations will be recorded.

(c) Net increase (decrease) in asset retirement obligations for the fiscal year

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Balance at beginning of year	¥255,177	¥249,412	\$2,304,921
Reductions due to execution of asset retirement obligations	(1,318)	(2,310)	(11,910)
Other	7,935	8,075	71,677
Balance at end of year	¥261,794	¥255,177	\$2,364,689

15. Derivatives

The Chubu Electric Group enters into derivative financial instruments, including interest rate swaps, foreign exchange forward contracts. The Chubu Electric Group's

derivative financial instruments outstanding at March 31, 2021 and 2020 were as follows:

(a) Derivatives for which hedge accounting is not applied

(1) Currency related

Not applicable

(2) Interest rate related

Not applicable

(3) Commodity related

Not applicable

(b) Derivatives for which hedge accounting is applied

As of March 31, 2021		Millions of yen		
		Contract amount		Fair value
		Total	More than 1 year	
Hedged items				
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	¥17,574	¥15,616	¥2,938
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	81,557	26,962	(672)
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	11,440	1,640	*
Total		¥ –	¥ –	¥2,266

As of March 31, 2020		Millions of yen		
		Contract amount		Fair value
		Total	More than 1 year	
Hedged items				
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	¥19,521	¥17,574	¥2,660
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	154,219	81,557	(1,287)
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	13,080	11,440	*
Total		¥ –	¥ –	¥1,373

As of March 31, 2021		Thousands of U.S. dollars		
		Contract amount		Fair value
		Total	More than 1 year	
Hedged items				
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	\$158,747	\$141,057	\$26,544
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	736,676	243,542	(6,076)
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	103,333	14,813	*
Total		\$ –	\$ –	\$20,468

* For the special treatment of interest rate swaps, the fair value was included in fair value of the respective hedged items.
 (Note) The fair values of derivative transactions are the quoted prices obtained from the financial institutions.

16. Contingent Liabilities

As of March 31, 2021 and 2020, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Guarantees of bonds and loans of companies and others:			
Japan Nuclear Fuel Limited	¥90,525	¥92,771	\$817,679
The Japan Atomic Power Company	38,095	38,095	344,098
Guarantees of housing and other loans for employees	36,405	44,846	328,838
MT Falcon Holdings Company, S.A.Pl. de C.V.*	5,792	6,295	52,318
PT.Cirebon Energi Prasarana*	4,621	4,573	41,744
Phoenix Power Company SAOG*	2,294	2,148	20,724
Diamond Transmission Partners Hornsea One Limited	1,782	–	16,104
Compania de Generacion Valladolid, S. de R.L. de C.V.*	1,117	1,533	10,090
Rakuten Trust Co., Ltd.	931	1,089	8,409
Mesaieed Power Company Limited*	880	955	7,955
Ras Girtas Power Company*	871	856	7,870
Diamond Transmission Partners Walney Extension Limited	327	–	2,962
Suzukawa Energy Center Ltd.	318	318	2,875
Tahara Solar Co., Ltd.	300	300	2,709
Akita Katagami Windfarm LLC	32	–	291
Cricket Valley Energy Partners LLC*	–	31,779	–
Guarantees related to other contracts:			
JERA Energy America LLC*	28,596	33,027	258,299
MT Falcon Holdings Company, S.A.Pl. de C.V.*	5,257	3,618	47,492
Compania de Generacion Valladolid, S. de R.L. de C.V.*	1,117	1,098	10,090
Yonago Biomass Power Generation LLC	1,005	988	9,081
Marubeni Corporation	592	–	5,347
Aichi Gamagori Biomass Power Generation LLC	541	532	4,893
Phoenix Operation and Maintenance Company LLC*	502	494	4,540
Omaezaki Port Biomass Energy LLC	502	494	4,540
PT.Cirebon Energi Prasarana*	256	251	2,313
Diamond Transmission Partners Hornsea One Limited	229	–	2,076
Phoenix Power Company SAOG*	196	181	1,776
Diamond Transmission Partners Walney Extension Limited	112	–	1,018
Tsuruga Green Power Co., Ltd.	66	–	600
M&C Tottori Hydro Power Co., Ltd.	58	–	523
Shin Clark Power Holdings, Inc.	30	28	275
JERA Americas Inc.*	–	38	–

* With regard to ¥48,508 million (\$438,157 thousand) of the contingent liabilities in the table above as of March 31, 2021 and ¥83,318 million as of March 31, 2020, the Company has concluded an agreement with JERA Co., Inc. to compensate the Company for any loss arising from a debt guarantee.

