

July 29, 2022

Financial Results for the First Quarter of Fiscal Year ending March 31, 2023 (FY2022) and Financial Forecasts for FY2022

Tohoku Electric Power CO., Inc. released its financial results for the first quarter of FY2022 (April 1, 2022 through June 30, 2022) and Financial Forecasts for FY2022 today.

【Consolidated Financial Results】

Even with an increase in heating demand due to colder temperatures in early spring, total electricity sales volume decreased to 18.4 TWh, a year-on-year decrease of 0.9% because of decrease in retail electricity sales volume owing to intensifying competition and decrease in volume of wholesale electricity sales outside our franchise area caused by suspension of thermal plant operations.

Consolidated operating revenue increased to ¥558.2 billion, a year on year increase of ¥157.6 billion or 39.4%, mainly due to increase in fuel cost adjustment charge.

Consolidated ordinary loss was ¥28.6 billion, a year-on-year decrease of ¥47.1 billion due to an increase in electricity procurement costs resulting from rising fuel prices and JEPX prices.

Net loss attributable to owners of the parent was ¥31.2 billion, a year-on-year decrease of ¥41.0 billion.

Consolidate cash income* for this period was ¥67.6 billion.

*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.)

Key points of financial results and forecasts

Financial Results for the first quarter of FY2022

Increase in revenue, but decrease in income

(First time in 5 years since FY2017)

- Operating revenue : mainly due to increase in fuel cost adjustment charge
- Ordinary loss : mainly due to an increase in electricity procurement costs resulting from rising fuel prices and JEPX

Financial and Dividend Forecasts for FY2022

Consolidated Operating Revenue : **¥2,740.0 billion**

- Operating revenue : mainly due to increase in fuel cost adjustment charge

Consolidated Ordinary Loss : **- ¥200.0 billion**

- Ordinary loss : mainly due to an increase in electricity procurement costs resulting from rising fuel prices and JEPX

Dividend Forecast : **No dividend will be paid in FY2022**

Summary of Financial Results

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- **Operating revenue** **¥558.2 billion (a year on year increase of ¥157.6 billion)**
 - Operating revenue increased mainly due to an increase in fuel cost adjustment charges resulting from rise in fuel prices.
- **Ordinary income/loss** **- ¥28.6 billion (a year on year decrease of ¥47.1 billion)**
 - Ordinary income/loss decreased mainly due to an increase in electricity procurement costs resulting from rising fuel prices and JEPX prices.
- **Net Income Attributable to Owners of Parent** **- ¥31.2 billion (a year on year decrease of ¥41.0 billion)**

【Summary of Consolidated Financial Statements】

(billions of yen)

