

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2020 - September 30, 2020)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for six months ended September 30, 2020, which has been filed with the Tokyo Stock Exchange, Inc. for public inspection.

Tohoku Electric Power Co., Inc. (Code : 9506)

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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 Second Quarter Period in FY2020 (Six months ended September 30, 2020)

(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	%
6 months ended Sep. 30, 2020	1,038,078	(7.3)	89,395	21.7	80,560	24.8	56,104	25.6
6 months ended Sep. 30, 2019	1,119,980	8.2	73,430	68.1	64,550	72.0	44,657	47.3

(Note) Comprehensive income (6 months ended September 30, 2020: 59,955million yen 33.4%, 6 months ended September 30, 2019: 44,952million yen 9.5%)
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
6 months ended Sep. 30, 2020	112.30	104.31
6 months ended Sep. 30, 2019	89.44	83.14

(2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Sep. 30, 2020	4,460,030	912,651	18.9
Mar. 31, 2020	4,323,099	864,177	18.3

(Reference) Shareholders' Equity (Sep. 30, 2020: 841,134million yen, March 31, 2020: 791,121 million yen)

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2020	-	20.00	-	20.00	40.00
Year ending Mar. 31, 2021	-	20.00			
Year ending Mar. 31, 2021 (forecast)			-	20.00	40.00

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

3. Business Results Forecast for Consolidated FY2020 (Year ending March 31, 2021)

	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
FY2020	2,080,000	(7.4)	72,000	(38.1)	55,000	(45.0)	33,000	(47.7)	66.06

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

These forecasts based on the information and forecasts available at this time.

Initially Financial forecasts for the year ending March 31, 2021 could not be determined, because the impact on the power demand resulting from the spread of COVID-19 was unclear and it was difficult to reasonably assess the estimates of income.

(Reference) Consolidated Cash Income for the Second Quarter Period in FY2020 (Six months ended Sep. 30, 2020)

Consolidated Cash Income	
	Millions of yen
6 months ended Sep. 30, 2020	171,091

(Note) We've set a minimum target for consolidated cash income of 320 billion yen in FY2024 identified in the Tohoku Electric Power Group Medium-/Long-Term Vision.

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.)

4. Business Results Forecast for Consolidated FY2020 and The Impact of COVID-19

(1) Business Results Forecast for Consolidated FY2020

(Millions of yen)

	Operating revenue	Operating income	Ordinary income	Net income Attributable to owners of parent
FY2020 forecast	2,080,000	72,000	55,000	33,000

At first financial forecasts for the year ending March 31, 2021 could not be determined, because the impact on the power demand resulting from the spread of COVID-19 was unclear and it was difficult to reasonably assess the estimates of income, but now it is possible to forecast Business Results based on the information and forecasts available at this time.

The forecast for operating revenue is expected to be approx. 2,080.0 billion yen, a year-on-year decrease 7.4%, due to a decrease in retail electricity sales volume.

The forecast for ordinary income is expected to be approx. 55.0 billion yen, a year-on-year decrease 45.0% due to a decrease in retail electricity sales volume due to the impact of COVID-19 and intensified competition.

(Major Factors)

		FY2020(forecast)
Electric power sales (TWh)	Retail	64.1
	Wholesale	17.9
	Total	82.0
Crude Oil CIF Price (\$/bbl.)		41
Exchange Rate (¥/\$)		106
Nuclear Power Utilization Rate (%)		-

(Sensitivity to Major Factors)

(Billions of yen)

	FY2020(forecast)
Crude Oil CIF Price (per \$1/bbl.)	1.7
Exchange Rate (per ¥1/\$)	2.1

(2) The impact of COVID-19

Due to the impact of COVID-19, it is assumed that operating revenue in the second quarter period in FY2020 decreased by approximately 22.0 billion yen and ordinary income decreased by approximately 10.0 billion yen.

Regarding the impact on the business results for consolidated FY2020, operating revenue is expected to decrease by approximately 45.0 billion yen and ordinary income is expected to decrease by approximately 20.0 billion yen.

