

July 31, 2023

Financial Results for the First Quarter of Fiscal Year ending March 31, 2024 (FY2023) and Financial Forecasts for FY2023

Tohoku Electric Power CO., Inc. released its financial results for the first quarter of FY2023 (April 1, 2023 through June 30, 2023) and Financial Forecasts for FY2023 today.

【Consolidated Financial Results】

The result of the first quarter is as follows: Total electricity sales volume decreased to 16.6 TWh, a year-on-year decrease of 9.7% because of a decrease in retail electricity sales volume due to a decreased heating demand in early spring when temperatures were high and energy-saving initiatives and the decrease in industrial operations as well as the decrease in volume of wholesale electricity sales outside the area.

Net sales increased to ¥633.5 billion, a year-on-year increase of ¥75.2 billion or 13.5%, mainly due to the electricity rates review for high-voltage or extra-high-voltage power customers in the liberalization section and increase in fuel cost adjustment charge.

Ordinary income was ¥113.0 billion, a year-on-year increase of ¥141.7 billion due to a significant increase in income resulting from time lag between fuel cost and fuel cost adjustment charges due to the decrease in fuel cost as well as an electricity rates review for high-voltage or extra-high-voltage power customers in the liberalization section.

Net income for the quarter attributable to owners of the parent was ¥79.1 billion, a year-on-year increase of ¥110.4 billion.

Thus, although income and expenditures have improved significantly, equity-ratio was 12.4%, a year-on-year increase of 1.9% mainly due to the high level of interest-bearing debt of ¥3,361.8 billion.

Consolidated cash income* for this period was ¥107.3 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 FY2023

Increase in revenue and increase in income

(First time in 4 years since FY2019)

- Operating revenue : mainly due to revisions to electricity rates and increase in fuel cost adjustment charge
- Ordinary income : mainly due to increase in income from retail electricity sales thanks to revisions of electricity rates and the time lag between fuel cost and fuel cost adjustment charge

■ Financial and Dividend Forecasts for FY2023

Consolidated Operating Revenue : **¥3,020.0 billion**

- Increase in income from retail electricity sales thanks to revisions of electricity rates, even with decrease in income from wholesale electricity sales due to lower JEPX prices, etc.

Consolidated Ordinary Income : **¥200.0 billion**

- Increase in income from retail electricity sales thanks to revisions of electricity rates, thorough streamlining, and the time lag between fuel cost and fuel cost adjustment charge, etc.

Dividend Forecast : **Interim 5 yen ・ Year-end 10 yen**

Summary of Financial Results

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- **Operating revenue** **¥633.5 billion (a year on year increase of ¥75.2 billion)**
 - Operating revenue increased mainly due to revisions to electricity rates and increase in fuel cost adjustment charge.
- **Ordinary income/loss** **¥113.0 billion (a year on year increase of ¥141.7 billion)**
 - Ordinary income/loss increased mainly due to increase in income from retail electricity sales thanks to revisions of electricity rates, and the time lag between fuel cost and fuel cost adjustment charge thanks to decline of fuel prices.
- **Net Income Attributable to Owners of Parent** **¥79.1 billion (a year on year increase of ¥110.4 billion)**

【Summary of Consolidated Financial Statements】

(billions of yen)

	FY2022/1Q (A)	FY2023/1Q (B)	Change (B) - (A)	Change (B) / (A)
Operating Revenue	558.2	633.5	75.2	113.5 %
Ordinary Income* ¹	(28.6)	113.0	141.7	-
	[17.3]	[57.0]	[39.7]	[328.5 %]
Net Income Attributable to Owners of Parent	(31.2)	79.1	110.4	- %
Consolidated Cash Income* ²	67.6	107.3	39.7	158.8 %

*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.)

