

Chubu Electric Power Group Report 2020 (Integrated Report) Financial Section

Year ended March 31, 2020

Consolidated Balance Sheets	1
Consolidated Statements of Income	3
Consolidated Statements of Comprehensive Income	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Independent Auditor's Report	33

Consolidated Balance Sheets

Chubu Electric Power Company, Incorporated and Subsidiaries
As of March 31, 2020 and 2019

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2020	March 31, 2019	March 31, 2020
Property, Plant and Equipment:			
Property, plant and equipment, at cost	¥10,208,521	¥ 13,865,992	\$ 93,819,701
Construction in progress	387,105	451,643	3,557,623
	10,595,626	14,317,636	97,377,325
Less:			
Contributions in aid of construction	(204,451)	(199,356)	(1,878,973)
Accumulated depreciation	(7,310,834)	(10,282,893)	(67,188,990)
	(7,515,285)	(10,482,250)	(69,067,964)
Total Property, Plant and Equipment, Net (Notes 6 and 10)	3,080,341	3,835,385	28,309,360
Nuclear Fuel:			
Loaded nuclear fuel	40,040	40,040	367,982
Nuclear fuel in processing	148,733	144,573	1,366,908
Total Nuclear Fuel	188,773	184,613	1,734,890
Investments and Other Assets:			
Long-term investments (Notes 7, 8 and 10)	1,433,614	648,240	13,175,392
Net defined benefit asset (Note 11)	13,627	15,265	125,240
Deferred tax assets (Notes 10 and 17)	162,692	197,035	1,495,197
Other (Note 10)	15,796	14,009	145,171
Allowance for doubtful accounts	(558)	(778)	(5,135)
Total Investments and Other Assets	1,625,171	873,773	14,935,867
Current Assets:			
Cash and deposits (Notes 5, 7 and 10)	148,583	546,082	1,365,530
Trade notes and accounts receivable (Notes 7 and 10)	308,452	343,850	2,834,784
Allowance for doubtful accounts	(885)	(1,888)	(8,137)
Other (Note 10)	150,377	205,710	1,382,023
Total Current Assets	606,528	1,093,754	5,574,200
Total Assets (Notes 10 and 22)	¥ 5,500,815	¥ 5,987,526	\$50,554,319

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, 2020	March 31, 2019	March 31, 2020
Noncurrent Liabilities:			
Long-term loans payable (Notes 7 and 10)	¥1,758,950	¥1,781,011	\$16,165,341
Provision for loss in conjunction with discontinued operations of nuclear power plants	7,981	8,174	73,353
Net defined benefit liability (Note 11)	161,239	170,818	1,481,841
Asset retirement obligations (Note 13)	255,032	249,067	2,343,836
Other (Notes 10 and 17)	181,301	177,853	1,666,221
Total Noncurrent Liabilities	2,364,506	2,386,924	21,730,595
Current Liabilities:			
Current portion of noncurrent liabilities (Notes 7 and 10)	303,212	285,130	2,786,620
Short-term loans payable (Notes 7 and 10)	274,962	925,612	2,526,992
Commercial paper (Notes 7 and 10)	96,000	—	882,271
Notes and accounts payable - trade (Note 7)	192,715	133,584	1,771,119
Accrued taxes	30,571	67,297	280,964
Other (Notes 7 and 13)	254,335	322,167	2,337,429
Total Current Liabilities	1,151,797	1,733,792	10,585,398
Reserve for Fluctuation in Water Levels	22,446	22,446	206,291
Total Liabilities	3,538,749	4,143,163	32,522,285
Commitments and Contingent Liabilities (Note 15)			
Net Assets (Note 16)			
Capital stock	430,777	430,777	3,958,986
Capital surplus	70,808	70,798	650,751
Retained earnings	1,363,241	1,237,605	12,528,642
Treasury shares, at cost (Note 3)	(2,474)	(2,008)	(22,741)
Total Shareholders' Equity	1,862,352	1,737,172	17,115,639
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	37,407	35,232	343,783
Deferred gains and losses on hedges (Note 14)	(13,623)	(2,273)	(125,203)
Foreign currency translation adjustments	13,534	16,428	124,391
Remeasurements of defined benefit plans	(5,278)	(8,064)	(48,507)
Total Accumulated Other Comprehensive Income	32,040	41,322	294,462
Noncontrolling interests	67,672	65,867	621,932
Total Net Assets	1,962,065	1,844,362	18,032,034
Total Liabilities and Net Assets	¥5,500,815	¥5,987,526	\$50,554,319

Consolidated Statements of Income

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2020	March 31, 2019	March 31, 2020
Operating Revenues:			
Electricity	¥2,630,228	¥2,651,685	\$24,172,669
Other	435,726	383,397	4,004,471
Total Operating Revenues (Note 22)	3,065,954	3,035,082	28,177,141
Operating Expenses:			
Electricity (Note 18)	2,515,286	2,539,625	23,116,315
Other	419,836	369,532	3,858,435
Total Operating Expenses	2,935,122	2,909,158	26,974,751
Operating Income (Note 21)	130,832	125,924	1,202,390
Other Income (Expenses):			
Interest expense	(22,309)	(24,024)	(205,036)
Gain on change in equity	19,092	–	175,464
Other, net	83,281	11,029	765,381
Total Other Income (Expenses), Net	80,063	(12,995)	735,809
Income Before Income Taxes	210,895	112,929	1,938,199
Income Taxes:			
Current	28,792	29,350	264,615
Deferred	14,382	651	132,177
Total Income Taxes	43,175	30,002	396,792
Net Income	167,720	82,926	1,541,406
Net income attributable to noncontrolling interests	4,248	3,504	39,042
Net income attributable to owners of parent	¥ 163,472	¥ 79,422	\$ 1,502,364

	Yen		U.S. dollars (Note 1)
	March 31, 2020	March 31, 2019	March 31, 2020
Per Share of Capital Stock:			
Net income - basic (Notes 2 and 3)	¥216.11	¥104.96	\$1.99
Cash dividends	50.00	45.00	0.46

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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2020	March 31, 2019	March 31, 2020
Net Income	¥167,720	¥82,926	\$1,541,406
Other Comprehensive Income:			
Valuation difference on available-for-sale securities	1,389	(3,315)	12,768
Deferred gains and losses on hedges	2,245	1,679	20,635
Foreign currency translation adjustments	19	(168)	179
Remeasurements of defined benefit plans, net of tax	3,293	4,909	30,268
Share of other comprehensive income of entities accounted for using equity method	(15,815)	(1,522)	(145,347)
Other Comprehensive Income (Note 19)	(8,867)	1,582	(81,495)
Comprehensive Income	¥158,852	¥84,509	\$1,459,911
Comprehensive income attributable to:			
Owners of parent	¥154,189	¥79,147	\$1,417,055
Noncontrolling interests	4,663	5,361	42,855

Consolidated Statements of Changes in Net Assets

Chubu Electric Power Company, Incorporated and Subsidiaries
For the Years Ended March 31, 2020 and 2019

