Financial Review (Consolidated Basis)

Operating Results

In the year ended March 31, 2025, the Japanese economy is recovering moderately, but it is still in a situation that requires full attention to the effects of rising prices, U.S. trade policy, the situation surrounding Ukraine and the Middle East region, economic trends in China, and fluctuations in the financial and capital markets. In the electric power industry, while the energy situation in Japan and abroad remains difficult, we are in a very important phase of progress in the nuclear power business and the revision of the Basic Energy Plan, and in the mid- to long-term, the business environment is expected to change significantly with the progress of digitalization and the acceleration of carbon neutrality trend, etc.

In April 2024, we formulated “Working alongside next + PLUS” as our future management development based on the results and reflections of our past efforts, recent changes in the business environment, and future prospects. The entire group is working together to realize a smart society in which local residents can experience a comfortable, safe, and secure lifestyle. Specifically, we have established five business domains and eleven business segments, centering on electricity and energy, and each business is pursuing earnings and growth in an autonomous manner.

Under these circumstances, our electricity sales volume (wholesale) increased due to an increase in wholesale electricity market transactions, but electricity sales volume (retail) decreased due to contract switching caused by increased competition, etc. As a result, overall electricity sales volume for the fiscal year under review was 78.0 TWh (down 1.6% from the previous year).

Ordinary revenues totaled ¥2,644.9 billion (US$17,689 million), a decrease of ¥172.9 billion (6.1%) from the previous fiscal year, mainly due to a decrease in fuel cost adjustment caused by lower fuel prices.

Ordinary income totaled ¥256.7 billion (US$1,716 million), a decrease of ¥35.2 billion (12.1%) from the previous fiscal year, mainly due to a decrease in marginal gain from the time lag effect of the fuel cost adjustment system, despite an improvement in profit and loss from the restart of Onagawa Nuclear Power Station Unit 2.

Net income attributable to owners of the parent totaled ¥182.8 billion (US$1,222 million), a decrease of ¥43.2 billion (US$288 million) (19.1%) from the previous fiscal year.

Consolidated cash income for this period totaled ¥470.5 billion (US$3,146 million).

Consolidated cash income = Operating profit + Depreciation + Amortization of nuclear fuel + Share of profit of entities accounted for using equity method

(Operating profit excludes time lag between fuel cost and fuel cost adjustment charges.)

In the future management development “Working alongside next + PLUS” toward 2030, as outlined in the Tohoku Electric Power Group’s medium- to long-term vision, the following new financial targets have been set as quantitative goals aimed at the early recovery of the financial base and the creation of a virtuous cycle of “profit, investment, and growth.”

	FY2024 (Results)	Financial targets	
		FY2026	FY2030
Profit indicators [Consolidated ordinary income]	256.7 billion yen	190.0 billion yen	200.0 billion yen or more
Financial soundness indicators [Consolidated equity ratio]	18.3%	Around 20%	25% or more
Profitability index Consolidated [ROIC]	4.8%	3.5% level*	3.5% or more*

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

Segment results (before elimination of intersegment transactions) for the current consolidated fiscal year are as follows.

Effective from the current consolidated fiscal year, we have changed the business segments it describes as reportable segments, and comparisons and analysis for the current consolidated fiscal year are based on the new classifications.

【Power Generation and Sales Business】

<Summary of Results>

Our electricity sales (retail) decreased to 60.9 TWh or 5.1% decrease due to switching of contracts caused by increasing competition, despite an increase in heating demand due to lower winter 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 0.4%. Power demand was 41.2 TWh, a year-on-year decrease of 7.2%. On the other hand, wholesale electricity sales volume increased by 13.5% from the previous fiscal year to 17.1 TWh.

As a result, total electricity sales volume decreased by 1.6% year-on-year to 78.0 TWh.

As for supply, power supply was secured due to the restart of nuclear power station as well as a stable operation of thermal power stations, despite a decrease in supply capacity due to droughts.

Operating revenue totaled ¥2,138.9 billion (US$14,305 million), a decrease of ¥142.0 billion (US$949 million) or 6.2% from the previous fiscal year due to a decrease in fuel cost adjustment due to lower fuel prices.

Ordinary income totaled ¥243.8 billion (US$1,630 million), an increase of ¥23.6 billion (US$157 million) from the previous fiscal year, mainly due to the restarting the Onagawa Nuclear Power Station Unit 2 and an improvement in profit and loss from the elimination of the excess of the ceiling on the unit price for fuel cost adjustment, despite a decrease in marginal gain from the time lag effect of the fuel cost adjustment system.

<Major Initiatives in Related Businesses＞

Power Generation and Wholesale - Thermal Power Generation, Nuclear Power Generation -

- ➢ While securing stable supply of electricity, we are decarbonizing thermal power sources necessary to achieve 2050 Carbon Neutrality.
  - ✓ Replace utilizing Long-Term Decarbonization Power Source Auction which increases long-term income predictability (Higashi Niigata Thermal Power Station)
  - ✓ Conducting co-firing test for utilization of fuels such as hydrogen and black pellets (Niigata Thermal Power Station, Noshiro Thermal Power Station)
- ➢ Onagawa Nuclear Power Station Unit 2 restarted its operation as BWR in November 2024 for the first time. First restart in 14 years will lead to recovery from the Great East Japan Earthquake and has great significance in terms of stable supply of electricity and contribution to carbon neutrality.
- ➢ We are working on the New Regulations Conformity Assessment of Unit 1 at the Higashidori Nuclear Power Station and the application for the Conformity Assessment of Unit 3 at the Onagawa Nuclear Power Station.
- ➢ Based on the firm belief that “There is no end to safety measures”, we are making efforts to further improve safety.

Green Business – Renewable Energy, Next-generation Energy, Green Energy

- ➢ To meet diversifying needs as well as to develop more than 2,000 MWh renewable energy sources, we are providing wide range of services such as corporate PPA that enable long-term and stable procurement of electricity from renewable energy sources.
  - ✓ In the current consolidated fiscal year, three projects we participated in have started commercial operation.
  - ✓ The cumulative equity output if all development projects are commercialized was estimated to be approximately 850 MWh as of the end of FY2024.
  - ✓ With the aim of promoting forestry, activating regional economy, and promoting decarbonization, in May 2024, we established “Yokote Yuzawa Forest Cycle Co., Ltd.” that generates electricity from woody biomass in collaboration with other companies.
  - ✓ “77 Solar Park Tomiya” the first project based on “Partnership Agreement on Promotion of Carbon Neutrality” with the 77 Bank started operation in October 2024.

Energy Solution Service - Electricity Retail, Solution Service -

- ➢ As for electricity retail, we provide the services that reduce the costs of customers’ electricity bill, and for solution service, we provide a variety of comfortable, safe, and secure services to maximize customers’ affluence through the retail of electric power.
  - ✓ By providing demand response service, we contribute to both improvement of power supply and the reduction of customers’ burden for electricity bill.
  - ✓ As a living service that solves housing problems, we provide “Housing Safe Support” and “House Cleaning” and others to prepare troubles in electricity equipment or water facilities.
  - ✓ By providing factory customers with “Ease Support Plus” that includes introduction, maintenance, and operation of power receiving and transforming equipment, and air conditioning equipment, we support an “environment in which customers can use the facilities safely and stability” and “optimization of management resources”.

【Network Business】

＜Summary of Results＞

Electricity demand in our franchise area for the current fiscal year decreased by 0.3% from the previous fiscal year to 75.2 TWh, reflecting decreasing demand for commercial use, etc.

Ordinary revenue increased ¥50.1 billion (US$335 million) or 5.8% from the previous fiscal year to ¥908.2 billion (US$6,074 million) due to an increase in wholesale supply of renewable energy electricity, etc.

Ordinary income decreased ¥43.7 billion (US$292 million) or 72.1% from the previous fiscal year to ¥16.9billion (US$113 million) due to an increase in procurement costs related to securing adjusting capacity, etc.

<Major Initiatives in Related Businesses>

Network

- In order to support the affluent life of local community, Tohoku Electric Power Network Co., Inc. is working to provide a stable supply of electric power and contribute to achieving carbon neutrality, while also working to expand electricity power demand, with safety as its top priority.
  - ✓ Introduction of new system for systematic and efficient renewal of aging facilities
  - ✓ Signed the agreement with the Tohoku Regional Development Bureau in November 2024 for mutual cooperation in the event of a disaster
  - ✓ In the event of a power outage caused by heavy rain mainly on the Sea of Japan coast in July 2024, the company worked hard to restore power in cooperation with local governments and other organizations to resolve the outage as soon as possible.
  - ✓ Commencement of all major construction work related to the construction of two 500kV transmission lines between the Tohoku and Tokyo areas to expand the introduction of renewable energy
  - ✓ In order to accommodate the business plans of customers who wish to receive a large-scale supply, candidate sites that can be accommodated relatively quickly in terms of supply facilities are announced as “Welcome Zones”

【Other businesses】

<Summary of Results>

Operating revenue decreased ¥143.6 billion (US$960 million) or 25.4% from the previous fiscal year to ¥421.5 billion (US$2,819 million), mainly due to a change in scope of consolidation.

Ordinary income decreased ¥1.1 billion (US$7 million) or 4.1% from the previous fiscal year to ¥26.3 billion (US$176 million).

<Major Initiatives in Related Businesses>

Related Areas - Integrated facility engineering, real estate, DX and IT -

- In related areas, our entire corporate group provides a wide range of services by leveraging assets and expertise developed in the energy business.
  - ✓ For integrated facility engineering business, in addition to further deepening in Tohoku and Niigata, our business base, we will focus on acquiring projects in other regions, including the Tokyo metropolitan area, and strengthening business overseas.
  - ✓ For DX and IT business, we formed a business alliance with two companies to provide cloud services in order to quickly respond to the rapidly growing demand for GPUs required for the development and use of generative AI.
  - ✓ Affiliated companies also provide services that contribute to the digitization of communities and the creation of a safe and secure society.

(TOHKnet)

In July 2024, the company began offering “L3 Connect”, which will make it easier than ever for customers using the “Think VPN Service” to connect to the cloud.

(TOiNX)

“TOiNX Managed Network Service”, which provides total support for operation and maintenance of network equipment using cloud infrastructure, launched in January 2025.

Capital Expenditure

The Group's capital expenditure in the year ended March 31, 2025 (not subject to adjustment) was ¥383.9 billion (US$2,567 million). By segment, the power generation and sales business amounted to ¥167.9 billion (US$1,122 million), the network business for ¥183.7 billion (US$1,228 million), and other businesses for ¥32.2 billion (US$215 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	¥143.0 billion	US$956 million
	Other	18.5 billion	123 million
	Nuclear fuel	6.3 billion	42 million
	Subtotal	167.9 billion	1,122 million
Network business	Power generating units	1.3 billion	8 million
	Transmission	70.7 billion	472 million
	Transformation	26.3 billion	175 million
	Distribution	61.5 billion	411 million
	Supplying electricity, other	23.8 billion	159 million
	Subtotal	183.7 billion	1,228 million
Other		32.2 billion	215 million
Total		¥383.9 billion	US$2,567 million

Assets, Liabilities and Net Assets

Total assets at the year ended March 31, 2025 were valued at ¥5,398.2 billion (US$36,103 million), an increase of ¥9.4 billion (US$62 million) or 0.2% from the year ended March 31, 2024, mainly due to a decrease in Account receivables despite an increase in fixed assets through new acquisitions.