17. Net Assets

The authorized number of shares of common stock without par value is 1,190 million. At both March 31, 2021 and 2020, the number of shares of common stock issued was 758,000,000. At March 31, 2021 and 2020, the number of shares of treasury stock held by the Chubu Electric Group was 1,828,434 (including 412,100 shares held by the trust account for the Plan) and 1,659,419 (including 269,000 shares held by the trust account for the Plan), respectively.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or

legal earnings reserve. Legal earnings reserve is included in retained earnings in the consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 25, 2021, the shareholders approved cash dividends amounting to ¥18,916 million (\$170,867 thousand) or ¥25 per share. The total amount of dividends includes dividends of ¥10 million (\$93 thousand) for our shares held by the trust account for the Plan. The dividend of surplus was not recorded in the consolidated financial statements as of March 31, 2021. Such dividends of surplus are recognized in the period in which they are approved by the shareholders.

18. Income Taxes

(a) The tax effects of temporary differences that give rise to deferred tax assets and liabilities at March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Deferred tax assets:			
Liability for retirement benefits	¥44,075	¥45,795	\$398,113
Asset retirement obligations	42,618	42,325	384,957
Depreciation of easement rights	37,760	35,094	341,073
Depreciation	19,067	23,021	172,231
Intercompany unrealized profits	18,610	18,348	168,098
Impairment loss	13,272	12,909	119,888
Reprocessing of irradiated nuclear fuel	12,853	12,868	116,097
Other	85,218	69,873	769,742
Total gross deferred tax assets	273,476	260,238	2,470,204
Less valuation allowance	(62,591)	(57,403)	(565,368)
Total deferred tax assets	210,884	202,835	1,904,835
Deferred tax liabilities:			
Asset retirement costs corresponding to asset retirement obligations	(15,484)	(15,815)	(139,864)
Net unrealized gains on available-for-sale securities	(17,059)	(13,695)	(154,089)
Other	(18,214)	(10,731)	(164,521)
Total deferred tax liabilities	(50,757)	(40,242)	(458,475)
Net deferred tax assets	¥160,126	¥162,592	\$1,446,359

(b) A reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2021 and 2020

	March 31, 2021	March 31, 2020
Statutory income tax rate	28.0%	27.7%
Equity in net income of affiliates	(9.0)%	(10.1)%
Valuation allowance	2.7%	3.2%
Other	(0.3)%	(0.3)%
Corporate tax burden rate after the application of the effective income tax rate	21.4%	20.5%

19. Operating Expenses

Operating expenses in the electricity business for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Salaries	¥115,721	¥116,790	\$1,045,271
Retirement benefits	19,061	22,671	172,175
Subcontracting fees	94,050	67,161	849,520
Power purchased from other suppliers	1,543,912	1,454,466	13,945,559
Expenses for third party's power transmission service	554,439	25,164	5,008,031
Levy under act on purchase of renewable energy sourced electricity	282,964	298,545	2,555,907
Other	603,637	550,160	5,452,423
Subtotal	3,213,788	2,534,961	29,028,889
Adjustment	(840,650)	(19,674)	(7,593,267)
Total	¥2,373,137	¥2,515,286	\$21,435,621

(Note) On April 1, 2020, Chubu Electric Power Miraiz succeeded to the rights and obligations of the Company's electricity retail businesses, and Chubu Electric Power Grid succeeded to the rights and obligations of the Company's general transmission and distribution business. Due to an increase in internal transactions with these successions, the breakdown of operating expenses in the current consolidated fiscal year has significantly changed from the previous consolidated fiscal year.

