

Financial Summary

3rd Quarter of FY2019

(April 1, 2019 – December 31, 2019)

January 29, 2020

 **Tohoku Electric Power Co., Inc.**

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3rd Quarter of FY2019 Financial Results

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**3rd Quarter of FY2019
Financial Results**

Summary of Financial Results

- Electricity sales (retail) decreased due to the impact of intensified competition resulting from liberalization of retail electricity market. On the other hand, the amount of electricity (wholesale) sold outside the area and the amount of adjustments to fuel expenses increased. As a result, operating revenue rose to ¥1,642.6 billion, a year on year increase of ¥60.1 billion or 3.8% increase.
- Ordinary income increased to ¥78.0 billion, an increase of ¥46.9 billion, or 150.8%. This was due to the impact of the time lag of the fuel cost adjustment system, as well as efforts to further improve productivity and efficiency of the corporate group as a whole and to cost reductions.
- Extraordinary losses of 5.3 billion yen were recorded, including expenses required to restore damaged equipment due to Typhoon No. 19. As a result, net income attributable to owners of the parent rose to ¥49.4 billion, an increase of ¥25.6 billion or 107.5%.

* Operating revenue includes ¥372.5 billion, total of 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 and the self-contracted portion due to introduction of the indirect auction. As this is recorded in expenses as well, it does not affect the Company's income.

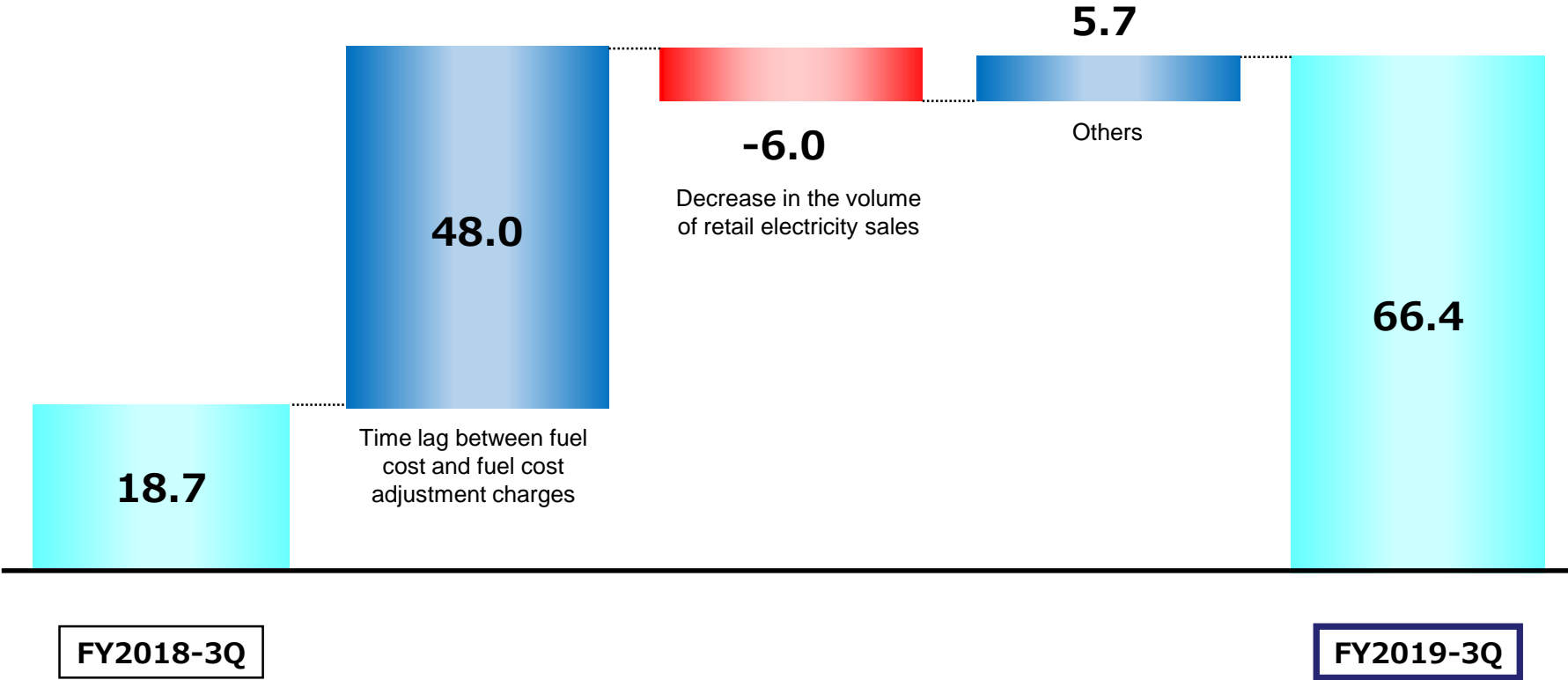
(billions of yen)

	Consolidated (A)			Non-consolidated (B)			(A) / (B) (times)	
	FY2019 3Q	FY2018 3Q	Change	FY2019 3Q	FY2018 3Q	Change	FY2019 3Q	FY2018 3Q
Operating Revenue	1,642.6	1,582.4	60.1	1,492.8	1,436.7	56.1	1.10	1.10
Operating Income	91.9	41.3	50.5	77.5	25.5	52.0	1.19	1.62
Ordinary Income	78.0	31.1	46.9	66.4	18.7	47.7	1.17	1.66
Net Income Attributable to Owners of Parent or Net Income	49.4	23.8	25.6	43.6	19.6	24.0	1.13	1.21

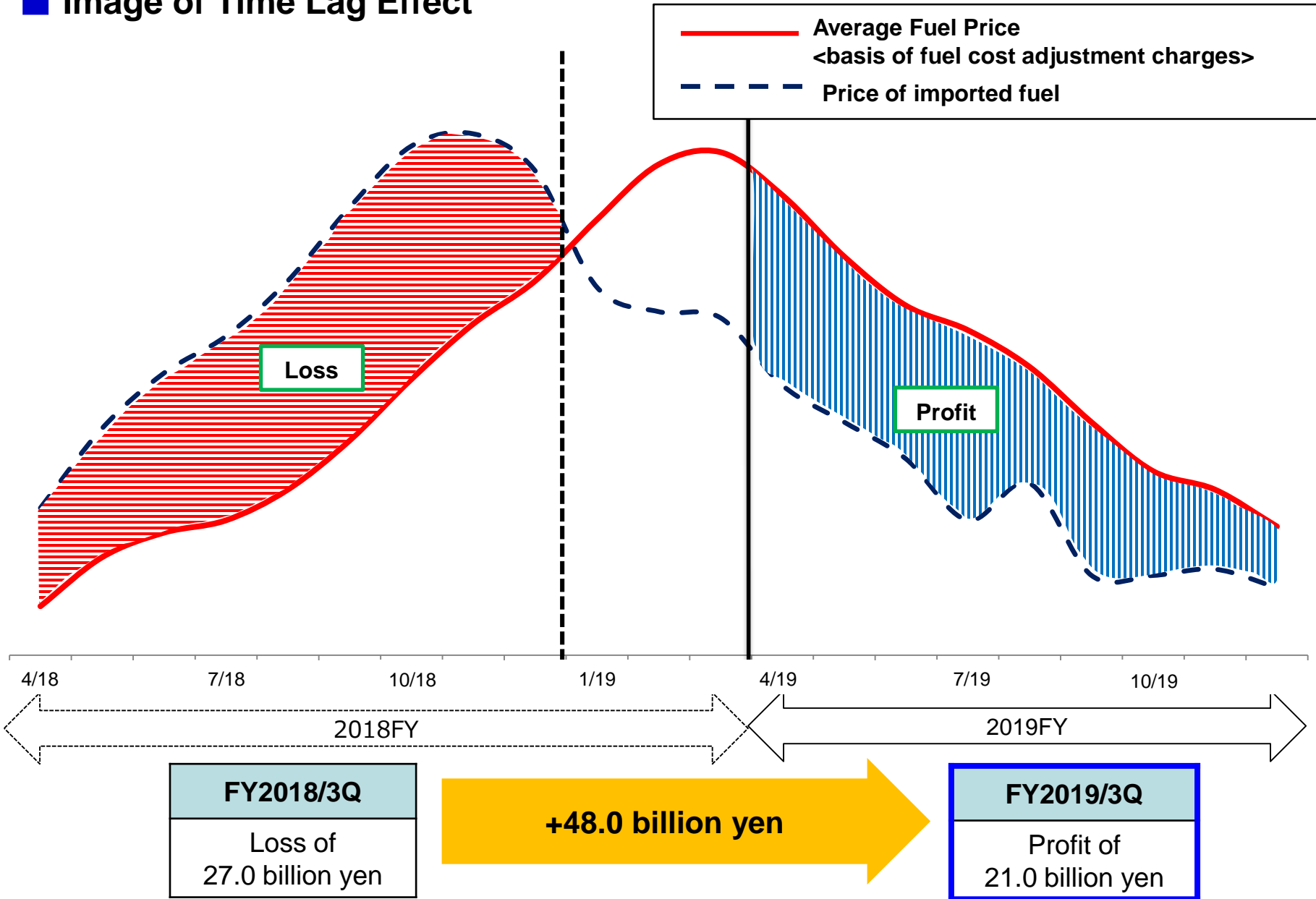
	Dec. 31, 2019	Mar. 31, 2019	Change	Dec. 31, 2019	Mar. 31, 2019	Change
Equity Ratio	18.6%	17.9%	0.7%	17.3%	16.6%	0.7%

Increase of 47.7 Billion Yen (18.7 → 66.4)

(billions of yen)



■ Image of Time Lag Effect



Electricity Supply

(GWh)

Electricity Supply	FY2019/3Q (A)	FY2018/3Q (B)	Change (A) - (B)	Change (A) / (B)
Own Generated Power*1	42,992	44,316	(1,324)	97.0%
Hydro	5,934	5,511	423	107.7%
Thermal	36,708	38,412	(1,704)	95.6%
Nuclear	(152)	(151)	(1)	100.3%
Renewables	502	544	(42)	92.2%
Power Interchanges and Purchased Power*2, 3	27,735 (4,587)	25,545 (4,890)	2,190 303	108.6% 93.8%
Used at Pumped Storage	(62)	(62)	0	99.2%
Total of Electricity Supply*2	66,078	64,908	1,170	101.8%

*1 "Own Generated Power" shows sending end.

