Financial Review (Consolidated Basis)

Operating Results

Total electricity sales volume in this period decreased to 79.2 TWh, a year-on-year decrease of 3.2%. This is because both retail electricity sales volume and wholesale electricity sales volume decreased due to a decrease in industrial customers' operations and the impact of energy-saving initiatives despite the increase in cooling demand due to higher temperatures in summer compared to the previous year.

Ordinary revenues totaled ¥2,817.8 billion (US$18,610 million), a decrease of ¥189.3 billion (US$1,250 million) or 6.3% decrease from the previous fiscal year due to a decrease in fuel cost adjustment resulting from lower fuel prices and a decrease in sales of electricity sold to other companies resulting from lower wholesale electricity trading market prices, despite an increase due to a review of electricity rates for customers with contracts for high voltage or higher.

Ordinary income totaled ¥291.9 billion (US$1,928 million), an increase of ¥491.2 billion (US$3,244 million) from the previous fiscal year, due to the time lag effect of the fuel cost adjustment system significantly boosted profits, electricity rate revisions and efficiency initiatives such as fuel cost reductions through year-round operation of the highly efficient Joetsu Thermal Power Plant.

Net income attributable to owners of the parent totaled ¥226.1 billion (US$1,493 million), an increase of ¥353.6 billion (US$2,335 million) from the previous fiscal year.

Consolidated cash income for this period totaled ¥420.3 billion (US$2,775 million).

In the future management development "Working alongside next + PLUS" in the medium- to long-term vision of the Tohoku Electric Power Group, the following new financial targets have been set as quantitative targets for early recovery of the financial base and formation of a virtuous cycle of "profit, investment, and growth".

	FY2026	FY2030
Profit indicators [Consolidated ordinary income]	190.0 billion yen	200.0 billion yen or more
Financial soundness indicators [Consolidated equity ratio]	Around 20%	25% or more
Profitability index Consolidated ROIC]	3.5% level*	3.5% or more*

*Consolidated ROE will be 8% or more when the target is achieved.

【Power Generation and Sales Business】

Our electricity sales (retail) decreased to 64.1 TWh or 2.7% decrease due to a decrease in operation by industrial customers and the impact of energy-saving initiatives, despite an increase in cooling demand due to higher summer temperatures compared to the previous fiscal year.

Of the retail electricity volume, lighting demand (residential) was 19.7 TWh, a year-on-year decrease of 1.1%. Power demand was 44.4 TWh, a year-on-year decrease of 3.4%. On the other hand, wholesale electricity sales volume decreased by 5.0% from the previous fiscal year to 15.1 TWh due to a decrease in wholesale electricity volume outside of the six Tohoku prefectures and Niigata Prefecture. As a result, total electricity sales volume decreased by 3.2% year-on-year to 79.2 TWh.

As for supply, although power supply continued to decrease due to the continued suspension of nuclear power plants and droughts, a stable supply of electricity was ensured thanks to increased operation of thermal power plants.

Operating revenue totaled ¥2,281.0 billion (US$15,065 million), a decrease of ¥33.2 billion (US$219 million) or 1.4% from the previous fiscal year, resulting from a decrease in electricity sales fees to other companies due to a decline in wholesale electricity market prices, although there was an increase due to a review of electricity rates for customers using high voltage or higher. etc.

Ordinary income totaled ¥220.2 billion (US$1,454 million), an increase of ¥438.6 billion (US$2,896 million) from the previous fiscal year due to the time lag effect of the fuel cost adjustment system due to the fall in fuel prices which significantly boosted profits and the revision of electricity rates.

【Network Business】

Electricity demand in our franchise area for fiscal 2023 decreased by 2.1% from the previous fiscal year to 75.4 TWh, reflecting the impact of energy conservation and power saving, production trends in industrial use, etc.

Ordinary revenue decreased ¥266.8 billion (US$1,762 million) or 23.7% from the previous fiscal year to ¥858.0 billion (US$5,667 million) due to a decrease in wholesale supply of renewable energy electricity, etc.

Ordinary income increased ¥49.3 billion (US$325 million) or 433.0% from the previous fiscal year to ¥60.7 billion (US$400 million) due to a reduction in procurement costs in supply and demand adjustment market transactions, etc.

【Construction business】

Operating revenue increased ¥18.2 billion (US$120 million) or 6.0% from the previous fiscal year to ¥321.7 billion (US$2,125 million), mainly due to increases in Air conditioning pipe work and power distribution/power transmission work.

Ordinary income increased ¥1.4 billion (US$9 million) or 11.3% from the previous fiscal year to ¥14.6 billion (US$96 million).

【Other businesses】

Operating revenue decreased ¥2.7 billion (US$17 million) or 1.1% from the previous fiscal year to ¥243.4 billion (US$1,608 million), mainly due to a decrease in trading volume and unit price of the gas business.

Ordinary income decreased ¥0.9 billion (US$5 million) or 6.8% from the previous fiscal year to ¥12.8 billion (US$84 million).

Capital Expenditure

The Group's capital expenditure in fiscal 2023 (not subject to adjustment) was ¥397.0 billion (US$2,622 million). By segment, the power generation and sales business amounted to ¥209.4 billion (US$1,382 million), the network business for ¥157.4 billion (US$1,039 million), the construction business for ¥4.1 billion (US$27 million) and other businesses for ¥26.0 billion (US$171 million).

In the power generation and sales business, and network business, we invested in plant and equipment necessary to respond efficiently to long-term demand.

Segment	Item	Capital expenditure	
Power Generation and Sales Business	Power generating units	¥193.4 billion	US$1,277 million
	Other	9.8 billion	64 million
	Nuclear fuel	6.1 billion	40 million
	Subtotal	209.4 billion	1,382 million
Network business	Power generating units	2.6 billion	17 million
	Transmission	63.0 billion	416 million
	Transformation	22.2 billion	146 million
	Distribution	48.2 billion	318 million
	Supplying electricity, other	21.2 billion	140 million
	Subtotal	157.4 billion	1,039 million
Construction business		4.1 billion	27 million
Other		26.0 billion	171 million
	Total	¥397.0 billion	US$2,622 million

Assets, Liabilities and Net Assets

Total assets at the end of fiscal 2023 were valued at ¥5,388.7 billion (US$35,590 million), an increase of ¥176.8 billion (US$1,167 million) or 3.4% from the end of fiscal 2022, mainly due to an increase in the construction in progress account due to safety measures for the Onagawa Nuclear Power Station Unit No.2.

Total liabilities at the end of fiscal 2023 were ¥4,477.6 billion (US$29,572 million), decreased by ¥103.1 billion (US$680 million) or 2.3% from the end of the previous fiscal year, mainly due to a decrease in the balance of interest-bearing debt by ¥84.6 billion (US$558 million) or 2.5% to ¥3,290.9 billion (US$21,735 million) as a result of bond redemptions.

Net assets at the end of fiscal 2023 came to ¥911.0 billion (US$6,017 million), an increase of ¥279.9 billion (US$1,848 million) or 44.4% from the end of fiscal 2022, mainly due to an increase in retained earnings due to the recording of net gain attributable to owners of the parent.

As a result, the equity ratio increased 4.9% from the previous fiscal year to 15.4%.

Cash Flows

Cash and cash equivalents at the end of fiscal 2023 were ¥529.3 billion (US$3,496 million), an increase of ¥21.4 billion (US$141 million) or 4.2% from the end of fiscal 2022.

Cash flows by activity and factors contributing to year-on-year changes are as follows.

【Cash flows from operating activities】

Cash inflow from operating activities was ¥450.1 billion (US$2,973 million) mainly due to increased revenue from electricity rate revisions and reduced electricity procurement expenditures. In the previous consolidated fiscal year, cash outflow was ¥93.7 billion (US$618 million).

【Cash flows from investing activities】

Cash outflow from investing activities increased ¥57.7 billion (US$381 million) or 20.9% from the previous fiscal year to ¥333.5 billion (US$2,202 million) mainly because of an increase in expenditures for the acquisition of fixed assets due to safety measures for the Onagawa Nuclear Power Station Unit No.2 .

【Cash flows from financing activities】

Cash outflow from financing activities decreased ¥694.5 billion (US$4,586 million) from the previous fiscal year to ¥96.0 billion (US$634 million) due to a decrease in issuance of bonds.

【Business and Other Risks】

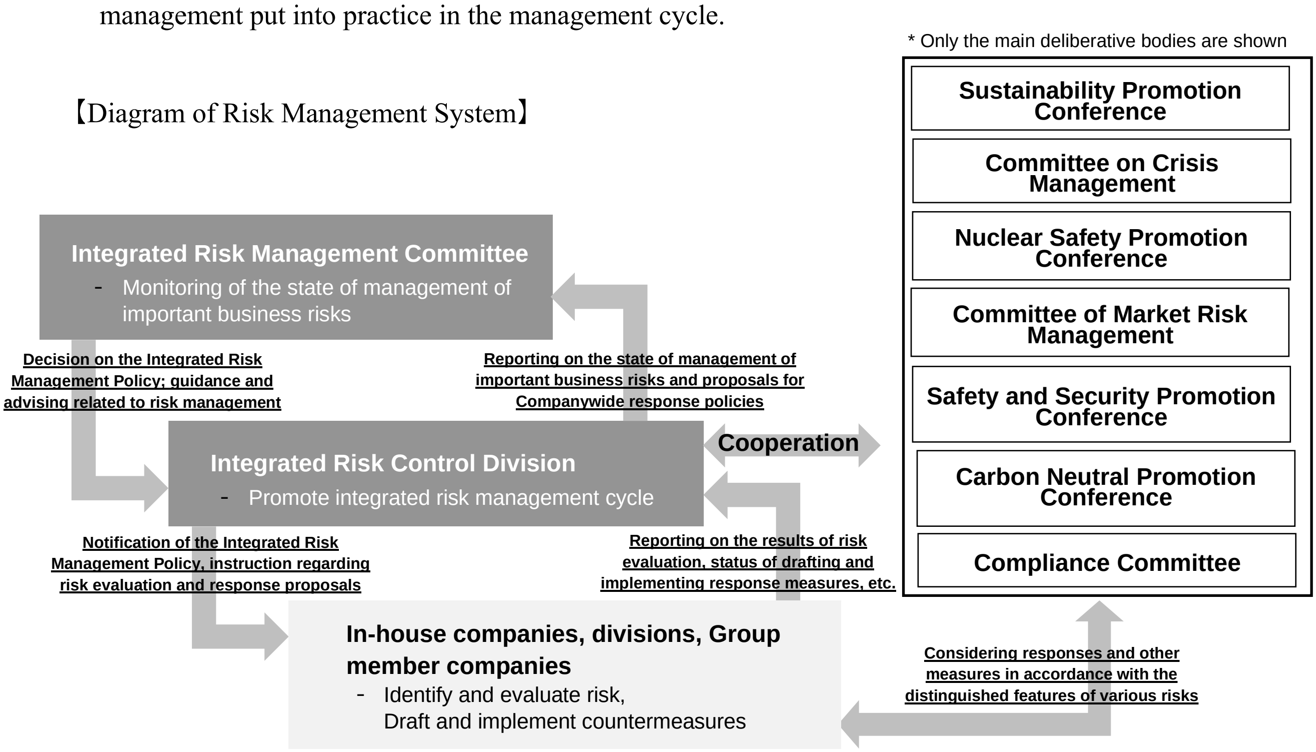
In order to ensure steady supply of electricity, power stations, power network facilities and securing fuel are essential for providing electricity services that is a core business for our corporate group companies. Any troubles caused by damage to the facilities or long-term suspension of power supply may become the significant risk in business management. We fulfill our social mission to supply electricity that is indispensable for our day-to-day lives and industrial activities. Therefore, we recognize there is a regulatory risk that is significant for the business environment and in accordance with a change of energy policy and/or electricity system reform. In addition, another important aspect is a market risk because fossil fuel cost that is the major cost for electricity business is largely affected by the fluctuation of foreign exchange and CIF price such as crude oil.

When risks become apparent, the result and financial position of our corporate group may be affected. Therefore, we will focus our efforts on minimizing these risks, and if any should occur, we will take prompt action.

The following are major risks that could affect the corporate group's performance and financial position. The risks shown below were those identified by our company on June 28, 2023, but all the risks are not included here. Our corporate group's business may be affected by the current unknown risk or other risks that haven't been seen as serious ones at present.

We set up an Integrated Risk Management Committee chaired by the President to address risks that may have a significant impact on our management. Furthermore, an integrated risk management policy shall be established, monitoring and risk management conducted, risks to business operations periodically identified and evaluated by individual organizations, countermeasures incorporated into the business plan to be formulated every year, and risk management put into practice in the management cycle.

【Diagram of Risk Management System】



(1) Risks in Business Management including Facilities

a. Natural Disasters and Facilities Incidents

Impact: Extremely large	Significance: Extremely high
Due to natural disasters, such as earthquakes, tsunami, typhoons, accidents or illegal activities, including war, terrorism and cyberattack, and equipment troubles, facilities including other company's power stations that we invest and use may be damaged, power sources could be cut off over a long period of time, and essential systems could be halted. In such cases, our group companies' business performance and financial position could be significantly affected because of cost for restoring the facilities and increasing power generation. In addition to establishing "Tohoku Electric Power Group Safety and Security Policy," Our corporate group companies conduct regular inspections and repair of facilities, develop a cybersecurity strategy, improve their reliability, and proactively proceed our initiative in workplace safety and equipment security in order to reduce risk for facilities and provide a stable supply of high-quality electricity.	

