

January 31, 2022

Financial Results for the Third Quarter of Fiscal Year ending March 31, 2022 (FY2021) and Financial and Dividend Forecasts for FY2021

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

【Consolidated Financial Results】

Total electricity sales volume increased to 59.7 TWh, a year-on-year increase of 1.2%, due to an increase in retail electricity sales volume in reaction to the significant drop in the same period of the previous year resulting from COVID-19.

In addition, operating revenue decreased to ¥1,398.9 billion, a year-on-year decrease of ¥142.5 billion or 9.2%, due to the impact of the adoption of “Accounting Standard for Revenue Recognition*1.”

Ordinary income decreased to ¥10.3 billion, a year-on-year decrease of ¥65.3 billion or 86.3%, due to temporary factors such as an impact of the time lag between fuel cost and fuel cost adjustment charges resulting from high fuel prices and the shutdown of thermal power stations damaged by the earthquake off the coast of Fukushima Prefecture last February, despite a decrease in depreciation due to a change in the depreciation method.

Net income attributable to owners of the parent decreased to ¥2.4 billion, a year-on-year decrease of ¥48.2 billion or 95.2% due to 7.5 billion yen gain on sales of shares of subsidiaries and associates as extraordinary income and 6.0 billion yen loss on return of imbalance income and expenditure*2*3 in the Tohoku Electric Power Network as extraordinary loss. Consolidated cash income*4 for this period was ¥233.2 billion.

***1 Accounting Standard for Revenue Recognition**

With the adoption 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 adoption of this standard has resulted in a decrease of ¥374.9 billion in operating revenue for FY2021/3Q, while expenses have also decreased by the same amount. Therefore, there is no impact on income.

*2 Imbalance

The difference between the planned and actual daily demand and supply submitted by the electric power generators and retail electricity providers to the power transmission and distribution business operator through the organization for cross-regional coordination of transmission operators is called Imbalance. The power transmission and distribution business operator supply or purchase the equivalent of this difference, then settle the balance based on the unit price of the imbalance rates.

*3 Loss on return of imbalance income and expenditure

Since the imbalance rates soared due to the tight supply and demand balance of electricity in January 2021, the Electricity and Gas Industry Subcommittee held in December 2021 decided that a fixed amount of the imbalance rates paid by retail electricity providers, which were calculated based on a unit price of 200 yen/kWh or higher than the market price, will be deducted monthly from the wheeling fee from April. On this basis, Tohoku Electric Power Network filed an application for special approval under the proviso of Article 18, Paragraph 2 of the Electricity Business Act on January 27, 2022 to deal with it. Then, this adjustment is recorded as an extraordinary loss in the consolidated financial statements.

*4 Consolidated Cash Income

Consolidated cash income has been set as a financial target in the Tohoku Electric Power Group's medium- to long-term vision “Working alongside next.” (Target for ¥320 billion 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】

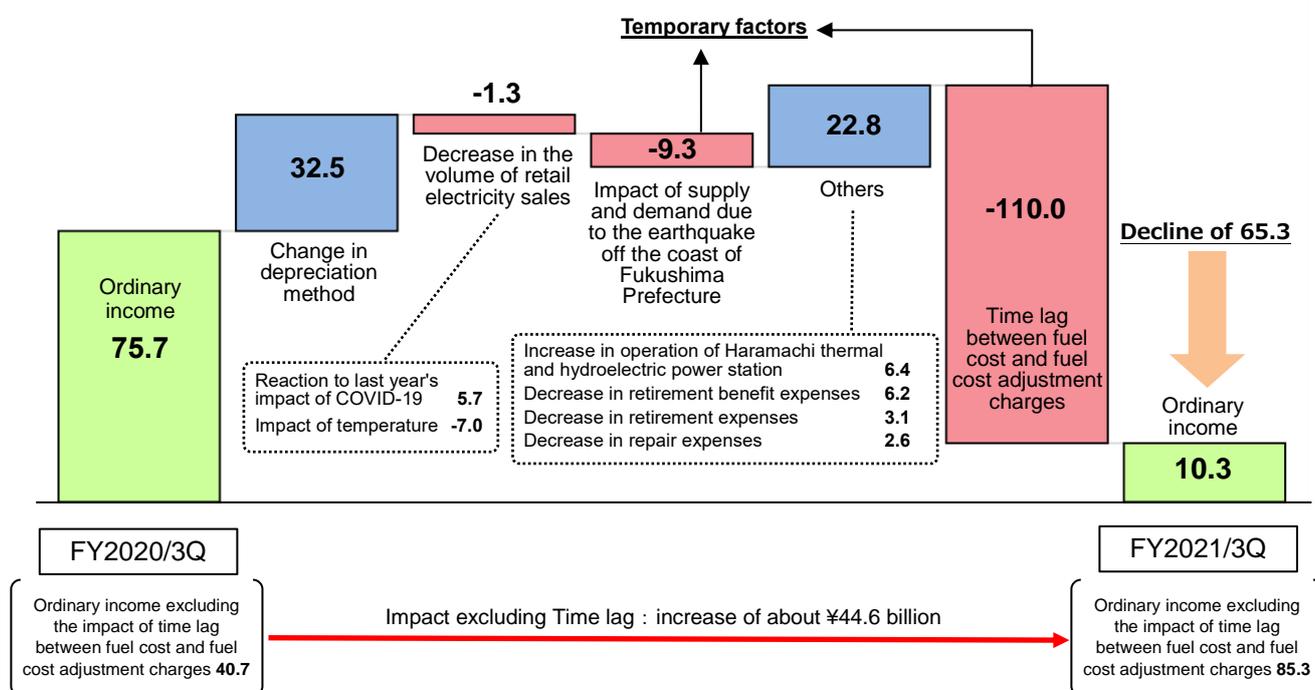
[Consolidated]