*2 "Power Interchanges and Purchased Power" and "Total of Electricity Supply" partly include projected volume.

*3 As for "Power Interchanges and Purchased Power", the top is Received and the bottom is Transmitted.

Received and Transmitted includes system operation etc.

Electricity Sales and Major Factors

(GWh)

Electricity Sales	FY2019/3Q (A)	FY2018/3Q (B)	Change (A) - (B)	Change (A) / (B)
Lighting (Residential)	14,698	15,187	(489)	96.8%
Power	33,785	34,192	(407)	98.8%
Retail Electricity Sales	48,483	49,379	(896)	98.2%
Wholesale Electricity Sales*	12,561	11,687	874	107.5%
Total of Electricity Sales	61,044	61,066	(22)	100.0%

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

Major Factors	FY2019/3Q (A)	FY2018/3Q (B)	Change (A) - (B)
Crude Oil CIF Price (\$/bbl.)	67.8	75.0	(7.2)
Exchange Rate (¥/\$)	109	111	(2)
Hydro Power Flow Rate (%)	95.4	89.0	6.4
Nuclear Power Utilization Rate (%)	-	-	-

■ Financial Forecasts for FY2019 (No Change from the release in April 2019)

【Consolidated】

(billions of yen)

	Operating Revenue	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent
FY2019 forecast	2,390.0	90.0	73.0	45.0

【Non-consolidated】

(billions of yen)

	Operating Revenue	Operating Income	Ordinary Income	Net Income
FY2019 forecast	2,170.0	69.0	55.0	39.0

■ Dividend Per Share (No Change from the release in April 2019)

(yen)

	Interim	Year-end	Annual
Dividend Per Share (Forecast)	20	20	40

Topics

【For Family Users】

Providing a wide variety of rates and plans
("Yorisou Plus ●●")

Limited-time campaign for families with small children and elderly is now underway

Providing package deal combining our electricity with LP gas supply, home security service, Internet service

Providing a new service
Tsunagaru Denki
(Service to purchase surplus electricity after FIT scheme was expired)

Providing services that help our customers' lives
(Web content service to provide information including events, Proposal of electric appliances, Location-based service)

Yorisou e-Net (Web service, Point-earning service)

【For Business Customers】

Providing energy solutions

Providing "exEMS", our energy management system

Providing HEATEDGE, air-cooled pump heat source with excellent heating performance

Tailored service to high-voltage customers by business customers' center

- Providing outsourced welfare service
- Providing support service related to BCP (Business Continuity Plan)
(Energy system, Equipment contract, Cloud service, BCP formulation, Drill consulting service, Safety confirmation service, Staff deployment support service)

Major Efforts for Family Users in Tohoku and Niigata Region

- For family users, we are providing various rate plans and services through “Yori, Sou, Chikara+ONE” which is the total service to widely support our customers’ lives.
- “Yori, Sou, Chikara+ONE” offers a variety of services to help our customers lead more affluent and comfortable lives and realize safer and more secure living.

Our Total Services for living

Support for living

Makapuu Concierge

- Location-based service for kids
- Health Consultation Service
- Yori Sou Smart Project
- Proposals of IH cooking heaters and Eco Cute



Service for household solar power generation

Tsunagaru Denki

- Customers whose FIT scheme is to be expired
 - Service to purchase surplus electricity
 - Proposals such as storage battery and Eco Cute
 - Service to keep surplus electricity

Rates and Plan

Yori Sou Plus Yori Sou Denki

- Rates and Plan that suit customers’ lifestyles, including families, singles, residents in metropolitan area and snowy area
- Cheaper Plan combined with electricity



Web Service

Yori Sou e-Net

- Saving points
- Simple check of the amount of electricity usage
- Price simulation
- Cashless payment by using smartphone app
- Local information magazine “Nanabi”, etc.

冬の暮らし全力応援!

+ONE キャンペーン開催中!
All-out support for winter lives!
+ONE campaign is underway.

Considering regional issues including “declining birthrate and aging population” and “voices of having too much energy burden during severe winter season”, “all-out support for winter lives +ONE campaign” is held from September 26, 2019 to March 1, 2020 in order to support winter lives for the elderly and families with small children. We offer special benefits and services that allow customers to discount some portion of their electricity bills on terms such as subscribing to the electricity rate plan.

電気料金プラン加入特典・サービス		対象
①	あったか割引 Attaka (warm) Discount	Families with the elderly at the age of 65 or more
②	もっとあったか割引 Motto Attaka (warmer) Discount	
③	子育て応援割引 Discount for supporting families with small children	Families with children under 3
④	快適暮らしサポート Support for comfortable life	Families of all generations

Major Efforts for Business Customers in Tohoku Region and Niigata Prefecture

- For business customers (office building, commercial facilities, factories, and others), we started to offer our proposals “outsourced welfare service”.
- We enhance “BCP related support service” by developing our proposals that help our customers manage their business.

NEW

Outsourced Welfare Service

RELO CLUB

- Providing welfare service available to employees and their families
- Sales promotion support by using the journal of “Fukuri Kosei (welfare) Club”

Support system related to BCP (Business Continuity Plan)

NEW

Prior Preparedness

Occurrence of accident

Initial response

Reconstruction

Equipment, Plan, Drill

Recognition of the current situation

Understanding of the damaged situation

Recovery work



Tohoku Electric Power Group

- Energy system considering BCP measures
- Multiple communication lines of cloud services



Sompo Japan Nipponkoa Insurance Inc.



Sompo Risk Management Inc.

- BCP formulation support
- BCP drill consulting service

SECOM

Disaster portal service

Reconstruction and support service for understanding the current situation promptly, proper decision-making, and providing instruction repeatedly and smoothly

Safety confirmation service

Obtaining the information of employees' and their families' safety, understanding the damaged situation promptly, and supporting BCP and early resumption of business

Emergency communication network service

Used for recruiting staff for restoration work, providing instruction at the time of traffic interruption, and collecting information

Emergency calling service

Supporting appropriate staff deployment when major accidents occur

We propose services tailored to our customers' need

Major Efforts Beyond Tohoku and Niigata Region

- **Synergia Power Co., Ltd., a company we established jointly with Tokyo Gas Co., Ltd.,** sells electricity for customers who use high- or extra-high voltage power in the Kanto region (mainly in the northern Kanto area) .
- **Tokyu Power Supply Co., Ltd., in which we invested in March 2018** sells electricity and gas mainly to customers living in areas along the Tokyu lines. Both companies have steadily won contracts and will continue to expand in the future.

Synergia Power

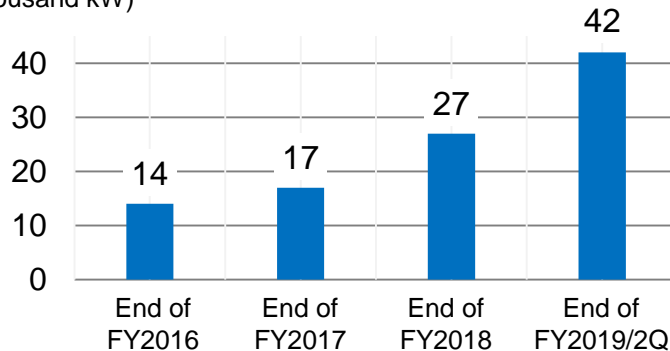


Tokyu Power Supply



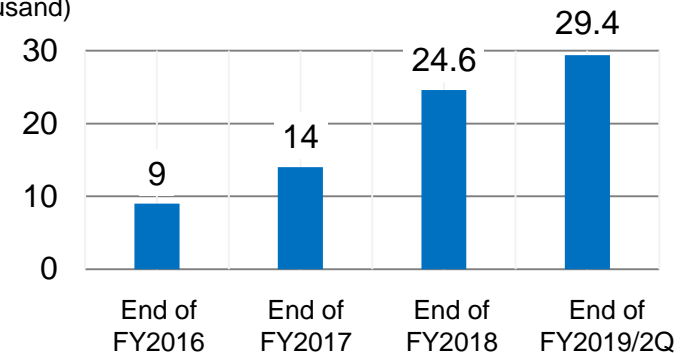
Electricity Contract Capacity

(10 thousand kW)



Number of Contracts

(10 thousand)



Development

**【Shin-Sendai Thermal Power Series 3】
Went into full operation in July 2016**

- LNG ·1,046MW
- Developed as the substitute power source for Shin-Sendai No.1 and No.2
- By introducing the cutting-edge gas turbine, accomplished thermal efficiency of over 60% or higher, which is the world's highest level at the time

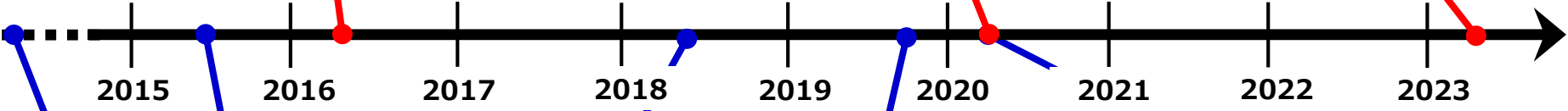
Operation will start three months earlier than scheduled.

【Noshiro No.3】
Started test run for power generation on August 2019
Commercial operation is scheduled to start in March 2020.

- Coal ·600MW
- Ultra super critical system (Thermal efficiency of 44.8%)

【Joetsu No.1】
Commercial operation is scheduled in June 2023.

- LNG ·572MW
- Aiming for thermal efficiency of 63% or higher by introducing Next-generation gas turbine adopting forced air-cooled combustor system



As high-efficient power source is developed, aging thermal power plants have been replaced.

Abolishment

【Shin-Sendai No.2】
Abolished in October 2011

- Natural gas, heavy oil, crude oil
- 600MW
- Commercial operation started in June 1973

【Shin-Sendai No.1】
Abolished in September 2015

- Heavy oil
- 350MW
- Commercial operation started in August 1971

【Niigata No.4】
Abolished in September 2018

- Heavy oil, natural gas, LNG
- 250MW
- Commercial operation started in August 1969

【Akita No.3】
Abolished in September 1 2019

- Heavy oil, crude oil
- 350MW
- Commercial operation started in November 1974



【Akita No.2】
Scheduled to be halted for a long-term in March 2020

- Heavy oil, crude oil
- 350MW
- Commercial operation started in February 1972

Aging thermal power plants which was abolished or halted for power source abolishment plan FY2019

- Due to a long-term suspension of Akita Unit 2 and abolishment of Akita Unit 3, the power station in operation after FY2020 will be limited to Akita Unit 4 (Heavy oil, crude oil/600MW/commercial operation started in July 1980) at Akita Thermal Power Plant.
- As for Akita Unit 4, we will continue its operation for the time being despite of its aging facilities as same as Unit 2 and Unit 3. Given the future prospect for demand, we will examine and take steps to abolish it.

