Explanation of FY2022 2nd Quarter Financial Results

Date: Tuesday, November 1, 2022

Corporate participants:

Hiroyuki Yamaguchi, Representative Executive Vice President,
Tokyo Electric Power Company Holdings, Inc.

Daisuke Sakai, Managing Executive Officer,
Tokyo Electric Power Company Holdings, Inc.

Materials:

FY2022 2nd Quarter Financial Results

[Overview of FY2022 2nd Quarter Financial Result]

- First of all, please refer to Slide 1.
- Operating revenue increased due to increases in the fuel cost adjustments, which is borne by customers because of the surge in fuel prices and other factors.
- 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 due mainly to the surge in fuel and wholesale electricity market prices at Power Grid and Energy Partner despite continued group-wide efforts to improve profitability.
- Quarterly net income decreased for three consecutive years.
- 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.
- 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 2023.

- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue increased to ¥3,505.3 billion, an increase of 58.6% year-on-year, and ordinary income decreased by ¥340.2 billion year-on-year to a loss of ¥238.8 billion. Quarterly net income attributable to

owners of the parent, incorporating extraordinary income and loss, came to the net loss of ¥143.3 billion, a decrease of ¥232.0 billion year-on-year.

- While net sales reached a record high for a second quarter since we first began disclosing quarterly financial results in FY2003, ordinary loss was the largest in our history.

[Key Points of Each Company]

- Slides 4 and 5 show business results and points by each company.
- Firstly, here is the business performance of Holdings.
- The company recorded operating revenue of ¥261.4 billion, up ¥21.6 billion year-on-year, due mainly to an increase in wholesale electricity sales.
- Ordinary income decreased by ¥11.1 billion year-on-year to ¥86.8 billion, due mainly to a decrease in dividend income from the core operating companies.

- Secondly, here is the business performance of Fuel & Power.
- Ordinary income decreased by ¥94.6 billion to a loss of ¥87.3 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 Power Grid.
- The company recorded operating revenue of ¥1,241.3 billion, up ¥375.1 billion year-on-year, due to factors including an increase in imbalance fee, power interchange to other companies and last resort supply.
- Ordinary income decreased by ¥44.4 billion to ¥62.1 billion year-on-year, due mainly to substantial increases in electricity procurement costs due mainly to the surge in fuel price despite decreases in the depreciation costs.

- Fourthly, here is the business performance of Energy Partner.
- The company recorded operating revenue of ¥2,828.2 billion, up ¥990.4 billion year-on-year, due mainly to an increase in the fuel cost adjustments.
- Ordinary income decreased by ¥233.1 billion year-on-year to a loss of ¥227.3 billion, due mainly to substantial increases in electricity procurement costs due mainly to the surge in fuel and wholesale

electricity market prices.

- Lastly, here is the business performance of Renewable Power.
- Operating revenue increased by ¥9.0 billion year-on-year to ¥91.9 billion, due mainly to an increase in wholesale electricity sales.
- Ordinary income also increased by ¥8.4 billion to ¥43.4 billion year-on-year, 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.
- While extraordinary income of ¥123.3 billion was recorded as gain on sale of shares of subsidiaries and associates, extraordinary loss of ¥32.7 billion was recorded as expenses for nuclear damage compensation.
- As a result, extraordinary income and loss increased by ¥90.5 billion year-on-year to an income of ¥90.5 billion.

[Overview of Consolidated Financial Position]

- Now, slide 7 shows our consolidated financial position.
- The equity ratio deteriorated by 0.2 percentage points to 24.7% 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 attributable to owners of the parent.

[Conclusion]

- This ends our explanation of the second quarter financial results. We recognize that our business is in a very difficult situation. In particular, the financial foundation of Energy Partner has been deteriorating drastically. Expenses have exceeded revenues due to soaring fuel and wholesale electricity market prices that management streamlining cannot keep up with.
- To address this, on September 20, we announced a revision of our rate plans for extra high-voltage and

high-voltage customers. Based on the situation after that, we have decided to consider the revision of all low-voltage rate plans, including the regulated rate plans.

- Even after the announcement of the rate revision for special high-voltage and high-voltage customers, Energy Partner's profitability has further deteriorated due to the continued high fuel and wholesale electricity market prices, as well as the rapid depreciation of the yen.
- In addition, the fuel cost adjustments under the Specific Retail Supply Provisions, or the regulated low-voltage rate plan, has reached its ceiling. An increasing number of customers are switching to the regulated rate plan, which is expected to further increase costs in the future.
- In order to maintain a stable supply of electricity to customers in these circumstances, we have decided to consider the revision of all low-voltage rate plans, including the regulated rate plans. The details of the revisions will be announced as soon as they are finalized.
- Finally, in light of these tough business conditions, we will continue to streamline operations across the Group. And we will also work to reduce the amount of electricity that needs to be procured at high spot prices to improve profitability encouraging our customers to conserve energy which will also help control electricity prices.

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

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

End