

January 31, 2023

Financial Results for the Third 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 third quarter of FY2022 (April 1, 2022 through December 31, 2022) and Financial Forecasts for FY2022 today.

【Consolidated Financial Results】

Total electricity sales volume decreased to 59.3 TWh, a year-on-year decrease of 0.7% because of a decrease in retail electricity sales volume decreased due to spread of energy-saving initiatives and intensifying competition, in addition to a decrease in volume of wholesale electricity sales.

Consolidated operating revenue increased to ¥2,132.4 billion, a year on year increase of ¥733.4 billion or 52.4%, mainly due to an increase in fuel cost adjustment charge.

Consolidated ordinary loss was ¥223.1 billion, a year-on-year decrease of ¥233.5 billion due to a significant increase in electricity procurement costs resulting from rising fuel prices, weakening yen and JEPX prices.

Net loss attributable to owners of the parent was ¥230.3 billion, a year-on-year decrease of ¥232.8 billion.

Consolidated cash income* for this period was ¥109.9 billion.

For the financial forecasts for FY2022, please refer to “Financial Report (FY2022 3rd Quarter).”

*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 third quarter of FY2022

Increase in revenue, but decrease in income

(First time in 4 years since FY2018)

- 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, weakening yen and soaring JEPX prices

Financial and Dividend Forecasts for FY2022

Change in Financial and Dividend Forecasts from July 2022 release

Consolidated Operating Revenue : ¥3,080.0 billion

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

Consolidated Ordinary Loss : - ¥240.0 billion

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

Dividend Forecast : No dividend will be paid in FY2022

(No revision has been made from July 2022 release)

Summary of Financial Results

- **Operating revenue** **¥2,132.4 billion (a year on year increase of ¥733.4 billion)**
 - Operating revenue increased mainly due to an increase in fuel cost adjustment charges resulting from rise in fuel prices.
- **Ordinary income/loss** **- ¥223.1 billion (a year on year decrease of ¥233.5 billion)**
 - Ordinary income/loss decreased mainly due to an increase in electricity procurement costs resulting from rising fuel prices, weakening yen and soaring JEPX prices.
- **Net Income Attributable to Owners of Parent** **- ¥230.3 billion (a year on year decrease of ¥232.8 billion)**

【Summary of Consolidated Financial Statements】

(billions of yen)

	FY2021/3Q (A)	FY2022/3Q (B)	Change (B) - (A)	Change (B) / (A)
Operating Revenue	1,398.9	2,132.4	733.4	152.4 %
Ordinary Income*1	10.3	(223.1)	(233.5)	-
	[85.3]	[(46.1)]	[(131.5)]	[-]
Net Income Attributable to Owners of Parent	2.4	(230.3)	(232.8)	-
Consolidated Cash Income*2	233.2	109.9	(123.2)	47.1 %