➤ We are constructing Noshiro No. 3 and Joetsu No. 1 as part of the development of the latest thermal power with excellent economical and environmental performance.

	Noshiro No.3	Joetsu No.1
Location	Noshiro city, Akita prefecture	Joetsu city, Niigata prefecture
Output	600 MW	572MW
Commercial Operation Date	March 2020 (Scheduled)	June 2023 (Scheduled)
Fuel	Coal	LNG vaporized gas
Thermal Efficiency	Approx. 44.8%	63% or higher
Construction Status	<ul style="list-style-type: none"> • Construction started in January 2016 • Trial operation started in August 2019 • Currently, the company is steadily conducting various tests with the aim of starting commercial operation in March 2020. 	<ul style="list-style-type: none"> • Construction started in May 2019 • Various types of foundation work for power generation facilities are being conducted with the highest priority on ensuring safety • Installation of boiler equipment and other facilities is scheduled to begin in June 2020
	<p>Construction progress : 99.7% (As of 20 January, 2020)</p> <p>Appearance</p> 	<p>Construction progress : 8.7% (As of 20 January, 2020)</p> <p>Perspective drawing</p> 

■ Current Status of Onagawa and Higashidori Nuclear Power Station

- Concerning construction work , we are working diligently to aim for completion in FY 2020 for Onagawa Unit 2 and FY 2021 for Higashidori Unit 1.
- Concerning Conformity Assessments of plants (facilities) of Onagawa Unit 2, at the Nuclear Regulation Authority (NRA) on November 27, last year, the draft examination document for the application for licenses to change nuclear reactor installation was approved and submitted for public comment (November 28-December 27). Based on the results of the public opinion and the interviews with the Minister of Economy, Trade and Industry, the committee will discuss the permission to change nuclear reactor installation.
- Concerning Conformity Assessments of Higashidori Unit 1, our explanation that faults just below seismic critical facilities are inactive for the foreseeable future has been judged to be appropriate by NRA. However, we expect that it will take a certain period of time before assessments on the activity of faults within and around the premises and plants/facilities are completed.

<Current Status of Conformity Assessments>

<p>Onagawa Unit 2</p>	<ul style="list-style-type: none"> •The draft examination document for the application for licenses to change nuclear reactor installation was approved at NRA on November 27 and submitted for public comment (November 28-December 27) •Based on the results of the public opinion and the interviews with the Minister of Economy, Trade and Industry, the committee will discuss the permission to change nuclear reactor installation.
<p>Higashidori Unit 1</p>	<p>【Assessment of earthquake and tsunami】</p> <ul style="list-style-type: none"> •Our explanation that faults of f-1and f-2 just below seismic critical facilities, such as the reactor building, are inactive for the foreseeable future has been judged to be appropriate. •It is under examination that other on-site faults and faults near the site are not active faults considered as epicenters. •In parallel the conceivable maximum tsunami is under assessment. •With regard to the evaluation of active faults considered as hypocenters within and around the site, a supplementary survey to improve the explainability of geological data was conducted. We will explain survey results at the assessment meeting . <p>【Assessment of plants (facilities)】</p> <ul style="list-style-type: none"> •We are in preparation for assessment incorporating the findings obtained from other plants that are in a more advance stage of assessment and from Onagawa Unit 2 in our work.

- In order to utilize renewable energy which potentially exists in Tohoku and Niigata area for long-term, **we aim to become responsible operating body for renewable energy and develop renewable energy power generation of 2GW mainly in Tohoku and Niigata area.**
- From the perspective of **the general life cycle of renewable energy**, we will **examine the business development including operation, maintenance, and replacement of power source.**

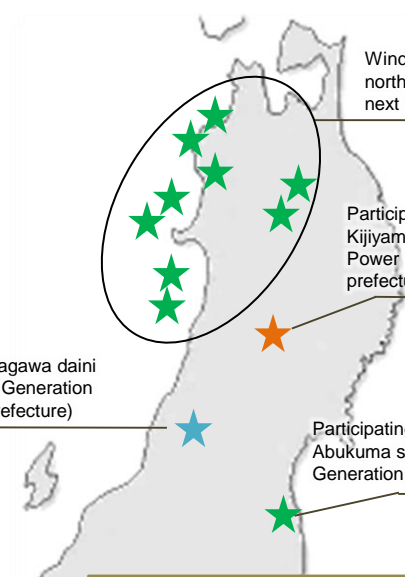
Expand Renewable Energy Business

<Aims to develop 2GW primarily by Wind power>



- Wind Power
- Solar Power
- Hydroelectric Power
- Geothermal Power

Main development point of renewable energy power generation of our company group



Wind power generation business in northeastern Tohoku (Refer to the next page)

Participating in the Feasibility Study of Kijiyama-Shitanotai area geothermal Power Generation Project (Akita prefecture)

Development of Tamagawa daini Hydroelectric Power Generation Project (Yamagata prefecture)

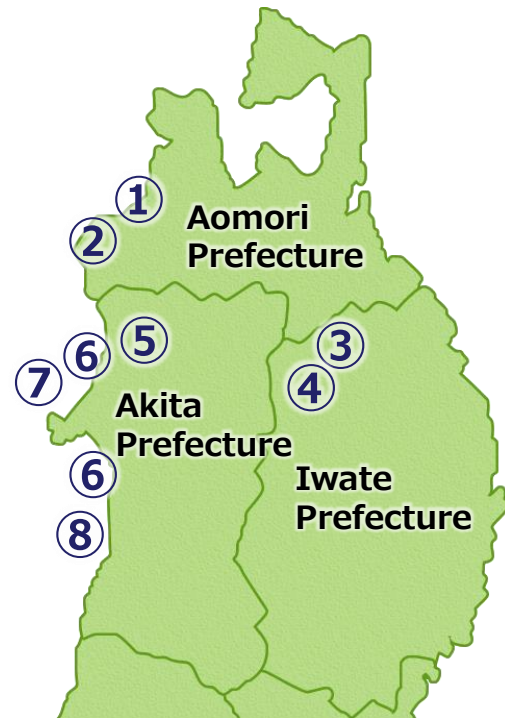
Participating in the Feasibility Study of Abukuma southern Onshore Wind Power Generation Project (Fukushima prefecture)

★ Wind ★ Hydro ★ Geothermal

■ Participation in Wind Power Business in Northeastern Tohoku





➤ In addition to the project in Akita Prefecture, which had been decided to participate in the past, **we decided to participate in four wind power generation projects (refer to ①~④ in table below) in Aomori Prefecture and Iwate Prefecture on December 18.**

	Project name	Business Operator	Output	Scheduled Commercial Operation Date
①	Tsugaru Offshore Wind	Green Power Nishitsugaru Offshore G.K.	Approx. 480MW	After 2028FY
②	Fukaura Wind	Green Power Fukaura G.K.	Approx. 70MW	After 2024FY
③	Inaniwa Takko	Green Power Inaniwa Takko G.K.	Approx. 100MW	After 2025FY
④	Inaniwa Wind	Inaniwa Wind GK	Approx. 100MW	After 2025FY
⑤	Noshiro-Yamamoto Regional Wind	Shirakami Wind GK	Approx. 100MW	After 2023FY
⑥	Akita and Noshiro Port Offshore Wind	Akita Offshore Wind Corporation	Approx. 140MW	At the end of 2022
⑦	Northern Akita Offshore Wind	Northern Akita Offshore Wind Power LLC.	448MW (Max)	After 2025FY
⑧	Akita Yurihonjo Offshore Wind	Akita Yurihonjo Offshore Wind GK	Approx. 700MW	TBD



■ Issuance of Tohoku Electric Power Green Bond

- We plan to issue a Tohoku Electric Power Green Bond from the perspective of expanding renewable energy and ensuring diversification of financing. This green bond limits the use of the procured funds to projects that have environmental improvement effects at home and abroad, such as the development of renewable energy.
- This is the first issue of a former general electricity utility. For the issuance, we obtained verification from DNV GL Business Assurance Japan Co., Ltd., a third-party evaluation organization, and obtained certification from CBI※. CBI certification is also the first of a former general electricity utility .
 - ※Climate Bonds Initiative: International NGO that sets strict standards for ensuring the reliability and transparency of green bonds
- The company aims to develop 2 GW of renewable energy, mainly wind power, mainly in the six prefectures of Tohoku and Niigata. The funds raised this time will be used mainly for the renewable energy business.
- We will continue to actively work on the renewable energy business and further promote ESG management.

Issuance summary	
Period to maturity	10 years (scheduled)
Amount of issue	5 billion yen (scheduled)
Date of issue	February 2020 (scheduled)
Lead manager and Structuring Agent	SMBC Nikko Securities Inc.
Consistency of use of funds with SDGs	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>7 エネルギーをみんなに そしてクリーンに</p>  </div> <div style="text-align: center;"> <p>9 産業と技術革新の 基盤をつくろう</p>  </div> <div style="text-align: center;"> <p>11 住み続けられる まちづくりを</p>  </div> <div style="text-align: center;"> <p>13 気候変動に 具体的な対策を</p>  </div> </div>

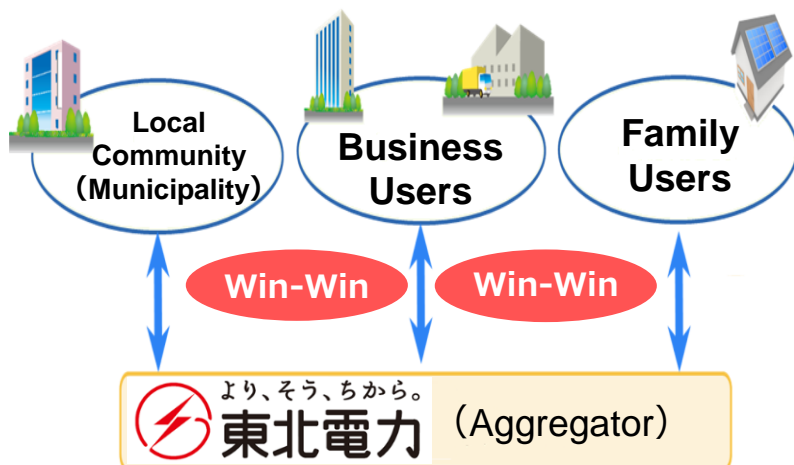
【 CBI certificate (December 2019) 】



- We are proactively taking initiative for digital innovation to build new business model to improve customer service and expand future business field.
- As for VPP, in addition to initiatives in collaboration with local governments, we agreed to enter into a basic agreement on a strategic partnership in a VPP demonstration project with the German virtual power plant (VPP) operator Next Kraftwerke which is one of the largest VPP operators in the world in May 2019.

