

July 30, 2021

## **Financial Results for the First Quarter of Fiscal Year ending March 31, 2022 (FY2021) and Financial Forecasts for FY2021**

Tohoku Electric Power CO., Inc. released its financial results for the first quarter of FY2021 (April 1, 2021 through March 31, 2022) and Financial Forecasts for FY2021 today.

### **【Consolidated Financial Results】**

Although retail electricity sales volume in the power generation and sales segment increased in reaction to last year's significant drop due to COVID-19, total electricity sales volume decreased to 18.6 TWh, a year-on-year decrease of 4.3%, due to a decrease in JEPX transaction.

In addition, operating revenue decreased to ¥400.5 billion, a year on year decrease of ¥118.6 billion or 22.9%, due to the impact of the adoption of “Accounting Standard for Revenue Recognition.”

Regarding ordinary income, due to temporary factors such as an impact of the time lag of fuel cost adjustment system and the shutdown of thermal power stations damaged by the earthquake off the coast of Fukushima Prefecture, ordinary income decreased to ¥18.5 billion, a year-on-year decrease of ¥20.6 billion or 52.7%.

Net income attributable to owners of the parent decrease to ¥9.8 billion, a year-on-year decrease of ¥18.0 billion or 64.7%. Consolidate cash income\* for this period was ¥82.5 billion.

\* With the application of the “Accounting Standard for Revenue Recognition” from April 2021, the “Electricity Business Accounting Rules” has also been revised. 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, which were previously recorded as operating revenue, will no longer be recorded. The application of this standard has resulted in a decrease of ¥146.1 billion in operating revenue for FY2021/1Q, while expenses have also decreased by the same amount. Therefore, there is no impact on income.

\*We set consolidated cash income as a financial target in the Tohoku Electric Power Group's medium- to long-term vision “Working alongside next”. (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.)

## 【Financial Results】

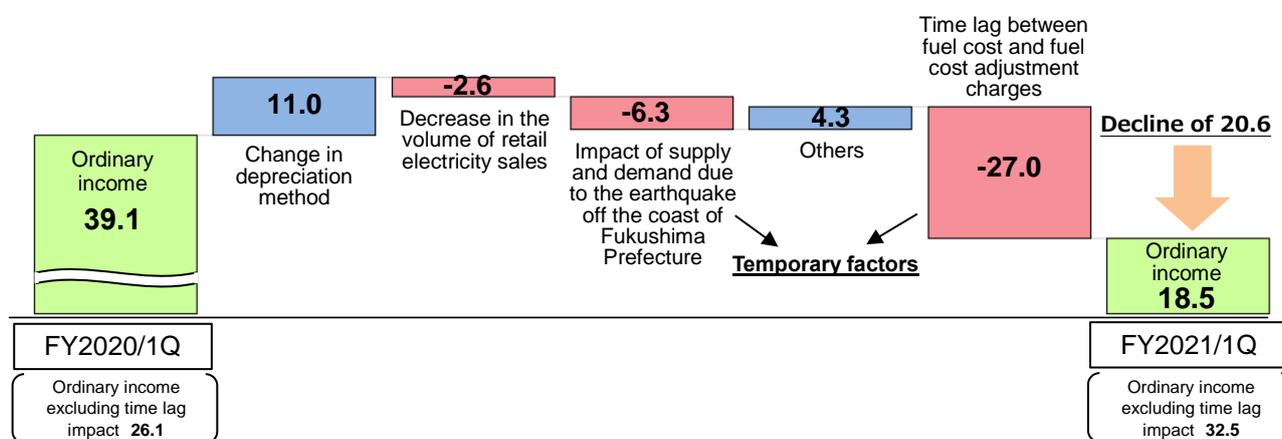
[Consolidated]

(Billions of yen)

	FY2021/1Q (A)	FY2020/1Q (B)	Change	
			(A) - (B)	(A)/(B)
Operating revenue	400.5	519.2	-118.6	77.1%
Operating income	22.8	41.7	-18.8	54.8%
Ordinary income	18.5	39.1	-20.6	47.3%
Net income attributable to owners of parent	9.8	27.9	-18.0	35.3%

## 【Changing factor of consolidated ordinary income】

(Billions of yen)



[Segment Information]

(Billions of yen)