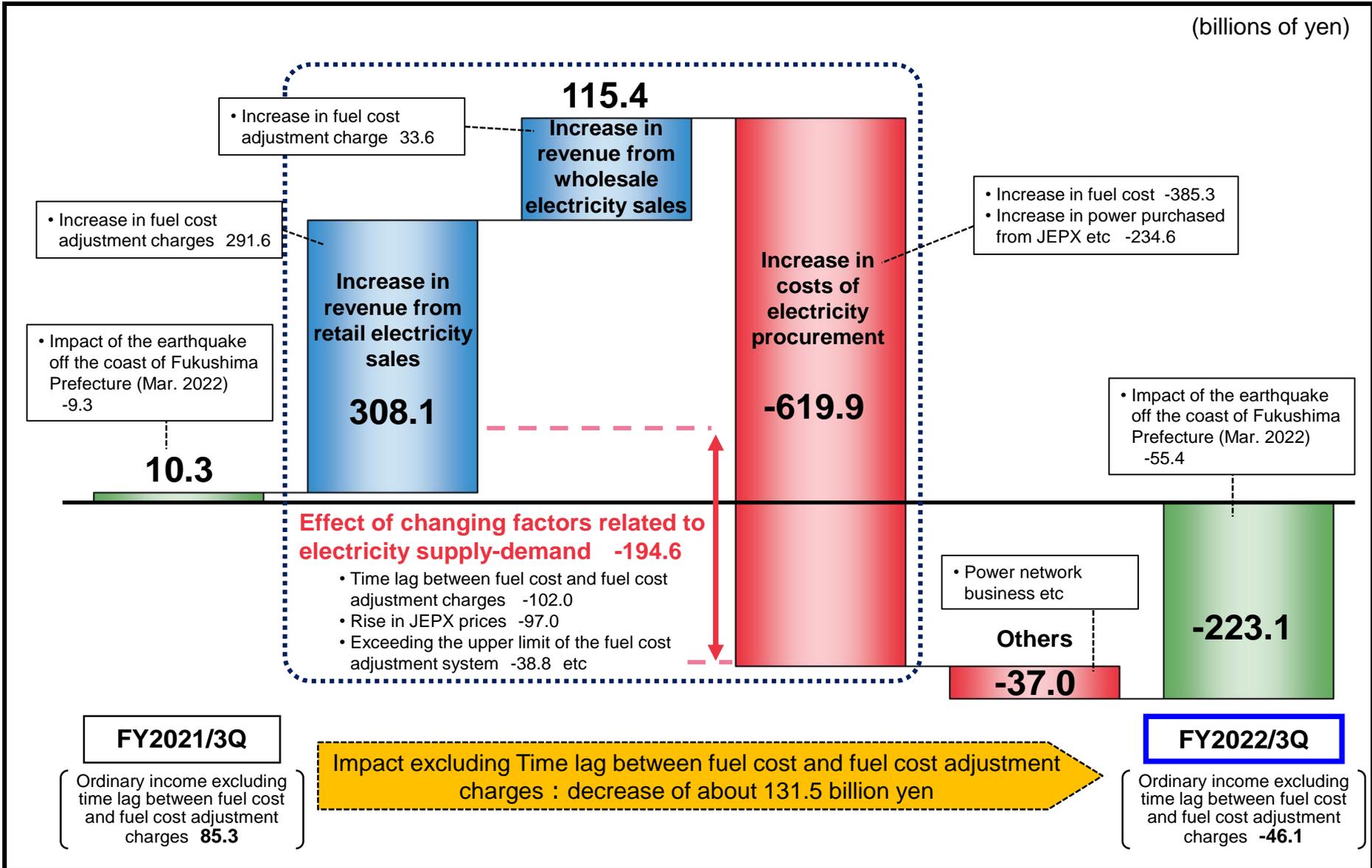
*1 Lower figures exclude time lag between fuel cost and fuel cost adjustment charges.

*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 -233.5 Billion Yen (10.3 → -223.1)

(billions of yen)



- Increase in fuel cost adjustment charges 291.6
- Increase in fuel cost adjustment charge 33.6
- Impact of the earthquake off the coast of Fukushima Prefecture (Mar. 2022) -9.3

- Effect of changing factors related to electricity supply-demand -194.6**
- Time lag between fuel cost and fuel cost adjustment charges -102.0
 - Rise in JEPX prices -97.0
 - Exceeding the upper limit of the fuel cost adjustment system -38.8 etc

- Increase in fuel cost -385.3
- Increase in power purchased from JEPX etc -234.6

- Impact of the earthquake off the coast of Fukushima Prefecture (Mar. 2022) -55.4

- Power network business etc

FY2021/3Q
 Ordinary income excluding time lag between fuel cost and fuel cost adjustment charges **85.3**

FY2022/3Q
 Ordinary income excluding time lag between fuel cost and fuel cost adjustment charges **-46.1**

Electricity Sales and Major Factors

➤ **Retail electricity sales**

47.1 TWh (a year on year decrease 0.3 TWh)

Retail electricity sales volume decreased due to the impact of energy-saving initiatives and intensifying competition.