Total liabilities at the year ended March 31, 2025 were ¥4,389.4 billion (US$29,356 million), decreased by ¥88.2 billion (US$589 million) or 2.0% from the year ended March 31, 2024, mainly due to a decrease in accounts payable-other and other liabilities.

Net assets at the year ended March 31, 2025 came to ¥1,008.8 billion (US$6,746 million), an increase of ¥97.7 billion (US$653 million) or 10.7% from the year ended March 31, 2024, mainly due to the recording of net gain attributable to owners of the parent.

As a result, the equity ratio increased 2.9% from the previous fiscal year to 18.3%.

Cash Flows

Cash and cash equivalents at the year ended March 31, 2025 were ¥551.1 billion (US$3,686 million), an increase of ¥21.7 billion (US$145 million) or 4.1% from the year ended March 31, 2024.

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 decreased ¥39.8 billion (US$266 million) (8.8%) from the previous fiscal year to ¥410.3 billion (US$2,744 million), mainly due to an increase in income taxes paid.

【Cash flows from investing activities】

Cash outflow from investing activities increased ¥89.0 billion (US$595 million) (26.7%) from the previous fiscal year to ¥422.6 billion (US$2,826 million), mainly due to an increase in expenditures for the sale of investments in subsidiaries resulting in changes in the scope of consolidation and expenditures for the acquisition of fixed assets.

【Cash flows from financing activities】

Proceeds from the issuance of corporate bonds increased, and this resulted in a turnaround from an outflow in the previous fiscal year to an inflow of ¥34.1 billion (US$228 million) (an outflow of ¥96.0 billion in the previous fiscal year).

【Business and Other Risks】

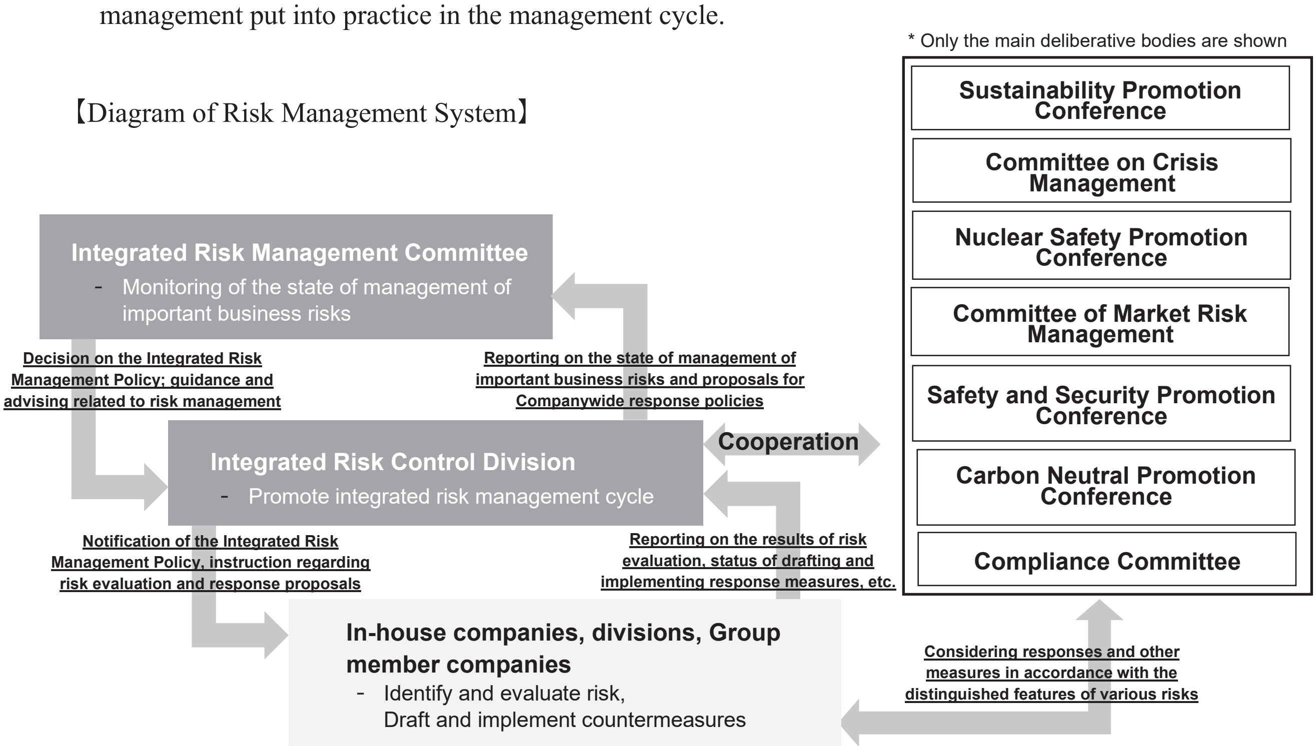
In order to ensure steady supply of electricity, power stations, power network facilities and securing fuel are essential for providing electricity services that is a core business for our corporate group companies. Any troubles caused by damage to the facilities or long-term suspension of power supply 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 appropriate 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 24, 2025, 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 departments, 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 the restoration cost and an increase in cost of power generation. In order to reduce the risk for facilities and secure a stable supply of high-quality electricity, our corporate group companies conduct regular inspections and repair of facilities, develop a cybersecurity strategy, improve their reliability as well as proactively proceed our initiative in workplace safety and equipment security by establishing "Tohoku Electric Power Group Safety and Security Policy."	

(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 Higashidori Nuclear Power Station Unit No.1 restarts its operation, based on certain preconditions, an annual cost of thermal fuel is estimated to decline by ¥40 billion.	

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 is recovered and 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 related to 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 spent fuel occurred by 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 cost of promoting decommission the organization needs

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 improving 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, decarbonizing thermal power generation, and promoting electrification and optimizing energy usage.	

(3) Market Risks including Price Fluctuation

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 fluctuates 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 work on leveraging 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 ¥2.2 billion annually. When foreign exchange rate fluctuates by ¥1 against US$1.00, the annual impact will be affected at ¥3.4 billion. When the water outflow rate changes by one percent, its impact will be ¥1.3 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 ¥3,336.9 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 ¥2.0 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 Liabilities

Impact: Large	Significance: High
Retirement benefit expenses and liabilities are calculated based on the preconditions on an actuarial basis such as discount rate and long-term expected rate of return on retirement benefit 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, our corporate group companies' results and financial position could be affected adversely due to legal penalties and damage to the reputation of our corporate group. 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 continue 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 diseases spread 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 fuel 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 which are not our core electricity business tends to be affected by change in business environment including competition against other enterprises, carbon neutrality compliance, and progress of DX 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				
	2025	2024	2023	2022	2021
Operating results					
Operating revenue	**¥ 2,644,912**	¥ 2,817,813	¥ 3,007,204	¥ 2,104,448	¥ 2,286,803
Operating expenses	**2,364,580**	2,495,550	3,187,259	2,133,185	2,198,883
Operating income	**280,332**	322,263	(180,054)	(28,737)	87,919
Interest expenses	**25,928**	24,544	18,824	14,528	15,453
Other income (expenses) , net	**2,321**	(5,779)	(398)	(24,903)	(17,970)
Income before special item and income taxes	**256,725**	291,940	(199,277)	(68,168)	54,495
Special item	-	-	(79)	79	-
Income before income taxes	**256,725**	291,940	(199,198)	(68,248)	54,495
Income taxes	**71,949**	61,502	(76,051)	35,755	21,544
Net income attributable to non-controlling interests	**1,968**	4,336	4,415	4,358	3,570
Net income attributable to owners of parent	**182,807**	226,102	(127,562)	(108,362)	29,380

Sources and application of funds					
Sources:					
Internal funds	**¥330,542**	¥481,730	¥(289,968)	¥(7,946)	¥ 288,849
External funds:					
Bonds	**163,000**	95,000	555,700	250,000	230,000
Borrowings	**277,814**	192,939	829,095	987,786	322,000
	440,814	287,939	1,384,795	1,237,786	552,000
Total	**771,357**	769,669	1,094,826	1,229,839	840,849
Applications:					
Capital expenditure	**383,960**	397,046	325,009	311,423	309,004
Debt redemption	**387,397**	372,623	769,817	918,416	531,844
Total	**771,357**	769,669	1,094,826	1,229,839	840,849

Assets and capital					
Total assets	**¥ 5,398,213**	¥ 5,388,723	¥ 5,211,914	¥ 4,725,651	¥ 4,471,081
Property, plant and equipment, net	**3,620,392**	3,546,757	3,361,217	3,261,932	3,165,767
Capital stock	**251,441**	251,441	251,441	251,441	251,441
Total net assets	**1,008,809**	911,078	631,099	778,980	901,534

	Millions of yen				
	2025	2024	2023	2022	2021
Cash Flows					
Operating activities:					
Net cash provided by operating activities	**¥410,330**	¥450,160	¥(93,776)	¥ 97,188	¥ 217,617
Investing activities:					
Net cash used in investing activities	**(422,617)**	(333,550)	(275,797)	(322,163)	(254,961)
Financing activities:					
Net cash provided by (used in) financing activities	**34,148**	(96,050)	598,465	293,243	(5,774)
Effect of exchange rate changes on cash and cash equivalents	**(85)**	897	584	557	389
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	**551,131**	529,354	507,896	278,420	209,593

	2025	2024	2023	2022	2021
Electric power sales (GWh)					
Lighting (Residential)	**19,662**	19,738	19,959	20,990	21,969
Power	**41,212**	44,396	45,982	46,356	43,983
Retail Electricity Sales	**60,874**	64,135	65,940	67,346	65,952
Wholesale Electricity Sales	**17,123**	15,091	15,885	16,718	16,571
Total	**77,996**	79,225	81,825	84,064	82,523

	2025	2024	2023	2022	2021
Plant data					
Generating capacity (MW)					
(Number of plants):					
Hydroelectric	**2,573**	2,573	2,572	2,558	2,556
	(224)	(225)	(226)	(227)	(227)
Thermal *	**11,340**	11,940	11,940	12,073	12,073
	(13)	(14)	(14)	(13)	(13)
Nuclear	**2,750**	2,750	2,750	2,750	2,750
	(2)	(2)	(2)	(2)	(2)
Renewables	**329**	280	193	243	243
	(22)	(23)	(19)	(19)	(19)
Total	**16,991**	17,543	17,456	17,624	17,622
	(261)	(264)	(261)	(261)	(261)
Substation capacity (MVA)	**80,331**	80,196	80,101	79,962	79,762
Transmission lines (km)	**15,535**	15,520	15,506	15,460	15,362
Distribution lines (km)	**150,093**	149,818	149,517	149,120	148,735

* Intenal combustion power is included in Thermal.