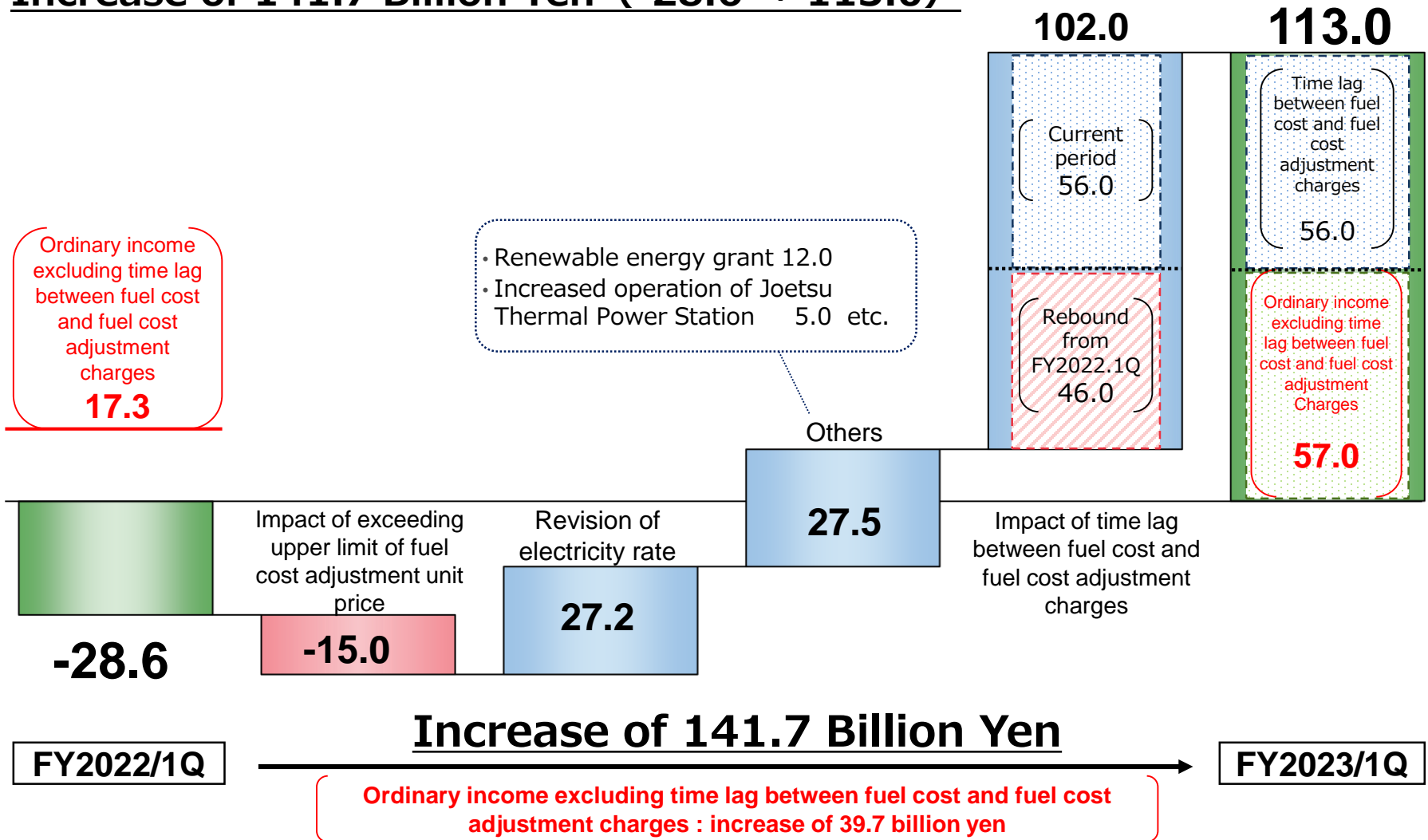
Changing Factors in Consolidated Ordinary Income from the Corresponding Period Last Year

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- ✓ Consolidated ordinary income improved significantly to 113.0 billion yen, up 141.7 billion yen year on year, due to the revision of electricity rates and the time lag between fuel cost and fuel cost adjustment charge.

Increase of 141.7 Billion Yen (-28.6 → 113.0)