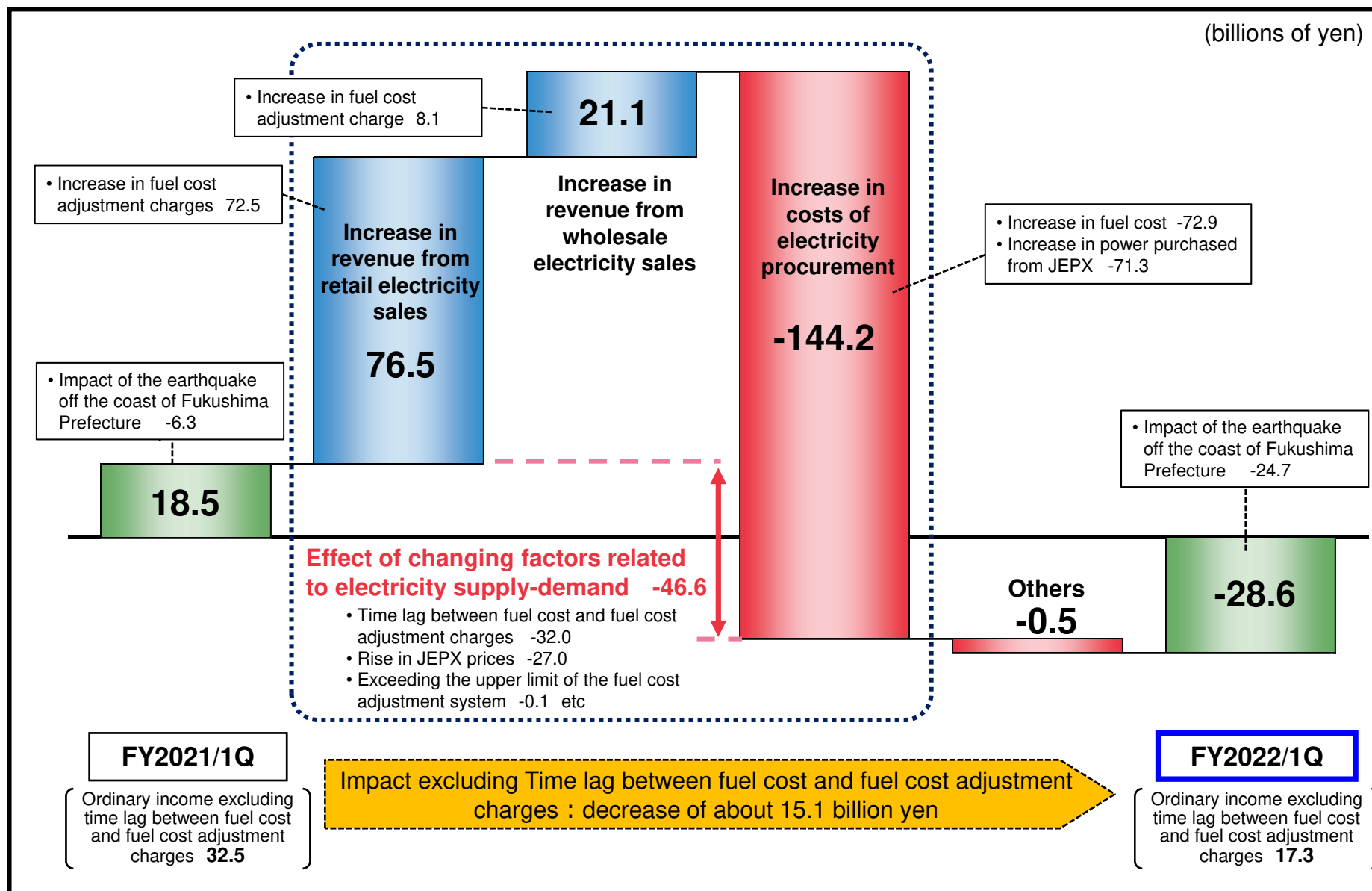
	FY2021/1Q (A)	FY2022/1Q (B)	Change (B) - (A)	Change (B) / (A)
Operating Revenue	400.5	558.2	157.6	139.4 %
Ordinary Income* ¹	18.5	(28.6)	(47.1)	-
	[32.5]	[17.3]	[(15.1)]	[53.4 %]
Net Income Attributable to Owners of Parent	9.8	(31.2)	(41.0)	- %
Consolidated Cash Income* ²	82.5	67.6	(14.9)	81.9 %

*1 Lower figures exclude time lag between fuel cost and fuel cost adjustment charges.

*2 Consolidate 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.)

Changing Factors in Consolidated Ordinary Income from the Corresponding Period Last Year

Decrease of -47.1 Billion Yen (18.5 → -28.6)



Electricity Sales and Major Factors

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- **Retail electricity sales** **15.4 TWh (a year on year decrease 0.04 TWh)**
Retail electricity sales volume decreased due to the impact of intensifying competition.
- **Wholesale electricity sales** **3.0 TWh (a year on year decrease 0.1 TWh)**
Wholesale electricity sales volume decreased due to a decrease in volume of wholesale electricity sales outside our franchise area caused by suspension of thermal plant operations.