Other data					
Number of employees	**18,378**	24,234	24,528	24,833	24,717

Consolidated Financial Statements

Tohoku Electric Power Company, Incorporated

Year ended March 31, 2025
with Independent Auditor's Report

Tohoku Electric Power Company, Incorporated

Consolidated Balance Sheet

	March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Assets			
Property, plant and equipment *(Note 6)*	¥11,139,498	¥10,905,711	$74,501,725
Less accumulated depreciation	(7,519,106)	(7,358,954)	(50,288,295)
Property, plant and equipment, net	3,620,392	3,546,757	24,213,429
Nuclear fuel:			
Loaded nuclear fuel	31,935	30,591	213,583
Nuclear fuel in processing	111,960	113,045	748,796
Total nuclear fuel	143,896	143,637	962,386
Long-term investments *(Notes 7 and 8)*	139,581	148,900	933,527
Defined benefit asset (*Note 16*)	39,122	35,091	261,650
Deferred tax assets *(Note 19)*	122,361	181,372	818,358
Other assets *(Note 11)*	190,908	130,577	1,277,862
Current assets:			
Cash and deposits *(Notes 7 and 10)*	474,520	483,709	3,173,622
Notes and accounts receivable – trade *(Notes 7 and 13)*	220,597	261,550	1,475,367
Short-term investments	76,970	48,643	514,780
Inventories *(Note 12)*	78,861	92,806	527,427
Other current assets	291,002	315,677	1,946,241
Total current assets	1,141,952	1,202,387	7,637,453
Total assets	¥5,398,213	¥5,388,723	$36,103,618

	March 31,		
	2025	**2024**	**2025**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Liabilities and net assets			
Long-term debt *(Notes 7 and 15)*	¥2,932,039	¥2,954,410	$19,609,677
Reserve for restoration costs of natural disaster	2,929	3,142	19,589
Defined benefit liability *(Note 16)*	122,924	125,070	822,124
Deferred tax liabilities for land revaluation *(Note 14)*	-	1,279	-
Other liabilities	49,859	236,020	333,460
Current liabilities:			
Current portion of non-current liabilities *(Notes 7 and 15)*	417,322	331,680	2,791,078
Notes and accounts payable – trade *(Note 7)*	202,718	231,281	1,355,791
Accrued income taxes	16,559	38,395	110,747
Reserve for restoration costs of natural disaster	964	4,217	6,447
Other current liabilities	514,102	275,236	3,438,349
Total current liabilities	1,151,667	1,157,721	7,702,427
Total liabilities	4,389,404	4,477,645	29,356,634
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	1,681,654
Capital surplus	23,306	23,291	155,872
Retained earnings	677,358	509,385	4,530,216
Treasury shares; 2,722,304 shares in 2025 and 2,791,392 shares in 2024	(4,092)	(4,154)	(27,367)
Total shareholders' equity	948,013	779,963	6,340,375
Accumulated other comprehensive income:			
Unrealized holding gain on available-for-sale securities *(Note 8)*	9,106	7,598	60,901
Unrealized gain from hedging instruments *(Note 9)*	9,351	7,153	62,540
Revaluation reserve for land *(Note 14)*	(890)	(937)	(5,952)
Foreign currency translation adjustments	4,586	5,533	30,671
Remeasurements of defined benefit plans *(Note 16)*	15,016	28,383	100,428
Total accumulated other comprehensive income	37,170	47,731	248,595
Non-controlling interests	23,625	83,383	158,005
Total net assets	1,008,809	911,078	6,746,983
Total liabilities and net assets	¥5,398,213	¥5,388,723	$36,103,618

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Consolidated Statements of Operations

	Year ended March 31,		
	2025	**2024**	**2025**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Operating revenue:			
Electric utility operating revenue	¥2,422,057	¥2,531,759	$16,198,883
Other business operating revenue	222,854	286,054	1,490,462
	2,644,912	2,817,813	17,689,352
Operating expenses *(Note 22 and 24)*:			
Electric utility operating expenses *(Note 23)*	2,171,587	2,228,642	14,523,722
Other business operating expenses	192,993	266,907	1,290,750
	2,364,580	2,495,550	15,814,472
Operating income	280,332	322,263	1,874,879
Other income (expense):			
Interest and dividend income	2,047	1,477	13,690
Interest expenses	(25,928)	(24,544)	(173,408)
Gain on sale of goods	1,729	1,920	11,563
Gain on sale of securities	-	1,983	-
Share of gain of entities accounted for using equity method	5,054	572	33,801
Other, net	(6,509)	(11,733)	(43,532)
	(23,607)	(30,323)	(157,885)
Ordinary income	256,725	291,940	1,716,994
Income before income taxes	256,725	291,940	1,716,994
Income taxes *(Note 19)*:			
Current	33,544	43,415	224,344
Deferred	38,404	18,086	256,848
	71,949	61,502	481,199
Net income	184,776	230,438	1,235,794
Net income attributable to non-controlling interests	1,968	4,336	13,162
Net income attributable to owners of parent *(Note 26)*	¥182,807	¥226,102	$1,222,625

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Consolidated Statements of Comprehensive Income

	Year ended March 31,		
	2025	**2024**	**2025**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Net income	¥184,776	¥230,438	$1,235,794
Other comprehensive income (loss) *(Note 27)*:			
Unrealized holding gain on available-for-sale Securities	1,386	4,963	9,269
Unrealized gain from hedging instruments	1,965	6,465	13,142
Foreign currency translation adjustments	(130)	2,732	(869)
Remeasurements of defined benefit plans	(14,045)	41,188	(93,933)
Share of other comprehensive income of entities accounted for using equity method	833	46	5,571
Total other comprehensive income (loss)	(9,990)	55,396	(66,813)
Comprehensive income	174,786	285,835	1,168,980
Total comprehensive income attributable to:			
Owners of parent	¥172,977	¥280,090	$1,156,882
Non-controlling interests	1,808	5,744	12,092

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2025

	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Unrealized holding gain on available-for-sale securities	Unrealized gain from hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income	Non-controlling interests	Total net assets
	(Millions of yen)												
Balance at April 1, 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
Changes in parent's ownership interests arising from transactions with non-controlling interests		15			15								15
Dividends of surplus			(12,527)		(12,527)								(12,527)
Net income attributable to owners of parent			182,807		182,807								182,807
Purchases of treasury Shares				(24)	(24)								(24)
Disposal of treasury Shares			(0)	85	85								85
Reversal of revaluation reserve for land			(4)		(4)								(4)
Changes in the scope of consolidation			(2,301)		(2,301)								(2,301)
Net changes in items other than shareholders' equity						1,508	2,198	46	(947)	(13,366)	(10,561)	(59,757)	(70,318)
Balance at March 31, 2025	¥251,441	¥23,306	¥677,358	¥(4,092)	¥948,013	¥9,106	¥9,351	¥(890)	¥4,586	¥15,016	¥37,170	¥23,625	¥1,008,809

Year ended March 31, 2024

	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Unrealized holding gain on available-for-sale securities	Unrealized gain from hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income	Non-controlling interests	Total net assets
	(Millions of yen)												
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 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, 2025

	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Unrealized holding gain on available-for-sale securities	Unrealized gain from hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income	Non-controlling interests	Total net assets
	(Thousands of U.S. dollars) (Note 2)												
Balance at April 1, 2024	$1,681,654	$155,771	$3,406,801	$(27,782)	$5,216,445	$50,815	$47,839	$(6,266)	$37,005	$189,827	$319,228	$557,671	$6,093,352
Changes in parent's ownership interests arising from transactions with non-controlling interests		100			100								100
Dividends of surplus			(83,781)		(83,781)								(83,781)
Net income attributable to owners of parent			1,222,625		1,222,625								1,222,625
Purchases of treasury Shares				(160)	(160)								(160)
Disposal of treasury Shares			(0)	568	568								568
Reversal of revaluation reserve for land			(26)		(26)								(26)
Changes in the scope of consolidation			(15,389)		(15,389)								(15,389)
Net changes in items other than shareholders' equity						10,085	14,700	307	(6,333)	(89,392)	(70,632)	(399,658)	(470,291)
Balance at March 31, 2025	$1,681,654	$155,872	$4,530,216	$(27,367)	$6,340,375	$60,901	$62,540	$(5,952)	$30,671	$100,428	$248,595	$158,005	$6,746,983

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Consolidated Statements of Cash Flows

	Year ended March 31,		
	2025	**2024**	**2025**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 2)*
Operating activities			
Income before income taxes	¥256,725	¥291,940	$1,716,994
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	205,540	191,554	1,374,665
Decommissioning costs of nuclear power units	-	8,405	-
Amortization of special account related to nuclear power decommissioning	3,597	2,441	24,056
Amortization of nuclear fuel	1,648	-	11,021
Loss on retirement of non-current assets	5,212	5,184	34,858
Increase (decrease) in net defined benefit liability	13,413	(38,022)	89,707
Increase (decrease) in remeasurements of defined benefit plans	(19,178)	57,184	(128,163)
Increase (decrease) in contribution payable for nuclear reactor decommissioning	135,671	-	907,376
Increase (decrease) in asset retirement obligations	(184,618)	(97)	(1,234,737)
Interest and dividend income (loss)	(2,047)	(1,477)	(13,690)
Interest expenses	25,928	24,544	173,408
Changes in operating assets and liabilities:			
(Increase) decrease in trade receivables	(315)	(28)	(2,106)
(Increase) decrease in accounts receivable	11,199	(43,712)	74,899
(Increase) decrease in inventories	8,974	41,352	60,018
Increase (decrease) in trade payables	2,647	(21,825)	17,703
Other	21,736	(36,429)	145,371
Subtotal	486,136	481,112	3,251,310
Interest and dividend income received	3,018	1,433	20,184
Interest expenses paid	(24,836)	(24,446)	(166,104)
Income taxes paid	(53,986)	(7,938)	(361,062)
Net cash provided by (used in) operating activities	410,330	450,160	2,744,315
Investing activities			
Purchase of non-current assets	(394,076)	(357,236)	(2,635,607)
Payment of investment and loans receivable	(6,592)	(27,230)	(44,087)
Collection of investments and loans receivable	6,997	43,021	46,796
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(45,958)	(1,357)	(307,370)
Other, net	17,012	9,251	113,777
Net cash used in investing activities	(422,617)	(333,550)	(2,826,491)
Financing activities			
Proceeds from long-term loans payable and issuance of bonds	386,351	205,236	2,583,941
Repayment or redemption of long-term loans payable or bonds	(325,097)	(298,305)	(2,174,271)
Increase (decrease) in short-term loans payable and commercial papers	(8,378)	8,032	(56,032)
Cash dividends paid	(12,540)	(2,593)	(83,868)
Cash dividends paid to non-controlling interests	(1,415)	(2,903)	(9,463)
Other, net	(4,770)	(5,516)	(31,902)
Net cash provided by (used in) financing activities	34,148	(96,050)	228,384
Effect of exchange rate changes on cash and cash equivalents	(85)	897	(568)
Net increase (decrease) in cash and cash equivalents	21,776	21,457	145,639
Cash and cash equivalents at beginning of the period	529,354	507,896	3,540,355
Cash and cash equivalents at end of the period *(Note 9)*	¥551,131	¥529,354	$3,686,001

See notes to consolidated financial statements.