➤ **Wholesale electricity sales**

12.2 TWh (a year on year decrease 0.1 TWh)

Wholesale electricity sales volume decreased mainly due to a decrease in volume of wholesale electricity sales outside our franchise area.

(GWh)

Electricity Sales*1	FY2021/3Q (A)	FY2022/3Q (B)	Change (B) - (A)	Change (B) / (A)
Lighting (Residential)	13,607	13,219	(388)	97.1 %
Power	33,867	33,926	59	100.2 %
Retail Electricity Sales*2	47,474	47,145	(329)	99.3 %
Wholesale Electricity Sales*3	12,250	12,156	(94)	99.2 %
Total of Electricity Sales	59,725	59,301	(424)	99.3 %

*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.

	FY2021/3Q (A)	FY2022/3Q (B)	Change (B) - (A)
Crude Oil CIF Price (\$/bbl.)	74.0	107.9	33.9
Exchange Rate (¥/\$)	110	136	26
Hydro Power Flow Rate (%)	96.2	94.3	(1.9)
Nuclear Power Utilization Rate (%)	-	-	-

Segment Information (Consolidated)

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(billions of yen)

	FY2021/3Q(A)		FY2022/3Q(B)		Change (B) - (A)		Major factors for change
	Operating Revenue*	Ordinary Income	Operating Revenue*	Ordinary Income	Operating Revenue*	Ordinary Income	
Power Generation and Sales	1,057.6	(1.5)	1,607.5	(230.9)	549.8	(229.4)	<ul style="list-style-type: none"> Operating revenue increased due to an increase in fuel cost adjustment charges. Ordinary income decreased due to a significant increase in electricity procurement costs resulting from rising fuel prices and JEPX price, and weakening yen.
	1,000.5		1,446.7		446.1		
Network	513.6	25.6	841.7	8.1	328.0	(17.4)	<ul style="list-style-type: none"> Operating revenue increased mainly due to an increase in the volume of wholesale supply of renewable energy. Operating income decreased due to an increase in costs of supply-demand adjustment.
	216.6		485.0		268.4		
Construction	197.2	3.1	197.5	3.9	0.2	0.8	<ul style="list-style-type: none"> Even with an increase in general construction orders related to electrical facilities, operating revenue decreased due to a decrease in construction orders of thermal power production facilities. Operating income increased thanks to a decrease in raw material costs.
	112.7		107.7		(4.9)		
Others	146.2	10.9	172.9	12.3	26.7	1.3	<ul style="list-style-type: none"> Ordinary income increased due to foreign exchange gain.
	68.9		92.8		23.9		
Subtotal	1,914.8	38.1	2,819.7	(206.4)	904.8	(244.6)	
Adjustment	(515.9)	(27.7)	(687.3)	(16.6)	(171.4)	11.0	
Total	1,398.9	10.3	2,132.4	(223.1)	733.4	(233.5)	

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

Financial Forecast and Dividend Forecast (1/2)

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- **Operating revenue ¥3,080.0 billion (Increase of ¥340.0 billion compared to the previous forecast)**
Operating revenue is expected to increase mainly due to an increase in fuel cost adjustment charge resulting from rise in fuel prices.
- **Ordinary Loss - ¥240.0 billion (Decrease of ¥40.0 billion compared to the previous forecast)**
Ordinary income is expected to decrease due to an increase in electricity procurement costs resulting from rising fuel prices, weakening yen and soaring JEPX prices.