		Power Generation and Sales	Network	Construction	Others	Subtotal	Adjustment*	Total
FY2021/1Q (A)	Operating revenue	304.5	153.3	52.9	47.0	557.8	-157.2	400.5
	Ordinary income	35.9	9.4	-2.6	4.1	46.9	-28.3	18.5
FY2020/1Q (B)	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
Change (A)-(B)	Operating revenue	-109.2	-19.5	6.3	-4.5	-127.0	8.3	-118.6
	Ordinary income	0.4	2.6	-0.2	-1.0	1.8	-22.5	-20.6

\*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 decreased to 15.4 TWh, a year-on-year increase of 1.9%, due to an increase in operations for commercial and industrial use, although demand consumed at house decreased. Lighting (Residential) was 4.6 TWh, a year-on-year decrease of 8.3%. Power was 10.8 TWh, a year-on-year increase of 7.0%.

On the other hand, wholesale electricity volume decreased to 3.2 TWh, a year-on-year decrease of 26.3%, due to a decrease in JEPX transaction resulting from the shutdown of thermal power stations damaged by the earthquake off the coast of Fukushima Prefecture. As a result, total electricity sales decreased to 18.6 TWh, a year-on-year decrease of 4.3%.

In spite of a decrease in the amount of electricity sales and a temporary factor such as an impact of the time lag of fuel cost adjustment system and an increase in fuel costs due to the shutdown of thermal power stations damaged by the earthquake off the coast of Fukushima Prefecture, incomes increased due to new dividends from the Tohoku Electric Power Network Co., Inc. and a change in the depreciation method. As a result, operating revenue was ¥304.5 billion, a year-on-year decrease of 26.4% and ordinary income was ¥35.9 billion, a year-on-year increase of 1.4%.

In addition operating revenue decreased by ¥94.9 billion compared to this before the application of “Accounting Standard for Revenue Recognition.”

[Network Business]

Electricity demand in our franchise area for this period increased to 17.9 TWh, a year-on-year increase of 3.4%, due to the upturn in operations for industrial use, although heating demand decreased due to high temperatures in early spring. As for expenses, depreciation expenses decreased due to a change in depreciation method. As a result, operating revenue was ¥153.3 billion, a year-on-year decrease of 19.5 billion or 11.3%, and ordinary income was ¥9.4 billion, a year-on-year increase of ¥2.6 billion or 39.5%.

In addition operating revenue decreased by ¥51.1 billion compared to this before the application of “Accounting Standard for Revenue Recognition.”

[Construction Business]

Although operating revenue was increased to ¥52.9 billion, a year-on-year increase of ¥6.3 billion or 13.5%, due to an increase in construction for general consumers such as indoor wiring work, ordinary loss was increased to ¥2.6 billion, a year-on-year increase of ¥0.2 billion or 11.7%, due to an increase in subcontracting costs.

[Other Business]

Operating revenue was ¥47.0 billion, a year-on-year decrease of ¥4.5 billion or 8.8%, due to decreases in the information and communications business and the manufacturing business, despite an increase in the gas business. In addition, ordinary income was ¥4.1 billion, a year-on-year decrease of ¥1.0 billion or 19.9%.

< Major factors >

Items	FY2021/1Q	FY2020/1Q
Crude oil CIF price (\$/bbl.)	66.9	32.4
Exchange rate (¥/\$)	110	108
Nuclear power utilization rate (%)	-	-

**【Electricity Sales】**

(GWh)

	FY2021/1Q (A)	FY2020/1Q (B)	Change (A) -(B)	Change (A) /(B)
Lighting (Residential)	4,598	5,014	-416	91.7%
Power	10,824	10,114	710	107.0%
Retail Electricity Sales	15,422	15,128	294	101.9%
Wholesale Electricity Sales	3,153	4,281	-1,128	73.7%
Total of Electricity Sales	18,576	19,409	-833	95.7%

### 【Consolidated Financial Forecast for FY2021】

The financial forecast was initially undetermined except for operating revenue due to the difficulty in estimating the timing of restoration of the thermal power stations damaged by the earthquake off the coast of Fukushima Prefecture. However, we would like to inform you of the income forecast as the outlook for restoration of the thermal power stations has been established.

The forecast for operating revenue for the year ending March 31, 2022 is expected to decrease to approximately ¥1,810.0 billion, a year-on-year decrease of 3.1%, due to a decrease in retail electricity sales volume and the impact of the application of “Accounting Standard for Revenue Recognition.” Compared with the previous forecast, the forecast has been revised upward due to an increase in fuel cost adjustments.