Tohoku Electric Power Company, Incorporated

Notes to Consolidated Financial Statements

March 31, 2025

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 (forty-one entities as of March 31, 2025 and fifty-seven entities as of March 31, 2024) controlled directly or indirectly by the Company.

Yokote Yuzawa Forest Cycle Co., Ltd. has been included in the scope of consolidation from the current fiscal year due to its new establishment.

Yurtec Corporation 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.

In addition, TOHCS Corp., NEW LEASE Corp., YUTOS Corp., YURTEC SERVICE Corp., YURTEC MIYAGI SERVICE Corp., TECS FUKUSHIMA Corp., GREENRECYCLE Corp., AQUA CLARA TOHOKU Corp., Yur Solar Tomiya Co., Ltd, Yur Solar Hobara Co., Ltd, Yur Solar Zao Co., Ltd, YURTEC HAIDEN TECHNO Corp., YURTEC KANTO SERVICE Corp., Air Conditioning Enterprise Co,. Ltd, YURTEC VIETNAM Co., Ltd., Sigma Engineering JSC have been excluded from the scope of consolidation from the current fiscal year due to the transfer of shares.

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

The affiliates (thirteen entities as of March 31, 2025 and eleven entities as of March 31, 2024) 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 14 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.

(c) Property, plant and equipment and intangible 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.

Of intangible 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) Method for recognizing and accounting for the costs required for the decommissioning of commercial nuclear power reactors

The costs required for the decommissioning of commercial nuclear power reactors are recorded as decommissioning contributions, which are paid to the Nuclear Reprocessing and Decommissioning Organization (hereinafter referred to as the "Organization") in accordance with the "Act Partially Amending the Electricity Business Act, etc. for the Establishment of a Power Supply System to Realize a Decarbonized Society" (Act No. 44 of 2023).

Nuclear operators fulfill their cost burden responsibilities by paying decommissioning contributions to the Organization each fiscal year, and the Organization assumes the economic responsibility for securing, managing, and disbursing the funds necessary for decommissioning.

(i) Method for recognizing and accounting for the costs required for the decommissioning of commercial nuclear power reactors (continued)

(Additional Information)

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, “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) 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 (ASBJ Guidance No. 21, March 31, 2008) shall be applied, and in accordance with the provisions of the “Guidelines for Handling Provisions for Dismantling Nuclear Power Facilities” (No. 340 of the Ministry of Finance, 2000), 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” (Act No. 48 of 2005) 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 has become responsible for securing, managing, and paying appropriate funds for the decommissioning.

As a result, the Company has reversed ¥48,653 million ($325,394 thousand) of assets equivalent to asset retirement obligations and ¥184,619 million ($1,234,744 thousand) of asset retirement obligations in the current consolidated fiscal year.

(i) Method for recognizing and accounting for the costs required for the decommissioning of commercial nuclear power reactors (continued)

Pursuant to the provisions of Article 10, Paragraph 1 of the Supplementary Provisions of the Revised Act, the amount of ¥141,359 million ($945,418 thousand) that was required to be paid to the Agency to cover the costs of decommissioning promotion operations was transferred to unpaid decommissioning funds pursuant to the provisions of Article 7 of the Supplementary Provisions of the Revised Ministerial Ordinance. The amount was 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 was deducted from the expense. This had no impact on profit and loss. Of this amount, ¥5,688 million ($38,041 thousand) was transferred to non-current liabilities due within one year.

In addition, ¥5,394 million ($36,075 thousand) was 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 45-21-12 of the Ordinance for Enforcement of the Electricity Business Act (Ordinance of the Ministry of International Trade and Industry No. 77 of 1995) prior to the amendment by the “Ordinance for the Arrangement of Relevant Ministerial Ordinances, etc. in Line with the Enforcement of the Act Partially Amending the Electricity Business Act, etc. for the Establishment of an Electricity Supply System toward the Realization of a Decarbonized Society” (METI Ordinance No. 21 of 2024; hereinafter referred to as the “Revised Ministerial Ordinance”).", 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) and Article 9 of the Supplementary Provisions of the Revised Ministerial Ordinance.

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

Based on Article 5, Paragraph 2 of the “Act on the Implementation of Reprocessing of Spent Nuclear Fuel and Promotion of Decommissioning of Nuclear Power Generation” (Act No. 48 of 2005, as amended by Article 3 of the “Act Partially Amending the Electricity Business Act, etc. for the Establishment of an Electricity Supply System toward the Realization of a Decarbonized Society” (Act No. 44 of 2023); hereinafter referred to as the “Reprocessing Act”), the Company pays to the Nuclear Reprocessing Organization of Japan and the Nuclear Decommissioning Organization (hereinafter referred to as the “Organization”) a contribution in an amount corresponding to the volume of spent fuel generated from the operation of its nuclear power stations. This amount is recorded as spent fuel reprocessing contribution 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 Article 2, Paragraph 4, Item 1 of the Reprocessing Act.

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.

(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

The “Act for Partial Revision of the Income Tax Act” (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, and as a result, the “Defense Special Corporate Tax” will be imposed starting from the consolidated fiscal year beginning on or after April 1, 2026.

Accordingly, deferred tax assets and liabilities related to temporary differences expected to reverse in or after the consolidated fiscal year beginning on or after April 1, 2026, have been calculated using the statutory effective tax rate based on the revised tax rate.

As a result, deferred tax assets (net of deferred tax liabilities) increased by ¥2,306 million ($15,422 thousand) in the current consolidated fiscal year, while income taxes-deferred decreased by ¥2,675 million ($17,890 thousand), net unrealized holding gains on securities decreased by ¥77 million ($514 thousand), deferred gains or losses on hedges decreased by ¥115 million ($769 thousand), and the accumulated adjustments for retirement benefits decreased by ¥175 million ($1,170 thousand).

(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 risks arising from fuel prices. 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 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.

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥149.52 = U.S. $1.00, the approximate rate of exchange in effect on March 31, 2025 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, 2025 and 2024 are ¥122,361 million ($818,358 thousand) and ¥181,372 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 based on the business plan derived from the “FY2025 Tohoku Electric Power Group Management Plan” which was approved by the Board of Directors on March 27, 2025. Deferred tax assets are recognized to the extent that their recovery is considered probable.

The business plan for estimating the taxable income that may be earned in the future 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.

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.

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. Accounting standards issued but not yet effective

Relevant Standards:

・“Accounting Standard for Leases” (ASBJ Statement No. 34, issued on September 13, 2024)

・“Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, issued on September 13, 2024)

Other related revisions to accounting standards, implementation guidance, practical solution reports, and transition guidelines.

1. Overview
In line with international accounting standards, the revised standards require lessees to recognize assets and liabilities for all leases.

2. Scheduled Date of Adoption
The standards are scheduled to be adopted from the beginning of the fiscal year ending March 2028.

3. Impact of the Adoption of the Accounting Standards
The impact of adopting these standards is currently under evaluation as of the preparation of the consolidated financial statements.

5. Additional Information

Participation in Programs to Mitigate Sharp Fluctuations in Electricity and Gas Prices

In accordance with the “Comprehensive Economic Measures for Overcoming Deflation”, the “Comprehensive Economic Measures for Ensuring Peace of Mind, Safety, and Sustainable Growth for the People,” electricity rate discounts have been implemented under the “Electricity and Gas Price Surge Mitigation Program,” the “Emergency Support for Overcoming Extreme Heat,” and the “Electricity and Gas Bill Burden Reduction Support Program,” based on discount unit prices determined by the government.

The subsidies received as financial resources for these discounts are recorded as “Other electricity revenue” in the amount of ¥58,955 million ($394,295 thousand).

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 ¥920 million ($6,153 thousand) and the number of shares is 929,340 shares as of March 31, 2025 and ¥1,007 million and 1,017,168 shares as of March 31, 2024, respectively.

Application of Global Minimum Tax Regime

Starting from the current fiscal year, the Company has applied the Global Minimum Tax Regime.

No corporate income taxes related to the Global Minimum Tax Regime have been incurred.

6. Property, Plant and Equipment

Property, plant and equipment at March 31, 2025 and 2024 are summarized as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Hydroelectric power production facilities	¥648,889	¥636,858	$4,339,814
Thermal power production facilities	1,981,963	2,056,928	13,255,504
Nuclear power production facilities	1,962,691	1,494,164	13,126,611
Transmission facilities	1,917,182	1,858,138	12,822,244
Transformation facilities	955,007	921,864	6,387,152
Distribution facilities	1,838,139	1,725,325	12,293,599
General facilities	394,766	370,709	2,640,222
Other	1,082,505	1,082,134	7,239,867
	10,781,145	10,146,124	72,105,036
Accumulated depreciation	(7,519,106)	(7,358,954)	(50,288,295)
Subtotal	3,262,038	2,787,170	21,816,733
Construction work in progress	293,662	701,459	1,964,031
Special account related to nuclear power decommissioning	19,614	17,817	131,179
Manufacturing process in progress related to reprocessing of irradiated nuclear fuel	45,077	40,310	301,478
Total	¥3,620,392	¥3,546,757	$24,213,429
Contributions in aid of construction	¥347,698	¥340,951	$2,325,428

7. 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 forward exchange transactions 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.

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 sheet, fair values and unrealized gains or losses as of March 31, 2025 and 2024 are shown in the following table. The following table does not include cash, and financial instruments for which fair values approximate book values as they are settled within a short period.

At March 31, 2025	Carrying value	Fair value	Unrealized gain (loss)
		(Millions of yen)	
Assets:			
Marketable and investment securities *1	¥77,039	¥64,476	¥(12,563)
Liabilities:			
Bonds payable *2	1,733,700	1,638,501	(95,198)
Long-term loans payable *2	1,601,812	1,558,341	(43,471)
Derivative transactions *3	¥23,528	¥23,528	¥-

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, 2025	Carrying value	Fair value	Unrealized gain (loss)
		(Thousands of U.S. dollars)	
Assets:			
Marketable and investment securities *1	$515,242	$431,219	$(84,022)
Liabilities:			
Bonds payable *2	11,595,104	10,958,406	(636,690)
Long-term loans payable *2	10,713,028	10,422,291	(290,737)
Derivative transactions *3	$157,356	$157,356	$-

(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), shares to listed affiliates applying equity method 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 securities including unlisted stocks, partnerships under the Civil Code, undisclosed associations and limited investment partnerships, etc. are as follows.