(2) Risks in Business Management such as Regulatory Risk

a. Electricity Business Reforms

Impact: Large	Significance: Extremely high
There are institutional change in market trading and progress in electricity system reforms, including non-fossil fuel energy value trading market, a base load power source market, supply-demand adjustment market, and capacity market, change in national and international energy policy, the subsequent intensified competition with other businesses, and increasing countermeasures of facilities due to tightening environment regulation. Such situations may affect our performance and financial position for a long time. Therefore, we will continuously monitor the future trend in terms of the national energy policies and system change surrounding electricity businesses.	

b. Changes in Nuclear Energy Policy

Impact: Large	Significance: Extremely high
The circumstances surrounding nuclear power generation have become increasingly severe. If changes in nuclear energy policies, regulations, response to the new regulatory requirements, and the result of lawsuits cause a long-term suspension of nuclear power stations that we possess or receive electricity, thermal power fuel and other costs may continue to increase. In such cases, our corporate group companies' business performance and financial position could be affected for a long time. We think it is necessary to utilize nuclear power generation to some extent, under the basic premise of securing safety, and we have been implementing safety measures in response to new regulatory requirements, in addition to our voluntary and continuing efforts to enhance safety further. In case that Onagawa Nuclear Power Station Unit No.2 and Higashidori Nuclear Power Station Unit No.1 restart their operation, based on certain preconditions, an annual cost of thermal fuel is estimated to decline by ¥60 billion and ¥40 billion respectively.	

c. Fluctuation in Nuclear Power Back-End Costs

Impact: Extremely large	Significance: Extremely high

Japan's basic policy is to promote the nuclear fuel cycle, in which spent fuel is reprocessed and the plutonium recovered is effectively utilized, in order to effectively utilize resources and reduce the volume and toxicity of high-level radioactive waste. In addition, the back-end project required for the disposal of spent fuel is conducted in accordance with the relevant laws and regulations. Although this project involves uncertainty over a very long period of time, the risk to the operator is reduced by the government's institutional measures. The cost of the project is shown in the table below.

Contents	Related Laws and Regulations	Institutional Arrangements
Spent fuel reprocessing costs	Law Concerning the Implementation of Spent Fuel Reprocessing and Promotion of Decommissioning in Nuclear Power Generation	Paying contributions to the Nuclear Reprocessing and Decommissioning facilitation Organization of Japan based on the amount of specific radioactive wastes, generated from the operation of nuclear power stations
Final disposal costs of specific radioactive waste generated after reprocessing spent fuel	Designated Radioactive Waste Final Disposal Act	Paying contributions to the Nuclear Waste Management Organization of Japan based on the amount of specific radioactive wastes, generated from the operation of nuclear power stations
Costs of dismantling nuclear power generation facilities	Law Concerning the Implementation of Spent Fuel Reprocessing and Promotion of Decommissioning in Nuclear Power Generation	Paying contributions to the Nuclear Reprocessing and Decommissioning facilitation Organization of Japan based on the amount of specific radioactive wastes, generated from the operation of nuclear power stations

Meanwhile, costs may increase depending on national energy policy, regulatory reform, changes in estimates of future expenses, operation status of reprocessing plants, and other factors, our corporate group companies’ business performance and financial position could be affected for a long time.

Therefore, we will continue to focus on the national energy policy as well as related regulatory measures concerning the back-end project of nuclear power.

d. Risks concerning Climate Change

Impact: Large	Significance: Extremely high
The impact of climate change such as increasing damage of facilities due to severe natural disaster may have an impact on our corporate group companies' business performance and financial position for a long time. In the midst of the situation that the transition towards decarbonized society is required globally, we recognize that operation and fundraising of thermal power station using fossil fuels are limited to a certain degree. As the Japanese government announced it would aim at achieving carbon neutrality by 2050, a response to climate change will be a key issue for the whole society more than ever. Given such a situation, under the slogan 'Tohoku Electric Power Group's Carbon Neutral Challenge 2050', we continuously work on decarbonizing thermal power generation. In addition, our group seek to improve resilience against natural disaster, as well as accelerating the measures such as CO2 emission reduction mainly through maximizing utilization of renewable energy and nuclear power generation and promoting smart society building business.	

(3) Market Risks including Price Fluctuation Risks

a. Demand and Sales Price Fluctuation

Impact: Large	Significance: Extremely high
In the electric power business, the volume of electricity sales, transmission and prices of electricity fluctuate due to intensifying competition because of full liberalization of the retail market, aging and shrinking population, economic conditions and temperature, as well as the progress of energy conservation. Consequently, there may be a serious impact on our corporate group companies' business performance and financial position. Through further expanding both wholesale and retail sales, we will continuously boost electricity sales volume beyond our franchise area. In addition, we seek to leverage trading functions based on electricity market reform towards maximizing the value of electricity.	

b. Fluctuations in Fuel Prices and Purchased Power Charge

Impact: Large	Significance: Extremely high
Fuel costs for thermal power generation are affected by fluctuations in CIF prices of coal, LNG, and heavy/crude oil, as well as exchange rates and fluctuation of prices in the wholesale exchange market. The Fuel Cost Adjustment System, which is designed to reflect fluctuations in fuel prices and exchange rates on electricity rates, applies to electric business. However, if the operational condition at thermal power station and the fuel and other prices change significantly, our corporate group companies' business performance and financial position could be affected. To disperse the risk caused by fuel price fluctuations, we are making efforts to maintain a well-balanced combination of power sources. In addition, fluctuation in yearly precipitation affects hydropower output, which may affect our fuel costs. However, we have set aside a reserve for fluctuation in water levels, which allows electric power companies to make certain adjustments against such impact within balance of reserve, thus limiting the effect on business performance. The following shows our thermal cost which is estimated based on certain preconditions. Every US dollar per barrel change in crude oil price impacts on thermal cost by ¥3.1 billion annually. When foreign exchange rate fluctuates by ¥1 against US$1.00, there will be annually affected at ¥4.2 billion. When the flow rate changes by one percent, its impact will be an estimation of ¥1.8 billion annually. As the prices are affected by operation status at thermal power stations, they are not determined only by fuel costs and foreign exchange rate.	

c. Interest Rate Fluctuations

Impact: Large	Significance: High
The balance of interest-bearing liabilities for the current fiscal year end on consolidated basis amounted to ¥3,290.9 billion. In order to alleviate the impact due to interest rate fluctuations, we basically raise funds at fixed interest rates. Our corporate group companies' business performance and financial position may be affected by future trends in market interest rates and changes in ratings. We estimate to be affected at ¥1.3 billion annually when the interest rate fluctuates by 1 percent. However, because the balance of interest-bearing liabilities mainly consists of corporate bonds and long-term loans with fixed interest, we believe that the influence of fluctuations in market interest rates is limited.	

d. Fluctuations due to Retirement Benefit Expenses and Debts

Impact: Large	Significance: High
Retirement benefit expenses and debts are calculated based on the preconditions on an actuarial basis such as discount rate and long-term expected rate of return on assets. There is a possibility that our financial results of our corporate group companies may be affected by fluctuation of discount rate yield on investment. Therefore, we strive for mitigating risks on finance through decreasing our group's whole projected benefit obligations by reducing risk through diversified investment of pension fund and introducing defined contribution plan, and make endeavor for alleviating the impact on our financial results.	

(4) Other Risks

a. Information Leakage

Impact: Large	Significance: High
Our corporate group companies possess a large amount of important information, such as information on individuals and facilities. If any problems occur as a result of a leakage of important information, our corporate group companies' results and financial position could be affected adversely due to payment for damage compensation and decreasing social credibility. Our efforts to secure proper handling of important information include the establishment of related standards, education for our employees, and thorough management of our outsourcing contractors, to enhance information security.	

b. Compliance

Impact: Large	Significance: High
If violation of compliance is committed, the reputation of our corporate group may be damaged, adversely affecting our corporate group companies' business performance and financial position. We believe that compliance must be a precondition of all business activities. Therefore, our corporate group companies have established systems to compliance, and are making efforts to have the system prevailed in our group. Under "Tohoku Electric Power Sustainability Policy," we will meet the stakeholders' expectations and fulfill our social responsibility by engaging in business activities with integrity and fairness.	

c. Spread of new infectious diseases

Impact: Large	Significance: High
If new infectious diseases continues to spread for a long time, our corporate group companies' business performance and financial position may be affected due to declining electricity demand caused by lowering volume of consumption and stagnated production activities, and limited operation of power stations. In case that the virus spreads out in our workplace such as power stations, securing operators may be adversely affected. If the pandemic situation worsens, there may be an impact on fuel procurement. We have prepared for the pandemic outbreak, and developed a Business Continuity Plan to maintain stable supply of electricity. We will implement the business management while streamlining the businesses that can be downsized or suspended step by step in response to each epidemic phases. Additionally, we will secure stable procurement by diversifying fuel sources. While seeking stable supply of electricity and reducing the risk of suspension, we will respond to business environment that may change for the mid-to-long term.	

d. Risk Associated with Factors Other than Electricity Business

Impact: Large	Significance: High
Business performance in smart-society building business and others which are not our core electricity business tends to be affected by change in business environment including competition against other enterprises and development of gas system reform in terms of reduction in sales and profit, thereby our corporate group companies' business performance and financial position could be affected as well. We would like to provide a total package that combines energy with service and enhance solution services beyond the boundaries of the conventional electricity business. Thus, we will contribute to realize a smart society and try to make our new business profitable as soon as possible while strengthening our competitiveness.	

Five-Year Summary (Consolidated basis)

Tohoku Electric Power Co., Inc. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen				
	2024	2023	2022	2021	2020
Operating results					
Operating revenue	**¥ 2,817,813**	¥ 3,007,204	¥ 2,104,448	¥ 2,286,803	¥ 2,246,369
Operating expenses	**2,495,550**	3,187,259	2,133,185	2,198,883	2,130,018
Operating income	**322,263**	(180,054)	(28,737)	87,919	116,350
Interest expenses	**24,544**	18,824	14,528	15,453	17,331
Other income (expenses) , net	**(5,779)**	(398)	(24,903)	(17,970)	(5,251)
Income before special item and income taxes	**291,940**	(199,277)	(68,168)	54,495	93,768
special item	**-**	(79)	79	-	0
Income before income taxes	**291,940**	(199,198)	(68,248)	54,495	93,768
Income taxes	**61,502**	(76,051)	35,755	21,544	28,702
Net income attributable to non-controlling interests	**4,336**	4,415	4,358	3,570	1,991
Net income attributable to owners of parent	**226,102**	(127,562)	(108,362)	29,380	63,074

Sources and application of funds					
Sources:					
Internal funds	**¥481,730**	¥(289,968)	¥(7,946)	¥ 288,849	¥ 313,138
External funds:					
Bonds	**95,000**	555,700	250,000	230,000	234,261
Borrowings	**192,939**	829,095	987,786	322,000	383,181
	287,939	1,384,795	1,237,786	552,000	617,442
Total	**769,669**	1,094,826	1,229,839	840,849	930,580
Applications:					
Capital expenditure	**397,046**	325,009	311,423	309,004	344,741
Debt redemption	**372,623**	769,817	918,416	531,844	585,839
Total	**769,669**	1,094,826	1,229,839	840,849	930,580

Assets and capital					
Total assets	**¥ 5,388,723**	¥ 5,211,914	¥ 4,725,651	¥ 4,471,081	¥ 4,323,099
Property, plant and equipment, net	**3,546,757**	3,361,217	3,261,932	3,165,767	3,135,004
Capital stock	**251,441**	251,441	251,441	251,441	251,441
Total net assets	**911,078**	631,099	778,980	901,534	864,177

	Millions of yen				
	2024	2023	2022	2021	2020
Cash Flows					
Operating activities:					
Net cash provided by operating activities	**¥450,160**	¥(93,776)	¥ 97,188	¥ 217,617	¥ 371,525
Investing activities:					
Net cash used in investing activities	**(333,550)**	(275,797)	(322,163)	(254,961)	(310,627)
Financing activities:					
Net cash provided by (used in) financing activities	**(96,050)**	598,465	293,243	(5,774)	6,719
Effect of exchange rate changes on cash and cash equivalents	**897**	584	557	389	(237)
Increase in cash and cash equivalents from newly consolidated subsidiary	**-**	-	-	-	-
Increase in cash and cash equivalents resulting from merger	**-**	-	-	-	-
Cash and cash equivalents at end of the period	**529,354**	507,896	278,420	209,593	252,322

	2024	2023	2022	2021	2020
Electric power sales (GWh)					
Lighting (Residential)	**19,738**	19,959	20,990	21,969	21,813
Power	**44,396**	45,982	46,356	43,983	45,354
Retail Electricity Sales	**64,135**	65,940	67,346	65,952	67,167
Wholesale Electricity Sales	**15,091**	15,885	16,718	16,571	17,652
Total	**79,225**	81,825	84,064	82,523	84,819

	2024	2023	2022	2021	2020
Plant data					
Generating capacity (MW)					
(Number of plants):					
Hydroelectric	**2,573**	2,572	2,558	2,556	2,556
	(225)	(226)	(227)	(227)	(227)
Thermal *	**11,940**	11,940	12,073	12,073	12,031
	(14)	(14)	(13)	(13)	(13)
Nuclear	**2,750**	2,750	2,750	2,750	2,750
	(2)	(2)	(2)	(2)	(2)
Renewables	**280**	193	243	243	243
	(23)	(19)	(19)	(19)	(19)
Total	**17,543**	17,456	17,624	17,622	17,580
	(264)	(261)	(261)	(261)	(261)
Substation capacity (MVA)	**80,196**	80,101	79,962	79,762	79,404
Transmission lines (km)	**15,520**	15,506	15,460	15,362	15,364
Distribution lines (km)	**149,818**	149,517	149,120	148,735	148,348

* Intenal combustion power is included in Thermal.