	Shareholders' equity					Accumulated other comprehensive income					Non controlling interests	Total net assets	
	Number of shares of capital stock issued	Capital stock	Capital surplus	Retained earnings	Treasury shares (Note 3)	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
Millions of yen													
Balance at April 1, 2018	758,000,000	¥430,777	¥70,805	¥1,188,453	¥(1,891)	¥1,688,145	¥38,649	¥(6,182)	¥19,964	¥(10,833)	¥41,597	¥62,199	¥1,791,942
Dividends of surplus	-	-	-	(30,270)	-	(30,270)	-	-	-	-	-	-	(30,270)
Net income attributable to owners of parent	-	-	-	79,422	-	79,422	-	-	-	-	-	-	79,422
Purchase of treasury shares	-	-	-	-	(121)	(121)	-	-	-	-	-	-	(121)
Disposal of treasury shares	-	-	0	-	3	3	-	-	-	-	-	-	3
Change in equity of parent on transactions with noncontrolling interests	-	-	(6)	-	-	(6)	-	-	-	-	-	-	(6)
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(3,416)	3,909	(3,535)	2,768	(274)	3,667	3,393
Balance at March 31, 2019	758,000,000	¥430,777	¥70,798	¥1,237,605	¥(2,008)	¥1,737,172	¥35,232	¥(2,273)	¥16,428	¥(8,064)	¥41,322	¥65,867	¥1,844,362

	Millions of yen												
	Number of shares of capital stock issued	Capital stock	Capital surplus	Retained earnings	Treasury shares (Note 3)	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	Non controlling interests	Total net assets
Millions of yen													
Balance at April 1, 2019	758,000,000	¥430,777	¥70,798	¥1,237,605	¥(2,008)	¥1,737,172	¥35,232	¥(2,273)	¥16,428	¥(8,064)	¥41,322	¥65,867	¥1,844,362
Dividends of surplus	0	-	-	(37,835)	-	(37,835)	-	-	-	-	-	-	(37,835)
Net income attributable to owners of parent	0	-	-	163,472	-	163,472	-	-	-	-	-	-	163,472
Purchase of treasury shares	0	-	-	-	(470)	(470)	-	-	-	-	-	-	(470)
Disposal of treasury shares	0	-	(0)	-	4	4	-	-	-	-	-	-	4
Change in equity of parent on transactions with noncontrolling interests	0	-	9	-	-	9	-	-	-	-	-	-	9
Net changes in items other than shareholders' equity	0	-	-	-	-	-	2,174	(11,349)	(2,893)	2,786	(9,282)	1,805	(7,477)
Balance at March 31, 2020	758,000,000	¥430,777	¥70,808	¥1,363,241	¥(2,474)	¥1,862,352	¥37,407	¥(13,623)	¥13,534	¥(5,278)	¥32,040	¥67,672	¥1,962,065

	Thousands of U.S. dollars (Note 1)												
	Number of shares of capital stock issued	Capital stock	Capital surplus	Retained earnings	Treasury shares (Note 3)	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	Non controlling interests	Total net assets
Thousands of U.S. dollars (Note 1)													
Balance at April 1, 2019		\$3,958,986	\$650,665	\$11,374,001	\$(18,463)	\$15,965,191	\$323,797	\$ (20,897)	\$150,983	\$(74,112)	\$379,771	\$605,341	\$16,950,304
Dividends of surplus		-	-	(347,723)	-	(347,723)	-	-	-	-	-	-	(347,723)
Net income attributable to owners of parent		-	-	1,502,364	-	1,502,364	-	-	-	-	-	-	1,502,364
Purchase of treasury shares		-	-	-	(4,320)	(4,320)	-	-	-	-	-	-	(4,320)
Disposal of treasury shares		-	(1)	-	42	40	-	-	-	-	-	-	40
Change in equity of parent on transactions with noncontrolling interests		-	87	-	-	87	-	-	-	-	-	-	87
Net changes in items other than shareholders' equity		-	-	-	-	-	19,985	(104,306)	(26,592)	25,604	(85,308)	16,590	(68,718)
Balance at March 31, 2020		\$3,958,986	\$650,751	\$12,528,642	\$(22,741)	\$17,115,639	\$343,783	\$(125,203)	\$124,391	\$(48,507)	\$294,462	\$621,932	\$18,032,034

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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2020	March 31, 2019	March 31, 2020
Cash Flows from Operating Activities:			
Income before income taxes	¥ 210,895	¥ 112,929	\$ 1,938,199
Adjustments for:			
Depreciation	178,171	256,465	1,637,456
Decommissioning costs of nuclear power units	9,067	8,371	83,333
Loss on retirement of noncurrent assets	6,688	10,447	61,473
Decrease in provision for net defined benefit liability and asset	(3,066)	(878)	(28,183)
Decrease in provision for loss in conjunction with discontinued operations of nuclear power plants	(192)	(1,036)	(1,769)
Interest and dividend income	(2,914)	(3,171)	(26,785)
Interest expense	22,309	24,024	205,036
Equity in net income of affiliates	(77,106)	(9,560)	(708,629)
Gain on change in equity	(19,092)	—	(175,464)
Decrease (increase) in notes and accounts receivable - trade	37,391	(50,312)	343,640
Increase in inventories	(14,724)	(16,002)	(135,325)
Increase in notes and accounts payable - trade	59,144	615	543,556
Other, net	(111,341)	21,245	(1,023,266)
Subtotal	295,231	353,138	2,713,272
Interest and dividend income received	6,707	10,502	61,644
Interest expense paid	(23,129)	(24,551)	(212,564)
Income taxes paid	(22,913)	(42,682)	(210,582)
Cash flows from operating activities	255,896	296,406	2,351,769
Cash Flows from Investing Activities:			
Purchase of noncurrent assets	(230,985)	(350,624)	(2,122,833)
Payments on investments and loans receivable	(450,446)	(39,434)	(4,139,752)
Collection on investments and loans receivable	15,163	9,699	139,353
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(2,653)	—
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	—	185	—
Other, net	18,646	14,466	171,367
Cash flows from investing activities	(647,622)	(368,361)	(5,951,864)
Cash Flows from Financing Activities:			
Proceeds from issuance of bonds	169,429	33,940	1,557,114
Redemption of bonds	(100,000)	(60,000)	(919,033)
Proceeds from long-term loans payable	105,315	59,625	967,883
Repayments of long-term loans payable	(176,528)	(212,402)	(1,622,356)
Proceeds of short-term loans payable	305,862	946,160	2,810,973
Repayments of short-term loans payable	(357,562)	(391,555)	(3,286,121)
Proceeds from issuance of commercial paper	349,000	434,000	3,207,425
Redemption of commercial paper	(253,000)	(434,000)	(2,325,153)
Purchase of treasury shares	(468)	(122)	(4,309)
Cash dividends paid	(37,747)	(30,193)	(346,915)
Dividends paid to noncontrolling interests	(2,525)	(3,936)	(23,212)
Other, net	(7,624)	(4,254)	(70,068)
Cash flows from financing activities	(5,851)	337,260	(53,773)
Effect of exchange rate change on cash and cash equivalents	10	(133)	93
Net increase (decrease) in cash and cash equivalents	(397,567)	265,171	(3,653,774)
Cash and cash equivalents at beginning of this period	550,060	284,888	5,055,235
Decrease in cash and cash equivalents resulting from change in scope of consolidation	(4,916)	—	(45,183)
Cash and cash equivalents at end of this period (Note 4)	¥ 147,576	¥ 550,060	\$ 1,356,277

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 Company, Incorporated (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 ¥108.81 to U.S. \$1.00, the prevailing exchange rate at the fiscal year-end. The inclusion of the dollar amounts is solely for convenience of the reader and is not intended to imply that the assets and liabilities originating in Japanese yen have been or could readily be converted, realized or settled in U.S. dollars at the above rate or at any other rate.

