Appendix

Chubu Electric Power Group Report 2023 (Integrated Report) Financial Section

Year ended March 31, 2023

Chubu Electric Power Company, Incorporated

Consolidated Balance Sheets

Chubu Electric Power Company, Incorporated and Subsidiaries
As of March 31, 2023 and 2022

ASSETS	Millions of yen March 31, 2023	Millions of yen March 31, 2022	Thousands of U.S. dollars (Note 1) March 31, 2023
Property, Plant and Equipment:			
Property, plant and equipment, at cost	¥10,635,234	¥10,513,102	$79,640,814
Construction in progress	438,680	422,545	3,285,012
	11,073,914	10,935,647	82,925,827
Less:			
Contributions in aid of construction	(219,066)	(211,543)	(1,640,457)
Accumulated depreciation	(7,605,636)	(7,524,589)	(56,953,994)
	(7,824,703)	(7,736,133)	(58,594,451)
Total Property, Plant and Equipment, Net (Notes 9 and 15)	3,249,211	3,199,514	24,331,375
Nuclear Fuel:			
Loaded nuclear fuel	40,040	40,040	299,836
Nuclear fuel in processing	153,210	154,731	1,147,296
Total Nuclear Fuel	193,250	194,772	1,447,132
Investments and Other Assets:			
Long-term investments (Notes 10, 11 ,12 and 15)	1,645,893	1,638,029	12,325,100
Net defined benefit asset (Note 16)	1,783	17,109	13,356
Deferred tax assets (Notes 15 and 24)	183,136	174,086	1,371,397
Other (Note 15)	28,367	24,982	212,429
Allowance for doubtful accounts	(13,210)	(13,764)	(98,928)
Total Investments and Other Assets	1,845,970	1,840,443	13,823,355
Current Assets:			
Cash and deposits (Notes 8, 10 and 15)	361,325	203,207	2,705,746
Notes and accounts receivable - trade, and contract assets (Notes 10, 13 and 15)	365,548	344,219	2,737,373
Inventories (Notes 14 and 15)	196,444	190,779	1,471,051
Allowance for doubtful accounts	(1,633)	(2,819)	(12,229)
Other (Note 15)	244,984	204,616	1,834,538
Total Current Assets	1,166,669	940,003	8,736,479
Total Assets (Notes 15 and 33)	¥ 6,455,102	¥ 6,174,734	$48,338,343

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, 2023	March 31, 2022	March 31, 2023
Noncurrent Liabilities:			
Long-term loans payable (Notes 10 and 15)	¥2,411,136	¥2,190,062	$18,055,540
Provision for loss in conjunction with discontinued operations of nuclear power plants	7,956	7,956	59,579
Net defined benefit liability (Note 16)	136,875	139,070	1,024,974
Asset retirement obligations (Note 19)	290,189	266,183	2,173,049
Other (Notes 15 and 24)	186,510	206,123	1,396,663
Total Noncurrent Liabilities	3,032,667	2,809,397	22,709,806
Current Liabilities:			
Current portion of noncurrent liabilities (Notes 10 and 15)	234,963	262,077	1,759,498
Short-term loans payable (Notes 10 and 15)	280,276	269,044	2,098,819
Commercial paper (Notes 10 and 15)	–	79,000	–
Notes and accounts payable - trade (Note 10)	327,487	279,243	2,452,354
Accrued taxes	50,589	26,353	378,833
Other (Notes 10, 18 and 19)	365,238	324,355	2,735,053
Total Current Liabilities	1,258,555	1,240,073	9,424,558
Reserve for Fluctuation in Water Levels	1,674	1,990	12,536
Total Liabilities	4,292,897	4,051,461	32,146,901
Commitments and Contingent Liabilities (Note 21)			
Net Assets (Note 22)			
Capital stock	430,777	430,777	3,225,830
Capital surplus	70,571	70,716	528,463
Retained earnings	1,393,120	1,392,720	10,432,232
Treasury shares, at cost (Note 6)	(2,733)	(2,734)	(20,467)
Total Shareholders' Equity	1,891,735	1,891,480	14,166,058
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	15,097	47,446	113,058
Deferred gains and losses on hedges (Note 20)	32,133	16,556	240,626
Foreign currency translation adjustments	133,859	62,747	1,002,393
Remeasurements of defined benefit plans	(12,016)	(1,102)	(89,985)
Total Accumulated Other Comprehensive Income	169,074	125,648	1,266,093
Share acquision rights	0	0	5
Noncontrolling interests	101,394	106,143	759,285
Total Net Assets	2,162,205	2,123,272	16,191,442
Total Liabilities and Net Assets	¥6,455,102	¥6,174,734	$48,338,343

Consolidated Statements of Operations

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2023	March 31, 2022	March 31, 2023
Operating Revenues:			
Electricity	¥3,286,145	¥2,180,931	$24,607,949
Other	700,536	524,230	5,245,891
Total Operating Revenues (Notes 25, 32 and 33)	3,986,681	2,705,162	29,853,841
Operating Expenses:			
Electricity (Note 26)	3,221,252	2,254,983	24,122,007
Other	658,339	504,009	4,929,908
Total Operating Expenses	3,879,592	2,758,992	29,051,916
Operating Income (Loss)	107,089	(53,830)	801,924
Other Expenses (Income):			
Interest expense	19,889	18,987	148,939
Share of loss (profit) of entities accounted for using equity method	12,986	(5,444)	97,247
Impairment loss (Note 28)	14,236	–	106,610
Loss on return of imbalance charge (Note 27)	–	5,510	–
Loss in conjunction with the Antimonopoly Act	27,555	–	206,349
Gain on disposition of investment securities	(45,318)	–	(339,365)
Other, net	9,064	(8,053)	67,876
Total Other Expenses, Net	38,413	11,000	287,658
Income (Loss) Before Revarsal of Reserve for Fluctuation in Water Levels and Income Taxes	68,675	(64,830)	514,266
Reversal of Reserve for Fluctuation in Water Levels	(315)	(20,357)	(2,366)
Income (Loss) Before Income Taxes	68,991	(44,473)	516,632
Income Taxes:			
Current	25,697	11,626	192,431
Deferred	5,416	(15,948)	40,564
Total Income Taxes	31,114	(4,322)	232,996
Net Income (Loss)	37,876	(40,150)	283,635
Net (loss) income attributable to noncontrolling interests	(354)	2,872	(2,656)
Net income (loss) attributable to owners of parent	¥ 38,231	¥ (43,022)	$ 286,292

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2023	March 31, 2022	March 31, 2023
Per Share of Capital Stock:			
Net income (loss) - basic (Notes 3 and 6)	¥50.56	¥(56.90)	$0.38
Cash dividends	50.00	50.00	0.37

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, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2023	March 31, 2022	March 31, 2023
Net Income (Loss)	¥37,876	¥(40,150)	$283,635
Other Comprehensive Income:			
Valuation difference on available-for-sale securities	(31,982)	1,438	(239,499)
Deferred gains and losses on hedges	133	1,037	1,003
Foreign currency translation adjustments	774	562	5,803
Remeasurements of defined benefit plans, net of tax	(13,180)	(4,854)	(98,700)
Share of other comprehensive income of entities accounted for using equity method	86,884	68,197	650,621
Other Comprehensive Income (Note 30)	42,629	66,381	319,228
Comprehensive Income	¥80,506	¥ 26,230	$602,864
Comprehensive income attributable to:			
Owners of parent	81,657	22,949	611,482
Noncontrolling interests	(1,150)	3,281	(8,618)

Consolidated Statements of Changes in Net Assets

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2023 and 2022

		Shareholders' equity					Accumulated other comprehensive income							
	Number of shares of capital stock issued	Capital stock	Capital surplus	Retained earnings	Treasury shares (Note 4)	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumu-lated other compre-hensive income	Share acquisition rights	Non-controlling interests	Total net assets
		Millions of yen												
Balance at April 1, 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
Cumulative effects of changes in accounting policies	–	–	–	898	–	898	–	–	–	–	–	–	270	1,168
Balance at April 1,2021 (Restated Balance)	758,000,000	430,777	70,732	1,473,576	(2,697)	1,972,388	45,002	(435)	11,216	3,892	59,675	–	72,788	2,104,853
Dividends of surplus	–	–	–	(37,833)	–	(37,833)	–	–	–	–	–	–	–	(37,833)
Net loss attributable to owners of parent	–	–	–	(43,022)	–	(43,022)	–	–	–	–	–	–	–	(43,022)
Purchase of treasury shares	–	–	–	–	(39)	(39)	–	–	–	–	–	–	–	(39)
Disposal of treasury shares	–	–	–	(0)	3	2	–	–	–	–	–	–	–	2
Change in equity of parent on transactions with noncontrolling interests	–	–	(16)	–	–	(16)	–	–	–	–	–	–	–	(16)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	2,444	16,991	51,531	(4,995)	65,972	0	33,355	99,328
Balance at March 31, 2022	758,000,000	¥430,777	¥70,716	¥1,392,720	¥(2,734)	¥1,891,480	¥47,446	¥16,556	¥ 62,747	¥ (1,102)	¥125,648	¥0	¥106,143	¥2,123,272

		Millions of yen												
Balance at April 1, 2022	758,000,000	¥430,777	¥70,716	¥1,392,720	¥(2,734)	¥1,891,480	¥47,446	¥16,556	¥ 62,747	¥ (1,102)	¥125,648	¥0	¥106,143	¥2,123,272
Dividends of surplus	–	–	–	(37,831)	–	(37,831)	–	–	–	–	–	–	–	(37,831)
Net income attributable to owners of parent	–	–	–	38,231	–	38,231	–	–	–	–	–	–	–	38,231
Purchase of treasury shares	–	–	–	–	(37)	(37)	–	–	–	–	–	–	–	(37)
Disposal of treasury shares	–	–	–	(0)	38	38	–	–	–	–	–	–	–	38
Change in equity of parent on transactions with noncontrolling interests	–	–	(145)	–	–	(145)	–	–	–	–	–	–	–	(145)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	(32,348)	15,576	71,111	(10,913)	43,425	(0)	(4,748)	38,676
Balance at March 31, 2023	758,000,000	¥430,777	¥70,571	¥1,393,120	¥(2,733)	¥1,891,735	¥15,097	¥32,133	¥133,859	¥(12,016)	¥169,074	¥0	¥101,394	¥2,162,205

