

July 30, 2020

## Financial Results for the First Quarter of Fiscal Year ended March 31, 2021 (FY2020)

Tohoku Electric Power CO., Inc. released its financial results for the first quarter of FY2020 (April 1, 2020 through March 31, 2021) today.

### 【Consolidated Financial Results】

Retail electricity sales volume decreased due to a decrease in operations for commercial and industrial use resulting from the spread of COVID-19. On the other hand, wholesale electricity sales volume outside Tohoku and Niigata area increased. As a result, total electricity sales volume increased to 19.4 TWh, a year-on-year increase 2.7%.

On the other hand, operating revenue decreased to ¥519.2 billion, a year on year decrease of ¥10.4 billion or 2.0%, resulting from a decrease in retail electricity sales volume.

Operating revenue includes ¥141.2 billion, total of grant under act on purchase of renewable energy sourced electricity and surcharge for promoting renewable energy sourced electricity based on Feed-in Tariff Scheme for renewable energy and the self-contracted portion due to introduction of the indirect auction. As this is recorded in expenses as well, it does not affect the Company's income.

Regarding ordinary income, retail electricity sales volume decreased and fuel cost of thermal power generation increased due to a decrease in the operation of hydroelectric power plants caused by drought. However, in addition to a decrease in maintenance costs due to the difference in the timing of inspections such as the power generation predetermined period, the time lag of the fuel cost adjustment system pushed up profits. As a result, ordinary income increased to ¥39.1 billion, a year-on-year increase of ¥3.9 billion or 11.3%.

Net income attributable to owners of the parent rose to ¥27.9 billion, a year-on-year increase of ¥3.1 billion or 12.5%. Consolidate cash income\* for this period was ¥86.8 billion.

\*We set consolidated cash income as a financial target in the Tohoku Electric Power Group's medium- to long-term vision formulated this year. (Target for 320 billion yen in FY 2024)

Consolidated cash income = Operating income + Depreciation + Amortization of nuclear fuel + Share of profit of entities accounted for using equity method (Operating income doesn't include time lag between fuel cost and fuel cost adjustment charges.)

<Notice>

In April 2020, Tohoku Electric Power Co., Inc. spun off the Tohoku Electric Power Network Co., Inc. that operates the power transmission and distribution business.

For this reason, "non-consolidate financial results" which was notified until financial results of FY2019 refers to the settlement of accounts for "Tohoku Electric Power Co., Inc. (operating holding company)" independently from financial results of FY2020. Due to the change in the company's form, it is no longer possible to compare it to the conventional individual financial results, and the weight of "non-consolidate financial results" (individual financial results of Tohoku Electric Power Co., Inc. which is operating holding company) in the consolidated results has decreased. Therefore, we will only announce "consolidated settlement" from financial results of FY2020.

## 【Financial Results】

### 【Consolidated】

(Billions of yen)

	FY2020/1Q (A)	FY2019/1Q (B)	Change	
			(A) - (B)	(A)/(B)
Operating revenue	519.2	529.7	-10.4	98.0%
Operating income	41.7	39.1	2.6	106.8%
Ordinary income	39.1	35.1	3.9	111.3%
Net income attributable to owners of parent	27.9	24.8	3.1	112.5%

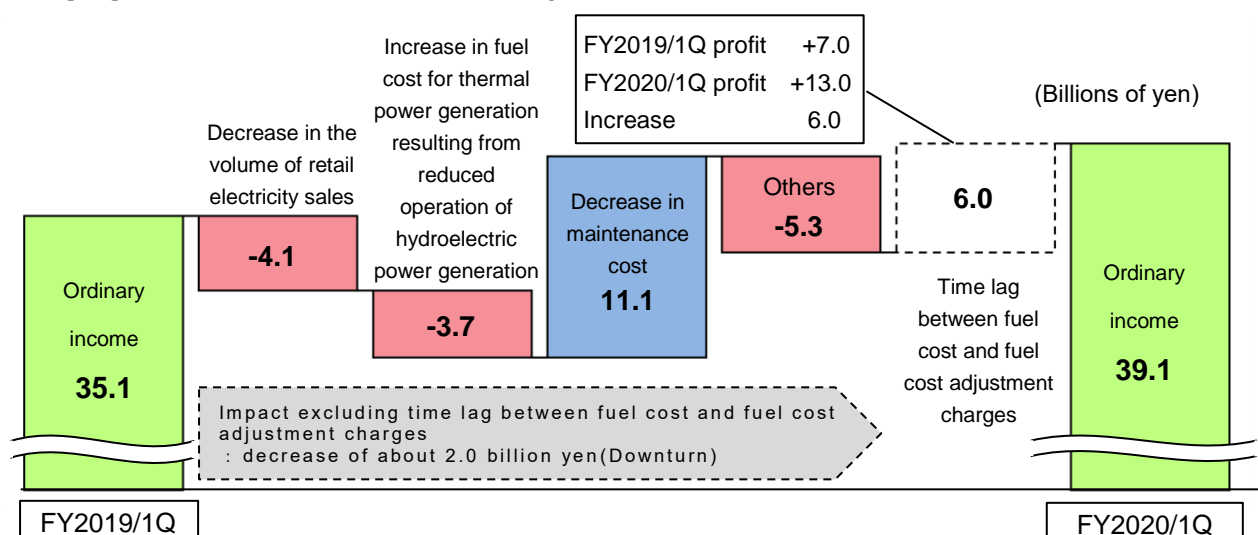
### (Reference)