(c) Reclassification

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

2. Summary of Significant Accounting Policies

(a) Basis of consolidation

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

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

The number of subsidiaries and affiliates at March 31, 2020 and 2019 was as follows:

	March 31, 2020	March 31, 2019
Subsidiaries:		
Domestic	29	32
Overseas	6	5
Affiliates	41	37

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

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

(b) Property, plant and equipment and depreciation

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

(c) Nuclear fuel and amortization

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

(d) Investments and marketable securities

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

(e) Derivatives and hedge accounting

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

(f) Allowance for doubtful accounts

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

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

In the years ended March 31, 2020 and 2019, a provision was made based on a reasonable estimate of possible future expenses and losses related to the decommissioning of electric generating facilities that followed the termination of operations at Hamaoka Reactors No. 1 and No. 2.

(h) Reserve for fluctuation in water levels

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

(i) Employee retirement benefits

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

(1) Method of allocation of estimated retirement benefits

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

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

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

(j) Cash and cash equivalents

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

(k) Research and development costs

Research and development costs included in operating expenses for the years ended March 31, 2020 and 2019 amounted to ¥9,357 million (\$85,996 thousand) and ¥9,925 million, respectively.

(l) Income taxes

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

(m) Translation of foreign currency accounts

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

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

(n) Per share information

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares outstanding during the year. The Company has introduced a Performance-Linked Stock Remuneration Plan (BBT: Board Benefit Trust), and in calculating net income per share, our shares (fiscal year 2018: – shares, fiscal year 2019: 179,333 shares) held by the trust account for the “Plan” are included in treasury shares, which are deducted in calculating “Weighted average number of common shares.” Cash dividends per share shown for each fiscal year in the consolidated statements of income represent dividends declared as applicable to the respective year.

3. Additional Information

Introduction of a Performance-Linked Stock Remuneration Plan

The Company has introduced a new Performance-Linked Stock Remuneration Plan (BBT: Board Benefit Trust, hereinafter referred to as the “Plan”) for Directors (excluding outside directors) and executive officers who do not hold the title of Director (hereinafter referred to as the “Directors”) based on the 95th General Shareholders’ Meeting held on June 26, 2019.

(a) Outline of the Plan

The Plan is a performance-linked stock remuneration plan whereby shares in the Company will be acquired through a trust funded with cash contributed by the Company (hereinafter, the trust established pursuant to the Plan is referred to as the “Trust”), and the Company’s

(Additional Information)

(a) Accounting treatment with the introduction of consolidated tax payment system

The Company and some of its domestic consolidated subsidiaries applied for the adoption of the consolidated tax payment system in this consolidated fiscal year and the system will be adopted from the following consolidated fiscal year. As a result, accounting treatment from this consolidated fiscal year is based on the application of a consolidated tax payment system in accordance with “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (ASBJ Practical Issue Task Force No. 5, January 16, 2015) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (ASBJ Practical Issue Task Force No. 7, January 16, 2015).

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

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

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 pursuant to the Directors Stock Remuneration Regulation to be established by the Company. Each eligible Director will receive Company’s Shares, Etc. after the retirement of such Director, in principle.

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

The Company’s shares that remain in the Trust are recorded in equity as treasury stock at the book value of the Trust (excluding any amount equivalent to expenses attributable). The book value of such treasury stock was ¥419 million (\$3,854 thousand) and the number of shares was 269 thousand shares at the end of this consolidated fiscal year.

4. Standards and Guidance Not Yet Adopted

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

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2020)

(a) Overview

The accounting standards defined accounting policies and addressed disclosures of profit from contracts with customers.

(b) Effective date

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

(c) Effects of the application of the standards

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

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

(a) Overview

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

(b) Effective date

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

(c) Effects of 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.

- “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020)

(a) Overview

The purpose of this accounting standard is to provide an outline of the accounting principles and procedures adopted in case that the provision of the relevant accounting standards are not clear.

(b) Effective date

Effective from the end of the consolidated fiscal year ending March 31, 2021.

- “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020)

(a) Overview

The purpose of this accounting standard is to promote the disclosure of information that can contribute to the understanding of users of financial statements regarding the accounting estimates of items that have a risk of materially affecting the financial statements of the following consolidated fiscal year for items recorded by accounting estimates in the financial statements of the current consolidated fiscal year.

(b) Effective date

Effective from the end of the consolidated fiscal year ending March 31, 2021.

5. Cash and Cash Equivalents

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Cash and deposits	¥148,583	¥546,082	\$1,365,530
Time deposits with an original maturity of more than three months included in cash and deposits	(1,006)	(1,022)	(9,252)
Short-term investments	506	6,637	4,653
Short-term investments with an original maturity of over three months	(506)	(1,637)	(4,653)
Cash and cash equivalents	¥147,576	¥550,060	\$1,356,277

6. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Hydroelectric power production facilities	¥ 295,440	¥ 303,909	\$ 2,715,200
Thermal power production facilities	–	655,081	–
Nuclear power production facilities	163,825	174,894	1,505,607
Transmission facilities	615,708	646,341	5,658,569
Transformation facilities	407,888	414,419	3,748,629
Distribution facilities	775,088	776,905	7,123,316
General facilities	115,778	105,797	1,064,042
Other electricity related to property, plant and equipment	8,415	13,860	77,340
Other property, plant and equipment	311,091	292,534	2,859,030
Construction in progress	387,105	451,643	3,557,623
Total	¥3,080,341	¥3,835,385	\$28,309,360

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 ¥204,451 million (\$1,878,973 thousand) and ¥199,356 million at March 31, 2020 and 2019, respectively.

7. Financial Instruments

(a) Items related to financial instruments

(1) Policy initiatives for financial instruments

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

(2) Breakdown of financial instruments and associated risks

Marketable securities include shares of companies contributing to business operations or regional development, shares acquired through strategic investments aimed at business growth and development, and bond holdings of subsidiaries and other instruments estimated to raise the Chubu Electric Group's corporate value from a mid- and long-term viewpoint. These securities, bonds, etc., are exposed to risks arising from changes in market prices.

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

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

Trade notes and accounts payable for operating debts are almost all due within one year.

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

(3) Risk management system for financial instruments

1) Credit risk management

For trade accounts receivable arising from electricity bills, due dates and account balances are managed for each customer based on the terms and conditions for the supply of electricity. 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, 2020 and 2019 are shown below. Items with fair values that were extremely difficult to determine were not included (See Note 2).

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

As of March 31, 2019	Millions of yen		
	Carrying value	Fair value	Difference
Assets:			
(1) Marketable securities	¥ 113,585	¥ 100,093	¥(13,491)
(2) Cash and deposits	546,082	546,082	–
(3) Trade notes and accounts receivable	343,850	343,850	–
Liabilities:			
(4) Bonds *1	¥ 653,259	¥ 665,775	¥ 12,515
(5) Long-term borrowings *1	1,393,758	1,459,596	65,837
(6) Short-term borrowings	925,612	925,612	–
(7) Commercial paper	–	–	–
(8) Trade notes and accounts payable	133,584	133,584	–
(9) Derivative transactions *2	(1,671)	(1,671)	–

As of March 31, 2020	Thousands of U.S. dollars		
	Carrying value	Fair value	Difference
Assets:			
(1) Marketable securities	\$ 1,010,252	\$ 825,523	\$(184,728)
(2) Cash and deposits	1,365,530	1,365,530	–
(3) Trade notes and accounts receivable	2,834,784	2,834,784	–
Liabilities:			
(4) Bonds *1	\$ 6,646,999	\$ 6,700,694	\$ 53,695
(5) Long-term borrowings *1	12,154,634	12,612,870	458,235
(6) Short-term borrowings	2,526,992	2,526,992	–
(7) Commercial paper	882,271	882,271	–
(8) Trade notes and accounts payable	1,771,119	1,771,119	–
(9) Derivative transactions *2	12,621	12,621	–

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

*2 Assets and liabilities derived from derivative transaction are stated on a net basis, and a net liability position is shown in parentheses.

