

November 11, 2025

Tohoku Electric Power Co., Inc.

Questions and Answers at 1st Half of FY2025 Financial Results Briefing

Q1. I would like to ask about the extension of completion deadline for the construction of the Specific Major Accidents Response Facility at Onagawa Unit 2 (hereinafter referred to as the Specific Major Accident Response Facility construction). As your explanation, I recognize that the Nuclear Regulation Authority and ATENA (Atomic Energy Association) made discussion at first, then Nuclear Regulation Authority subsequently begun discussion on the matter. I watched the live stream after a long time, and felt that there were some severe opinions. At that discussion, various requests were made, such as “the explanation is too general as a whole, so I would like a more specific explanation for each construction phase, detailing the extent of delays caused by changes in the actual work environment in the construction industry”. How long are you expecting to hold the discussion going forward?

Also, are you currently in the situation where you are able to explain the matters pointed out by Nuclear Regulation Authority? Please give us more details.

A1. Regarding the Specific Major Accident Response Facility construction at Onagawa Unit 2, I understand that the Nuclear Regulation Authority meeting held on October 22 concluded that it will continue discussion going forward. I think your question means that the Chairman Yamanaka made a severe comment. However, as far as I heard the comments from other members, they shared the recognition about the necessity of discussion to some extent. Anyway, I recognize that we have to give more detailed explanation about the operator’s position, including its evidence.

Regarding this matter, based on the “Declaration on Securing Appropriate Construction Periods” issued by the Japan Construction Industry Federation, we have explained that under the assumption of working conditions are becoming increasing demanding, ATENA’s evaluation of the construction period indicates that an extension of up to approximately three years will likely be required. I recognize that we need to explain specifics and details adequately. While the ATENA will play a major role in explanation, our company, as a member of the group, also cooperate appropriately and respond accordingly.

Since there are aspects that cannot be determined until the discussions actually proceeds, we will move forward through various communications with the Secretariat of the Nuclear Regulation Authority and the Nuclear Regulation Authority. Consequently, at this moment, please understand that we cannot mention about the period required for it.

Q2. This question relates to the previous one. If we assume that the extension of grace period for installing the specific major accident response facility is not granted, in FY2026, the regular

inspections lasting four months starting in January will cause the shutdown of the reactor for one or two months at the beginning of the fiscal year. Furthermore, due to the shutdown will begin in the year-end (December 23), the shutdown period will be roughly five months for the full year, or more precisely, four months and a half. And for FY2027, if this proceeds, the shutdown of the reactor will last throughout the year.

I recognize FY2026 is a milestone year for our financial goal. Considering the possibility of four and a half months shutdown of Onagawa Unit 2 and the impact of competition, can we still expect to achieve FY2026's financial goal and maintain its dividend policy of 2% DOE benchmark? In respect of sales, I can expect the company to recover going forward, however, there are some adverse winds such as fierce competition and decline of nuclear reactor operations. I would like to hear your will as a top management and have a strong message from the President.

- A2. Regarding, our discussions with the Secretariat of the Nuclear Regulation Authority and the Nuclear Regulation Authority, conclusion has not been reached yet. While there is a possibility that deadline is extended, but if it cannot be admitted, the reactor will be stopped after December 23, 2026 as I explained earlier.

The impact of this shutdown is estimated to result in the loss of approximately 6 billion yen in fuel cost reduction over a one-month shutdown, based on certain assumption. Assuming operation period in FY2026, which runs from December 23, 2026 to March 31, 2027 (approximately three and a half months), a simple calculation shows an impact of around 20 billion yen. Moving forward, we would like to implement various measures to promote revenue expansion and cost reduction. These include enhancing competitiveness in the retail market, expansion of wholesale, supply demand optimization, refining fuel procurement strategies, and further reducing fixed costs.

Regarding retail sales, including out of the Tohoku region, we recognize that the results of our efforts will appear gradually from now on. And by accelerating these initiatives, we intend to continue making every effort to achieve FY2026 financial goal.

The question about DOE, I understand that you are asking "if Onagawa Unit 2 were to be shut down, how would be dividend policy be affected?" Based on the current rules, Onagawa Unit 2 will be shut down, however, it would be a temporary measure only, and once the Specific Major Accident Response Facility construction is completed, it will resume its operation. Therefore, we will not change our policy at this moment.

