

Explanation of FY2022 3rd Quarter Financial Results

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[Overview of FY2022 3rd 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 due mainly to the surge in fuel and wholesale electricity market prices despite continued group-wide efforts to improve profitability.
- Quarterly net income decreased for three consecutive years.

- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue increased to ¥5,512.6 billion, an increase of 57.3% year-on-year.
- Ordinary income decreased by ¥426.1 billion year-on-year to a loss of ¥353.8 billion, and quarterly net income attributable to owners of the parent, incorporating extraordinary income and loss, came to the net loss of ¥650.9 billion, a decrease of ¥660.7 billion year-on-year.

[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 ¥378.3 billion, up ¥12.8 billion year-on-year, due mainly to an increase in sales of subsidiary.
- Ordinary income decreased by ¥24.5 billion year-on-year to ¥47.4 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 ¥72.2 billion year-on-year to a loss of ¥81.5 billion, 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 ¥1,862.6 billion, up ¥526.4 billion year-on-year, due to factors including an increase in area demand and last resort supply.
- Ordinary income decreased by ¥48.4 billion to ¥115.0 billion year-on-year, due mainly to increases in electricity procurement costs because of the surge in fuel price.
- Fourthly, here is the business performance of Energy Partner.
- The company recorded operating revenue of ¥4,466.7 billion, up ¥1,575.7 billion year-on-year, due mainly to an increase in the fuel cost adjustments.
- Ordinary income decreased by ¥326.6 billion year-on-year to a loss of ¥368.9 billion, due mainly to increases in electricity procurement costs because of the surge in fuel prices.
- Lastly, here is the business performance of Renewable Power.
- Operating revenue increased by ¥8.4 billion year-on-year to ¥125.6 billion, and ordinary income increased by ¥10.7 billion year-on-year to ¥51.3 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.
- While extraordinary income of ¥123.3 billion and ¥62.7 billion were recorded as gain on sale of shares of subsidiaries and associates and gain on sale of fixed assets respectively, extraordinary loss of ¥483.7 billion was recorded as expenses for nuclear damage compensation.
- As for expenses for nuclear damage compensation, ¥394.3 billion was recorded as the increasing estimated amount based on the Fifth Supplement to the Interim Guidelines determined by the Dispute Reconciliation Committee for Nuclear Damage Compensation.
- As a result, extraordinary income and loss decreased by ¥244.9 billion year-on-year to a loss of ¥297.7 billion.

[Overview of Consolidated Financial Position]

- Now, slide 7 shows our consolidated financial position.
- The equity ratio deteriorated by 4.5 percentage points to 20.4% from the end of last fiscal year. This is a

result of increases in liabilities because of provision for nuclear damage compensation and others as well as decreases in net assets because of a loss in quarterly net income attributable to owners of the parent and others.

[FY2022 Performance Forecast]

- Please refer to slide 13 as for FY2022 Performance Forecast.
- There are no revisions to the performance forecast for FY2022 that was announced on January 23, 2023.

[Conclusion]

- We, including Energy Partner, are in the severe situation, but we will promote thorough rationalization and strive to reduce electricity procurement costs through implementation of power-saving measures in order to improving profitability.
- Saving electricity not only contributes to the improvement of our company's income and expenditure, but also reduces the burden on our customers due to reduction of electricity used, and the power saving effect in December 2022 due to various power saving measures was 0.62 billion kWh.
- During this fiscal year, we plan to announce additional power-saving measures that will continue to urge our customers to save electricity and energy. Together with our customers, we will overcome this difficulty to achieve both the stable supply of electricity and the realization of carbon-neutral society.

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.