Operating revenue includes total of grant under act on purchase of renewable energy sourced electricity and surcharge for promoting renewable energy sourced electricity based on Feed-in Tariff Scheme for renewable energy and the self-contracted portion due to introduction of the indirect auction (\*). Operating revenue and operating income on operating revenue ratio excluding these factors are as follows.

(Billions of yen)

	Operating revenue	Operating revenue excluding (*)	Operating income on operating revenue ratio	Operating income on operating revenue ratio excluding (*)
FY2020/1Q	519.2	378.0	8.0%	11.0%

### 【Changing factor of consolidated ordinary income】



**[Segment Information]**

(Billions of yen)

	Power Generation and Sales	Network	Construction	Others	Subtotal	Adjustment*	Total
FY2020/1Q							
Operating revenue	413.7	172.8	46.6	51.5	684.9	-165.6	519.2
Ordinary income	35.4	6.7	-2.3	5.1	45.0	-5.8	39.1

\*Elimination of transactions between segments. By adding the adjustment amount to the sum of the figures for each segment, the figures are consistent with the figures for each item in the consolidated financial statements.

**[Power Generation and Sales Business]**

Retail electricity sales volume was 15.1 TWh, a year-on-year decrease 5.1%, due to a decrease in operations for commercial and industrial use resulting from the spread of COVID-19. Lighting (Residential) was 5.0 TWh, a year-on-year increase 0.4%. Power was 10.1 TWh, a year-on-year decrease 7.6%.

On the other hand, wholesale electricity sales volume increased to 4.3 TWh, a year on year increase of 44.5%, due to an increase in wholesale sales outside Tohoku and Niigata area.

As a result, total electricity sales increased to 19.4 TWh, a year-on-year increase 2.7%.

In addition to these electricity sales, there was an increase in fuel cost for thermal power generation resulting from reduced operation of hydroelectric power generation caused by drought; nevertheless an impact of the time lag of the fuel cost adjustment system increased profit. As a result, operating revenue was ¥413.7 billion and ordinary income was ¥35.4 billion.

**[Network Business]**

Electricity demand in our franchise area for this period decreased to 17.3 TWh, a year-on-year decrease 4.2%, mainly due to the spread of COVID-19. In terms of costs, maintenance costs of distribution facilities decreased.

As a result, operating revenue was ¥172.8 billion and ordinary income was ¥6.7 billion.

**[Construction Business]**

Operating revenue decreased to ¥46.6 billion and ordinary loss was ¥2.3 billion. There was a decrease in construction for electric power and for general consumers including overseas.

In construction business, the proportion of construction completed towards the end of the fiscal year increase, so in the first quarter, the cost burden ratio to sales tend to increase.

**[Other Business]**

Operating revenue was ¥51.5 billion and ordinary income was ¥5.1 billion due to an increase in the information and communications business and a decrease in the gas business.

< Major factors >

Items	FY2020/1Q	FY2019/1Q
Crude oil CIF price (\$/bbl.)	32.2	71.5
Exchange rate (¥/\$)	108	110
Nuclear power utilization rate (%)	-	-

### 【Electricity Sales】

	FY2020/1Q (A)	FY2019/1Q* (B)	Change (A) -(B)	Change (A) /(B)
Lighting (Residential)	5,014	4,996	18	100.4%
Power	10,114	10,942	-828	92.4%
Retail Electricity Sales	15,128	15,938	-810	94.9%
Wholesale Electricity Sales	4,281	2,963	1,318	144.5%
Total of Electricity Sales	19,409	18,901	508	102.7%

\*FY2019/1Q(B) doesn't include sales of Tohoku Electric Power Network Co., Inc.

