Explanation of FY 2020 1st Quarter Financial Results

Date: Wednesday, July 29, 2020 at 16:00 (No Briefing Held)

[Overview of FY2020 1st Quarter Financial Results]

- First of all, please refer to Slide 1.
- This is a summary of the key points of this quarter's results. Operating revenue decreased due to a reduction in electricity sales by the TEPCO Group due to increased competition, the effects of COVID-19 and other factors.
- Ordinary income fell due to a reduction in revenue, the worsening impact of the fuel cost adjustment system time lag on JERA's business performance and other factors, despite continued group-wide efforts to reduce costs.
- Quarterly net income decreased due to the reactionary fall in extraordinary income from the same period in the previous fiscal year.
- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue decreased to ¥1,341.3 billion, a decrease of 10.8% year-on-year, and ordinary income decreased by 30.5% to ¥68.5 billion year-on-year. Quarterly net results, incorporating extraordinary income and loss, came to the net profit of ¥29.8 billion.

[Key Points of Each Company]

- Slides 3 and 4 show business results by each company.
- TEPCO Renewable Power was spun off from TEPCO Holdings in April 2020, inheriting the renewable energy generation business.
- This here shows the financial results by segment with TEPCO Renewable Power added as a new segment.
- Figures for TEPCO Holdings and TEPCO Renewable Power for the quarter from April to June FY2019 are shown here separately for comparison purposes. They were calculated by subtracting what is attributable to TEPCO Renewable Power under the current structure from the original figures for TEPCO Holdings.
- Firstly, here is the business performance of TEPCO Holdings.
- Operating revenue fell by ¥33.9 billion to ¥129.2 billion on a year-on-year basis due to decreased wholesale electricity sales to TEPCO Energy Partners and other factors. Ordinary income fell by ¥68.7 billion to ¥79.5 billion due to decreases in dividend income from the core operating companies and other factors.
- Secondly, here is the business performance of TEPCO Fuel & Power.
- Ordinary income was ¥9.2 billion, down ¥36.5 billion due to a negative turn in the effect of time lag in the fuel

cost adjustment system at JERA taking over thermal power generation business.

- Thirdly, here is the business performance of TEPCO Power Grid.
- Operating revenue fell on a year-on-year basis by ¥1.5 billion to ¥410.7 billion due to a decline in transmission revenue because of a fall in electricity demand especially in commercial facilities and office buildings as a result of the state of emergency declared by the government in response to the spread of COVID-19.
- Ordinary income fell by ¥1.8 billion to ¥40.7 billion due to decreases in transmission revenue despite a reduction in depreciation cost and other costs.
- Fourthly, here is the business performance of TEPCO Energy Partner.
- Operating revenue decreased by ¥179.5 billion to ¥1,199.4 billion on a year-on-year basis due to a fall in electricity sales because of increased competition and the effects of COVID-19.
- Meanwhile, ordinary income increased by ¥23.2 billion to ¥11.2 billion due to a decrease in the amount of electricity bought from TEPCO Holdings.
- Lastly, here is the business performance of TEPCO Renewable Power.
- Operating revenue increased by ¥11.0 billion to ¥39.9 billion on a year-on-year basis and ordinary income increased by ¥9.6 billion to ¥17.8 billion due to an increase in wholesale electricity sales to TEPCO Energy Partners and other factors.
- Slide 7 onwards show year-on-year consolidated and segment-specific figures for your reference.

[Overview of Consolidated Extraordinary Income/Loss]

- Next, Slide 5 shows consolidated extraordinary income and loss.
- Nuclear damage compensation expenditures of ¥36.5 billion were recorded as extraordinary loss.
- As a result, the Group posted an extraordinary loss of ¥36.5 billion, a decline of ¥224.0 billion compared to the same quarter last year when extraordinary income had been recorded.

[Overview of Consolidated Financial Position]

- Now, Slide 6 shows our consolidated financial position.
- The equity ratio improved 0.5 percentage points to 24.8% compared to the end of last financial year.
- This is due to the increase in net assets thanks to the positive net income for the quarter as well as the decrease in the balance of assets and liabilities as a result of the payment of accounts payable recorded at the end of the last fiscal year.

[FY2020 Full-Year Financial Forecasts]

- Finally, the performance forecast for the March 2021 period has yet to be made.

[Reference (Slide 7 Onwards), Supplemental Material (Slide 15 Onwards)]

- Slide 7 and later slides present reference and supplemental material.

End