Other data					
Number of employees	**24,234**	24,528	24,833	24,717	24,870

Consolidated Financial Statements

Tohoku Electric Power Company, Incorporated

Year ended March 31, 2024
with Independent Auditor's Report

Tohoku Electric Power Company, Incorporated

Consolidated Balance Sheets

	March 31, 2024	March 31, 2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Assets			
Property, plant and equipment *(Note 5)*	¥10,905,711	¥10,589,738	$72,027,679
Less accumulated depreciation	(7,358,954)	(7,228,521)	(48,602,826)
Property, plant and equipment, net	3,546,757	3,361,217	23,424,853
Nuclear fuel:			
Loaded nuclear fuel	30,591	30,591	202,040
Nuclear fuel in processing	113,045	117,569	746,615
Total nuclear fuel	143,637	148,160	948,662
Long-term investments *(Notes 6 and 7)*	148,900	147,367	983,422
Defined benefit asset (*Note 15*)	35,091	6,528	231,761
Deferred tax assets *(Note 19)*	181,372	220,113	1,197,886
Other assets *(Note 10)*	130,577	121,783	862,406
Current assets:			
Cash and deposits *(Notes 6 and 9)*	483,709	506,752	3,194,696
Notes and accounts receivable – trade *(Notes 6 and 12)*	261,550	262,632	1,727,428
Inventories *(Note 11)*	92,806	136,823	612,944
Other current assets	364,320	300,535	2,406,181
Total current assets	1,202,387	1,206,742	7,941,265
Total assets	¥5,388,723	¥5,211,914	$35,590,271

	March 31,		
	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Liabilities and net assets			
Long-term debt *(Notes 6 and 14)*	¥2,954,410	¥3,075,137	$19,512,647
Reserve for restoration costs of natural disaster	3,142	7,227	20,751
Defined benefit liability *(Note 15)*	125,070	163,259	826,035
Asset retirement obligations *(Note 16)*	192,844	179,135	1,273,654
Deferred tax liabilities for land revaluation *(Note 13)*	1,279	1,297	8,447
Other liabilities	43,175	41,333	285,152
Current liabilities:			
Current portion of non-current liabilities *(Notes 6 and 14)*	331,680	303,713	2,190,608
Notes and accounts payable – trade *(Note 6)*	231,281	254,947	1,527,514
Accrued income taxes	38,395	2,921	253,582
Other advances	276,910	276,088	1,828,875
Reserve for restoration costs of natural disaster	4,217	6,320	27,851
Other current liabilities	275,236	269,432	1,817,819
Total current liabilities	1,157,721	1,113,424	7,646,265
Total liabilities	4,477,645	4,580,815	29,572,980
Contingent liabilities *(Note 25)*			
Net assets *(Note 26)*:			
Shareholders' equity *(Note 20)*:			
Capital stock, without par value:			
Authorized – 1,000,000,000 shares			
Issued – 502,882,585 shares	251,441	251,441	1,660,663
Capital surplus	23,291	22,250	153,827
Retained earnings	509,385	286,048	3,364,275
Treasury shares; 2,791,392 shares in 2024 and 2,870,378 shares in 2023	(4,154)	(4,512)	(27,435)
Total shareholders' equity	779,963	555,227	5,151,330
Accumulated other comprehensive income:			
Unrealized holding gain (loss) on available-for-sale securities *(Note 7)*	7,598	2,910	50,181
Unrealized gain from hedging instruments *(Note 8)*	7,153	697	47,242
Revaluation reserve for land *(Note 13)*	(937)	(919)	(6,188)
Foreign currency translation adjustments	5,533	2,897	36,543
Remeasurements of defined benefit plans *(Note 15)*	28,383	(11,824)	187,457
Total accumulated other comprehensive income (loss)	47,731	(6,239)	315,243
Non-controlling interests	83,383	82,111	550,709
Total net assets	911,078	631,099	6,017,290
Total liabilities and net assets	¥5,388,723	¥5,211,914	$35,590,271

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Consolidated Statements of Operations

	Year ended March 31,		
	2024	**2023**	**2024**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Operating revenue:			
Electric utility operating revenue	¥2,531,759	¥2,716,930	$16,721,213
Other business operating revenue	286,054	290,274	1,889,267
	2,817,813	3,007,204	18,610,481
Operating expenses *(Note 22 and 24)*:			
Electric utility operating expenses *(Note 23)*	2,228,642	2,906,927	14,719,252
Other business operating expenses	266,907	280,331	1,762,809
	2,495,550	3,187,259	16,482,068
Operating income (loss)	322,263	(180,054)	2,128,412
Other income (expense):			
Interest and dividend income	1,477	1,052	9,754
Interest expenses	(24,544)	(18,824)	(162,102)
Gain on sale of goods	1,920	2,590	12,680
Gain on sale of securities	1,983	1,032	13,096
Share of gain (loss) of entities accounted for using equity method	572	289	3,777
Other, net	(11,733)	(5,364)	(77,491)
	(30,323)	(19,223)	(200,270)
Ordinary income (loss)	291,940	(199,277)	1,928,142
Provision of reserve for fluctuation in water levels	-	79	-
Income (loss) before income taxes	291,940	(199,198)	1,928,142
Income taxes *(Note 19)*:			
Current	43,415	6,629	286,737
Deferred	18,086	(82,680)	119,450
	61,502	(76,051)	406,195
Net income (loss)	230,438	(123,146)	1,521,947
Net income attributable to non-controlling interests	4,336	4,415	28,637
Net income (loss) attributable to owners of parent *(Note 26)*	¥226,102	¥(127,562)	$1,493,309

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Consolidated Statements of Comprehensive Income

	Year ended March 31,		
	2024	**2023**	**2024**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Net income (loss)	¥230,438	¥(123,146)	$1,521,947
Other comprehensive income (loss) *(Note 27)*:			
Unrealized holding gain (loss) on available-for-sale Securities	4,963	1,348	32,778
Unrealized gain (loss) from hedging instruments	6,465	(4,683)	42,698
Foreign currency translation adjustments	2,732	1,696	18,043
Remeasurements of defined benefit plans	41,188	(14,711)	272,029
Share of other comprehensive income (loss) of entities accounted for using equity method	46	673	303
Total other comprehensive income (loss)	55,396	(15,676)	365,867
Comprehensive income (loss)	285,835	(138,823)	1,887,821
Total comprehensive income (loss) attributable to:			
Owners of parent	¥280,090	¥(143,347)	$1,849,877
Non-controlling interests	5,744	4,524	37,936

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Unrealized holding gain (loss) on available-for-sale securities	Unrealized gain (loss) from hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2023	¥251,441	¥22,250	¥286,048	¥(4,512)	¥555,227	¥2,910	¥697	¥(919)	¥2,897	¥(11,824)	¥(6,239)	¥82,111	¥631,099
Changes in parent's ownership interests arising from transactions with non-controlling interests		1,040			1,040								1,040
Dividends of surplus			(2,505)		(2,505)								(2,505)
Net income (loss) attributable to owners of parent			226,102		226,102								226,102
Purchases of treasury Shares				(297)	(297)								(297)
Disposal of treasury Shares			(277)	655	378								378
Reversal of revaluation reserve for land			17		17								17
Net changes in items other than shareholders' equity						4,687	6,456	(17)	2,636	40,208	53,971	1,272	55,243
Balance at March 31, 2024	¥251,441	¥23,291	¥509,385	¥(4,154)	¥779,963	¥7,598	¥7,153	¥(937)	¥5,533	¥28,383	¥47,731	¥83,383	¥911,078

Year ended March 31, 2023

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Unrealized holding gain (loss) on available-for-sale securities	Unrealized gain (loss) from hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2022	¥251,441	¥22,290	¥421,113	¥(4,742)	¥690,102	¥1,607	¥4,708	¥(907)	¥1,341	¥2,807	¥9,556	¥79,321	¥778,980
Changes in parent's ownership interests arising from transactions with non-controlling interests		(39)			(39)								(39)
Dividends of surplus			(7,512)		(7,512)								(7,512)
Net income (loss) attributable to owners of parent			(127,562)		(127,562)								(127,562)
Purchases of treasury Shares				(8)	(8)								(8)
Disposal of treasury Shares			(1)	237	236								236
Reversal of revaluation reserve for land			11		11								11
Net changes in items other than shareholders' equity						1,303	(4,011)	(11)	1,556	(14,632)	(15,796)	2,790	(13,006)
Balance at March 31, 2023	¥251,441	¥22,250	¥286,048	¥(4,512)	¥555,227	¥2,910	¥697	¥(919)	¥2,897	¥(11,824)	¥(6,239)	¥82,111	¥631,099

Year ended March 31, 2024

(Thousands of U.S. dollars) (Note 2)

	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Unrealized holding gain (loss) on available-for-sale securities	Unrealized gain (loss) from hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2023	$1,660,663	$146,951	$1,889,227	$(29,799)	$3,667,043	$19,219	$4,603	$(6,069)	$19,133	$(78,092)	$(41,205)	$542,308	$4,168,146
Changes in parent's ownership interests arising from transactions with non-controlling interests		6,868			6,868								6,868
Dividends of surplus			(16,544)		(16,544)								(16,544)
Net income (loss) attributable to owners of parent			1,493,309		1,493,309								1,493,309
Purchases of treasury Shares				(1,961)	(1,961)								(1,961)
Disposal of treasury Shares			(1,829)	4,326	2,496								2,496
Reversal of revaluation reserve for land			112		112								112
Net changes in items other than shareholders' equity						30,955	42,639	(112)	17,409	265,557	356,455	8,401	364,857
Balance at March 31, 2024	$1,660,663	$153,827	$3,364,275	$(27,435)	$5,151,330	$50,181	$47,242	$(6,188)	$36,543	$187,457	$315,243	$550,709	$6,017,290

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Consolidated Statements of Cash Flows

	Year ended March 31,		
	2024	**2023**	**2024**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Operating activities			
Income (loss) before income taxes	¥291,940	¥(199,198)	$1,928,142
Adjustments to reconcile income (loss) before income taxes to net cash provided by operating activities:			
Depreciation and amortization	191,554	193,452	1,265,134
Decommissioning costs of nuclear power units	8,405	8,051	55,511
Amortization of special account related to nuclear power decommissioning	2,441	2,441	16,121
Loss on retirement of non-current assets	5,184	4,523	34,238
Loss on return of imbalance income and expenditure	-	-	-
Increase (decrease) in net defined benefit liability	(38,022)	9,164	(251,119)
Increase (decrease) in remeasurements of defined benefit plans	57,184	(20,414)	377,676
Increase (decrease) in reverse for fluctuation in water levels	-	(79)	-
Interest and dividend income (loss)	(1,477)	(1,052)	(9,754)
Interest expenses	24,544	18,823	162,102
Changes in operating assets and liabilities:			
(Increase) decrease in trade receivables	(28)	(31,346)	(184)
(Increase) decrease in accounts receivable	(43,712)	(31,791)	(288,699)
(Increase) decrease in inventories	41,352	(45,288)	273,112
Increase (decrease) in trade payables	(21,825)	30,779	(144,145)
Other	(36,429)	(6,901)	(240,598)
Subtotal	481,112	(68,837)	(3,177,544)
Interest and dividend income received	1,433	1,054	9,464
Interest expenses paid	(24,446)	(18,073)	(161,455)
Income taxes paid	(7,938)	(7,919)	(52,427)
Net cash provided by (used in) operating activities	450,160	(93,776)	2,973,119
Investing activities			
Purchase of non-current assets	(357,236)	(308,188)	(2,359,395)
Payment of investment and loans receivable	(27,230)	(50,619)	(179,842)
Collection of investments and loans receivable	43,021	71,546	284,135
Other, net	7,894	11,464	52,136
Net cash used in investing activities	(333,550)	(275,797)	(2,202,958)
Financing activities			
Proceeds from long-term loans payable and issuance of bonds	205,236	996,067	1,355,498
Repayment or redemption of long-term loans payable or bonds	(298,305)	(277,879)	(1,970,180)
Increase (decrease) in short-term loans payable and commercial papers	8,032	(105,595)	53,048
Cash dividends paid	(2,593)	(7,581)	(17,125)
Cash dividends paid to non-controlling interests	(2,903)	(1,997)	(19,173)
Other, net	(5,516)	(4,546)	(36,430)
Net cash provided by (used in) financing activities	(96,050)	598,465	(634,370)
Effect of exchange rate changes on cash and cash equivalents	897	584	5,924
Net increase (decrease) in cash and cash equivalents	21,457	229,476	141,714
Cash and cash equivalents at beginning of the period	507,896	278,420	3,354,441
Cash and cash equivalents at end of the period *(Note 9)*	¥529,354	¥507,896	$3,496,162

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Notes to Consolidated Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The accompanying consolidated financial statements of Tohoku Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been rounded down to the nearest million yen. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

Certain amounts previously reported have been reclassified to conform to the current year's presentation.

(b) Principles of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (fifty-seven entities as of March 31, 2024 and fifty-four entities as of March 31, 2023) controlled directly or indirectly by the Company.

Tohoku Electric Power Transcosmos Management Partner Company, Incorporated has been included in the scope of consolidation from the current fiscal year due to its new establishment, and Nakatombetsu Wind Farm GK, Wind Farm Noheji GK, and Imabetsu Wind Farm GK have been included in the scope of consolidation from the current fiscal year due to the acquisition of their equity interests.

Tohoku Electric Manufacturing Co., Ltd. has changed from a consolidated subsidiary to an equity method affiliate from the current fiscal year due to the transfer of a portion of the shares held by the Company.

(b) Principles of consolidation and accounting for investments in affiliates (continued)

The affiliates (eleven entities as of March 31, 2024 and ten entities as of March 31, 2023) over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by equity method.

The 12 affiliates not accounted for by the equity method have been excluded from the scope of application of the equity method because they have minimal impacts on consolidated net income and consolidated retained earnings, etc. and they are immaterial.

The closing date of the subsidiaries is same as that of the Company except for Sigma Engineering JSC, whose closing date is December 31. Consolidated financial statements have been prepared based on the financial statements of this company as of its closing date. Significant transactions that occurred between the consolidated closing date and the closing date of this company are adjusted.

(c) Property, plant and equipment and intangible fixed assets

Property, plant and equipment are generally stated at cost.

Depreciation of property, plant and equipment and intangible assets are computed principally by the straight-line method over the useful lives of the respective assets as defined under Corporation Tax Act of Japan. Significant renewals and additions are capitalized at cost.
Maintenance and repairs are charged to income as incurred.

The recognition and calculation method of the cost of the assets corresponding to asset retirement obligations concerning decommissioning of specified nuclear power units among non-current assets is described in (i).

Of intangible fixed assets, software for internal use is amortized by the straight-line method over the estimated useful lives (five years).

(d) Nuclear fuel

Nuclear fuel is stated at cost less accumulated amortization. The amortization of loaded nuclear fuel is computed based on the proportion of heat production for the current year to the total heat production estimated over the life of the nuclear fuel.

(e) Marketable and investment securities

Marketable and investment securities are classified into two categories depending on the holding purpose: i) held-to-maturity debt securities, which the Company has the positive intent to hold until maturity, and ii) other securities, which are not classified as the aforementioned category.