(Verification Period: April 2018 to March 2021)

<Our VPP Vision>



① Initiative to enhance regional disaster prevention system and reduce environmental burden by utilizing VPP technology under cooperation with Local government *1.

*1 Sendai City, Koriyama City, Niigata City, Miyagi Prefecture

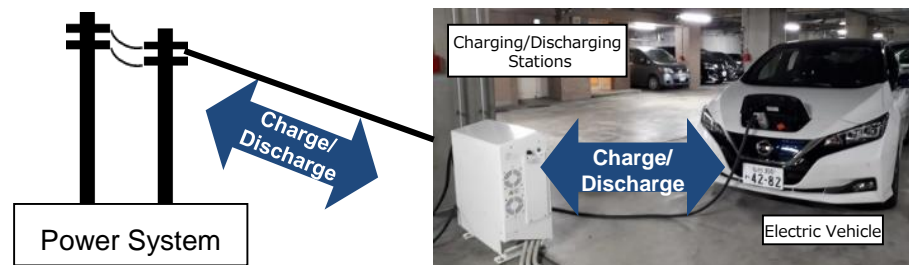


Agreement conclusion ceremony with Sendai City
Sendai Mayor Kazuko Kori, right,
President Hiroya Harada, left



Agreement conclusion ceremony with Miyagi Prefecture
Miyagi Governor Yoshihiro Murai, left,
President Hiroya Harada, right

② V2G*2 Verification Project.



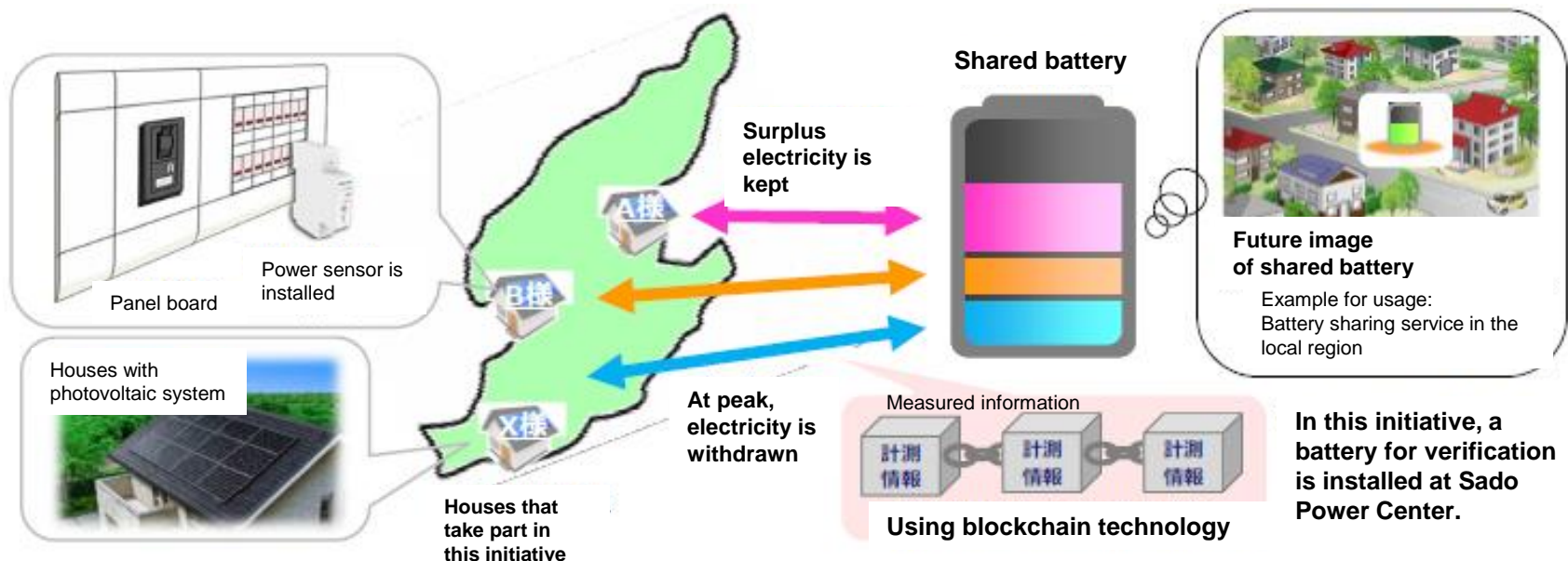
*2 V2G (Vehicle to Grid) : Technology for charging and discharging electric vehicle storage batteries connected to the power system

Efforts toward efficient usage of solar power by residential generators in Sado Island

- Niigata prefecture and our company concluded the comprehensive cooperation agreement in February 2019, and we shall coordinate in efficient energy usage and environmental load reduction. As a part of it, we will take initiatives in efficiently utilizing solar power by residential generators in Sado Island by utilizing IoT and digital technology.
- Through our efforts, we will enhance renewable energy usage, as well as contributing to improve services to our customers and vitalize the local economy.

【Outline】

- (1) Power sensors are installed at our customers' houses with photovoltaic system in order that the amount of power used can be visually checked. Then, we will provide advice how our customers can effectively utilize surplus electricity generated by solar power.
- (2) A battery is set up for our customers with photovoltaic system and virtually shared by them. It simulates a service that surplus electricity of solar power by residential generators is charged (kept) and discharged (withdrawn).



- We proactively introduced new technologies in order to steadily and efficiently maintain transmission facilities located in a wide area.
- With using digital technology such as drone, IoT, and AI, we engage in making our maintenance activities more advanced and efficient.

<Drone>

【Using for inspection】

We're now examining to introduce drone for inspecting transmission wires and steel towers (Verification test for transmission inspection August 2019)



【Collecting information at the time of disaster】

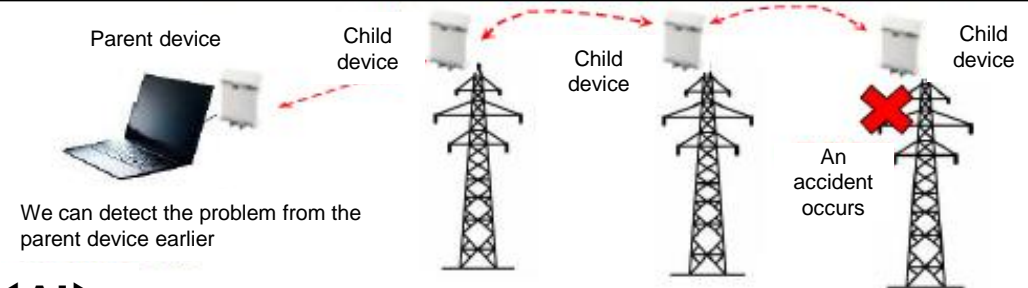
Promptly checking the situation in the restricted access area. (The area hit by landslide due to typhoon No. 19 on October 2019)



<IoT>

【Remote monitoring equipment by using sensor or new communication technology】

By using IoT technology (low power, wide area communication), we collect operation information from child device and remotely monitor all the facilities and thereby detect the site earlier if any accidents occur.



We can detect the problem from the parent device earlier

<AI>

【System development utilizing AI】

By introducing AI that determines the degree of corrosion deterioration of tower members by image recognition, we support the formulation of a rational repair plan that accurately reflects the corrosion situation



AI Visual Recognition can check how the materials are degraded or corroded with using photos.



Dispatch of support for early restoration of a power outage following Typhoon No. 15

- Due to the impact of Typhoon No. 15 that landed on September 9, a power outage of up to approximately 930,000 units occurred in the Kanto area.
- In response to a request from TEPCO Power Grid, Inc., we implemented measures such as supplying power using high-voltage generators, cutting down trees, and patrolling blackout areas for early restoration of power.

Support period	September 9-27, 2019
Dispatch destination	Stricken area of TEPCO Power Grid, Inc.
Dispatched people (including replacement)	3,665 people in total
Vehicle	High voltage generator car : 33 in total Low voltage generator car : 10 in total etc.



Restoration measures against power outage caused by Typhoon No.19

- A total of 144,724 power outages occurred in our area due to Typhoon No. 19, which landed on October 12
- Damage overview of our facilities
 - Power transmission and distribution facility : 766 electric poles (Incline or collapse) 1 substation (Flooded)
 - Generation facilities : 92 hydro power plants (Flooded)



- ✓ Up to 3,500 employees and 17 power supply vehicles for early recovery from power outages
- ✓ Approximately 98% of the number of power outages restored by 16:00 on October 14, two days after the power outage occurred
- ✓ By November 28, all areas where restoration work was possible were restored
- ✓ Currently, restoration work is underway, mainly for outage hydroelectric power plants (18 units)

<Number of blackout units in our area>

Branch	Units
Aomori	1,921
Iwate	41,167
Akita	1,778
Miyagi	25,318
Yamagata	5,643
Fukushima	43,442
Niigata	25,455
Total	144,724



■ Strengthening responsiveness in both tangible and intangible aspects

- We have developed and deployed the "ToMoS", a low-voltage emergency power supply vehicle compatible with air transportation. This aims to secure power in isolated areas and remote islands due to large-scale natural disasters.
- We concluded an agreement with the Self Defense Force and others on cooperation in the event of a disaster. Based on this agreement, in the event of a disaster, prompt and accurate information sharing, transportation of materials and equipment and personnel necessary for disaster recovery, power supply, and smooth mutual cooperation will be implemented. In order to facilitate these responses, we are strengthening our response capabilities through daily training.