Although depreciation expenses will decrease due to the change in depreciation method, the forecasts for ordinary income for the year ending March 31, 2022 is expected to decrease to approximately ¥35.0 billion, a year-on-year decrease of 48.2%, due to an impact of the time lag of fuel cost adjustment system and the shutdown of thermal power stations damaged by the earthquake off the coast of Fukushima Prefecture. Net income attributable to owners of parent is expected to decrease to approximately ¥23.0 billion, a year-on-year decrease of 21.7%.

	Operating revenue	Operating income	Ordinary income	Net income attributable to owners of parent
FY2021	1,810.0	52.0	35.0	23.0

(Billions of yen)

### 【Dividend Forecast for FY2021】

	Interim (forecast)	Year-end (forecast)	Annual (forecast)
Dividend	20	20	40

(yen)

# Tohoku Electric Power Co., Inc.

## Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2021 - June 30, 2021)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 30, 2021, 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 : <https://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 FY2021 (Three months ended June 30, 2021)

#### (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, 2021	400,590	(22.9)	22,877	(45.2)	18,546	(52.7)	9,848	(64.7)
3 months ended Jun. 30, 2020	519,284	(2.0)	41,763	6.8	39,190	11.3	27,930	12.5

(Note) Comprehensive income (3 months ended June 30, 2021: 10,069 million yen -61.0%, 3 months ended June 30, 2020: 29,603 million yen 24.2%)

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, 2021	19.71	-
3 months ended Jun. 30, 2020	55.91	51.92

#### (2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Jun. 30, 2021	4,517,707	901,137	18.3
Mar. 31, 2021	4,471,081	901,534	18.5

(Reference) Shareholders' Equity (June 30, 2021: 826,604 million yen, March 31, 2021: 826,466 million yen)

### 2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2021	-	20.00	-	20.00	40.00
Year ending Mar. 31, 2022	-				
Year ending Mar. 31, 2022 (forecast)		20.00	-	20.00	40.00

(Note) Forecast revision of dividends from the latest forecast: Forecasts have been revised

### 3. Business Results Forecast for Consolidated FY2021 (Year ending March 31, 2022)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (basic)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2021	1,810,000	-	52,000	(40.9)	35,000	(48.2)	23,000	(21.7)	46.03

(Note) Forecast revision of consolidated results from the latest forecast: Forecasts have been revised

The financial forecast was initially undetermined except for operating revenue due to the difficulty in estimating the timing of restoration of the thermal power stations damaged by the earthquake off the coast of Fukushima Prefecture. However, based on the outlook for the restoration time of those power stations the incomes forecast has now been announced. Effective from FY2021, we have adopted the "Accounting Standard for Revenue Recognition." As a result, the rate of change to operating revenue for FY2020, for which this standard has not been applied, is not shown.

**(Reference)**

**1.Consolidated Cash Income for the First Quarter Period in FY2021 (Three months ended June 30, 2021)**

<u>Consolidated Cash Income</u>	
Millions of yen	
3 months ended Jun. 30, 2021	<u>82,531</u>

(Note) We've set a target for consolidated cash income identified in the Tohoku Electric Power Group Medium-/Long-Term Vision "Working alongside next."  
(In FY2024, more than 320 billion yen)

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.)

## QUARTERLY CONSOLIDATED BALANCE SHEETS (Unaudited)

First Quarter FY2021 (as of June 30, 2021) and FY2020 (as of March 31, 2021)

<b>Assets</b>	(Millions of yen)	
Item	June 30, 2021	March 31, 2021
<b>Non-current assets:</b>	3,728,690	3,731,366
Electric utility plant and equipment:	2,465,296	2,492,694
Hydroelectric power production facilities	176,327	177,880
Thermal power production facilities	390,669	398,062
Nuclear power production facilities	241,653	247,275
Transmission facilities	575,061	579,633
Transformation facilities	249,257	251,793
Distribution facilities	679,847	680,945
General facilities	125,839	129,929
Other electric utility plant and equipment	26,640	27,173
Other non-current assets	224,304	223,546
Construction in progress:	475,812	449,526
Construction and retirement in progress	425,853	399,393
Special account related to nuclear power decommissioning	23,949	24,124
Special account related to reprocessing of spent nuclear fuel	26,009	26,009
Nuclear fuel:	174,084	174,071
Loaded nuclear fuel	30,591	30,591
Nuclear fuel in processing	143,493	143,479
Investments and other assets:	389,191	391,526
Long-term investments	106,684	109,699
Net defined benefit asset	6,193	6,191
Deferred tax assets	159,414	159,536
Other	117,234	116,389
Allowance for doubtful accounts	(335)	(290)
<b>Current assets:</b>	789,017	739,715
Cash and deposits	215,498	205,290
Notes and accounts receivable - trade	168,467	270,266
Inventories	63,577	65,255
Other	341,984	199,679
Allowance for doubtful accounts	(510)	(777)
<b>Assets</b>	<b>4,517,707</b>	<b>4,471,081</b>