(Billions of yen)

| | FY2021/3Q (A) | FY2020/3Q (B) | Change | |
|---|------------------|------------------|-----------|---------|
| | | | (A) - (B) | (A)/(B) |
| Operating revenue | 1,398.9 | 1,541.4 | -142.5 | 90.8% |
| Operating income | 23.3 | 87.8 | -64.5 | 26.6% |
| Ordinary income | 10.3 | 75.7 | -65.3 | 13.7% |
| Net income attributable to owners of parent | 2.4 | 50.6 | -48.2 | 4.8% |

【Changing factor of consolidated ordinary income】

(Billions of yen)



[Segment Information]

(Billions of yen)

| | | Power Generation and Sales | Network | Construction | Others | Subtotal | Adjustment* | Total |
|-------------------|-------------------|----------------------------|---------|--------------|--------|----------|-------------|---------|
| FY2021/3Q (A) | Operating revenue | 1,057.6 | 513.6 | 197.2 | 146.2 | 1,914.8 | -515.9 | 1,398.9 |
| | Ordinary income | -1.5 | 25.6 | 3.1 | 10.9 | 38.1 | -27.7 | 10.3 |
| FY2020/3Q (B) | Operating revenue | 1,212.4 | 520.5 | 172.9 | 145.0 | 2,051.0 | -509.5 | 1,541.4 |
| | Ordinary income | 57.5 | 13.3 | -0.0 | 11.2 | 82.0 | -6.3 | 75.7 |
| Change (A)-(B) | Operating revenue | -154.8 | -6.8 | 24.3 | 1.1 | -136.1 | -6.3 | -142.5 |
| | Ordinary income | -59.1 | 12.3 | 3.2 | -0.2 | -43.9 | -21.4 | -65.3 |

*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]

Despite a decrease in cooling demand due to cooler summer temperatures compared to the previous year, retail electricity sales volume increased to 47.5 TWh, a year-on-year increase of 2.3% due to an increase in operations for commercial and industrial use as a reaction to the impact of last year's COVID-19. Among these, Power increased to 33.9 TWh, a year-on-year increase of 5.8%, while Lightning (Residential) decreased to 13.6 TWh, a year-on-year decrease of 5.4%.

On the other hand, wholesale electricity sales volume decreased to 12.3 TWh, a year-on-year decrease of 3.1%, 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 volume increased to 59.7 TWh, a year-on-year increase of 1.2%.

Operating revenue decreased to ¥1,057.6 billion, a year-on-year decrease of ¥154.8 billion or 12.8%, due to the impact of the adoption of "Accounting Standard for Revenue Recognition."

Ordinary income resulted in a loss of ¥1.5 billion, a year-on-year decrease of ¥59.1 billion, due to temporary factors such as an impact of the time lag between fuel cost and fuel cost adjustment charges resulting from high fuel prices and the shutdown of thermal power stations damaged by the earthquake off the coast of Fukushima Prefecture.

*The impact of the adoption of the "Accounting Standard for Revenue Recognition" on operating revenue was a decrease of ¥250.9 billion.