- Q3. I would like to ask about the situation of Higashidori Unit 1. Due to various examination, the publication of completion date of safety measure works has been postponed to next fiscal year. How do you consider the current Authority's review status? Furthermore, are there any special circumstances behind the need for additional scrutiny?

In light of overall nuclear power station construction, the Specific Major Accident Response Facility construction of Onagawa Unit 2 is expected to continue until around FY2028, and

full-fledged safety measure work for Higashidori Unit1 will begin from late 2020s to the early 2030s. Please explain whether it is appropriate to consider the future timeline until its restart as such.

A3. As for Higashidori Unit 1, as a result of in-house review of margin against base tsunami, we found that its margin is smaller than that of Onagawa Unit 2. Therefore, we explained to the Nuclear Regulation Authority our intention to change the plan to raise part of the site by 4 meters of part, and we received its approval. Based on it, we need additional examination including base tsunami or PRA tsunami (although the ratio of occurrence is too small, but impact to the power station is large). Currently we are proceeding with the necessary steps with the Nuclear Regulation Agency and the Nuclear Regulation Authority.

And for safety measures, we need to consider the installation of equipment based on the assumption of raising the structure, which requires one and half year to prepare for plant review including equipment arrangement. Therefore, we also have taken much time to prepare supplementary documents for the installation change permit.

After that, the review process will begin, but safety measure work will be proceeded with design work while taking the review status into account, and on-site construction will begin according to the design. Regarding the prospect of safety measure work, we will make every effort in preparing for the plant review so that we can notify you of it around March 2027.

Q4. Similarly, I would like ask you to the completion date of Specific Major Accident Response Facility construction of Onagawa Unit 2. Last month, you set the completion date to August 2028. I would like to confirm whether this a setting based on reasonable calculation, a setting with buffer considering the possibility of an earlier completion, or a setting according to the Guideline due to a lot of uncertain elements at this point.

A4. As for the revised schedule published on October, it is a plan we thoroughly examined, and we fundamentally aim to complete the work as this schedule basically. On the other hand, it is uncertain whether we can achieve or not, we would like to continue our efforts to accelerate the schedule as much as possible. Therefore, as an answer to your question “Is it a setting according to the Guideline?”, please understand that “It is not; rather, it is a schedule we formulated after thoroughly examining.”

Q5. Regarding Kashiwazaki-Kariwa Unit 1 which is jointly owned by Tokyo Electric Power HD and your company, I recognize that discussions about its decommission have emerged from Kashiwazaki City and Tokyo Electric Power Company Holdings. If a decommission were to occur, your company holds half of the stake, and this would mean you lose valuable power source with cost competitiveness as nuclear power and zero CO2 emissions. Are you thinking any measures against it?

A5. First, regarding Tokyo Electric Power HD's Kashiwazaki-Kariwa Unit 1, it is a power station in which our company joined the development. We hold the right to receive half of its 1,100 MW power.

We recognize that it is in the stage where "Tokyo Electric Power HD has declared its consideration of decommissioning", and it is not a final decision. We have concluded a basic agreement with Tokyo Electric Power HD, and basically, all procedures including decommissioning are subject to discussion. Furthermore, an agreement regarding cost-sharing has already been concluded. We have already received official document from Tokyo HD, and are planning to hold more specific discussion. We understand that Tokyo Electric Power HD will make a final decision after both companies thoroughly confirm the details of the agreement including whether decommissioning is appropriate, and reach agreement.

Q6. Regarding demand acquisition in the second half and beyond, you explained that "we are expecting a certain degree of demand acquisition, particularly outside your business area". Has it been already appeared in results? You may not grasp the situation immediately, but please explain the expected scale of demand acquisition at this point.

A6. Regarding the situation in the first half, as described in the financial results materials, retail electricity sales decreased by 1.2 TWh compared to the same period of the previous year, but in light of full fiscal year, we are expecting the decrease of 1.7TWh compared to previous year. In detail, decrease in the first half is 1.2TWh, and that in the second half is 0.5TWh. That is to say, we included the expectation that the degree of decrease will be largely reduced into our projections. Thus, we are expecting that the effects of our full-scale efforts including counter competition, win back customers who left, and expand outside the area will appear in the second half and beyond. Also, we consider that such effects will become more pronounced from FY2026.