Held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding (loss) gain, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(f) Inventories

Inventories are stated at cost determined by the average method (inventories on the balance sheet are written down when profitability declines).

(g) Cash equivalents in consolidated statements of cash flows

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(h) Employees’ retirement benefits

Accrued retirement benefits for employees have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the year end.

The retirement benefit obligation is attributed to each period by the benefit-formula method over the estimated remaining years of service of the eligible employees.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is incurred primarily by the straight-line method over periods (one year through fifteen years) which are shorter than the average remaining years of service of the employees participating in the plan.

Prior service cost is primarily charged when incurred.

Certain subsidiaries use a simplified method for calculating retirement benefit expenses and related assets and liabilities.

(i) The method to recognize and calculate the cost of the assets corresponding to asset retirement obligations concerning decommissioning of specified nuclear power units

Paragraph 8 of the “Guidance on Accounting Standard for Asset Retirement Obligations” is applied to the assets corresponding to asset retirement obligations concerning decommissioning of specified nuclear power units, and based on the rules of the “Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units” (a ministerial ordinance by the Ministry of Economy, Trade and Industry No. 30 issued in 1989), the total estimate of decommissioning costs of nuclear power units is recognized by the straight-line method over the expected operational period of nuclear power units.

The decommissioning costs of nuclear power units are calculated every fiscal year based on the formula (method of estimating the cost of dismantling based on the type and amount of waste generated during dismantling) stipulated in the “Guidelines for Handling Provisions for Dismantling Nuclear Power Facilities” (No. 340 of the Ministry of Finance, 2000).

However, in the case of reactors decommissioned as a result of changes in energy policy or safety regulations and approved by the Minister of Economy, Trade and Industry, the cost is recorded on a straight-line basis through 10 years from the month of decommissioning.

(i) The method to recognize and calculate the cost of the assets corresponding to asset retirement obligations concerning decommissioning of specified nuclear power units (continued)

(Additional Information)

Revision of Electric Utility Accounting Rules with the enforcement of the “Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society”

On April 1, 2024, the “Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society” (Act No. 44 of 2023, hereinafter referred to as the “Revised Act”) was enacted. And the “Ministerial Ordinance Concerning the Establishment of Relevant Ministerial Ordinances with the Enforcement of the “Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society” (Ordinance of the Ministry of Economy, Trade and Industry No. 21 of 2024; hereinafter referred to as the “Revised Ministerial Ordinance”) was enacted. As a result, The Ministerial Ordinance on Dismantlement of the Electricity Business Accounting Rules was repealed and the Electricity Business Accounting Rules were revised.

As a result, previously, with respect to the method of recording the cost of assets equivalent to asset retirement obligations for decommissioning of commercial power reactors, Paragraph 8 of the Guidance on Asset Retirement Obligations shall be applied, and in accordance with the provisions of the Ministerial Ordinance on Dismantlement, the total estimated cost of dismantlement of nuclear power facilities calculated based on the formula prescribed in the handling guidelines (the method of estimating the cost of dismantlement from the type and quantity of waste generated as a result of dismantlement) shall be recorded as an expense on a straight-line basis over the estimated operating period of the power generating facilities every consolidated fiscal year. However, after the effective date of the Revised Ministerial Ordinance, the Company will apply the provisions of Article 11, Paragraph 2 of the “Law Concerning the Implementation of Spent Fuel Reprocessing and Promotion of Decommissioning in Nuclear Power Generation” as revised by Article 3 of the revised law. Therefore, the Dismantlement Contribution will be recorded as dismantlement contribution expense.

Nuclear operators have traditionally been responsible for securing funds for the decommissioning of commercial power reactors that they own, but under the Revised Act they will be responsible for reprocessing and decommissioning spent fuel every fiscal year. By paying the decommissioning base funds to the Nuclear Reprocessing and Decommissioning facilitation Organization of Japan (hereinafter referred to as "the Agency"), the Agency will be responsible for the cost burden, and the Agency will be responsible for securing, managing, and paying appropriate funds for the decommissioning.

As a result, the Company plans to reverse ¥48,653 million ($321,332 thousand) of assets equivalent to asset retirement obligations and ¥184,619 million ($1,219,331 thousand) of asset retirement obligations in the next consolidated fiscal year.

(i) The method to recognize and calculate the cost of the assets corresponding to asset retirement obligations concerning decommissioning of specified nuclear power units (continued)

Pursuant to the provisions of Article 10, Paragraph 1 of the Supplementary Provisions of the Revised Act, the amount of ¥141,359 million ($933,617 thousand) that must be paid to the Agency to cover the costs of decommissioning promotion operations shall be transferred to unpaid decommissioning funds pursuant to the provisions of Article 7 of the Supplementary Provisions of the Revised Ministerial Ordinance. The amount will be recorded as a contribution and the amount will be recorded as an expense, but according to the same regulations, the amount of asset retirement obligation reversal will be deducted from the expense. This has no impact on profit and loss. Of this amount, ¥5,688 million ($37,566 thousand) is scheduled to be transferred to non-current liabilities due within one year.

In addition, ¥5,394 million ($35,625 thousand) is scheduled to be recorded in the nuclear decommissioning related suspense account pursuant to the provisions of Article 8 of the Supplementary Provisions of the Revised Ministerial Ordinance.

(j) Contribution for facilitating decommissioning and amortization of nuclear decommissioning-related suspense account

Under the decommissioning accounting system for the smooth implementation of decommissioning, the residual book value of nuclear reactors decommissioned due to changes in energy policy will be recovered through the system of transmission tariffs of general transmission and distribution companies, subject to the application of the system.

In accordance with Article 45-21-6 of the Ordinance for Enforcement of the Electricity Business Act (Ordinance of the Ministry of International Trade and Industry No. 77 of 1995), the Company and TEPCO Holdings, Inc. filed an application for the book value of specified assets, book value of decommissioning-related suspense account including decommissioning-related costs, and allowance for dismantling of power generation facilities (hereinafter referred to as the “contribution for facilitating decommissioning”), and received approval from the Minister of Economy, Trade and Industry.

In accordance with Article 45-21-5 of the Ordinance for Enforcement of the Electricity Business Act, Tohoku Electric Power Network Co., Inc. has amended the Clause for Wheeling Service, and has been collecting the contribution for facilitating decommissioning.

In addition, the contribution for facilitating decommissioning paid to other power generators are recorded as the expenses equivalent to contribution for facilitating decommissioning in accordance with the provisions of the Electricity Business Accounting Regulations (Ministry of International Trade and Industry Ordinance No. 57 of 1965).

The nuclear decommissioning-related suspense account is amortized in proportion to the collection of charges in accordance with the provisions of Article 8 of the Supplementary Provisions of Ministerial Ordinance Partially Revising the Ordinance for Enforcement of the Electricity Business Act (Ordinance of the Ministry of Economy, Trade and Industry No. 77 of 2017).

(k) The method to recognize the contribution of reprocessing irradiated nuclear fuel

Based on the "Act for Partial Revision of the Spent Nuclear Fuel Reprocessing Implementation Act" (Act No. 40 of 2016, hereinafter referred to as the "Revised Act"), the Company pays an amount corresponding to the volume of spent fuel generated from operation of its nuclear power stations to the Nuclear Reprocessing Organization of Japan as a contribution, and records it as electric utility operating expenses.

The portion of the contribution corresponding to reprocessing of irradiated nuclear fuel is recorded as Manufacturing process in progress related to reprocessing of irradiated nuclear fuel in accordance with the "Revised Act" Article 2.

Through the contribution payment, the Company fulfills its responsibilities to bear the expenses as a nuclear operator. On the other hand, in proportion to the contributions received, the Organization reprocesses the irradiated nuclear fuel.

(l) The group tax sharing system

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system from the year ended March 31, 2023.

(m) Accounting for corporate and local corporate taxes or tax effect accounting relating to these

The Company and some of its domestic consolidated subsidiaries apply the group tax sharing system and perform accounting treatment for corporate and local corporate taxes or accounting treatment and disclosure of tax-effect accounting related thereto in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practice Issue Task Force No. 42, August 12, 2021).

(n) Reserve for restoration costs of natural disaster

The reserve for restoration costs of natural disaster is stated at an estimated amount at the fiscal year end for the expenses required for recovery of damaged assets, and for contingent losses incurred due to the Great East Japan Earthquake, Typhoon Hagibis, and the earthquake off the Coast of Fukushima Prefecture in March 2022.

(o) Income taxes

Deferred tax assets and liabilities have been recognized in the consolidated financial statements with respect to the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(p) Foreign currency translation

All monetary assets and liabilities, both short-term and long-term, denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date, and the resulting gain or loss is included in income.

The revenue and expense accounts of foreign subsidiaries are translated into yen at the average rates of exchange prevailing during the year. The balance sheet accounts are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of shareholders' equity which are translated at their historical exchange rates. Adjustments resulting from this translation process are accumulated in a separate component of net assets.

(q) Derivatives and hedging transactions

The Company has entered into various derivatives transactions in order to manage certain risk arising from adverse fluctuation in foreign currency exchange rates, interest rates and fuel price. Derivatives are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting or special treatment as permitted by the accounting standard for financial instruments.

(r) Goodwill

Amortization of goodwill is computed by the straight-line method over a period of not exceeding 20 years. In case the amount is immaterial, goodwill is recognized in profit or loss immediately.

(s) Appropriation of retained earnings

Under the Corporation Law of Japan, the appropriation of retained earnings with respect to a given financial year is made by resolution of the shareholders at a general meeting to be held subsequent to the close of the financial year. The accounts for that year do not, therefore, reflect such appropriations.

(t) Basis for recognition of revenues and expenses

The usual timing for recognizing revenue in the Group's principal operations is as follows.

Revenue from electricity sales (lighting and power) and sales of power to other utilities and other companies are based on contracts with customers, network business operators, retail electricity providers and JEPX. Transmission revenue are compensation for the delivery of electricity to customers, mainly based on contracts with retail electricity providers.

These transactions are performed each time electricity is supplied, and revenue is recognized based on monthly meter readings and trading exchange agreements.

However, for some contracts, revenue is recognized based on meter readings conducted on days other than at the end of the month in accordance with the “Electric Utility Accounting Regulations” (Ministry of International Trade and Industry Ordinance No. 57 of 1965). Revenues generated from the date of meter reading conducted in March to the end of the current fiscal year are recorded in the following fiscal year.

Construction work is primarily electrical, telecommunications, civil engineering, architectural, and air conditioning piping work. Revenue is recognized based on the progress of construction in accordance with the construction contract. The method of estimating progress is based on the ratio of the cost of construction work incurred by the end of the period to the total projected cost of construction work since it is determined that the construction costs incurred are proportional to the progress of the work. If progress cannot be reasonably estimated, the cost recovery basis is applied, assuming that the costs to be incurred can be recovered. For construction projects with a very short period of time from the start date to the end of the contract, revenue is recognized when everything is completed.

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥151.41 = U.S. $1.00, the approximate rate of exchange in effect on March 31, 2024 is used in translation. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

3. Significant accounting estimates

Deferred tax assets

The amount recorded in the consolidated financial statements for the year ended March 31, 2024 and 2023 are ¥181,372 million ($1,197,886 thousand) and ¥220,113 million, respectively.

In order to recognize deferred tax assets, the timing and amount of taxable income that could be earned in the future are reasonably estimated.

The business plan for estimating the taxable income that may be earned in the future, “Tohoku Electric Power Group Medium-Term Plan for FY2024” approved by the Board of Directors on March 28, 2024 is affected by significant assumptions that require management's judgment.

The significant assumptions in the business plan are primarily retail and wholesale sales electricity charges and the timing of Onagawa Nuclear Power Station Unit No.2 restarts.

In the retail sector, we are proceeding with sales strategy initiatives based on the competitive situation with other companies, etc. We are estimating the amount of electricity sold in the retail and wholesale sectors and the electricity charges based on that amount, based on the assumption that we will work to strengthen sales in the wholesale sector as well.

Onagawa Nuclear Power Station Unit No.2 is expected to restart around September 2024, based on the implementation schedule of construction work on safety measures and other factors.

Although these assumptions have been recognized as reasonable by management, it may be affected by future economic conditions. Therefore, if future taxable income differs from the assumptions, it may have a material impact on the amount of deferred tax assets recognized.

4. Additional Information

Stock-based compensation program linked to business performance

"Stock-based Compensation Program Linked to Business Performance" (the "Program") has been introduced in order to make the link clear between the remuneration of directors (excluding outside directors and Audit and Supervisory Committee members) and executive officers and the Company's business performance and stock value. The Program also enables directors and executive officers to share corporate value with shareholders and to motivate them to contribute to the improvement of medium- to long-term business performance and the increase of corporate value.

The Program is implemented through a structure called the Board Incentive Plan (BIP) Trust (the "Trust Account"). The Company will acquire the Company's shares through the Trust Account using the amount of remuneration for directors and executive officer, etc. contributed by the Company as the source of funds. Shares of the Company and cash equivalent to the cash value of the Company's shares will be delivered and paid to directors and executive officers in accordance with their positions and the degree of achievement of performance targets, etc.

The accounting treatment for the Program is in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, March 26, 2015).

The Company's shares remaining in the Trust Account are recorded as treasury stock in the net assets section based on their book value. The book value of such treasury stock is ¥1,007 million ($6,650 thousand) and the number of shares is 1,017,168 shares as of March 31, 2024 and ¥822 million and 806,586 shares as of March 31, 2023, respectively.