Consolidated Financial Forecasts for FY2022

(billions of yen)

	FY2022 forecast (previous) (A)	FY2022 forecast (new) (B)	Change (B) - (A)	FY2021
Operating Revenue	2,740.0	3,080.0	340.0	2,104.4
Operating Loss	(180.0)	(220.0)	(40.0)	(28.7)
Ordinary Loss	(200.0)	(240.0)	(40.0)	(49.2)
Net Loss Attributable to Owners of Parent	(180.0)	(220.0)	(40.0)	(108.3)
Consolidated Cash Income	130.0	100.0	(30.0)	257.3

Major Factors

		FY2022 forecast (previous)	FY2022 forecast (new)	FY2021
Electric power sales* (TWh)	R e t a i l	Approx. 65.5	Approx. 66.2	67.3
	Wholesale	Approx. 17.1	Approx. 16.9	16.7
	T o t a l	Approx. 82.6	Approx. 83.1	84.1
Crude Oil CIF Price (\$/bbl.)		Approx. 110	Approx. 104	77.2
Exchange Rate (¥/\$)		Approx. 130	Approx. 136	112
Nuclear Power Utilization Rate (%)		-	-	-

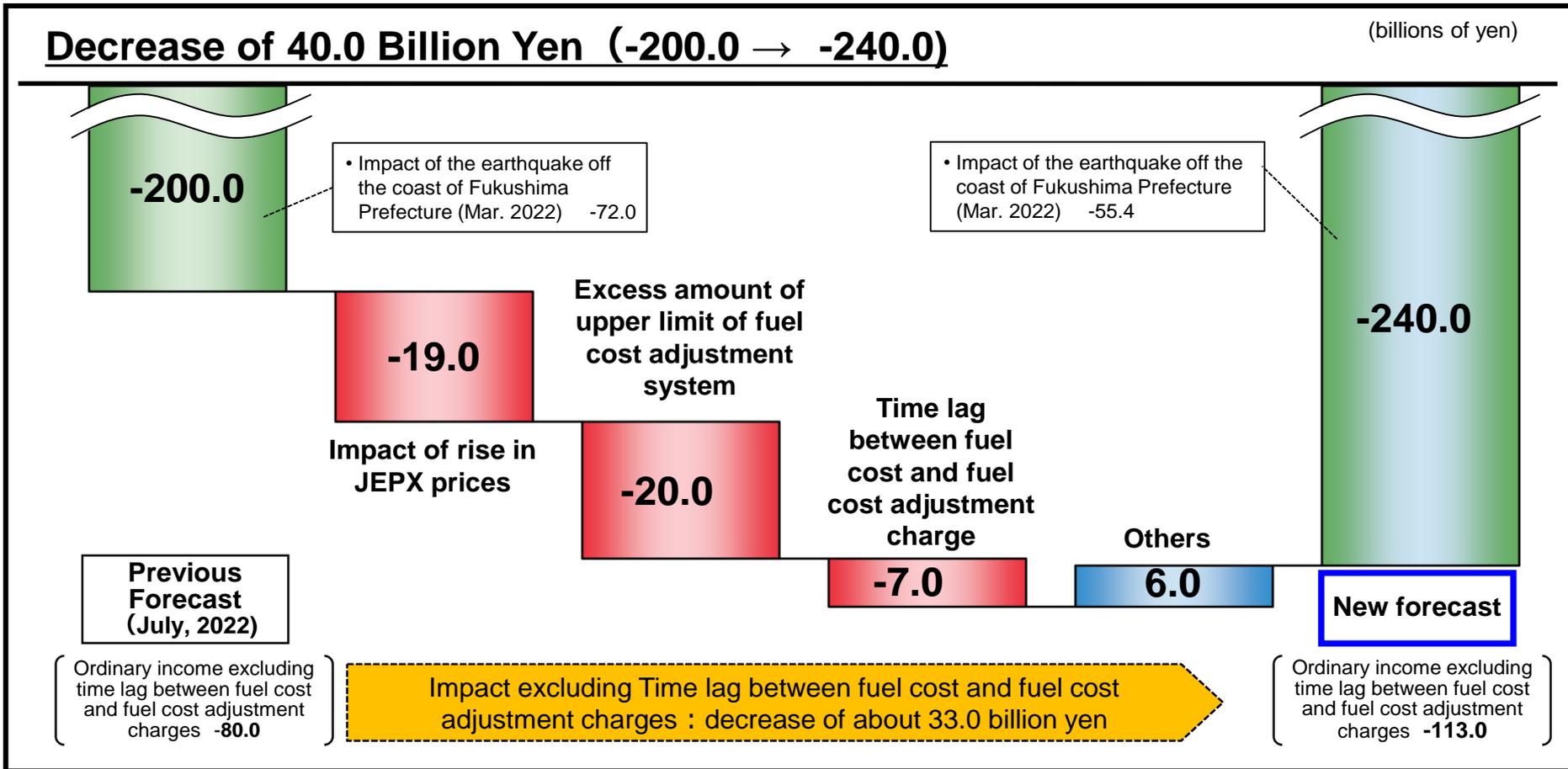
Sensitivity to Major Factors

(billions of yen)

Crude Oil CIF Price (per \$/bbl.)	Approx. 2.8
Exchange Rate (per ¥1/\$)	Approx. 6.8

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

Changing factor of consolidated ordinary income



Dividend Forecast for FY2022

(No revision has been made from July 2022 release)

(yen)

	Interim	Year-end	Annual
FY2022 forecast	0	0	0

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2022 - December 31, 2022)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for nine months ended December 31, 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 Third Quarter Period in FY2022 (Nine months ended December 31, 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	%
9 months ended Dec. 31, 2022	2,132,440	52.4	(213,493)	-	(223,146)	-	(230,393)	-
9 months ended Dec. 31, 2021	1,398,955	(9.2)	23,330	(73.4)	10,391	(86.3)	2,417	(95.2)

(Note) Comprehensive income (9 months ended December 31, 2022: (224,345)million yen -%, 9 months ended December 31, 2021: 5,735million yen -90.0%)
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, 2022	(460.82)	-
9 months ended Dec. 31, 2021	4.84	-

(2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Dec. 31, 2022	5,117,414	546,012	9.1
Mar. 31, 2022	4,725,651	778,980	14.8