### 【Consolidated Financial Forecast for fiscal 2020】

Financial forecasts for the year ending March 31, 2021 have yet to be determined at this time, because the impact on the power demand resulting from the spread of COVID-19 is unclear and it is difficult to reasonably assess the estimates. These forecasts will be promptly disclosed as soon as certain conditions are met and we can reasonably assess the estimates of income.

### 【Dividend Forecast for fiscal 2020】

The dividends for both interim and year-end FY2020 have yet to be determined at this time.

# Tohoku Electric Power Co., Inc.

## Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2020 - June 30, 2020)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 30, 2020, which has been filed with the Tokyo Stock Exchange, Inc. for public inspection.

**Tohoku Electric Power Co., Inc.** (Code : 9506)

1-7-1 Honcho, Aoba-ku, Sendai, Miyagi, Japan (URL : <http://www.tohoku-epco.co.jp>)

Representative : Kojiro Higuchi, President

Tel : +81-22-225-2111

(Note) All monetary values are rounded down to the nearest units as indicated in each table.

### 1. Business Results for Consolidated First Quarter Period in FY2020 (Three months ended June 30, 2020)

#### (1) Progresses of Financial Results

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3 months ended Jun. 30, 2020	519,284	(2.0)	41,763	6.8	39,190	11.3	27,930	12.5
3 months ended Jun. 30, 2019	529,769	8.6	39,107	15.2	35,196	8.7	24,818	10.3

(Note) Comprehensive income (3 months ended June 30, 2020: 29,603 million yen 24.2%, 3 months ended June 30, 2019: 23,829 million yen -9.6%)  
Percentage figures represent changes as compared to the same period of the previous year.

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
3 months ended Jun. 30, 2020	55.91	51.92
3 months ended Jun. 30, 2019	49.71	46.22

#### (2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Jun. 30, 2020	4,310,764	883,155	18.8
Mar. 31, 2020	4,323,099	864,177	18.3

(Reference) Shareholders' Equity (June 30, 2020: 811,121 million yen, March 31, 2020: 791,121 million yen)

### 2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2020	-	20.00	-	20.00	40.00
Year ending Mar. 31, 2021	-				
Year ending Mar. 31, 2021 (forecast)		-	-	-	-

(Note) Forecast revision of dividends from the latest forecast: None

Interim and year-end dividend of year ending Mar. 31, 2021 have yet to be determined at this time

### 3. Business Results Forecast for Consolidated FY2020 (Year ending March 31, 2021)

Financial forecasts for the year ending March 31, 2021 have yet to be determined at this time, because the impact on the power demand resulting from the spread of COVID-19 is unclear and it is difficult to reasonably assess the estimates of income.

These forecasts will be promptly disclosed as soon as certain conditions are met and we can reasonably assess the estimates.

**(Reference) Consolidated Cash Income for the First Quarter Period in FY2020 (Three months ended June 30, 2020)**

<u>Consolidated Cash Income</u>	
Millions of yen	
<u>3 months ended Jun. 30, 2020</u>	<u>86,810</u>

(Note) Consolidated cash income = Operating income + Depreciation + Amortization of nuclear fuel + Share of profit of entities accounted for using equity method  
(Operating income doesn't include time lag between fuel cost and fuel cost adjustment charges.)

<b>Assets</b>	(Millions of yen)	
Item	June 30, 2020	March 31, 2020
<b>Non-current assets:</b>	3,669,125	3,679,082
Electric utility plant and equipment:	2,480,642	2,504,659
Hydroelectric power production facilities	176,025	187,035
Thermal power production facilities	391,070	402,870
Nuclear power production facilities	247,705	254,447
Transmission facilities	581,741	589,116
Transformation facilities	255,379	255,044
Distribution facilities	667,862	670,135
General facilities	133,856	118,187
Other electric utility plant and equipment	26,999	27,821
Other non-current assets	223,928	226,872
Construction in progress:	421,240	403,472
Construction and retirement in progress	375,561	357,778
Special account related to nuclear power decommissioning	24,435	24,451
Special account related to reprocessing of spent nuclear fuel	21,243	21,243
Nuclear fuel:	174,355	174,331
Loaded nuclear fuel	30,591	30,591
Nuclear fuel in processing	143,764	143,740
Investments and other assets:	368,958	369,745
Long-term investments	99,655	99,462
Net defined benefit asset	3,873	3,844
Deferred tax assets	156,021	159,568
Other	109,731	107,199
Allowance for doubtful accounts	(324)	(328)
<b>Current assets:</b>	641,639	644,017
Cash and deposits	231,360	244,010
Notes and accounts receivable - trade	240,213	224,649
Inventories	65,793	67,374
Other	104,578	108,450
Allowance for doubtful accounts	(305)	(466)
<b>Assets</b>	<b>4,310,764</b>	<b>4,323,099</b>

