

Explanation of FY2021 2nd Quarter Financial Results

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Corporate participants:

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Materials:

FY2021 2nd Quarter Financial Results

※Held Conference Call for Institutional Investor and Analysts

[Overview of FY2021 2nd Quarter Financial Result]

- First of all, please refer to Slide 1.
- Operating revenue decreased due to the application of new accounting standards, decreases in electricity sales volume and fuel cost adjustments, etc.
- Ordinary income and quarterly net income fell due to a negative turn in the effect of the time-lag from the fuel cost adjustment system at JERA, decreases in retail electricity sales volume, and other factors despite continued group-wide efforts to improve profitability.
- FY2021 full-year financial forecast announced on July 29, 2021 was revised to reflect a negative turn in the effect of the time-lag and other factors.
- Also, we regret to inform that no mid-term dividend shall be paid. We also foresee no end-of-term dividend payment for the current fiscal term ending in March 2022.
- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue decreased to ¥2,210.7 billion, a decrease of 22.0% year-on-year, and ordinary income decreased by 54.9% to ¥101.3 billion. Net income, incorporating extraordinary income and loss, came to the net profit of ¥88.6 billion, a decrease of ¥59.9 billion.

[Key Points of Each Company]

- Slides 4 and 5 show business results by each company.
- Firstly, here is the business performance of TEPCO Holdings.
 - The company recorded operating revenue of ¥239.7 billion, down ¥28.1 billion year-on-year, due to factors including a decline in wholesale electricity sales to TEPCO Energy Partner.
 - Ordinary income increased by ¥34.7 billion to ¥98.0 billion due to an increase in dividend income from the core operating companies and other factors.
- Secondly, here is the business performance of TEPCO Fuel & Power.
 - The company recorded ordinary income of ¥7.3 billion, down ¥37.9 billion year-on-year, due to a negative turn in the effects of the time lag from the fuel cost adjustment system at JERA.
- Thirdly, here is the business performance of TEPCO Power Grid.
 - The company recorded operating revenue of ¥866.2 billion, up ¥3.3 billion year-on-year, due to factors including an increase in electricity sales volume to other suppliers despite decreases in transmission revenue.
 - Ordinary income decreased by ¥17.1 billion to ¥106.6 billion year-on-year, because of decreases in transmission revenue and increases in the cost related equipment, etc.
- Fourthly, here is the business performance of TEPCO Energy Partner.
 - The company recorded operating revenue of ¥1,837.8 billion, down ¥681.4 billion year-on-year due to the application of new accounting standard, decreased in fuel cost adjustments and other factors.
 - Ordinary income decreased by ¥40.0 billion to ¥5.8 billion because of the decline in retail electricity sales volume due to intensified competition and effects of temperature.
- Lastly, here is the business performance of TEPCO Renewable Power.
 - Operating revenue increased by ¥2.7 billion to ¥82.8 billion on a year-on-year basis.
 - Ordinary income decreased by ¥1.6 billion to ¥35.0 billion due to an increase in property tax and other factors.

- Slide 10 onwards show year-on-year consolidated and segment-specific figures for your reference.

[Overview of Consolidated Extraordinary Income/Loss]

- Next, slide 6 shows consolidated extraordinary income and loss.
- In regard to extraordinary loss of ¥29.8 billion recorded as expenses for nuclear damage compensation in this period, extraordinary income of ¥29.8 billion was recorded as Grants-in-Aid from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF). As a result, extraordinary income and loss was nearly neutral.

[Overview of Consolidated Financial Position]

- Now, slide 7 shows our consolidated financial position.
- The equity ratio deteriorated 0.1 percentage points to 25.7% compared to the end of last financial year. This is a result of increases in assets and liabilities due to an increase in cash and deposit with bond issue despite an increase in net assets because quarterly net income was recorded.

[FY2021 Full-Year Financial Forecasts]

- Lastly, slide 8 shows performance forecast for the period ending in March 2022.
- We revised financial forecast announced on July 29, 2021 and operating revenue is expected to increase by ¥366.0 billion to ¥4,850.0 billion due to increases in total electricity sales volume and other factors.
- As for ordinary income, it is forecasted to decrease by ¥87.0 billion to a loss of ¥13.0 billion due to a negative turn in fuel costs adjustment system and an increase in power purchase costs at Tepco Energy Partner because of rising resource prices in spite of increases in operating revenue. We will carefully observe the situation of fuel prices and strive to improve profitability.

[Reference (Slide 9 Onwards), Supplemental Material (Slide 20 Onwards)]

- Slide 9 and later slides present reference and supplemental material.

End

Disclaimer:

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(Note)

Please note that the above is intended to be an accurate and complete translation of the original Japanese version, prepared for the convenience of our English-speaking investors. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.