(GWh)

Electricity Sales*1	FY2021/1Q (A)	FY2022/1Q (B)	Change (B) - (A)	Change (B) / (A)
Lighting (Residential)	4,598	4,542	(56)	98.8 %
Power	10,824	10,838	14	100.1 %
Retail Electricity Sales*2	15,422	15,380	(42)	99.7 %
Wholesale Electricity Sales*3	3,153	3,038	(115)	96.3 %
Total of Electricity Sales	18,576	18,418	(158)	99.1 %

*1 Individual figures of Tohoku Electric Power Co., Inc., excluding network business.

*2 Retail Electricity Sales includes electric power for business use.

*3 Wholesale Electricity Sales includes the volume of specified power interchange.

	FY2021/1Q (A)	FY2022/1Q (B)	Change (B) - (A)
Crude Oil CIF Price (\$/bbl.)	66.9	110.8	43.9
Exchange Rate (¥/\$)	110	130	20
Hydro Power Flow Rate (%)	92.8	108.9	16.1
Nuclear Power Utilization Rate (%)	-	-	-

Segment Information (Consolidated)

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(billions of yen)

	FY2021/1Q(A)		FY2022/1Q(B)		Change (B) - (A)		Major factors for change
	Operating Revenue*	Ordinary Income	Operating Revenue*	Ordinary Income	Operating Revenue*	Ordinary Income	
Power Generation and Sales	304.5	35.9	432.2	(24.5)	127.7	(60.5)	<ul style="list-style-type: none"> • Operating revenue increased due to an increase in fuel cost adjustment charges. • Ordinary income decreased due to an increase in electricity procurement costs resulting from rising fuel prices and JEPX prices.
	290.1		395.7		105.6		
Network	153.3	9.4	216.0	9.8	62.7	0.3	<ul style="list-style-type: none"> • Operating revenue increased mainly due to an increase in the volume of wholesale supply of renewable energy and an increase in the volume of electricity demand in our franchise area. • Even with an increase in operating revenue, operating income was almost at the same as the previous year due to an increase in costs of electricity supply-demand adjustment.
	57.1		107.1		49.9		
Construction	52.9	(2.6)	50.3	(1.8)	(2.6)	0.7	<ul style="list-style-type: none"> • Operating revenue decreased due to a decrease in general construction orders related to electrical facilities, and a decrease in construction orders of thermal power production facilities. • Operating loss became lower thanks to a decrease in raw material costs.
	32.7		29.0		(3.7)		
Others	47.0	4.1	51.1	3.8	4.0	(0.3)	<ul style="list-style-type: none"> • Ordinary income decreased due to higher raw material costs in gas business.
	20.5		26.3		5.7		
Subtotal	557.8	46.9	749.8	(12.8)	191.9	(59.7)	
Adjustment	(157.2)	(28.3)	(191.5)	(15.8)	(34.2)	12.5	
Total	400.5	18.5	558.2	(28.6)	157.6	(47.1)	

* Lower figures of operating revenue are sales to outside customers.

Financial Forecast and Dividend Forecast (1/2)

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➤ Operating revenue ¥2,740.0 billion (a year on year increase of ¥635.6 billion)

The forecasts for operating revenue is expected to increase mainly due to an increase in fuel cost adjustment charge resulting from rise in fuel prices.

➤ Ordinary Income - ¥200.0 billion (a year on year decrease of ¥150.8 billion)

The forecasts for ordinary income is expected to decrease due to an increase in electricity procurement costs resulting from rising fuel prices and JEPX prices.