**Liabilities and net assets**

(Millions of yen)

Item	June 30, 2020	March 31, 2020
<b>Non-current liabilities:</b>	<b>2,548,378</b>	<b>2,457,197</b>
Bonds payable	985,000	865,000
Long-term loans payable	1,165,291	1,190,302
Reserve for restoration costs of natural disaster	5,061	5,061
Net defined benefit liability	188,379	189,968
Asset retirement obligations	166,497	165,848
Deferred tax liabilities for land revaluation	1,330	1,330
Other	36,817	39,685
<b>Current liabilities:</b>	<b>879,230</b>	<b>1,001,724</b>
Current portion of non-current liabilities	366,120	372,388
Notes and accounts payable - trade	112,674	144,616
Accrued taxes	24,049	33,253
Other advances	207,548	205,984
Reserve for restoration costs of natural disaster	2,332	2,613
Other	166,504	242,869
<b>Liabilities</b>	<b>3,427,609</b>	<b>3,458,921</b>
<b>Shareholders' equity:</b>	<b>827,627</b>	<b>809,454</b>
Capital stock	251,441	251,441
Capital surplus	22,390	22,390
Retained earnings	559,991	542,187
Treasury shares	(6,195)	(6,564)
<b>Accumulated other comprehensive income:</b>	<b>(16,506)</b>	<b>(18,332)</b>
Valuation difference on available-for-sale securities	(57)	197
Deferred losses on hedges	(288)	(618)
Revaluation reserve for land	(895)	(895)
Foreign currency translation adjustments	(147)	(288)
Remeasurements of defined benefit plans	(15,117)	(16,727)
Subscription rights to shares	890	1,120
Non-controlling interests	71,143	71,935
<b>Net assets</b>	<b>883,155</b>	<b>864,177</b>
<b>Liabilities and net assets</b>	<b>4,310,764</b>	<b>4,323,099</b>



**QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

First Quarter FY2020 (Three months ended June 30, 2020) and First Quarter FY2019 (Three months ended June 30, 2019)

Item	(Millions of yen)	
	Three months ended June 30,	
	2020	2019
Operating revenue:	519,284	529,769
Electric utility operating revenue	472,383	485,666
Other business operating revenue	46,901	44,103
Operating expenses:	477,520	490,662
Electric utility operating expenses	432,264	446,614
Other business operating expenses	45,255	44,048
Operating income	41,763	39,107
Non-operating income:	2,404	1,752
Dividend income	370	390
Interest income	51	87
Share of profit of entities accounted for using equity method	1,511	575
Other	470	697
Non-operating expenses:	4,977	5,662
Interest expenses	4,006	4,500
Other	971	1,162
Ordinary revenue	521,688	531,522
Ordinary expenses	482,498	496,325
Ordinary income	39,190	35,196
Income before income taxes	39,190	35,196
Income taxes - current	8,075	2,286
Income taxes - deferred	3,357	8,651
Income taxes	11,433	10,937
Net income	27,757	24,259
Net loss attributable to non-controlling interests	(173)	(559)
Net income attributable to owners of parent	27,930	24,818

**QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**

First Quarter FY2020 (Three months ended June 30, 2020) and First Quarter FY2019 (Three months ended June 30, 2019)

Item	(Millions of yen)	
	Three months ended June 30,	
	2020	2019
Net income	27,757	24,259
Other comprehensive income:		
Valuation difference on available-for-sale securities	(227)	(892)
Deferred gains or losses on hedges	329	43
Foreign currency translation adjustments	141	(191)
Remeasurements of defined benefit plans	1,601	611
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Other comprehensive income	1,845	(430)
Comprehensive income	29,603	23,829
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	29,757	24,407
Comprehensive income attributable to non-controlling interests	(154)	(578)

**(Note)**

This report solely constitutes reference material for the purpose of providing the readers with relevant information to evaluate our company.

The information contains forward-looking statements based on assumptions and projections about the future with regard to our company. As such, the readers are kindly asked to refrain from making judgment by depending solely on this information.

The forward-looking statements inherently involve a degree of risks and uncertainties. Consequently, these risks and uncertainties could cause the actual results and performance to differ from the assumed or projected status of the company.

Tohoku Electric Power Co., Inc. hereby disclaim any responsibility or liability in relation to consequences resulting from decisions made by investors.