The contract of electricity supply is renewed generally at the end of fiscal year, therefore, as a recent result, the impact of customer withdrawal is shown earlier, around April. However, we are currently strengthening our structure and proactively expanding sales including outside the area. We hope all participants in the capital markets to look forward to the outcome of our countermeasures, which will become apparent in the future.

Q7. As a countermeasure for delays in Specific Major Accident Response Facility construction, you mentioned about pursuing the business efficiency. Are there any options of passing costs onto retail sales price or retail rebalancing?

You may answer "there are no such options because of fierce competition", or if it's not a voluntary rebalancing, for example, "when supply and demand tighten, wholesale price inevitably rise, and retailers have to pass on the cost". Please show your current perspective on the feasibility of passing costs onto retail prices, even if it's only a preliminary view.

A7. We recognize that it is quite difficult to pass the costs onto retail sales price due to severe competition. On the other hand, regarding measures for overall revenue expansion and efficiency improvements, I will supplement points not previously covered in the explanation; First, income and expenditure in network business has worsened largely, there I recognize it is as a critical issue. We implemented a review of wheeling charge on October this year, and even now various discussion are ongoing in price system expert panel. Among them, the general cost increase due to inflation or cost corrections will basically apply from the second regulation period, but there is still possibility of mid-term adjustment, we would like to monitor future developments and respond to it. This is not a challenge not only to ours but to all peer companies formerly known as General Electricity Utilities, therefore, regarding the response to network business, we would like to monitor the situation and respond to the issue that can be tackled early, and continue our efforts to improve income and expenditure.

In terms of strengthening of retail profitability, we believe we can provide higher-priced rate plan by providing rate plans that meet various needs, and combining them with value-added services, including various solutions related to green business, as there are many customers who have a strong need for fixed price.

In addition to pursuing revenue growth through such efforts, our company aims to expand the sales both wholesale and retail, including outside the area. We believe we can expand the revenue by further intensifying such initiatives in the future. We would like to vigorously advance these efforts along with initiatives explained earlier to expand the revenue.

Q8. Regarding the full-year financial results outlook at the interim results point, while the overall amounts for sales revenue and each profit category remain unchanged, I understand that there are various changes in the breakdown. If possible, please explain about breakdown including quantitative figures, such as the breakdown by segment, the flow of income and expenditure, and how you offset the decrease in electricity sales.

A8. For strategic business reasons, it is difficult for us to explain in details, but the currently published earnings forecast is based on the comparison with the previous year presented in the ladder chart when the forecast was announced in April. . Regarding the factors affecting the change from the ordinary forecast (190 billion yen) announced in April, I will explain later, however, our company does not publish financial forecast by segment, please understand it.

As a change since April, we made downward correction to the forecast of retail electricity sales based on the development of fierce competition, with resulting decline in retail sales volume impacting profit reduction. Another factor is an interim stop at Onagawa Unit 2 due to a trouble in the hydrogen concentration detector, which also contributed to the deterioration in earnings.

On the other hand, as stated in financial results materials, CIF price of crude oil has declined in fuel parameters. Also, as a whole, coal prices have been falling, as a result, the time lag effect of the fuel cost adjustment improved accordingly.

As a whole, as a factor of revenue worsening, decrease in retail electricity sales and

interim-stoppage of Onagawa Unit 2 are considered, but we believe we can maintain an ordinary income 190 billion yen by offsetting them through the improvement of the time lag effect of the fuel cost adjustment due to the decline of fuel price. In the future, we would like to implement various initiatives including strengthening sales to recover our underlying profitability.

Q9. You explained about competitive retail environment within Tohoku area and your initiatives to acquire customer outside the region, but I have concern about whether your initiative to increase retail electricity sales truly contributes to the profits. If you in the situation where “despite of retail electricity sales volume increase, the profit does not increase” as a result of price down for some customers to prevent them from terminating their contract, or counter discounts to win back lost customers, it is meaningless. I would like to confirm whether your acquisition of customers contribute to the increase in profit.

A9. Overall, as you mentioned, fierce competition means that we need some counter actions including price discounts, therefore, profit margin per customer decreases. However, our general approach is to seek ways to increase retail electricity sales volume and thereby capture the profit margin multiplied by volume.

On the other hand, our dedicated staff called Energy Solution Partner try to grasp the needs of each customer. There are various customers including those who have a need for fixed prices, those who have a high-level interest in green business, those who seek solution based on specialized knowledge that led to energy saving in the area including the maintenance such as their own power receiving facilities. We will continue to acquire value-added revenue by responding to various needs in a detailed manner, offset the revenue decrease from competition in the electricity market alone, and promote initiatives that contribute to an overall improvement of revenue.