■ Consolidated Financial Forecasts for FY2022

(billions of yen)

	FY2021 (A)	FY2022 forecast (B)	Change (B) - (A)
Operating Revenue	2,104.4	2,740.0	635.6
Operating Income	(28.7)	(180.0)	(151.3)
Ordinary Income	(49.2)	(200.0)	(150.8)
Net Income Attributable to Owners of Parent	(108.3)	(180.0)	(71.6)
Consolidated Cash Income	257.3	130.0	(127.3)

■ Major Factors

		FY2021	FY2022 forecast
Electric power sales* (TWh)	R e t a i l	67.3	Approx. 65.5
	Wholesale	16.7	Approx. 17.1
	T o t a l	84.1	Approx. 82.6
Crude Oil CIF Price (\$/bbl.)		77.2	Approx. 110
Exchange Rate (¥/\$)		112	Approx. 130
Nuclear Power Utilization Rate (%)		-	-

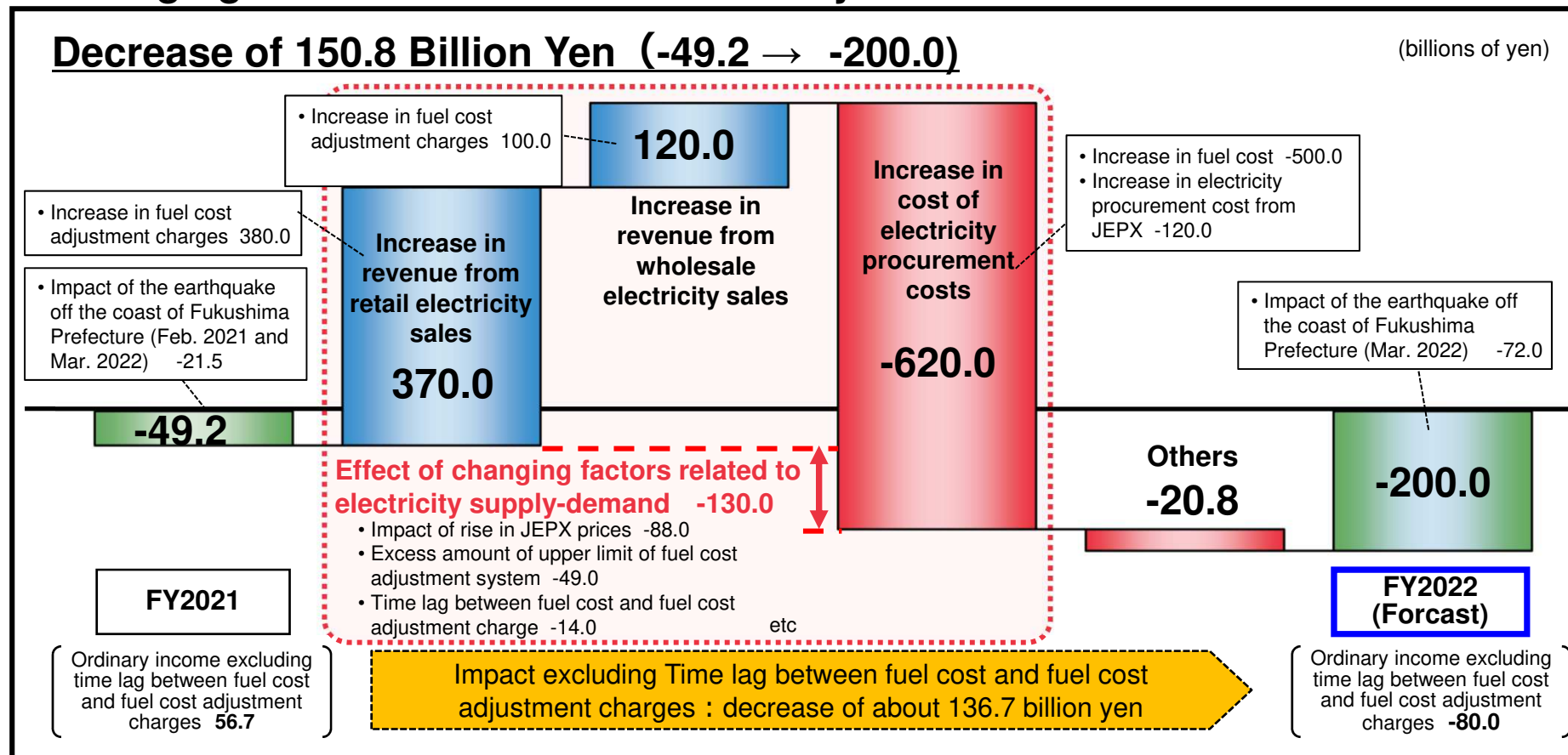
■ Sensitivity to Major Factors

(billions of yen)

Crude Oil CIF Price (per \$1/bbl.)	Approx. 2.7
Exchange Rate (per ¥1/\$)	Approx. 6.5

* Individual figures of Tohoku Electric Power Co., Inc., excluding network business.

