

Financial Summary FY2020

(April 1, 2020 – March 31, 2021)

April 28, 2021



Tohoku Electric Power Co., Inc.

FY2020 Financial Results

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FY2020 Financial Results

Summary of Financial Results

- Operating revenue* ¥2,286.8 billion (a year on year increase of ¥40.4 billion)
Retail electricity volume decreased due to the impact of intensified competition and COVID-19.
On the other hand, total of grant under act on purchase of 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 increased.
- Ordinary income ¥67.5 billion (a year on year decrease of ¥32.4 billion)
Although fuel costs decreased due to an increase in LNG spot procurement based on fuel market conditions, retail and wholesale electricity sales decreased and costs of power purchased from other companies and fuel costs increased due to our power plant outage due to the earthquake off the coast of Fukushima Prefecture.

* Operating revenue includes ¥607.3 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.

【Summary of Consolidated Financial Statements】

(billions of yen)

	Consolidated			Breakdown by segment of FY2020 (A)				
	FY2020 (A)	FY2019 (B)	Change (A) – (B)	Power Generation and Sales	Network	Construction	Others	(Adjustment ²)
Operating Revenue* ¹	2,286.8 [1,679.4]	2,246.3 [1,750.3]	40.4 [(70.9)]	1,735.5 [(1,309.5)]	853.9 [(672.6)]	271.1	208.1	(782.0)
Ordinary Income* ¹	67.5 [53.5]	99.9 [77.9]	(32.4) [(24.4)]	13.9 [(0.0)]	40.9	10.3	10.7	(8.4)
Net Income Attributable to Owners of Parent	29.3	63.0	(33.6)					
Cash Income	302.3	321.9	(19.5)	102.6	167.1	12.9	30.1	(10.4)

*1 Lower figures of operating revenue exclude grant under act on purchase of renewable energy sourced electricity, the surcharge for promoting renewable energy sourced electricity, FIT electricity, and the self-contracted portion due to indirect auction. Those of ordinary income exclude time lag between fuel cost and fuel cost adjustment charges.

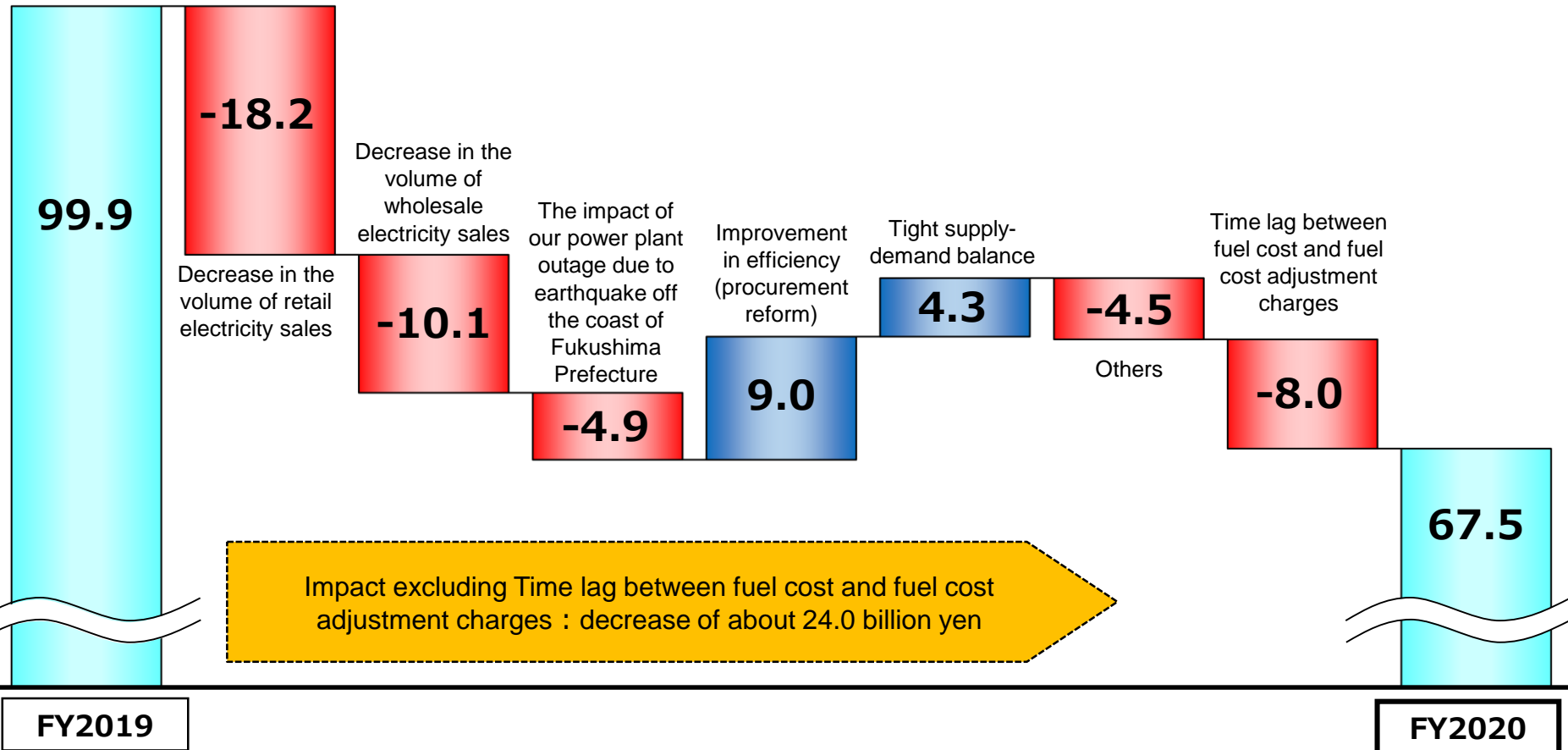
*2 Elimination of transactions between segments.

*3 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 32.4 Billion Yen (99.9 → 67.5)

(billions of yen)



Electricity Sales

- Retail electricity sales volume 66.0 TWh (a year on year decrease 1.0 TWh)
Demand for heating increased due to lower winter temperatures compared to FY2019, but operations for commercial and industrial use resulting from the impact of COVID-19 decreased.
- Wholesale electricity sales volume 16.6 TWh (a year on year decrease 1.1 TWh)
Sales volume in the area other than Tohoku region and Niigata Prefecture increased, but JEPX transaction decreased.

(GWh)

Electricity Sales*1	FY2020 (A)	FY2019 (B)	Change (A) - (B)	Change (A) / (B)
Lighting (Residential)	21,969	21,686	283	101.3%
Power	43,983	45,217	(1,234)	97.3%
Retail Electricity Sales*2	65,952	66,903	(951)	98.6%
Wholesale Electricity Sales*3	16,571	17,652	(1,081)	93.9%
Total of Electricity Sales	82,523	84,555	(2,032)	97.6%

*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.

Electricity Supply

- Although there was a decrease in supply capacity due to the continued shutdown of nuclear power plants, the shutdown of some power plants due to the earthquake off the coast of Fukushima Prefecture, and the drought, stable supply capacity was secured through increased operation of thermal power plants and procurement from JEPX.

(GWh)

Electricity Supply*1	FY2020 (A)	FY2019 (B)	Change (A) - (B)	Change (A) / (B)
Own Generated Power*2	59,513	60,520	(1,007)	98.3%
Hydro	7,897	8,083	(186)	97.7%
Thermal	50,913	51,981	(1,068)	97.9%
Nuclear	-	(215)	215	-
Renewables	703	670	33	105.0%
Power Interchanges and Purchased Power*3,4	32,705 (5,873)	27,597 (3)	5,108 (5,870)	118.5% -
Used at Pumped Storage	(107)	(79)	(28)	136.4%
Total of Electricity Supply*3	86,238	88,035	(1,797)	98.0%

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

*2 "Own Generated Power" shows sending end (electric power generated by the generator minus the electric power used in the power station).

Due to legal separation, electric power used inside the power station that is stopped has been included in page 5, electric sales, as the amount of electric power for business use from FY2020.

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

*4 As for "Power Interchanges and Purchased Power", the top is Received and the bottom is Transmitted. Figures of FY2020 includes intercompany transactions due to the separation of network business.

Financial Forecast and Dividend Forecast

- Operating revenue ¥1,770.0 billion (a year on year decrease of 22.6%)
In addition to the expected decrease in electricity sales volume, the accounting standard for revenue recognition will be applied from FY2021.
- Income
It is difficult to reasonably determine the estimates of income because the restoration time of thermal power plants damaged by the earthquake off the coast of Fukushima Prefecture in February 2021 has not yet been determined.
- Dividend
As the income forecast is undecided due to the above reasons, the dividend has yet to be determined at this time.

■ Consolidated Financial Forecasts for FY2021

(billions of yen)

	FY2021 forecast (A)	FY2019 (B)	Change (A) - (B)
Operating Revenue	1,770.0	2,286.8	(516.8)
Operating Income	-	87.9	-
Ordinary Income	-	67.5	-
Net Income Attributable to Owners of Parent	-	29.3	-

■ Major Factors

		FY2021 forecast	FY2020
Electric power sales* (TWh)	R e t a i l	Approx. 65.1	66.0
	Wholesale	Approx. 14.6	16.6
	T o t a l	Approx. 79.8	82.5
Crude Oil CIF Price (\$/bbl.)		Approx. 68	43.4
Exchange Rate (¥/\$)		Approx. 110	106
Nuclear Power Utilization Rate (%)		-	-

■ Sensitivity to Major Factors

(billions of yen)

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

■ Dividend Forecast for FY2021

	Interim	Year-end	Annual
Dividend Per Share	-		

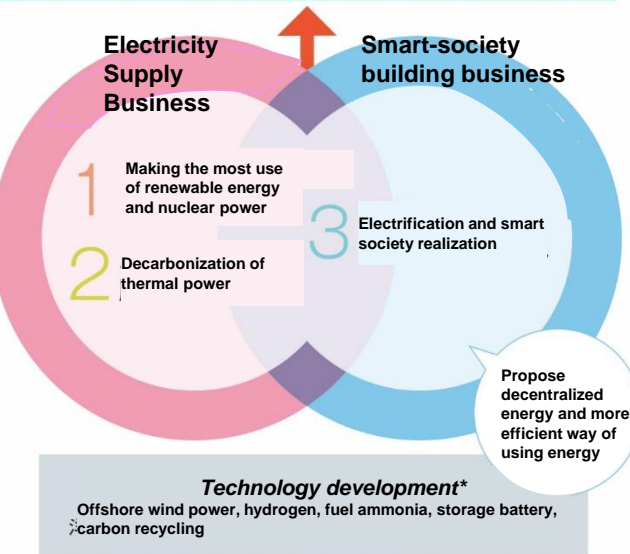
* Individual figures of Tohoku Electric Power Co., Inc., excluding network business.

Topics

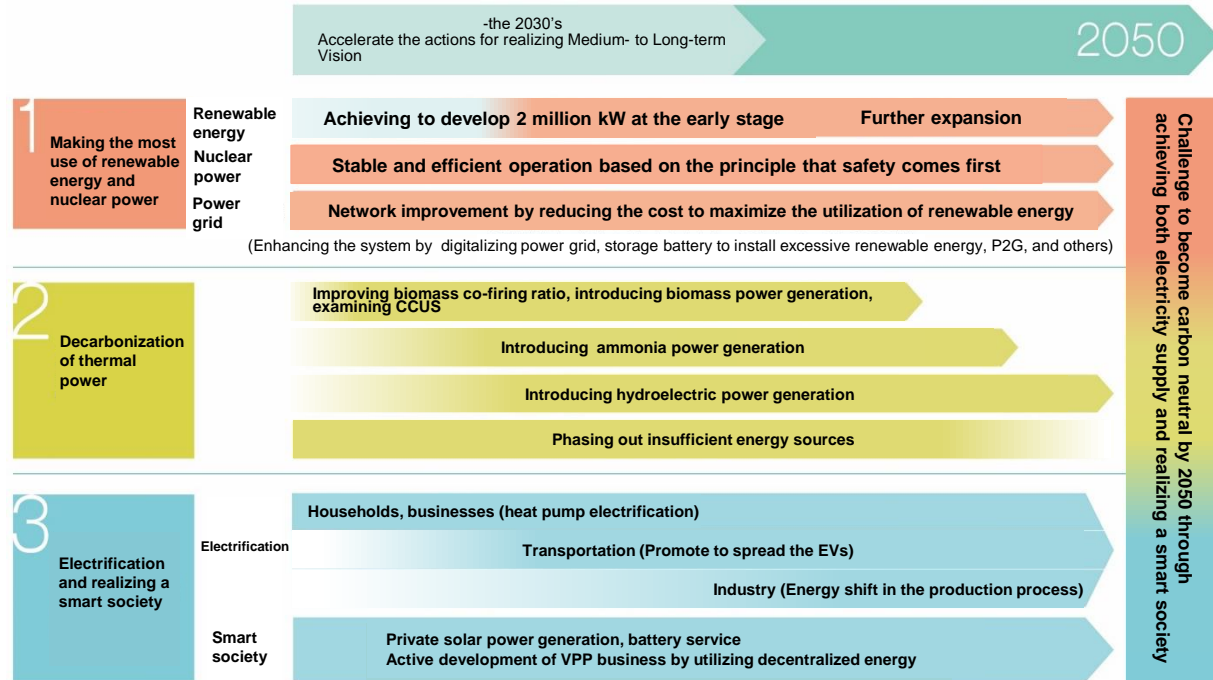
Challenge to Become Carbon Neutral by 2050

- As the Japanese government declared **Japan will become carbon neutral by 2050**, it has accelerated to examine how to **achieve the goal**. Therefore, **the transition to decarbonization becomes a significant issue for the whole society more than ever before**.
- Against this backdrop, **our group formulated Tohoku EPCO Group's "Challenge to Become Carbon Neutral by 2050"**. Keeping in mind the basic principle of S+3E (to achieve Safety as the top priority, Energy Security, Economic Efficiency and Environment), **we will work on the fundamental policies, including making the most use of renewable energy and nuclear power, decarbonization of thermal power, and electrification and realizing a smart society**. Then, we will accelerate to reduce the amount of CO2 emissions at Tohoku Electric Power Group, as well as contributing to decarbonize the local community.

Challenge to become carbon neutral through achieving both electricity supply and realizing a smart society



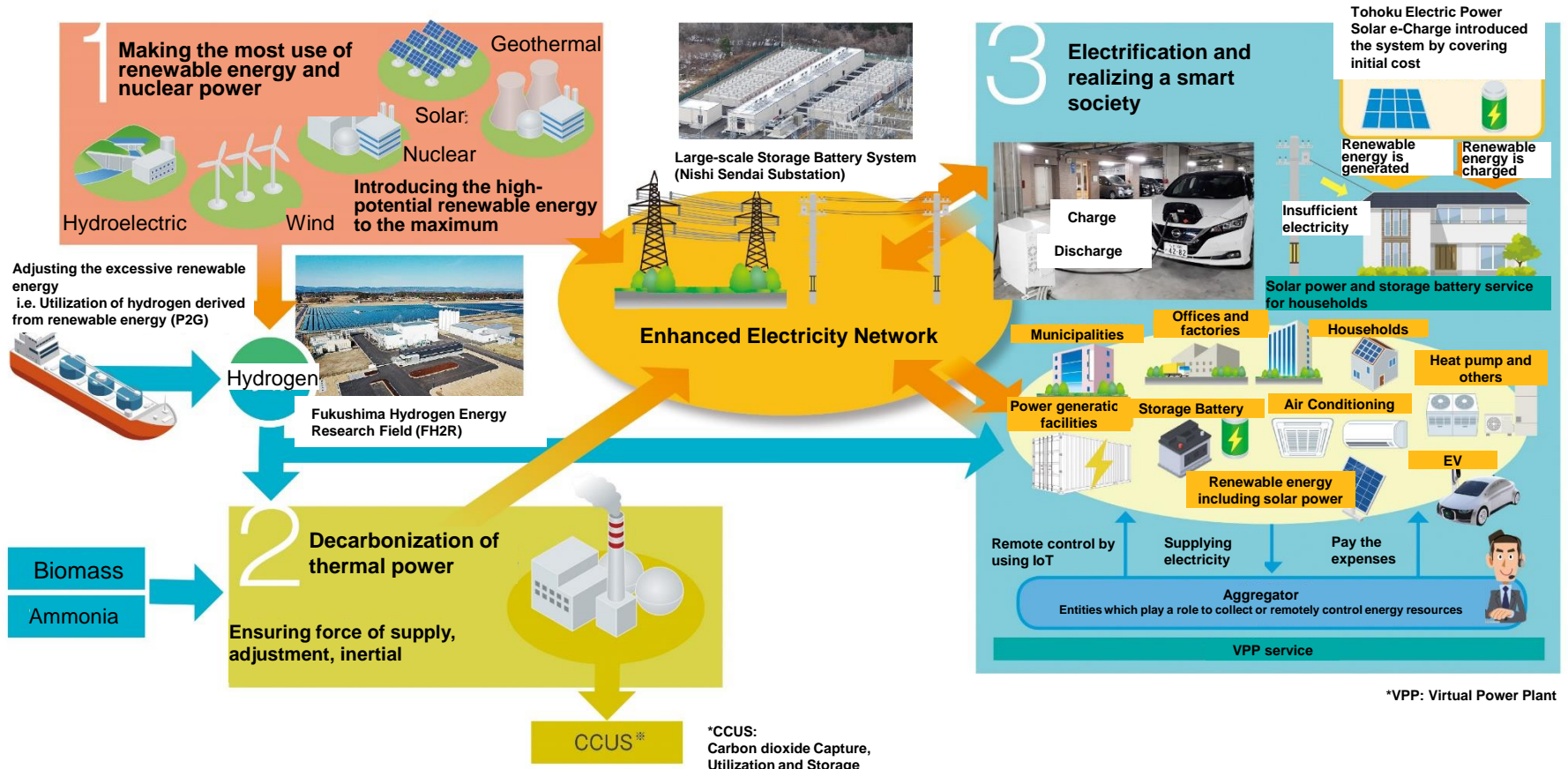
* While examining FS, we're coordinating with the government, research institutions, other companies.



- In addition to the efforts above, negative emission technologies, also know as CDR (Carbon Dioxide Removal), which removes CO2 from the atmosphere, and utilizing carbon neutral LNG are examined.
- Innovative technological development requires collaborative efforts between public and private sector, and Tohoku EPCO Group will proactively work on these issues while taking account into the economic rationality.

Towards Realizing Carbon Neutrality

- Tohoku Electric Power Group will aim to realize a society that concurrently achieve supply by large CO2-free power plants and the use of distributed energy and efficiency of energy use.
 - We will seek to develop 2 million kW renewable energy and expand it further, mainly by utilizing wind power generation.
 - In a stable and efficient manner, we will operate nuclear power generation while putting the top priority on safety.
 - We will contribute to introduce and expand renewable energy through enhancing electricity network and utilizing storage battery and hydrogen.
 - As for thermal power generation, we will proactively work on technology development in terms of putting practice into hydrogen and ammonia and examining CCUS.
 - Through smart-society building business including installing VPP services, we will enhance energy management by introducing the digital technology and effectively utilize the decentralized energy in the local community.



*VPP: Virtual Power Plant

Tohoku Electric Power Group's Medium-term Plan

- ✓ COVID-19 pandemic brings us to severe business environment including declining electricity demand. In “Working alongside Next”, which we announced last year, we recognized that we will experience Digitalization, De-centralization, De-carbonization, and Depopulation. Along with those business environment, we expect that change in electricity demand and supply and emerging social issues will become more apparent and accelerated.
- ✓ Given the perspectives above, we believe that the basic concept in “Working alongside Next” is well suited to the current status. While focusing on making our efforts to achieve the target in “Working alongside Next”, we will uphold the four fundamental business concepts in “FY2021 Tohoku Electric Power Group's Medium-term Plan” to expand the profitability through drastic structural reform and prompt monetization of smart society building business.

Highlights

“Change”
Thorough enhancement of competitiveness through drastic reforms to our power supply business

“Challenge”
Attempt to quickly achieve profitability with our smart society building business

“Create”
Evolve our management base, which supports the creation of our corporate value

Basic concept of business promotion

Accelerating our efforts:
To overcome severe income/expense conditions and open up a new, post-pandemic era

- ✓ We will accelerate the speed of a structural reform of the power supply business while thoroughly strengthening electric power sales and digging deeper into cost reductions.
- ✓ While doing our utmost to restart the nuclear power plants with safety as the first priority, we will proactively provide information for local residents and carefully conduct activities to gain their understanding.
- ✓ Under the leadership of Tohoku EPCO Frontier Co., Inc., the entire Tohoku Electric Power Group will aggressively take on and quickly achieve profitability with our smart society building business.
- ✓ We will continue to research the ideal for achieving carbon neutrality by 2050 and contributing to the reduction of CO₂ emissions on the customer side

- We will shift to a business model for the maximization of profits by enhancing competitiveness and stable operation of facilities based on the mission of each function of the power supply business

Power generation and wholesale(Thermal Power Generation)

- ✓ We will promote the development of Joetsu Thermal Power Unit 1 with the goal of achieving higher economic efficiency, and less environmental load. In addition, while taking into consideration the formulation of “The 6th Basic Energy Plan” by the Japanese Government, we will continue to study and implement the closure and replacement of aged thermal power plants with low environmental and economic efficiency to further strengthen the competitiveness of our power sources and respond to changes in supply and demand caused by the introduction of a large volume of renewable energy.



Joetsu Thermal Power Unit 1 under construction
(As of January 2021)

Transmission and distribution 東北電力ネットワーク

- ✓ We will implement both countermeasures against aging equipment for power transmission and distribution, and thorough cost cutting by effective use of technology such as AI and IoT, as well as the unified specification and joint procurement of equipment.
- ✓ We will continue to promote procurement reform initiatives including furthering measures associated with considering how to buy, what to buy, and what quantity to buy, as well as strengthening organizational capabilities and systems.

Unification of specification of facilities / Joint procurement



Overhead power line (ACSR/AC)



Gas circuit breaker (66-77kV)



Underground cable (6kVCVT)

- In “Highlights of FY2020 Tohoku Electric Power Group’s Medium-Term Plan”, we set the target to thoroughly enhance our competitiveness led by drastic reform in electricity supply business. In accordance with this plan, we seek to improve our competitive edge and maximize our profit.
- In addition, in order to pursue net zero by 2050, we will endeavor to achieve a decarbonized society as a whole value chain and realize a smart society. Accordingly, we will contribute to reduce the total amount of carbon emissions in Tohoku region and Niigata prefecture.
- Under such our thoughts, we will further take measures in terms of thermal power generation, such as promoting to develop the high-efficient equipment and shutting down the aging power plants. Then, we will enhance our competitiveness and respond to change in supply and demand along with spreading renewable energy.



Noshiro Thermal Power Unit 3

*Newly recorded...



Joetsu Thermal Power Unit 1 under construction

March 2020
Commercial operation started at Noshiro Unit 3 (Coal: 600 MW)
Ultra-supercritical pressure method
(Thermal efficiency: about 46%)

November 2020
Output increased at Higashi Niigata 4-1 series
(LNG: Increased from 826.0 to 877.9 MW)

December 2022
Commercial operation planned to start at Joetsu Unit 1 (LNG: 572 MW)
World-class thermal efficiency of 63% or more

2019

2020

2021

2022

2023

September 2019
Akita Unit 3 taken out of operation
(Heavy crude oil: 350 MW)

March 2020
Akita Unit 2 taken out of operation
(Heavy crude oil: 350 MW)

March 2021
Higashi Niigata Port Units 1 and 2: Long-term plan to be suspended
(LNG and heavy oil: 350 MW)

March 2023
Akita Unit 4 planned to take out of operation
(Heavy crude oil: 600 MW)

Aiming to achieve a power source composition with excellent environmental and economic efficiency

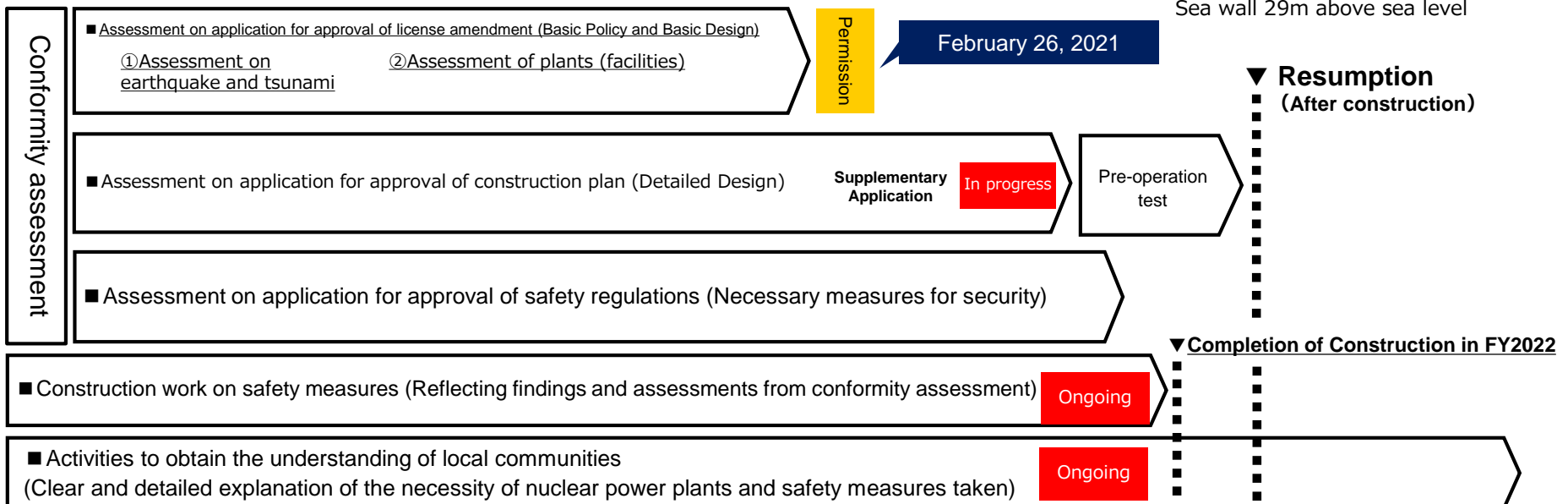
Onagawa Nuclear Power Station

- In conformity assessment, we received permission for approval of license amendment. And a supplementary application for approval of construction plan is now under review.
- We decided to proceed with the aim of completing the construction of safety measures such as additional ground improvement work for seawalls in FY2022.

Conformity assessment	<ul style="list-style-type: none"> ① Application for approval of license amendment <ul style="list-style-type: none"> - On February 26, 2020, we received permission for application for approval of license amendment of Onagawa No2 from Nuclear Regulation Authority and on November 18, 2020, Miyagi Prefecture, the town of Onagawa, and the city of Ishinomaki also granted preliminary approval for prior consultation. ② Application for approval of construction plan <ul style="list-style-type: none"> - On March 31, 2021, a supplementary application for approval of construction plan (5th) has been submitted and is currently under review.
Construction work on safety measures	<ul style="list-style-type: none"> - Currently, additional ground improvement work for seawalls, installation of venting equipment for containment vessels with filters and earthquake-resistant construction are underway.



Sea wall 29m above sea level



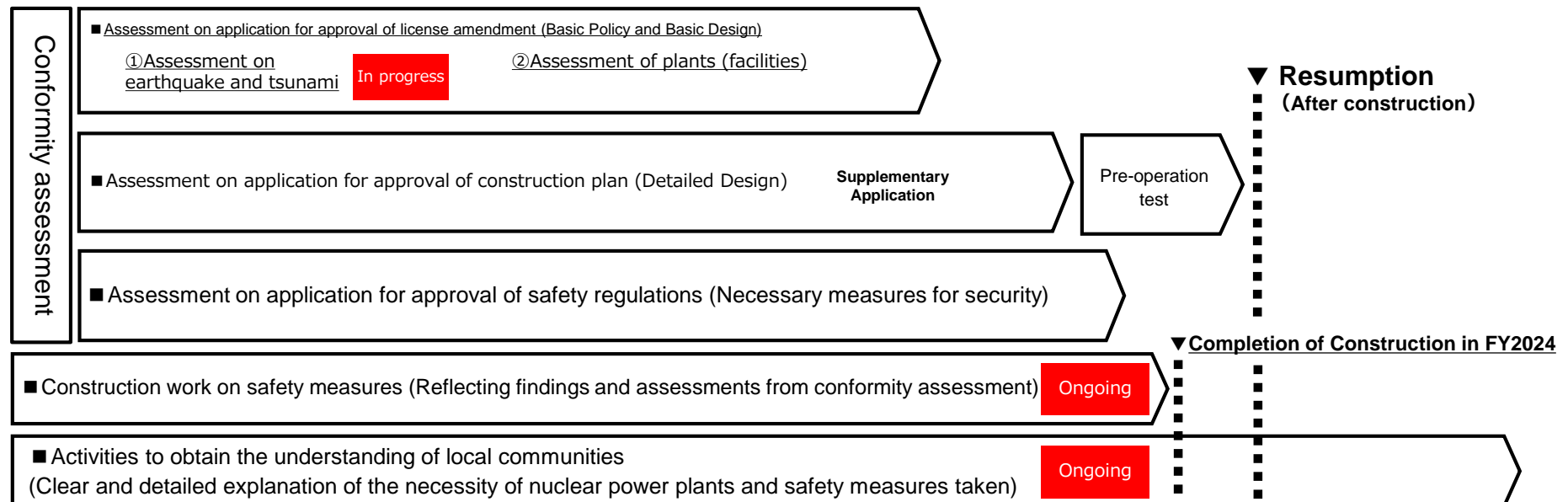
Higashidori Nuclear Power Station

- In conformity assessment, we are responding to the earthquake and tsunami assessment (formulation of standard earthquake ground motions and standard tsunamis) for permission for approval of license amendment.
- We decided to proceed with the aim of completing the construction of safety measures in FY2024, reflecting findings and assessments from conformity assessment.

Conformity assessment	<p>①Assessment of earthquake and tsunami</p> <ul style="list-style-type: none"> - Though the assessment meetings that have been conducted so far, our explanation that faults just below seismic critical facilities and faults on the site other than just below seismic critical facilities are inactive for the foreseeable future has been judged to be appropriate. As a result, the examination for fault was completed. - To formulate the standard ground motion for seismic design, the identification of epicenter and the tsunami height is being evaluated. <p>②Assessment on application for approval of safety regulations</p> <ul style="list-style-type: none"> - We are preparing while making use of the examination trends of the preceding plant and the examination experience at Onagawa Unit 2.
Construction work on safety measures	<ul style="list-style-type: none"> - We have completed the deployment of power supply vehicles and alternative emergency cooling system seawater pumps in addition to seawall 16m above sea level. - We are carrying out earthquake-resistant construction and installation of venting equipment for containment vessels with filters and emergency response facilities while reflecting finding and assessments from conformity assessment.



Panoramic view of the power plant



- **We aim to become a responsible business entity dealing with renewable energy** in the six prefectures of Tohoku and Niigata Prefecture. **Having wind power generation at the core and covering hydroelectric, photovoltaic, geothermal, and biomass power generation**, we will utilize the know-how our group has acquired and work on new development and business projects. We will aim for 2 million kW mainly in the six prefectures of Tohoku and Niigata Prefecture.
- We believe achieving our development goal will require investment of more than 100 billion yen. For now, we anticipate investment on a scale of roughly 10-20 billion yen/year. We will preferentially devote our management resources to the effort while determining economic efficiency and investment efficiency.
- From the perspective of the general life cycle of renewable energy, **we have established a new company to conduct operation and maintenance (O&M) business from FY2021.**

Development / participation results (as of the end of March 2021)

Total output share approx. **500** MW

■ Status of initiatives in FY2020

As of March 2021, our company and our corporate group are engaged in 22 renewable energy development projects, including 18 wind power generation projects.

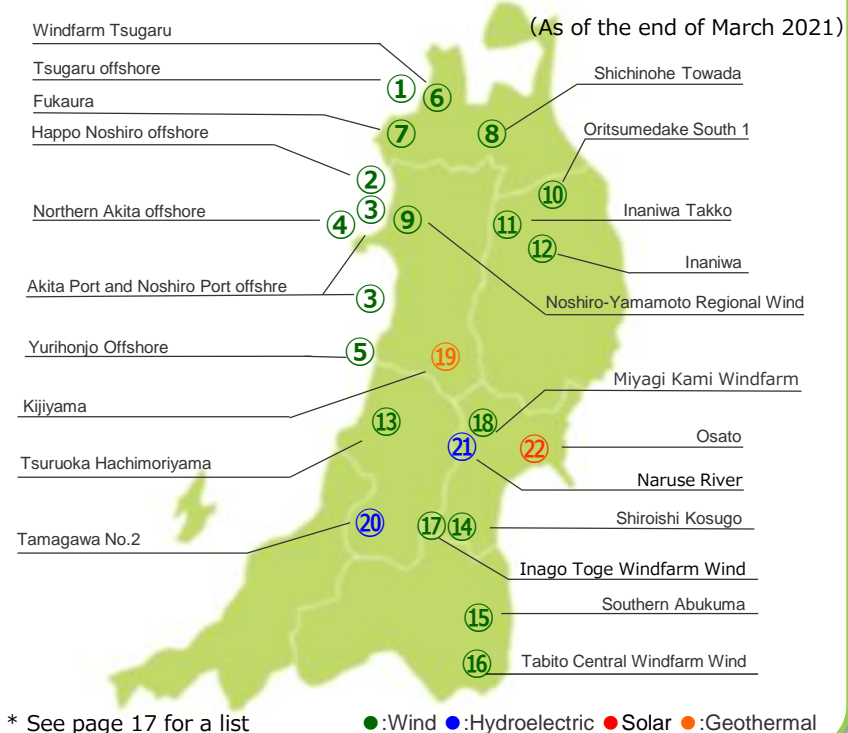
We have invested and participate in “Windfarm Tsugaru”, Japan’s largest wind farm in March.

This has been in operation since April 2020 and is expected to contribute to the early generation of consolidated cash income.

■ Current status

- With the aim of making renewable energy a main source of power, we have invested “South Chokai Biomass Power Generation Project” which is our first dedicated biomass power generation project. We will take the initiative in the development of the project and enhance its knowledge.
- We established Tohoku Electric Power Renewable Energy Service Co., Inc. , which is in charge of O & M business. We aim to strengthen competitiveness and maximize profitability by developing businesses that demonstrate the strengths and comprehensive strengths of the Group.

Major sites where our group is developing renewable energy or involved in renewable energy projects (including surveys of potential development)



(As of the end of March 2021)

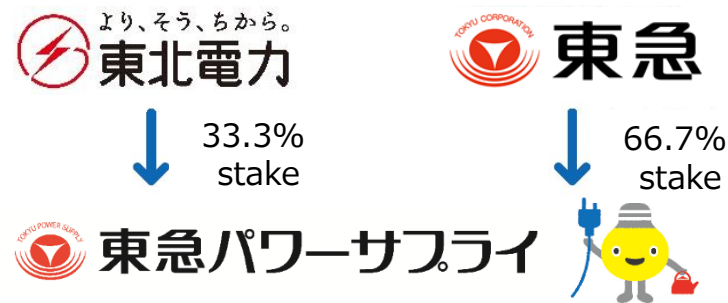
	Project Name	Business Operator	Output	Scheduled Commercial Operation Date	
①	Offshore Wind	Tsugaru Offshore Wind	Green Power Nishitsugaru Offshore G.K.	Approx. 480MW	After 2028FY
②		Happo-Noshiro Offshore Wind	GK Happo Noshiro Offshore Wind	Approx. 155MW	After 2024FY
③		Akita and Noshiro Port Offshore Wind	Akita Offshore Wind Corporation	Approx. 140MW	2022
④		Northern Akita Offshore Wind	Northern Akita Offshore Wind Power LLC.	448MW (Max)	After 2025FY
⑤		Akita Yurihonjo Offshore Wind	Akita Yurihonjo Offshore Wind GK	Approx. 700MW	TBD
⑥	Onshore Wind	Windfarm Tsugaru	Green Power Tsugaru G.K.	121.6MW	April 2020
⑦		Fukaura Wind	Green Power Fukaura G.K.	Approx. 70MW	After 2024FY
⑧		Shichinohe-Towada Wind	GK JRE Hachimandake	Approx. 31MW	Dec. 2021
⑨		Noshiro-Yamamoto Regional Wind	Shirakami Wind GK	Approx. 100MW	After 2023FY
⑩		Oritsumedake South 1 Wind	GK JRE Oritsumedake Minami 1	Approx. 44MW	Jan. 2023
⑪		Inaniwa Takko Wind	Green Power Inaniwa Takko G.K.	Approx. 100MW	After 2025FY
⑫		Inaniwa Wind	Inaniwa Wind GK	Approx. 100MW	After 2025FY
⑬		Tsuruoka Hachimoriyama Wind	GK JRE Tsuruoka Hachimoriyama	Approx. 14MW	Nov. 2021
⑭		Shiroishi Kosugo Wind	Acacia Renewables K.K.	Approx. 38MW	After 2024FY
⑮		Southern Abukuma Wind	Abukuma South Wind Power LLC.	Approx. 90MW	2022FY
⑯		Tabito Central Windfarm Wind	GF Corporation	Approx. 54.6MW	After FY2027
⑰		Inego-Toge Windfarm Wind	GF Corporation	Approx. 79.8MW	After FY2027
⑱		Miyagi Kami Windfarm	GK JRE Miyagi Kami	Approx. 42MW	April 2024
⑲	Geothermal	Kijiyama (tentative name)	Tohoku Sustainable & Renewable Energy Co., Inc.	14.9MW	2029
⑳	Hydroelectric	Tamagawa No.2 Hydroelectric	Tohoku Sustainable & Renewable Energy Co., Inc.	14.6MW	Oct.2022
㉑		Naruse River	Tohoku Electric Power Co., Inc.	2.3MW	2034FY
㉒	Solar	Osato solar	Miyagi Osato Solar Park GK.	37.5MW	2021FY

- **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.
- **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



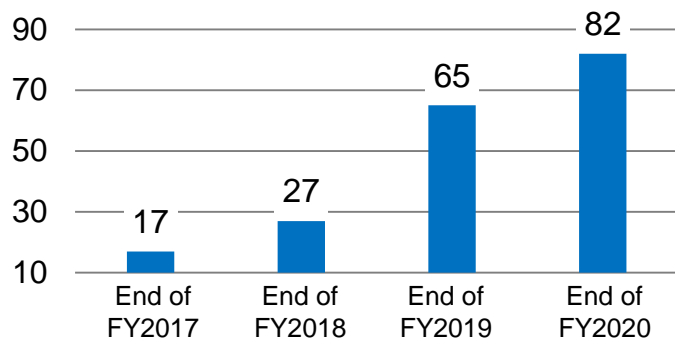
Tokyu Power Supply



Terumaru, the mascot character of Tokyu's electricity business

Electricity Contract Capacity

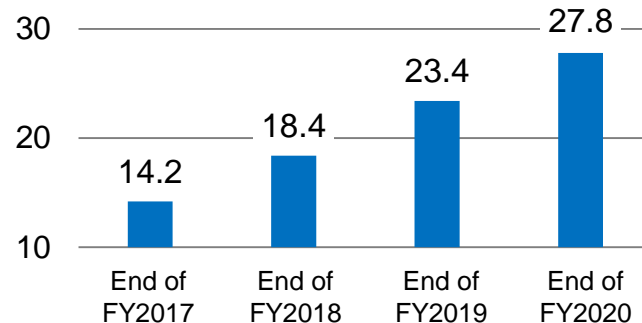
(10 thousand kW)



Number of Contracts

※ Electricity contracts only

(10 thousand)



Enhancing services for household customers and improving profitability

- ✓ **Under the “Yori, Sou, Chikara +ONE” brand, we will accelerate the expansion of life support services** to capitalize on the post-pandemic needs of customers.
- ✓ Promote proposal of **the electrification of an environmentally friendly, smart life**
- ✓ **Enhance customer satisfaction by proposing a special pricing plan and making “Yori, Sou eNet” more convenient to use.**
- ✓ Work on **the reduction of CO₂ emissions and environmental load** through **the Eco-living Project.**

Tohoku Electric Power Company's total living support service **+ONE** より、そう、ちから。

Promoting proposal of environmentally friendly living across the Company



- Proposal of CO₂-Free Plan derived from renewable energy
- Shift to paperless notice of meter reading
- Support for introduction of heat pump equipment (Eco Replacement Campaign)

[Past]

Products centering on electric power were sold separately.

Electric power

Monitoring service

Post-FIT customer service

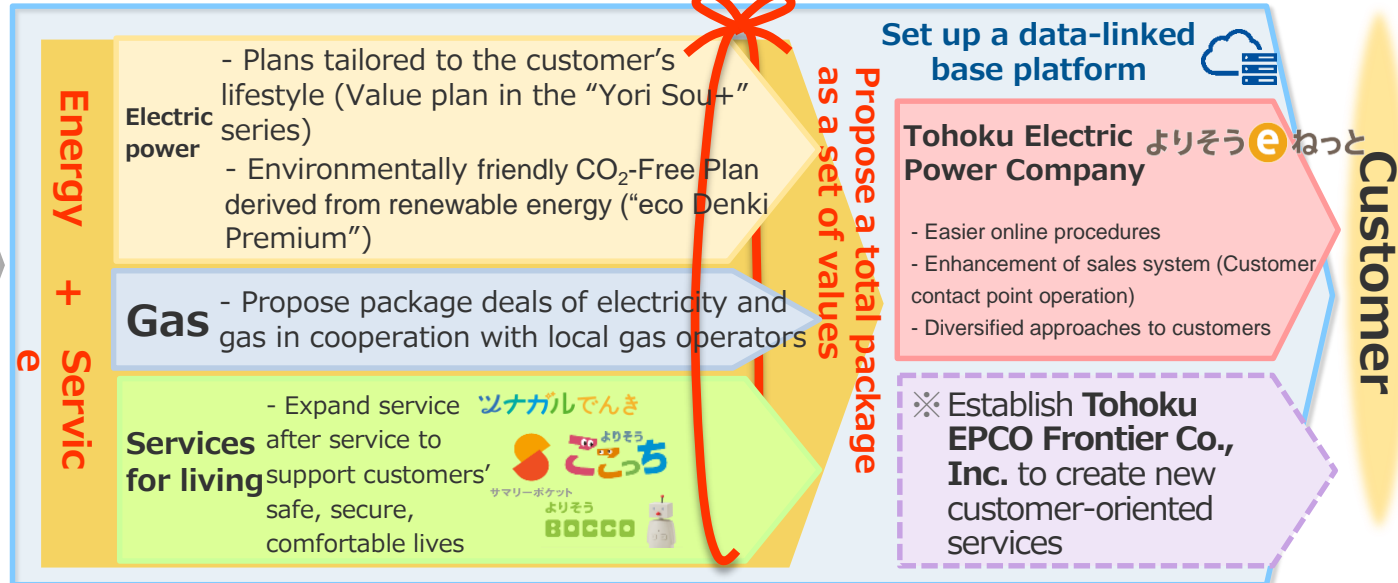
Electrical equipment lease

Home delivery storage Service

Smart home

Products

[Future]



Products and services

Channels and systems

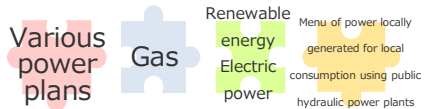


Strengthening capability of proposals for corporate customers and maximizing profits by expanding solutions.

- ✓ **Develop proposals for optimal energy plans (electricity, gas, renewable energy) according to the status of customer usage and environmental needs.**
- ✓ **Enhance and proactively propose energy solution services that involve the customer's equipment, such as providing our proprietary energy management system exEMS, electrification centering on air conditioning and heat source equipment, and contracting of air conditioning equipment.**
- ✓ **Release and propose new business solution services such as ICT equipment introduction support services and BCP-related services that meet post-pandemic customer needs in collaboration with partners inside and outside the corporate group.**

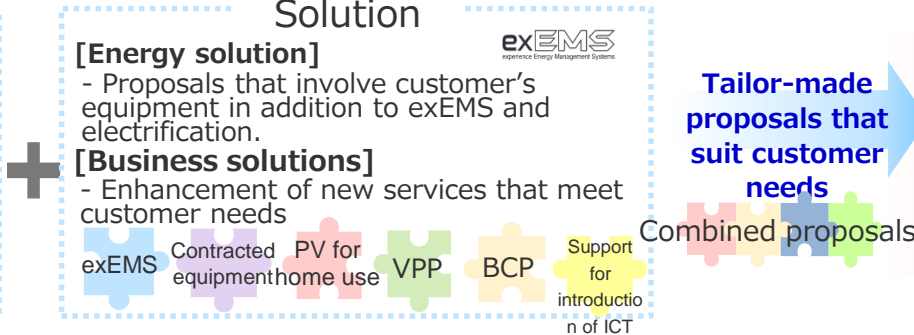
Energy

- Proposals of electricity and gas that suit the use by customers
- Proposals for renewable energy electricity plans that meets customer needs, etc.



Solution

- [Energy solution]**
 - Proposals that involve customer's equipment in addition to exEMS and electrification.
- [Business solutions]**
 - Enhancement of new services that meet customer needs



Proactive proposals of effective combinations of various real and digital channels.

- Effective development and expansion of optimal proposition methods using digital technology
- Development of activities that make the most of the strengths of real (face-to-face) customer contact
- Promotion of proposals through collaboration among the group companies

Customer

Increase in revenue from gas sales

- ✓ **We will seek an increase wholesale supply by bringing out potential demand through sales activities in collaboration with city gas companies.**
- ✓ We endeavor to acquire important customers in collaboration with group companies by proposing solutions such as contracting satellite equipment in addition to shifting from other fuels to gas.
- ✓ While promoting cooperation with city gas companies to increase the set sales of electricity and gas, we will proceed with studies on expanding the gas business in response to the full-scale liberalization of the gas retail market.