**Liabilities and net assets**

(Millions of yen)

Item	June 30, 2021	March 31, 2021
<b>Non-current liabilities:</b>	<b>2,593,746</b>	<b>2,518,124</b>
Bonds payable	1,100,000	1,025,000
Long-term loans payable	1,121,869	1,117,549
Reserve for restoration costs of natural disaster	6,614	6,614
Net defined benefit liability	156,861	160,468
Asset retirement obligations	170,793	170,236
Deferred tax liabilities for land revaluation	1,310	1,323
Other	36,296	36,933
<b>Current liabilities:</b>	<b>1,022,824</b>	<b>1,051,422</b>
Current portion of non-current liabilities	230,066	269,587
Notes and accounts payable - trade	128,704	142,186
Accrued taxes	14,655	58,750
Other advances	325,449	323,575
Reserve for restoration costs of natural disaster	10,341	11,060
Other	313,607	246,262
<b>Liabilities</b>	<b>3,616,570</b>	<b>3,569,547</b>
<b>Shareholders' equity:</b>	<b>819,032</b>	<b>819,051</b>
Capital stock	251,441	251,441
Capital surplus	22,369	22,369
Retained earnings	550,081	550,245
Treasury shares	(4,858)	(5,004)
<b>Accumulated other comprehensive income:</b>	<b>7,571</b>	<b>7,415</b>
Valuation difference on available-for-sale securities	(254)	(124)
Deferred losses on hedges	241	171
Revaluation reserve for land	(906)	(902)
Foreign currency translation adjustments	683	666
Remeasurements of defined benefit plans	7,808	7,604
<b>Non-controlling interests</b>	<b>74,532</b>	<b>75,067</b>
<b>Net assets</b>	<b>901,137</b>	<b>901,534</b>
<b>Liabilities and net assets</b>	<b>4,517,707</b>	<b>4,471,081</b>

**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

First Quarter FY2021 (Three months ended June 30, 2021) and First Quarter FY2020 (Three months ended June 30, 2020)

Item	(Millions of yen)	
	Three months ended June 30,	
	2021	2020
Operating revenue:	400,590	519,284
Electric utility operating revenue	347,007	472,383
Other business operating revenue	53,583	46,901
Operating expenses:	377,713	477,520
Electric utility operating expenses	324,663	432,264
Other business operating expenses	53,050	45,255
Operating income	22,877	41,763
Non-operating income:	1,663	2,404
Dividend income	255	370
Interest income	69	51
Share of profit of entities accounted for using equity method	335	1,511
Other	1,003	470
Non-operating expenses:	5,994	4,977
Interest expenses	3,606	4,006
Other	2,388	971
Ordinary revenue	402,254	521,688
Ordinary expenses	383,708	482,498
Ordinary income	18,546	39,190
Income before income taxes	18,546	39,190
Income taxes - current	8,377	8,075
Income taxes - deferred	204	3,357
Income taxes	8,582	11,433
Net income	9,963	27,757
Net income attributable to non-controlling interests	114	(173)
Net income attributable to owners of parent	9,848	27,930

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

FY2020 (Year ended March 31, 2021) and FY2019 (Year ended March 31, 2020)

Item	(Millions of yen)	
	Three months ended June 30,	
	2021	2020
Net income	9,963	27,757
Other comprehensive income:		
Valuation difference on available-for-sale securities	(164)	(227)
Deferred gains or losses on hedges	69	329
Foreign currency translation adjustments	21	141
Remeasurements of defined benefit plans	179	1,601
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Other comprehensive income	105	1,845
Comprehensive income	10,069	29,603
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	10,009	29,757
Comprehensive income attributable to non-controlling interests	60	(154)

**(Note)**

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

The information contains forward-looking statements based on assumptions and projections about the future with regard to our group. 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 our group.

We hereby disclaim any responsibility or liability in relation to consequences resulting from decisions made by investors.