■ Changing factor of consolidated ordinary income



■ Dividend Forecast for FY2022

(yen)

	Interim	Year-end	Annual
FY2022 forecast	0	0	0
FY2021	20	15	35

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2022 - June 30, 2022)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 30, 2022, 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 First Quarter Period in FY2022 (Three months ended June 30, 2022)

(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, 2022	558,290	39.4	(26,451)	-	(28,628)	-	(31,242)	-
3 months ended Jun. 30, 2021	400,590	(22.9)	22,877	(45.2)	18,546	(52.7)	9,848	(64.7)

(Note) Comprehensive income (3 months ended June 30, 2022: -19,107 million yen -%, 3 months ended June 30, 2021: 10,069 million yen -66.0%)

Percentage figures represent changes as compared to the same period of the previous year.

	Net income per share	
	(basic)	(diluted)
	Yen	Yen
3 months ended Jun. 30, 2022	(62.50)	-
3 months ended Jun. 30, 2021	19.71	-

(2) Changes in Financial Positions

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
Jun. 30, 2022	4,731,409		751,696		14.2	
Mar. 31, 2022	4,725,651		778,980		14.8	

(Reference) Shareholders' Equity (June 30, 2022: 672,872 million yen, March 31, 2022: 699,659 million yen)

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2022	-	20.00	-	15.00	35.00
Year ending Mar. 31, 2023	-				
Year ending Mar. 31, 2023 (forecast)		0.00	-	0.00	0.00

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

3. Business Results Forecast for Consolidated FY2022 (Year ending March 31, 2023)

	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
FY2022	2,740,000	30.2	(180,000)	-	(200,000)	-	(180,000)	-	(360.01)

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

Percentage figures represent changes as compared to the same period of the previous year.

(Reference)

1.Consolidated Cash Income for the First Quarter Period in FY2022 (Three months ended June 30, 2022)

	Consolidated Cash Income
	Millions of yen
3 months ended Jun. 30, 2022	67,624

(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 FY2022 (as of June 30, 2022) and FY2021 (as of March 31, 2022)

Assets	(Millions of yen)	
Item	June 30, 2022	March 31, 2022
Non-current assets:	3,823,763	3,809,140
Electric utility plant and equipment:	2,445,679	2,470,859
Hydroelectric power production facilities	177,053	179,080
Thermal power production facilities	367,956	377,973
Nuclear power production facilities	225,625	230,008
Transmission facilities	564,244	569,910
Transformation facilities	253,429	253,411
Distribution facilities	700,476	699,964
General facilities	125,203	128,164
Other electric utility plant and equipment	31,690	32,345
Other non-current assets	223,227	224,290
Construction in progress:	599,770	566,782
Construction and retirement in progress	546,903	513,305
Special account related to nuclear power decommissioning	22,089	22,700
Special account related to reprocessing of spent nuclear fuel	30,776	30,776
Nuclear fuel:	173,481	173,371
Loaded nuclear fuel	30,591	30,591
Nuclear fuel in processing	142,889	142,779
Investments and other assets:	381,604	373,836
Long-term investments	126,507	117,035
Net defined benefit asset	6,587	6,597
Deferred tax assets	125,892	130,205
Other	124,386	121,837
Allowance for doubtful accounts	(1,769)	(1,840)
Current assets:	907,645	916,510
Cash and deposits	227,183	274,771
Notes and accounts receivable - trade	205,850	231,967
Inventories	106,481	91,520
Other	368,965	319,169
Allowance for doubtful accounts	(834)	(918)
Assets	4,731,409	4,725,651