	Number of shares of capital stock issued	Shareholders' equity					Accumulated other comprehensive income							
		Capital stock	Capital surplus	Retained earnings	Treasury shares (Note 4)	Total shareholders' equity	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	Share acquisition rights	Non-controlling interests	Total net assets
		Thousands of U.S. dollars (Note 1)												
Balance at April 1, 2022		$3,225,830	$529,551	$10,429,239	$(20,474)	$14,164,146	$355,298	$123,981	$ 469,880	$ (8,257)	$ 940,902	$6	$794,846	$15,899,902
Dividends of surplus		–	–	(283,298)	–	(283,298)	–	–	–	–	–	–	–	(283,298)
Net income attributable to owners of parent		–	–	286,292	–	286,292	–	–	–	–	–	–	–	286,292
Purchase of treasury shares		–	–	–	(282)	(282)	–	–	–	–	–	–	–	(282)
Disposal of treasury shares		–	–	(1)	288	287	–	–	–	–	–	–	–	287
Change in equity of parent on transactions with noncontrolling interests		–	(1,087)	–	–	(1,087)	–	–	–	–	–	–	–	(1,087)
Net changes in items other than shareholders' equity		–	–	–	–	–	(242,239)	116,644	532,512	(81,727)	325,190	(1)	(35,561)	289,627
Balance at March 31, 2023		$3,225,830	$528,463	$10,432,232	$(20,467)	$14,166,058	$113,058	$240,626	$1,002,393	$(89,985)	$1,266,093	$5	$759,285	$16,191,442

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, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2023	March 31, 2022	March 31, 2023
Cash Flows from Operating Activities:			
Income (Loss) before income taxes	¥ 68,991	¥ (44,473)	$ 516,632
Adjustments for:			
Depreciation	155,927	189,154	1,167,647
Impairment loss	14,236	–	106,610
Gain on disposition of investment securities	(45,318)	–	(339,365)
Decommissioning costs of nuclear power units	10,257	9,725	76,814
Loss on retirement of noncurrent assets	8,667	6,126	64,907
Decrease in provision for net defined benefit liability and asset	(5,236)	(5,674)	(39,211)
Loss in conjunction with the Antimonopoly Act	27,555	–	206,349
Decrease in reserve for fluctuation in water levels	(315)	(20,357)	(2,366)
Interest and dividend income	(3,612)	(3,220)	(27,055)
Interest expense	19,889	18,987	148,939
Loss on return of imbalance charge	–	5,510	–
Equity in net income (loss) of affiliates	12,986	(5,444)	97,247
Increase in notes and accounts receivable - trade and contract assets	(20,463)	(27,921)	(153,237)
Increase in inventories	(5,654)	(27,866)	(42,345)
Increase in notes and accounts payable - trade	48,207	84,243	360,994
Other, net	(14,127)	(94,122)	(105,790)
Subtotal	271,990	84,668	2,036,772
Interest and dividend income received	33,216	25,550	248,739
Interest expense paid	(19,812)	(19,208)	(148,364)
Income taxes paid or refunded	10,403	(69,320)	77,906
Cash flows from operating activities	295,798	21,688	2,215,053
Cash Flows from Investing Activities:			
Purchase of noncurrent assets	(249,044)	(232,153)	(1,864,946)
Payments on investments and loans receivable	(47,603)	(63,533)	(356,474)
Collection on investments and loans receivable	79,127	10,814	592,534
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(24,575)	–
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	0	22,353	7
Other, net	20,592	25,072	154,201
Cash flows from investing activities	(196,928)	(262,021)	(1,474,676)
Cash Flows from Financing Activities:			
Proceeds from issuance of bonds	149,775	154,622	1,121,578
Redemption of bonds	(80,000)	(5,610)	(599,071)
Proceeds from long-term loans payable	312,821	345,583	2,342,532
Repayments of long-term loans payable	(194,034)	(240,857)	(1,453,008)
Proceeds of short-term loans payable	357,241	309,024	2,675,166
Repayments of short-term loans payable	(341,759)	(299,591)	(2,559,232)
Proceeds from issuance of commercial paper	–	397,000	–
Redemption of commercial paper	(79,000)	(338,000)	(591,583)
Purchase of treasury shares	(39)	(39)	(292)
Cash dividends paid	(37,807)	(37,758)	(283,119)
Dividends paid to noncontrolling interests	(4,232)	(3,923)	(31,697)
Other, net	(9,716)	(14,046)	(72,757)
Cash flows from financing activities	73,248	266,403	548,514
Effect of exchange rate change on cash and cash equivalents	210	176	1,573
Net increase in cash and cash equivalents	172,328	26,247	1,290,464
Cash and cash equivalents at beginning of this period	201,156	174,909	1,506,337
Cash and cash equivalents at end of this period (Note 8)	¥373,484	¥201,156	$2,796,802

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 ¥133.54 to U.S. $1.00, the prevailing exchange rate at the consolidated 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, 2023 and 2022 was as follows:

	March 31, 2023	March 31, 2022
Subsidiaries:		
Domestic	50	53
Overseas	12	12
Affiliates	72	64

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 consolidated subsidiaries whose closing date differs from the Company's consolidated closing date are Chubu Electric Power Company Netherlands B.V., ES-CON JAPAN Ltd. and 20 other companies. ES-CON JAPAN Ltd. has a closing date of November 30. The other companies have a closing date of December 31.

In preparing the consolidated financial statements, provisional financial statements prepared as of the consolidated closing date are used for ES-CON JAPAN Ltd. and 15 other companies whose closing dates differ from the Company's consolidated closing date. For other consolidated subsidiaries, significant transactions for the period between the subsidiaries' year-end and the Company's year-end are adjusted for on consolidation.

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 mainly by the straight-line 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 consolidated fiscal years under review. Held-to-maturity securities are stated at amortized cost. Investments in securities other than equity securities without market prices 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. Equity securities without market prices 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 to manage the risks of loss arising from fluctuations in electricity procurement costs.

(f) Inventories

Inventories of real estate for sale are stated at cost determined by the specific identification method. Consolidated balance sheet amounts are calculated by writing down the book value of assets which decreased in profitability.

(g) 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.

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

In the years ended March 31, 2023 and 2022, 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.

(i) 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.

(j) 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 exceeds 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).

(k) Basis for Recognition of Significant Revenues and Expenses

The main businesses of our group are the electricity retail business and general transmission and distribution business. In the electricity retail business, we have performance obligations to deliver electricity based on sales contracts with customers. In the general transmission and distribution business, we have performance obligations to provide a consignment supply based on consignment supply provisions. Revenues to satisfy these performance obligations are recorded based on the amount of electricity determined by meter reading ("Meter reading date standard").

(l) 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.

(m) Research and development costs

Research and development costs included in operating expenses for the years ended March 31, 2023 and 2022 amounted to ¥8,771 million ($65,683 thousand) and ¥8,979 million, respectively.

(n) 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.

(o) 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 consolidated 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 consolidated 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.

(p) 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). In calculating net income per share, our shares (for the previous consolidated fiscal year: 412,100 shares, for the current consolidated fiscal year: 393,125 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 consolidated fiscal year in the consolidated statements of income represent dividends declared as applicable to the respective year.

Diluted net income per share for the previous consolidated fiscal year is not presented because a net loss per share was recorded, although there are potential dilutive shares due to the conversion of ES-CON JAPAN Ltd., which owns share acquisition rights, into a consolidated subsidiary.

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.

(1) Amount recorded in the consolidated financial statements at the end of the current consolidated fiscal year

The nuclear power generation facility, including construction in progress, was recognized on the consolidated balance sheets at ¥350,194 million ($2,622,391 thousand) and accounted for about 5% of total assets at the end of the current consolidated fiscal year and ¥359,317 million and for about 6% of total assets at the end of the previous consolidated fiscal year. 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.

(2) 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.

(b) Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements at the end of the current consolidated fiscal year

The Company and some of its domestic consolidated subsidiaries that have adopted the group tax sharing system (hereinafter referred to as the "tax sharing group") (the "consolidated taxation group" in the previous consolidated fiscal year) have determined the recoverability of and recognized deferred tax assets as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Consolidated Balance Sheet Amount:			
Deferred tax assets	¥183,136	¥174,086	$1,371,397
Amounts recorded in the tax sharing group			
Deferred tax assets (before offsetting deferred tax liabilities)	175,486	–	1,314,111
Amount recorded in consolidated taxation group:			
Deferred tax assets (before offsetting deferred tax liabilities)	–	179,165	–
Deferred tax assets related to carryforward tax loss	¥ 21,436	¥ 31,331	$ 160,527

(2) Information on the nature of significant accounting estimates

Deferred tax assets are recognized to the extent that carryforward tax loss and deductible temporary differences are expected to reduce the tax burden in the future. Recoverability of deferred tax assets is determined based on the appropriateness of company classification in the tax sharing group (the consolidated taxation group in the previous consolidated fiscal year) and estimates of future taxable income before temporary differences.

The estimation of future taxable income before temporary differences is based on the plan prepared by management. The management plan on which the estimates are based uses major assumptions that involve management's judgment, such as forecasts of electricity sales and assumptions of power supply procurement plans, including procurement from the wholesale electricity market, which have a significant impact on the recoverability of deferred tax assets.

4. Change in Accounting Policies

The Company and its subsidiaries have applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) since the year ended March 31, 2023 and prospectively apply the new accounting policies under ASBJ Guidance No. 31 in accordance with the transitional provision set out in Paragraph 27-2 of ASBJ Guidance No. 31.

This application had no impact on the consolidated financial statements.

5. Changes in Accounting Policies that are difficult to distinguish from changes in accounting estimates

Changes in depreciation method for tangible fixed assets

Previously, the Company and its subsidiaries used mainly the declining balance method of depreciation for tangible fixed assets but have changed to the straight-line method from the current consolidated fiscal year.

In the Chubu area, the Company's main service area, electricity demand is expected to remain stable in the future due to the declining population, falling birthrate, aging population and the spread of energy conservation and electricity savings, etc. In addition, with progress in Electricity System Reform, the power generation and retail businesses will be placed in a competitive environment, and efficient and stable business operations will be required. At the same time, the transmission and distribution businesses are expected to play a role in ensuring a stable supply through efficient operations that ensure neutrality and fairness. Moreover, nuclear power and general hydropower are expected to play an important role as stable and low-cost baseload power sources in the Strategic Energy Plan.

