

Explanation of FY2022 1st Quarter Financial Results

Date: Tuesday, August 2, 2022 at 16:45 (No Briefing Held)

[Overview of FY2022 1st Quarter Financial Result]

- First of all, please refer to Slide 1.
- Operating revenue increased due mainly to increases in the fuel cost adjustments.
- Ordinary income fell due mainly to a negative turn in the effect of the time-lag from the fuel cost adjustment system at JERA and increases in electricity procurement costs because of the surge in fuel prices and other factors despite continued group-wide efforts to improve profitability.
- With regard to the performance forecast for FY2022, it has yet to be made at the current time because the outlook for the fuel prices and the electricity sales volume is uncertain due mainly to the situation of Ukraine and we are not able to show the concrete performance forecast.
- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue increased to ¥1,476.4 billion, an increase of 50.7% year-on-year, and ordinary income decreased by ¥67.4 billion to a loss of ¥48.9 billion. Net income, incorporating extraordinary income and loss, came to the net loss of ¥67.0 billion, a decrease of ¥64.0 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 ¥131.1 billion, up ¥13.8 billion year-on-year, due mainly to an increase in wholesale electricity sales.
- Ordinary income decreased by ¥16.7 billion to ¥109.9 billion year-on-year, due mainly to a decrease in dividend income from the core operating companies.

- Secondly, here is the business performance of TEPCO Fuel & Power.
- Ordinary income decreased by ¥39.8 billion to a loss of ¥9.6 billion year-on-year, due mainly 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 ¥529.0 billion, up ¥119.7 billion year-on-year, due to factors including an increase in area demand, imbalance fee, power interchange to other companies and last resort supply.
- Ordinary income increased by ¥1.4 billion to ¥36.1 billion year-on-year, due mainly to a decrease in the depreciation costs while electricity procurement costs increased substantially.
- Fourthly, here is the business performance of TEPCO Energy Partner.
- The company recorded operating revenue of ¥1,201.8 billion, up ¥393.4 billion year-on-year, due mainly to an increase in the fuel cost adjustments.
- Ordinary income decreased by ¥53.3 billion year-on-year to a loss of ¥90.8 billion due mainly to an increase in electricity procurement costs because of the surge in fuel price and other factors.
- Lastly, here is the business performance of TEPCO Renewable Power.
- Operating revenue increased by ¥5.6 billion year-on-year to ¥46.7 billion due mainly to an increase in wholesale electricity sales.
- Ordinary income also increased by ¥5.5 billion to ¥21.6 billion due mainly to an increase in wholesale electricity sales.
- Slide 8 onwards show year-on-year segment-specific figures for your reference.

[Overview of Consolidated Extraordinary Income/Loss]

- Next, slide 6 shows consolidated extraordinary income and loss.
- Extraordinary loss of ¥25.2 billion was recorded as expenses for nuclear damage compensation .
- As a result, extraordinary income and loss decreased by ¥4.6 billion to the loss of ¥25.2 billion year-on-year.

[Overview of Consolidated Financial Position]

- Now, slide 7 shows our consolidated financial position.

- The equity ratio improved by 0.2 percentage points to 25.1% from the end of last fiscal year. This is a result of increases in the balance of net assets because of increases in accumulated other comprehensive income and other factors despite deficits in quarterly net income.

[Conclusion]

- Lastly, as we explained till now, we recognize that our business condition is extremely severe.
- In particular, the segment of Energy Partner posted large deficits, and the income and expenditure is expected to get worse if the surge in fuel prices persist going forward. We have a sense of crisis about this situation.
- Based on this situation, we are working on a thorough streamlining as a group. At the same time, we will continue to consider further enhancing the support of power saving that will lead to the reduction of customers' electricity charges.

[Reference (Slide 8 Onwards), Supplemental Material (Slide 13 Onwards)]

- Slide 8 and later slides present reference and supplemental material.

End

Disclaimer:

In the meeting upon which this event transcript is based, Tokyo Electric Power Company Holdings, Inc. may make projections or other forward-looking statements regarding a variety of items. As such, these statements are not historical facts but rather predictions about the future, which inherently involve risks and uncertainties, and these risks and uncertainties could cause the company's actual results to differ materially from the forward-looking statements (performance projections) herein. Although the company may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

(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.