20. Accounting Standards for Presentation of Comprehensive Income

Amounts reclassified as net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Net unrealized gain (loss) on available-for-sale securities:			
Increase during the year	¥11,684	¥2,641	\$105,545
Reclassification adjustments	(166)	(617)	(1,502)
Subtotal, before tax	11,518	2,023	104,042
Tax expense	(3,364)	(633)	(30,388)
Subtotal, net of tax	8,154	1,389	73,654
Net deferred gain on hedging instruments:			
Increase during the year	416	2,265	3,763
Reclassification adjustments	440	849	3,980
Subtotal, before tax	857	3,115	7,743
Tax expense	(241)	(870)	(2,179)
Subtotal, net of tax	615	2,245	5,563
Foreign currency translation adjustments:			
(Decrease) increase during the year	(964)	19	(8,710)
Subtotal, net of tax	(964)	19	(8,710)
Adjustments for retirement benefits:			
Increase (decrease) during the year	10,189	(4,133)	92,038
Reclassification adjustments	3,739	8,784	33,775
Subtotal, before tax	13,928	4,651	125,813
Tax expense	(3,917)	(1,357)	(35,382)
Subtotal, net of tax	10,011	3,293	90,431
Share of other comprehensive income of affiliates accounted for using equity method:			
Increase (decrease) during the year	3,054	(21,306)	27,589
Reclassification adjustments	1,752	3,041	15,831
Acquisition cost adjustment for assets	6,830	2,449	61,700
Subtotal, net of tax	11,638	(15,815)	105,122
Total other comprehensive income	¥29,455	¥(8,867)	\$266,061

21. Related Party Transactions

(a) Significant related party transactions

(1) Significant transactions of the Company with unconsolidated subsidiaries and affiliates for the years ended March 31, 2021 and 2020 were as follows:

JERA Co., Inc. (an affiliate)

JERA Co., Inc. operates in the fuel business and power generation infrastructure businesses both in Japan and abroad. The Company has a 50% share of the voting rights in JERA Co., Inc. Its involvement with JERA Co.,

Inc. includes power purchases and interlocking directors. The terms of power purchases are determined after due consideration of market conditions and negotiations.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
The Company's transactions during the year:			
Transaction amounts	¥ –	¥881,214	\$ –
Balances at the fiscal year-end:			
Other current liabilities	–	–	–
Notes and accounts payable -trade	–	74,864	–

Diamond Chubu Europe B.V. (an affiliate)

Diamond Chubu Europe B.V. is a company that invests in a Dutch integrated energy company, and our subsidiary owns

20% of the voting rights. The subsidiary subscribed shares in Diamond Chubu Europe B.V. through its capital increase.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
The Company's transactions during the year:			
Transaction amounts	¥ –	¥97,347	\$ –

(2) Significant transactions of the consolidated subsidiaries with unconsolidated subsidiaries and affiliates for the years ended March 31, 2021 and 2020 were as follows:

JERA Co., Inc. (an affiliate)

JERA Co., Inc. operates in the fuel business and power generation infrastructure businesses both in Japan and abroad. The Company has a 50% share of the voting rights in JERA Co., Inc., and its involvement with JERA

Co., Inc. includes power purchases. The terms of power purchases are determined after due consideration for market conditions and negotiations.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
The Company's transactions during the year:			
Transaction amounts	¥703,887	¥ –	\$6,357,938
Balances at the fiscal year-end:			
Other current liabilities	–	–	–
Notes and accounts payable -trade	58,922	–	532,225

(b) Notes concerning the parent company and important affiliates

Important affiliates' financial summary

In this consolidated accounting year, JERA Co., Inc. is an important affiliate. The company's consolidated financial summary is as shown below:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Total current assets	¥1,324,636	¥1,143,531	\$11,964,917
Total noncurrent assets	2,766,244	2,891,792	24,986,402
Total current liabilities	638,055	839,344	5,763,305
Total noncurrent liabilities	1,690,704	1,594,712	15,271,471
Total net assets	1,762,120	1,601,267	15,916,542
Operating revenues	2,730,146	3,280,002	24,660,338
Income before income taxes	227,818	195,386	2,057,792
Net income attributable to owners of parent	157,852	168,543	1,425,822

22. Business Combinations

Business Combinations of entities under common control

The June 2015 amendment of the Electricity Business Act stipulated that electric utilities be legally split into power generation and retail business and transmission and distribution business by April 2020 in order to secure greater neutrality of the power transmission and distribution sector. Retail electricity operators will accelerate collaboration with a broader range of businesses to achieve autonomous business expansion and improvement in their standards of service.