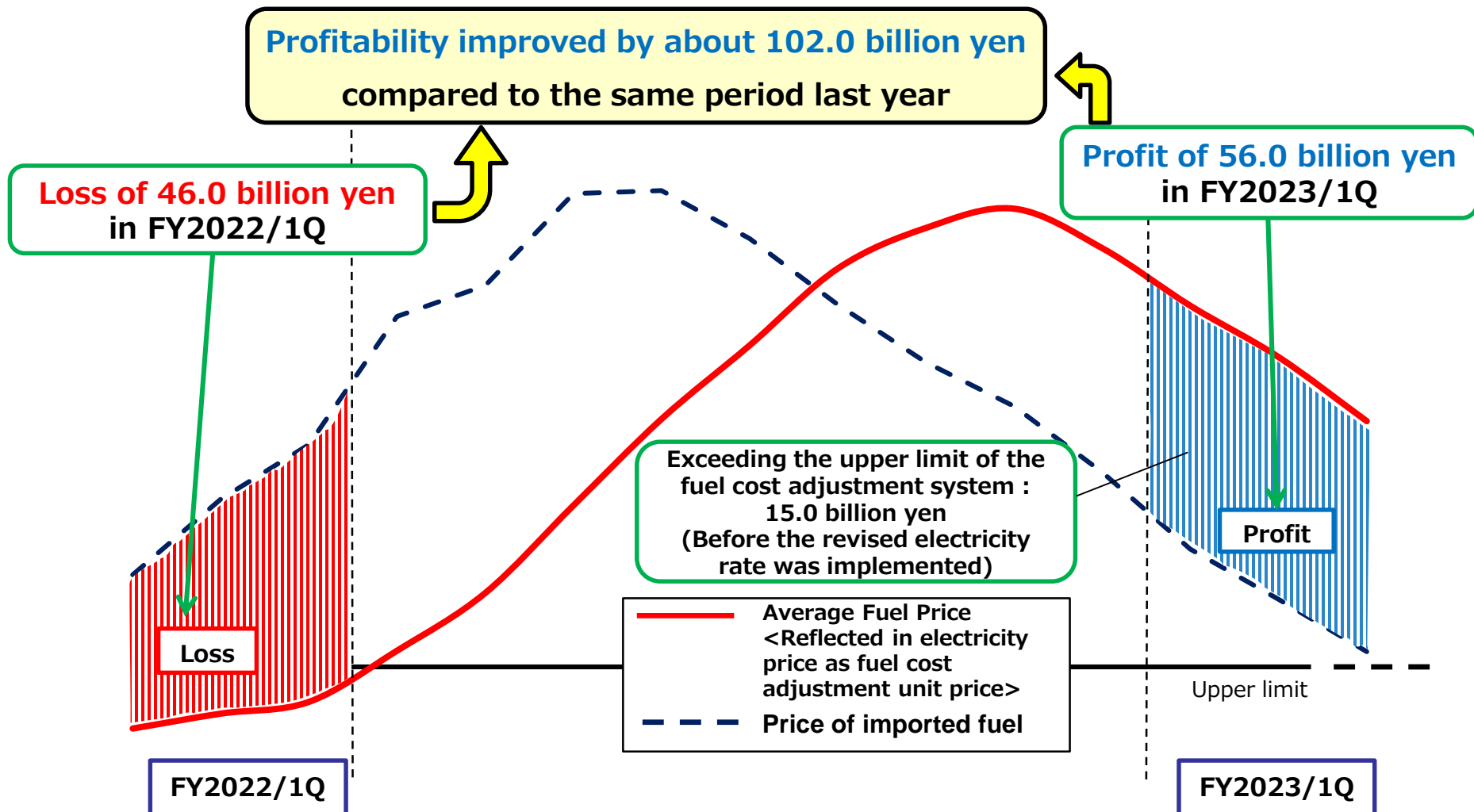
(billions of yen)



Impact of Time Lag between Fuel Cost and Fuel Cost Adjustment Charges in the First Quarter of FY2023

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- ✓ The impact of the time lag in the same period of the previous year was a loss of 46.0 billion yen, but this fiscal year there was a profit of 56.0 billion yen, resulting in an improvement in profitability of 102.0 billion yen.
- ✓ The fuel cost adjustment unit price of the low-voltage regulation rate menu exceeded the upper limit, and the uncollectible income for this term was 15.0 billion yen.



➤ **Retail electricity sales**

14.5 TWh (a year on year decrease 0.9 TWh)

Retail electricity sales volume decreased due to decline in the heating demand, energy-saving, and decline in industrial demand caused by lower utilization.

➤ **Wholesale electricity sales**

2.2 TWh (a year on year decrease 0.9 TWh)

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

(GWh)

Electricity Sales*1	FY2022/1Q (A)	FY2023/1Q (B)	Change (B) - (A)	Change (B) / (A)
Lighting (Residential)	4,542	4,105	(437)	90.4 %
Power	10,838	10,353	(485)	95.5 %
Retail Electricity Sales*2	15,380	14,458	(922)	94.0 %
Wholesale Electricity Sales*3	3,038	2,180	(858)	71.8 %
Total of Electricity Sales	18,418	16,639	(1,779)	90.3 %

*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.