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unlisted stocks	¥177,306	¥171,989	$1,185,834
Partnership under the Civil Code, undisclosed associations and limited investment partnerships	¥14,012	¥8,497	$93,713

(b) Fair Values of Financial Instruments (continued)

(Note1) Redemption schedule of financial bonds and marketable securities with maturity at March 31, 2025 and 2024 are as follows:

At March 31, 2025	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	¥17	¥-	¥-	¥-
Negotiable certificates of deposit	2,460	-	-	-
Other securities with maturities				
Negotiable certificates of deposit	74,500	-	-	-
Cash and deposits	474,520	-	-	-
Notes and accounts receivable – trade	221,095	-	-	-
Total	¥772,593	¥-	¥-	¥-

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, 2025	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	$113	$-	$-	$-
Negotiable certificates of deposit	16,452	-	-	-
Other securities with maturities				
Negotiable certificates of deposit	498,261	-	-	-
Cash and deposits	3,173,622	-	-	-
Notes and accounts receivable – trade	1,478,698	-	-	-
Total	$5,167,154	$-	$-	$-

(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, 2025	Level 1	Level 2	Level 3	Total
		(Millions of yen)		
Marketable and investment securities:				
Other securities	¥18,481	¥-	¥-	¥18,481
Assets Total	18,481	-	-	18,481
Derivative transactions*:				
Currency	-	13,030	-	13,030
Commodity	-	10,497	-	10,497
Derivative transactions Total	¥-	¥23,528	¥ -	¥23,528

* Net amount of asset and liability position arising from derivative transactions.

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 asset and liability position arising from derivative transactions.

At March 31, 2025	Level 1	Level 2	Level 3	Total
		(Thousands of U.S. dollars)		
Marketable and investment securities:				
Other securities	$123,602	$-	$-	$123,602
Assets Total	123,602	-	-	123,602
Derivative transactions*:	-	-	-	-
Currency	-	87,145	-	87,145
Commodity	-	70,204	-	70,204
Derivative transactions Total	$-	$157,356	$-	$157,356

* Net amount of asset and liability position 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, 2025	Level 1	Level 2	Level 3	Total
		(Millions of yen)		
Marketable and investment securities:				
Held-to-maturity debt securities				
Municipal bond	¥-	¥16	¥-	¥16
Shares to affiliates	45,977	-	-	45,977
Assets Total	45,977	16	-	45,994
Bonds	-	1,638,501	-	1,638,501
Long-term loans	-	1,558,341	-	1,558,341
Liabilities Total	¥-	¥3,196,842	¥-	¥3,196,842

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, 2025	Level 1	Level 2	Level 3	Total
		(Thousands of U.S. dollars)		
Marketable and investment securities:				
Held-to-maturity debt securities				
Municipal bond	$-	$107	$-	$107
Shares to affiliates	307,497	-	-	307,497
Assets Total	307,497	107	-	307,611
Bonds	-	10,958,406	-	10,958,406
Long-term loans	-	10,422,291	-	10,422,291
Liabilities Total	$-	$21,380,698	$-	$21,380,698

(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.

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.

8. Marketable and Investment Securities

Held-to-maturity debt securities at March 31, 2025 and 2024 are as follows:

At March 31, 2025	Carrying value	Fair value	Unrealized gain (loss)
		(Millions of yen)	
Securities whose fair value exceeds their carrying value:			
Public bonds	¥-	¥-	¥-
Other	-	-	-
Securities whose carrying value exceeds their fair value:			
Public bonds	17	16	(0)
Other	2,460	2,460	-
Total	¥2,477	¥2,476	¥(0)

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, 2025	Carrying value	Fair value	Unrealized gain (loss)
		(Thousands of U.S. dollars)	
Securities whose fair value exceeds their carrying value:			
Public bonds	$-	$-	$-
Other	-	-	-
Securities whose carrying value exceeds their fair value:			
Public bonds	113	112	(0)
Other	16,452	16,452	-
Total	$16,566	$16,565	$(0)

8. Marketable and Investment Securities (continued)

Other securities at March 31, 2025 and 2024 are as follows:

At March 31, 2025	Carrying value	Acquisition cost	Unrealized gain (loss)
		(Millions of yen)	
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥18,481	¥7,816	¥10,665
Securities whose acquisition cost exceeds their carrying value:			
Stock	-	-	-
Other	74,500	74,500	-
Total	¥92,981	¥82,316	¥10,665

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, 2025	Carrying value	Acquisition cost	Unrealized gain (loss)
		(Thousands of U.S. dollars)	
Securities whose carrying value exceeds their acquisition cost:			
Stock	$123,602	$52,273	$71,328
Securities whose acquisition cost exceeds their carrying value:			
Stock	-	-	-
Other	498,261	498,261	-
Total	$621,863	$550,535	$71,328

9. 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, 2025	Notional amount: Contract amounts, etc.	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	¥115,940	¥-	¥(643)	¥(643)
Selling U.S. dollars	¥98,209	¥-	¥959	¥959
Selling Euro	¥1,620	¥-	¥(0)	¥(0)

At March 31, 2024	Notional amount: Contract amounts, etc.	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, 2025	Notional amount: Contract amounts, etc.	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	$775,414	$-	$(4,300)	$(4,300)
Selling U.S. dollars	$656,828	$-	$6,413	$6,413
Selling Euro	$10,834	$-	$(3)	$(3)

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

Commodity-related transactions

At March 31, 2025	Notional amount: Contract amounts, etc.	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	¥42,434	¥2,609	¥(2,464)	¥(2,464)
Interest rate swaps				
Pay floating / Receive fixed	43,081	3,351	2,058	2,058
Commodity options trading				
Going short	540	-	7	7
Commodity forward transactions:				
Going long	39,494	-	43	43
Going short	43,610	-	60	60
Non-market transactions				
Commodity forward transactions:				
Going long	16,524	-	(1,272)	(1,272)
Going short	42,608	-	2,710	2,710
Commodity swap transactions:				
Interest rate swaps				
Pay fixed / Receive floating	79,307	-	1,850	1,850
Interest rate swaps				
Pay floating / Receive fixed	¥93,617	¥-	¥7,787	¥7,787

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

At March 31, 2024	Notional amount: Contract amounts, etc.	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, 2025	Notional amount: Contract amounts, etc.	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	$283,801	$17,449	$(16,479)	$(16,479)
Interest rate swaps				
Pay floating / Receive fixed	288,128	22,411	13,764	13,764
Commodity options trading				
Going short	3,611	-	46	46
Commodity forward transactions:				
Going long	264,138	-	287	287
Going short	291,666	-	401	401
Non-market transactions				
Commodity forward transactions:				
Going long	110,513	-	(8,507)	(8,507)
Going short	284,965	-	18,124	18,124
Commodity swap transactions:				
Interest rate swaps				
Pay fixed / Receive floating	530,410	-	12,372	12,372
Interest rate swaps				
Pay floating / Receive fixed	$626,116	$-	$52,079	$52,079

(b) Derivative transactions for which hedge accounting are applied

Currency-related transactions:

At March 31, 2025	Hedged item	Notional amount: Contract amounts, etc.	Notional amount: Maturing after one year	Fair value
		(Millions of yen)		
Basic treatment:				
Forward exchange transactions Buying U.S. dollars	Fuel purchase fund	¥174,788	¥98,862	¥12,714

At March 31, 2024	Hedged item	Notional amount: Contract amounts, etc.	Notional amount: 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, 2025	Hedged item	Notional amount: Contract amounts, etc.	Notional amount: Maturing after one year	Fair value
		(Thousands of U.S. dollars)		
Basic treatment:				
Forward exchange transactions Buying U.S. dollars	Fuel purchase fund	$1,168,994	$661,195	$85,032

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

Commodity related transactions:

At March 31, 2025	Hedged item	Notional amount: Contract amounts, etc.	Notional amount: Maturing after one year	Fair value
		(Millions of yen)		
Basic treatment:				
Commodity swap transactions:				
Interest rate swaps				
Pay fixed / Receive floating	Fuel	¥782	¥-	¥(283)

At March 31, 2024	Hedged item	Notional amount: Contract amounts, etc.	Notional amount: Maturing after one year	Fair value
		(Millions of yen)		
Basic treatment:				
Commodity swap transactions:				
Interest rate swaps				
Pay fixed / Receive floating	Fuel	¥7,124	¥634	¥(1,515)

At March 31, 2025	Hedged item	Notional amount: Contract amounts, etc.	Notional amount: Maturing after one year	Fair value
		(Thousands of U.S. dollars)		
Basic treatment:				
Commodity swap transactions:				
Interest rate swaps				
Pay fixed / Receive floating	Fuel	$5,230	$-	$(1,892)

10. Cash Flow Information

For the consolidated statements of cash flows, reconciliation between cash and cash equivalents and cash balances on the consolidated balance sheet as of March 31, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and deposits	¥474,520	¥483,709	$3,173,622
Time deposits pledged as collateral	-	(33)	-
Time deposits with maturities of more than three months	(350)	(1,061)	(2,340)
Short-term investments with an original maturity within three months included in other current assets	76,960	46,739	514,713
Cash and cash equivalents	¥551,131	¥529,354	$3,686,001

As a result of the sale of shares, Tohoku Electric Power Engineering & Construction Co., Inc. (Yurtec) and its 16 subsidiaries ceased to be consolidated subsidiaries. The breakdown of assets and liabilities at the time of the sale, as well as the sale price of the shares and the net payments for sale of shares of subsidiaries, are as follows.

	(Millions of yen)	*(Thousands of U.S. dollars)*
Non-current assets	¥76,340	$510,567
Current assets	140,907	942,395
Non-current liabilities	(26,370)	(176,364)
Current liabilities	(58,012)	(387,988)
Acquisition of treasury shares through tender offer	4,510	30,163
Accumulated other comprehensive income	(1,024)	(6,848)
Non-controlling interests	(60,315)	(403,390)
Investment account after disposal	(48,361)	(323,441)
Unrealized gains and losses, etc.	(24,823)	(166,017)
Goodwill	2,839	18,987
Retained earnings from deconsolidation	(2,301)	(15,389)
Others	1,282	8,574
Loss on sale of shares	(210)	(1,404)
Sale price of shares	4,460	29,828
Cash and cash equivalents	(50,419)	(337,205)
Less: Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	¥(45,958)	$(307,370)

11. Shares to affiliates

Shares to affiliates at March 31, 2025 and 2024 are ¥179,028 million ($1,197,351 thousand) and ¥115,717 million, respectively.

12. Inventories

Details of inventories at March 31, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Commercial products and finished goods	¥8,468	¥7,097	$56,634
Work in process	4,379	5,236	29,287
Raw materials and supplies	66,013	80,473	441,499
Total	¥78,861	¥92,806	$527,427

13. 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, 2025 and 2024 consisted of the following:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Notes and accounts receivable – trade	¥220,047	¥243,049	$1,471,689
Contract assets	1,048	19,852	7,009
Less allowance for doubtful accounts	(498)	(1,351)	(3,330)
Total	¥220,597	¥261,550	$1,475,367

14. Revaluation Reserve for Land

In the previous consolidated fiscal year, 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.

