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Recognition of Market Valuation Loss on Forward Power Contracts (Operating Expenses)

Tohoku Electric Power Co., Inc. recognized a market valuation loss on forward power contracts (as operating expenses) in its consolidated financial statements for the fiscal year ended March 2026. This matter requires the submission of an extraordinary report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 19 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

1. Recognition of market valuation loss on forward power contracts (operating expenses)

In preparation for electricity sales in FY2026, the company is conducting fuel and electricity transactions through its trading subsidiary to mitigate the risk of fuel price fluctuations and secure stable profits.

In its consolidated financial results for the fiscal year ended March 2026, the company recognized a market valuation loss of 50.6 billion yen on forward power contracts as operating expenses.

This is due to market valuation losses incurred in some forward power contracts as of the end of the current fiscal year, resulting from the sharp rise in fuel and electricity market prices driven by the recent deterioration in the Middle East situation.

2. Impact on income and expenditures of market valuation loss on forward power contracts (operating expenses)

The valuation loss (operating expenses) on the above-mentioned forward power contracts has been reflected in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)” released today.

The market valuation loss on forward power contracts will be reversed in the following fiscal year (FY2026). Accordingly, the total gain or loss on market valuation for the two fiscal years has no impact on income and expenditures.

Furthermore, since market valuation does not involve cash flows, it has no impact on consolidated cash flows.