Q10. I would like ask you again about your countermeasure to the delay in Specific Major Accidents Response Facility construction. To this question, you answered that “it is quite difficult to pass on cost to retail sales price due to severe competition”. Setting aside FY2026, when conducting wholesale auctions for fiscal 2027—a year where a complete shutdown is highly likely— I anticipate that power generators will likely submit wholesale auction bids based on the assumption that nuclear power stations are offline. In that case, I expect the whole price within Tohoku area will rise, but even such trend, you think it is quite difficult to pass on cost to retail sales price. Does this mean that the power is being supplied from outside the region, primarily from the metropolitan area, to the extent of the market share you are currently losing to competitors in the region's retail market? In other words, are they not using the power you supply in the Tohoku wholesale market?

A10. While we do not have detailed knowledge of the circumstances of each new provider operating

within our service area, but I understand that they are entering the market based on market-linked pricing plans, given that JEPX price are currently fluctuating at a significantly low level.

Therefore, there is a competition between the current JEPX price level and the menu prices we offer customers while bearing fixed costs as a power source holder. However, we are also responding by incorporating electricity procured through bilateral transactions and the market into our pricing menus for high-voltage or above customers. We are implementing various measures, such as proposing customized pricing for individual customers using these resources, while taking similar countermeasures to expand sales. We ask for your understanding of this situation.

Q11. Please tell us whether there is a possibility for Onagawa Unit 3 and Higashidori Unit 1 to participate in the Long-Term Decarbonized Power Auction and ensure more predictability of future revenue. If there is no such possibility, please explain the reasons.

A11. Regarding the Long-Term Decarbonized Power Auction, we recognize the advantage that utilizing the scheme can enhance predictability for investment recovery. On the other hand, we are also aware of disadvantages, such as the requirement to refund approximately 90% of revenue from other markets and the lack of any compensation for unexpected cost increases. In the case of nuclear power, large-scale investments are necessary, and there are challenges in addressing costs that arise post-investment, such as backfit measures and additional investments. Therefore, we have requested improvements to the current scheme, and we understand that the government is reviewing the system with these considerations in mind.

For costs that arise due to other business circumstances beyond the operator's control, additional consideration may be given to certain post-adjustments as far as approved by the government. However, such additional consideration may be limited to new construction and replacement, with an upper cap in place, and in some cases, such additional cost will still be at the operator's own expense. For these reasons, we do not consider the current scheme to be sufficient. Based on these points, we will continue to monitor future system revisions and discussions before making any decisions.

Q12. Earlier, it was mentioned by the company that there are challenges in the transmission and distribution business. Indeed, in the first half of the fiscal year, the company's transmission and distribution segment was the only one among the peer companies formerly known as the General Electricity Utilities to post an ordinary loss. In addition, the other peer companies appear to have benefited positively from supply-demand adjustment-related costs compared to the same period last year. How do you analyze the reasons why the company is in this situation? Do you believe countermeasures are necessary, or will the issue resolve naturally? Please also share your outlook for the level of performance from next fiscal year onward. Furthermore, if the impact of Tertiary Control Power (Type II) is a major background of the

said situation, settlement of subsidies is thought to occur next fiscal year. Could the losses incurred this year work in our favor next year?

A12. The main reason for the deterioration in transmission and distribution business profitability is the increase in procurement costs for balancing power required to control frequency and maintain supply-demand balance. In the Tohoku area, a substantial amount of renewable energy is interconnected, and when surplus or shortage occurs, Tohoku Electric Power Network must rebalance. This requires procuring additional supply capacity depending on weather conditions and forecast accuracy. We believe some factors are based on experience, so Tohoku Electric Power Network will strive for improvements, and we expect the effects to gradually appear.

Additionally, while various systems and controls are being developed in the supply-demand adjustment market, we understand that the government recognizes remaining challenges. We share this awareness and expect nationwide discussions and improvements in the market to lead to revenue recovery. Although we are currently in deficit, we consider this a temporary situation and anticipate improvement going forward. Regarding inflation and rising prices, we believe prompt adjustments are necessary and will proceed as quickly as possible based on government developments.