【Specific examples of training】

- ✓ Active participation in the large-scale disaster drill "Michinoku Alert" hosted by JGSDF North Eastern Army and Marine transportation training for high-voltage emergency power supply vehicles and aerial work vehicles assuming power supply to remote islands and information transmission training in "Michinoku Alert"
- ✓ Air transport training for the low-voltage emergency power supply vehicle "ToMoS" using a large helicopter owned by the Ground Self-Defense Force's eastern unit



■ Conclusion of mutual agreement at the time of disaster

<Agreement on cooperation in the event of a disaster with the Self Defense Force >

- JGSDF North Eastern Army (April 2013) , JGSDF Eastern Army (November 2013)
- JMSDF Maizuru District Headquarters (August 2018) , JMSDF Ominato District Headquarters (November 2019)

<Others>

- Concluded an agreement with East Nippon Expressway Company Limited. for smooth mutual cooperation in the event of a disaster (June 2019)
- Concluded an agreement with AEON CO., LTD. on mutual support in the event of a disaster (November 2019)

[Receipt of a letter of appreciation from the Minister of Defense (6 December 2019)]

- We have received a letter of appreciation from JGSDF North Eastern Army. Our activities for enhancing cooperation in a face-to-face manner, such as regular meetings and training with the SDF from normal times, were highly evaluated.

President Harada receives a letter of appreciation from Mr. Agario, Commanding General of the North Eastern Army



- We have long believed that corporate ethics and legal compliance are a prerequisite for all business activities. Based on this philosophy, we have established the Corporate Ethics and Legal Compliance Committee, chaired by the president, and are constantly turning the PDCA cycle. In light of the social situation, we verify and confirm whether our efforts are sufficient and make necessary improvements.
- **In October 2019, we conducted an internal survey for related officers and others**, taking into account cases of money received by other power company. **As a result, there was no confirmation of receipt or provision of gold items beyond the scope of common sense in social wisdom, and the Company's compliance measures were evaluated to be functioning sufficiently.**
- In order to prevent similar cases from occurring, we made our compliance efforts known and thorough. In addition, **we set up a consultation desk and established a system for reporting to the company**, further strengthening the response as a corporate organization.

■ Internal survey (Description at the President's interview in October 2019)

- **Conducted interviews with 15 current officers, etc.**
- **Conducted a questionnaire survey of 112 officers including nuclear, thermal, hydro and network departments and conducted interviews with management**
 - ✓ Confirm that there has been no receipt of money, etc. that exceeds the range of common sense from social wisdom, from related local governments, business partners, etc.
 - ✓ Identify issues that will lead to thorough compliance and further improvement, and reflect them in future specific initiatives

Result **No receipts or provisions of gold goods, etc. beyond the range of common sense in social wisdom were confirmed.**
The Company's compliance measures were evaluated to be functioning sufficiently.

■ Initiatives to further improve compliance

- Disseminate and ensure compliance initiatives to prevent similar incidents
- Since it is important to deal with compliance issues systematically as a company, **we set up a consultation desk and established a system for reporting to the company** to enable organizational responses in cases such as when it is difficult to judge individual responses or when it is difficult to respond to the other party. We are strengthening our response as a corporate organization.

References

Balance Sheets (Consolidated)

23

(billions of yen)

	Dec. 31, 2019 (A)	Mar. 31, 2019 (B)	Change (A) - (B)	Major factors for change
Total Assets	4,258.0	4,258.6	(0.6)	
Non-current Assets	3,611.7	3,620.9	(9.2)	
Current Assets	646.2	637.6	8.5	
Total Liabilities	3,392.9	3,424.9	(31.9)	
Non-current Liabilities	2,479.6	2,431.2	48.4	Bonds : 44.8
Current Liabilities	913.3	993.6	(80.3)	Other advances : (40.7)
Net Assets	865.0	833.7	31.3	
Interest-Bearing Liabilities	2,440.8	2,381.1	59.6	Bonds : 135.0 Loans : (47.3) CP : (28.0)

Statements of Income (Consolidated)

(billions of yen)

	FY2019/3Q (A)	FY2018/3Q (B)	Comparison	
			(A) - (B)	(A) / (B)
Operating Revenue	1,642.6	1,582.4	60.1	103.8%
Electric utility	1,487.4	1,427.9	59.5	104.2%
Other business	155.1	154.4	0.6	100.5%
Operating Expenses	1,550.7	1,541.0	9.6	100.6%
Electric utility	1,400.5	1,394.7	5.8	100.4%
Other business	150.1	146.3	3.8	102.6%
Operating Income	91.9	41.3	50.5	222.3%
Non-operating income	4.7	6.4	(1.6)	73.6%
Non-operating expenses	18.6	16.6	1.9	111.9%
Ordinary Income	78.0	31.1	46.9	250.8%
Provision or reversal of reserve for fluctuation in water levels	-	(1.1)	1.1	-
Extraordinary gain	-	7.9	(7.9)	-
Extraordinary loss	5.3	2.1	3.1	247.1%
Income taxes	22.8	11.9	10.9	191.1%
Net income attributable to non-controlling interests	0.4	2.1	(1.7)	19.6%
Net Income Attributable to Owners of Parent	49.4	23.8	25.6	207.5%

Segment Information (Consolidated)

25

(billions of yen)

	FY2019/3Q (A)	FY2018/3Q (B)	Change (A) - (B)
Operating Revenue	1,823.7 [1,642.6]	1,768.6 [1,582.4]	55.1 [60.1]
Electric Power Business	1,489.5 [1,487.4]	1,430.0 [1,427.9]	59.5 [59.5]
Construction Business	178.1 [87.1]	180.2 [85.2]	(2.1) [1.8]
Gas Business	29.9 [24.6]	29.1 [23.8]	0.8 [0.8]
Information Processing, Tele-communication Business	30.7 [14.0]	32.8 [14.4]	(2.0) [(0.3)]
Others	95.3 [29.3]	96.3 [30.9]	(1.0) [(1.6)]

[] : Operating revenue from external customers

(billions of yen)

	FY2019/3Q (A)	FY2018/3Q (B)	Change (A) - (B)
Segment Income [Operating Income]	91.5	41.7	49.7
Electric Power Business	82.6	29.4	53.2
Construction Business	0.9	3.0	(2.1)
Gas Business	1.1	0.7	0.4
Information Processing, Tele-communication Business	3.1	3.7	(0.5)
Others	3.5	4.7	(1.1)

Balance Sheets (Non-consolidated)

26

(billions of yen)

	Dec. 31, 2019 (A)	Mar. 31, 2019 (B)	Change (A) - (B)	Major factors for change
Total Assets	3,905.6	3,923.5	(17.8)	
Non-current Assets	3,461.1	3,480.9	(19.8)	
Current Assets	444.5	442.6	1.9	
Total Liabilities	3,227.0	3,269.3	(42.3)	
Non-current Liabilities	2,414.8	2,361.4	53.3	Bonds : 44.8
Current Liabilities	812.2	907.8	(95.6)	Other advances : (40.7) Accrued expenses : (39.1)
Net Assets	678.5	654.1	24.4	
Interest-Bearing Liabilities	2,417.8	2,357.0	60.8	Bonds : 135.0 Loans : (46.1) CP : (28.0)

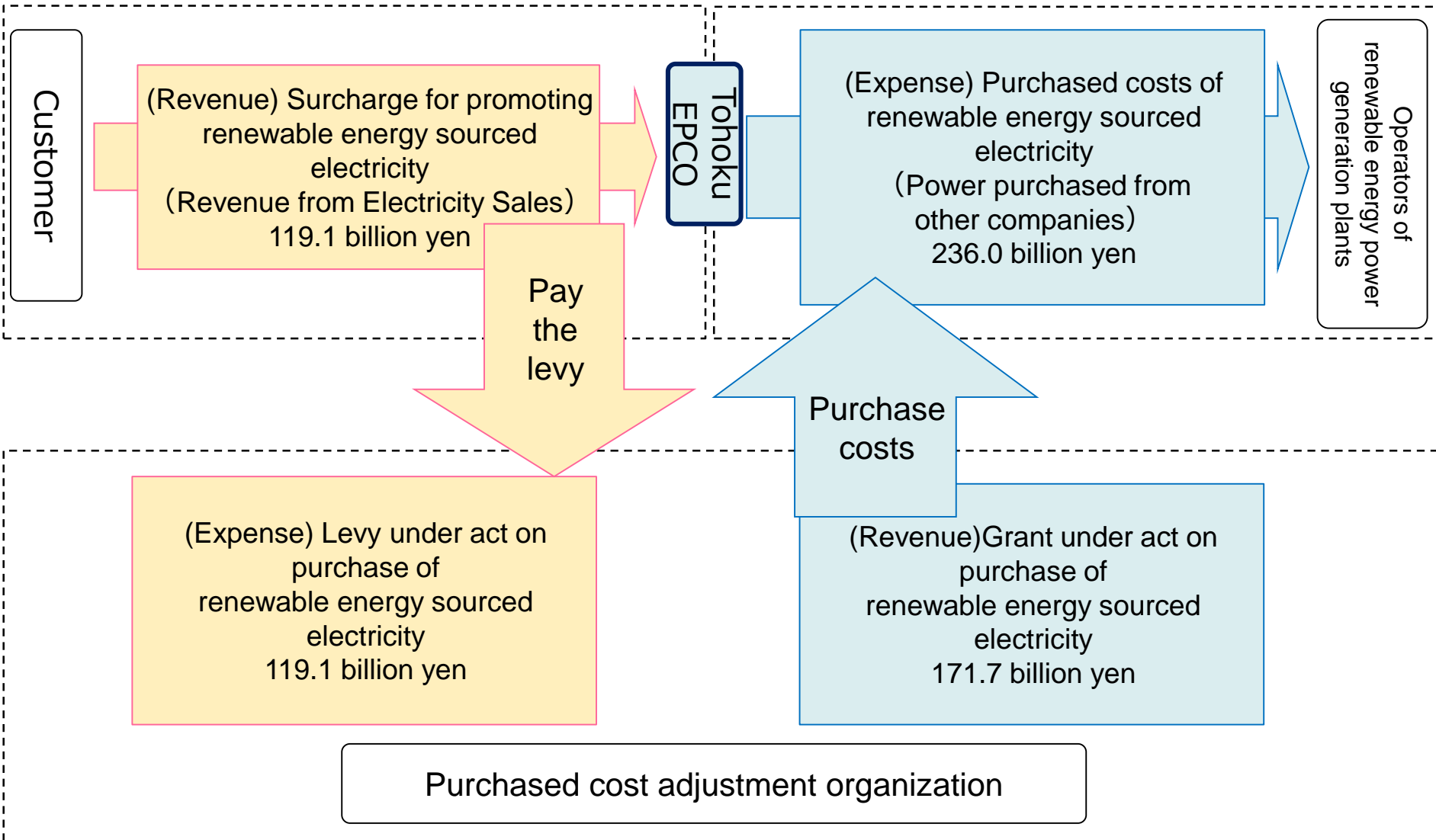
Statements of Income (Non-consolidated)

