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Summary of Q&As at Investors Meeting for the First Half of FY2022

Date and Time	13:30 - 14:30 (JST) on Thursday, November 8, 2022
Format	Telephone Briefing
Presenter	Kazuo Sakairi , Corporate Vice President, Managing Executive Officer, Director, Chief Financial Officer, Finance and Accounting Junya Tawa , Executive Officer, Head of the Planning Division

[FY2022/1H results]

Question	Answer
In conjunction with the investing cash flow, may I assume that progress in the investments for fiscal 2022 is being made according to the plan at this point?	<ul style="list-style-type: none"> Some investments are being pushed back slightly from the initial plan because we are focusing on measures for the implementation of stable supply in Japan for the time being. However, the situation, which is temporary, is not so serious as to significantly change the investment plan that we presented in the business plan.
Perspective on derivative assets and liabilities What is behind the increase in the amounts posted in the balance sheet? What type of risks are expected due to the increase in the recorded amount of derivative assets and liabilities?	<ul style="list-style-type: none"> Derivative assets and liabilities continued to rise from the level in fiscal 2021 because the market value of the outstanding balance of transactions increased, reflecting spike of fuel prices. Since the transaction volume itself has not risen significantly, our assessment is that risk has not increased in real terms. Looking ahead, if fuel prices stabilize, we assume that derivative assets and liabilities will also decline.

[FY2022 Full-Year forecasts]

Please comment on the full-year forecasts by segment.	<ul style="list-style-type: none"> Regarding the segment-by-segment breakdown of the full-year forecast for fiscal 2022, we expect profit of approximately 140 billion yen in the fuel-related business, considering the strong performance in the first half. However, we expect almost no profits from the overseas power generation business, and a loss of 40 billion yen is expected in the domestic thermal power generation and gas supply business, including adjustments, due to surging fuel prices.
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<p>What are your assumptions regarding the impact of the fire at the Freeport LNG terminal on results for the second half?</p>	<ul style="list-style-type: none"> • In terms of the impact of the fire at the Freeport LNG terminal, a loss of 110.0 billion yen is expected to be recorded on a full-year basis. This includes a 48.1 billion-yen loss recorded in the first half. The balance of approximately 60.0 billion yen therefore will be recognized as the impact of the fire on the results of the second half.
<p>What is your view on the actual profit of JERAGM, which is performing strongly?</p>	<ul style="list-style-type: none"> • JERAGM played a significant role in ensuring JERA's stable supply amid tight resource market conditions. Due to the large fluctuations in fuel prices, the company succeeded in achieving a profit level that exceeded initial expectations.
<p>What is the reason for the expected loss for the second half in the domestic thermal power generation and gas supply business?</p>	<ul style="list-style-type: none"> • The domestic thermal power generation and gas supply business has a system in which the costs of sales of electric power can basically be recovered. However, there were some situations in which the costs have not been recovered due to significant changes in the business environment (sharp increases in fuel prices due in part to the Russia-Ukraine issue, demand due to an increase in customers who switched their contracts from other electric power companies back to shareholders' retail companies, etc.) This however is a temporary situation and does not usually occur. • In addition, a loss of approximately 60.0 billion is expected to be recorded in the second half due to the impact of the fire at the Freeport LNG terminal.
<p>Are there any factors for the deterioration of income and expenditures for the second half in the domestic thermal power generation and gas supply business, other than the fire at the Freeport LNG terminal?</p>	<ul style="list-style-type: none"> • Regarding the domestic thermal power generation and gas supply business, factors other than the fire at the Freeport LNG terminal include the future fuel price situation and fluctuations in volumes and prices for fuel procurement depending on supply and demand trends in winter. Taking these factors into account, we expect an approximately 40.0 billion-yen loss in the segment, including adjustments.
<p>Considering the profits recorded by JERAGM in recent years, the profit forecast for fiscal 2022 for the fuel-related business seems conservative. What is your view on this?</p>	<ul style="list-style-type: none"> • We consider the strong first-half results to be attributable to special factors that occurred in the first half specifically. The full-year forecast, therefore, was made not incorporating those factors in the last half.

Forward-Looking Statements

The information in this presentation may contain forward-looking statements. Forward-looking statements include statements relating to: (i) plans; (ii) business and management strategies; and (iii) performance forecasts, and are based on then-current data by the time of issuance of this document. Forward-looking statements involve risks and uncertainties including but not limited to economic conditions, competitive landscape, government laws and regulations, exchange rate and so on that could significantly affect the expected results, and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied herein. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements.