

Explanation of FY2021 3rd Quarter Financial Results

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[Overview of FY2021 3rd Quarter Financial Result]

- First of all, please refer to Slide 1.
- Operating revenue decreased due to the application of new accounting standards, 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 October 27, 2021 was revised to record loss on return of imbalance income and expenditure as extraordinary loss and other factors.
- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue decreased to ¥3,503.5 billion, a decrease of 14.6% year-on-year, and ordinary income decreased by 69.3% to ¥72.2 billion. Net income, incorporating extraordinary income and loss, came to the net profit of ¥9.8 billion, a decrease of 92.5%.

[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 ¥365.4 billion, up ¥0.6 billion, almost unchanged year-on-year.
- Ordinary income increased by ¥64.9 billion to ¥72.0 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.
- Ordinary income decreased by ¥92.7 billion to a loss of ¥9.3 billion year-on-year, due to a negative turn in the effects of the time lag from the fuel cost adjustment system at JERA despite a reaction of influence by COVID-19 and increases in profit from affiliated companies.

- Thirdly, here is the business performance of TEPCO Power Grid.
- The company recorded operating revenue of ¥1,336.1 billion, up ¥43.7 billion year-on-year, due to factors including an increase in electricity sales to other suppliers despite decreases in transmission revenue.
- Ordinary income decreased by ¥20.0 billion to ¥163.5 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 ¥2,890.9 billion, down ¥723.3 billion year-on-year due to the application of new accounting standard and other factors.
- Ordinary income decreased by ¥50.3 billion to ¥42.3 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 ¥7.2 billion to ¥117.2 billion on a year-on-year.
- Ordinary income decreased by ¥3.6 billion to ¥40.5 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.
- Extraordinary income of ¥29.8 billion was recorded as Grants-in-Aid from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF), while expenses for nuclear damage compensation of ¥66.3 billion and loss on return of imbalance income and expenditure of ¥16.3 billion as extraordinary loss were recorded.
- Regarding loss on return of imbalance income and expenditure as a result of the tightening of electricity demand and supply in the winter of FY2020, the portion of imbalance charges of January 2021 borne by retail electricity operators that exceed a certain level will be deducted from the wheeling charges after April 2022. This is recorded based on the discussions and conclusions reached in the Electricity and Gas Basic

Policy Subcommittee.

- As a result, extraordinary income and loss improved by ¥42.6 billion to a loss of ¥52.8 billion year-on-year.

[Overview of Consolidated Financial Position]

- Now, slide 7 shows our consolidated financial position.
- The equity ratio deteriorated 0.5 percentage points to 25.3% 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 our performance forecast for the period ending in March 2022.
- We revised financial forecast announced on October 27, 2021, operating revenue is expected to increase by ¥201.0 billion to ¥5,051.0 billion due to increases in wholesale electricity sales volume and other factors.
- Ordinary income is forecasted to decrease by ¥3.0 billion to a loss of ¥16.0 billion due to increases in power procurement costs at TEPCO Energy Partner, Inc. because of rising fuel prices and other factors.
- As for net income, it is forecasted to decrease by ¥25.0 billion to a loss of ¥41.0 billion due to record of loss on return of imbalance income and expenditure.
- 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)

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