LNG shipping facility at New Sendai Thermal Power Plant

Kamei (Six prefectures of Tohoku)	Set plan of electricity and gas (since April 2017 to date)
Ishinomaki Gas (Miyagi Prefecture)	Business alliance for sale of electricity and gas (since January 2019 to date)
Nikaho Gas (Akita prefecture)	Set plan of gas and electricity (since May 2020 to date)

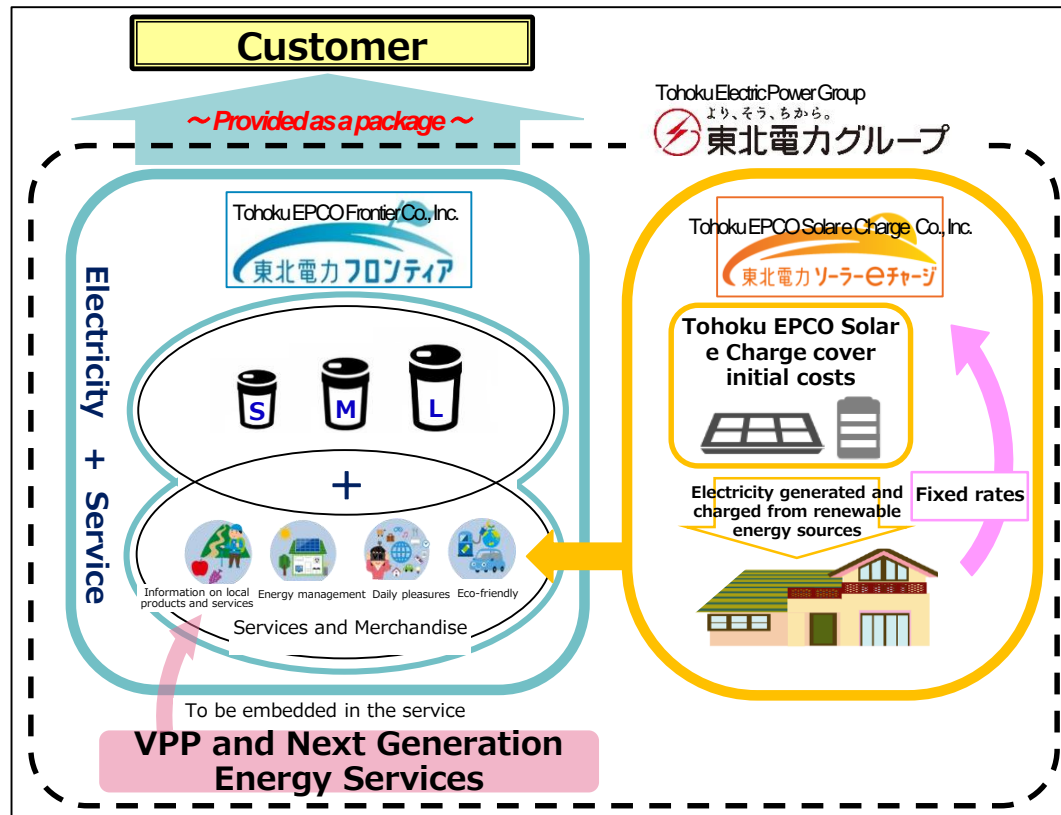
Status of alliance with city gas operators (as of January 2021)

Promotion of smart society building business

- ✓ We see the accelerating trend of post-pandemic digitalization as a business opportunity in the smart society building business. In response to this situation, we plan to provide a variety of services, including electricity, that will help solve social issues and contribute to the comfort, safety, and security of community.
- ✓ **Tohoku EPCO Frontier Co., Inc. was established on April 1, 2021.** While utilizing our strengths in "electric power" and "customer base," **we will build a platform that enables us to provide one-stop services** by linking multiple businesses and services, aiming for a sales scale of hundreds billions yen in the 2030s.
- ✓ In order to achieve the above, we will create new services by strengthening the open innovation through collaboration with start-up companies from the perspective of increasing the depth of the smart society building business.

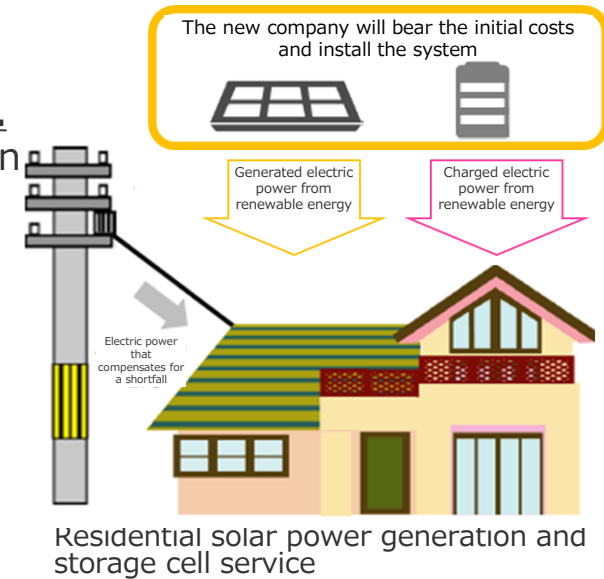
Establishing Tohoku EPCO Frontier Co., Inc. and Tohoku EPCO Solar e Charge Co., Inc.

- ✓ Tohoku EPCO Frontier will provide a variety of services that lead to a comfortable, safe, and secure lifestyle for customers **through the use of next-generation digital technology and innovation.**
- ✓ **We set the target for FY2030 to obtain millions of individual active smart phone users** (those in the 20's and 30's), among whom digital marketing is easily gaining popularity.
- ✓ **Tohoku EPCO Power Solar e-Charge Co., Inc. was also established on April 1** through joint investment with Tokyu Power Supply Co., Ltd. In order to supply environmentally friendly and disaster-resistant electricity, the company will provide a service that allows customers to install solar panels and storage battery with no initial cost and pay a fixed monthly fee.
- ✓ We plan to offer a package of electricity provided by Tohoku EPCO Frontier and services provided by Tohoku EPCO Solar e Charge.



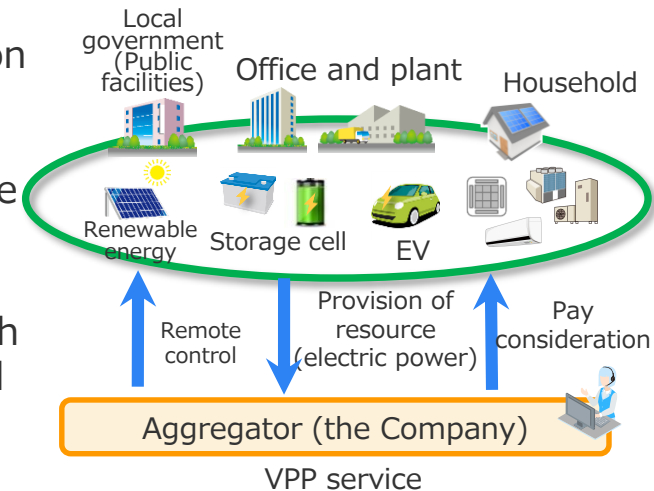
Establishment of a new company that will offer a solar power generation and storage cell service

- ✓ Tohoku Electric Power Company and Tokyu Power Supply Co., Ltd. will jointly establish **Tohoku EPCO Solar e Charge Co., Inc.** that aims to provide energy services using solar power generation equipment and storage cells.
- ✓ The new company will bear the initial costs and install solar power generation equipment and storage cells at customers' home for free of charge to allow customers to **easily use solar power that is kind to the environment and resilient against disaster.**
- ✓ This service will start in the Tohoku, Niigata, and Kanto areas by the end of the first half of fiscal 2021.



Commercialization of Virtual Power Plants (VPP)

- ✓ By maximizing the use of existing energy resources in the region such as solar power generation facilities, storage cells and EVs, we will quickly commercialize VPP services that contribute to strengthening local disaster prevention and help customers save energy and costs. To that end, we will **launch some services including energy management by the end of fiscal 2021.**
- ✓ We will proceed with the study of new service development with Next Kraftwerke GmbH, the world's largest VPP operator, based on the verification conducted to date.



Promotion of services that contribute to solving local issues

- ✓ We will **participate in projects that contribute to solving issues of local governments and communities, such as** the Izumi Park Town 6th Residential Area East Construction Zone Development Project and other **regional smart city and town management projects**, providing value distinctive of the Tohoku Electric Power Group, and **contribute to converting the area into an economically and environmentally friendly town which is resistant to disasters.**
- ✓ We will **promote corporate relocation and industrial location** in order to lead post-pandemic social changes to the development of the six prefectures in Tohoku and Niigata Prefecture.



Izumi Park Town (Izumi-ku, Sendai City)

Acceleration of creation of new business by open innovation

- ✓ We will conduct **effective cooperation and collaboration with start-up companies toward the creation of a smart society originating in Tohoku** through investments in a venture capital funds Global Brain No. 7 Fund and Tohoku University Venture Partners No. 2 Fund.
- ✓ We will **create new businesses and services** by utilizing the Business Idea Creation Working Group, which collects and evaluates business ideas related to the creation of a smart society from within the company.
- ✓ In commemoration of the 70th anniversary of the Tohoku Electric Power Group's founding, **we will be soliciting business ideas for new businesses and new services** in order to achieve the "realization of smart society originating in the Tohoku region," as set forth in the Tohoku Electric Power Group's medium- to long-term vision "Working alongside next. **The goal is to commercialize the project together with companies that are passionate about solving social issues.** (The recruitment period is scheduled to start around May 6, 2021.)



At Ideathon, an internal contest for new ideas

Initiatives to Achieve Financial Goals

■ Initiatives to Achieve Financial Goals

- ✓ In response to the intensifying competitive environment, the Tohoku Electric Power Group will boldly implement structural reforms to increase the efficiency of our core business and reduce costs on a scale of tens of billions yen in both variable and fixed costs.
- ✓ We will further accelerate our efforts to transform our business model and steadily achieve our financial targets, while proceeding the sales strategy for focusing on further capacity for creating cash and profit.

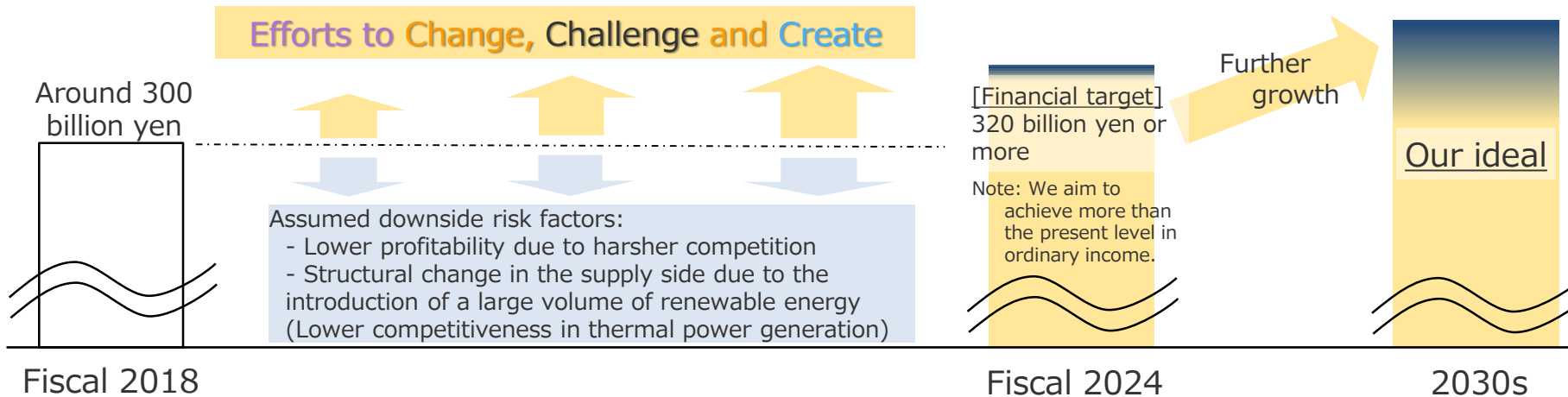
[Policy for Financial Goals (Consolidated cash income*)]

*Consolidated cash income = operating income + depreciation + amortization of nuclear fuel + share of profit of entities accounted for using the equity method

- In order to achieve “Working alongside next,” we have adopted consolidated cash income as a financial goal with an indicator that is focused on cash generating capability with the aim of accelerating the input of resources for growth by preventing a decline in profits arising from changes in the present supply and demand and revenue and expenditure structures.
- Based on the cash level required to maintain a stable power supply, invest in new growth fields, and pay and distribute returns to various stakeholders, we have set 320 billion yen or more in fiscal 2024 as the minimum level to achieve.