[Network Business]

Despite a decrease in cooling demand due to cooler summer temperatures compared to the previous year, electricity demand in our franchise area for this period increased to 55.5 TWh, a year-on-year increase of 2.9%, due to a recovery in industrial production.

As a result, Operating revenue decreased to ¥513.6 billion, a year-on-year decrease of ¥6.8 billion or 1.3%, due to

the impact of the adoption of the “Accounting Standard for Revenue Recognition.”

Ordinary income increased to ¥25.6 billion, a year-on-year increase of ¥12.3 billion or 92.4%, due to a decrease in depreciation resulting from a change in the depreciation method.

*The impact of the adoption of the “Accounting Standard for Revenue Recognition” on operating revenue was a decrease of ¥123.4 billion.

[Construction Business]

Operating revenue increased to ¥197.2 billion, a year-on-year increase of ¥24.3 billion or 14.1%, due to increases in construction work related to renewable energy and civil engineering works for the general public. As a result, ordinary income increased to ¥3.1 billion, a year-on-year increase of ¥3.2 billion.

[Other Business]

Despite decreases in the manufacturing business and the information and communications business, Operating revenue increased to ¥146.2 billion, a year-on-year increase of ¥1.1 billion or 0.8%, due to an increase in the gas business. In addition, ordinary income decreased to ¥10.9 billion, a year-on-year decrease of ¥0.2 billion or 2.6%, due to an increase in the cost of materials in the gas business.

< Major factors >

| Items | FY2021/3Q | FY2020/3Q |
|------------------------------------|-----------|-----------|
| Crude oil CIF price (\$/bbl.) | 74.0 | 39.1 |
| Exchange rate (¥/\$) | 110 | 105 |
| Nuclear power utilization rate (%) | - | - |

【Electricity Sales】

| | FY2021/3Q (A) | FY2020/3Q (B) | Change (A) -(B) | Change (A) /(B) |
|--------------------------------|------------------|------------------|--------------------|--------------------|
| Lighting (Residential) | 13,607 | 14,377 | -770 | 94.6% |
| Power | 33,867 | 32,010 | 1,857 | 105.8% |
| Retail Electricity Sales | 47,474 | 46,387 | 1,087 | 102.3% |
| Wholesale Electricity Sales | 12,250 | 12,643 | -393 | 96.9% |
| Total of Electricity Sales | 59,725 | 59,030 | 695 | 101.2% |

(GWh)

【Consolidated Financial Forecast for FY2021】

Based on the recent supply and demand situation, we have revised the financial forecast announced on July 30, 2021.

The forecast for operating revenue is expected to increase to approximately ¥1,980.0 billion, an increase of 9.4% from the previous forecast, due to an increase in our fuel cost adjustment caused by soaring fuel prices.

The forecast for ordinary income is expected to be a loss of approximately ¥50.0 billion, due to an impact of the time lag of fuel cost adjustment system resulting from high fuel prices and an increase in procurement costs resulting from rising JEPX prices.

As a result, net income attributable to owners of parent is expected to be a loss of approximately ¥45.0 billion.

| | Operating revenue | Operating income | Ordinary income | (Billions of yen) Net income attributable to owners of parent |
|---------------------|-------------------|------------------|-----------------|--|
| Forecast (previous) | 1,810.0 | 52.0 | 35.0 | 23.0 |
| Forecast (new) | 1,980.0 | -28.0 | -50.0 | -45.0 |
| Reference: FY2020 | 2,286.8 | 87.9 | 67.5 | 29.3 |

【Dividend Forecast for FY2021】

Our dividend policy is based on the payment of stable dividends, which are determined by comprehensively taking into account the financial results and the medium- to long-term outlook for income and expenditure for the fiscal year under review.

The year-end dividend forecast for FY2021 was previously forecasted to be 20 yen per share, but the future trend of fuel prices is uncertain, and we need to assess the impact on our medium- to long-term income and expenditure.

In consideration of this comprehensive situation, we have decided to change our year-end dividend forecast from 20 yen per share to “undecided.”

| | Interim | Year-end (forecast) | (yen) Annual (forecast) |
|----------|---------|---------------------|----------------------------|
| Dividend | 20 | Undecided | Undecided |

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2021 - December 31, 2021)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for nine months ended December 31, 2021, which has been filed with the Tokyo Stock Exchange, Inc. for public inspection.