To this end, at the Board of Directors' meeting held on April 26, 2019, we resolved that we would enter into an absorption-type company split agreement with Chubu Electric Power Transmission and Distribution Business Split Preparation Company (the title has been changed to "Chubu Electric Power Grid Co., Inc." on April 1, 2020) and Chubu Electric Power Retail Electricity Business Split Preparation Company (the title has been changed to "Chubu Electric Power Miraiz Co., Inc." on April 1, 2020) to the effect that each successor company would succeed the Company's general transmission and distribution business and electricity retail businesses by way of company split. In addition, based on the resolution of the General Shareholders' Meeting held on June 26, 2019, we obtained approval for the absorption-type split agreement for general transmission and distribution businesses and obtained approval for the company split from the competent government agency for general transmission and distribution businesses and electricity retail businesses on March 13, 2020. On April 1, 2020, we procured Chubu Electric Power Grid Co., Inc. to succeed to the general transmission and distribution businesses, etc., and Chubu Electric Power Miraiz Co., Inc. to succeed to the electricity retail business, etc.

(1) Outline of transactions

1) Name of the target business and details of the relevant business

Successor company	Business to be divided
Chubu Electric Power Grid Co., Inc.	General transmission and distribution business, telecommunications business and any associated businesses
Chubu Electric Power Miraiz Co., Inc.	Electricity retail business, gas business and any associated businesses

2) Date of business combination

April 1, 2020

3) Legal form of business combination

In this absorption-type split, the Company is the splitting company, and the Company's wholly-owned subsidiary, Chubu Electric Power Grid Co., Inc. and Chubu Electric Power Miraiz Co., Inc. is the successor company.

4) Company name after business combination

Chubu Electric Power Grid Co., Inc.

Chubu Electric Power Miraiz Co., Inc.

(2) Outline of accounting treatment applied

Following the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Business Separations" (ASBJ Guidance No. 10, issued on January 16, 2019), this business combination has been accounted for as a business combination of entities under common control.

23. Segment Information

The reporting segments are constituent business units of the Chubu Electric Group for which separate financial information is obtained and examined regularly by the Board of Directors of the Company to evaluate business performance. Chubu Electric Group's core operations are based on the twin pillars of the Electric power business and the Energy business, which mainly entails the supply of gas and on-site energy. Our business activities also include the application of our know-how developed in the domestic sector to energy projects overseas, construction for the development and maintenance of electric utilities-related facilities, and the manufacturing of materials and machinery for these facilities. With the business environment changing drastically, we launched an internal company system from April 2016 and established "Power Generation," "Power Network," and "Customer Service & Sales" companies to construct an independent business framework to make flexible and swift responses among business fields such as the field power generation, power transmission and distribution, and retail. Moreover, on April 1, 2019, JERA succeeded to the fuel receiving, storage, gas transmission and existing thermal power generation businesses through an absorption-type split agreement. On April 1, 2020, Chubu Electric Power Miraiz succeeded to the rights and obligations of the Company's electricity retail businesses, and Chubu Electric Power Grid succeeded to the rights and obligations of the Company's general transmission and distribution business.

Accordingly, we report three reportable segments: "Miraiz," "Power Grid" and "JERA."

["Miraiz"]

Expansion of total energy services centered on gas & electric power

["Power Grid"]

Provision of electric power network services

["JERA"]

From fuel upstream and procurement to power generation and wholesale of electricity and gas

(Change of reporting segment, etc.)

On April 1, 2020, Chubu Electric Power Miraiz succeeded to the rights and obligations of the Company's electricity retail businesses, and Chubu Electric Power Grid succeeded to the rights and obligations of the Company's general transmission and distribution business.

Accordingly, from the current consolidated fiscal year, the reporting segment has been changed from the conventional "Customer Service & Sales," "Power Network" and "JERA" to "Miraiz," "Power Grid" and "JERA." Moreover, the segment categories of the Company's consolidated subsidiaries have also been changed.

The segment information for the previous consolidated fiscal year is disclosed based on the segment classification method for the current consolidated fiscal year.

Information by segment for the years ended March 31, 2021 and 2020 was as follows.