	FY2022/1Q (A)	FY2023/1Q (B)	Change (B) - (A)
Crude Oil CIF Price (\$/bbl.)	110.8	84.0	(26.8)
Exchange Rate (¥/\$)	130	137	7
Hydro Power Flow Rate (%)	108.9	83.5	(25.4)
Nuclear Power Utilization Rate (%)	—	—	—

Segment Information (Consolidated)

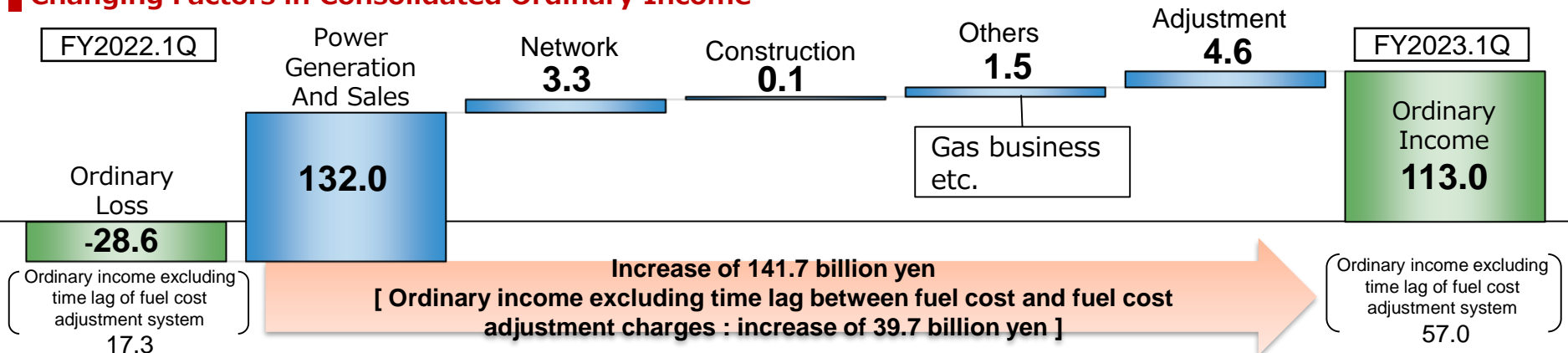
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(billions of yen)

	FY2022/1Q(A)		FY2023/1Q(B)		Change (B) - (A)		Major factors for change
	Operating Revenue*	Ordinary Income	Operating Revenue*	Ordinary Income	Operating Revenue*	Ordinary Income	
Power Generation and Sales	432.2	(24.5)	519.7	107.5	87.4	132.0	<ul style="list-style-type: none"> Operating revenue increased due to an increase in fuel cost adjustment charge and an increase in revenue from electricity sales thanks to the revision of electricity rates, etc. Ordinary income increased due to a significant decrease in electricity procurement cost resulting from a decrease in fuel procurement cost and wholesale electricity trading market rates
	395.7		496.1		100.3		
Network	216.0	9.8	185.3	13.1	(30.7)	3.3	<ul style="list-style-type: none"> Operating revenue decreased due to a decline in area electricity demand caused by higher temperature in early spring and industrial trends, etc. Ordinary income increased due to an increase in grants for adjustment cost of power supply and demand
	107.1		80.2		(26.9)		
Construction	50.3	(1.8)	53.7	(1.7)	3.3	0.1	<ul style="list-style-type: none"> Operating revenue increased due to an increase of works for electricity equipment for home and for distribution and transmission, as a result, ordinary loss was reduced.
	29.0		30.0		1.0		
Others	51.1	3.8	57.4	5.3	6.3	1.5	<ul style="list-style-type: none"> Both operating revenue and ordinary income increased in income and profits mainly due to an increase in sales unit price in gas business
	26.3		27.1		0.8		
Subtotal	749.8	(12.8)	816.3	124.2	66.5	137.0	
Adjustment	(191.5)	(15.8)	(182.7)	(11.1)	8.7	4.6	
Total	558.2	(28.6)	633.5	113.0	75.2	141.7	