In order to respond to these changes in the business environment, Chubu Electric Power Group Medium-term Management Plan, which began in FY2022, calls for the implementation of investments necessary for the safe and stable supply of electricity and for the efficient and stable operation of all facilities. Under these circumstances, the Company has determined that the straight-line method of depreciation for tangible fixed assets, which allocates expenses equally over the useful life of the asset, will more appropriately reflect the future pattern of spending economic benefits since the stable use of facilities is expected, particularly in the electric power business, in the future. As a result of this change, operating income increased by ¥29,677 million ($222,239 thousand), and income before income taxes increased by ¥29,509 million ($220,979 thousand) compared with the amounts that would have been reported using the previous method.

6. Additional Information

(a) 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.").

(1) 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.

(2) 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 ¥571 million ($4,281 thousand) and the number of shares was 386 thousand shares at the end of this consolidated fiscal year.

(b) Application of the International Financial Reporting Standards (IFRS) for the affiliate accounted for using the equity method

In applying the equity method to the Company's affiliate accounted for using the equity method, JERA Co., Inc., the Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) from the current consolidated fiscal year.

7. Standards and Guidance Not Yet Adopted

The following standards and guidance were issued but not yet adopted.
- Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(a) Overview

The standards and guidance defined the treatment for the classification of income taxes when taxable on other comprehensive income and the treatment of tax effects related to the sale of shares of subsidiaries when the Group Taxation Regime is applied.

(b) Effective date

The standards and guidance shall be effective from the beginning of the consolidated fiscal year ending March 31, 2025.

(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.

8. 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 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Cash and deposits	¥361,325	¥203,207	$2,705,746
Time deposits with an original maturity of more than three months included in cash and deposits	(1,840)	(2,051)	(13,781)
Short-term investments	17,454	3,581	130,708
Short-term investments with an original maturity of over three months	(3,454)	(3,581)	(25,870)
Cash and cash equivalents	¥373,484	¥201,156	$2,796,802

9. Noncurrent assets

The major classifications of noncurrent assets at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Hydroelectric power production facilities	¥ 272,707	¥ 272,370	$ 2,042,141
Nuclear power production facilities	137,969	146,380	1,033,166
Transmission facilities	572,839	575,629	4,289,644
Transformation facilities	443,652	445,480	3,322,246
Distribution facilities	795,389	782,777	5,956,189
General facilities	131,252	114,420	982,869
Other electricity related to noncurrent assets	20,411	21,559	152,846
Other noncurrent assets	436,309	418,349	3,267,257
Construction in progress	438,680	422,545	3,285,012
Total	¥3,249,211	¥3,199,514	$24,331,375

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 ¥219,066 million ($1,640,457 thousand) and ¥211,543 million at March 31, 2023 and 2022, respectively.

10. 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 corporate bond issues, bank loans and other means. Short-term working capital is secured principally through short-term corporate bonds, 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 certificate of deposit, 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.

Accounts receivable are exposed to customer credit risks.

Most of the Chubu Electric Group's interest-bearing debt balance consists of corporate 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.

Accounts payable - trade for operating debts are almost all due within 1 year.

Derivative transactions consist of option transactions, etc., for obligations, etc., resulting from the procurement of electric power. 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 accounts receivable arise from electricity bills, and 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, 2023 and 2022 are shown below. Notes are omitted for cash. Notes are also omitted for deposits, notes receivable, accounts receivable, short-term borrowings, notes payable, and accounts payable - trade as these items are settled in a short period of time and their fair value approximates their book value.

As of March 31, 2023	Carrying value	Fair value	Difference
	Millions of yen		
Assets:			
(1) Marketable securities *1	¥ 71,265	¥ 66,846	¥ (4,419)
Liabilities:			
(2) Corporate bonds *3	¥ 942,960	¥ 916,262	¥(26,697)
(3) Long-term borrowings *3	1,683,008	1,677,390	(5,617)
(4) Derivative transactions *4	3,339	3,339	–

As of March 31, 2023	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
Assets:			
(1) Marketable securities *1	$ 533,662	$ 500,569	$ (33,092)
Liabilities:			
(2) Corporate bonds *3	$ 7,061,255	$ 6,861,335	$(199,919)
(3) Long-term borrowings *3	12,603,028	12,560,960	(42,067)
(4) Derivative transactions *4	25,003	25,003	–

(*1) Equity securities without market prices are not included in "(1) Marketable securities." The carrying amounts of such financial instruments in the consolidated balance sheets were as follows:

	Millions of yen	Thousands of U.S. dollars
	March 31, 2023	March 31, 2023
Unlisted stocks	¥1,501,845	$11,246,408

(*2) Investments in partnerships (¥27,205 million ($203,728 thousand) on the consolidated balance sheet) are not subject to fair value disclosure in accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021).

(*3) (2) Corporate bonds and (3) Long-term borrowings include scheduled redemptions within one year.

(*4) Net receivables and payables arising from derivative transactions.

As of March 31, 2022	Carrying value	Fair value	Difference
	Millions of yen		
Assets:			
(1) Marketable securities *1	¥ 99,998	¥ 93,857	¥ (6,140)
Liabilities:			
(2) Corporate bonds *3	¥ 872,760	¥ 870,215	¥ (2,544)
(3) Long-term borrowings *3	1,564,621	1,593,573	28,951
(4) Derivative transactions *4	3,185	3,185	–

(*1) Equity securities without market prices are not included in "(1) Marketable securities." The carrying amounts of such financial instruments in the consolidated balance sheets were as follows:

	Millions of yen
	March 31, 2022
Unlisted stocks, etc.	¥1,458,247

(*2) Investments in partnerships (¥21,853 million on the consolidated balance sheet) are not subject to fair value disclosure in accordance with Paragraph 27 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019).

(*3) (2) Corporate bonds and (3) Long-term borrowings include scheduled redemptions within one year.

(*4) Net receivables and payables arising from derivative transactions.

(Note 1) Anticipated redemption schedule for monetary instruments and securities with maturity dates subsequent to the consolidated fiscal year-end.

As of March 31, 2023	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
	Millions of yen			
Securities:				
Held-to-maturity bonds:				
National and local government bonds, etc.	¥ –	¥ –	¥ –	¥ –
Corporate bonds	–	–	–	–
Other	–	600	–	–
Available-for-sale securities with maturity dates:				
Bonds:				
National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	3,217	222	–
Other	–	–	–	–
Other	14,000	–	–	–
Cash and deposits	361,325	–	–	–
Notes receivable	8,952	–	–	–
Accounts receivable	324,756	589	71	–
Total	¥709,034	¥4,407	¥294	¥ –

As of March 31, 2022	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
	Millions of yen			
Securities:				
Held-to-maturity bonds:				
National and local government bonds, etc.	¥ –	¥ –	¥ –	¥ –
Corporate bonds	–	–	–	–
Other	–	200	401	–
Available-for-sale securities with maturity dates:				
Bonds:				
National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	–	231	–
Other	–	–	–	–
Other	–	–	–	–
Cash and deposits	203,207	–	–	–
Notes receivable	8,560	–	–	–
Accounts receivable	308,236	–	–	–
Total	¥520,005	¥200	¥632	¥ –

	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
As of March 31, 2023	Thousands of U.S. dollars			
Securities:				
Held-to-maturity bonds:				
National and local government bonds, etc.	$ –	$ –	$ –	$ –
Corporate bonds	–	–	–	–
Other	–	4,499	–	–
Available-for-sale securities with maturity dates:				
Bonds:				
National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	24,093	1,667	–
Other	–	–	–	–
Other	104,837	–	–	–
Cash and deposits	2,705,746	–	–	–
Notes receivable	67,038	–	–	–
Accounts receivable	2,431,904	4,413	536	–
Total	$5,309,526	$33,006	$2,204	$ –

(Note 2) Anticipated redemption schedule for corporate bonds and long-term borrowings subsequent to the consolidated 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, 2023	Millions of yen					
Corporate bonds	¥ 80,000	¥160,000	¥120,000	¥ 70,000	¥ 60,000	¥ 452,960
Long-term borrowings	134,832	90,647	154,492	152,972	198,350	951,713
Short-term borrowings	280,276	–	–	–	–	–
Commercial paper	–	–	–	–	–	–
Total	¥495,108	¥250,647	¥274,492	¥222,972	¥258,350	¥1,404,673
As of March 31, 2022	Millions of yen					
Corporate bonds	¥ 80,000	¥ 80,000	¥160,000	¥ 70,000	¥ 70,000	¥ 412,760
Long-term borrowings	167,319	128,514	81,197	100,104	146,577	940,908
Short-term borrowings	269,044	–	–	–	–	–
Commercial paper	79,000	–	–	–	–	–
Total	¥595,363	¥208,514	¥241,197	¥170,104	¥216,577	¥1,353,668
As of March 31, 2023	Thousands of U.S. dollars					
Corporate bonds	$ 599,071	$1,198,142	$ 898,607	$ 524,187	$ 449,303	$ 3,391,942
Long-term borrowings	1,009,675	678,801	1,156,903	1,145,518	1,485,326	7,126,802
Short-term borrowings	2,098,819	–	–	–	–	–
Commercial paper	–	–	–	–	–	–
Total	$3,707,566	$1,876,944	$2,055,510	$1,669,706	$1,934,630	$10,518,744

(c) Fair value information for financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: Fair value calculated based on (unadjusted) quoted prices in active markets for identical assets or liabilities

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

Level 3 fair value: Fair value calculated using inputs that are not materially observable

When multiple inputs of different categories are used in measuring fair value, the Company and its subsidiaries classify fair values into the category to which the lowest priority is assigned.