	Miraiz	Power Grid	JERA	Subtotal	Other	Total	Adjustment	Consolidated
Year ended March 31, 2021	Millions of yen							
Operating revenues:								
External customers	¥2,357,018	¥ 310,010	¥ –	¥2,667,029	¥ 268,380	¥2,935,409	¥ –	¥2,935,409
Intersegment	61,206	532,839	–	594,046	462,185	1,056,231	(1,056,231)	–
Total	2,418,225	842,850	–	3,261,075	730,565	3,991,641	(1,056,231)	2,935,409
Ordinary income	¥ 38,036	¥ 58,814	¥ 65,696	¥ 162,547	¥ 57,452	¥ 219,999	¥(27,789)	¥ 192,209
Total assets	¥ 483,188	¥2,272,670	¥1,058,665	¥3,814,524	¥3,890,962	¥7,705,486	¥(2,019,138)	¥5,686,348
Depreciation and amortization	6,086	123,594	–	129,681	56,853	186,535	(3,872)	182,663
Interest income	1	11	–	13	13,103	13,117	(12,929)	187
Interest expense	767	10,700	–	11,468	21,100	32,569	(13,213)	19,355
Share of profit (loss) of entities accounted for using equity method	(506)	151	65,696	65,340	(2,920)	62,420	(371)	62,048
Investment in equity method affiliates	3,950	2,742	1,058,665	1,065,358	234,299	1,299,657	1,303	1,300,960
Increase in tangible and intangible fixed assets	11,310	154,639	–	165,950	96,767	262,717	(6,764)	255,953

	Miraiz	Power Grid	JERA	Subtotal	Other	Total	Adjustment	Consolidated
Year ended March 31, 2020	Millions of yen							
Operating revenues:								
External customers	¥2,604,247	¥ 195,985	¥ –	¥2,800,233	¥ 265,721	¥3,065,954	¥ –	¥3,065,954
Intersegment	56,119	555,575	–	611,695	498,413	1,110,108	(1,110,108)	–
Total	2,660,367	751,561	–	3,411,928	764,135	4,176,063	(1,110,108)	3,065,954
Ordinary income	¥ 45,242	¥ 47,939	¥ 71,229	¥ 164,411	¥ 40,742	¥ 205,154	¥ (13,351)	¥ 191,803
Total assets	¥ 358,916	¥2,135,145	¥ 999,094	¥3,493,156	¥2,268,452	¥5,761,609	¥ (260,793)	¥5,500,815
Depreciation and amortization	5,488	122,483	–	127,971	54,108	182,079	(3,907)	178,171
Interest income	1	12	–	14	16,009	16,024	(15,859)	164
Interest expense	786	13,519	–	14,306	24,125	38,431	(16,121)	22,309
Share of profit (loss) of entities accounted for using equity method	(417)	216	71,229	71,029	6,676	77,706	(600)	77,106
Investment in equity method affiliates	3,876	2,591	999,094	1,005,563	222,875	1,228,439	1,548	1,229,987
Increase in tangible and intangible fixed assets	15,141	118,357	–	133,498	115,399	248,897	(6,251)	242,646

Year ended March 31, 2021	Thousands of U.S. dollars							
Operating revenues:								
External customers	\$21,290,023	\$ 2,800,205	\$ –	\$24,090,228	\$ 2,424,176	\$26,514,405	\$ –	\$26,514,405
Intersegment	552,856	4,812,929	–	5,365,785	4,174,738	9,540,524	(9,540,524)	–
Total	21,842,879	7,613,134	–	29,456,014	6,598,915	36,054,929	(9,540,524)	26,514,405
Ordinary income	\$ 343,571	\$ 531,245	\$ 593,406	\$ 1,468,223	\$ 518,944	\$ 1,987,168	\$ (251,013)	\$ 1,736,154
Total assets	\$ 4,364,449	\$20,528,144	\$ 9,562,506	\$34,455,100	\$35,145,534	\$69,600,634	\$(18,238,083)	\$51,362,550
Depreciation and amortization	54,979	1,116,383	–	1,171,362	513,539	1,684,902	(34,977)	1,649,925
Interest income	17	106	–	123	118,358	118,481	(116,789)	1,691
Interest expense	6,936	96,655	–	103,591	190,594	294,186	(119,351)	174,834
Share of profit (loss) of entities accounted for using equity method	(4,573)	1,365	593,406	590,198	(26,382)	563,815	(3,352)	560,462
Investment in equity method affiliates	35,684	24,771	9,562,506	9,622,962	2,116,331	11,739,294	11,771	11,751,065
Increase in tangible and intangible fixed assets	102,163	1,396,798	–	1,498,962	874,061	2,373,023	(61,098)	2,311,925

(a) Methods used to calculate operating revenues, income or loss, assets and other amounts for each reporting segment

The accounting treatment and methods used for the reporting segments are the same as that used in developing the financial report. Segment income for each reporting segment is presented on an ordinary income basis. From the current consolidated fiscal year, the Company has changed the method used to calculate operating revenues and income or loss for each reporting segment. Intersegment sales and transfers are calculated from prices based on market prices and costs.