(Reference) Shareholders' Equity (Dec. 31, 2022: 465,287million 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	-	0.00			
Year ending Mar. 31, 2023 (forecast)			-	0.00	0.00

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

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	3,080,000	46.4	(220,000)	-	(240,000)	-	(220,000)	-	(439.99)

(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)

Consolidated Cash Income for the Third Quarter Period in FY2022 (Nine months ended Dec. 31, 2022)

<u>Consolidated Cash Income</u>	
	Millions of yen
9 months ended Dec. 31, 2022	<u>109,955</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 FY2022 (as of December 31, 2022) and FY2021 (as of March 31, 2022)

Assets	(Millions of yen)	
Item	December 31, 2022	March 31, 2022
Non-current assets:	3,841,639	3,809,140
Electric utility plant and equipment:	2,523,856	2,470,859
Hydroelectric power production facilities	193,971	179,080
Thermal power production facilities	437,571	377,973
Nuclear power production facilities	215,062	230,008
Transmission facilities	559,556	569,910
Transformation facilities	253,800	253,411
Distribution facilities	707,737	699,964
General facilities	124,288	128,164
Other electric utility plant and equipment	31,868	32,345
Other non-current assets	220,523	224,290
Construction in progress:	547,354	566,782
Construction and retirement in progress	495,708	513,305
Special account related to nuclear power decommissioning	20,869	22,700
Special account related to reprocessing of spent nuclear fuel	30,776	30,776
Nuclear fuel:	147,055	173,371
Loaded nuclear fuel	30,591	30,591
Nuclear fuel in processing	116,464	142,779
Investments and other assets:	402,849	373,836
Long-term investments	145,313	117,035
Net defined benefit asset	6,565	6,597
Deferred tax assets	129,795	130,205
Other	127,310	121,837
Allowance for doubtful accounts	(6,136)	(1,840)
Current assets:	1,275,774	916,510
Cash and deposits	494,367	274,771
Notes and accounts receivable - trade	336,719	231,967
Inventories	135,474	91,520
Other	310,297	319,169
Allowance for doubtful accounts	(1,083)	(918)
Assets	5,117,414	4,725,651

Liabilities and net assets

(Millions of yen)