5. Property, Plant and Equipment

Property, plant and equipment at March 31, 2024 and 2023 are summarized as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Hydroelectric power production facilities	¥636,858	¥621,459	$4,206,181
Thermal power production facilities	2,056,928	2,039,476	13,585,152
Nuclear power production facilities	1,494,164	1,489,103	9,868,331
Transmission facilities	1,858,138	1,837,524	12,272,227
Transformation facilities	921,864	908,477	6,088,527
Distribution facilities	1,725,325	1,689,674	11,395,053
General facilities	370,709	367,554	2,448,378
Other	1,082,134	1,058,456	7,147,044
	10,146,124	10,011,726	67,010,923
Accumulated depreciation	(7,358,954)	(7,228,521)	(48,602,826)
Subtotal	2,787,170	2,783,205	18,408,097
Construction work in progress	701,459	522,209	4,632,844
Special account related to nuclear power decommissioning	17,817	20,258	117,673
Manufacturing process in progress related to reprocessing of irradiated nuclear fuel	40,310	35,543	266,230
Total	¥3,546,757	¥3,361,217	$23,424,853
Contributions in aid of construction	¥340,951	¥334,506	$2,251,839

6. Financial Instruments

(a) Positions of Financial Instruments

The Company procures funds for plant and equipment development and for business operation mainly by bond issuance and bank loans. The Company uses interest-rate swaps to hedge its exposure to adverse fluctuation in interest rates on mainly long-term loans as well as exchange contract and fuel-price swaps to moderate fuel price fluctuation and futures trading to mitigate the fluctuation risk of electricity purchase and sale prices. These transactions are not for speculative purposes.

Certain consolidated subsidiaries utilize principal-guaranteed compound financial instruments to be held to maturity for the purpose of efficient management of the fund surplus.

The Company holds marketable and investment securities which are mainly shares of common stock of business partners and bonds to be held to maturity. Though such investments are exposed to the market price volatility risk, fair values and financial positions of issuers relating to such investments are checked on a regular basis.

Notes and accounts receivable – trades are mainly operating receivables of residential, commercial and industrial power sales, thus are exposed to counterpart credit risk. Such risk is being managed by early comprehension and reduction of collection concerns as well as management of due dates and balances based on electric power supply agreements.

Bonds and long-term loans payable are to procure funds for plant and equipment development and funds for redemption. These funds are procured mostly with fixed interest rates; hence, the impact of interest rate changes on the financial performance is limited.

Due dates for most notes and accounts payable – trades are within a year. Derivative transactions are exposed to counterpart credit risk. However, the Company enters into derivatives transactions only with financial institutions, etc., that have high credit ratings in compliance with its internal policies stipulating the authority for transactions and the credit lines.

In calculating the fair value of financial instruments, certain assumptions are adopted, and if based on different assumptions, those calculated value amounts may change. Derivative contract amounts noted below in Note 8 do not denote the market risk from the derivatives themselves. In addition, fair value and valuation gains or losses are reasonably quoted values based on market indicators for valuations and other measures. These are not the amounts that would be received or paid in the future.

(b) Fair Values of Financial Instruments

Carrying values on the balance sheets, fair values and unrealized gains or losses as of March 31, 2024 and 2023 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

At March 31, 2024	Carrying value	Fair value	Unrealized gain (loss)
		(Millions of yen)	
Assets:			
Marketable and investment securities *1	¥27,994	¥25,938	¥(2,056)
Liabilities:			
Bonds payable *2	1,670,700	1,629,014	(41,685)
Long-term loans payable *2	1,609,876	1,604,458	(5,417)
Derivative transactions *3	¥8,825	¥8,825	¥-

At March 31, 2023	Carrying value	Fair value	Unrealized gain (loss)
		(Millions of yen)	
Assets:			
Marketable and investment securities *1	¥23,126	¥20,989	¥(2,136)
Liabilities:			
Bonds payable *2	1,735,700	1,695,383	(40,316)
Long-term loans payable *2	1,637,593	1,636,288	(1,304)
Derivative transactions *3	¥(6,484)	¥(6,484)	¥-

At March 31, 2024	Carrying value	Fair value	Unrealized gain (loss)
		(Thousands of U.S. dollars)	
Assets:			
Marketable and investment securities *1	$184,888	$171,309	$(13,579)
Liabilities:			
Bonds payable *2	11,034,277	10,758,959	(275,312)
Long-term loans payable *2	10,632,560	10,596,776	(35,777)
Derivative transactions *3	$58,285	$58,285	$-

(b) Fair Values of Financial Instruments (continued)

*1. Marketable and investment securities include bonds to be held to maturity (including those which mature within a year) and other securities.

*2. Bonds payable and long-term loans payable include those which are scheduled to be redeemed or paid back within a year.

*3. The amounts denote net asset (liability) position resulting from derivative transactions.

*4. Financial instruments not included in “marketable and investment securities” that are difficult to measure the fair value and, partnerships under the Civil Code, undisclosed associations and limited investment partnerships, etc. are as follows.

	2024	**2023**	**2024**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unlisted stocks	¥171,989	¥168,204	$1,135,915
Partnership under the Civil Code, undisclosed associations and limited investment partnerships	¥8,497	¥8,422	$56,119

(b) Fair Values of Financial Instruments (continued)

(Note1) Redemption schedule of financial bonds and marketable securities with maturity at March 31, 2024 and 2023 are as follows:

At March 31, 2024	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
		(Millions of yen)		
Marketable and investment securities:				
Held-to-maturity debt securities:				
Municipal bonds	¥15	¥17	¥-	¥-
Negotiable certificates of deposit	2,400	-	-	-
Other	10,978	-	-	10,166
Other securities with maturities				
Negotiable certificates of deposit	32,500	-	-	-
Cash and deposits	483,709	-	-	-
Notes and accounts receivable – trade	262,901	-	-	-
Total	¥792,504	¥17	¥-	¥10,166

At March 31, 2023	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
		(Millions of yen)		
Marketable and investment securities:				
Held-to-maturity debt securities:				
Municipal bonds	¥15	¥32	¥-	¥-
Negotiable certificates of deposit	1,200	-	-	-
Other	-	-	27	10,087
Cash and deposits	506,752	-	-	-
Notes and accounts receivable – trade	263,578	-	-	-
Total	¥771,545	¥32	¥27	¥10,087

At March 31, 2024	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
		(Thousands of U.S. dollars)		
Marketable and investment securities:				
Held-to-maturity debt securities:				
Municipal bonds	$99	$112	$-	$-
Negotiable certificates of deposit	15,851	-	-	-
Other	72,505	-	-	67,142
Other securities with maturities				
Negotiable certificates of deposit	214,648	-	-	-
Cash and deposits	3,194,696	-	-	-
Notes and accounts receivable – trade	1,736,351	-	-	-
Total	$5,234,158	$112	$-	$67,142

(c) Level of Fair Value of Financial Instruments

The fair value of financial instruments is classified into the following three levels according to their observability and materiality in the calculation

Level 1: Fair value calculated at prices in active markets in observable inputs.
Level 2: Fair value calculated with inputs other than Level 1 in observable inputs.
Level 3: Fair value calculated using unobservable inputs.

If multiple inputs with significant impact are used, they are classified into the lowest priority level of those to which they belong.

Financial instruments recorded at fair value are as follows:

At March 31, 2024	Level 1	Level 2	Level 3	Total
		(Millions of yen)		
Marketable and investment securities:				
Other securities	¥17,796	¥-	¥-	¥17,796
Assets Total	17,796	-	-	17,796
Derivative transactions*:				
Currency	-	11,343	-	11,343
Commodity	-	(2,517)	-	(2,517)
Derivative transactions total	¥-	¥8,825	¥ -	¥8,825

* Net amount of bonds and debt obligations arising from derivative transactions.

At March 31, 2023	Level 1	Level 2	Level 3	Total
		(Millions of yen)		
Marketable and investment securities:				
Other securities	¥12,963	¥-	¥-	¥12,963
Assets Total	12,963	-	-	12,963
Derivative transactions*:				
Currency	-	284	-	284
Commodity	-	(6,768)	-	(6,768)
Derivative transactions total	¥-	¥(6,484)	¥ -	¥(6,484)

* Net amount of bonds and debt obligations arising from derivative transactions.

At March 31, 2024	Level 1	Level 2	Level 3	Total
		(Thousands of U.S. dollars)		
Marketable and investment securities:				
Other securities	$117,535	$-	$-	$117,535
Assets Total	117,535	-	-	117,535
Derivative transactions*:	-	-	-	-
Currency	-	74,915	-	74,915
Commodity	-	(16,623)	-	(16,623)
Derivative transactions total	$-	$58,285	$-	$58,285

* Net amount of bonds and debt obligations arising from derivative transactions.

(c) Level of Fair Value of Financial Instruments (continued)

Financial instruments other than those recorded at fair value are as follows:

At March 31, 2024	Level 1	Level 2	Level 3	Total
		(Millions of yen)		
Marketable and investment securities:				
Held-to-maturity debt securities				
Municipal bond	¥-	¥32	¥-	¥32
Other	-	-	8,110	8,110
Assets Total	-	32	8,110	8,142
Bonds	-	1,629,014	-	1,629,014
Long-term loans	-	1,604,458	-	1,604,458
Liabilities Total	¥-	¥3,233,472	¥-	¥3,233,472

At March 31, 2023	Level 1	Level 2	Level 3	Total
		(Millions of yen)		
Marketable and investment securities:				
Held-to-maturity debt securities				
Municipal bond	¥-	¥48	¥-	¥48
Other	-	-	7,978	7,978
Assets Total	-	48	7,978	8,026
Bonds	-	1,695,383	-	1,695,383
Long-term loans	-	1,636,288	-	1,636,288
Liabilities Total	¥-	¥3,331,672	¥-	¥3,331,672

At March 31, 2024	Level 1	Level 2	Level 3	Total
		(Thousands of U.S. dollars)		
Marketable and investment securities:				
Held-to-maturity debt securities				
Municipal bond	$-	$211	$-	$211
Other	-	-	53,563	53,563
Assets Total	-	211	53,563	53,774
Bonds	-	10,758,959	-	10,758,959
Long-term loans	-	10,596,776	-	10,596,776
Liabilities Total	$-	$21,355,736	$-	$21,355,736

(Note) Valuation Methodology and Inputs for Fair Value Calculation

Marketable and Investment Securities

Listed stocks and municipal bonds are valued using quoted market prices. Listed stocks are classified as Level 1 due to their high market liquidity. Municipal bonds are classified as Level 2 because there is little market trading. In cases where the liquidity is low or where significant unobservable inputs are used, the value is calculated at quoted prices obtained from financial institutions, and these are classified as Level 3.

(c) Level of Fair Value of Financial Instruments (continued)

Derivative transactions

Interest rate-related transactions are calculated using prices provided by financial institutions, and transactions involving currencies and commodities are calculated using quoted prices in active markets. These are classified as Level 2. The special treatment of interest rate swaps accounted for as hedged long-term loans is included in the fair value of long-term loans.

Bonds

For the Company's bonds, the Statistical Prices for OTC Bond Transactions is used as an input. Since these prices are relative market prices, these are classified as Level 2.

Long-term loans

Fixed-rate loans are discounted by the interest rate calculated based on Company's bonds for the total principal amount. For floating-rate loans, the fair value is based on the book value, as the interest rate can frequently reflect market interest rates. For interest rate swaps that qualify for special treatment, the price quoted by the financial institution is used. All of them are classified as Level 2.

7. Marketable and Investment Securities

Held-to-maturity debt securities at March 31, 2024 and 2023 are as follows:

At March 31, 2024	Carrying value	Fair value	Unrealized gain (loss)
		(Millions of yen)	
Securities whose fair value exceeds their carrying value:			
Public bonds	¥-	¥-	¥-
Other	1,999	2,004	5
Securities whose carrying value exceeds their fair value:			
Public bonds	32	32	(0)
Other	21,545	19,482	(2,062)
Total	¥23,576	¥21,519	¥(2,057)

At March 31, 2023	Carrying value	Fair value	Unrealized gain (loss)
		(Millions of yen)	
Securities whose fair value exceeds their carrying value:			
Public bonds	¥48	¥48	¥0
Other	1,000	1,022	22
Securities whose carrying value exceeds their fair value:			
Public bonds	-	-	-
Other	10,315	8,155	(2,159)
Total	¥11,363	¥9,226	¥(2,136)

At March 31, 2024	Carrying value	Fair value	Unrealized gain (loss)
		(Thousands of U.S. dollars)	
Securities whose fair value exceeds their carrying value:			
Public bonds	$-	$-	$-
Other	13,202	13,235	33
Securities whose carrying value exceeds their fair value:			
Public bonds	211	211	(0)
Other	142,295	128,670	(13,618)
Total	$155,709	$142,124	$(13,585)

7. Marketable and Investment Securities (continued)

Other securities at March 31, 2024 and 2023 are as follows:

At March 31, 2024	Carrying value	Acquisition cost	Unrealized gain (loss)
		(Millions of yen)	
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥17,728	¥8,326	¥9,402
Securities whose acquisition cost exceeds their carrying value:			
Stock	67	78	(10)
Other	32,500	32,500	-
Total	¥50,296	¥40,904	¥9,391

At March 31, 2023	Carrying value	Acquisition cost	Unrealized gain (loss)
		(Millions of yen)	
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥12,230	¥8,946	¥3,284
Securities whose acquisition cost exceeds their carrying value:			
Stock	732	790	(58)
Total	¥12,963	¥9,737	¥3,226

At March 31, 2024	Carrying value	Acquisition cost	Unrealized gain (loss)
		(Thousands of U.S. dollars)	
Securities whose carrying value exceeds their acquisition cost:			
Stock	$117,086	$54,989	$62,096
Securities whose acquisition cost exceeds their carrying value:			
Stock	442	515	(66)
Other	214,648	214,648	-
Total	$332,184	$270,153	$62,023

Other securities sold during the years ended March 31, 2024 and 2023 are as follows:

Year ended March 31, 2023	Amount of sale	Total gain on sale	Total loss on sale
		(Millions of yen)	
Stock	¥3,766	¥1,032	¥-

For the year ended March 31, 2024, it has been omitted as not important.

8. Derivatives

With respect to purchase amount and the valuation gain or loss of compound financial instruments, please refer to Notes 6 and 7.