27

(billions of yen)

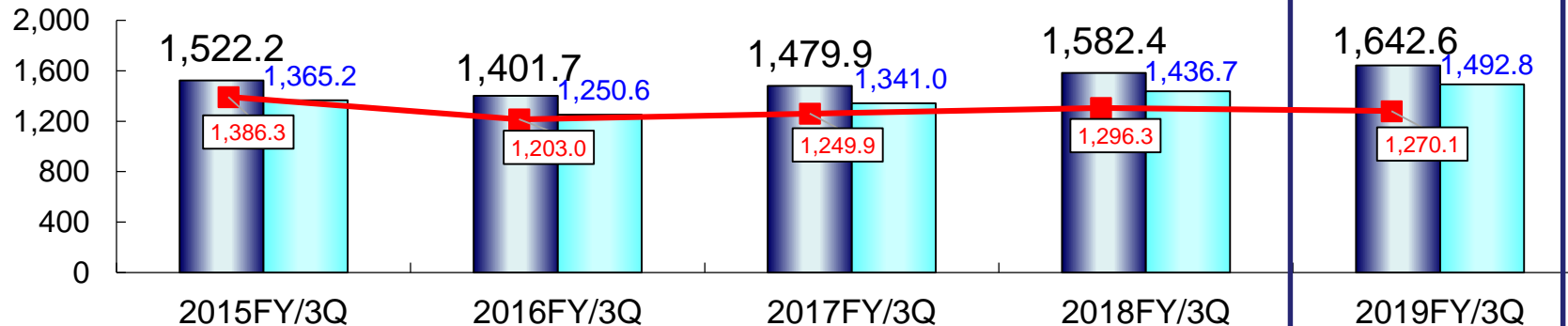
		FY2019/3Q (A)	FY2018/3Q (B)	Comparison		Major factors for change
				(A) - (B)	(A) / (B)	
Revenue	Revenue from Electricity Sales	989.7	1,012.2	(22.5)	97.8%	
	Lighting (Residential)	385.8	395.3	(9.4)	97.6%	
	Power	603.8	616.9	(13.0)	97.9%	
	Sales of power to other utilities and other companies	251.9	212.3	39.6	118.7%	Increase in indirect auction
	Grant under Act on Purchase of Renewable Energy Sourced Electricity	171.7	136.0	35.6	126.2%	Increase in purchased volume from solar
	Other revenue	86.0	85.0	0.9	101.1%	
	[Operating Revenue]	[1,492.8]	[1,436.7]	[56.1]	[103.9%]	
	Total revenue	1,499.4	1,445.7	53.6	103.7%	
Expenses	Personnel	106.3	119.1	(12.7)	89.3%	
	[Amortization of actuarial gain or loss]	[2.6]	[15.1]	[(12.4)]	[17.2%]	
	Fuel	251.3	298.7	(47.3)	84.2%	Decrease in CIF price
	Maintenance	107.3	126.2	(18.8)	85.1%	Decrease in maintenance of distribution facilities
	Depreciation	154.5	148.4	6.0	104.1%	
	Power purchased from other utilities and other companies	481.9	410.4	71.5	117.4%	Increase in indirect auction
	Interest	13.0	14.0	(1.0)	92.8%	
	Taxes, etc.	61.1	61.6	(0.4)	99.2%	
	Nuclear power back-end cost	7.1	7.0	0.1	101.8%	
	Levy under Act on Purchase of Renewable Energy Sourced Electricity	119.1	118.2	0.9	100.8%	
	Other expenses	130.7	123.0	7.7	106.3%	
Total expenses	1,432.9	1,427.0	5.9	100.4%		
[Operating Income]	[77.5]	[25.5]	[52.0]	[303.7%]		
Ordinary Income	66.4	18.7	47.7	355.1%		
Provision or reversal of reserve for fluctuation in water levels	-	(1.1)	1.1	-		
Extraordinary gain	-	7.9	(7.9)	-		
Extraordinary loss	5.0	2.1	2.9	237.5%	Loss on disaster due to typhoon No.19	
Income taxes	17.6	5.9	11.7	299.9%		
Net Income	43.6	19.6	24.0	222.0%		

FY2019/3Q



■ Operating Revenue

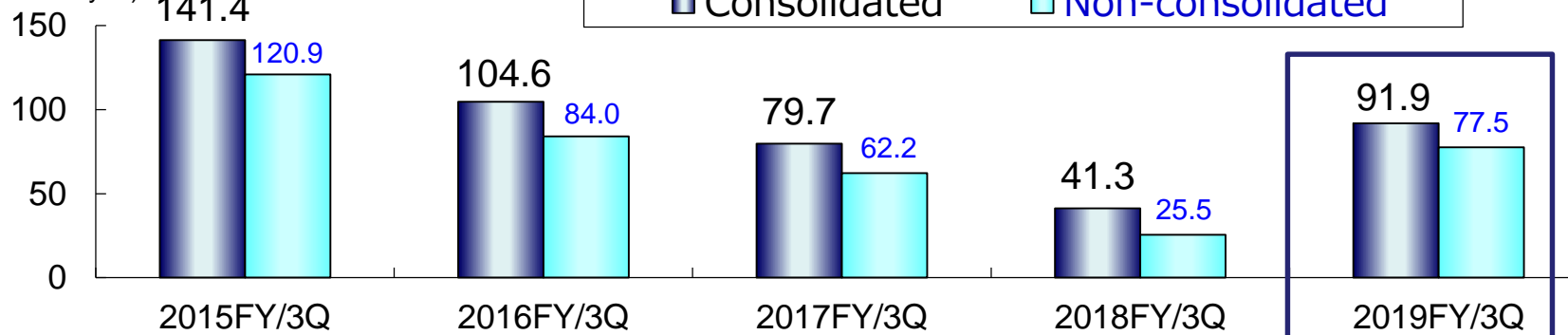
(billions of yen)



Note : Red line shows operating revenue (consolidated) excluding grant under act on purchase of renewable energy sourced electricity, the surcharge for promoting renewable energy sourced electricity, and the self-contracted portion due to indirect auction.

■ Operating Income

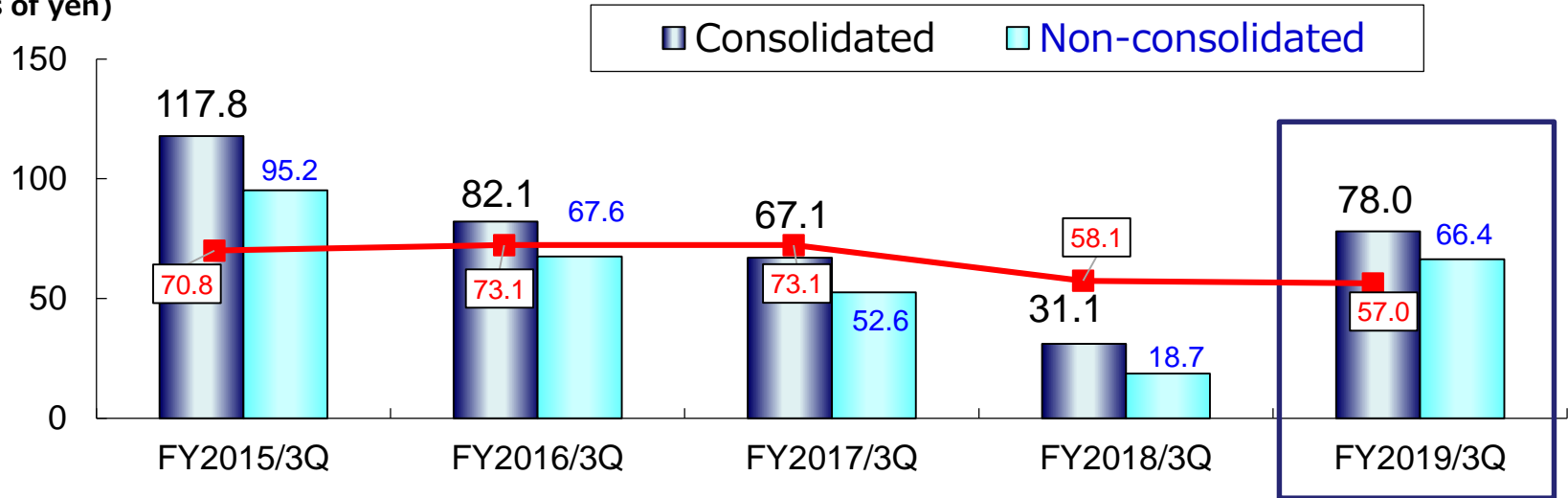
(billions of yen)



	2015FY/3Q	2016FY/3Q	2017FY/3Q	2018FY/3Q	2019FY/3Q
Operating Income on Operating Revenue Ratio (Consolidated basis)	9.3%	7.5%	5.4%	2.6%	5.6%
Operating Income on Operating Revenue Ratio using above red line (Consolidated basis)	10.2%	8.7%	6.4%	3.2%	7.2%