Retail electricity sales volume is expected to decrease by approximately 1,500GWh in the second quarter period in FY2020, and by approximately 2,700GWh for FY2020. The prerequisites for the calculation are as follows.

Although Retail electricity sales volume will gradually recover as the economic situation improves, it is expected that a certain negative impact will continue for the time being.	
commercial	Although electricity sales decreased significantly in the first quarter period due to requests for leave and refraining from going out, it has been gradually recovering since then. However, certain negative impacts due to the movement to refrain from going out and the continued shortening of business hours are expected to continue for the time being.
industrial	The operating level has remained sluggish since the first quarter. And due to the impact of the slump in overseas economies, especially in the export industry, the current negative impact is expected to continue.

Assets	(Millions of yen)	
Item	September 30, 2020	March 31, 2020
Non-current assets:	3,666,531	3,679,082
Electric utility plant and equipment:	2,451,857	2,504,659
Hydroelectric power production facilities	174,960	187,035
Thermal power production facilities	379,310	402,870
Nuclear power production facilities	241,343	254,447
Transmission facilities	578,677	589,116
Transformation facilities	253,557	255,044
Distribution facilities	667,618	670,135
General facilities	130,035	118,187
Other electric utility plant and equipment	26,353	27,821
Other non-current assets	222,256	226,872
Construction in progress:	442,805	403,472
Construction and retirement in progress	397,142	357,778
Special account related to nuclear power decommissioning	24,419	24,451
Special account related to reprocessing of spent nuclear fuel	21,243	21,243
Nuclear fuel:	174,548	174,331
Loaded nuclear fuel	30,591	30,591
Nuclear fuel in processing	143,957	143,740
Investments and other assets:	375,062	369,745
Long-term investments	97,947	99,462
Net defined benefit asset	3,908	3,844
Deferred tax assets	160,292	159,568
Other	113,242	107,199
Allowance for doubtful accounts	(328)	(328)
Current assets:	793,499	644,017
Cash and deposits	240,840	244,010
Notes and accounts receivable - trade	232,277	224,649
Inventories	57,656	67,374
Other	263,019	108,450
Allowance for doubtful accounts	(295)	(466)
Assets	4,460,030	4,323,099

Liabilities and net assets

(Millions of yen)

Item	September 30, 2020	March 31, 2020
Non-current liabilities:	2,519,803	2,457,197
Bonds payable	995,000	865,000
Long-term loans payable	1,128,288	1,190,302
Reserve for restoration costs of natural disaster	5,061	5,061
Net defined benefit liability	186,769	189,968
Asset retirement obligations	167,071	165,848
Deferred tax liabilities for land revaluation	1,330	1,330
Other	36,281	39,685
Current liabilities:	1,027,575	1,001,724
Current portion of non-current liabilities	374,765	372,388
Notes and accounts payable - trade	106,014	144,616
Accrued taxes	50,698	33,253
Other advances	342,722	205,984
Reserve for restoration costs of natural disaster	1,951	2,613
Other	151,422	242,869
Liabilities	3,547,379	3,458,921
Shareholders' equity:	855,834	809,454
Capital stock	251,441	251,441
Capital surplus	22,390	22,390
Retained earnings	586,982	542,187
Treasury shares	(4,980)	(6,564)
Accumulated other comprehensive income:	(14,699)	(18,332)
Valuation difference on available-for-sale securities	(122)	197
Deferred losses on hedges	(317)	(618)
Revaluation reserve for land	(896)	(895)
Foreign currency translation adjustments	140	(288)
Remeasurements of defined benefit plans	(13,504)	(16,727)
Subscription rights to shares	-	1,120
Non-controlling interests	71,516	71,935
Net assets	912,651	864,177
Liabilities and net assets	4,460,030	4,323,099

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Second Quarter FY2020 (Six months ended September 30, 2020) and Second Quarter FY2019 (Six months ended September 30, 2019)

