

Explanation of FY 2021 1st Quarter Financial Results

Date: Thursday, July 29, 2021 at 15:30 (No Briefing Held)

[Overview of FY2021 1st Quarter Financial Results]

- First of all, please refer to slide 1.
- This is the key points of this quarter's results. Operating revenue decreased due to the new accounting standards going into effect, decreases in electricity sales volume, decreases in fuel cost adjustments and other factors.
- 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 reduce costs.
- There are no changes to FY2021 full-year financial forecast announced on July 21, 2021
- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue decreased to ¥980.0 billion, a decrease of 26.9% year-on-year, and ordinary income decreased by 73.0% to ¥18.4 billion year-on-year. Quarterly net results, incorporating extraordinary income and loss, came to the net loss of ¥3.0 billion, a decrease of ¥32.8 billion year-on-year.

[Key Points of Each Company]

- Slides 4 and 5 show business results by each company.
- Firstly, here is the business performance of TEPCO Holdings.
- Operating revenue fell by ¥11.9 billion to ¥117.2 billion on a year-on-year basis due to a decrease in wholesale electricity sales to TEPCO Energy Partners and other factors. Ordinary income increased by ¥47.1 billion to ¥126.7 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 was ¥30.1 billion, up ¥20.8 billion on a year-on-year basis due to a positive turn in power generation business and increases in the profit from affiliated companies despite the negative effect of time-lag in the fuel cost adjustment system at JERA.
- Thirdly, here is the business performance of TEPCO Power Grid.
- Operating revenue was ¥409.3 billion, down ¥1.4 billion on a year-on-year basis.
- Ordinary income decreased by ¥6.0 billion to ¥34.6 billion due to a decline in wheeling income and an increase

in the cost related equipment and other factors.

- Fourthly, here is the business performance of TEPCO Energy Partner.
- Operating revenue decreased by ¥391.0 billion to ¥808.4 billion on a year-on-year basis due to the new accounting standards going into effect, decreases in fuel cost adjustments and other factors.
- Ordinary income decreased by ¥48.7 billion to a loss of ¥37.4 billion on a year-on-year basis due to a decrease in the retail electricity sales volume because of the intensifying competition and the effect of temperature.
- Lastly, here is the business performance of TEPCO Renewable Power.
- Operating revenue increased by ¥1.1 billion to ¥41.0 billion on a year-on-year basis.
- Ordinary income decreased by ¥1.6 billion to ¥16.1 billion due to an increase in property tax and other factors.
- From slide 11 onward, slides for year-on-year consolidated and segment-specific figures are attached for your reference.

[Overview of Consolidated Extraordinary Income/Loss]

- Next, slide 6 shows consolidated extraordinary income and loss.
- Nuclear damage compensation expenditure of ¥20.6 billion was recorded.
- As a result, extraordinary income and loss increased by ¥15.9 billion to a loss of ¥20.6 billion on a year-on-year basis.

[Factors for Fluctuating Consolidated Revenue]

- Please refer to slide 7 for “Application of New Accounting Standards” as factors for fluctuating consolidated revenue.
- Operating revenue decreased by ¥265.4 billion. This is because transactions of renewable energy subsidies and renewable energy surcharge included in electricity bill were changed to a method that does not post as operating revenue as a result of application for the new accounting standards. There are no impacts on revenue since expenses also decreased.
- Slide 18 shows overview of the change.

[Overview of Consolidated Financial Position]

- Now, slide 8 shows our consolidated financial position.

- The equity ratio improved 0.3 percentage points to 26.1% compared to the end of last financial year.
- This is due to the increase in net assets and the decrease in the balance of assets and liabilities and other factors though quarterly net income fell into the red.

[Key points of FY2021 Full-Year Financial Forecasts]

- Finally, please see slide 9 and 10 for FY2021 full-year financial forecasts.
- There are no changes to FY2021 full-year financial forecast and key factors affecting performance announced on July 21, 2021.
- At the current time, quarterly net income fell a loss of ¥3.0 billion because of effects such as extraordinary income and loss, however, the profit is expected to be secured at the end of fiscal year as we showed financial forecast.

[Reference, Supplemental Material]

- Later slides present reference and supplemental material.

End

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(Note)

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