In the current consolidated fiscal year, as stated in "1. Matters concerning the scope of consolidation" under "Notes (Significant Matters as the Basis for Preparing Consolidated Financial Statements)," a portion of consolidated subsidiaries was reclassified as equity-method affiliates. As a result, the portion corresponding to the equity interest of the unrealized gains on the revaluation of land for business use, net of deferred tax, based on the Act on Revaluation of Land, has been recorded as "Revaluation reserve for land" under net assets.

(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.

(b) Revaluation Date: March 31, 2002

The difference between the total book value after revaluation and the total fair values as of March 31, 2025 and 2024 are ¥1,273 million ($8,513 thousand) and ¥2,130 million, respectively.

15. Long-Term Debt

At March 31, 2025 and 2024, long-term debt with definite repayment schedule consisted of the following:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Bonds	¥1,733,700	¥1,670,700	$11,595,104
Loans from banks and other financial institutions	1,601,812	1,609,876	10,713,028
Other	25,154	22,019	168,231
Subtotal	3,360,667	3,302,595	22,476,371
Less current portion	(408,053)	(330,351)	(2,729,086)
Total	¥2,952,613	¥2,972,244	$19,747,277

Long-term debt payments fall due subsequent to March 31, 2025 are as follows:

Years ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2026	¥408,053	$2,729,086
2027	376,121	2,515,523
2028	364,440	2,437,399
2029	317,632	2,124,344
2030	339,678	2,271,789
2031 and thereafter	1,554,741	10,398,214
Total	¥3,360,667	$22,476,371

15. 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, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Bonds	¥1,453,700	¥1,390,700	$9,722,445
Long-term loans	¥133,537	¥170,631	$893,104

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, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Long-term investments	¥560	¥560	$3,745
Long-term investments in subsidiaries and associates	¥6,282	¥6,243	$42,014

The assets of certain consolidated subsidiaries pledged as collateral at March 31, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Other non-current assets	¥-	¥161	$-
Cash and deposits	¥-	¥33	$-

16. 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, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance as of beginning of the period	¥421,806	¥476,304	$2,821,067
Service cost	10,838	13,793	72,485
Interest cost	5,401	2,529	36,122
Actuarial loss	(225)	(46,756)	(1,504)
Retirement benefit paid	(22,257)	(22,061)	(148,856)
Prior service cost	1,965	-	13,142
Decrease due to changes in the scope of consolidation	(29,383)	(2,217)	(196,515)
Other	207	213	1,384
Balance as of end of the period	¥388,351	¥421,806	$2,597,318

In the previous consolidated fiscal year, the “Decrease due to changes in the scope of consolidation,” which had been included under “Others,” has been presented separately from the current consolidated fiscal year due to its increased materiality. To reflect this change in presentation, the notes for the previous consolidated fiscal year have been reclassified. As a result, the amount of ¥(2,003) million previously presented under “Others” has been reclassified into ¥(2,217) million under “Decrease due to changes in the scope of consolidation” and ¥213 million under “Others.”

The changes in plan assets during the years ended March 31, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance as of beginning of the period	¥337,077	¥325,045	$2,254,394
Expected return on plan assets	9,963	9,400	66,633
Actuarial (loss) gain	(10,790)	9,528	(72,164)
Contribution by the companies	5,251	9,348	35,199
Retirement benefit paid	(13,495)	(13,748)	(90,255)
Decrease due to changes in the scope of consolidation	(18,608)	(2,424)	(124,451)
Other	203	(72)	1,357
Balance as of end of the period	¥309,601	¥337,077	$2,070,632

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

In the previous consolidated fiscal year, the "Decrease due to changes in the scope of consolidation," which had been included under "Others," has been presented separately from the current consolidated fiscal year due to its increased materiality. To reflect this change in presentation, the notes for the previous consolidated fiscal year have been reclassified. As a result, the amount of ¥(2,497) million previously presented under "Others" has been reclassified into ¥(2,424) million under "Decrease due to changes in the scope of consolidation" and ¥(72) million under "Others."

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet at March 31, 2025 and 2024 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Defined benefit obligation under funded plans	¥270,543	¥302,200	$1,809,410
Plan asset at fair value	(309,601)	(337,077)	(2,070,632)
	(39,057)	(34,877)	(261,215)
Defined benefit obligation under unfunded plans	117,807	119,605	787,901
Net amount of liabilities and assets for defined benefits on consolidated balance sheet	78,750	84,728	526,685
Defined benefit liability	117,807	119,761	787,901
Defined benefit asset	(39,057)	(35,032)	(261,215)
Net amount of liabilities and assets for defined benefits on consolidated balance sheet	¥78,750	¥84,728	$526,685

The components of retirement benefit expenses for the years ended March 31, 2025 and 2024 are outlined as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service cost	¥10,838	¥13,793	$72,485
Interest cost	5,401	2,529	36,122
Expected return on plan assets	(9,963)	(9,400)	(66,633)
Amortization of unrecognized actuarial loss	(8,609)	1,198	(57,577)
Amortization of unrecognized prior service cost	1,962	(1)	13,121
Other	(70)	55	(468)
Retirement benefit expenses for defined benefit plans	¥(441)	¥8,175	$(2,949)

(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, 2025 and 2024 are outlined as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Prior service cost	¥(2)	¥(1)	$(13)
Actuarial (gain) loss	(19,247)	57,216	(128,725)
Total	¥(19,250)	¥57,215	$(128,745)

Unrecognized prior service cost and unrecognized actuarial gain/loss included in accumulated other comprehensive income as of March 31, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrecognized prior service cost	¥(1)	¥(4)	$(6)
Unrecognized actuarial gain	(18,945)	(42,265)	(126,705)
Total	¥(18,947)	¥(42,269)	$(126,718)

The fair value of plan assets by major category as a percentage of total plan assets as of March 31, 2025 and 2024 are as follows:

	2025	2024
Bonds	44%	45%
Life insurance general account	16%	17%
Stocks	20%	13%
Other	20%	25%
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:

	2025	2024
Discount rates	0.271% ~1.83 %	0.271% ~1.5 %
Expected rates of long-term return on plan assets	0.0% ~3.2 %	0.0% ~3.1 %

(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, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance as of beginning of the period	¥5,249	¥5,471	$35,105
Retirement benefit expenses	945	684	6,320
Retirement benefit paid	(728)	(824)	(4,868)
Contribution to the plans	(82)	(81)	(548)
Other	(332)	-	(2,220)
Balance as of end of the period	¥5,051	¥5,249	$33,781

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet at March 31, 2025 and 2024 for the Company's and the consolidated subsidiaries' defined benefit plans calculated by the simplified method:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Defined benefit obligation under funded plans	¥1,893	¥1,947	$12,660
Plan asset at fair value	(1,951)	(2,003)	(13,048)
	(58)	(56)	(387)
Defined benefit obligation under unfunded plans	5,109	5,306	34,169
Net amount of liabilities and assets for defined benefits on consolidated balance sheet	5,051	5,249	33,781
Net defined benefit liability	5,116	5,309	34,216
Net defined benefit asset	(64)	(59)	(428)
Net amount of liabilities and assets for defined benefits on consolidated balance sheet	¥5,051	¥5,249	$33,781

Retirement benefit expenses calculated by the simplified method for the years ended March 31, 2025 and 2024 are as follows:

2025	2024	2025
(Millions of yen)		*(Thousands of U.S. dollars)*
¥945	¥684	$6,320

(c) Defined contribution plans

Required contribution by the Company and its consolidated subsidiaries for the years ended March 31, 2025 and 2024 are as follows:

2025	**2024**	**2025**
(Millions of yen)		*(Thousands of U.S. dollars)*
¥1,846	¥1,749	$12,346

17. Revenue Recognition

The disaggregated information of revenue arising from contracts with customers is disclosed in (Segment Information, etc.).

In addition, from the current consolidated fiscal year, due to the increased significance of revenue other than that arising from contracts with customers in the power generation and sales business—specifically revenue recognized in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan Statement No. 10, issued on July 4, 2019)—the relevant amounts are disclosed in the footnotes to "28. Segment Information, (d) Information on amounts of sales, profit or loss, assets and other items by reportable segment."

The same information is also disclosed in the footnotes for the previous consolidated fiscal year.

The basic information for understanding revenue is disclosed in "1. Summary of Significant Accounting Policies, (t) Basis for recognition of revenues and expenses."

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, 2026 from contracts with customers with which transactions are in progress at the end of the year ended March 31, 2025 are as follow:

		2025	2024	2025
		(Millions of yen)		*(Thousands of U.S. dollars)*
Receivables based on contracts with customers	Opening balance	¥243,049	¥244,395	$1,625,528
	Closing balance	220,047	243,049	1,471,689
Contract assets	Opening balance	19,852	19,182	132,771
	Closing balance	1,048	19,852	7,009
Contract liabilities	Opening balance	2,757	3,228	18,439
	Closing balance	¥3	¥2,757	$20

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.

Of the revenue recognized in the previous consolidated fiscal year, ¥3,201 million was included in the contract liabilities at the beginning of the period. In addition, there were no significant changes in the balances of contract assets and contract liabilities during the previous consolidated fiscal year.

The contract liabilities at the beginning of the year ended March 31, 2025 included in the revenue recognized during the year is ¥1,320 million ($8,828 thousand).

In addition, due to changes in the scope of consolidation during the current consolidated fiscal year, the balances of contract assets and contract liabilities have decreased.

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 correspond to construction contracts in the construction business and the sales of electricity in the power generation and sales business, amounted to ¥423,598 million 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.

Performance obligations that have not been satisfied or partially satisfied, which mainly corresponds to the sales of electricity in the power generation and sales business, is ¥340,325 million ($2,276,116 thousand) at the end of the year ended March 31, 2025. These performance obligations are expected to be satisfied in order to recognize revenue principally within four years.

As of the end of the current consolidated fiscal year, the total transaction price expected to be recognized as revenue does not include income that may be obtained through the Long-Term Decarbonization Power Source Auction. Income from the Long-Term Decarbonization Power Source Auction is calculated by deducting approximately 90% of the revenue earned from the wholesale market, non-fossil fuel market, and other sources during the same period from the contracted capacity payment amount. However, since the refund amount fluctuates depending on future market prices, and it is difficult to estimate the portion of variable consideration for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty is resolved, such income is not included in the disclosure.

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, 2025 and the medium- to long-term outlook for income and expenditure.

In addition, for dividends from the fiscal year ending March 2025 onward, we will continue to follow our basic policy while also aiming to restore and balance our financial foundation. To that end, we will make comprehensive decisions with a target DOE (Dividend on Equity) of 2% for the time being.

Regarding the business performance for the current fiscal year, although the restart of Onagawa Nuclear Power Station Unit 2 contributed to improved earnings, a decline in profit margins due to the time lag effect of the fuel cost adjustment system led to a decrease in profits. Nevertheless, we were able to secure a certain level of profit.

On the other hand, our equity ratio remains low at around 18%, and we believe it is important to focus on the early recovery of our financial base by increasing equity capital to better respond to business risks such as large-scale natural disasters and changes in international conditions.