As a supplement, while it is difficult to grasp other companies' specific situations, we can track transaction price trends in the supply-demand adjustment market through METI council materials. Weekly transactions in the Tohoku area tend to have relatively high prices, which we suspect is one factor behind cost increases. Tohoku Electric Power Network is implementing various measures to improve profitability from next fiscal year onward. We will continue internal analysis and carefully consider what countermeasures should be taken.

Regarding Tertiary Control Power (Type II) subsidies, the impact this fiscal year has been limited, and we currently cannot fully assess the impact for next fiscal year.

Q13. Please explain the approach to this fiscal year's earnings forecast. On page 15 of the financial results briefing materials, the initial plan for ordinary income is shown as ¥190 billion, and ordinary income excluding time-lag effects is also kept at ¥190 billion. However, earlier you mentioned factors such as a decline in retail sales volume and reduced earnings due to the interim shutdown of Onagawa Unit 2. If the upside from crude oil CIF prices is absorbed within time-lag effects, no positive factors seem apparent. Is there any actual improvement in ordinary income excluding time-lag effects, or are you expecting any gains from other measures such as recovery of retail contracts outside Tohoku area? Also, does the sensitivity analysis on the right side of page 15 indicate cost impact or profit impact?

A13. The reason both forecasts of the ordinary income and that excluding time-lag effects remain at ¥190 billion in the materials is simply because we have not revised the official forecast of the ordinary income itself. Crude oil CIF price effects are absorbed within time-lag impacts, as

explained during the interim results briefing. While there may be some movement in actual earnings, this is not reflected in the current materials.

The sensitivity figures indicate the impact on fuel costs when crude oil price changes by \$1 per barrel, exchange rate changes by ¥1 per dollar, or nuclear utilization rate changes by 1%.

Q14. We sell-side analysts explain to investors based on disclosed information. If you provide oral supplements not included in the disclosure materials, analysis becomes difficult. Please disclose segment-based profit forecasts to enable more rigorous discussions. Currently, ordinary income appears to be ¥10–20 billion below initial assumptions. It is important to discuss which segments are underperforming and how recovery will be achieved quantitatively. Please consider to disclose segment-based forecasts next time and ensure explanations are based on that data. The current broad-brush disclosure risks shallow discussions.

A14. We will consider how to implement segment-based disclosure based on your feedback. Page 4 of the briefing materials includes time-lag impacts and discloses interim gains.

Although we maintained the April forecast for revenue and profits, ideally, we should have presented a waterfall chart of major factors for the maintained forecast, similar to the interim results, to aid understanding. Regarding the ¥190 billion outlook, we will work toward providing more detailed information from Q3 onward.

Q15. Please confirm the full-year capital investment plan. Last year's investment was about ¥370 billion, with Tohoku Electric Power Network accounting for roughly 30–40%. What is the expected amount for this year?

A15. Roughly speaking, this year's investment is expected to be around ¥400 billion, with Tohoku Electric Power Network accounting for approximately 60%. This increase is due to major reinforcement projects of our transmission and grid networks, such as the second interconnection line between Tohoku and Tokyo, which are currently at their peak.

Q16. After hearing your comments on the transmission and distribution business, I feel the situation is very challenging. The decline in profitability in the transmission and distribution business implies the specific message like “retail business must work harder,” which also implies that the company should work harder in the intensified competition outside the company's business area. While this may be rational for the company, it could worsen profit margins across all the peer companies formerly known as the General Electricity Utilities. If the company expands the business outside its business base, competition could spiral and further deteriorate conditions.

Moreover, if the transmission and distribution business is fully regulated, one might even consider withdrawing. Even as a regulated industry, the system should at least allow free cash flow to break even. Given our limited financial strength, being dragged down by this particular

business while monitoring whether inflation and interest rate impacts are reflected on allowed returns creates a structure that feels like the government is extracting a profit from the company based on the sense of mission from a public utility.

Please conduct a fundamental discussion on whether to request an increase in the base return rate or partially exit the business.

A16. We have long recognized the low return rate in the transmission and distribution business as an issue, and this is not unique to our group. The calculation method for the return rate is under government discussion, and given rising interest rates, we believe the current 1.5% level should be thoroughly reviewed.

We see two main challenges: first, the expected profit level for the business should be raised, but this has not been realized; second, although the revenue cap system was introduced, it is not functioning adequately. Price adjustment issues remain, and the supply-demand adjustment market is still immature, leaving many areas for improvement.