(1) Financial instruments carried on the consolidated balance sheet at fair value

March 31, 2023	Level 1	Level 2	Level 3	Total
	Millions of yen			
Marketable securities:				
Available-for-sale securities:				
Stocks	¥40,401	¥ –	¥ –	¥40,401
Bonds	–	3,440	–	3,440
Derivative transactions:				
Exchange related	–	4,010	–	4,010
Total assets	¥40,401	¥7,451	¥ –	¥47,852
Derivative transactions:				
Exchange related	–	(539)	–	(539)
Interest rate related	–	(132)	–	(132)
Total liabilities	¥ –	¥ (671)	¥ –	¥ (671)

March 31, 2022	Level 1	Level 2	Level 3	Total
	Millions of yen			
Marketable securities:				
Available-for-sale securities:				
Stocks	¥86,662	¥ –	¥ –	¥86,662
Bonds	–	843	–	843
Derivative transactions:				
Exchange related	–	3,519	–	3,519
Total assets	¥86,662	¥4,362	¥ –	¥91,024
Derivative transactions:				
Interest rate related	–	(333)	–	(333)
Total liabilities	¥ –	¥ (333)	¥ –	¥ (333)

March 31, 2023	Level 1	Level 2	Level 3	Total
	Thousands of U.S. dollars			
Marketable securities:				
Available-for-sale securities:				
Stocks	$302,542	$ –	$ –	$302,542
Bonds	–	25,761	–	25,761
Derivative transactions:				
Exchange related	–	30,035	–	30,035
Total assets	$302,542	$55,796	$ –	$358,339
Derivative transactions:				
Exchange related	–	(4,036)	–	(4,036)
Interest rate related	–	(994)	–	(994)
Total liabilities	$ –	$ (5,031)	$ –	$ (5,031)

(2) Financial instruments other than those reported in the consolidated balance sheets at fair value

March 31, 2023	Level 1	Level 2	Level 3	Total
	Millions of yen			
Marketable securities:				
Stocks of subsidiaries and affiliates	¥8,398	¥ –	¥ –	¥ 8,398
Other	–	14,605	–	14,605
Total assets	¥8,398	¥ 14,605	¥ –	¥ 23,004
Corporate bonds	–	916,262	–	916,262
Long-term borrowings	–	1,677,390	–	1,677,390
Total liabilities	¥ –	¥2,593,653	¥ –	¥2,593,653

	Level 1	Level 2	Level 3	Total
March 31, 2022	Millions of yen			
Marketable securities:				
Stocks of subsidiaries and affiliates	¥6,351	¥ –	¥ –	¥ 6,351
Total assets	¥6,351	¥ –	¥ –	¥ 6,351
Corporate bonds	–	870,215	–	870,215
Long-term borrowings	–	1,593,573	–	1,593,573
Total liabilities	¥ –	¥2,463,788	¥ –	¥2,463,788

	Level 1	Level 2	Level 3	Total
March 31, 2023	Thousands of U.S. dollars			
Marketable securities:				
Stocks of subsidiaries and affiliates	$62,894	$ –	$ –	$ 62,894
Other	–	109,371	–	109,371
Total assets	$62,894	$ 109,371	$ –	$ 172,266
Corporate bonds	–	6,861,335	–	6,861,335
Long-term borrowings	–	12,560,960	–	12,560,960
Total liabilities	$ –	$19,422,296	$ –	$19,422,296

(Note) Explanation of valuation techniques and inputs used in the calculation of fair value

Marketable securities
Stocks are classified as Level 1 fair value because they are quoted on exchanges. Bonds are classified as Level 2 fair value because the fair value is based on prices quoted on exchanges or prices provided by correspondent financial institutions.

Corporate bonds
Bonds with market price are based on market prices, while those without market price are calculated based on the conditions that would apply if similar corporate bonds were newly issued and are classified as Level 2 fair value.

Long-term borrowings
The fair value of long-term borrowings is calculated based on the conditions that would apply if similar borrowings were newly made and are classified as Level 2 fair value. Certain borrowings are subject to special treatment as interest rate swaps and are calculated based on the conditions that would apply if they were accounted for as a single unit with the relevant derivative transactions.

Derivative transactions
Transactions with financial institutions are calculated based on the prices quoted by the counterparty financial institutions and are classified as Level 2 fair value. Interest rate swaps that qualify for hedge accounting are accounted for as an integral part of the hedged items.

11. Marketable Securities and Investments Securities

(a) Held-to-maturity debt securities at March 31, 2023 and 2022 were as follows:

	Carrying value	Fair value	Difference
As of March 31, 2023	Millions of yen		
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥ –	¥ –	¥ –
Corporate bonds	–	–	–
Other	200	208	8
Subtotal	200	208	8
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	400	396	(4)
Subtotal	400	396	(4)
Total	¥600	¥605	¥ 4

As of March 31, 2022	Carrying value	Fair value	Difference
		Millions of yen	
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥ –	¥ –	¥ –
Corporate bonds	–	–	–
Other	200	215	15
Subtotal	200	215	15
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	401	396	(5)
Subtotal	401	396	(5)
Total	¥601	¥611	¥10

As of March 31, 2023	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	1,497	1,562	65
Subtotal	1,497	1,562	65
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	3,002	2,970	(31)
Subtotal	3,002	2,970	(31)
Total	$4,499	$4,533	$ 34

(b) Available-for-sale securities at March 31, 2023 and 2022 were as follows:

As of March 31, 2023	Carrying value	Acquisition cost	Difference
		Millions of yen	
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥38,049	¥12,519	¥25,529
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	222	200	22
Other	–	–	–
Other	–	–	–
Subtotal	38,272	12,719	25,552
Securities whose acquisition cost exceeds carrying value:			
Stocks	2,351	2,884	(532)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	3,217	3,217	–
Other	–	–	–
Other	14,000	14,000	–
Subtotal	19,569	20,101	(532)
Total	¥57,841	¥32,821	¥25,020

	Carrying value	Acquisition cost	Difference
As of March 31, 2022		Millions of yen	
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥86,090	¥18,733	¥67,356
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	231	200	31
Other	–	–	–
Other	–	–	–
Subtotal	86,321	18,933	67,388
Securities whose acquisition cost exceeds carrying value:			
Stocks	572	635	(62)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	572	635	(62)
Total	¥86,894	¥19,568	¥67,325

As of March 31, 2023		Thousands of U.S. dollars	
Securities whose carrying value exceeds acquisition cost:			
Stocks	$284,930	$ 93,752	$191,177
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	1,667	1,497	170
Other	–	–	–
Other	–	–	–
Subtotal	286,598	95,250	191,347
Securities whose acquisition cost exceeds carrying value:			
Stocks	17,611	21,597	(3,985)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	24,093	24,093	–
Other	–	–	–
Other	104,837	104,837	–
Subtotal	146,543	150,529	(3,985)
Total	$433,141	$245,779	$187,361

(c) Available-for sale securities that were sold during the year ended March 31, 2023 and 2022 were as follows:

	Sales value	Total profit on sales	Total loss on sales
As of March 31, 2023		Millions of yen	
Stocks	¥49,050	¥45,113	¥ –
Bonds:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	¥49,050	¥45,113	¥ –

	Sales value	Total profit on sales	Total loss on sales
As of March 31, 2022		Millions of yen	
Stocks	¥287	¥253	¥100
Bonds:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	¥287	¥253	¥100
As of March 31, 2023		Thousands of U.S. dollars	
Stocks	$367,310	$337,828	$ –
Bonds:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	$367,310	$337,828	$ –

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

At March 31, 2023 and 2022, 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, 2023	March 31, 2022	March 31, 2023
Investment in capital of associated companies	¥1,431,739	¥1,384,508	$10,721,431
<amount of investment to jointly controlled entities>	<1,113,409>	<1,113,554>	<8,337,644>

13. Notes and accounts receivable - trade and contract assets

Notes and accounts receivable - trade and contract assets arising from contracts with customers at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Notes receivable	¥ 8,952	¥ 8,560	$ 67,038
Accounts receivable	321,353	306,179	2,406,421
Contract assets	31,179	27,422	233,481

14. Inventories

At March 31, 2023 and 2022, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Merchandise and finished goods	¥ 471	¥ 469	$ 3,531
Work in progress	8,226	7,871	61,604
Raw materials and supplies	15,657	14,619	117,250
Real estate for sale	172,088	167,818	1,288,665
Total	¥196,444	¥190,779	$1,471,051

15. Long-term Debt and Short-term Debt

At March 31, 2023 and 2022, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Corporate bonds:			
Domestic issue:			
0.001% to 3.000%, maturing serially through 2042	¥(*)942,960	¥ 872,760	$ 7,061,258
Loans from the Development Bank of Japan, other banks and insurance companies, maturing serially through 2053	1,683,008	1,564,621	12,603,028
Lease obligations	62,247	69,582	466,131
Subtotal	2,688,216	2,506,964	20,130,419
Less current portion of long-term debt	(224,018)	(256,576)	(1,677,535)
Total	¥ 2,464,198	¥2,250,387	$18,452,883

* General mortgage bonds issued by Chubu Electric Power Grid Co., Inc. (hereinafter referred to as the "Chubu Electric Power Grid") on April 1, 2020 and held by the Company (balance of ¥712,733 million ($5,337,224 thousand) at the end of the consolidated fiscal year ended March 31, 2023) have been offset and eliminated.

At March 31, 2023 and 2022, 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, 2023	March 31, 2022	March 31, 2023
Other noncurrent assets	¥ 58,701	¥ 26,276	$ 439,579
Long-term investments	2	–	20
Deferred tax assets	94	127	708
Other investments	135	151	1,013
Cash and deposits	1,583	1,515	11,857
Notes and accounts receivable - trade and contract assets	169	160	1,269
Inventories	137,745	114,567	1,031,495
Other current assets	113	101	847
(Note) Shares of subsidiaries and affiliates eliminated in consolidation	–	30,539	–

At March 31, 2023 and 2022, 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, 2023	March 31, 2022	March 31, 2023
Long-term investments	¥ 9,199	¥ 201	$ 68,892
Long-term investments in subsidiaries and associates	32,049	17,514	239,997
Notes and accounts receivable - trade and contract assets	198	–	1,486

At March 31, 2023 and 2022, short-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Short-term borrowings	¥280,276	¥269,044	$2,098,819
Commercial paper	–	79,000	–
Total	¥280,276	¥348,044	$2,098,819

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.220% per annum at March 31, 2023. Commercial paper was not applicable at March 31, 2023.