[Policy for Financial Discipline and Capital Efficiency]

Policy in “Working alongside next”	
Financial soundness	Since the capital (stock) damaged by the earthquake has recovered to a certain extent, we will continue to monitor the consolidated interest-bearing debt/cash profit ratio, which is an index that takes into account the debt repayment capacity (flow) in addition to consolidated equity-to-asset ratio that has been targeted to date.
Capital efficiency	Monitor the profitability of individual investment and capital efficiency of the entire corporate group, secure the profitability of the electric business, and early monetize growth businesses by shifting resources, thereby improving return on invested capital.



Our Major Efforts for FY 2020

➤ Regarding highlights of “Working alongside Next”, what we could achieved are as follows:

Thorough enhancement of competitiveness through drastic reforms to our power supply business

(In order to improve business efficiency and maximize the value of electricity, structural reform has been proceeded in every field.)

- ✓ Nuclear power generation : **As we received prior confirmation for approval of Conformity Assessments for Onagawa Nuclear Power Plant’s Unit No.2**, we’ve steadily prepared for resumption of the plant.
- ✓ Thermal power generation : **As gas turbine is reused, output increased at Higashi Niigata Unit No.4-1 system, which resulted in enhanced efficient. Due to the factors above and the long-term suspension of projects for Higashi Niigata port’s Unit No.1 and No.2**, thermal power generation strengthened its competitive edge.
- ✓ Renewable energy : In order to meet the target of developing 2 million kW, we engaged in 22 renewable power projects, including five offshore wind power projects and **expanded the ownership capacity up to 500 MW**.
- ✓ Structural reform of electricity supply business : Optimizing fuel purchasing (expanding spot purchasing) and optimizing energy mix **improved cash income by approx. 20 billion yen**. We also succeeded in **reducing the workload equivalent to 120 employees** by reviewing and consolidating work procedures and improving productivity through work style reforms and **we have been allocating personnel to growth areas**.

Smart society building business

(To maximize the rich life for the customers, we’ve transformed our business model that can provide various services to our customers, in addition to supplying electricity.)

- ✓ For family users : we established **“Tohoku EPCO Frontier CO., Inc.”** as the core company to make smart society building business profitable in the early stage, as well as **“Tohoku EPCO Power Solar e Charge Co., Inc.”** which provides solar power storage battery service. We promoted environmentally friendly initiatives **by introducing “Eco Denki Premium”**, a new plan to supply carbon free energy, and we promoted electrification by **subsidizing the introduction of heat pump appliances**. We have supported our customers’ rich, comfortable, safe and secured lives by providing various services, such as **rental service of home appliances, delivery and storage service and repair service of home equipment**.
- ✓ For business users : **we started to offer hydroelectric premium plans, run by prefectural governments including Iwate, Akita, and Yamagata, which supply carbon-free energy, as well as “Yorisou, renewable energy”** to meet our customers’ needs. In addition, **we also provide energy solutions to support energy saving efforts, and expand business solutions such as BCP & ICT support and welfare services**. In these ways, we have offered various supporting services to satisfy our customers’ requests.
- ✓ New service development : **we participated in the verification projects that enabled us to put the VPP business** into practice in the early timing. Also, **we invested in Next Energy & Resources co., Ltd.**, which aims to start the business based on decentralized energy service.

Evolving management base

(To maximize the corporate value, we focus on ESG and strengthen the capacity for creating the corporate value by effectively using management resources)

- ✓ By putting the priority on ESG, the result of TCFD scenario analysis was announced. **We could obtained “A-” in CDP Climate Change Report 2020**. In addition, **we were selected as Index of “SOMPO Sustainable Management”**, which makes an investment in the companies with outstanding ESG-related initiatives, **for the three consecutive years**.
- ✓ In order to expand renewable energy business, **we issued “the 2nd Tohoku Electric Power Green Bond”**.
- ✓ Certified as a healthy and productive organization, **we were recognized as 2021 Certified Health & Productivity Management Organizations so-called 2020’s White 500 in the large enterprise category**.

References

Balance Sheets (Consolidated)

27

(billions of yen)

	Mar. 31, 2021 (A)	Mar. 31, 2020 (B)	Change (A) - (B)	Major factors for change
Total Assets	4,471.0	4,323.0	147.9	
Non-current Assets	3,731.3	3,679.0	52.2	
Current Assets	739.7	644.0	95.6	Other receivable : 82.8
Total Liabilities	3,569.5	3,458.9	110.6	
Non-current Liabilities	2,518.1	2,457.1	60.9	Bonds : 160.0 Long-term loans : -72.7
Current Liabilities	1,051.4	1,001.7	49.6	
Net Assets	901.5	864.1	37.3	
Interest-Bearing Liabilities	2,433.2	2,412.6	20.5	Bonds : 45.0 CP : 27.0 Loans : -51.4
Equity Ratio	18.5%	18.3%	0.2%	
	FY2020 (A)	FY2019 (B)	Change (A) - (B)	
Capital Expenditure	309.0	344.7	(35)	

Statements of Income (Consolidated)

(billions of yen)

	FY2020 (A)	FY2019 (B)	Comparison	
			(A) - (B)	(A) / (B)
Operating Revenue	2,286.8	2,246.3	40.4	101.8%
Electric utility	2,067.0	2,022.2	44.8	102.2%
Other business	219.7	224.1	(4.3)	98.1%
Operating Expenses	2,198.8	2,130.0	68.8	103.2%
Electric utility	1,995.6	1,916.4	79.1	104.1%
Other business	203.2	213.5	(10.2)	95.2%
Operating Income	87.9	116.3	(28.4)	75.6%
Non-operating income	6.1	8.7	(2.6)	70.0%
Non-operating expenses	26.5	25.1	1.3	105.6%
Ordinary Income	67.5	99.9	(32.4)	67.5%
Extraordinary loss	13.0	6.1	6.8	210.2%
Income taxes	21.5	28.7	(7.1)	75.1%
Net income attributable to non-controlling interests	3.5	1.9	1.5	179.3%
Net income attributable to owners of parent	29.3	63.0	(33.6)	46.6%

Statements of Income (Consolidated)

29

(billions of yen)

			FY2020 (A)	FY2019 (B)	Change (A) - (B)	Change (A) / (B)	Major factors for change
Revenue	Electric utility operating revenue	Revenue from Electricity Sales	1,236.4	1,361.2	(124.8)	90.8%	
		Lighting (Residential)	528.5	560.5	(31.9)	94.3%	
		Power	707.8	800.7	(92.8)	88.4%	Decrease in large/commercial demand
		Sales of power to other utilities and other companies	435.1	339.0	96.0	128.3%	Increase in indirect auction
		Grant under Act on Purchase of Renewable Energy Sourced Electricity	254.0	226.5	27.5	112.1%	
		Other revenue	141.4	95.3	46.1	148.4%	Increase in wheeling service revenue
		Sub total	2,067.0	2,022.2	44.8	102.2%	
	Other operating revenue	219.7	224.1	(4.3)	98.1%		
	[Operating Revenue]	[2,286.8]	[2,246.3]	[40.4]	[101.8%]		
	Non operating revenue	6.1	8.7	(2.6)	70.0%		
Total revenue	2,292.9	2,255.0	37.8	101.7%			
Expenses	Electric utility operating expenses	Personnel	148.8	144.0	4.8	103.3%	
		Fuel	282.4	376.7	(94.2)	75.0%	Decrease in CIF price
		Maintenance	160.5	162.4	(1.9)	98.8%	
		Depreciation	207.1	204.8	2.3	101.1%	
		Power purchased from other utilities and other companies	751.6	582.4	169.1	129.0%	Increase in indirect auction and JEPX transaction
		Taxes, etc.	83.2	85.7	(2.4)	97.1%	
		Nuclear power back-end cost	7.5	9.9	(2.3)	76.2%	
		Levy under Act on Purchase of Renewable Energy Sourced Electricity	165.6	165.2	0.4	100.3%	
		Other expenses	188.5	185.0	3.4	101.9%	
	Sub total	1,995.6	1,916.4	79.1	104.1%		
	Other operating expenses	203.2	213.5	(10.2)	95.2%		
	Non operating expenses	26.5	25.1	1.3	105.6%		
Total expenses	2,225.3	2,155.1	70.2	103.3%			
[Operating Income]	[87.9]	[116.3]	[(28.4)]	[75.6%]			
Ordinary Income	67.5	99.9	(32.4)	67.5%			
Extraordinary loss	13.0	6.1	6.8	210.2%	Earthquake off the coast of Fukushima Prefecture		
Income taxes	21.5	28.7	(7.1)	75.1%			
Income attributable to non-controlling interests	3.5	1.9	1.5	179.3%			
Profit attributable to owners of parent	29.3	63.0	(33.6)	46.6%			

Statements of Cash Flows (Consolidated)

(billions of yen)

	FY2020 (A)	FY2019 (B)	Change (A) - (B)	Major factors for change
Cash Flows from Operating Activities	217.6	371.5	(153.9)	
Cash Flows from Investing Activities	(254.9)	(310.6)	55.6	
Cash Flows from Financing Activities	(5.7)	6.7	(12.4)	Bonds : -94.9 CP : 67.0 Loan : 15.8
Net Cash Flows	(42.7)	67.3	(110.1)	
Cash and cash equivalents at end of the period	209.5	252.3	(42.7)	
Free Cash Flows*	(22.6)	77.1	(99.8)	

* Our definition;

Free Cash Flows = (Cash Flows from Operating Activities) + (Cash Flows from Investing Activities) – (Interest and dividend income) – (Interest expenses)

Segment Information (Consolidated)

31

(billions of yen)

	FY2020 (A)	FY2019 (B)	Change (A) - (B)
Operating Revenue*	3,068.8	2,527.1	541.7
	2,286.8	2,246.3	40.4
Power Generation and Sales	1,735.5	-	-
	1,648.9	-	-
Network	853.9	-	-
	421.0	-	-
Construction	271.1	273.1	(1.9)
	130.5	126.2	4.3
Gas	36.9	43.6	(6.6)
	29.6	36.4	(6.7)
IT	50.8	50.1	0.7
	19.5	20.0	(0.4)
Others	120.3	134.5	(14.1)
	36.9	41.2	(4.3)
(Ref.) Former Electric Utility	2,071.9	2,025.6	46.2
	2,068.9	2,022.4	46.5

(billions of yen)

	FY2020 (A)	FY2019 (B)	Change (A) - (B)
Segment Income (Ordinary Income)	76.0	107.6	(31.6)
Power Generation and Sales	13.9	-	-
Network	40.9	-	-
Construction	10.3	9.1	1.1
Gas	1.7	2.2	(0.4)
IT	4.4	3.4	1.0
Others	4.4	6.8	(2.4)
(Ref.) Former Electric Utility	54.0	85.8	(31.8)

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

Segment Information (Consolidated)

【 Reference : Major Consolidated Subsidiaries 】*

(billions of yen)

	FY2020		Year-on-year	
	Sales	Operating Income	Sales	Operating Income
【 Power generation and Sales 】				
Sakata Kyodo Power Co., Ltd.	29.0	0.4	(9.0)	(0.1)
Tohoku Sustainable & Renewable Energy Co., Inc.	8.9	1.9	(1.0)	(0.2)
【 Construction 】				
Yurtec Corp.	186.9	6.8	(3.2)	1.8
Tohoku Electric Power Engineering & Construction Co., Inc.	65.6	1.2	3.3	(0.8)
【 Gas 】				
Nihonkai LNG Co., Ltd.	12.9	0.8	(0.9)	0.0
【 IT 】				
Tohoku Intelligent Telecommunication Co., Inc.	23.5	2.0	0.2	(0.5)
Tohoku Information Systems Co., Inc.	23.6	0.9	(5.3)	(0.2)
【 Others 】				
Kitanihon Electric Cable Co., Ltd.	27.6	0.2	(0.3)	0.5