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

(1) Marketable securities

The value of equity securities is determined from stock market prices and bonds from their market prices or prices quoted by financial institutions. The fair value of marketable securities settled in the short-term, such as certificates of deposit, are presented by their book values because their market prices are almost equal to them. See Note 8, Marketable Securities and Investments Securities, for the purposes for which securities are held.

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

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

(4) Bonds

Bonds with market prices are valued by the market price, and bonds without market prices are valued based on terms projected as if they were being newly issued. Some bonds are subject to foreign exchange forward contracts in the allocation process. These are valued based on the same terms and conditions applied to derivative transactions.

(5) Long-term borrowings

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

(6) Short-term borrowings and (7) Commercial paper

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

(8) Trade notes and accounts payable

For trade notes and accounts payable, the book value is used for the fair value because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the book value. In addition, some accounts payable are subject to allocation treatment as with forward exchange contracts.

(9) Derivative transactions

Refer to Note 14, Derivatives.

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Unlisted stocks, etc.	¥1,293,468	¥508,586	\$11,887,401

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

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

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

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

As of March 31, 2019:		Millions of yen			
	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years	
Securities:					
Held-to-maturity debt securities:					
National and local government bonds, etc.	¥ -	¥ -	¥ -	¥ -	
Corporate bonds	1,099	-	-	-	
Other	-	-	601	-	
Available-for-sale securities with maturity dates:					
Debt securities:					
National and local government bonds, etc.	-	-	-	-	
Corporate bonds	200	102	-	248	
Other	-	-	-	-	
Other	5,000	-	-	-	
Cash and deposits	546,082	-	-	-	
Trade notes and accounts receivable	343,845	4	-	-	
Total	¥896,229	¥107	¥601	¥248	

As of March 31, 2020:		Thousands of U.S. dollars			
	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years	
Securities:					
Held-to-maturity debt securities:					
National and local government bonds, etc.	\$ -	\$ -	\$ -	\$-	
Corporate bonds	-	-	-	-	
Other	-	1,838	3,690	-	
Available-for-sale securities with maturity dates:					
Debt securities:					
National and local government bonds, etc.	-	-	-	-	
Corporate bonds	926	-	2,200	-	
Other	-	-	-	-	
Other	-	-	-	-	
Cash and deposits	1,365,530	-	-	-	
Trade notes and accounts receivable	2,834,784	-	-	-	
Total	\$4,201,241	\$1,838	\$5,890	\$-	

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

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

As of March 31, 2019:		Millions of yen				
	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
Bonds	¥100,000	¥ 60,000	¥ -	¥ 80,000	¥ 70,000	¥343,260
Long-term borrowings	166,007	224,147	182,932	74,001	96,575	650,094
Short-term borrowings	326,412	-	-	-	-	-
Commercial paper	-	-	-	-	-	-
Total	¥592,420	¥284,147	¥182,932	¥154,001	¥166,575	¥993,354

*Short-term borrowings of ¥599,200 million succeeded to JERA on April 1, 2019 were not included in anticipated redemption.

As of March 31, 2020:	Thousands of U.S. dollars					
	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
Bonds	\$ 551,419	\$ –	\$ 735,226	\$ 643,323	\$1,194,743	\$3,522,286
Long-term borrowings	2,084,872	1,697,239	699,721	906,455	515,298	6,251,046
Short-term borrowings	2,526,992	–	–	–	–	–
Commercial paper	882,271	–	–	–	–	–
Total	\$6,045,556	\$1,697,239	\$1,434,948	\$1,549,778	\$1,710,041	\$9,773,333

8. Marketable Securities and Investments Securities

(a) Held-to-maturity debt securities at March 31, 2020 and 2019 were as follows:

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

As of March 31, 2019	Millions of yen		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	¥ –	¥ –	¥ –
Corporate bonds	1,099	1,110	10
Other	601	638	36
Subtotal	1,701	1,748	46
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	–	–	–
Total	¥1,701	¥1,748	¥46

As of March 31, 2020	Thousands of U.S. dollars		
	Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:			
National and local government bonds, etc.	\$ –	\$ –	\$ –
Corporate bonds	–	–	–
Other	1,838	1,988	150
Subtotal	1,838	1,988	150
Securities whose carrying value exceeds fair value:			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	3,690	3,674	(15)
Subtotal	3,690	3,674	(15)
Total	\$5,528	\$5,663	\$135

(b) Available-for-sale securities at March 31, 2020 and 2019 were as follows:

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

As of March 31, 2019	Millions of yen		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	¥69,053	¥16,965	¥52,087
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	552	499	52
Other	–	–	–
Other	–	–	–
Subtotal	69,605	17,465	52,140
Securities whose acquisition cost exceeds carrying value:			
Stocks	519	594	(75)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	5,000	5,000	–
Subtotal	5,519	5,594	(75)
Total	¥75,125	¥23,060	¥52,064

As of March 31, 2020	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	\$620,654	\$117,332	\$503,322
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	3,127	2,756	370
Other	–	–	–
Other	–	–	–
Subtotal	623,782	120,088	503,693
Securities whose acquisition cost exceeds carrying value:			
Stocks	28,896	34,885	(5,988)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	28,896	34,885	(5,988)
Total	\$652,678	\$154,973	\$497,704

(c) Available-for sale securities that were sold during the year ended March 31, 2020 and 2019 were as follows.

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

As of March 31, 2019	Millions of yen		
	Sales value	Total profit on sales	Total loss on sales
Stocks	¥496	¥196	¥1
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	¥496	¥196	¥1

As of March 31, 2020	Thousands of U.S. dollars		
	Sales value	Total profit on sales	Total loss on sales
Stocks	\$15,417	\$5,961	\$–
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Total	\$15,417	\$5,961	\$–

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

At March 31, 2020 and 2019, 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, 2020	March 31, 2019	March 31, 2020
Investment in capital of associated companies	¥1,229,987	¥447,090	\$11,303,997
<amount of investment to jointly controlled entities>	<1,003,149>	<328,485>	<9,219,277>

10. Long-term Debt and Short-term Debt

At March 31, 2020 and 2019, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Bonds:			
Domestic issue:			
0.100% to 4.000%, maturing serially through 2040	¥ 723,260	¥ 653,259	\$ 6,646,999
Loans from the Development Bank of Japan, other banks and insurance companies, maturing serially through 2040	1,322,545	1,393,758	12,154,634
Lease obligations	60,396	42,568	555,060
Subtotal	2,106,201	2,089,587	19,356,693
Less current portion of long-term debt	(294,876)	(272,140)	(2,710,015)
Total	¥1,811,325	¥1,817,446	\$16,646,678

At March 31, 2020 and 2019, all assets of the Company were subject to certain statutory preferential rights as collateral for loans from the Development Bank of Japan in the amount of ¥271,381 million (\$2,494,081 thousand) and ¥448,241 million, respectively, and for bonds of

¥709,260 million (\$6,518,334 thousand) and ¥639,260 million, respectively.

At March 31, 2020 and 2019, property, plant and equipment 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, 2020	March 31, 2019	March 31, 2020
Other property, plant and equipment	¥9,184	¥9,758	\$84,404
Deferred tax assets	157	216	1,448
Other investments	190	296	1,748
Cash and deposits	2,408	1,584	22,136
Trade notes and accounts receivable	75	80	692
Other current assets	41	151	384

At March 31, 2020 and 2019, 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, 2020	March 31, 2019	March 31, 2020
Long-term investments	¥ 193	¥ 108	\$ 1,780
Long-term investments in subsidiaries and associates	4,656	2,370	42,794

At March 31, 2020 and 2019, short-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Short-term borrowings	¥274,962	¥925,612	\$2,526,992
Commercial paper	96,000	–	882,271
Total	¥370,962	¥925,612	\$3,409,263

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.230% per annum at March 31, 2020. At March 31, 2020, commercial paper bore an average interest rate of 0.002% per annum.