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

Currency-related transaction:

At March 31, 2024	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value	Unrealized gain (loss)
	(Millions of yen)			
Non-market transactions				
Forward foreign exchange contracts:				
Buying U.S. dollars	¥56,949	¥-	¥441	¥441
Selling U.S. dollars	¥41,712	¥-	¥(162)	¥(162)

At March 31, 2023	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value	Unrealized gain (loss)
	(Millions of yen)			
Non-market transactions				
Forward foreign exchange contracts:				
Buying U.S. dollars	¥51,049	¥-	¥(273)	¥(273)
Selling U.S. dollars	¥47,428	¥-	¥253	¥253

At March 31, 2024	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value	Unrealized gain (loss)
	(Thousands of U.S. dollars)			
Non-market transactions				
Forward foreign exchange contracts:				
Buying U.S. dollars	$376,124	$-	$2,912	$2,912
Selling U.S. dollars	$275,490	$-	$(1,069)	$(1,069)

(a) Derivative transactions to which hedge accounting is not applied (continued)

Commodity-related transactions

At March 31, 2024	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value	Unrealized gain (loss)
	(Millions of yen)			
Market transactions				
Commodity futures trading:				
Interest rate swaps Pay fixed / Receive floating	¥9,455	¥283	¥343	¥343
Interest rate swaps Pay floating / Receive fixed	17,805	1,121	(799)	(799)
Non-market transactions				
Commodity forward transactions:				
Going long	436	-	18	18
Going short	9,889	17	(661)	(661)
Commodity swap transactions:				
Interest rate swaps Pay fixed / Receive floating	15,917	-	111	111
Interest rate swaps Pay floating / Receive fixed	¥204	¥-	¥(14)	¥(14)

At March 31, 2023	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value	Unrealized gain (loss)
	(Millions of yen)			
Market transactions				
Commodity futures trading:				
Interest rate swaps Pay fixed / Receive floating	¥19,802	¥1,100	¥(8,016)	¥(8,016)
Interest rate swaps Pay floating / Receive fixed	3,175	23	916	916
Non-market transactions				
Commodity swap transactions:				
Interest rate swaps Pay fixed / Receive floating	1,721	-	(316)	(316)
Interest rate swaps Pay floating / Receive fixed	¥1,815	¥-	¥364	¥364

(a) Derivative transactions to which hedge accounting is not applied (continued)

At March 31, 2024	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value	Unrealized gain (loss)
	(Thousands of U.S. dollars)			
Market transactions				
Commodity futures trading:				
Interest rate swaps				
Pay fixed / Receive floating	$62,446	$1,869	$2,265	$2,265
Interest rate swaps				
Pay floating / Receive fixed	117,594	7,403	(5,277)	(5,277)
Non-market transactions				
Commodity forward transactions:				
Going long	2,879	-	118	118
Going short	65,312	112	(4,365)	(4,365)
Commodity swap transactions:				
Interest rate swaps				
Pay fixed / Receive floating	105,125	-	733	733
Interest rate swaps				
Pay floating / Receive fixed	$1,347	$-	$(92)	$(92)

(b) Derivative transactions for which hedge accounting are applied

Currency-related transactions:

At March 31, 2024	Hedged item	Notional amount Maturing within one year	 Maturing after one year	Fair value
		(Millions of yen)		
Basic treatment:				
Currency swaps Pay Japanese yen / Receive U.S. dollars	Fuel purchase fund	¥6,476	¥-	¥381
Forward exchange transactions Buying U.S. dollars	Fuel purchase fund	¥145,202	¥104,079	¥10,682

At March 31, 2023	Hedged item	Notional amount Maturing within one year	 Maturing after one year	Fair value
		(Millions of yen)		
Basic treatment:				
Currency swaps Pay Japanese yen / Receive U.S. dollars	Fuel purchase fund	¥325	¥-	¥1
Currency swaps Pay U.S. dollars / Receive Japanese yen	Fuel selling fund	721	-	(0)
Forward exchange transactions Buying U.S. dollars	Fuel purchase fund	¥147,695	¥92,142	¥304

At March 31, 2024	Hedged item	Notional amount Maturing within one year	 Maturing after one year	Fair value
		(Thousands of U.S. dollars)		
Basic treatment:				
Currency swaps Pay Japanese yen / Receive U.S. dollars	Fuel purchase fund	$42,771	$-	$2,516
Forward exchange transactions Buying U.S. dollars	Fuel purchase fund	$958,998	$687,398	$70,550

(b) Derivative transactions for which hedge accounting are applied (continued)

Interest-related transactions:

At March 31, 2024	(None applicable)

At March 31, 2023	Hedged item	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value
		(Millions of yen)		
Special treatment:				
Interest rate swaps Pay fixed / Receive floating	Long-term loans	¥7,884	¥-	*1

*1. Interest-rate swaps subject to special treatment permitted by the accounting standards for financial instruments are accounted for together with the hedged bonds and long-term loans; therefore, the fair values of interest-rate swaps are included in the fair values of those bonds and long-term loans.

(b) Derivative transactions for which hedge accounting are applied (continued)

Commodity related transactions:

At March 31, 2024	Hedged item	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value
		(Millions of yen)		
Basic treatment:				
Commodity futures transactions				
Pay fixed / Receive floating	Fuel	¥7,124	¥634	¥(1,515)

At March 31, 2023	Hedged item	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value
		(Millions of yen)		
Basic treatment:				
Commodity futures transactions				
Pay fixed / Receive floating	Fuel	¥1,546	¥85	¥283

At March 31, 2024	Hedged item	Notional amount: Maturing within one year	Notional amount: Maturing after one year	Fair value
		(Thousands of U.S. dollars)		
Basic treatment:				
Commodity futures transactions				
Pay fixed / Receive floating	Fuel	$47,051	$4,187	$(10,005)

9. Cash Flow Information

For the consolidated statements of cash flows, reconciliation between cash and cash equivalents and cash balances on the consolidated balance sheets as of March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and deposits	¥483,709	¥506,752	$3,194,696
Time deposits pledged as collateral	(33)	(32)	(217)
Time deposits with maturities of more than three months	(1,061)	(733)	(7,007)
Short-term investments with an original maturity within three months included in other current assets	46,739	1,910	308,691
Cash and cash equivalents	¥529,354	¥507,896	$3,496,162

10. Shares to affiliates

Shares to affiliates at March 31, 2024 and 2023 are ¥115,717 million ($764,262 thousand) and ¥111,280 million, respectively.

11. Inventories

Details of inventories at March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Commercial products and finished goods	¥7,097	¥6,365	$46,872
Work in process	5,236	5,520	34,581
Raw materials and supplies	80,473	124,936	531,490
Total	¥92,806	¥136,823	$612,944

12. Notes and Accounts Receivable – Trade

Out of notes and accounts receivable, receivables arising from contracts with customers and balance of contract assets – trade at March 31, 2024 and 2023 consisted of the following:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Notes and accounts receivable – trade	¥243,049	¥244,395	$1,605,237
Contract assets	19,852	19,182	131,114
Less allowance for doubtful accounts	(1,351)	(945)	(8,922)
Total	¥261,550	¥262,632	$1,727,428

13. Revaluation Reserve for Land

In accordance with “Act on Revaluation of Land” (Act No. 34 of 1998), the land used for business owned by consolidated subsidiaries is valued, and the unrealized gains or losses on the revaluation of land, net of deferred tax, is recorded as “Revaluation reserve for land” within net assets, and the relevant deferred tax is recorded as “Deferred tax liabilities for land revaluation” in liabilities.

(a) The method of revaluation is as follows:

Under Article 2.4, “Order for Enforcement of the Act on Revaluation of Land,” the land price for the valuation is determined based on the official notice prices assessed and published by the Commissioner of National Tax Agency of Japan as basis for calculation of Landholding Tax as stipulated in article 16 of the Landholding Tax Law. Appropriate adjustments for the shape of land and the timing of the assessment have been made.

13. Revaluation Reserve for Land (continued)

(b) Revaluation Date: March 31, 2002

The difference between the total book value after revaluation and the total fair values as of March 31, 2024 and 2023 are ¥2,130 million ($14,067 thousand) and ¥2,756 million, respectively.

14. Long-Term Debt

At March 31, 2024 and 2023, long-term debt with definite repayment schedule consisted of the following:

	2024	**2023**	**2024**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Bonds	¥1,670,700	¥1,735,700	$11,034,277
Loans from banks and other financial institutions	1,609,876	1,637,593	10,632,560
Other	22,019	21,707	145,426
Subtotal	3,302,595	3,395,001	21,812,264
Less current portion	(330,351)	(302,467)	(2,181,830)
Total	¥2,972,244	¥3,092,533	$19,630,433

Long-term debt payments fall due subsequent to March 31, 2024 are as follows:

Years ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2025	¥330,351	$2,181,830
2026	406,496	2,684,736
2027	376,329	2,485,496
2028	343,979	2,271,838
2029	313,631	2,071,402
2030 and thereafter	1,531,807	10,116,947
Total	¥3,302,595	$21,812,264

14. Long-Term Debt (continued)

All assets of the Company are subject to certain statutory preferential rights established to secure the bonds and loans from the Development Bank of Japan Incorporated.

Certain agreements relating to long-term debt stipulate that the Company is required to submit proposals for the appropriation of retained earnings and to report other significant matters, if requested by the lenders, for their review and approval prior to presentation to the shareholders. No such requests have ever been made.

Secured long-term debt at March 31, 2024 and 2023 are as follows:

	2024	**2023**	**2024**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Bonds	¥1,390,700	¥1,455,700	$9,184,994
Long-term loans	¥170,631	¥207,058	$1,126,946

The assets pledged as collateral for the loans of a company, which have been invested by the Company and certain consolidated subsidiaries at March 31, 2024 and 2023 are as follows:

	2024	**2023**	**2024**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Long-term investments	¥560	¥560	$3,698
Long-term investments in subsidiaries and associates	¥6,243	¥5,697	$41,232

The assets of certain consolidated subsidiaries pledged as collateral at March 31, 2024 and 2023 are as follows:

	2024	**2023**	**2024**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Other non-current assets	¥161	¥159	$1,063
Cash and deposits	¥33	¥32	$217
Long-term investment	¥-	¥27	$-

15. Retirement Benefit Plans

The Company and certain of its subsidiaries have either funded or unfunded defined benefit plans and defined contribution plans, which together cover substantially all full-time employees who meet certain eligibility requirements.

Certain subsidiaries use a simplified method for calculating retirement benefit expenses and related assets and liabilities.

(a) Defined benefit plans (excluding plans calculated by the simplified method)

The changes in the defined benefit obligation during the years ended March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance as of beginning of the period	¥476,304	¥480,986	$3,145,789
Service cost	13,793	14,069	91,097
Interest cost	2,529	2,487	16,702
Actuarial loss	(46,756)	(242)	(308,803)
Retirement benefit paid	(22,061)	(21,353)	(145,703)
Other	(2,003)	356	(13,228)
Balance as of end of the period	¥421,806	¥476,304	$2,785,852

The changes in plan assets during the years ended March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance as of beginning of the period	¥325,045	¥339,139	$2,146,786
Expected return on plan assets	9,400	10,727	62,083
Actuarial (loss) gain	9,528	(20,946)	62,928
Contribution by the companies	9,348	9,450	61,739
Retirement benefit paid	(13,748)	(13,512)	(90,799)
Other	(2,497)	188	(16,491)
Balance as of end of the period	¥337,077	¥325,045	$2,226,253

(a) Defined benefit plans (excluding plans calculated by the simplified method) (continued)

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2024 and 2023 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Defined benefit obligation under funded plans	¥302,200	¥348,046	$1,995,905
Plan asset at fair value	(337,077)	(325,045)	(2,226,253)
	(34,877)	23,000	(230,348)
Defined benefit obligation under unfunded plans	119,605	128,258	789,941
Net amount of liabilities and assets for defined benefits on consolidated balance sheet	84,728	151,258	559,593
Defined benefit liability	119,761	157,723	790,971
Defined benefit asset	(35,032)	(6,464)	(231,371)
Net amount of liabilities and assets for defined benefits on consolidated balance sheet	¥84,728	¥151,258	$559,593

The components of retirement benefit expenses for the years ended March 31, 2024 and 2023 are outlined as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service cost	¥13,793	¥14,069	$91,097
Interest cost	2,529	2,487	16,702
Expected return on plan assets	(9,400)	(10,727)	(62,083)
Amortization of unrecognized actuarial loss	1,198	414	7,912
Amortization of unrecognized prior service cost	(1)	15	(6)
Other	55	932	363
Retirement benefit expenses for defined benefit plans	¥8,175	¥7,193	$53,992

(a) Defined benefit plans (excluding plans calculated by the simplified method) (continued)

The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2024 and 2023 are outlined as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Prior service cost	¥(1)	¥15	$(6)
Actuarial (gain) loss	57,216	(20,430)	377,887
Total	¥57,215	¥(20,414)	$377,881

Unrecognized prior service cost and unrecognized actuarial gain/loss included in accumulated other comprehensive income as of March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrecognized prior service cost	¥(4)	¥(5)	$(26)
Unrecognized actuarial gain	(42,265)	14,911	(279,142)
Total	¥(42,269)	¥14,905	$(279,169)

The fair value of plan assets by major category as a percentage of total plan assets as of March 31, 2024 and 2023 are as follows:

	2024	2023
Bonds	45%	44%
Life insurance general account	17%	17%
Stocks	13%	21%
Other	25%	18%
Total	100%	100%

The expected return on plan assets has been estimated based on the current and anticipated allocation of plan assets, and expected rates of long-term return on various assets in each category.

