

TEPCO HD Announces FY2022 Earnings Forecast—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement of the earnings forecast of Tokyo Electric Power Company Holdings, Incorporated (security code: 9501) for the fiscal year ending March 2023.

- (1) On January 23, 2023, Tokyo Electric Power Company Holdings, Incorporated (the "Company") announced its earnings forecast for the fiscal year ending March 2023 (FY2022). The Company plans an ordinary loss of 502.0 billion yen (44.9 billion yen in black in FY2021) and a net loss of 317.0 billion yen (5.6 billion yen in black in FY2021). The main reason is the deteriorating performance of subsidiary TEPCO Energy Partner, Incorporated due to soaring fuel prices, and the Company's financial structure is also expected to deteriorate.
- (2) Despite the large deterioration in business performance, JCR believes that there will be no change in the structure where the Company works with the government to fulfill its responsibility for the reconstruction of Fukushima and that the government will continue to be involved in the Company, as it has been in the past. In addition, JCR believes that there is no need to revise the current rating, taking into account the Company's strong equity capital of 3.2 trillion yen as of the end of the second quarter of FY2022, effect of rate revisions from FY2023 onward, and earnings power of JERA.
- (3) However, the above measures for improvement alone are not sufficient to continue the Fukushima business. Strengthening earnings capacity, which is one of the key points of the 4th Comprehensive Special Business Plan, remains an issue, and in particular restart of the Kashiwazaki-Kariwa Nuclear Power Plant is indispensable. For the time being, JCR will closely monitor whether the measures indicated in the remedial action plan for a series of incidents, including nuclear material protection incidents, and efforts to restore the trust of the local governments and other entities where nuclear power plants are located, can be accelerated.

Shigenobu Tonomura, Tadashi Ono

<Reference>

Issuer: Tokyo Electric Power Company Holdings, Incorporated

Long-term Issuer Rating: A Outlook: Stable

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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