11. Employee Retirement Benefits

The Chubu Electric Group has defined benefit corporate plans, lump-sum retirement benefit plans and defined contribution retirement plans. The Company also may pay premium severance benefits to its retiring employees. On April 1, 2019, certain consolidated subsidiaries

shifted part of their defined benefit corporate plans to defined contribution retirement plans. Employee retirement benefits at March 31, 2020 and 2019 were as follows:

Defined benefit plans

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Balance at the beginning of current period	¥538,529	¥556,291	\$4,949,261
Service cost	16,057	17,128	147,572
Interest cost	4,264	4,479	39,193
Actuarial loss	2,392	2,539	21,989
Benefits paid	(34,145)	(35,252)	(313,804)
Past service costs incurred	(440)	(6,652)	(4,047)
Decrease of transition to the defined contribution retirement plan	(17,484)	–	(160,692)
Other	(1,993)	(4)	(18,320)
Balance at the end of current period	¥507,180	¥538,529	\$4,661,152

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Balance at the beginning of current period	¥388,115	¥397,799	\$3,566,908
Expected return on plan assets	6,540	6,964	60,112
Actuarial loss	(2,355)	(2,938)	(21,645)
Contributions paid by the employer	7,775	9,281	71,461
Benefits paid	(22,043)	(22,988)	(202,587)
Decrease of transition to the defined contribution retirement plan	(12,518)	–	(115,047)
Other	1	(2)	9
Balance at the end of current period	¥365,515	¥388,115	\$3,359,211

(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, 2020	March 31, 2019	March 31, 2020
Balance at the beginning of current period	¥ 5,139	¥4,981	\$ 47,231
Retirement benefit costs	923	904	8,488
Benefits paid	(1,832)	(697)	(16,845)
Contributions paid by the employer	(51)	(51)	(473)
Other	1,769	1	16,257
Balance at the end of current period	¥ 5,947	¥5,139	\$ 54,659

(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, 2020	March 31, 2019	March 31, 2020
Funded retirement benefit obligations	¥ 364,682	¥ 390,476	\$ 3,351,548
Plan assets	(366,780)	(389,399)	(3,370,837)
	(2,098)	1,077	(19,288)
Unfunded retirement benefit obligations	149,710	154,475	1,375,889
Total net liability for retirement benefits	147,611	155,553	1,356,600
Liability for retirement benefits	161,239	170,818	1,481,841
Asset for retirement benefits	(13,627)	(15,265)	(125,240)
Total net liability for retirement benefits	¥ 147,611	¥ 155,553	\$ 1,356,600

(e) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Service cost	¥16,057	¥17,128	\$147,572
Interest cost	4,264	4,479	39,193
Expected return on plan assets	(6,540)	(6,964)	(60,112)
Net actuarial gain and loss amortization	6,722	5,940	61,782
Prior service costs amortization	(495)	(72)	(4,557)
Retirement benefit costs based on the simplified method	923	904	8,488
Other	77	174	714
Total retirement benefit costs	¥21,009	¥21,589	\$193,081

(f) Adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Prior service costs amortization	¥ (77)	¥6,581	\$ (712)
Net actuarial gain and loss amortization	4,728	460	43,460
Total balance	¥4,651	¥7,042	\$42,747

(Note) Prior service costs and net actuarial gain and loss amortization for the year ended March 31, 2020 include the reclassification adjustments of ¥(22) million (\$202 thousand) and ¥2,755 million (\$25,324 thousand), respectively, associated with the conversion of a part of defined benefit corporate plans to defined contribution retirement plans.

(g) Accumulated adjustments for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Past service costs that are yet to be recognized	¥ (6,574)	¥ (6,651)	\$(60,417)
Actuarial gains and losses that are yet to be recognized	15,040	19,769	138,231
Total balance	¥ 8,466	¥13,118	\$ 77,813

(h) Plan assets

(1) Plan assets comprise:

	March 31, 2020	March 31, 2019
Bonds	47%	44%
General accounts of life insurance companies	33%	32%
Stocks	10%	14%
Other	10%	10%
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, 2020 and 2019 were as follows:

	March 31, 2020	March 31, 2019
Discount rate		
(Company)	0.9%	0.9%
(Subsidiaries)	0.1–0.8%	0.1–0.8%
Long-term expected rate of return		
(Company)	1.7%	1.7%
(Subsidiaries)	2.0%–2.2%	2.0%–2.3%

Defined contribution plans

Contributions to defined contribution plans required by the Company and its subsidiaries amounted to ¥4,276 million (\$39,304 thousand) and ¥2,592 million at March 31, 2020 and 2019, respectively.

12. Lease Transactions

(a) Lessee

Future lease payments under noncancelable operating leases at March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Within 1 year	¥–	¥41	\$–
Over 1 year	–	57	–
Total	¥–	¥98	\$–

(b) Lessor

Future lease commitments to be received under noncancelable operating leases at March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Within 1 year	¥95	¥196	\$876
Over 1 year	140	227	1,291
Total	¥235	¥424	\$2,167

13. 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 Reserves for the Decommissioning of Nuclear Power Plants" (Ordinance No. 30 of the Ministry of International

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

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Balance at beginning of year	¥249,412	¥209,178	\$2,292,186
Reductions due to execution of asset retirement obligations	(2,310)	(1,341)	(21,235)
Impact from change in expected use period*	–	32,979	–
Other	8,075	8,595	74,218
Balance at end of year	¥255,177	¥249,412	\$2,345,169

* The expected use period used to calculate the asset retirement obligation for the decommissioning of a specified nuclear power generation facility was the operation period plus the safe storage period. However since April 1, 2018, the date of enactment of the Ministerial Ordinance which revised a part of the Ministerial Ordinance, etc., (Ordinance of the Ministry of Economy, Trade and Industry No. 17 of March 30, 2018), the expected use period has been changed to the operation period. As a result, the amount corresponding to the relevant impact of this change is stated.

14. Derivatives

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

Electric Group's derivative financial instruments outstanding at March 31, 2020 and 2019 were as follows:

(a) Derivatives for which hedge accounting is not applied

(1) Currency related

Not applicable

(2) Interest rate related

Not applicable

(3) Commodity related

Not applicable

(b) Derivatives for which hedge accounting is applied

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

As of March 31, 2019		Millions of yen		
Hedged items		Contract amount		Fair value
		Total	More than 1 year	
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	¥ 20,050	¥ 19,521	¥ 1,001
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings and short-term borrowings	212,216	153,197	(2,672)
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps:	Bonds	20,000	–	*
Foreign exchange forward contracts:				
Long position	Accounts payable	196	–	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	14,720	13,080	*
Total		¥ –	¥ –	¥(1,671)

As of March 31, 2020		Thousands of U.S. dollars		
Hedged items		Contract amount		Fair value
		Total	More than 1 year	
General treatment:				
Foreign exchange forward contracts:	Accounts payable			
Long position	(forecasted transactions)	\$ 179,407	\$161,519	\$ 24,453
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings and short-term borrowings	1,417,327	749,540	(11,831)
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps:	Bonds	–	–	–
Foreign exchange forward contracts:				
Long position	Accounts payable	–	–	–
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term borrowings	120,209	105,137	*
Total		\$ –	\$ –	\$ 12,621