All assets of the Company are pledged as general collateral for corporate bonds and loans from the Development Bank of Japan, Inc. originating prior to March 31, 2020. The obligations corresponding to the above at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Loans from Development Bank of Japan	¥143,467	¥154,981	$1,074,337
Corporate bonds	934,560	864,360	6,998,352
(Consolidated balance sheet amount)	934,560	864,360	6,998,356

16. Employee Retirement Benefits

The Company, Chubu Electric Power Miraiz and Chubu Electric Power Grid Co., Inc. have corporate defined benefit 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, 2023 and 2022 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, 2023	March 31, 2022	March 31, 2023
Balance at the beginning of current period	¥461,749	¥476,586	$3,457,761
Service cost	14,198	14,612	106,320
Interest cost	3,764	3,875	28,190
Actuarial gain and loss	469	(455)	3,513
Benefits paid	(31,083)	(31,373)	(232,767)
Actuarial past service cost	1,233	–	9,236
Other	(40)	(1,496)	(301)
Balance at the end of current period	¥450,290	¥461,749	$3,371,953

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Balance at the beginning of current period	¥345,443	¥361,376	$2,586,818
Expected return on plan assets	6,057	6,281	45,360
Actuarial gain and loss	(17,238)	(7,218)	(129,091)
Contributions paid by the employer	7,011	7,143	52,501
Benefits paid	(20,473)	(20,681)	(153,316)
Other	(11)	(1,456)	(82)
Balance at the end of current period	¥320,788	¥345,443	$2,402,190

(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, 2023	March 31, 2022	March 31, 2023
Balance at the beginning of current period	¥5,655	¥5,691	$42,347
Retirement benefit costs	797	835	5,970
Benefits paid	(806)	(821)	(6,038)
Contributions paid by the employer	(60)	(57)	(449)
Other	3	6	25
Balance at the end of current period	¥5,589	¥5,655	$41,855

(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, 2023	March 31, 2022	March 31, 2023
Funded retirement benefit obligations	¥327,286	¥336,342	$2,450,852
Plan assets	(322,002)	(346,663)	(2,411,282)
	5,284	(10,320)	39,570
Unfunded retirement benefit obligations	129,807	132,281	972,048
Total net liability for retirement benefits	135,091	121,960	1,011,618
Liability for retirement benefits	136,875	139,070	1,024,974
Asset for retirement benefits	(1,783)	(17,109)	(13,356)
Total net liability for retirement benefits	¥135,091	¥121,960	$1,011,618

(e) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Service cost	¥14,198	¥14,612	$106,320
Interest cost	3,764	3,875	28,190
Expected return on plan assets	(6,057)	(6,281)	(45,360)
Net actuarial gain and loss amortization	1,048	502	7,851
Prior service costs amortization	(488)	(482)	(3,660)
Retirement benefit costs based on the simplified method	797	835	5,970
Total retirement benefit costs	¥13,262	¥13,062	$ 99,311

(f) Adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Prior service costs amortization	¥ (1,706)	¥ (466)	$ (12,777)
Net actuarial gain and loss amortization	(16,659)	(6,261)	(124,752)
Total balance	¥(18,365)	¥(6,727)	$(137,530)

(g) Accumulated adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Past service costs that are yet to be recognized	¥ (3,934)	¥(5,640)	$ (29,460)
Actuarial gains and losses that are yet to be recognized	23,566	6,906	176,471
Total balance	¥19,631	¥ 1,266	$147,011

(h) Plan assets

(1) Plan assets comprise:

	March 31, 2023	March 31, 2022
Bonds	43%	45%
General accounts of life insurance companies	37%	34%
Stocks	13%	14%
Other	7%	7%
Total	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, 2023 and 2022 were as follows:

	March 31, 2023	March 31, 2022
Discount rate		
(Company)	0.9%	0.9%
(Subsidiaries)	0.1–0.9%	0.1–0.9%
Long-term expected rate of return		
(Company)	1.7%	1.7%
(Subsidiaries)	1.7–2.0%	1.7–2.2%

Defined contribution plans

Contributions to defined contribution plans required by the Company and its subsidiaries amounted to ¥3,955 million ($29,620 thousand) and ¥4,008 million at March 31, 2023 and 2022, respectively.

17. Lease Transactions

Lessee

Future lease commitments under noncancelable operating leases at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Within 1 year	¥ 489	¥ 268	$ 3,666
Over 1 year	964	785	7,223
Total	¥1,454	¥1,053	$10,890

Lessor

Future lease commitments to be received under noncancelable operating leases at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Within 1 year	¥ 3,192	¥ 2,454	$ 23,904
Over 1 year	19,248	13,898	144,143
Total	¥22,441	¥16,352	$168,048

18. Contract Liabilities

Contract liabilities under other current liabilities at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Contract liabilities	¥13,647	¥7,322	$102,198

19. 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 consolidated fiscal year

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Balance at beginning of year	¥266,374	¥261,794	$1,994,716
Reductions due to execution of asset retirement obligations	(2,514)	(4,132)	(18,827)
Other	26,437	8,712	197,971
Balance at end of year	¥290,297	¥266,374	$2,173,860

20. Derivatives

The Chubu Electric Group enters into derivative financial instruments, including interest rate swaps, currency options, and foreign exchange forward contracts. The Chubu Electric Group's derivative financial instruments outstanding at March 31, 2023 and 2022 were as follows:

(a) Derivatives for which hedge accounting is not applied

(1) Currency related

Not applicable

(2) Interest rate related

As of March 31, 2023	Millions of yen			
	Contract amount			
	Total	More than 1 year	Fair value	Valuation gain or loss
Other than market transactions:				
Receive floating, pay fixed	¥2,983	¥2,765	¥(135)	¥(135)
Total	¥2,983	¥2,765	¥(135)	¥(135)

As of March 31, 2022	Millions of yen			
Other than market transactions:				
Receive floating, pay fixed	¥3,195	¥2,983	¥(212)	¥(212)
Total	¥3,195	¥2,983	¥(212)	¥(212)

As of March 31, 2023	Thousands of U.S. dollars			
Other than market transactions:				
Receive floating, pay fixed	$22,338	$20,712	$(1,015)	$(1,015)
Total	$22,338	$20,712	$(1,015)	$(1,015)

(Note 1) Some derivatives no longer meet the criteria for hedge accounting and are accounted for as discontinued hedges.

(3) Commodity related

Not applicable

(b) Derivatives for which hedge accounting is applied

As of March 31, 2023		Millions of yen		
		Contract amount		
		Total	More than 1 year	Fair value
	Hedged items			
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	¥16,030	¥14,048	¥4,657
Currency option:	Accounts payable			
Long position	(forecasted transactions)	90,139	–	(539)
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	5,346	4,922	2
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	8,180	6,540	(*)
Total		¥ –	¥ –	¥4,120

As of March 31, 2022		Millions of yen		
	Hedged items			
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	¥15,616	¥13,646	¥4,032
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	23,767	5,346	(120)
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	9,800	8,180	(*)
Total		¥ –	¥ –	¥3,912

As of March 31, 2023		Thousands of U.S. dollars		
	Hedged items			
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	$120,044	$105,197	$34,874
Currency option:	Accounts payable			
Long position	(forecasted transactions)	675,000	–	(4,036)
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	40,038	36,859	20
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	61,255	48,974	(*)
Total		$ –	$ –	$30,858

(*) The fair value of interest rate swaps accounted for under exceptional accounting treatment is included in the fair value of the hedged item because the interest rate swaps are accounted for as an integral part of the hedged item.

21. Contingent Liabilities

As of March 31, 2023 and 2022, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Guarantees of corporate bonds and loans of companies and others:			
Japan Nuclear Fuel Limited	¥89,154	¥89,693	$667,622
The Japan Atomic Power Company	38,095	38,095	285,271
Guarantees of housing and other loans for employees	26,784	30,688	200,576
Ene One denki Co., Ltd.	3,060	–	22,914
MC Retail Energy Co., Ltd.	2,221	2,221	16,636
Diamond Transmission Partners Hornsea One Limited	1,901	1,775	14,241
Nakao Geothermal Power Generation Corporation	1,658	–	12,420
Rakuten Trust Co., Ltd.	630	773	4,717
Diamond Transmission Partners Walney Extension Limited	381	353	2,853
Suzukawa Energy Center Ltd.	318	318	2,383
Tahara Solar LLC	262	269	1,961
MT Falcon Holdings Company, S.A.P.I. de C.V.*	–	5,434	–
Ras Girtas Power Company*	–	962	–
Others	29	29	220
Guarantees related to other contracts:			
Mitsubishi Corporation	11,591	9,689	86,804
Yonago Biomass Power Generation LLC	1,732	1,110	12,970
Akita Yurihonjo Offshore Wind LLC	1,332	775	9,976
Akita Noshiro/ Mitane/ Oga Offshore Wind LLC	778	105	5,826
Toyotomi Wind Energy LLC	709	–	5,310
Aichi Gamagori Biomass Power Generation LLC	652	598	4,886
Chiba Choshi Offshore Wind LLC	629	94	4,710
Phoenix Operation and Maintenance Company LLC*	605	555	4,533
Omaezaki Port Biomass Energy LLC	605	555	4,533
Marubeni Corporation	444	521	3,327
Diamond Transmission Partners Hornsea One Limited	410	143	3,070
MC Retail Energy Co., Ltd.	243	360	1,819
Diamond Transmission Partners Walney Extension Limited	139	123	1,045
JERA Energy America LLC*	–	25,321	–
MT Falcon Holdings Company, S.A.P.I. de C.V.*	–	4,902	–
PT.Cirebon Energi Prasarana*	–	283	–
Phoenix Power Company SAOG*	–	207	–
Others	191	218	1,437

* With regard to ¥605 million ($4,533 thousand) of the contingent liabilities in the table above as of March 31, 2023 and ¥34,910 million as of March 31, 2022, the Company has concluded an agreement with JERA Co., Inc. to compensate the Company for any loss arising from a debt guarantee.

22. Net Assets

The authorized number of shares of common stock without par value is 1,190 million. At both March 31, 2023 and 2022, the number of shares of common stock issued was 758,000,000. At March 31, 2023 and 2022, the number of shares of treasury stock held by the Chubu Electric Group was 1,859,483 (including 386,800 shares held by the trust account for the Plan) and 1,857,307 (including 412,100 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 28, 2023, the shareholders approved cash dividends amounting to ¥18,915 million ($141,645 thousand) or ¥25 per share. The total amount of dividends includes dividends of ¥9 million ($72 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, 2023. Such dividends of surplus are recognized in the period in which they are approved by the shareholders.

23. Stock options

Additional information

Application of Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions

With regard to transactions granting employees and others stock acquisition rights, which Involve Consideration, with vesting conditions, etc., before the application date of the Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Consideration, with Vesting Conditions, etc. (Practice Issue Task Force No. 36, January 12, 2018 (hereinafter, "PITF No. 36")), ES-CON JAPAN Ltd. and its domestic subsidiaries continued to apply the accounting rules and procedures that were applied before adopting PITF No. 36 in accordance with Paragraph 10 (3) of PITF No. 36.