Liabilities and net assets

(Millions of yen)

Item	June 30, 2022	March 31, 2022
Non-current liabilities:	2,789,134	2,754,009
Bonds payable	1,238,300	1,180,000
Long-term loans payable	1,176,039	1,194,940
Reserve for restoration costs of natural disaster	7,498	7,498
Net defined benefit liability	151,179	154,094
Asset retirement obligations	174,598	173,885
Deferred tax liabilities for land revaluation	1,309	1,309
Other	40,207	42,281
Current liabilities:	1,190,198	1,192,581
Current portion of non-current liabilities	360,496	282,522
Notes and accounts payable - trade	189,864	222,513
Accrued taxes	11,567	17,652
Other advances	271,730	305,379
Reserve for restoration costs of natural disaster	21,112	21,458
Other	335,428	343,055
Reserves under special laws:	380	79
Reserve for fluctuation in water levels	380	79
Liabilities	3,979,713	3,946,670
Shareholders' equity:	651,546	690,102
Capital stock	251,441	251,441
Capital surplus	22,290	22,290
Retained earnings	382,358	421,113
Treasury shares	(4,543)	(4,742)
Accumulated other comprehensive income:	21,326	9,556
Valuation difference on available-for-sale securities	2,093	1,607
Deferred gains or losses on hedges	15,092	4,708
Revaluation reserve for land	(907)	(907)
Foreign currency translation adjustments	2,110	1,341
Remeasurements of defined benefit plans	2,937	2,807
Non-controlling interests	78,823	79,321
Net assets	751,696	778,980
Liabilities and net assets	4,731,409	4,725,651

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

First Quarter FY2022 (Three months ended June 30, 2022) and First Quarter FY2021 (Three months ended June 30, 2021)

Item	(Millions of yen)	
	Three months ended June 30,	
	2022	2021
Operating revenue:	558,290	400,590
Electric utility operating revenue	502,706	347,007
Other business operating revenue	55,583	53,583
Operating expenses:	584,742	377,713
Electric utility operating expenses	529,243	324,663
Other business operating expenses	55,498	53,050
Operating (loss)income	(26,451)	22,877
Non-operating income:	2,287	1,663
Dividend income	299	255
Interest income	27	69
Gain on sales of goods	554	437
Share of profit of entities accounted for using equity method	-	335
Other	1,405	565
Non-operating expenses:	4,464	5,994
Interest expenses	3,740	3,606
Share of loss of entities accounted for using equity method	21	-
Other	702	2,388
Ordinary revenue	560,578	402,254
Ordinary expenses	589,206	383,708
Ordinary (loss)income	(28,628)	18,546
Provision or reversal of reserve for fluctuation in water levels:	300	-
Provision of reserve for fluctuation in water levels	300	-
(Loss)income before income taxes	(28,929)	18,546
Income taxes - current	1,634	8,377
Income taxes - deferred	360	204
Income taxes	1,995	8,582
Net (loss)income	(30,924)	9,963
Net income attributable to non-controlling interests	317	114
Net (loss)income attributable to owners of parent	(31,242)	9,848

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

First Quarter FY2022 (Three months ended June 30, 2022) and First Quarter FY2021 (Three months ended June 30, 2021)

Item	(Millions of yen)	
	Three months ended June 30,	
	2022	2021
Net (loss)income	(30,924)	9,963
Other comprehensive income:		
Valuation difference on available-for-sale securities	498	(164)
Deferred gains or losses on hedges	10,342	69
Foreign currency translation adjustments	851	21
Remeasurements of defined benefit plans	84	179
Share of other comprehensive income of entities accounted for using equity method	40	(0)
Other comprehensive income	11,817	105
Comprehensive income	(19,107)	10,069
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(19,472)	10,009
Comprehensive income attributable to non-controlling interests	365	60

(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.

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