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

1. Business Results for Consolidated Third Quarter Period in FY2021 (Nine months ended December 31, 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 | % |
| 9 months ended Dec. 31, 2021 | 1,398,955 | (9.2) | 23,330 | (73.4) | 10,391 | (86.3) | 2,417 | (95.2) |
| 9 months ended Dec. 31, 2020 | 1,541,467 | (6.2) | 87,841 | (4.5) | 75,723 | (2.9) | 50,617 | 2.4 |

(Note) Comprehensive income (9 months ended December 31, 2021: 5,735million yen -90.0%, 9 months ended December 31, 2020: 57,301million yen 10.0%)
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 |
| 9 months ended Dec. 31, 2021 | 4.84 | - |
| 9 months ended Dec. 31, 2020 | 101.32 | 94.81 |

(2) Changes in Financial Positions

| | Total assets | Net assets | Equity-to-asset ratio |
|---------------|-----------------|-----------------|-----------------------|
| | Millions of yen | Millions of yen | % |
| Dec. 31, 2021 | 4,622,604 | 886,458 | 17.5 |
| Mar. 31, 2021 | 4,471,081 | 901,534 | 18.5 |

(Reference) Shareholders' Equity (Dec. 31, 2021: 809,175million 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 | - | 20.00 | - | | |
| Year ending Mar. 31, 2022 (forecast) | | | | - | - |

(Note) Forecast revision of dividends from the latest forecast: Forecasts have been revised
Year-end dividend has been revised from 20 yen to "undecided."

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 | 1,980,000 | - | (28,000) | - | (50,000) | - | (45,000) | - | (90.04) |

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

Consolidated Cash Income for the Third Quarter Period in FY2021 (Nine months ended Dec. 31, 2021)

| <u>Consolidated Cash Income</u> | |
|---------------------------------|-----------------|
| | Millions of yen |
| 9 months ended Dec. 31, 2021 | <u>233,210</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)

Third Quarter FY2021 (as of December 31, 2021) and FY2020 (as of March 31, 2021)

| Assets | (Millions of yen) | |
|---|-------------------|------------------|
| Item | December 31, 2021 | March 31, 2021 |
| Non-current assets: | 3,741,892 | 3,731,366 |
| Electric utility plant and equipment: | 2,453,598 | 2,492,694 |
| Hydroelectric power production facilities | 176,150 | 177,880 |
| Thermal power production facilities | 373,780 | 398,062 |
| Nuclear power production facilities | 230,750 | 247,275 |
| Transmission facilities | 572,128 | 579,633 |
| Transformation facilities | 252,298 | 251,793 |
| Distribution facilities | 692,623 | 680,945 |
| General facilities | 124,122 | 129,929 |
| Other electric utility plant and equipment | 31,743 | 27,173 |
| Other non-current assets | 221,917 | 223,546 |
| Construction in progress: | 491,940 | 449,526 |
| Construction and retirement in progress | 442,620 | 399,393 |
| Special account related to nuclear power decommissioning | 23,310 | 24,124 |
| Special account related to reprocessing of spent nuclear fuel | 26,009 | 26,009 |
| Nuclear fuel: | 172,129 | 174,071 |
| Loaded nuclear fuel | 30,591 | 30,591 |
| Nuclear fuel in processing | 141,537 | 143,479 |
| Investments and other assets: | 402,306 | 391,526 |
| Long-term investments | 117,602 | 109,699 |
| Net defined benefit asset | 6,197 | 6,191 |
| Deferred tax assets | 158,453 | 159,536 |
| Other | 120,430 | 116,389 |
| Allowance for doubtful accounts | (377) | (290) |
| Current assets: | 880,712 | 739,715 |
| Cash and deposits | 212,206 | 205,290 |
| Notes and accounts receivable - trade | 218,959 | 270,266 |
| Inventories | 88,376 | 65,255 |
| Other | 361,812 | 199,679 |
| Allowance for doubtful accounts | (643) | (777) |
| Assets | 4,622,604 | 4,471,081 |

Liabilities and net assets

(Millions of yen)