(a) Outline of Stock Acquisition Rights, which Involve Consideration, with Vesting Conditions

(1) Stock Acquisition Rights, which Involve Consideration, with Vesting Condition

Company name	ES-CON JAPAN Ltd.
Name	6th Series of Stock Acquisition Rights, which involve considerations, with vesting conditions
Classification and number of persons entitled	Board of Directors and employees of ES-CON JAPAN Ltd. and 146 employees of subsidiaries of ES-CON JAPAN Ltd.
The number of share options by type (Note 1)	Common stock, 1,400,000 shares
Grant date	December 27, 2017
Vesting conditions	(Note 2)
Service period	Service period is not stipulated.
Exercise period	April 1, 2021 to December 26, 2025

(Note 1) The number of share options has been converted into the number of shares.
(Note 2) The conditions for exercising stock acquisition rights are as follows.

1) Holders of stock acquisition rights may exercise the allotted stock acquisition rights from the first day of the month following the filing date of the annual securities report for the fiscal year ending December 31, 2020 when ES-CON JAPAN Ltd.'s operating income for all fiscal years from December 2018 to December 2020 exceeds each of the amounts listed below. If the number of exercisable stock acquisition rights includes a fraction less than one stock acquisition right, such fraction shall be rounded down to the nearest whole number.
(i) If operating income exceeds ¥8,500 million for the fiscal year ending December 31, 2018
(ii) If operating income exceeds ¥9,500 million for the fiscal year ending December 31, 2019
(iii) If operating income exceeds ¥10,000 million for the fiscal year ending December 31, 2020

In determining the above operating income, reference shall be made to the operating income in the consolidated statement of income (or the statement of income if ES-CON JAPAN Ltd. does not prepare a consolidated statement of income) as shown in ES-CON JAPAN Ltd.'s annual securities report. In addition, in regard to the concept of items to be referenced due to the application of International Financial Reporting Standards, etc., if there is a significant change in the concept of items to be referenced due to the application of International Financial Reporting Standards, etc., the Board of Directors shall separately determine the indicators to be referenced (the same shall apply hereinafter).

2) Holders of stock acquisition rights must be directors, corporate auditors or employees of ES-CON JAPAN Ltd. or its affiliates at the time of exercising the rights. However, this shall not apply in cases in which the Board of Directors recognizes that there is a justifiable reason, such as retirement from office due to expiration of term of office, mandatory retirement age, or other reasons.

3) The exercise of stock acquisition rights by the heirs of holders of stock acquisition rights shall not be permitted. However, this provision shall not apply in cases in which the Board of Directors recognizes that there is a justifiable reason to permit the exercise of the stock acquisition rights by the heirs in question, such as when the cause of death of the stock acquisition right holder was an accident in the course of his/her duties.

4) If the total number of shares issued by ES-CON JAPAN Ltd. exceeds the total number of shares authorized to be issued at the time of the exercise of the Stock Acquisition Rights, the Stock Acquisition Rights may not be exercised.

5) No less than one of each Stock Acquisition Right may be exercised.

(2) The number of stock acquisition rights, which Involve Consideration, with vesting conditions and changes

In the tables below, share options which existed for the consolidated fiscal year ended March 31, 2023 were presented, and the number of share options were converted to the number of shares.

1) The number of share options

Company name	ES-CON JAPAN Ltd.
Name	6th Series of Stock Acquisition Rights, which involve considerations, with vesting conditions
Before vesting	
Outstanding as of March 31, 2022	–
Granted	–
Forfeited	–
Vested	–
Outstanding	–
After vesting	
Outstanding as of March 31, 2022	891,400 shares
Vested	–
Exercised	113,800 shares
Forfeited	67,500 shares
Outstanding	710,100 shares

2) Price

Company name	ES-CON JAPAN Ltd.
Name	6th Series of Stock Acquisition Rights, which involve considerations, with vesting conditions
Exercise price	¥627
Average share prices at the date of exercise	¥822

(b) Outline of accounting treatment

When stock acquisition rights are issued, the amount to be paid in for the issue is recorded as stock acquisition rights in net assets. When subscription rights are exercised and new shares are issued, the amount to be paid in for the issue of such subscription rights and the amount to be paid in for the exercise of such subscription rights are transferred to capital stock and capital surplus. When subscription rights are forfeited, the amount corresponding to such forfeiture shall be treated as profit for the accounting period in which the forfeiture is determined.

24. Income Taxes

(a) The tax effects of temporary differences that give rise to deferred tax assets and liabilities at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Deferred tax assets:			
Asset retirement obligations	¥ 46,800	¥ 42,071	$ 350,458
Depreciation of easement rights	40,707	40,107	304,830
Liability for retirement benefits	39,343	39,914	294,622
Carryforward tax loss (Note)	26,711	40,233	200,028
Intercompany unrealized profits	19,911	18,967	149,105
Depreciation	16,375	18,060	122,629
Impairment loss	15,427	11,930	115,525
Other	80,069	81,919	599,593
Subtotal of deferred tax assets	285,347	293,205	2,136,793
Valuation reserve for carryforward tax loss (Note)	(3,027)	(6,189)	(22,673)
Valuation reserve for deductible temporary differences	(64,974)	(62,471)	(486,554)
Subtotal of valuation reserve	(68,002)	(68,660)	(509,228)
Total deferred tax assets	217,345	224,544	1,627,565
Deferred tax liabilities:			
Asset retirement costs corresponding to asset retirement obligations	(14,635)	(15,039)	(109,593)
Net unrealized gains on consolidated subsidiaries at fair value	(12,335)	(12,657)	(92,369)
Net unrealized gains on available-for-sale securities	(7,354)	(17,662)	(55,076)
Other	(8,411)	(14,316)	(62,988)
Total deferred tax liabilities	(42,736)	(59,675)	(320,028)
Net deferred tax assets	¥174,608	¥164,868	$1,307,536

(Note) Carryforward tax loss and its deferred tax assets by expiration periods

	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	Total
As of March 31, 2023	Millions of yen						
Carryforward tax loss (*1)	¥ 1	¥99	¥ 99	¥ –	¥ 3	¥26,507	¥26,711
Valuation reserve	(1)	(1)	(6)	–	(3)	(3,015)	(3,027)
Deferred tax assets	0	98	93	–	–	23,492	(*2)23,683
As of March 31, 2022	Millions of yen						
Carryforward tax loss (*1)	¥ 1	¥ 5	¥ 146	¥ 13	¥ 8	¥40,058	¥40,233
Valuation reserve	(1)	(5)	(146)	(13)	(8)	(6,014)	(6,189)
Deferred tax assets	–	–	–	0	–	34,044	(*2)34,044
As of March 31, 2023	Thousands of U.S. dollars						
Carryforward tax loss	$ 13	$746	$745	$ –	$ 23	$198,500	$200,028
Valuation reserve	(10)	(11)	(45)	–	(23)	(22,582)	(22,673)
Deferred tax assets	2	734	699	–	–	175,918	177,354

(*1) Carryforward tax loss is multiplied by the statutory tax rate.
(*2) Deferred tax assets at the end of the current consolidated fiscal year are considered to be recoverable based on past and current consolidated taxable income and projected future consolidated taxable income.

(b) Reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2023 and 2022 were as follows:

	March 31, 2023	March 31, 2022
Statutory income tax rate	28.0%	–
Equity in net income of affiliates	5.3%	–
Loss in conjunction with the Antimonopoly Act	11.2%	–
Valuation reserve	(1.0)%	–
Other	1.6%	–
Corporate tax burden rate after the application of the effective income tax rate	45.1%	–

(Note) The Company has omitted a reconciliation for the year ended March 31, 2022 because the Company recorded loss before income taxes for the previous consolidated fiscal year.

(c) Accounting of corporate tax and local taxes and tax effect accounting related to these taxes

The Company and some of its domestic consolidated subsidiaries transitioned from the consolidated taxation system to the group tax sharing system from the current consolidated fiscal year. Accordingly, the accounting and disclosure of corporate and local taxes and tax effect accounting are in accordance with the "Accounting and Disclosure Under the Group Tax Sharing System" (Practice Issue Task Force No. 42, August 12, 2021 (hereinafter, "PITF No. 42")). In addition, in accordance with Paragraph 32(1) of PITF No. 42, the Company does not expect the adoption of PITF No. 42 to have any impact on the changes in accounting policies.

25. Revenue from contracts with customers

Operating revenue is not separately presented for revenue from contracts with customers and other revenue. The amounts of revenue from contracts with customers are presented in Note 33, "Segment Information" in the consolidated financial statements.

26. Operating Expenses

Operating expenses in the electricity business for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Salaries	¥ 112,929	¥ 113,725	$ 845,663
Retirement benefits	15,843	14,859	118,641
Subcontracting fees	104,855	100,003	785,198
Power purchased from other suppliers	2,671,231	1,642,474	20,003,231
Expenses for third party's power transmission service	512,194	525,513	3,835,511
Other	654,271	671,364	4,899,440
Subtotal	4,071,325	3,067,941	30,487,687
Adjustment	(850,072)	(812,957)	(6,365,679)
Total	¥3,221,252	¥2,254,983	$24,122,007

27. Loss on return of imbalance charge

In response to the large increase in imbalance revenues of general transmission and distribution business operators due to the sharp rise in imbalance charges caused by the tight supply of and demand for electricity in January 2021, the Subcommittee on Electricity and Basic Gas Policy of the Subcommittee on Electricity and Gas Industry of the 43rd General Resources and Energy Investigation Committee (held on December 27, 2021) agreed to adjust the imbalance charges by deducting a portion of the imbalance from future consignment charges.

The Ministry of Economy, Trade and Industry requested us to take necessary measures accordingly. As a result, the Company filed an application for special approval to adjust part of the imbalance charges (measures under Article 18, Paragraph 2 of the Electricity Business Act) and received an application for adjustment from retail electricity suppliers after obtaining approval from the Minister of Economy, Trade and Industry.

Based on the above, an adjustment amount of ¥5,510 million was recorded as extraordinary loss in the previous consolidated fiscal year.

28. Impairment Loss

(a) Method of asset grouping

Noncurrent assets used for other businesses

In principle, the Company groups assets by business segment and by location.