Item	(Millions of yen)	
	Six months ended September 30,	
	2020	2019
Operating revenue:	1,038,078	1,119,980
Electric utility operating revenue	942,118	1,017,373
Other business operating revenue	95,960	102,606
Operating expenses:	948,682	1,046,549
Electric utility operating expenses	855,627	946,840
Other business operating expenses	93,054	99,708
Operating income	89,395	73,430
Non-operating income:	2,222	3,948
Dividend income	379	515
Interest income	88	112
Share of profit of entities accounted for using equity method	647	1,506
Other	1,107	1,814
Non-operating expenses:	11,057	12,828
Interest expenses	7,960	8,897
Other	3,097	3,931
Ordinary revenue	1,040,300	1,123,929
Ordinary expenses	959,740	1,059,378
Ordinary income	80,560	64,550
Income before income taxes	80,560	64,550
Income taxes - current	25,767	14,411
Income taxes - deferred	(1,498)	5,276
Income taxes	24,268	19,687
Net income	56,291	44,862
Net income attributable to non-controlling interests	186	205
Net income attributable to owners of parent	56,104	44,657

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

Second Quarter FY2020 (Six months ended September 30, 2020) and Second Quarter FY2019 (Six months ended September 30, 2019)

Item	(Millions of yen)	
	Six months ended September 30,	
	2020	2019
Net income	56,291	44,862
Other comprehensive income:		
Valuation difference on available-for-sale securities	(271)	(731)
Deferred gains or losses on hedges	300	210
Revaluation adjustments for land	(0)	-
Foreign currency translation adjustments	428	(611)
Remeasurements of defined benefit plans	3,205	1,222
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Other comprehensive income	3,664	89
Comprehensive income	59,955	44,952
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	59,738	44,762
Comprehensive income attributable to non-controlling interests	217	189

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Second Quarter FY2020 (Six months ended September 30, 2020) and Second Quarter FY2019 (Six months ended September 30, 2019)

(Millions of yen)

Item	Six months ended September 30,	
	2020	2019
Cash flows from operating activities:		
Income before income taxes	80,560	64,550
Depreciation	113,049	109,262
Decommissioning costs of nuclear power units	3,495	3,450
Special account related to nuclear power decommissioning	31	31
Loss on retirement of non-current assets	1,919	3,138
Decrease in net defined benefit liability	(3,198)	(4,047)
Interest and dividend income	(467)	(627)
Interest expenses	7,960	8,897
Increase in notes and accounts receivable - trade	(7,292)	(4,535)
Decrease(increase) in inventories	9,722	6,231
Decrease in notes and accounts payable - trade	(38,391)	(23,984)
Other, net	(63,553)	(20,667)
Subtotal	103,835	141,699
Interest and dividend income received	468	627
Interest expenses paid	(8,135)	(8,932)
Income taxes paid	(15,799)	(7,759)
Net cash provided by operating activities	80,368	125,635
Cash flows from investing activities:		
Purchase of non-current assets	(135,350)	(140,571)
Payments of investment and loans receivable	(13,646)	(7,946)
Collection of investment and loans receivable	12,991	10,048
Other, net	45,719	1,817
Net cash used in investing activities	(90,286)	(136,651)
Cash flows from financing activities:		
Proceeds from issuance of bonds	179,528	144,577
Redemption of bonds	(75,000)	(55,000)
Proceeds from long-term loans payable	27,100	109,025
Repayments of long-term loans payable	(60,430)	(151,555)
Increase in short-term loans payable	2,800	9,000
Decrease in short-term loans payable	(2,800)	(8,300)
Proceeds from issuance of commercial papers	58,000	166,000
Redemption of commercial papers	(48,000)	(181,000)
Cash dividends paid	(9,959)	(9,947)
Dividends paid to non-controlling interests	(637)	(643)
Other, net	(2,916)	(2,014)
Net cash used in financing activities	67,683	20,141
Effect of exchange rate change on cash and cash equivalents	142	(290)
Net increase(decrease) in cash and cash equivalents	57,908	8,833
Cash and cash equivalents at beginning of the period	252,322	184,942
Cash and cash equivalents at end of the period	310,230	193,776