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

Changing Factors in Consolidated Ordinary Income



Balance Sheets (Consolidated)

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(billions of yen)

	Mar. 31, 2023 (A)	Jun. 30, 2023 (B)	Change (B) - (A)	
Total Assets	5,211.9	5,121.8	(90.0)	
Non-current Assets	4,005.1	4,023.3	18.1	
Current Assets	1,206.7	1,098.5	(108.2)	Cash and deposit : (166.9)
Total Liabilities	4,580.8	4,403.5	(177.2)	
Non-current Liabilities	3,467.3	3,467.0	(0.3)	
Current Liabilities	1,113.4	936.5	(176.8)	
Net Assets	631.0	718.3	87.2	Net income attributable to owners of parent : 79.1
Interest-Bearing Liabilities	3,375.6	3,361.8	(13.8)	Bonds : (45.0) Long-term loans : 17.8
Equity Ratio	10.5% [13.2%]*	12.4% [15.2%]*	1.9% [2.0%]	

*Equity ratio assuming 50% of the issued amount (140 billion yen) of the issued hybrid bonds as equity capital

- **Operating revenue ¥3,020.0 billion (Increase of ¥12.8 billion compared to the previous year)**
Operating revenue is expected to increase mainly due to increase in income from retail electricity sales thanks to revisions of electricity rates, even with decrease in income from wholesale electricity sales due to lower JEPX prices.
- **Ordinary Income ¥200.0 billion (Increase of ¥399.2 billion compared to the previous year)**
Ordinary income is expected to increase mainly due to an increase in income from retail electricity sales thanks to revisions of electricity rates, thorough streamlining, and the time lag between fuel cost and fuel cost adjustment charge.

■ Consolidated Financial Forecasts for FY2023

(billions of yen)

	FY2022 (A)	FY2023 forecast (B)	Change (B) – (A)
Operating Revenue	3,007.2	3,020.0	12.8
Operating Income	(180.0)	220.0	400.0
Ordinary Income	(199.2) [(76.2)]	200.0 [132.0]	399.2 [208.2]
Net Income Attributable to Owners of Parent	(127.5)	140.0	267.5
Consolidated Cash Income	136.6	340.0	203.4

[] : Ordinary income excluding time lag between fuel cost and fuel cost adjustment charges.

■ Major Factors

		FY2022	FY2023 forecast
Electric power sales * (TWh)	R e t a i l	65.9	Approx. 64.8
	Wholesale	15.9	Approx. 14.7
	T o t a l	81.8	Approx. 79.5
Crude Oil CIF Price (\$/bbl.)		102.7	Approx. 87
Exchange Rate (¥/\$)		136	Approx. 142
Nuclear Power Utilization Rate (%)		—	Approx. 1

■ Sensitivity to Major Factors

(billions of yen)