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

15. Contingent Liabilities

As of March 31, 2020 and 2019, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Guarantees of bonds and loans of companies and others:			
Japan Nuclear Fuel Limited	¥92,771	¥102,079	\$852,598
Guarantees of housing and other loans for employees	44,846	50,155	412,152
The Japan Atomic Power Company	38,095	38,095	350,107
Cricket Valley Energy Partners LLC*	31,779	31,473	292,065
MT Falcon Holdings Company, S.A.P.I. de C.V.*	6,295	7,697	57,857
PT.Cirebon Energi Prasarana*	4,573	4,620	42,029
Phoenix Power Company SAOG*	2,148	2,069	19,745
Compania de Generacion Valladolid, S. de R.L. de C.V.*	1,533	1,564	14,095
Rakuten Trust Co., Ltd	1,089	1,247	10,008
Mesaieed Power Company Limited*	955	975	8,784
Ras Girtas Power Company*	856	873	7,871
Suzukawa Energy Center Ltd.	318	259	2,925
Tahara Solar Co., Ltd.	300	300	2,757
Ichthys LNG Pty Ltd.*	–	11,788	–
Guarantees related to other contracts:			
JERA Energy America LLC*	33,027	32,963	303,532
MT Falcon Holdings Company, S.A.P.I. de C.V.*	3,618	3,837	33,252
Compania de Generacion Valladolid, S. de R.L. de C.V.*	1,098	1,120	10,091
Yonago Biomass Power Generation LLC	988	1,008	9,082
Aichi Gamagori Biomass Power Generation LLC	532	–	4,894
Phoenix Operation and Maintenance Company LLC*	494	504	4,541
Omaezaki Port Biomass Energy LLC	494	–	4,541
PT.Cirebon Energi Prasarana*	251	256	2,314
Phoenix Power Company SAOG*	181	188	1,666
JERA Americas Inc.*	38	0	356
Shin Clark Power Holdings, Inc	28	–	264
Diamond Power Corporation	–	810	–
Goreway Power Station Holdings Inc.*	–	126	–

* With regard to ¥83,318 million (\$765,721) of the contingent liabilities in the table above as of March 31, 2020 and ¥95,409 million as of March 31, 2019, the Company has concluded an agreement with JERA Co., Inc. to compensate the Company for any loss arising from a debt guarantee.

16. Net Assets

The authorized number of shares of common stock without par value is 1,190 million. At both March 31, 2020 and 2019, the number of shares of common stock issued was 758,000,000. At March 31, 2020 and 2019, the number of shares of treasury stock held by the Chubu Electric Group was 1,659,419 (including 269,000 shares held by the trust account for the Plan) and 1,360,581, respectively.

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

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

balance sheets.

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

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

At the annual shareholders' meeting held on June 25, 2020, the shareholders approved cash dividends amounting to ¥18,917 million (\$173,856 thousand) or ¥25 per share. The total amount of dividends includes dividends of ¥6 million (\$61 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, 2020. Such dividends of surplus are recognized in the period in which they are approved by the shareholders.

17. Income Taxes

(a) The tax effects of temporary differences that give rise to deferred tax assets and liabilities at March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Deferred tax assets:			
Liability for retirement benefits	¥ 45,795	¥ 48,555	\$ 420,874
Asset retirement obligations	42,325	42,627	388,989
Depreciation of easement rights	35,094	32,821	322,530
Depreciation	23,021	30,866	211,578
Intercompany unrealized profits	18,348	19,575	168,632
Impairment loss	12,909	17,868	118,645
Reprocessing of irradiated nuclear fuel	12,868	13,845	118,269
Other	69,873	80,034	642,158
Total gross deferred tax assets	260,238	286,195	2,391,680
Less valuation allowance	(57,403)	(50,660)	(527,555)
Total deferred tax assets	202,835	235,534	1,864,125
Deferred tax liabilities:			
Asset retirement costs corresponding to asset retirement obligations	15,815	16,157	145,352
Net unrealized gains on available-for-sale securities	13,695	13,060	125,869
Other	10,731	10,832	98,624
Total deferred tax liabilities	40,242	40,050	369,845
Net deferred tax assets	¥162,592	¥195,483	\$1,494,279

(b) A reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2020 and 2019

	March 31, 2020	March 31, 2019
Statutory income tax rate	27.7%	–
Equity in net income of affiliates	(10.1)%	–
Gain on change in equity	(2.5)%	–
Valuation allowance	3.2%	–
Other	2.2%	–
Corporate tax burden rate after the application of the effective income tax rate	20.5%	–

The reconciliation for 2019 has been omitted because the difference between the statutory income tax rate and the effective income tax rate for the year ended

March 31, 2019 was 5% or less of the statutory income tax rate.

18. Operating Expenses

Operating expenses in the electricity business for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Salaries	¥ 116,790	¥ 132,037	\$ 1,073,344
Retirement benefits	22,671	22,349	208,356
Fuel	576	814,314	5,297
Subcontracting fees	67,161	83,257	617,238
Power purchased from other suppliers	1,454,466	458,354	13,367,026
Levy under act on purchase of renewable energy sourced electricity	298,545	295,711	2,743,735
Other	574,749	758,197	5,282,134
Subtotal	2,534,961	2,564,223	23,297,133
Adjustment	(19,674)	(24,598)	(180,818)
Total	¥2,515,286	¥2,539,625	\$23,116,315

19. 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 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Net unrealized gain (loss) on available-for-sale securities:			
Increase (decrease) during the year	¥ 2,641	¥(4,388)	\$ 24,272
Reclassification adjustments	(617)	(188)	(5,678)
Subtotal, before tax	2,023	(4,577)	18,594
Tax (expense) benefit	(633)	1,261	(5,826)
Subtotal, net of tax	1,389	(3,315)	12,768
Net deferred gain on hedging instruments:			
Increase during the year	2,265	1,304	20,821
Reclassification adjustments	849	1,018	7,810
Subtotal, before tax	3,115	2,323	28,632
Tax expense	(870)	(643)	(7,996)
Subtotal, net of tax	2,245	1,679	20,635
Foreign currency translation adjustments:			
Increase (decrease) during the year	19	(168)	179
Subtotal, net of tax	19	(168)	179
Adjustments for retirement benefits:			
(Decrease) increase during the year	(4,133)	782	(37,984)
Reclassification adjustments	8,784	6,259	80,732
Subtotal, before tax	4,651	7,042	42,747
Tax expense	(1,357)	(2,132)	(12,479)
Subtotal, net of tax	3,293	4,909	30,268
Share of other comprehensive income of affiliates accounted for using equity method:			
Decrease during the year	(21,306)	(2,503)	(195,809)
Reclassification adjustments	3,041	576	27,952
Acquisition cost adjustment for assets	2,449	404	22,509
Subtotal, net of tax	(15,815)	(1,522)	\$(145,347)
Total other comprehensive income	¥ (8,867)	¥ 1,582	\$ (81,495)

20. Related Party Transactions

(a) Significant transactions of the Company and its subsidiaries with unconsolidated subsidiaries and affiliates for the years ended March 31, 2020 and 2019 were as follows:

JERA Co., Inc. (an affiliate)

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

rights in JERA Co., Inc. Its involvement with JERA Co., Inc. includes power purchases and interlocking directors. The terms of power purchases are determined after due consideration of market conditions and negotiations.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
The Company's transactions during the year:			
Transaction amounts	¥881,214	¥713,589	\$8,098,655
Balances at the fiscal year-end:			
Other current liabilities	–	39,442	–
Notes and accounts payable - trade	74,864	–	688,028

Diamond Chubu Europe B.V.