* The amounts before elimination of inter-company transaction

Major Factors and Sensitivity to Major Factors

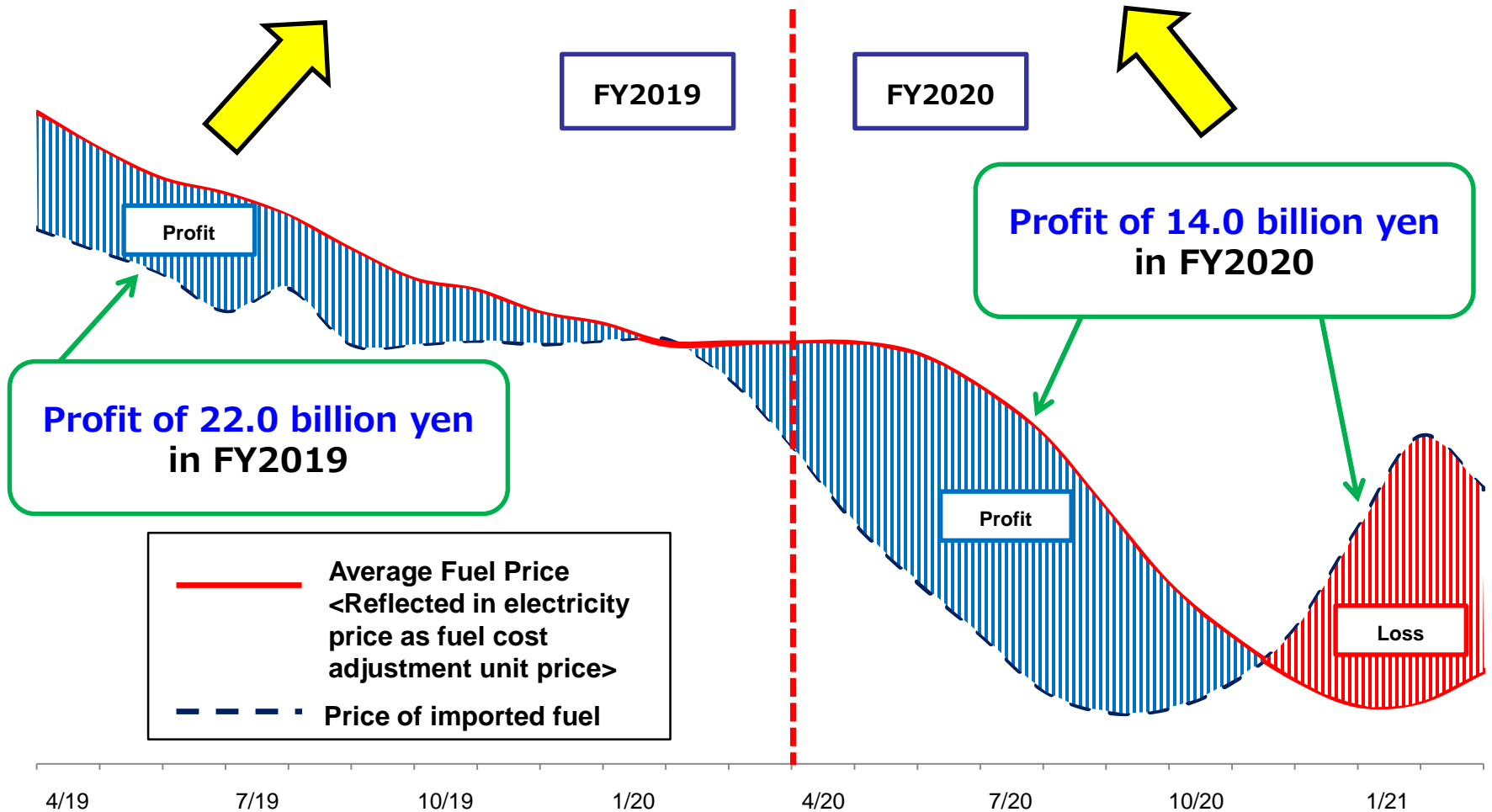
Major Factors	FY2020 (A)	FY2019 (B)	Change (A) - (B)
Crude Oil CIF Price (\$/bbl.)	43.4	67.8	(24.4)
Exchange Rate (¥/\$)	106	109	(3)
Hydro Power Flow Rate (%)	96.1	100.2	(4.1)
Nuclear Power Utilization Rate (%)	-	-	-

(billions of yen)

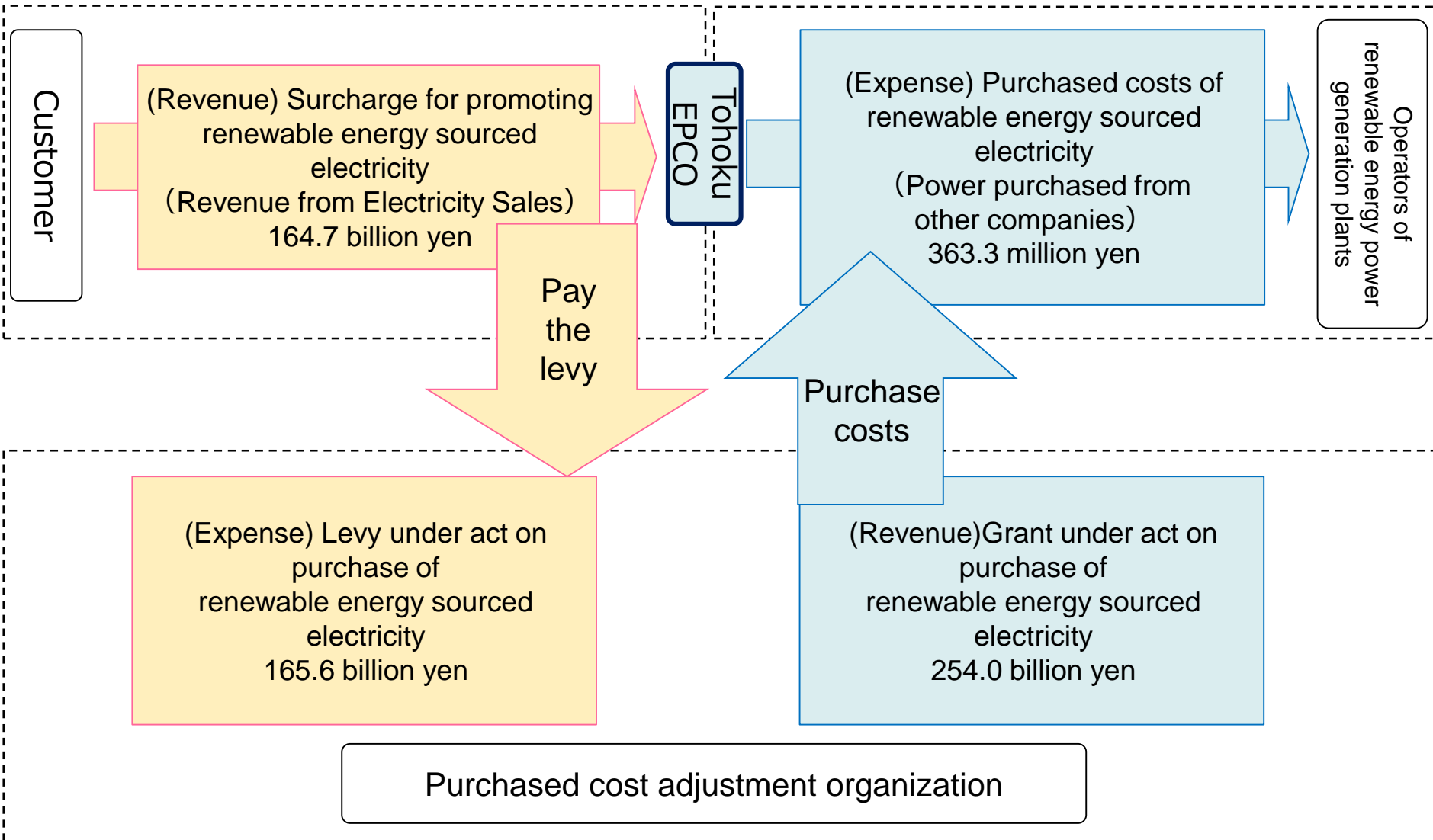
Sensitivity to Major Factors	FY2020 (A)	FY2019 (B)	Change (A) - (B)
Crude Oil CIF Price (per \$1/bbl.)	19	26	(7)
Exchange Rate (per ¥1/\$)	23	30	(7)
Hydro Power Flow Rate (per 1%)	6	8	(2)

Image of Time Lag Effect

The effect of pushing down income by about **8.0 billion yen** compared to the same period of the previous year



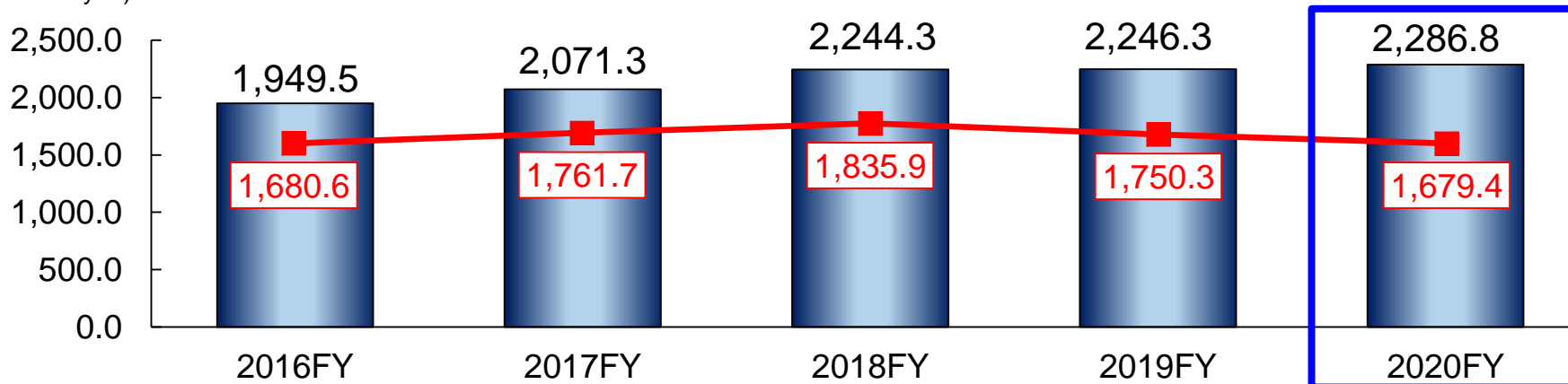
FY2020



* As levy under act on purchase of renewable energy sourced electricity includes electric power for business use from FY2020, it doesn't match with Surcharge for promoting renewable energy sourced electricity.