■ Ordinary Income

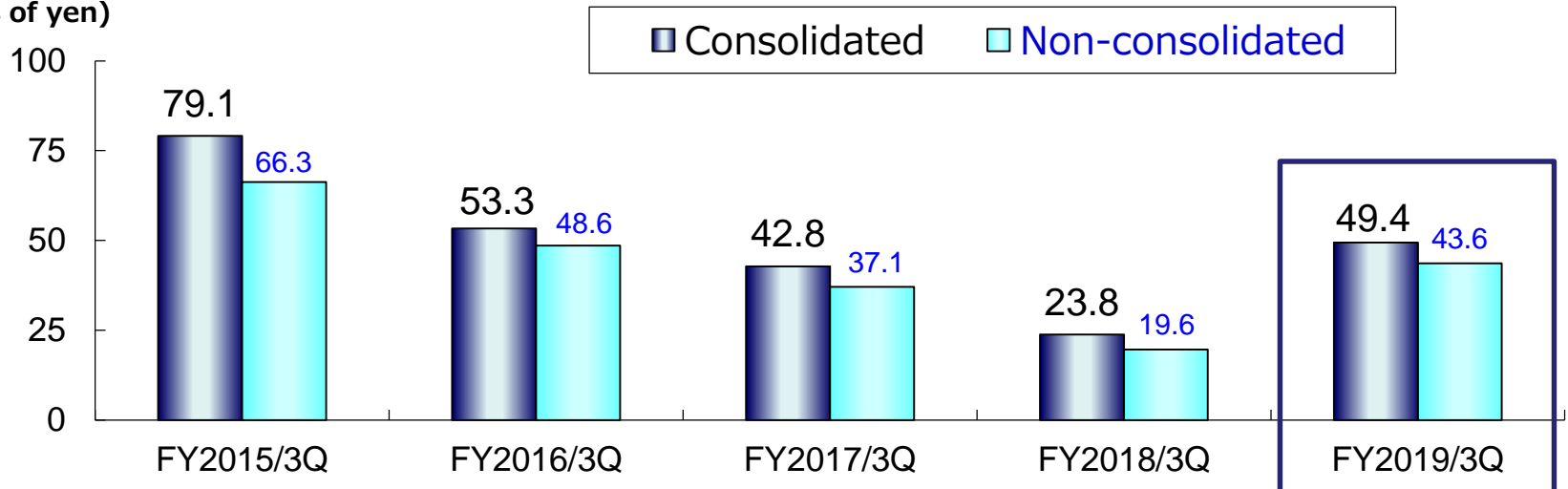
(billions of yen)



Note : Red line shows operating revenue (consolidated) excluding time lag between fuel cost and fuel cost adjustment charges.

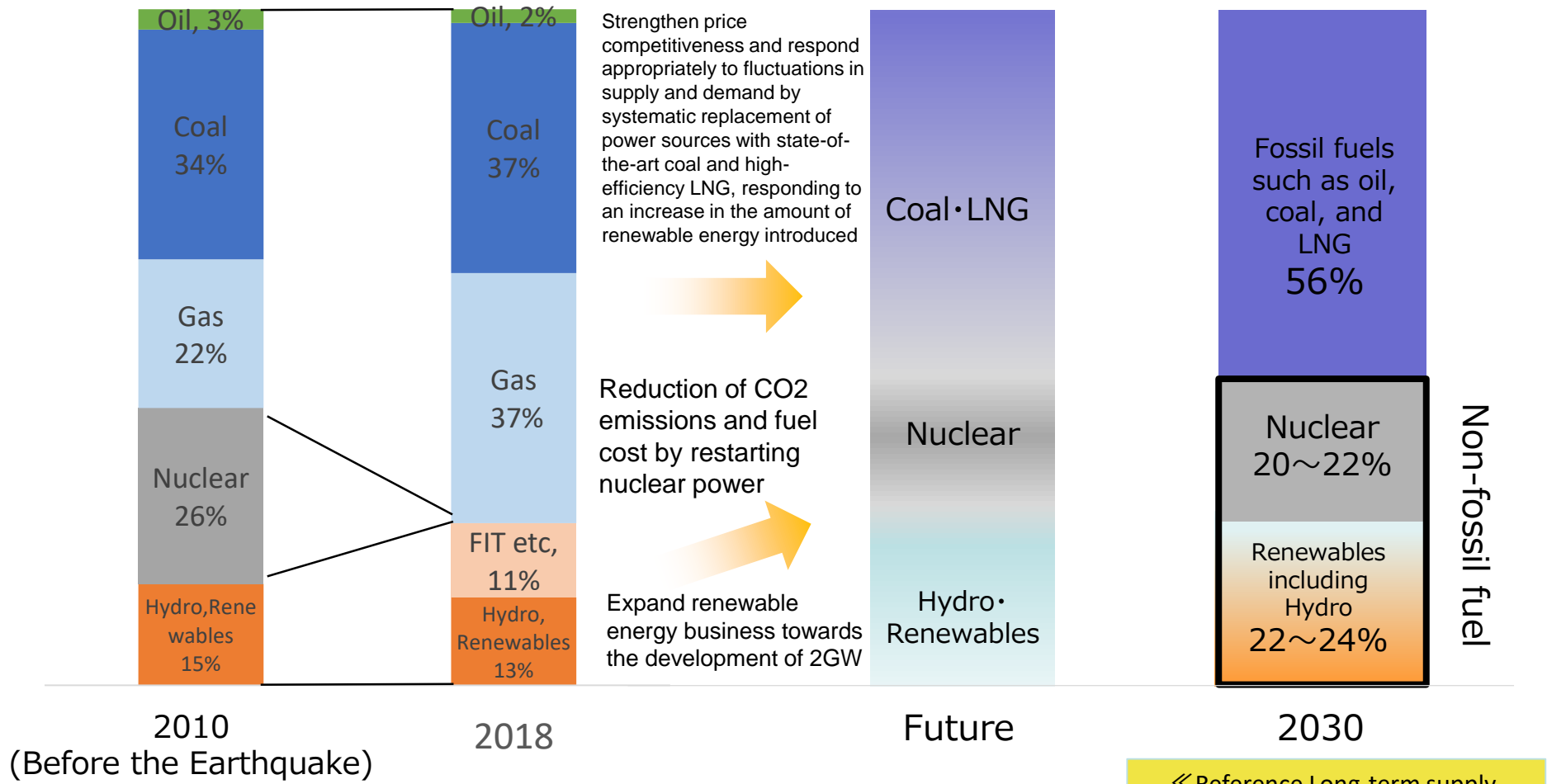
■ Net Income or Net Income Attribute to Owners of Parent

(billions of yen)



Policy of Power Portfolio (Power Procurement)

➤ We aim for a balanced power portfolio (power procurement) that is not excessively dependent on specific power sources and fuel types, and also take into account the viewpoints of securing price competitiveness and ensuring adjustment capabilities when expanding the introduction of renewable energy, by planned replacement with state-of-the-art coal-fired and high-efficiency LNG-fired, promoting nuclear restart, expanding introduction of renewable energy.



« Reference Long-term supply-demand outlook (energy mix) »
 Decided by METI in July 2018

Current Status of Conformity Assessments (1/2)

(As of December 31, 2019)

		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Number of conformity assessment meetings
Oragawa Unit 2	Assessment of plants (facilities)		▼Application (Dec. 2013)				▼Full-fledged conformity assessment (from Oct. 2017) ▼On-site survey (Nov. 2017)	▼Draft examination document was approved (Nov. 2019)	176
	Assessment of earthquake and tsunami			▼On-site survey (Jan. 2015)					
Higashidori Unit 1	Assessment of plants (facilities)		▼Application (Jun. 2014)						21
	Assessment of earthquake and tsunami			▼Supplementary survey of faults in the premises (from Oct. 2015)	▼On-site survey (Dec. 2016)	▼Additional survey of faults in the premises (from May 2017)	▼Supplementary survey of faults within and around premises (from Mar to Oct. 2019)		
				▼Start of hearing (from Jun. 2015)	▼Additional supplementary survey of faults in the premises (from Apr. 2016)	▼On-site survey (Nov. 2017)			
		▼Submission of report on additional geological survey (Jan. 2014)		▼Completion of experts' evaluation statement (Mar. 2015)			▼Our explanation that faults just below seismic critical facilities are inactive for the foreseeable future has been judged to be appropriate (May. 2018)		

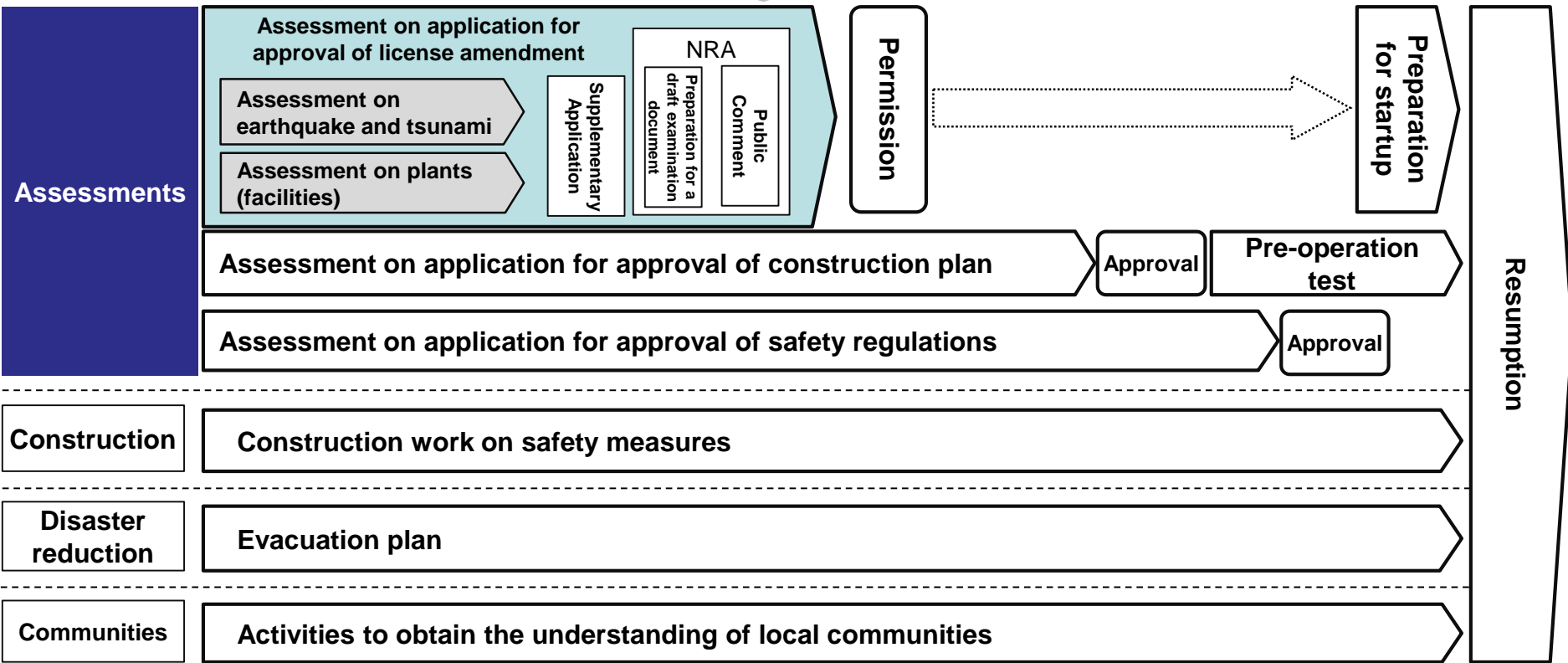
Conformity Assessments and Process of Resumption of Nuclear Power Reactors

(as of December 31, 2019)

- 27 units (11 companies including us) submitted applications for conformity assessments.
- Of them, 12 pressurized water reactors (PWR, 3 companies) were authorized permission of license amendment, and 9 of them were approved their safety and resumed operation.
- Concerning boiling water reactors (BWR), including our Onagawa Unit 2 and Higashidori Unit 1, Tokyo Electric Power Company Holdings, Inc.'s Kashiwazaki-Kariwa Unit 6 and 7 were authorized permission of license amendment in December 2017, Japan Atomic Power Company's Tokai No.2 were authorized permission in September 2018. (Construction plan of Tokai No.2 was approved in October 2018.)