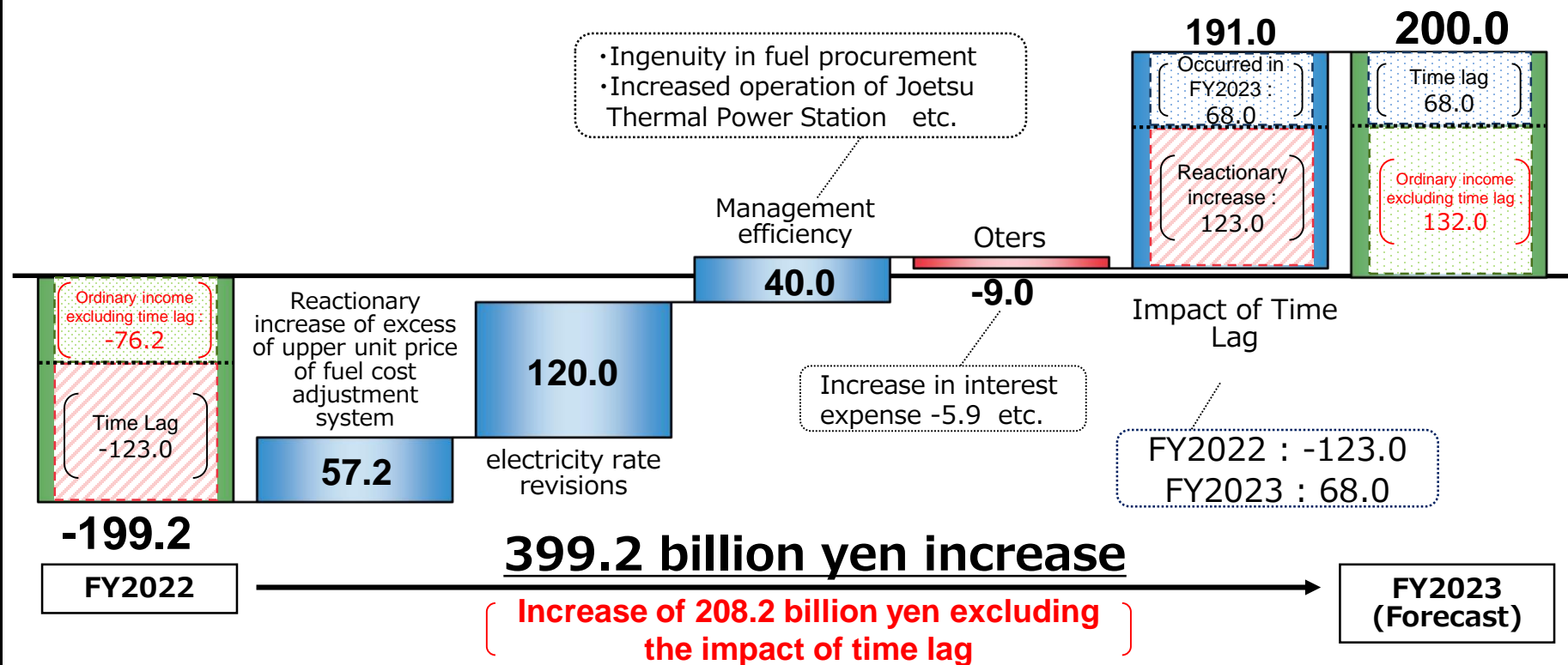
Crude Oil CIF Price (per \$1/bbl.)	Approx. 2.7
Exchange Rate (per ¥1/\$)	Approx. 4.4

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

■ Changing factor of consolidated ordinary income

Increase of 399.2 Billion Yen (-199.2 → 200.0)

(billions of yen)



■ Dividend Forecast for FY2023

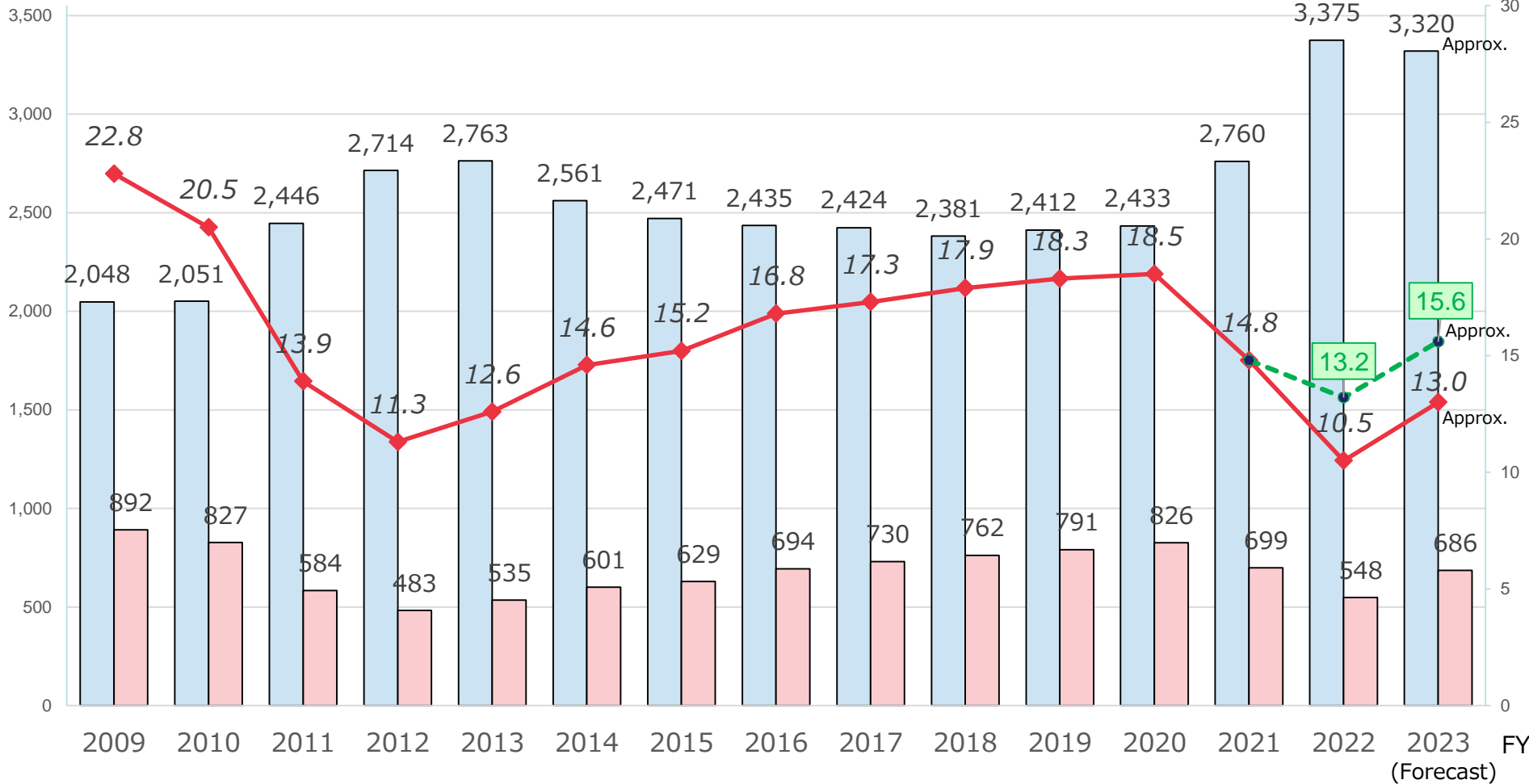
	Interim	Year-end	Annual
FY2023 forecast	5	10	15
FY2022	0	0	0