We will continue to advocate for system improvements while recognizing the essential role of this business in ensuring stable power supply amid growing demand. Therefore, we will not accept the current system as is and will actively pursue necessary reforms.

Q17. While system improvements are necessary, historically, the electricity industry moves several times slower than ordinary private companies, and the government even slower. Based on past experience, we should not expect speed. Therefore, we would appreciate proactive actions, such as those taken during special safety work, to break from past patterns. Please make efforts at the industry level.

A17. We recognize this as an industry-wide issue, not just a company-specific one. Through organizations such as the Federation of Electric Power Companies and the Transmission and Distribution Network Council, we have been submitting requests and engaging in advocacy.

We take your comments on speed seriously and will continue to address this as a critical issue.

Q18. Page 23 of the briefing materials mentions that network capacity expansion is scheduled for November 2027 in Hokkaido and the Tokyo metropolitan area. Given the significant increase in capacity in Tokyo, will out-of-area sales activities accelerate, including organizational changes? How will you address the different customer needs compared to the Tohoku area?

A18. As shown in the graph during the presentation, demand in the Tohoku area is expected to grow by 3% over the next decade, while demand in eastern Japan overall will grow by 10%. Therefore, we anticipate significant demand, including data centers, in the Tokyo metropolitan area and Hokkaido. If network constraints are resolved through transmission reinforcement, this will create major opportunities, and we will prepare thoroughly to capture them.

Q19. Regarding the announcement of “welcome zones” for data center attraction, please share what you can do about partnerships with other companies and any inquiries received.

A19. As mentioned earlier, we established a dedicated team within the Corporate Sales Department in July. This team is actively engaged, and we have received inquiries from about 50 companies and organizations, as well as around 20 municipalities, for information exchange. Several data center plans in the Tohoku and Niigata areas are emerging, and we recognize growing interest from operators.

Last month, we signed a cooperation agreement with NTT East and the Development Bank of Japan. This agreement leverages the strengths of electricity, telecommunications, and finance to enhance the effectiveness of data center attraction in the region.

Additionally, the government’s call for the GX strategy proposal for “data center clusters” closed at the end of October, and based on reports and discussions with municipalities, we understand that there were submissions from the Tohoku and Niigata regions. We will continue to monitor these developments and link them to successful attraction efforts.

Q20. Please explain the medium- to long-term role of thermal power plants. Both coal and LNG plants face rising environmental compliance costs. Beyond investment in high-efficiency turbines, is there room to gain further profitability?

A20. Thermal power still accounts for a significant share of supply, and even with expanded nuclear and renewable adoption, a certain amount will remain necessary.

Coal-fired power faces challenges in phasing out for carbon neutrality, but we have continuously worked to improve efficiency and will continue these efforts.

In operations, we are promoting efficiency through AI and DX initiatives, including integrated operation of multiple plants rather than individual sites. We believe there is room for further improvement not only in equipment but also in operational processes, and we will continue these efforts steadily.

Q21. Please elaborate on the impact and growth potential of corporate PPAs mentioned on page 20 of the briefing materials. Also, based on your earlier comment about customer interest in green business solutions, how attractive do customers currently find decarbonized power?

A21. At present, the impact of corporate PPAs on earnings is limited, as shown by the order volume and total output figures in the materials. However, many SBTi member companies have set interim targets for 2030, so we expect demand to grow toward these goals. The Tohoku and Niigata areas have high potential, and we will strengthen efforts to expand further.

Customer needs vary, but as regulations such as GX-ETS progress, companies will need to consider environmental value in their equipment and power procurement decisions, which will likely increase demand. Currently, interest is particularly high among companies with ties to

global firms, exporters, and GAFAs-related businesses. Overall, awareness in the Tohoku and Niigata areas is gradually rising, and we aim to respond accurately to customer needs and link this to profit growth.

Q22. From next fiscal year, Phase 2 of GX-ETS will begin, and the emissions trading system will be introduced gradually. What short-term and medium- to long-term impacts on earnings can you foresee?

A22. GX-ETS is being prepared for introduction next fiscal year. Initially, allowances will be allocated free of charge, and regulations will be phased in based on benchmarks for thermal fuel types.

Therefore, short-term impacts will be minimal, but as the system aims to reduce CO₂ emissions, we expect some impact in the medium to long term given our current generation mix. Since prices are not yet clear, we cannot provide specific figures at this time.