(b) Major asset groups for which impairment loss was recognized

Impairment loss of ¥14,236 million ($106,610 thousand) was recorded in the current consolidated fiscal year. Significant items of impairment loss were as follows:

			Millions of yen	Thousands of U.S. dollars
Usage	Location	Type	March 31, 2023	March 31, 2023
Assets for solar power business (Other noncurrent assets)	Shizuoka Pref.	Construction in progress, etc.	¥10,004	$74,918

(c) Background of recognition of impairment loss

The book value of noncurrent assets (construction in progress, etc.) for the solar power generation business planned by a subsidiary classified as "Other" in the segment, was reduced to the recoverable amount because the business prospects became uncertain and the initially projected profit was no longer expected. As a result, the decrease was recorded as impairment loss under extraordinary loss.

(d) Calculation of recoverable amount

The recoverable amount was determined as a value in use of zero yen because no future cash flow was expected.

29. Loss in conjunction with the Antimonopoly Act

On April 13, 2021, the Company and the Company's wholly-owned subsidiary, Chubu Electric Power Miraiz, received on-site inspections from the Japan Fair Trade Commission (hereinafter referred to as the "JFTC") on the grounds that there was a suspicion of violation of the Antimonopoly Act (Unreasonable Restraint of Trade) with regard to the supply of extra-high voltage and high voltage electricity in the Chubu area, etc. Since the inspection, the Company and Chubu Electric Power Miraiz have fully cooperated with the JFTC in its investigations.

On March 30, 2023, the Company received a payment order for surcharge under the Antimonopoly Act, and Chubu Electric Power Miraiz received a cease and desist order and a payment order for surcharge under the Antimonopoly Act from the JFTC. Due to the receipt of the payment orders for surcharge, the Company recorded extraordinary loss of ¥27,555 million ($206,349 thousand) as loss in conjunction with the Antimonopoly Act in the current consolidated fiscal year.

30. 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, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Net unrealized gain on available-for-sale securities:			
Increase during the year	¥ 2,717	¥ 2,185	$ 20,349
Reclassification adjustments	(45,035)	(256)	(337,241)
Subtotal, before tax	(42,317)	1,928	(316,891)
Tax expense	10,334	(489)	77,392
Subtotal, net of tax	(31,982)	1,438	(239,499)
Net deferred gain on hedging instruments:			
Increase during the year	738	1,452	5,530
Reclassification adjustments	(552)	(14)	(4,138)
Subtotal, before tax	185	1,437	1,392
Tax expense	(51)	(400)	(388)
Subtotal, net of tax	133	1,037	1,003
Foreign currency translation adjustments:			
Increase during the year	774	562	5,803
Subtotal, net of tax	774	562	5,803
Adjustments for retirement benefits:			
Decrease during the year	(18,889)	(6,801)	(141,450)
Reclassification adjustments	523	74	3,919
Subtotal, before tax	(18,365)	(6,727)	(137,530)
Tax expense	5,185	1,873	38,830
Subtotal, net of tax	(13,180)	(4,854)	(98,700)
Share of other comprehensive income of affiliates accounted for using equity method:			
Increase during the year	135,304	91,788	1,013,215
Reclassification adjustments	10,164	3,246	76,113
Acquisition cost adjustment for assets	(58,584)	(26,837)	(438,706)
Subtotal, net of tax	86,884	68,197	650,621
Total other comprehensive income	¥ 42,629	¥ 66,381	$ 319,228

31. Related Party Transactions

(a) Significant related party transactions

(1) Not applicable for the previous and current consolidated year

(2) Significant transactions of the consolidated subsidiaries with unconsolidated subsidiaries and affiliates for the years ended March 31, 2023 and 2022 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, 2023	March 31, 2022	March 31, 2023
Consolidated subsidiary's transactions during the year:			
Transaction amounts	¥1,594,341	¥862,700	$11,939,059
Balances at the fiscal year-end:			
Notes and accounts payable - trade	146,470	107,626	1,096,826

(b) Notes concerning the parent company and important affiliates

Important affiliates' financial summary

In the current consolidated fiscal year, JERA Co., Inc. is an important affiliate. The company's consolidated financial summary was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Total current assets	¥4,560,516	¥4,676,650	$34,150,939
Total noncurrent assets	4,611,841	4,045,546	34,535,284
Total current liabilities	3,497,604	3,983,128	26,191,439
Total noncurrent liabilities	3,635,048	2,764,697	27,220,668
Total net assets	2,039,705	1,974,370	15,274,115
Operating revenues	4,737,870	4,435,275	35,479,033
Income before income taxes	102,264	96,334	765,793
Net income attributable to owners of parent	17,847	24,625	133,652

32. Revenue recognition

(a) Information on the breakdown of revenues from contracts with customers

Information on the breakdown of revenues from contracts with customers is presented in Notes 33, "Segment Information" in the Notes to Consolidated Financial Statements.

(b) Information that provides a basis for understanding revenues from contracts with customers

With respect to the delivery of electricity and consignment supply, which are the main performance obligations, receivable are usually collected in about one month based on the sales contracts and consignment supply provisions with customers. Information that forms the basis for understanding revenues arising from other contracts with customers is presented in Note 2 (k), "Summary of Significant Accounting Policies - Basis for Recognition of Significant Revenues and Expenses."

(c) Information for understanding the amount of revenue in the current and subsequent consolidated fiscal years

(1) Receivables arising from contracts with customers, contract assets and contract liabilities

The balances of receivables, contract assets and contract liabilities arising from contracts with customers are shown in Note 13, "Notes and accounts receivable - trade and contract assets" and Note 18, "Contract Liabilities."

(2) Transaction prices allocated to remaining performance obligations

The transaction prices allocated to the remaining performance obligations in the electric power business, the principal business, at March 31, 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2023	March 31, 2022	March 31, 2023
Total transaction price allocated to unfulfilled performance obligations	¥76,428	¥53,493	$572,328
Expected time of satisfaction of performance obligation:			
Within 1 year	–	–	–
Over 1year	76,428	53,493	572,328

The practical expedient method is applied, and contracts with an initial expected contract term of one year or less are not included in the scope of the note.

33. Segment Information

The reporting segments are constituent business units of the Chubu Electric Power Group for which separate financial information is obtained and examined regularly by the Board of Directors of the Company to evaluate business performance. The Group's core operations are based on the twin pillars of the electric power business and the gas business. 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, the manufacturing of materials and machinery for these facilities, the real estate business and life-related business of medical care and health.

On April 1, 2019, JERA succeeded to the fuel receiving, storage, gas transmission and existing thermal power generation businesses by an absorption-type split agreement. In addition, on April 1, 2020, Chubu Electric Power Miraiz Co., Inc. succeeded to the rights and obligations of the Company's electricity retail businesses, etc., and Chubu Electric Power Grid Co., Inc. succeeded to the rights and obligations of the Company's general transmission and distribution businesses, etc. Accordingly, we report three reportable segments; "Miraiz," "Power Grid" and "JERA."

<Miraiz>
Various services delivered with energy
<Power Grid>
Provision of power network services
<JERA>
From fuel upstream and procurement to power generation and wholesale of electricity and gas

As described in "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates," previously, the Company and its subsidiaries used mainly the declining balance method of depreciation for property, plant and equipment but have changed to the straight-line method from the current consolidated fiscal year. As a result, compared with the amounts that would have been reported using the previous method, segment income of the Miraiz segment increased by ¥187 million ($1,400 thousand), segment income of the Power Grid segment increased by ¥21,966 million ($164,496 thousand), segment income of the Other segment increased by ¥8,312 million ($62,246 thousand), and Adjustment decreased by ¥956 million ($7,164 thousand) in the current consolidated fiscal year.

Information by segment for the years ended March 31, 2023 and 2022 was as follows:

Year ended March 31, 2023	Miraiz	Power Grid	JERA	Subtotal	Other	Total	Adjustment	Consolidated
	Millions of yen							
Operating revenues:								
External customers	¥2,989,151	¥ 586,813	¥ –	¥3,575,964	¥ 410,717	¥3,986,681	¥ –	¥3,986,681
Revenues from contracts with customers	2,929,081	575,501	–	3,504,582	386,531	3,891,114	–	3,891,114
Electricity	2,629,603	573,982	–	3,203,585	14,757	3,218,343	–	3,218,343
Other	299,478	1,518	–	300,997	371,773	672,770	–	672,770
Other revenues	60,070	11,311	–	71,382	24,185	95,567	–	95,567
Intersegment	101,681	529,354	–	631,035	456,175	1,087,211	(1,087,211)	–
Total	3,090,832	1,116,167	–	4,207,000	866,892	5,073,893	(1,087,211)	3,986,681
Ordinary income (loss)	¥ 64,851	¥ 7,034	¥ (24,249)	¥ 47,636	¥ 52,902	¥ 100,539	¥ (35,390)	¥ 65,148
Total assets	¥ 525,938	¥2,288,070	¥1,096,596	¥3,910,605	¥4,542,739	¥8,453,344	¥(1,998,242)	¥6,455,102
Depreciation and amortization	7,582	100,132	–	107,714	52,097	159,812	(3,884)	155,927
Interest income	29	47	–	76	10,435	10,512	(10,180)	331
Interest expense	681	9,257	–	9,938	20,478	30,417	(10,527)	19,889
Share of profit (loss) of entities accounted for using equity method	1,427	220	(24,249)	(22,600)	9,602	(12,998)	11	(12,986)
Investment in equity method affiliates	9,838	3,187	1,096,596	1,109,622	321,510	1,431,133	606	1,431,739
Increase in tangible and intangible fixed assets	28,830	142,144	–	170,974	106,048	277,023	(14,773)	262,249