Financial Forecasts for FY2023(3/3)

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(billions of yen, %)

Interest-Bearing Liabilities Equity Equity ratio (Right scale)



Note : Green line shows equity ratio assuming 50% of the issued amount (140.0 billion yen) of the issued hybrid bonds as equity capital

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2023 - June 30, 2023)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 30, 2023, 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 FY2023 (Three months ended June 30, 2023)

(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, 2023	633,576	13.5	116,802	-	113,071	-	79,168	-
3 months ended Jun. 30, 2022	558,290	39.4	(26,451)	-	(28,628)	-	(31,242)	-

(Note) Comprehensive income (3 months ended June 30, 2023: 87,503 million yen -%, 3 months ended June 30, 2022: -19,107 million yen -%)

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, 2023	158.33	-
3 months ended Jun. 30, 2022	(62.50)	-

(2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Jun. 30, 2023	5,121,870	718,313	12.4
Mar. 31, 2023	5,211,914	631,099	10.5

(Reference) Shareholders' Equity (June 30, 2023: 636,250 million yen, March 31, 2023: 548,987 million yen)

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2023	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2024	-				
Year ending Mar. 31, 2024 (forecast)		5.00	-	10.00	15.00

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

3. Business Results Forecast for Consolidated FY2023 (Year ending March 31, 2024)

	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
FY2023	3,020,000	0.4	220,000	-	200,000	-	140,000	-	279.97

(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 FY2023 (Three months ended June 30, 2023)

Consolidated Cash Income	
Millions of yen	
3 months ended Jun. 30, 2023	107,394

(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 FY2023 (as of June 30, 2023) and FY2022 (as of March 31, 2023)

Assets

(Millions of yen)