Item	December 31, 2022	March 31, 2022
Non-current liabilities:	3,417,605	2,754,009
Bonds payable	1,539,700	1,180,000
Long-term loans payable	1,505,528	1,194,940
Reserve for restoration costs of natural disaster	10,456	7,498
Net defined benefit liability	145,567	154,094
Asset retirement obligations	176,047	173,885
Deferred tax liabilities for land revaluation	1,309	1,309
Other	38,996	42,281
Current liabilities:	1,153,795	1,192,581
Current portion of non-current liabilities	340,338	282,522
Notes and accounts payable - trade	221,396	222,513
Accrued taxes	16,897	17,652
Other advances	267,236	305,379
Reserve for restoration costs of natural disaster	12,173	21,458
Other	295,753	343,055
Reserves under special laws:	-	79
Reserve for fluctuation in water levels	-	79
Liabilities	4,571,401	3,946,670
Shareholders' equity:	452,386	690,102
Capital stock	251,441	251,441
Capital surplus	22,250	22,290
Retained earnings	183,206	421,113
Treasury shares	(4,511)	(4,742)
Accumulated other comprehensive income:	12,900	9,556
Valuation difference on available-for-sale securities	3,022	1,607
Deferred losses on hedges	6,118	4,708
Revaluation reserve for land	(908)	(907)
Foreign currency translation adjustments	1,470	1,341
Remeasurements of defined benefit plans	3,197	2,807
Non-controlling interests	80,725	79,321
Net assets	546,012	778,980
Liabilities and net assets	5,117,414	4,725,651

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Third Quarter FY2022 (Nine months ended December 31, 2022) and Third Quarter FY2021 (Nine months ended December 31, 2021)

Item	(Millions of yen)	
	Nine months ended December 31,	
	2022	2021
Operating revenue:	2,132,440	1,398,955
Electric utility operating revenue	1,929,307	1,213,120
Other business operating revenue	203,132	185,834
Operating expenses:	2,345,934	1,375,624
Electric utility operating expenses	2,153,833	1,202,153
Other business operating expenses	192,100	173,471
Operating (loss)income	(213,493)	23,330
Non-operating income:	8,730	3,581
Dividend income	595	638
Interest income	238	211
Gain on sales of goods	2,153	1,283
Share of profit of entities accounted for using equity method	1,687	-
Other	4,054	1,447
Non-operating expenses:	18,384	16,519
Interest expenses	12,834	10,899
Share of loss of entities accounted for using equity method	-	1,228
Other	5,549	4,391
Ordinary revenue	2,141,171	1,402,536
Ordinary expenses	2,364,318	1,392,144
Ordinary income	(223,146)	10,391
Provision or reversal of reserve for fluctuation in water levels:	(79)	56
Provision of reserve for fluctuation in water levels	-	56
Reversal of reserve for fluctuation in water levels	(79)	-
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
(Loss)Income before income taxes	(223,066)	11,772
Income taxes - current	5,172	6,341
Income taxes - deferred	(389)	470
Income taxes	4,783	6,812
Net (loss)income	(227,849)	4,960
Net income attributable to non-controlling interests	2,544	2,543
Net (loss)income attributable to owners of parent	(230,393)	2,417

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

Third Quarter FY2022 (Nine months ended December 31, 2022) and Third Quarter FY2021 (Nine months ended December 31, 2021)

Item	(Millions of yen)	
	Nine months ended December 31,	
	2022	2021
Net (loss)income	(227,849)	4,960
Other comprehensive income:		
Valuation difference on available-for-sale securities	1,462	124
Deferred gains or losses on hedges	1,082	727
Foreign currency translation adjustments	377	55
Remeasurements of defined benefit plans	252	287
Share of other comprehensive income of entities accounted for using equity method	329	(421)
Other comprehensive income	3,504	774
Comprehensive income	(224,345)	5,735
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(227,049)	3,296
Comprehensive income attributable to non-controlling interests	2,704	2,438

(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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