Taking all of these factors into account, we plan to pay a year-end dividend of 20 yen per share for fiscal 2024. Including the interim dividend, the total annual dividend for the fiscal year will be 35 yen per share.

19. Income Taxes

(a) The significant components of deferred tax assets and liabilities at March 31, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Contribution payable for nuclear reactor decommissioning	¥38,966	¥-	$260,607
Defined benefit liability	34,961	34,723	233,821
Asset retirement obligations	16,176	24,211	108,186
Unrealized intercompany profits	6,970	23,997	46,615
Deferred revenues	2,359	16,519	15,777
Net operating loss carryforwards*2	31,129	61,815	208,192
Other	102,482	107,291	685,406
Subtotal	233,046	268,558	1,558,627
Net operating loss carryforwards-related valuation allowance*2	(268)	(545)	(1,792)
Deductible temporary difference-related valuation allowance	(54,044)	(49,793)	(361,449)
Valuation allowance*1	(54,312)	(50,338)	(363,242)
Total deferred tax assets	178,733	218,219	1,195,378
Deferred tax liabilities:			
Provision for decommissioning of nuclear power units	(29,456)	-	(197,003)
Special account related to nuclear power decommissioning	(5,607)	(4,960)	(37,500)
Unrealized holding gain on available-for-sale securities	(2,740)	(2,152)	(18,325)
Assets corresponding to asset retirement obligations	(90)	(14,099)	(601)
Other	(18,478)	(15,870)	(123,582)
Total deferred tax liabilities:	(56,372)	(37,082)	(377,019)
Net deferred tax assets	¥122,361	¥181,372	$818,358

*1. The valuation allowance increased by ¥3,974 million ($26,578 thousand). The main reason for this increase is the additional recognition of a valuation allowance of ¥3,045 million related to the amortization of easement rights by the consolidated subsidiary, Tohoku Electric Power Network Co., Inc.

*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, 2025 and 2024 are as follows: (continued)

At March 31, 2025	Years ending March 31, 2026	2027	2028	2029	2030	2031 and thereafter	Total
	(Millions of yen)						
Net operating loss carryforwards*1	¥0	¥0	¥-	¥0	¥0	¥31,129	¥31,129
Valuation allowance	-	-	-	-	-	(268)	(268)
Deferred tax assets	¥0	¥0	¥-	¥0	¥0	¥30,860	¥30,861*2

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, 2025	Years ending March 31, 2026	2027	2028	2029	2030	2031 and thereafter	Total
	(Thousands of U.S. dollars)						
Net operating loss carryforwards*1	$0	$1	$-	$0	$0	$208,192	$208,192
Valuation allowance	-	-	-	-	-	(1,792)	(1,792)
Deferred tax assets	$0	$1	$-	$0	$0	$206,393	$206,400*2

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

*2. Deferred tax assets of ¥30,861 million ($206,400 thousand) have been recognized based on net operating loss carryforwards of ¥31,129 million ($208,192 thousand). In the previous fiscal year, each amount is ¥61,270 million and ¥61,815 million, respectively. A valuation allowance has not been recorded, as the deferred tax assets are considered recoverable due to 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:

	2025*	2024
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%

* As the difference between the statutory effective tax rate and the actual tax rate after applying tax effect accounting is less than 5 percentage points, the related note has been omitted for the current consolidated fiscal year.

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 ($420,411 thousand) is included in retained earnings in the accompanying consolidated financial statements for the year ended March 31, 2025.

(a) Total Number of Shares Issued and Treasury Shares

Year ended March 31, 2025	Number of Shares at April 1, 2024	Increase	Decrease	Number of Shares at March 31,2025
		(shares)		
Shares Issued				
Common Stock	502,882,585	-	-	502,882,585
Total	502,882,585	-	-	502,882,585
Treasury Shares				
Common Stock	2,791,392	18,871	87,959	2,722,304
Total	2,791,392	18,871	87,959	2,722,304

The number of treasury shares at the end of the fiscal year includes 929,340 shares held in the trust account for the Board Incentive Plan (BIP Trust).

Summary of Changes

Increase in Treasury Shares:	(shares)
Increase due to requests for purchase of shares less than one unit	18,871
Decrease in Treasury Shares:	
Decrease due to requests for transfer of shares less than one unit	131
Decrease disposed of under the Board Incentive Plan (BIP Trust)	87,828

Year ended March 31, 2024	Number of Shares at April 1, 2023	Increase	Decrease	Number of Shares at March 31,2024
			(shares)	
Shares Issued				
Common Stock	502,882,585	-	-	502,882,585
Total	502,882,585	-	-	502,882,585
Treasury Shares				
Common Stock	2,870,378	16,738	95,724	2,791,392
Total	2,870,378	16,738	95,724	2,791,392

The number of treasury shares at the end of the fiscal year includes 1,017,168 shares held in the trust account for the Board Incentive Plan (BIP Trust).

Summary of Changes

Increase in Treasury Shares:	(shares)
Increase due to requests for purchase of shares less than one unit	16,738
Decrease in Treasury Shares:	
Decrease due to requests for transfer of shares less than one unit	406
Decrease disposed of under the Board Incentive Plan (BIP Trust)	95,318

(b) Share subscription rights

There are no applicable matters related to share subscription rights.

(c) Dividends

For the year ended March 31, 2025

Dividends Paid

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars)	Dividends per share (yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26,2024	Common stock	¥5,011	$33,513	¥10.00	$0.066	March 31,2024	June 27,2024
Meeting of the board of Directors on October 31,2024	Common stock	7,516	50,267	15.00	0.100	September 30,2024	November 29,2024

The total amount of dividends resolved at the Annual General Meeting of Shareholders held on June 26, 2024 includes ¥10 million ($66 thousand) in dividends related to shares of the Company held in the trust account under the Board Incentive Plan (BIP Trust).

The total amount of dividends resolved at the Board of Directors meeting held on October 31, 2024, includes ¥13 million ($86 thousand) in dividends for shares of the Company held in the trust account under the Board Incentive Plan (BIP Trust).

Dividends with the cut-off date in the Current Consolidated Fiscal Year and the effective date in the Following Consolidated Fiscal Year

Resolution	Type of shares	Source of dividends	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars)	Dividends per share (yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26,2025 (scheduled)	Common stock	Retained Earnings	¥10,021	$67,021	¥20.00	$0.133	March 31,2025	June 27,2025

The total amount of dividends scheduled to be resolved at the Annual General Meeting of Shareholders on June 26, 2025 includes ¥18 million ($120 thousand) in dividends related to shares of the Company held in the trust account under the Board Incentive Plan (BIP Trust).

For the year ended March 31, 2024

Dividends Paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Cut-off date	Effective date
Meeting of the board of Directors on October 31,2023	Common stock	¥2,505	¥5.00	September 30,2023	November 30,2023

The total amount of dividends resolved at the Board of Directors meeting held on October 31, 2023, includes ¥5 million in dividends for shares of the Company held in the trust account under the Board Incentive Plan (BIP Trust).

Dividends with the cut-off date in the Current Consolidated Fiscal Year and the effective date in the Following Consolidated Fiscal Year

Resolution	Type of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26,2024	Common stock	Retained Earnings	¥5,011	¥10.00	March 31,2024	June 27,2024

The total amount of dividends resolved at the Annual General Meeting of Shareholders held on June 26, 2024, includes ¥10 million in dividends for shares of the Company held in the trust account under the Board Incentive Plan (BIP Trust).

21. Revenue resulting from the contracts with customers.

In accordance with the "Comprehensive Economic Measures for Overcoming Deflation" and the "Comprehensive Economic Measures for Ensuring Peace of Mind, Safety, and Sustainable Growth for the People," the Company has implemented electricity rate discounts under the "Electricity and Gas Price Surge Mitigation Program," the "Emergency Support for Overcoming Extreme Heat," and the "Electricity and Gas Bill Burden Reduction Support Program," based on discount unit prices determined by the government. Revenue corresponding to subsidies received as the source of these discounts is recognized as revenue not arising from contracts with customers, and is included in operating revenue in the amount of ¥59,559 million ($398,334 thousand) for the fiscal year under review.

In addition to the above, operating revenue also includes ¥18,976 million ($126,912 thousand) of revenue not arising from contracts with customers, recognized in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan Statement No. 10, issued on July 4, 2019).

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

22. Reserve for Retirement Benefit Expenses

Reserve for retirement benefit expenses and Provision for disaster recovery costs for the years ended March 31, 2025 and 2024 are as follows:

Years ended March 31,	**2025**	**2024**	**2025**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Reserve for retirement benefit expenses	¥2,350	¥10,608	$15,716

23. Operating Expenses

Electric utility operating expenses for the years ended March 31, 2025 and 2024 are as follows:

	2025	**2024**	**2025**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Personnel	¥130,061	¥140,377	$869,856
Fuel	612,053	794,225	4,093,452
Maintenance	204,244	191,367	1,365,997
Subcontracting fees	55,742	52,375	372,806
Depreciation and amortization	184,153	168,310	1,231,627
Purchased power	736,010	629,781	4,922,485
Taxes other than income taxes	91,024	91,895	608,774
Other	158,296	160,309	1,058,694
Total	¥2,171,587	¥2,228,642	$14,523,722

24. Research and Development Costs

Research and development costs included in electric utility operating expenses for the years ended March 31, 2025 and 2024 are ¥7,613 million ($50,916 thousand) and ¥7,989 million, respectively.

25. Contingent Liabilities

Contingent liabilities at March 31, 2025 and 2024 are as follows:

	2025	**2024**	**2025**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Guarantees of bonds and loans of other companies:			
The Japan Atomic Power Company	¥58,772	¥42,085	$393,071
Japan Nuclear Fuel Limited	51,070	51,182	341,559
Oga, Katagami, and Akita Offshore Green Energy Consortium	10,272	3,120	68,699
Tsugaru Offshore Energy GK	2,770	-	18,525
GK Happo Noshiro Offshore Wind	2,718	2,115	18,178
Transmission and Distribution IT & OT Systems LLC	1,476	484	9,871
Nghi Son 2 Power Limited Liability Company	1,171	1,146	7,831
Akita Offshore Wind Corporation	355	422	2,374
Guarantees for transactions of affiliates and other companies:			
Oga, Katagami, and Akita Offshore Green Energy Consortium	19,200	-	128,410
Nghi Son 2 Power Limited Liability Company	1,505	1,957	10,065
JRE Shin-Sakata Wind Power LLC	960	-	6,420
PT. Supreme Energy Rantau Dedap	62	87	414
Total	¥150,336	¥102,601	$1,005,457

26. Amounts Per Share

Basic net income per share is computed based on the net 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, 2025 and 2024.