The principal assumptions used in actuarial calculation are as follows:

	2024	2023
Discount rates	0.271% ~1.5 %	0.271% ~1.2 %
Expected rates of long-term return on plan assets	0.0% ~3.1 %	0.0% ~3.4 %

(b) Defined benefit plans (calculated by the simplified method)

The changes in the defined benefit obligation by the simplified method during the years ended March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance as of beginning of the period	¥5,471	¥5,649	$36,133
Retirement benefit expenses	684	990	4,517
Retirement benefit paid	(824)	(1,072)	(5,442)
Contribution to the plans	(81)	(95)	(534)
Balance as of end of the period	¥5,249	¥5,471	$34,667

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2024 and 2023 for the Company's and the consolidated subsidiaries' defined benefit plans calculated by the simplified method:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Defined benefit obligation under funded plans	¥1,947	¥1,719	$12,859
Plan asset at fair value	(2,003)	(1,782)	(13,228)
	(56)	(63)	(369)
Defined benefit obligation under unfunded plans	5,306	5,535	35,043
Net amount of liabilities and assets for defined benefits on consolidated balance sheet	5,249	5,471	34,667
Net defined benefit liability	5,309	5,535	35,063
Net defined benefit asset	(59)	(63)	(389)
Net amount of liabilities and assets for defined benefits on consolidated balance sheet	¥5,249	¥5,471	$34,667

Retirement benefit expenses calculated by the simplified method for the years ended March 31, 2024 and 2023 are as follows:

2024	2023	2024
(Millions of yen)		*(Thousands of U.S. dollars)*
¥684	¥990	$4,517

(c) Defined contribution plans

Required contribution by the Company and its consolidated subsidiaries for the years ended March 31, 2024 and 2023 are as follows:

2024	2023	2024
(Millions of yen)		*(Thousands of U.S. dollars)*
¥1,749	¥1,768	$11,551

16. Asset Retirement Obligations

(a) Overview of asset retirement obligations

With regards to decommissioning of specified nuclear power units provided mainly in the “Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors,” related asset retirement obligations are recognized. Paragraph 8 of the “Guidance on Accounting Standard for Asset Retirement Obligations,” have been applied to the assets corresponding to asset retirement obligations concerning decommissioning of specified nuclear power units, and based on the rules of the “Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units” (a ministerial ordinance by the Ministry of Economy, Trade and Industry No. 30 issued in 1989), the total estimate of decommissioning costs of nuclear power units is recognized by the straight-line method over the expected operational period of nuclear power units.

On April 1, 2024, the “Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society” (Act No. 44 of 2023) was enacted. And the “Ministerial Ordinance Concerning the Establishment of Relevant Ministerial Ordinances with the Enforcement of the “Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society” (Ordinance of the Ministry of Economy, Trade and Industry No. 21 of 2024) was enacted. As a result, The Ministerial Ordinance on Dismantlement of the Electricity Business Accounting Rules was repealed and the Electricity Business Accounting Rules were revised.

Accordingly, a portion of the asset retirement obligations will be reversed in the next consolidated fiscal year.

(b) The calculation method for the amounts of asset retirement obligations

Assuming the expected periods of operation as provided mainly by the “Ministerial Ordinance for Reserve for Decommissioning Costs of Nuclear Power Units” (a ministerial ordinance by the Ministry of Economy, Trade and Industry No. 30 issued in 1989) as estimated utility periods, the amount of asset retirement obligations is recognized by using the discount rate of 2.3%.

(c) Increase/decrease in the total amount of asset retirement obligations for the years ended March 31, 2024 and 2023.

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance as of beginning of the period	¥179,135	¥173,885	$1,183,112
Net changes	13,709	5,250	90,542
Balance as of end of the period	¥192,844	¥179,135	$1,273,654

17. Revenue Recognition

The relationship between the satisfaction of the performance obligations based on contracts with customers and the cash flows based on such contracts, and the amount and timing of revenue expected to be recognized in the year ending March 31, 2025 from contracts with customers with which transactions are in progress at the end of the year ended March 31, 2024 are as follow:

		2024	**2023**	**2024**
		(Millions of yen)		*(Thousands of U.S. dollars)*
Receivables based on contracts with customers	Opening balance	¥244,395	¥216,055	$1,614,127
	Closing balance	243,049	244,395	1,605,237
Contract assets	Opening balance	19,182	15,912	126,689
	Closing balance	19,852	19,182	131,114
Contract liabilities	Opening balance	3,228	2,067	21,319
	Closing balance	¥2,757	¥3,228	$18,208

Contract assets are the unclaimed portion of the revenues from construction contracts in proportion to the progress of the construction work. These are transferred to receivables based on contracts with customers when the right to receive the revenues, which are invoiced in accordance with the terms of the contract and receivable within approximately one year, becomes unconditional.

Contract liabilities are advances received from customers under construction contracts, which are reversed upon recognition of revenue.

The contract liabilities at the beginning of the year ended March 31, 2024 included in the revenue recognized during the year is ¥3,201 million ($21,141thousand).

No significant changes in contract assets and contract liabilities occurred during the year ended March 31, 2024, and the revenue recognized during the year ended March 31, 2024 is insignificant, corresponding to performance obligations that had been fully or partially satisfied in the past. Receivables based on contracts with customers include consumption tax and surcharge for promoting renewable energy sourced electricity based on Feed-in Tariff Scheme for renewable energy.

Performance obligations that have not been satisfied or partially satisfied, which mainly corresponds to construction contracts and the sales of electricity in the power generation and sales business, is ¥423,598 million ($2,797,688 thousand) at the end of the year ended March 31, 2024. These performance obligations are expected to be satisfied in order to recognize revenue principally within four years.

18. Dividend Policy

Our dividend policy is based on the payment of stable dividends, which are determined by comprehensively taking into account the financial results for the year ended March 31, 2024 and the medium- to long-term outlook for income and expenditure.

Regarding the financial results for the current fiscal year, the time lag effect of fuel price adjustment system due to lower fuel prices significantly boosted profits, and a review of electricity rates and other factors resulted in a significant improvement of income and expenditures.

On the other hand, the Company's financial base, damaged by the Ukrainian crisis, continues to be challenging, with the equity ratio remaining low at around 15%.

Therefore, in order to address business risks such as large-scale natural disasters and changing international situation, we consider it is important to focus on improving our financial strength by quickly restoring equity ratio and steadily reducing interest-bearing debt.

Taking these factors into consideration, the Company plans to pay a year-end dividend of 10 yen per share for the year ended March 31, 2024. Combined with the interim dividend, the annual dividend for the current fiscal year will be 15 yen per share.

19. Income Taxes

(a) The significant components of deferred tax assets and liabilities at March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Defined benefit liability	¥34,723	¥45,727	$229,330
Asset retirement obligations	24,211	22,284	159,903
Unrealized intercompany profits	23,997	23,863	158,490
Deferred revenues	16,519	17,331	109,101
Net operating loss carryforwards*2	61,815	99,393	408,262
Other	107,291	106,412	708,612
Subtotal	268,558	315,013	1,773,713
Net operating loss carryforwards-related valuation allowance*2	(545)	(659)	(3,599)
Deductible temporary difference-related valuation allowance	(49,793)	(69,815)	(328,862)
Valuation allowance*1	(50,338)	(70,474)	(332,461)
Total deferred tax assets	218,219	244,538	1,441,245
Deferred tax liabilities:			
Assets corresponding to asset retirement obligations	(14,099)	(14,254)	(93,118)
Special account related to nuclear power decommissioning	(4,960)	(5,640)	(32,758)
Unrealized holding gain on available-for-sale securities	(2,152)	(617)	(14,213)
Other	(15,870)	(4,054)	(104,814)
Total deferred tax liabilities:	(37,082)	(24,566)	(244,911)
Net deferred tax assets	¥181,372	¥220,113	$1,197,886

*1. The valuation allowance decreased by ¥20,135 million ($132,983 thousand). The main reason for this decrease was a decrease in the amount of valuation allowance related to deductible temporary differences as a result of a review of the collectability of deferred tax assets at the Company.

*2. Net operating loss carryforwards and the amount of its deferred tax assets belonging to the respective carryforward periods.

(a) The significant components of deferred tax assets and liabilities at March 31, 2024 and 2023 are as follows: (continued)

At March 31, 2024	Years ending March 31, 2025	2026	2027	2028	2029	2030 and thereafter	Total
	(Millions of yen)						
Net operating loss carryforwards*1	¥-	¥78	¥0	¥0	¥0	¥61,736	¥61,815
Valuation allowance	-	(77)	-	-	-	(467)	(545)
Deferred tax assets	¥-	¥0	¥0	¥0	¥0	¥61,268	¥61,270*2

At March 31, 2023	Years ending March 31, 2024	2025	2026	2027	2028	2029and thereafter	Total
	(Millions of yen)						
Net operating loss carryforwards*1	¥-	¥-	¥141	¥12	¥48	¥99,191	¥99,393
Valuation allowance	-	-	(91)	(9)	(17)	(540)	(659)
Deferred tax assets	¥-	¥-	¥49	¥3	¥30	¥98,650	¥98,734*2

At March 31, 2024	Years ending March 31, 2025	2026	2027	2028	2029	2030 and thereafter	Total
	(Thousands of U.S. dollars)						
Net operating loss carryforwards*1	$-	$519	$4	$0	$0	$407,744	$408,268
Valuation allowance	-	(514)	-	-	-	(3,089)	(3,604)
Deferred tax assets	$-	$5	$4	$0	$0	$404,654	$404,664*2

*1. Net operating loss carryforwards are multiplied by the statutory tax rate.

*2. To the extent that the net operating loss carryforwards are ¥61,815 million ($408,262 thousand), deferred tax assets of ¥61,270 million ($404,662 thousand) are not subject to a valuation allowance because of the expected future taxable income.

(b) The major components of the difference between the statutory tax rate and the effective tax rate after application of tax effect accounting are as follows:

	2024	2023
Statutory tax rates	27.84%	-
Effect of:		
Valuation allowance	(6.92)	-
Differences in business tax rates due to revisions to the Local Tax Law	0.03	-
Other, net	0.12	-
Effective tax rates	21.07%	-

* Omitted due to loss before income taxes for the year ended March 31, 2023.

20. Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) should be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

The legal reserve of ¥62,860 million ($415,164 thousand) is included in retained earnings in the accompanying consolidated financial statements for the year ended March 31, 2024.

21. Revenue resulting from the contracts with customers.

According to the "Measures to Mitigate Drastic Changes in Electricity and Gas Prices" implemented in accordance with the "Comprehensive Economic Measures to Overcome Rising Prices and Realize Economic Revival" and "Comprehensive Economic Measures to Break Completely Away from Deflation" we are discounting electricity charges based on the discount unit rate set by the government. A subsidy of ¥163,736 million ($1,081,408 thousand) received from the government for realizing such discount is included in operating revenue as a revenue other than that from contracts with customers.

As for operating revenue, the revenue other than that from contracts with customers is insignificant, therefore, the revenue from contracts with customers and other revenues are not separately classified in the consolidated financial statements.

Information breaking down revenues arising from contracts with customers is as stated in Note 28 "Segment Information."

22. Reserve for Retirement Benefit Expenses and Provision for disaster recovery costs

Reserve for retirement benefit expenses and Provision for disaster recovery costs for the years ended March 31, 2024 and 2023 are as follows:

Years ended March 31,	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Reserve for retirement benefit expenses	¥10,608	¥9,952	$70,061
Provision for disaster recovery costs	¥-	¥2,210	$-

23. Operating Expenses

Electric utility operating expenses for the years ended March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Personnel	¥140,377	¥130,235	$927,131
Fuel	794,225	1,005,819	5,245,525
Maintenance	191,367	168,902	1,263,899
Subcontracting fees	52,375	48,794	345,915
Depreciation and amortization	168,310	172,080	1,111,617
Purchased power	629,781	1,144,251	4,159,441
Taxes other than income taxes	91,895	88,305	606,928
Other	160,309	148,537	1,058,774
Total	¥2,228,642	¥2,906,927	$14,719,252

24. Research and Development Costs

Research and development costs included in electric utility operating expenses for the years ended March 31, 2024 and 2023 are ¥7,989 million ($52,764 thousand) and ¥7,432 million, respectively.

25. Contingent Liabilities

Contingent liabilities at March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		*(Thousands of U.S. dollars)*
Guarantees of bonds and loans of other companies:			
Japan Nuclear Fuel Limited	¥51,182	¥51,406	$338,035
The Japan Atomic Power Company	42,085	30,223	277,953
Oga, Katagami, and Akita Offshore Green Energy Consortium	3,120	-	20,606
GK Happo Noshiro Offshore Wind	2,115	1,511	13,968
Nghi Son 2 Power Limited Liability Company	1,146	903	7,568
Transmission and Distribution IT & OT Systems LLC	484	-	3,196
Akita Offshore Wind Corporation	422	-	2,787
Guarantees for transactions of affiliates and other companies	2,044	1,817	13,499
Total	¥102,601	¥85,863	$677,636

26. Amounts Per Share

Basic net (loss) income per share is computed based on the net (loss) income available for distribution to shareholders of capital stock and the weighted-average number of shares of capital stock outstanding during the year. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average number of shares of capital stock outstanding during the year assuming full conversion of the convertible bonds. Net assets per share is computed based on the net assets excluding subscription rights shares and non-controlling interests and the number of shares of capital stock outstanding at the year end.

Diluted net income per share is omitted as none of potential ordinary shares exists for the years ended March 31, 2024 and 2023.

The amounts per share for the years ended March 31, 2024 and 2023 are as follows:

Years ended March 31,	2024	2023	2024
	(Yen)		*(U.S. dollars)*
Net (loss) income:			
Basic*	¥452.13	¥(255.14)	$2.986
Cash dividends applicable to the year	¥15.00	¥-	$0.099

At March 31,	2024	2023	2024
	(Yen)		*(U.S. dollars)*
Net assets*	¥1,655.09	¥1,097.95	$10.931

* The Company's shares held by the Trust Account related to the BIP trust have been deducted from the number of the company's shares in the calculation.

27. Consolidated Statements of Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2024 and 2023 are as follows:

	2024	2023	2024
	(Millions of yen)		(Thousands of U.S. dollars)
Unrealized holding gain on available-for-sale securities:			
Amount recorded during the fiscal year	¥7,190	¥1,755	$47,486
Reclassification adjustments	(723)	(265)	(4,775)
Before income tax effect	6,467	1,490	42,711
Income tax effect	(1,504)	(141)	(9,933)
Unrealized holding gain on available-for-sale securities	4,963	1,348	32,778
Unrealized gain (loss) from hedging instruments:			
Amount recorded during the fiscal year	11,793	(2,475)	77,887
Reclassification adjustments	15	(567)	99
Asset at cost adjustments	(2,848)	(3,460)	(18,809)
Before income tax effect	8,960	(6,502)	59,177
Income tax effect	(2,494)	1,819	(16,471)
Unrealized gain (loss) from hedging instruments	6,465	(4,683)	42,698
Foreign currency translation adjustments:			
Amount recorded during the fiscal year	2,732	1,696	18,043
Remeasurements of defined benefit plans:			
Amount recorded during the fiscal year	56,023	(20,856)	370,008
Reclassification adjustments	1,191	442	7,866
Before income tax effect	57,215	(20,414)	377,881
Income tax effect	(16,026)	5,703	(105,845)
Remeasurements of defined benefit plans	41,188	(14,711)	272,029
Share of other comprehensive income of entities accounted for using equity method:			
Amount recorded during the fiscal year	(17)	600	(112)
Reclassification adjustments	63	72	416
Share of other comprehensive income of entities accounted for using equity method	46	673	303
Total other comprehensive income	¥55,396	¥(15,676)	$365,867

28. Segment Information

(a) Overview of reportable segments

The reportable segments of the Company and its consolidated subsidiaries are those units for which separate financial statements can be obtained among the constituent units of the Company and its consolidated subsidiaries and which are regularly examined by the management for decisions on the allocation of management resources and for assessing business performance.