(b) Information about products and services

The Company has omitted a disclosure of information for sales of a single product/service category to external customers which accounted for more than 90% of all sales in the consolidated statements of income.

(c) Information by geographic regions

(1) Operating revenues

The Company has omitted a disclosure of information for operating revenues because operating revenues to external customers in Japan accounted for more than 90% of the operating revenues reported in the consolidated statements of income.

(2) Property, plant and equipment

The company has omitted a disclosure of information for property, plant and equipment because property, plant and equipment in Japan accounted for more than 90% of the property, plant and equipment reported in the consolidated balance sheets.

(d) Information about major customers

The Company has not disclosed information about major customers because no customer contributed 10% or more to operating revenues in the consolidated statements of income.

(e) Impairment loss

The Company has omitted information by segment on impairment loss due to the negligible importance of this information.

(f) Amortization of goodwill and the unamortized balance

The Company has omitted information by segment on amortization of goodwill and the unamortized balance due to the negligible importance of this information.

(g) Gain arising from negative goodwill

Not applicable

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of Chubu Electric Power Co., Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Chubu Electric Power Co., Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2021, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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, 2021, 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 our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-current assets used in the nuclear power production business

The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of the Group, the nuclear power production facilities of ¥366,833 million including construction in progress were recognized as of March 31, 2021, which accounted for 6% of total assets in the consolidated financial statements.	The primary procedures we performed to assess the appropriateness of the Company's judgment on the valuation of non-current assets used in the nuclear power production business included the following: (1) Internal control testing

<p>The operations of Units 3, 4, and 5 (collectively referred to as the “Units”) of the Hamaoka Nuclear Power Station have been suspended since the 2011 Great East Japan Earthquake. In order to resume a nuclear power plant, it is necessary to obtain approval of the Nuclear Regulation Authority (NRA), which reviews the conformity of a nuclear power plant with the new regulatory requirements, and pass its pre-service inspection.</p> <p>With respect to the nuclear power generation business in general, “The Green Growth Strategy Through Achieving Carbon Neutrality in 2050” formulated in June 2021 states that “While making efforts to reduce dependency on nuclear-power as much as possible, the Japanese Government will proceed with the restart of reactors that the NRA approves as complying with the world’s highest level of criteria stipulated in its regulatory requirements, and will steadily promote the establishment of effective nuclear regulations and systems to prevent nuclear disaster.”</p> <p>In the “Chubu Electric Power Group Management Vision,” the Company listed as one of the important initiatives the response to a review by the NRA to evaluate the conformity of the Hamaoka Nuclear Power Station with the new regulatory requirements. The Company has been steadily advancing its safety improvement measures based on the new regulatory requirements of the NRA and is working to strengthen its internal structure and proceeding with the preparation so that the Company can apply for the regulatory approval of the NRA without fail at an early stage. Towards the realization of a carbon-free society in 2050 as announced in its “Zero Emissions Challenge 2050” policy, the Company works on the decarbonization of electricity by maximizing the use of renewable energy and non-fossil energy from nuclear power.</p> <p>The operations of the Units, however, have been under suspension for a long time. Therefore, the Units were required to be tested for impairment by comparing the future cash flows with the carrying amount of non-current assets used in</p>	<p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the valuation of non-current assets used in the nuclear power production business.</p> <p>(2) Assessment of the reasonableness of the estimated future cash flows</p> <ul style="list-style-type: none"> ● We inspected the minutes of the Board of Directors’ meetings and the related documents to understand the current conditions and the future outlook of the business environment surrounding the nuclear power production business, and assessed whether the contents of those materials were consistent with the business environment underlying the assumptions used for the estimate by management, as well as whether there were any events or circumstances requiring changes in management’s estimation methods. ● In order to assess the reasonableness of key assumptions used for the estimate of the future cash flows, we inquired of appropriate personnel about the basis for each assumption. In addition, considering that the assumptions were based on the business plan, we: <ul style="list-style-type: none"> ● assessed the reasonableness of sales revenues expected from power generation after resuming the operation of the Hamaoka Nuclear Power Station by inspecting the internal materials used to assess assumptions in the business plan, documents supporting the progress of a review by the NRA to evaluate the conformity with the new regulatory requirements, and documents on the electricity receipt and supply charges/fees; ● assessed the reasonableness of the estimated construction cost to implement safety improvement measures by inspecting the internal materials used to evaluate the contents of construction and documents on a review by the NRA to evaluate the conformity with the new regulatory requirements; and ● independently estimated future cash flows by incorporating the effect of specific uncertainty into the business plan and evaluated whether there would be a potential effect on the valuation of non-
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<p>the nuclear power production business. For the current fiscal year, the Company did not recognize any impairment loss because the gross future cash flows exceeded the carrying amount of the non-current assets.</p> <p>The future cash flows were estimated based on the business plan prepared by management. The business plan, which formed the basis for the estimate, included key assumptions, such as sales revenues from power generation after resuming operations and the estimated construction cost to implement safety improvement measures, involving management judgments, which had a significant effect on the estimated future cash flows.</p> <p>We, therefore, determined that our assessment of the appropriateness of the Company's judgment on the valuation of non-current assets used in the nuclear power production business was one of the most significant matters in our audit of the consolidated financial statements for the fiscal year, and accordingly, a key audit matter.</p>	<p>current assets.</p>
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The lighting and electricity usage charges in the electricity business of Chubu Electric Power Miraiz Co., Inc.