Year ended March 31, 2022	Miraiz	Power Grid	JERA	Subtotal	Other	Total	Adjustment	Consolidated
	Millions of yen							
Operating revenues:								
External customers	¥1,966,812	¥ 375,051	¥ –	¥2,341,864	¥ 363,297	¥2,705,162	¥ –	¥2,705,162
Revenues from contracts with customers	1,965,939	364,845	–	2,330,785	341,379	2,672,165	–	2,672,165
Electricity	1,799,603	364,214	–	2,163,818	6,774	2,170,592	–	2,170,592
Other	166,335	631	–	166,967	334,605	501,572	–	501,572
Other revenues	873	10,205	–	11,078	21,918	32,996	–	32,996
Intersegment	61,375	524,511	–	585,886	468,499	1,054,385	(1,054,385)	–
Total	2,028,187	899,562	–	2,927,750	831,797	3,759,548	(1,054,385)	2,705,162
Ordinary income (loss)	¥ (83,461)	¥ (14,836)	¥ (326)	¥ (98,624)	¥ 123,394	¥ 24,770	¥ (84,090)	¥ (59,319)
Total assets	¥ 432,473	¥2,269,271	¥1,107,898	¥3,809,643	¥4,323,709	¥8,133,352	¥(1,958,618)	¥6,174,734
Depreciation and amortization	6,725	127,617	–	134,342	59,035	193,378	(4,223)	189,154
Interest income	0	12	–	13	11,543	11,557	(11,244)	312
Interest expense	705	9,239	–	9,944	20,584	30,529	(11,541)	18,987
Share of profit (loss) of entities accounted for using equity method	621	224	(326)	519	4,688	5,208	236	5,444
Investment in equity method affiliates	6,396	2,966	1,107,898	1,117,262	266,573	1,383,836	672	1,384,508
Increase in tangible and intangible fixed assets	11,473	127,902	–	139,376	95,206	234,582	(6,048)	228,533

Year ended March 31, 2023	Miraiz	Power Grid	JERA	Subtotal	Other	Total	Adjustment	Consolidated
	Thousands of U.S. dollars							
Operating revenues:								
External customers	$22,383,941	$ 4,394,287	$ –	$26,778,229	$ 3,075,611	$29,853,841	$ –	$29,853,841
Revenues from contracts with customers	21,934,110	4,309,580	–	26,243,691	2,894,499	29,138,190	–	29,138,190
Electricity	19,691,500	4,298,206	–	23,989,707	110,510	24,100,218	–	24,100,218
Other	2,242,610	11,373	–	2,253,984	2,783,988	5,037,972	–	5,037,972
Other revenues	449,830	84,707	–	534,538	181,112	715,650	–	715,650
Intersegment	761,428	3,964,015	–	4,725,444	3,416,022	8,141,467	(8,141,467)	–
Total	23,145,370	8,358,302	–	31,503,673	6,491,634	37,995,308	(8,141,467)	29,853,841
Ordinary income (loss)	$ 485,631	$ 52,679	$ (181,588)	$ 356,723	$ 396,154	$ 752,877	$ (265,017)	$ 487,860
Total assets	$ 3,938,433	$17,133,967	$8,211,746	$29,284,147	$34,017,819	$63,301,966	$(14,963,623)	$48,338,343
Depreciation and amortization	56,780	749,828	–	806,608	390,127	1,196,736	(29,088)	1,167,647
Interest income	221	354	–	575	78,147	78,723	(76,238)	2,485
Interest expense	5,103	69,323	–	74,426	153,348	227,775	(78,836)	148,939
Share of profit (loss) of entities accounted for using equity method	10,692	1,651	(181,588)	(169,245)	71,908	(97,336)	88	(97,247)
Investment in equity method affiliates	73,678	23,867	8,211,746	8,309,291	2,407,595	10,716,886	4,544	10,721,431
Increase in tangible and intangible fixed assets	215,890	1,064,434	–	1,280,325	794,134	2,074,459	(110,630)	1,963,828

(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. Intersegment sales and transfers are calculated from prices based on market prices and costs.

(b) Information about products and services

The Company has omitted information about products and services because the same information is disclosed in segment information.

(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 for the previous consolidated fiscal year.
Impairment loss by reporting segment for the current consolidated fiscal year was as follows:

	Miraiz	Power Grid	JERA	Subtotal	Other	Adjustment	Consolidated
Year ended March 31, 2023	Millions of yen						
	¥ 1,405	¥ 428	¥ –	¥ 1,834	¥12,402	¥ –	¥ 14,236
Year ended March 31, 2023	Thousands of U.S. dollars						
	$10,522	$3,211	$ –	$13,734	$92,875	$ –	$106,610

(Note) The details of impairment loss are presented in Note 28, “Impairment Loss” in the consolidated financial statements.

(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

The Company has omitted information by segment on gain arising from negative goodwill due to the negligible importance of this information for the previous consolidated fiscal year.
Not applicable for the current consolidated fiscal year.

Independent Auditor's Report

Chubu Electric Power Co., Inc. and its subsidiaries

For the Years ended March 31,
2022 and 2023

KPMG AZSA LLC
June 2023

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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, 2023, 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, 2023, 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.

Emphasis of Matter

We draw attention to Note 5 to the consolidated financial statements. The Company and its consolidated subsidiaries have changed the primary depreciation method for tangible fixed assets from the declining-balance method to the straight-line method from the current consolidated fiscal year. Our opinion is not modified in respect of this matter.

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	The primary procedures we performed to assess the

Group, nuclear power production facilities of ¥350,194 million including construction in progress were recognized as of March 31, 2023, which accounted for 5% of total assets in the consolidated financial statements. 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. With respect to the nuclear power production business in general, the Basic Policy for the Realization of GX approved by the Cabinet in February 2023 states that "for nuclear power, safety prevails under any circumstances, and nuclear reactors and plants must pass the NRA's safety assessments and resume operations with the understanding of local communities, in order to ensure the achievement of the target share of 20% to 22% for nuclear power in energy mix by 2030, which is set out in the Strategic Energy Plan, in the simultaneous pursuit of both stable power supply and carbon neutrality." In the "Chubu Electric Power Group Medium-term Management Plan," the Group listed the measures toward restarting the Hamaoka Nuclear Power Station as one of the important initiatives. The Group 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 Group 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 Group works on the decarbonization of electricity by maximizing the use of	appropriateness of the Group's judgment on the valuation of non-current assets used in the nuclear power production business included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Group's internal controls relevant to the valuation of non-current assets used in the nuclear power production business. **(2) Assessment of the reasonableness of the estimated future cash flows** ● 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 appropriateness of key assumptions used for the estimate of the future cash flows, we discussed the basis for each assumption with management and other personnel. In addition, considering that the assumptions were based on the business plan, we: ▪ 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

renewable energy and non-fossil energy from nuclear power. 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 the nuclear power production business. For the current fiscal year, the Group did not recognize any impairment loss because the gross future cash flows exceeded the carrying amount of the non-current assets. 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. We, therefore, determined that our assessment of the appropriateness of the Group'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 current fiscal year, and accordingly, a key audit matter.	uncertainty into the business plan and evaluated whether there would be a potential effect on the valuation of the non-current assets.

Recoverability of deferred tax assets of the group under the group tax sharing system

The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of the Group, deferred tax assets of ¥183,136 million were recognized as of March 31, 2023. As described in Note 3, "Significant Accounting Estimates" to the consolidated financial statements, deferred tax assets (before offsetting against deferred tax liabilities) recognized by Chubu Electric Power Co., Inc. (the "Company") and some	The primary procedures we performed to assess whether the Group's judgment with respect to the recoverability of deferred tax assets of the group under the group tax sharing system was appropriate, included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Group's internal controls relevant to the judgment on the recoverability of deferred tax assets,

of its domestic consolidated subsidiaries that have adopted the group tax sharing system (hereinafter referred to as the " group under the group tax sharing system ") amounted to ¥175,486 million, of which ¥21,436 was related to tax loss carryforwards.

Deferred tax assets are recognized to the extent that tax loss carryforwards and deductible temporary differences are expected to reduce future taxable income.

Whether deferred tax assets have the effect of reducing future taxable income, i.e. whether they are recoverable, is based on the appropriateness of the company classification determined in accordance with the Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan (ASBJ) Guidance No. 26) and the estimate of future taxable income before considering any originating and reversing effects of temporary differences, among others.

In addition, the future taxable income excluding the effect of temporary differences was estimated based on the management plan developed by management. Since the management plan on which the estimated future taxable income was based reflected changes in the business environment, such as a revision of the standard rate menu for extra-high voltage and high voltage power effective in April 2023 and the introduction of the new wheeling service fee system that requires periodic approval for prospective revenue from the wheeling service. The management plan also included key assumptions, such as the projected electricity sales volume and the assumptions for the power procurement plan, including procurement from the wholesale electricity market, which required management's judgment and involved a high degree of uncertainty. Accordingly, management's judgment thereon had a significant effect on the estimate of future taxable income excluding the effect of temporary differences.

including the process of estimating future taxable income.

(2) Assessment of the company classification

We assessed the reasonableness of the causes of material tax losses and the future taxable income excluding the effect of temporary differences estimated based on the management plan, which were considered when the company classification was determined in accordance with the Implementation Guidance on Recoverability of Deferred Tax Assets. We then assessed whether the company classification determined by the Company was appropriate.

(3) Assessment of the reasonableness of the estimated future taxable income excluding the effect of temporary differences

In order to assess the appropriateness of key assumptions adopted in developing the management plan that formed the basis for estimating future taxable income excluding the effect of temporary differences, we discussed the basis for each assumption with management and other personnel. In addition, we:

- confirmed the consistency of the estimated future taxable income excluding the effect of temporary differences used in the judgment on the recoverability of deferred tax assets with the management plan approved by the Board of Directors, and evaluated the deliberation process of the management plan on the premise of the revision of the standard rate menu and the new wheeling service fee system by inspecting the minutes of the Board of Directors' meetings and the Senior Executive Committee's meetings and internal materials used to validate assumptions underlying the management plan;
- assessed the appropriateness of assumptions adopted by management in the estimate, by evaluating the achievement of the past management plan by comparing the management plans in the past years with actual results;
- assessed whether the projected electricity sales volume properly reflected the demand forecasts for the Chubu region of Japan published by the Organization for Cross-regional Coordination of Transmission Operators, JAPAN, historical trends of actual sales, and the economic trends of the region and changes in the competitive environment and demand resulting from a revision of electricity prices, among others; and
- assessed whether the proportion of procurement

We, therefore, determined that our assessment of the appropriateness of the Group's judgment on the recoverability of deferred tax assets of the group under the group tax sharing system 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.	from power suppliers including the wholesale electricity market adopted in the power procurement plan was reasonable by inspecting internal materials for deliberation and relevant contracts, among others.

Other Information

The other information comprises the information included in the Group Report but does not include the consolidated financial statements, the financial statements, and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report. Management is responsible for the other information. 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 reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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, 2023 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.

Kuniyoshi Iwata

Designated Engagement Partner

Certified Public Accountant

Tatsuhisa Murai

Designated Engagement Partner

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Shinya Fukuda

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Nagoya Office, Japan

June 28, 2023

Chubu Electric Power Company, Incorporated