The amounts per share for the years ended March 31, 2025 and 2024 are as follows:

Years ended March 31,	**2025**	**2024**	**2025**
	(Yen)		*(U.S. dollars)*
Net income:			
Basic*	¥365.50	¥452.13	$2.444
Cash dividends applicable to the year	¥35.00	¥15.00	$0.234

At March 31,	**2025**	**2024**	**2025**
	(Yen)		*(U.S. dollars)*
Net assets*	¥1,969.74	¥1,655.09	$13.173

* 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

Reclassification adjustments and income taxes and tax effect amounts related to other comprehensive income for the years ended March 31, 2025 and 2024 are as follows:

	2025	2024	2025
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrealized holding gain on available-for-sale securities:			
Amount recorded during the fiscal year	¥2,104	¥7,190	$14,071
Reclassification adjustments	13	(723)	86
Before income taxes and tax effect adjustments	2,118	6,467	14,165
Income taxes and tax effect amounts	(731)	(1,504)	(4,888)
Unrealized holding gain on available-for-sale securities	1,386	4,963	9,269
Unrealized gain (loss) from hedging instruments:			
Amount recorded during the fiscal year	1,321	11,793	8,834
Reclassification adjustments	-	15	-
Asset at cost adjustments	1,561	(2,848)	10,440
Before income taxes and tax effect adjustments	2,882	8,960	19,275
Income taxes and tax effect amounts	(916)	(2,494)	(6,126)
Unrealized gain (loss) from hedging instruments	1,965	6,465	13,142
Foreign currency translation adjustments:			
Amount recorded during the fiscal year	(77)	2,732	(514)
Reclassification adjustments	(53)	-	(354)
Foreign currency translation adjustments	(130)	2,732	(869)
Remeasurements of defined benefit plans:			
Amount recorded during the fiscal year	(10,790)	56,023	(72,164)
Reclassification adjustments	(8,460)	1,191	(56,581)
Before income taxes and tax effect adjustments	(19,250)	57,215	(128,745)
Income taxes and tax effect amounts	5,204	(16,026)	34,804
Remeasurements of defined benefit plans	(14,045)	41,188	(93,933)
Share of other comprehensive income of entities accounted for using equity method:			
Amount recorded during the fiscal year	869	(17)	5,811
Reclassification adjustments	(36)	63	(240)
Share of other comprehensive income of entities accounted for using equity method	833	46	5,571
Total other comprehensive income	¥(9,990)	¥55,396	$(66,813)

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 two segments: the power generation and sales and the network 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.

(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) Matters Related to Changes in Reportable Segments

The Company has reclassified Tohoku Electric Power Engineering & Construction Co., Inc. (Yurtec) from a consolidated subsidiary to an equity-method affiliate following the partial transfer of shares held in the company.

As a result, from the current consolidated fiscal year, the Company has revised its reportable segments. The previous segments—“Power Generation and Sales,” “Network,” and “Construction”—have been changed to “Power Generation and Sales” and “Network.”

Segment information for the previous consolidated fiscal year has been restated in accordance with the new segment classification.

(d) 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, 2025 and 2024 are summarized as follows:

	Reportable segment						
Year ended March 31, 2025	Power generation and sales	Network	Subtotal	Other	Total	Reconciling item*	Consolidated total
				(Millions of yen)			
Net sales:							
Revenue from electricity sales	¥1,491,625	¥7,618	¥1,499,244	¥-	¥1,499,244	¥-	¥1,499,244
Sales of power to other utilities and other companies	410,788	282,820	693,608	-	693,608	-	693,608
Transmission revenue	-	118,815	118,815	-	118,815	-	118,815
Other	96,078	34,580	130,659	202,586	333,245	-	333,245
(1) Net sales to external customers	1,998,491	443,834	2,442,326	202,586	2,644,912	-	2,644,912
(2) Net intersegment sales	140,478	464,370	604,849	218,994	823,844	(823,844)	-
Total	2,138,970	908,205	3,047,176	421,580	3,468,756	(823,844)	2,644,912
Segment profit	¥243,853	¥16,925	¥260,778	¥26,393	¥287,172	¥(30,446)	¥256,725
Segment assets	¥4,396,123	¥2,337,584	¥6,733,707	¥457,094	¥7,190,801	¥(1,792,587)	¥5,398,213
Other items:							
Depreciation including amortization of nuclear fuel	¥95,815	¥94,997	¥190,813	¥20,508	¥211,321	¥(4,133)	¥207,188
Interest income	10,938	27	10,965	247	11,212	(10,031)	1,180
Interest expenses	25,947	9,868	35,816	303	36,120	(10,191)	25,928
Share of profit of entities accounted for using equity method	2,308	-	2,308	3,507	5,816	(762)	5,054
Increase in property, plant, equipment and intangible assets	¥167,907	¥183,639	¥351,547	¥32,291	¥383,839	¥(6,933)	¥376,905

(d) 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	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
Other	169,995	48,342	218,338	282,826	501,165	-	501,165
(1) Net sales to external customers	2,163,720	371,266	2,534,987	282,826	2,817,813	-	2,817,813
(2) Net intersegment sales	117,334	486,801	604,135	282,427	886,562	(886,562)	-
Total	2,281,054	858,067	3,139,122	565,253	3,704,376	(886,562)	2,817,813
Segment profit	¥220,201	¥60,701	¥280,903	¥27,525	¥308,429	¥(16,489)	¥291,940
Segment assets	¥4,203,146	¥2,222,877	¥6,426,024	¥738,334	¥7,164,358	¥(1,775,635)	¥5,388,723
Other items:							
Depreciation including amortization of nuclear fuel	¥88,640	¥85,046	¥173,686	¥23,596	¥197,282	¥(5,728)	¥191,554
Interest income	8,582	22	8,604	313	8,917	(8,209)	708
Interest expenses	24,400	8,033	32,433	598	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	¥366,771	¥30,188	¥396,960	¥(9,704)	¥387,255

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

Year ended March 31, 2025	Reportable segment: Power generation and sales	Reportable segment: Network	Reportable segment: Subtotal	Other	Total	Reconciling item*	Consolidated total
	(Thousands of U.S. dollars)						
Net sales:							
Revenue from electricity sales	$9,976,090	$50,949	$10,027,046	$-	$10,027,046	$-	$10,027,046
Sales of power to other utilities and other companies	2,747,378	1,891,519	4,638,897	-	4,638,897	-	4,638,897
Transmission revenue	-	794,642	794,642	-	794,642	-	794,642
Other	642,576	231,273	873,856	1,354,909	2,228,765	-	2,228,765
(1) Net sales to external customers	13,366,044	2,968,392	16,334,443	1,354,909	17,689,352	-	17,689,352
(2) Net intersegment sales	939,526	3,105,738	4,045,271	1,464,646	5,509,925	(5,509,925)	-
Total	14,305,577	6,074,137	20,379,721	2,819,555	23,199,277	(5,509,925)	17,689,352
Segment profit	$1,630,905	$113,195	$1,744,101	$176,518	$1,920,626	$(203,624)	$1,716,994
Segment assets	$29,401,571	$15,633,921	$45,035,493	$3,057,075	$48,092,569	$(11,988,944)	$36,103,618
Other items:							
Depreciation including amortization of nuclear fuel	$640,817	$635,346	$1,276,170	$137,158	$1,413,329	$(27,641)	$1,385,687
Interest income	73,154	180	73,334	1,651	74,986	(67,088)	7,891
Interest expenses	173,535	65,997	239,539	2,026	241,573	(68,158)	173,408
Share of profit of entities accounted for using equity method	15,436	-	15,436	23,455	38,897	(5,096)	33,801
Increase in property, plant, equipment and intangible assets	$1,122,973	$1,228,190	$2,351,170	$215,964	$2,567,141	$(46,368)	$2,520,766

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

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

In accordance with the “Comprehensive Economic Measures for Overcoming Deflation”, the “Comprehensive Economic Measures for Ensuring Peace of Mind, Safety, and Sustainable Growth for the People,” electricity rate discounts have been implemented under the “Electricity and Gas Price Surge Mitigation Program,” the “Emergency Support for Overcoming Extreme Heat,” and the “Electricity and Gas Bill Burden Reduction Support Program,” based on discount unit prices determined by the government. Revenue from subsidies received as the source of these discounts is recognized as revenue not arising from contracts with customers, and is included in “Other” under the Power Generation and Sales segment in the amount of ¥59,180 million ($395,799 thousand), and in “Other” under the Network segment in the amount of ¥379 million ($2,534 thousand).

In addition to the aforementioned subsidies, the amount recorded under “Others” in the Power Generation and Sales segment includes ¥18,976 million ($126,912 thousand) of revenue not arising from contracts with customers, which is recognized in accordance with the “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan Statement No. 10, issued on July 4, 2019).

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, 2025, 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, 2025, 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 ¥122,361 million on the consolidated balance sheet at the end of the fiscal year ended March 31, 2025 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 ¥178,733 million. Of this amount, the Group recorded deferred tax assets on tax loss carryforwards of ¥30,861 million (before being offset against deferred tax liabilities), the majority of which are attributable to Tohoku Electric Power Company, Incorporated. In terms of financial results for the consolidated fiscal year ended March 31, 2025, operating revenue decreased by 6.1% compared to the previous consolidated fiscal year. This decline was primarily due to a reduction in fuel cost adjustments resulting from lower fuel prices. Although wholesale electricity sales volumes increased due to a rise in transactions in the wholesale electricity market, retail electricity sales volumes decreased due to contract switchovers driven by intensifying competition. As a result, total electricity sales volumes decreased by 1.6% compared to the previous year. On the other hand, ordinary income amounted to ¥256,725 million due to improved earnings resulting from the restart of Onagawa Nuclear Power Station Unit 2. The Group recognizes the need to increase both the speed and flexibility with which it addresses the demands for the swift recovery of its financial position and adapts to rapidly changing and uncertain business conditions, characterized by rising costs due to inflation and intensified competition in both the wholesale and retail electricity markets. This awareness is reflected in the FY2025 Tohoku Electric Power Group Management Plan, which serves as the basis for formulating business plans. In light of these circumstances, for the company classification related to tax effect accounting, the Group continues to determine 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 Group’s estimate of taxable income on the basis of future profitability is based on the management plan approved by the board of directors, and the significant assumptions underlying the business plan are as follows: The electricity sales volume for both retail and wholesale, as well as the electricity sales rates based on these volumes, are estimated under the assumption that the Group will advance its sales strategy initiatives in retail electricity sales, considering the competitive landscape with other companies and the implementation of measures to strengthen sales in wholesale electricity as well. These assumptions involve uncertainty such as the feasibility of sales plans amidst changes in market conditions, and require management to exercise judgment. Accordingly, we have determined that recoverability of the 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: ・ 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 assessed the balances of deductible temporary differences and tax loss carryforwards as of the end of the fiscal year ended March 31, 2025. ・ To evaluate the Group's estimate of future taxable income, we obtained an understanding of the process for formulating future management plans and 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 the management plan 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 on taxable income, and performed the following procedures. 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 volumes and selling prices. ・ 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.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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, 2025 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, 2025 are 217 million yen and 22 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 24, 2025

/s/ Takahiro Yamazaki
Designated Engagement Partner
Certified Public Accountant

/s/ Katsutoshi Okura
Designated Engagement Partner
Certified Public Accountant

/s/ Mikio Shimizu
Designated Engagement Partner
Certified Public Accountant