Item	June 30, 2023	March 31, 2023
Non-current assets:	4,023,341	4,005,171
Electric utility plant and equipment:	2,533,914	2,558,047
Hydroelectric power production facilities	195,920	197,654
Thermal power production facilities	421,665	430,835
Nuclear power production facilities	224,907	226,884
Transmission facilities	558,999	563,895
Transformation facilities	258,037	260,078
Distribution facilities	716,143	714,451
General facilities	126,495	132,436
Other electric utility plant and equipment	31,742	31,812
Other non-current assets	227,940	225,158
Construction in progress:	614,321	578,012
Construction and retirement in progress	559,130	522,209
Special account related to nuclear power decommissioning	19,648	20,258
Special account related to reprocessing of spent nuclear fuel	35,543	35,543
Nuclear fuel:	148,166	148,160
Loaded nuclear fuel	30,591	30,591
Nuclear fuel in processing	117,574	117,569
Investments and other assets:	498,999	495,793
Long-term investments	151,691	147,367
Net defined benefit asset	6,244	6,528
Deferred tax assets	218,086	220,113
Other	126,870	125,644
Allowance for doubtful accounts	(3,893)	(3,861)
Current assets:	1,098,528	1,206,742
Cash and deposits	339,823	506,752
Notes and accounts receivable - trade	219,289	263,578
Inventories	116,778	136,823
Other	423,459	300,535
Allowance for doubtful accounts	(822)	(945)
Assets	5,121,870	5,211,914

Liabilities and net assets

(Millions of yen)

Item	June 30, 2023	March 31, 2023
Non-current liabilities:	3,467,025	3,467,390
Bonds payable	1,590,700	1,575,700
Long-term loans payable	1,488,853	1,499,437
Reserve for restoration costs of natural disaster	7,227	7,227
Net defined benefit liability	160,342	163,259
Asset retirement obligations	179,846	179,135
Deferred tax liabilities for land revaluation	1,297	1,297
Other	38,757	41,333
Current liabilities:	936,531	1,113,424
Current portion of non-current liabilities	271,915	303,713
Notes and accounts payable - trade	178,697	254,947
Accrued taxes	48,042	21,528
Other advances	277,730	276,088
Reserve for restoration costs of natural disaster	4,733	6,320
Other	155,411	250,825
Liabilities	4,403,557	4,580,815
Shareholders' equity:	634,442	555,227
Capital stock	251,441	251,441
Capital surplus	22,250	22,250
Retained earnings	365,217	286,048
Treasury shares	(4,466)	(4,512)
Accumulated other comprehensive income:	1,807	(6,239)
Valuation difference on available-for-sale securities	4,449	2,910
Deferred gains or losses on hedges	5,465	697
Revaluation reserve for land	(919)	(919)
Foreign currency translation adjustments	4,547	2,897
Remeasurements of defined benefit plans	(11,735)	(11,824)
Non-controlling interests	82,062	82,111
Net assets	718,313	631,099
Liabilities and net assets	5,121,870	5,211,914

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

First Quarter FY2023 (Three months ended June 30, 2023) and FY2022 (Three months ended June 30, 2022)

(Millions of yen)

Item	Three months ended June 30,	
	2023	2022
Operating revenue:	633,576	558,290
Electric utility operating revenue	575,550	502,706
Other business operating revenue	58,025	55,583
Operating expenses:	516,774	584,742
Electric utility operating expenses	460,891	529,243
Other business operating expenses	55,882	55,498
Operating (loss)income	116,802	(26,451)
Non-operating income:	2,966	2,287
Dividend income	329	299
Interest income	72	27
Share of profit of entities accounted for using equity method	1,226	-
Other	1,336	1,960
Non-operating expenses:	6,696	4,464
Interest expenses	6,192	3,740
Share of loss of entities accounted for using equity method	-	21
Other	504	702
Ordinary revenue	636,542	560,578
Ordinary expenses	523,470	589,206
Ordinary (loss)income	113,071	(28,628)
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	113,071	(28,929)
Income taxes - current	33,699	1,634
Income taxes - deferred	(43)	360
Income taxes	33,655	1,995
Net (loss)income	79,416	(30,924)
Net income attributable to non-controlling interests	247	317
Net (loss)income attributable to owners of parent	79,168	(31,242)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

First Quarter FY2023 (Three months ended June 30, 2023) and FY2022 (Three months ended June 30, 2022)

(Millions of yen)		
Item	Three months ended June 30,	
	2023	2022
Net (loss)income	79,416	(30,924)
Other comprehensive income:		
Valuation difference on available-for-sale securities	1,614	498
Deferred gains or losses on hedges	4,981	10,342
Foreign currency translation adjustments	1,663	851
Remeasurements of defined benefit plans	38	84
Share of other comprehensive income of entities accounted for using equity method	(211)	40
Other comprehensive income	8,086	11,817
Comprehensive income	87,503	(19,107)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	87,215	(19,472)
Comprehensive income attributable to non-controlling interests	287	365

(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.