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

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
The Company's transactions during the year:			
Transaction amounts	¥97,347	¥-	\$894,655

(b) Notes concerning the parent company and important affiliates

Important affiliates' financial summary

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Total current assets	¥1,143,531	¥ 610,565	\$10,509,430
Total noncurrent assets	2,891,792	646,928	26,576,536
Total current liabilities	839,344	264,269	7,713,852
Total noncurrent liabilities	1,594,712	380,050	14,655,933
Total net assets	1,601,267	613,173	14,716,181
Operating revenues	3,280,002	2,780,725	30,144,307
Income before income taxes	195,386	34,145	1,795,663
Net income attributable to owners of parent	168,543	22,598	1,548,966

21. Business Combinations

(a) Formation of jointly controlled entity

At the Board of Directors' meeting held on May 9, 2018, the Company resolved that it would enter into an absorption-type company split agreement with JERA Co., Inc. (hereinafter, "JERA") to the effect that JERA would integrate the Company's fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses (hereinafter, "the Business") by way of company split. The General Shareholders' Meeting, convened on June 27, 2018, approved the agreement for the absorption-type split. Accordingly, the Company had JERA succeed this business as of April 1, 2019.

Concurrently, JERA concluded a separate absorption-type company split agreement with TEPCO Fuel & Power, Inc. (hereinafter, "TEPCO FP") so that JERA succeeded the TEPCO FP's fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses in April 1, 2019.

(1) Outline of transactions

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

Gas/LNG sales business, LNG acceptance/storage/gas transmission business, the existing thermal power generation business, replacement and new establishment of the existing thermal power generation plants, and related businesses.

2) Date of business combination

April 1, 2019

3) Legal form of business combination

Absorption-type company split to be implemented by the Company as a split company and JERA as a successor company.

4) Company name after business combination

JERA Co., Inc.

5) Other matters concerning the outline of transactions

On June 8, 2017, the Company concluded a joint-venture agreement with TEPCO FP with the aim of integrating their fuel acceptance/storage/gas transmission businesses and the existing thermal power generation businesses, etc., into JERA (hereinafter, "the integration"). In addition, on February 27, 2018, the Company reached a related agreement with TEPCO (hereinafter, the "Related Agreement") which determined the terms and conditions and procedural matters concerning the integration. Based on the agreement, it was decided that JERA would integrate the businesses.

6) Reason for judging it a jointly controlled entity
In establishing this jointly controlled entity, the Company and TEPCO concluded a joint venture agreement under which both companies would jointly control JERA and other related agreements and have decided to pay for the business combination entirely with shares with voting rights. There exists no other circumstances indicating controlling relationships. Accordingly, in our opinion, this business combination was formed as a jointly controlled entity.

(2) Outline of accounting treatment applied

Following the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on January 16, 2019), and “Guidance on Accounting Standard for Business Combinations and business separations” (ASBJ Guidance No. 10, issued on January 16, 2019), this business combination is accounted for as a formation of a jointly controlled entity.

(b) Subsequent events (Business combinations of entities under common control)

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

To this end, at the Board of Directors’ meeting held on April 26, 2019, we resolved that we would enter into an absorption-type company split agreement with Chubu Electric Power Transmission and Distribution Business Split Preparation Company (the title has been changed to “Chubu Electric Power Grid Co., Inc.” on April 1, 2020) and Chubu Electric Power Retail Electricity Business Split Preparation Company (the title has been changed

to “Chubu Electric Power Miraiz Co., Inc.” on April 1, 2020) to the effect that each successor company would succeed the Company’s general transmission and distribution business and electricity retail businesses by way of company split. In addition, based on the resolution of the General Shareholders’ Meeting held on June 26, 2019, we obtained approval for the absorption-type split agreement for general transmission and distribution businesses and obtained approval for the company split from the competent government agency for general transmission and distribution businesses and electricity retail businesses on March 13, 2020. On April 1, 2020, we procured Chubu Electric Power Grid Co., Inc. to succeed to the general transmission and distribution businesses, etc., and Chubu Electric Power Miraiz Co., Inc. to succeed to the electricity retail business, etc.

(1) Outline of transactions

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

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

2) Date of business combination

April 1, 2020

3) Legal form of business combination

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

4) Company name after business combination

Chubu Electric Power Grid Co., Inc.
Chubu Electric Power Miraiz Co., Inc.

5) Other matters concerning the outline of transactions

a. Operating results of the divided company in this fiscal year

Business to be divided	Operating revenues of business to be divided (a)	Operating revenues of the Company (b)	Rate (a/b)
General transmission and distribution business, telecommunications business and any associated businesses	¥199,353 million (\$1,832,127 thousand)	¥2,719,087 million (\$24,989,315 thousand)	7.33%
Electricity retail business, gas business and any associated businesses	¥2,509,289 million (\$23,061,203 thousand)	¥2,719,087 million (\$24,989,315 thousand)	92.28%

(Note) The company describes external revenues.

b. Assets and liabilities to be divided (as of April 1, 2020)

(i) Assets and liabilities to be divided into Chubu Electric Power Grid Co., Inc.

Millions of yen

Assets		Liabilities	
Item	Book value	Item	Book value
Noncurrent Assets	¥2,092,902 million (\$19,234,467 thousand)	Noncurrent Liabilities	¥101,554 million (\$933,319 thousand)
Current Assets	¥38,166 million (\$350,760 thousand)	Current Liabilities	¥130,591 million (\$1,200,177 thousand)
Total	¥2,131,068 million (\$19,585,228 thousand)	Total	¥232,145 million (\$2,133,497 thousand)

(ii) Assets and liabilities' items and amount to be divided into Chubu Electric Power Miraiz Co., Inc.

Millions of yen

Assets		Liabilities	
Item	Book value	Item	Book value
Noncurrent Assets	¥40,238 million (\$369,804 thousand)	Noncurrent Liabilities	¥9,543 million (\$87,709 thousand)
Current Assets	¥234,106 million (\$2,151,519 thousand)	Current Liabilities	¥171,849 million (\$1,579,355 thousand)
		Reserves under special laws	¥22,446 million (\$206,291 thousand)
Total	¥274,345 million (\$2,521,324 thousand)	Total	¥203,839 million (\$1,873,356 thousand)

c. The Company's status after the absorption-type split (as of April 1, 2020)

	Split company
Corporate name	Chubu Electric Power Co., Inc.
Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Representative	Kingo Hayashi, President and Director
Business	Management of associated companies, nuclear power and renewable energy businesses, etc.
Capital	¥430,777 million (\$3,958,986 thousand)
Fiscal year end	March 31

d. Successor company's status after the absorption-type split (as of April 1, 2020)

	Successor company
Corporate name	Chubu Electric Power Grid Co., Inc.
Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Representative	Yaoji Ichikawa, President and Director
Business	General transmission and distribution business, telecommunication business, etc.
Capital	¥40,000 million (\$367,613 thousand)
Fiscal year end	March 31

	Successor company
Corporate name	Chubu Electric Power Miraiz Co., Inc.
Headquarters	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
Representative	Shinya Otani, President and Director
Business	Electricity retail business, gas business, etc.
Capital	¥4,000 million (\$36,761 thousand)
Fiscal year end	March 31

(2) Outline of accounting treatment applied

Following the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019) and "Guidance on Accounting Standard for

Business Combinations and business separations" (ASBJ Guidance No. 10, issued on January 16, 2019), this business combination will be accounted for as a business combinations of entities under common control.

22. Segment Information

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

absorption-type split agreement. Accordingly, we report three reportable segments: "Customer Service & Sales," "Power Network" and "JERA."