Operating Revenue

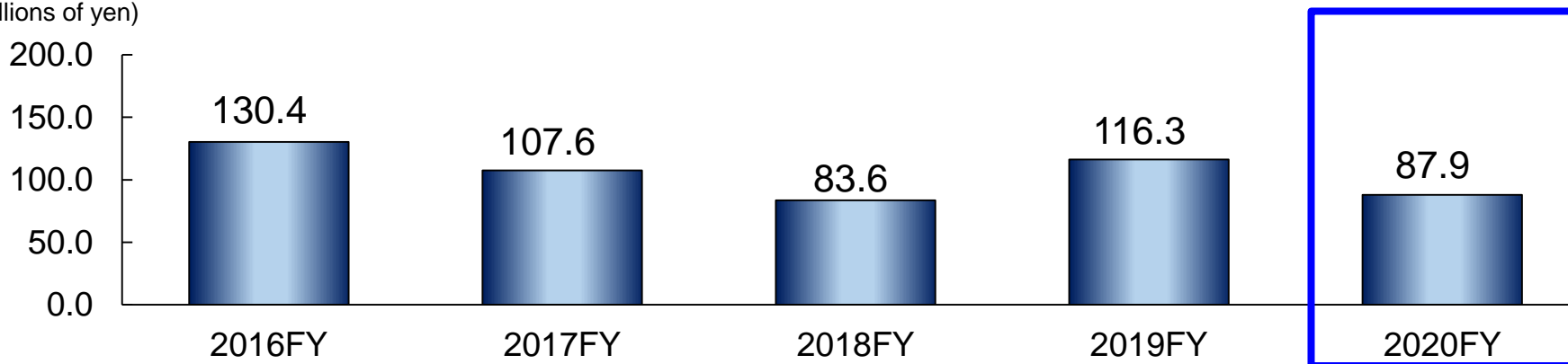
(billions of yen)



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

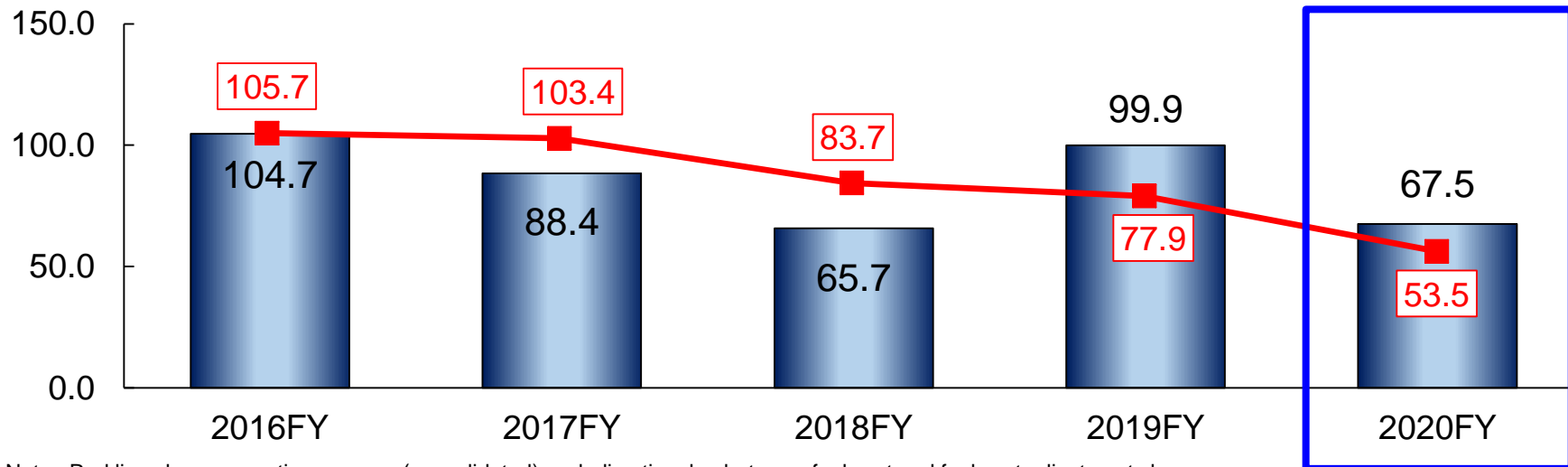
(billions of yen)



	2016FY	2017FY	2018FY	2019FY	2020FY
Operating Income on Operating Revenue Ratio (Consolidated basis)	6.7%	5.2%	3.7%	5.2%	3.8%
Operating Income on Operating Revenue Ratio using above red line (Consolidated basis)	7.8%	6.1%	4.6%	6.6%	5.2%

■ Ordinary Income

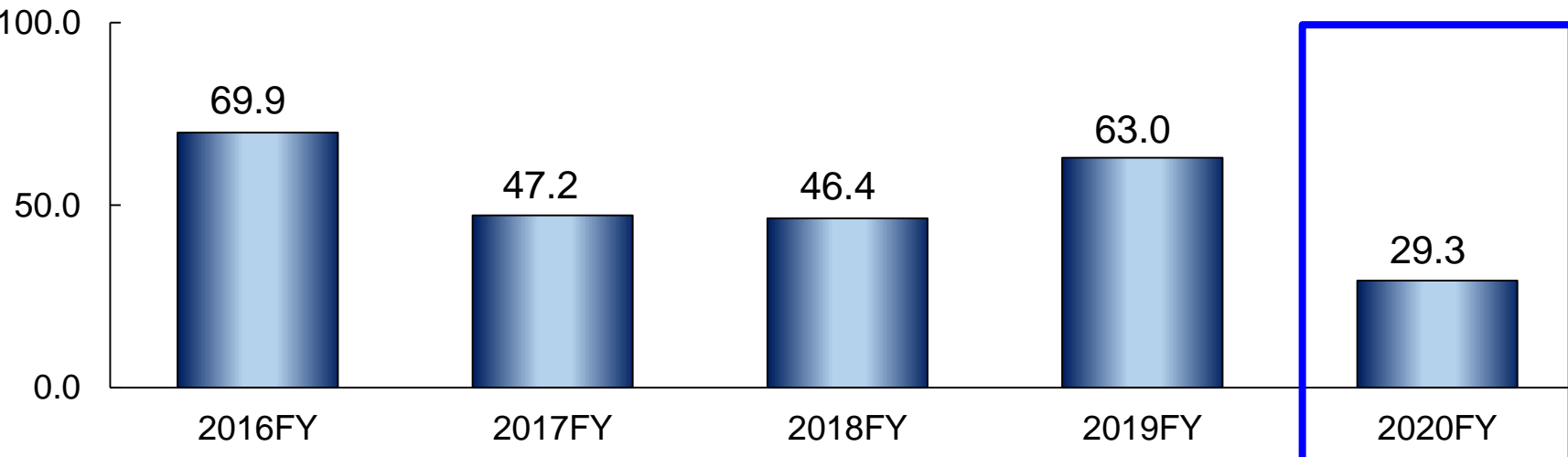
(billions of yen)



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)



Retail Electricity Sales Volume by Month

(GWh)

	FY2020												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Lighting (Residential)	2,043	1,664	1,307	1,310	1,500	1,639	1,422	1,554	1,939	2,880	2,425	2,287	21,969
Power	3,465	3,234	3,414	3,542	3,726	3,813	3,559	3,459	3,796	4,196	3,930	3,848	43,983
Retail Electricity Sales	5,508	4,899	4,721	4,852	5,226	5,452	4,982	5,013	5,734	7,076	6,355	6,135	65,952

(GWh)

	FY2019												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Lighting (Residential)	2,016	1,704	1,276	1,335	1,766	1,513	1,424	1,626	1,948	2,634	2,277	2,166	21,686
Power	3,670	3,586	3,686	3,845	4,103	3,822	3,646	3,550	3,774	3,898	3,885	3,752	45,217
Retail Electricity Sales	5,686	5,290	4,962	5,180	5,869	5,335	5,070	5,176	5,722	6,532	6,162	5,919	66,903

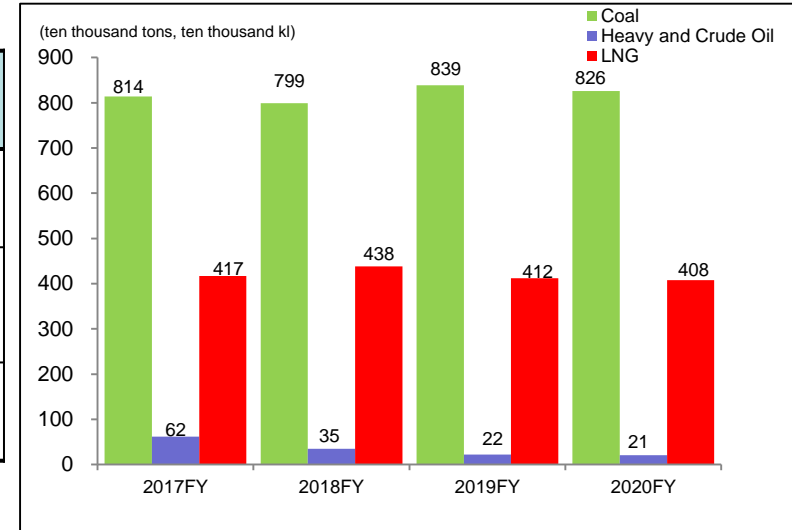
*Total may not match due to rounding.

Fuel Consumption Results

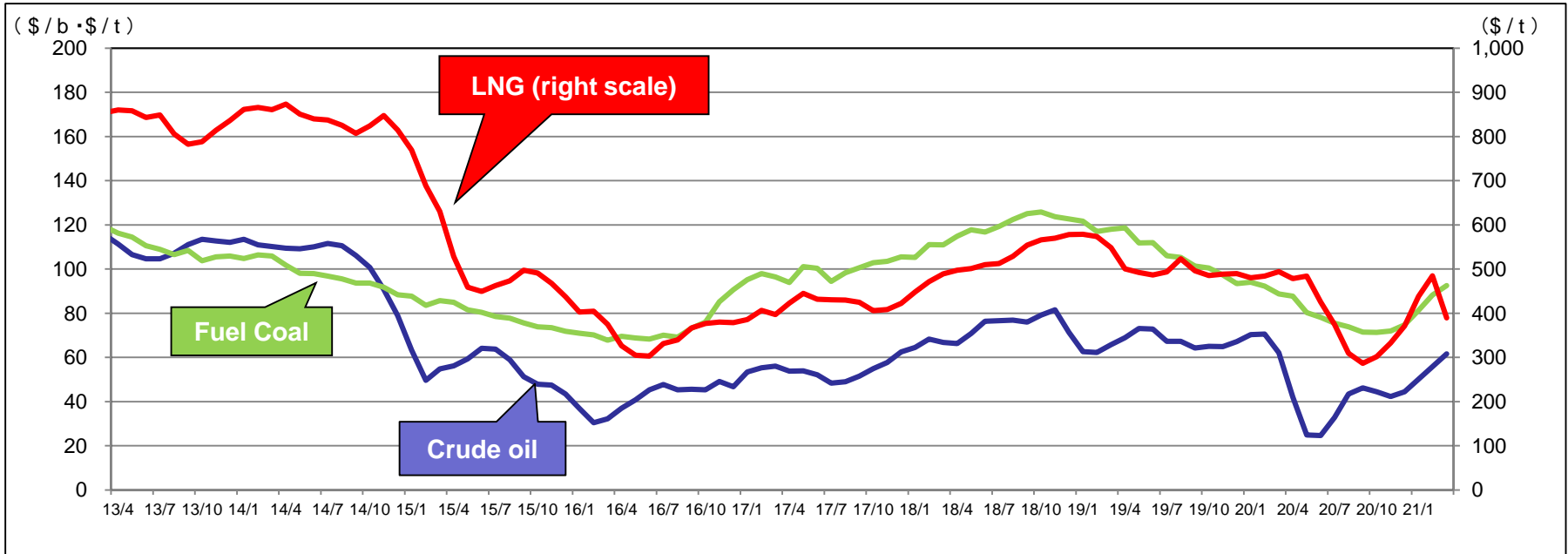
Fuel Consumption

	FY2020 (A)	FY2019 (B)	Change (A) - (B)
Coal (ten thousand tons)	826	839	(13)
Heavy and Crude Oil (ten thousand kl)	21	22	(1)
LNG (ten thousand tons)	408	412	(4)

*Above figures are fuel consumption of Tohoku EPCO and remote island



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



(Note)

This presentation 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.