| Item | December 31, 2021 | March 31, 2021 |
|---|-------------------|------------------|
| Non-current liabilities: | 2,697,891 | 2,518,124 |
| Bonds payable | 1,155,000 | 1,025,000 |
| Long-term loans payable | 1,175,096 | 1,117,549 |
| Reserve for restoration costs of natural disaster | 6,614 | 6,614 |
| Net defined benefit liability | 150,158 | 160,468 |
| Asset retirement obligations | 171,145 | 170,236 |
| Deferred tax liabilities for land revaluation | 1,309 | 1,323 |
| Other | 38,567 | 36,933 |
| Current liabilities: | 1,038,198 | 1,051,422 |
| Current portion of non-current liabilities | 264,351 | 269,587 |
| Notes and accounts payable - trade | 182,949 | 142,186 |
| Accrued taxes | 10,686 | 58,750 |
| Other advances | 310,599 | 323,575 |
| Reserve for restoration costs of natural disaster | 6,036 | 11,060 |
| Other | 263,575 | 246,262 |
| Reserves under special laws: | 56 | - |
| Reserve for fluctuation in water levels | 56 | - |
| Liabilities | 3,736,146 | 3,569,547 |
| Shareholders' equity: | 800,885 | 819,051 |
| Capital stock | 251,441 | 251,441 |
| Capital surplus | 22,290 | 22,369 |
| Retained earnings | 531,893 | 550,245 |
| Treasury shares | (4,739) | (5,004) |
| Accumulated other comprehensive income: | 8,289 | 7,415 |
| Valuation difference on available-for-sale securities | 29 | (124) |
| Deferred losses on hedges | 478 | 171 |
| Revaluation reserve for land | (907) | (902) |
| Foreign currency translation adjustments | 722 | 666 |
| Remeasurements of defined benefit plans | 7,966 | 7,604 |
| Non-controlling interests | 77,283 | 75,067 |
| Net assets | 886,458 | 901,534 |
| Liabilities and net assets | 4,622,604 | 4,471,081 |

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Third Quarter FY2021 (Nine months ended December 31, 2021) and Third Quarter FY2020 (Nine months ended December 31, 2020)

| Item | (Millions of yen) | |
|---|--------------------------------|-----------|
| | Nine months ended December 31, | |
| | 2021 | 2020 |
| Operating revenue: | 1,398,955 | 1,541,467 |
| Electric utility operating revenue | 1,213,120 | 1,391,108 |
| Other business operating revenue | 185,834 | 150,358 |
| Operating expenses: | 1,375,624 | 1,453,626 |
| Electric utility operating expenses | 1,202,153 | 1,309,401 |
| Other business operating expenses | 173,471 | 144,225 |
| Operating income | 23,330 | 87,841 |
| Non-operating income: | 3,581 | 6,097 |
| Dividend income | 638 | 819 |
| Interest income | 211 | 169 |
| Gain on sales of goods | 1,283 | 427 |
| Gain on sales of securities | - | 2,468 |
| Share of profit of entities accounted for using equity method | - | 972 |
| Other | 1,447 | 1,240 |
| Non-operating expenses: | 16,519 | 18,215 |
| Interest expenses | 10,899 | 11,793 |
| Share of loss of entities accounted for using equity method | 1,228 | - |
| Other | 4,391 | 6,421 |
| Ordinary revenue | 1,402,536 | 1,547,565 |
| Ordinary expenses | 1,392,144 | 1,471,841 |
| Ordinary income | 10,391 | 75,723 |
| Provision or reversal of reserve for fluctuation in water levels: | 56 | - |
| Provision of reserve for fluctuation in water levels | 56 | - |
| Extraordinary income: | 7,517 | - |
| Gain on sales of securities | 7,517 | - |
| Extraordinary loss: | 6,080 | - |
| Loss on return of imbalance income and expenditure | 6,080 | - |
| Income before income taxes | 11,772 | 75,723 |
| Income taxes - current | 6,341 | 22,866 |
| Income taxes - deferred | 470 | 1,047 |
| Income taxes | 6,812 | 23,913 |
| Net income | 4,960 | 51,810 |
| Net income attributable to non-controlling interests | 2,543 | 1,192 |
| Net income attributable to owners of parent | 2,417 | 50,617 |

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

Third Quarter FY2021 (Nine months ended December 31, 2021) and Third Quarter FY2020 (Nine months ended December 31, 2020)

| Item | (Millions of yen) | |
|---|--------------------------------|--------|
| | Nine months ended December 31, | |
| | 2021 | 2020 |
| Net income | 4,960 | 51,810 |
| Other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 124 | (792) |
| Deferred gains or losses on hedges | 727 | 802 |
| Foreign currency translation adjustments | 55 | 677 |
| Remeasurements of defined benefit plans | 287 | 4,802 |
| Share of other comprehensive income of entities accounted for using equity method | (421) | 0 |
| Other comprehensive income | 774 | 5,490 |
| Comprehensive income | 5,735 | 57,301 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 3,296 | 56,113 |
| Comprehensive income attributable to non-controlling interests | 2,438 | 1,187 |

(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.