Higashidori Unit 1

Onagawa Unit 2



Assessments

Construction

Disaster reduction

Communities

Resumption

Assessment on application for approval of license amendment

Assessment on earthquake and tsunami

Assessment on plants (facilities)

Supplementary Application

NRA

Preparation for a draft examination document

Public Comment

Permission

Preparation for startup

Assessment on application for approval of construction plan

Approval

Pre-operation test

Assessment on application for approval of safety regulations

Approval

Construction work on safety measures

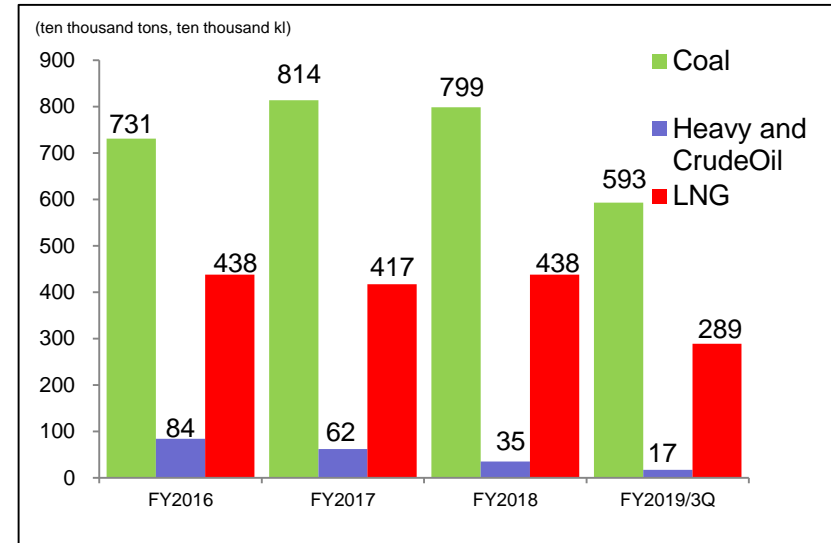
Evacuation plan

Activities to obtain the understanding of local communities

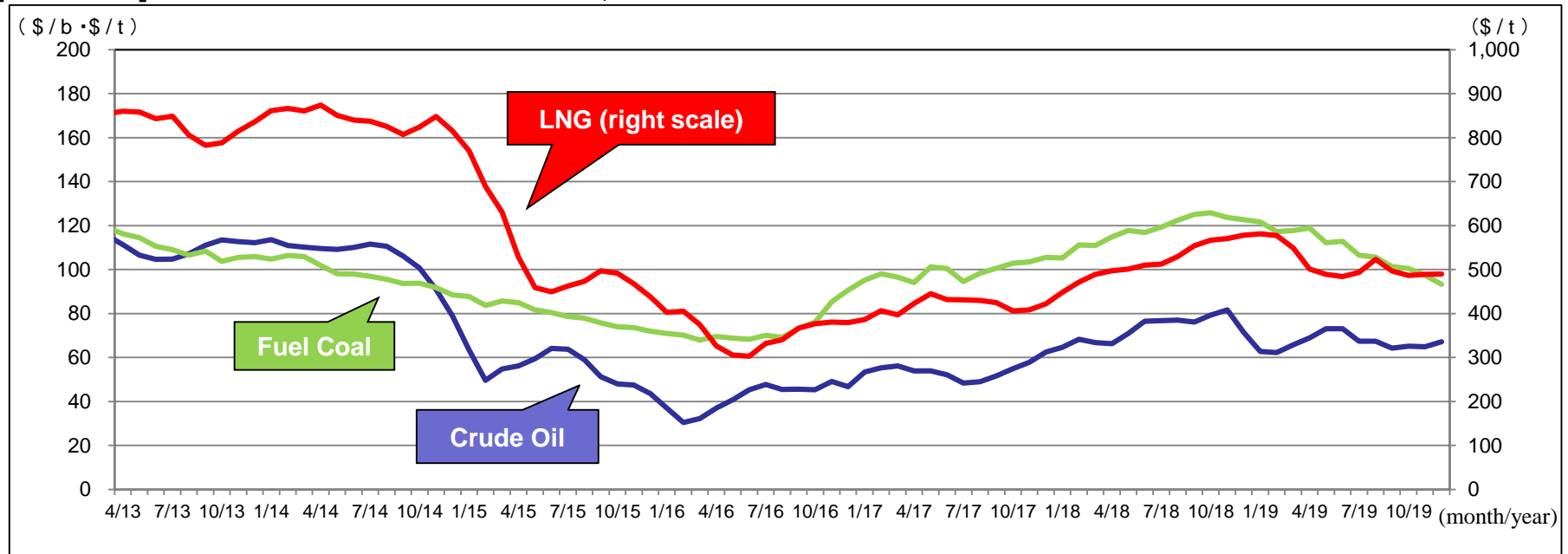
Fuel Consumption Results

Fuel Consumption

	FY2019/3Q (A)	FY2018/3Q (B)	Change (A) - (B)	(Reference) FY2018
Coal (ten thousand tons)	593	574	19	799
Heavy and Crude Oil (ten thousand kl)	17	28	(11)	35
LNG (ten thousand tons)	289	309	(20)	438



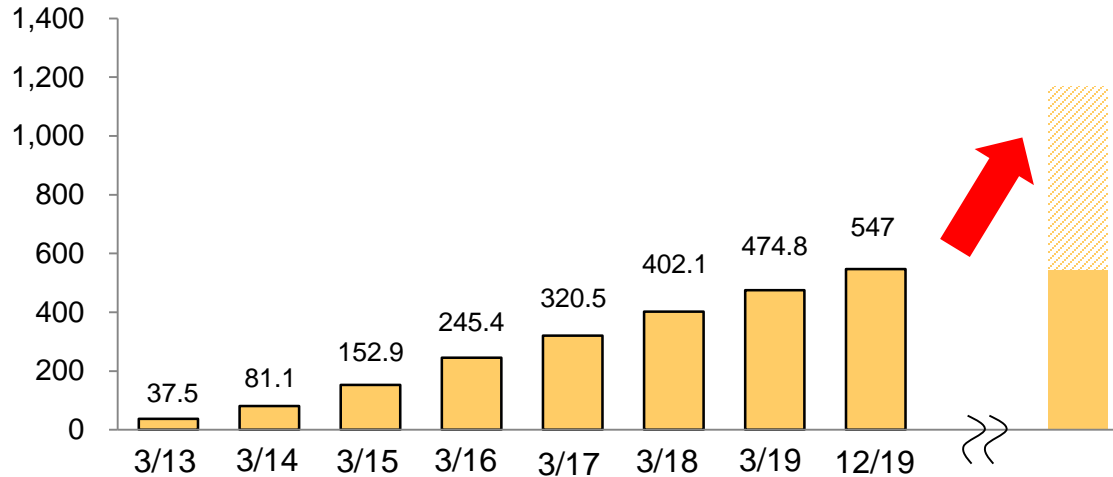
[Reference] Historical CIF Prices of Crude Oil, Fuel Coal and LNG



■ Current and Expected Grid Access Volume of Solar and Wind within our Service Area (as of December 31, 2019)

[Solar]

[10 megawatts]

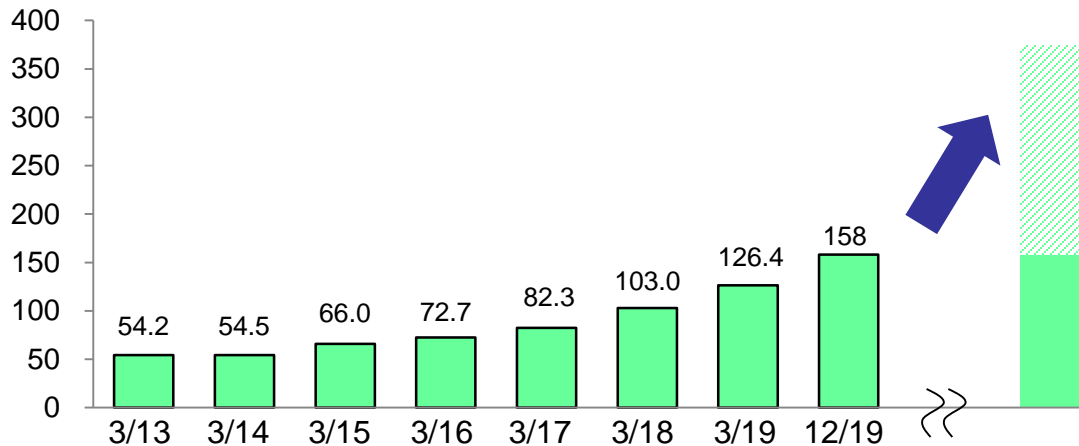


Expected grid access volume: 6,210 megawatts

Reference :
New rule: 4,520 megawatts

[Wind]

[10 megawatts]



Expected grid access volume: 2,160 megawatts

Reference :
New rule: 1,680 megawatts

(Note)

This presentation solely constitutes reference material for the purpose of providing the readers with relevant information to evaluate our company.

The information contains forward-looking statements based on assumptions and projections about the future with regard to our company. 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 the company.

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