["Customer Service & Sales"]
Expansion of total energy services centered on gas & electric power
["Power Network"]
Provision of electric power network services
["JERA"]
From fuel upstream and procurement to power generation and wholesale of electricity and gas

(Change of reporting segment, etc.)
On April 1, 2019, JERA succeeded to the fuel receiving, storage, gas transmission and existing thermal power generation businesses by an absorption-type split agreement. Accordingly, from the current consolidated fiscal year, the reporting segment has been changed from the conventional "Power Generation," "Power Network" and "Customer Service & Sales" to "Customer Service & Sales," "Power Network" and "JERA."

Before change	After change
<Power Generation> Power supply with thermal and renewable energy	<Customer Service & Sales> Expansion of total energy services centered on gas & electric power
<Power Network> Provision of electric power network services	<Power Network> Provision of power network services
<Customer Service & Sales> Expansion of total energy services centered on gas & electric power	<JERA> From fuel upstream and procurement to power generation and wholesale of electricity and gas

In addition, the profit of the reporting segment was changed from the conventional "operating income" to "ordinary income" from the current consolidated fiscal year. The segment information for the previous

consolidated fiscal year is disclosed based on the segment classification method for the current consolidated fiscal year. Information by segment for the years ended March 31, 2020 and 2019 was as follows.

	Millions of yen							
	Customer Service & Sales	Power Network	JERA	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:								
External customers	¥2,604,247	¥ 195,500	¥ -	¥2,799,748	¥ 266,206	¥3,065,954	¥ -	¥3,065,954
Intersegment	56,121	555,293	-	611,415	504,773	1,116,188	(1,116,188)	-
Total	2,660,369	750,794	-	3,411,163	770,979	4,182,143	(1,116,188)	3,065,954
Ordinary income	¥ 45,075	¥ 47,680	¥ 71,229	¥ 163,985	¥ 41,266	¥ 205,252	¥ (13,449)	¥ 191,803
Total assets	¥ 356,270	¥2,126,621	¥999,094	¥3,481,986	¥2,280,387	¥5,762,374	¥ (261,558)	¥5,500,815
Depreciation and amortization	5,488	122,395	-	127,883	54,220	182,104	(3,932)	178,171
Interest income	1	3	-	4	16,019	16,024	(15,859)	164
Interest expense	786	13,519	-	14,306	24,125	38,431	(16,121)	22,309
Share of profit (loss) of entities accounted for using equity method	(586)	-	71,229	70,643	7,062	77,706	(600)	77,106
Investment in equity method affiliates	1,238	-	999,094	1,000,333	228,105	1,228,439	1,548	1,229,987
Increase in tangible and intangible fixed assets	15,141	118,361	-	133,503	115,471	248,975	(6,328)	242,646

Year ended March 31,
2019

Millions of yen

	Customer Service & Sales	Power Network	JERA	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:								
External customers	¥2,646,016	¥ 123,078	¥ 51,801	¥2,820,896	¥ 214,186	¥3,035,082	¥ –	¥3,035,082
Intersegment	103,534	623,343	1,034,728	1,761,605	548,518	2,310,124	(2,310,124)	–
Total	2,749,550	746,421	1,086,530	4,582,502	762,705	5,345,207	(2,310,124)	3,035,082
Ordinary income (loss)	¥ 64,411	¥ 42,748	¥ (1,038)	¥ 106,121	¥ 24,326	¥ 130,447	¥ (17,518)	¥ 112,929
Total assets	¥ 359,172	¥2,116,568	¥1,540,171	¥4,015,912	¥2,235,698	¥6,251,610	¥ (264,084)	¥5,987,526
Depreciation and amortization	6,235	124,630	77,154	208,020	52,762	260,783	(4,317)	256,465
Interest income	4	1	6	12	19,407	19,420	(19,196)	223
Interest expense	800	11,880	5,216	17,897	25,603	43,500	(19,476)	24,024
Share of profit (loss) of entities accounted for using equity method	(962)	–	5,682	4,720	4,927	9,647	(86)	9,560
Investment in equity method affiliates	1,695	–	323,625	325,320	120,173	445,494	1,596	447,090
Increase in tangible and intangible fixed assets	17,257	114,686	99,873	231,817	101,725	333,543	(6,422)	327,120

(Note) "JERA" segment includes the Company's thermal power generation businesses in addition to JERA Co., Inc.

Year ended March 31,
2020

Thousands of U.S. dollars

	Customer Service & Sales	Power Network	JERA	Subtotal	Other	Total	Adjustment	Consolidated
Operating revenues:								
External customers	\$23,933,899	\$ 1,796,718	\$ –	\$25,730,617	\$ 2,446,523	\$28,177,141	\$ –	\$28,177,141
Intersegment	515,775	5,103,333	–	5,619,108	4,639,033	10,258,141	(10,258,141)	–
Total	24,449,674	6,900,052	–	31,349,726	7,085,557	38,435,283	(10,258,141)	28,177,141
Ordinary income	\$ 414,259	\$ 438,198	\$ 654,623	\$ 1,507,081	\$ 379,254	\$ 1,886,336	\$ (123,600)	\$ 1,762,735
Total assets	\$ 3,274,244	\$19,544,354	\$9,182,014	\$32,000,612	\$20,957,518	\$52,958,130	\$ (2,403,811)	\$50,554,319
Depreciation and amortization	50,437	1,124,853	–	1,175,290	498,308	1,673,599	(36,143)	1,637,456
Interest income	9	30	–	40	147,225	147,265	(145,757)	1,508
Interest expense	7,226	124,251	–	131,478	221,722	353,200	(148,164)	205,036
Share of profit (loss) of entities accounted for using equity method	(5,388)	–	654,623	649,235	64,909	714,145	(5,515)	708,629
Investment in equity method affiliates	11,382	–	9,182,014	9,193,396	2,096,365	11,289,762	14,235	11,303,997
Increase in tangible and intangible fixed assets	139,155	1,087,784	–	1,226,940	1,061,223	2,288,163	(58,159)	2,230,003

(a) Method for calculating operating revenues, income, 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 internal sales and transfers are, in principle, calculated in accordance with internal transaction prices that are based on costs.

(b) Information about products and services

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

(c) Information by geographic regions

(1) Operating revenues

The Company has omitted a disclosure of information for operating revenues because operating revenues to external customers in Japan accounted for more than 90%

of the operating revenues reported in the consolidated statements of income.

(2) Property, plant and equipment

The Company has omitted a disclosure of information for property, plant and equipment because property, plant and equipment in Japan accounted for more than 90%

of the property, plant and equipment reported in the consolidated balance sheets.

(d) Information about major customers

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

(e) Impairment loss

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

(f) Amortization of goodwill and the unamortized balance

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

(g) Gain arising from negative goodwill

Not applicable

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of Chubu Electric Power Company, Incorporated:

Opinion

We have audited the accompanying consolidated financial statements of Chubu Electric Power Company, Incorporated ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2020, 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, 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, 2020, and its consolidated financial performance and 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 21 to the consolidated financial statements. On April 1, 2020, the Company procured Chubu Electric Power Grid Company, Incorporated to succeed to the general transmission and distribution businesses, etc., and Chubu Electric Power Miraiz Company, Incorporated to succeed to the electricity retail business, etc.

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 including 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.

Independent Auditor's Report

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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 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.

/S/ Chika Matsumoto

Designated Engagement Partner

Certified Public Accountant

/S/ Tetsuya Nakamura

Designated Engagement Partner

Certified Public Accountant

/S/ Tatsuhiro Murai

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Nagoya Office, Japan

June 25, 2020

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Chubu Electric Power Company, Incorporated