With the electricity supply business at its core, the Company and its consolidated subsidiaries have been operating as an energy service group aiming to maximize the wealth of our customers.

The Company and its consolidated subsidiaries consist of segments based upon electricity supply business and thus the Company designates three segments: the power generation and sales, the network business and the construction business as reportable segments. The power generation and sales business involves the stable supply and retail sales of electricity from thermal, nuclear and renewable energy sources, as well as the smart society building business, corporate and back-office functions. The network business involves the provision of neutral and fair electricity network services. The construction business involves electrical, telecommunications, civil engineering, and building work, as well as the design and manufacture of electricity supply facilities, and research, survey, and measurement related to environmental preservation.

(b) Basis for calculating sales, profit and loss, assets and other items by reportable segment

The method for accounting process of reportable segments is equivalent to the method described in Note 1 "Summary of Significant Accounting Policies." Segment performance is evaluated based on ordinary income or loss. Intersegment sales recorded are based on the third party transaction prices.

(c) Information on amounts of sales, profit or loss, assets and other items by reportable segment

The segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2024 and 2023 are summarized as follows:

	Reportable segment							
Year ended March 31, 2024	Power generation and sales	Network	Construction	Subtotal	Other	Total	Reconciling item*	Consolidated total
				(Millions of yen)				
Net sales:								
Revenue from electricity sales	¥1,626,937	¥11,179	¥-	¥1,638,116	¥-	¥1,638,116	¥-	¥1,638,116
Sales of power to other utilities and other companies	366,787	224,462	-	591,249	-	591,249	-	591,249
Transmission revenue	-	87,282	-	87,282	-	87,282	-	87,282
Construction	-	-	151,488	151,488	371	151,860	-	151,860
Other	169,995	48,342	7,297	225,636	123,668	349,304	-	349,304
(1) Net sales to external customers	2,163,720	371,266	158,786	2,693,773	124,040	2,817,813	-	2,817,813
(2) Net intersegment sales	117,334	486,801	162,996	767,131	119,431	886,562	(886,562)	-
Total	2,281,054	858,067	321,782	3,460,904	243,471	3,704,376	(886,562)	2,817,813
Segment profit	¥220,201	¥60,701	¥14,658	¥295,561	¥12,867	¥308,429	¥(16,489)	¥291,940
Segment assets	¥4,203,146	¥2,222,877	¥302,979	¥6,729,004	¥435,354	¥7,164,358	¥(1,775,635)	¥5,388,723
Other items:								
Depreciation	¥88,640	¥85,046	¥4,521	¥178,208	¥19,074	¥197,282	¥(5,728)	¥191,554
Interest income	8,582	22	295	8,900	17	8,917	(8,209)	708
Interest expenses	24,400	8,033	213	32,647	384	33,032	(8,488)	24,544
Share of profit of entities accounted for using equity method	538	-	-	538	78	617	(44)	572
Increase in property, plant, equipment and intangible assets	¥209,404	¥157,367	¥4,157	¥370,929	¥26,030	¥396,960	¥(9,704)	¥387,255

(c) Information on amounts of sales, profit or loss, assets and other items by reportable segment (continued)

Year ended March 31, 2023	Reportable segment: Power generation and sales	Network	Construction	Subtotal	Other	Total	Reconciling item*	Consolidated total
				(Millions of yen)				
Net sales:								
Revenue from electricity sales	¥1,600,348	¥38,026	¥-	¥1,638,375	¥-	¥1,638,375	¥-	¥1,638,375
Sales of power to other utilities and other companies	446,026	449,016	-	895,042	-	895,042	-	895,042
Transmission revenue	-	97,641	-	97,641	-	97,641	-	97,641
Construction	-	-	149,232	149,232	436	149,669	-	149,669
Other	53,872	32,976	6,249	93,097	133,377	226,475	-	226,475
(1) Net sales to external customers	2,100,247	617,661	155,481	2,873,390	133,814	3,007,204	-	3,007,204
(2) Net intersegment sales	214,021	507,223	148,083	869,328	112,436	981,765	(981,765)	-
Total	2,314,268	1,124,884	303,565	3,742,719	246,250	3,988,970	(981,765)	3,007,204
Segment profit	¥(218,478)	¥11,388	¥13,173	¥(193,916)	¥13,805	¥(180,110)	¥(19,167)	¥(199,277)
Segment assets	¥4,088,846	¥2,141,635	¥281,005	¥6,511,487	¥456,660	¥6,968,148	¥(1,756,233)	¥5,211,914
Other items:								
Depreciation	¥86,831	¥91,005	¥4,057	¥181,894	¥17,683	¥199,578	¥(6,125)	¥193,452
Interest income	7,743	32	230	8,006	15	8,022	(7,667)	355
Interest expenses	18,582	7,536	295	26,414	360	26,775	(7,950)	18,824
Share of profit of entities accounted for using equity method	289	-	-	289	-	289	0	289
Increase in property, plant, equipment and intangible assets	¥174,329	¥124,858	¥5,292	¥304,480	¥20,471	¥324,951	¥(9,298)	¥315,653

(c) Information on amounts of sales, profit or loss, assets and other items by reportable segment (continued)

Year ended March 31, 2024	Reportable segment: Power generation and sales	Network	Construction	Subtotal	Other	Total	Reconciling item*	Consolidated total
				(Thousands of U.S. dollars)				
Net sales:								
Revenue from electricity sales	$10,745,241	$73,832	$-	$10,819,074	$-	$10,819,074	$-	$10,819,074
Sales of power to other utilities and other companies	2,422,475	1,482,478	-	3,904,953	-	3,904,953	-	3,904,953
Transmission revenue	-	576,461	-	576,461	-	576,461	-	576,461
Construction	-	-	1,000,515	1,000,515	2,450	1,002,972	-	1,002,972
Other	1,122,746	319,278	48,193	1,490,231	816,775	2,307,007	-	2,307,007
(1) Net sales to external customers	14,290,469	2,452,057	1,048,715	17,791,248	819,232	18,610,481	-	18,610,481
(2) Net intersegment sales	774,942	3,215,117	1,076,520	5,066,580	788,792	5,855,372	(5,855,372)	-
Total	15,065,411	5,667,175	2,125,236	22,857,829	1,608,024	24,465,860	(5,855,372)	18,610,481
Segment profit	$1,454,335	$400,904	$96,809	$1,952,057	$84,981	$2,037,045	$(108,902)	$1,928,142
Segment assets	$27,760,029	$14,681,176	$2,001,050	$44,442,269	$2,875,331	$47,317,601	$(11,727,329)	$35,590,271
Other items:								
Depreciation	$585,430	$561,693	$29,859	$1,176,989	$125,975	$1,302,965	$(37,831)	$1,265,134
Interest income	56,680	145	1,948	58,780	112	58,893	(54,217)	4,676
Interest expenses	161,151	53,054	1,406	215,619	2,536	218,162	(56,059)	162,102
Share of profit of entities accounted for using equity method	3,553	-	-	3,553	515	4,075	(290)	3,777
Increase in property, plant, equipment and intangible assets	$1,383,026	$1,039,343	$27,455	$2,449,831	$171,917	$2,621,755	$(64,090)	$2,557,658

* Reconciling item includes eliminations of intersegment transactions and other factors.

Other factors include gas business, information and communications business, and the manufacture and sale of equipment and materials for power supply facilities.

As part of the "Project to Mitigate Drastic Changes in Electricity and Gas Prices," we are discounting electricity rates at discounted unit prices set by the government, and revenue related to subsidies received as the source of funds for this discount is included in "Other" for the power generation and sales business as ¥162,428 million ($1,072,769 thousand) for the year ended March 31, 2024 and ¥44,390 million for the year ended March 31, 2023, and in "Other" for the power transmission and distribution business as ¥1,308 million ($8,638 thousand) for the year ended March 31, 2024 and ¥577 million for the year ended March 31, 2023, as revenue other than revenue arising from contracts with customers.

Please note that revenue other than revenue arising from contracts with customers other than said subsidies is immaterial, so revenue other than revenue arising from contracts with customers is included in "Other."

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Independent Auditor's Report

The Board of Directors
Tohoku Electric Power Company, Incorporated

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Tohoku Electric Power Company, Incorporated and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Recoverability of Deferred Tax Assets
Description of Key Audit Matter
Tohoku Electric Power Company, Incorporated and its subsidiaries (the "Group") recorded deferred tax assets of ¥181,372 million on the consolidated balance sheet at the end of the fiscal year ended March 31, 2024 and, as described in Notes to Consolidated Financial Statements (Income Taxes), the amount of these deferred tax assets before being offset against deferred tax liabilities was ¥218,219 million. Of this amount, the Group recorded deferred tax assets on tax loss carryforwards of ¥61,270 million (before being offset against deferred tax liabilities), the majority of which are attributable to Tohoku Electric Power Company, Incorporated.

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In the fiscal year ended March 31, 2024, the Group recorded ordinary income of ¥291,940 million as a result of the time lag between fuel costs and fuel cost adjustment charges, which increased profits, as well as the revision of electricity rates and implementation of measures aimed at enhancing efficiency, including reducing fuel costs through the year-round operation of the highly efficient Joetsu Thermal Power Station. On the other hand, the Group was in a financial situation at the end of the fiscal year ended March 31, 2024 with the equity ratio of 15.4% and interest-bearing debt exceeding ¥3 trillion. The Group formulated its future management development plan aiming at 2030 as "Yorisou next +PLUS" to ensure a continuous, stable supply of electricity and provide further added value amidst a changing business environment. Through the plan, the Group aims to pursue revenue and growth by its business development centered on electricity and energy such as realization of the optimum energy mix based on trends in electricity market and demand, strengthening sales promotions and resuming operations at nuclear power stations. Also, the Group announced in May 2024 that it completed the construction of safety measures for Onagawa Nuclear Power Station Unit No. 2. In consideration of these circumstances, for the company classification related to tax effect accounting, the Group determines the recoverability of deferred tax assets on deductible temporary differences and tax loss carryforwards based on an estimate of taxable income within a period in which taxable income can be reasonably estimated in the future (approximately five years) despite significant tax losses in the past. As described in Notes to Consolidated Financial Statements (Significant accounting estimates), the estimate of taxable income on the basis of future profitability made by the Group is based on the medium-term business plan approved by the board of directors, and the significant assumptions underlying the business plan are as follows. 1. The electricity sales volume for both retail and wholesale as well as electricity sales rates based on these sales volumes are estimated under the assumption that the Group will move forward with sales strategy initiatives in the area of retail electricity sales in consideration of the status of competition with other companies and implementation of measures to strengthen sales in the area of wholesale electricity sales as well. 2. Operations at Onagawa Nuclear Power Station Unit No. 2 are expected to resume around September 2024 based on the schedule for the construction of safety measures and so forth. These assumptions involve uncertainty such as the feasibility of sales plans amidst changes in market conditions, trends in fuel and electricity markets, and delays in the construction of safety measures for Onagawa Nuclear Power Station Unit No. 2, and require management’s judgment. Accordingly, we have determined that recoverability of deferred tax assets is a key audit matter.
Auditor’s Response
We mainly performed the following audit procedures in considering the recoverability of deferred tax assets. (Evaluation of internal controls) ・ We obtained an understanding of the process for formulating future business plans, which includes forming medium-term plans, and evaluated the design and operating effectiveness of the related internal controls.

(Evaluation of the estimate of future taxable income)

- We considered the scheduling of the reversal of deductible temporary differences and tax loss carryforwards and the factors which gave rise to tax loss carryforwards, and we involved a tax professional to consider the balances of deductible temporary differences and tax loss carryforwards as of the end of the fiscal year ended March 31, 2024.
- To evaluate the Group’s estimate of future taxable income, we considered future business plans that serve as the basis for the estimate. In considering future business plans, we considered the consistency of such plans with medium-term plans approved by the board of directors.
- We compared business plans formulated in prior years to actual results to evaluate the effectiveness of the estimation process that management uses in formulating business plans.
- Regarding the significant assumptions used by management in future business plans, we evaluated the medium-term impact of the Group's outlook on retail and wholesale electricity sales rates and the timing of resumption of operations at Onagawa Nuclear Power Station Unit No. 2 on taxable income, and performed the following procedures.

1. Outlook on retail and wholesale electricity sales rates
   - We discussed with management whether the Group’s underlying measures are reasonable and feasible.
   - We considered whether the Group's competitive environment and sales and pricing strategies are reflected in future plans for electricity sales volume and selling price.
   - We performed sensitivity analysis for electricity sales volume as well as profit and taxable income and considered management’s assessment of the uncertainty of estimates included in future business plans.
2. Timing of resumption of operations at Onagawa Nuclear Power Station Unit No. 2
   - We considered the timing of resumption expected by the Group by inspecting minutes of meetings of the board of directors and related documents.
   - We discussed with management regarding the progress in the construction of safety measures and the timing of resumption of operations.

Other Information

The other information comprises the information included in the Financial Data Book that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor’s report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group’s reporting process of the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

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

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

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of Tohoku Electric Power Company, Incorporated and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 268 million yen and 20 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 26, 2024

/s/ Sayaka Shimura
Designated Engagement Partner
Certified Public Accountant

/s/ Katsutoshi Okura
Designated Engagement Partner
Certified Public Accountant

/s/ Katsuhiro Saito
Designated Engagement Partner
Certified Public Accountant