The key audit matter	How the matter was addressed in our audit
<p>Operating revenues from lighting and electricity usage charges in the electricity business of Chubu Electric Power Miraiz Co., Inc. ("Miraiz") amounted to ¥1,861,674 million for the current fiscal year, representing 63% of total operating revenues in the consolidated financial statements.</p> <p>The electricity business, a core business of Miraiz, sells electricity to customers and recognizes revenue from lighting and electricity usage charges at an amount calculated based on customers' electricity usage, which is based on the meter readings. Although the individual sales transactions of lighting and electricity are small, there are an extremely large number of customers and contracts. Therefore, a series of business processes, starting from application, contracting, master management, meter readings, calculation of electricity usage charges, billing to</p>	<p>The primary procedures we performed to assess the appropriateness of the amount of revenues recognized from lighting and electricity usage charges of Miraiz included the following:</p> <p>(1) Internal control testing We tested the design and operating effectiveness of certain of Miraiz's internal controls over a series of business processes related to lighting and electricity usage charges, starting from application, contracting, master management, meter readings, calculation of electricity usage charge, billing to revenue recognition. Of the above processes, we tested the effectiveness of the automated controls within the business processing system by involving IT specialists within our firm who assisted our testing.</p> <p>(2) Assessment of the appropriateness of the</p>

revenue recognition, are highly dependent upon automated controls within the business processing system. Accordingly, if an error or other defect occurs in the automated processing of the system, the impact may be pervasive, and may have a significant effect on the consolidated financial statements.

We, therefore, determined that our assessment of the appropriateness of lighting and electricity usage charges of Miraiz was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

amount of revenues recognized

In order to assess the appropriateness of the amount of revenues recognized from lighting and electricity usage charges, we, among others:

- assessed whether there were any indications that the financial statements may contain a material misstatement, as an analytical procedure for risk assessment purpose, by comparing and analyzing, on a monthly basis, the relationship between the amount of revenues recognized from lighting and electricity usage charges and lighting and electricity consumption volume, the unit prices and the contract currents, as well as comparing the amount of revenues recognized with the previous years' amounts, and considering the consistency with the business environment in the current fiscal year;
- agreed the amount of revenues recognized with the materials for the calculation of electricity usage charges, and assessed the materials as to whether the automated processing with the business processing system was accurate by involving IT specialists within our firm who assisted our assessment;
- performed analytical substantive procedures in which we compared the actual amount of revenues recognized with our own projection of revenues; and
- circularized individual accounts receivable with a balance exceeding a certain threshold to assess whether the amounts on responses were consistent with those recorded, and also reviewed the replies with exceptions to assess whether the amounts recorded were consistent with the supporting documents by inquiring of an appropriate personnel about the cause of differences between the amounts on responses and those recorded.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 our 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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.

- 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 corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of 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.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

松本千佳 

Chika Matsumoto

Designated Engagement Partner

Certified Public Accountant

岩田国良 

Kuniyoshi Iwata

Designated Engagement Partner

Certified Public Accountant

村井達久 

Tatsuhisa Murai

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Nagoya Office, Japan

June 25, 2021

Chubu Electric Power Company, Incorporated