

# The Summary of Financial Results for FY2021

(April 1 through March 31, 2021)

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The Chugoku Electric Power Co., Inc.

May 7, 2021

In this report, the term “Fiscal Year 2021” refers to the period between April 1, 2020 and March 31, 2021.

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# I . FY2021 Financial Results

# 1-1. Financial Results Summary <Consolidated>

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- Operating revenues were 1,307.4 billion yen, a decrease of 39.8 billion yen in comparison with the previous year. This is because of the increasing competition, as well as the decrease in electricity charges revenue due to the decrease in retail electricity sales for reasons such as stagnation of production activities in the first half of the year caused by COVID-19.
- Operating expenses were 1,273.2 billion yen, a decrease of 25.9 billion yen in comparison with the previous year. This is because of the decrease in material expenses due to the decrease in retail electricity sales, despite the increase in costs for procuring fuel and electricity due to the tight supply and demand for electricity during winter, as well as our efforts for overall business efficiency enhancement.
- As a result, operating income was 34.2 billion yen, a decrease of 13.8 billion yen in comparison with the previous year.
- Ordinary income including non-operating income and expenses such as interest expense was 30 billion yen, a decrease of 9.7 billion yen in comparison with the previous year.
- Net income attributable to owners of the parent was 14.5 billion yen. This is the result of recording 11.4 billion yen for allowance for doubtful accounts as extraordinary losses for some receivables affected by the increasing market prices due to tight supply and demand for electricity, as well as deducting income taxes and other taxes.  
This is a decrease of 75.4 billion yen in comparison with the previous year, in which a provision for depreciation of nuclear power plants was drawn down.

# 1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2021 (A)	FY2020 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,307.4	1,347.3	-39.8	-3.0 %
Operating income	34.2	48.1	-13.8	-28.8 %
Ordinary income	30.0	39.8	-9.7	-24.5 %
Net income attributable to owners of the parent	14.5	90.0	-75.4	-83.8 %

(Rounded down to the hundred million yen)

## 2. Income Statement <Consolidated>

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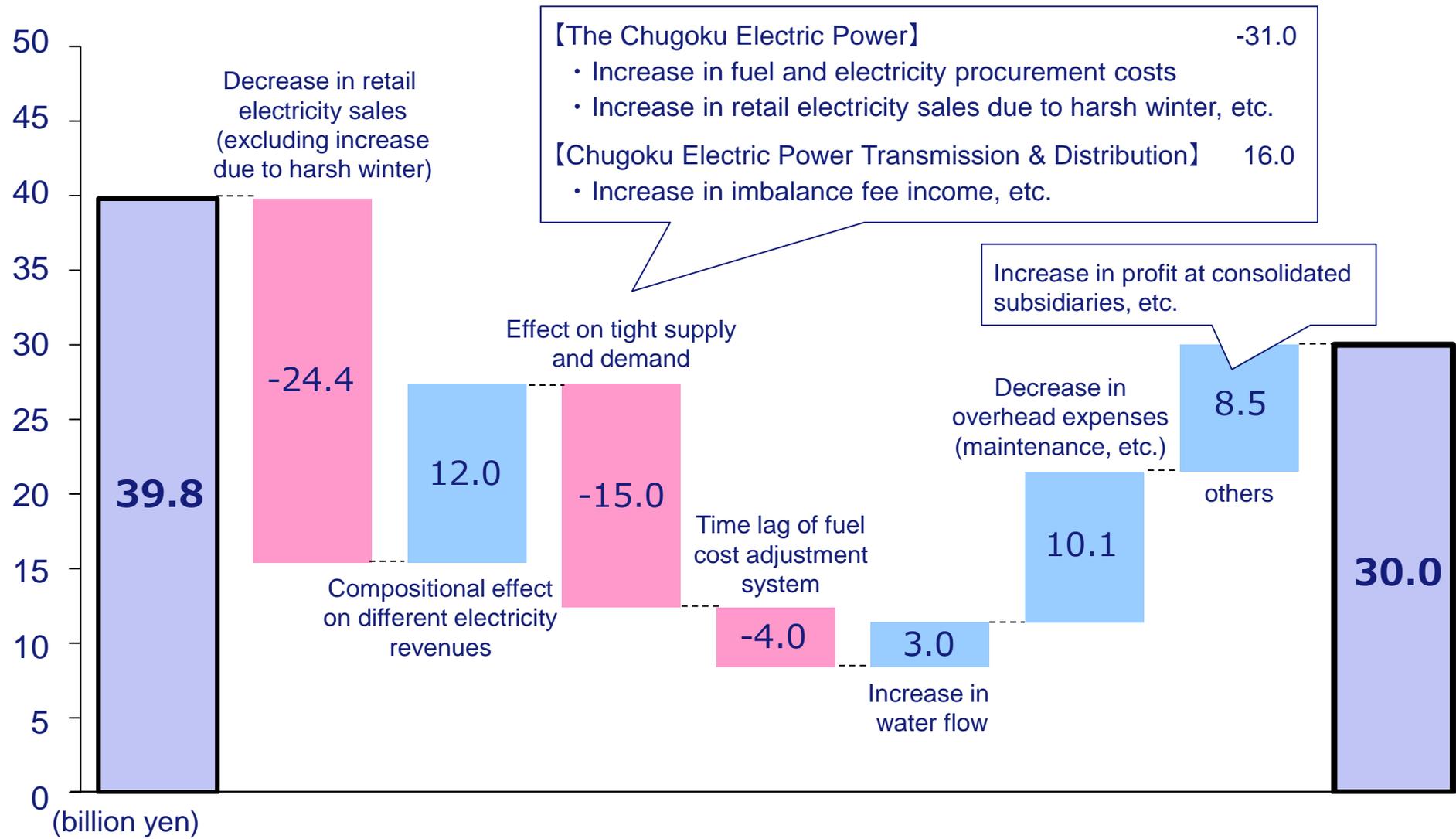
(billion yen)

	FY2021 (A)	FY2020 (B)	Difference (A-B)
Ordinary revenues	1,321.0	1,358.4	-37.4
Operating revenues	1,307.4	1,347.3	-39.8
Other revenues	13.5	11.1	2.4
Ordinary expenses	1,290.9	1,318.6	-27.6
Operating expenses	1,273.2	1,299.1	-25.9
Other expenses	17.7	19.4	-1.6
Operating income	34.2	48.1	-13.8
Ordinary income	30.0	39.8	-9.7
Provision for drought	0.0	-0.3	0.3
Provision for depreciation of nuclear power plant	-	-86.2	86.2
Extraordinary loss	11.4	2.2	9.2
Income taxes, etc.	4.0	34.2	-30.1
Net income attributable to owners of the parent	14.5	90.0	-75.4

(Rounded down to the hundred million yen)

# 3. Factors for Change in Ordinary Income <Consolidated> 3

FY 2020
Consolidated ordinary income -9.7 billion yen
FY 2021



# 4. Total Electricity Sales

- Total electricity sales were down by 4.9% in comparison with the previous year due to reasons such as the intensified competition and the impact of COVID-19.
- Retail electricity sales were 46.39 billion kWh, down by 7.1% in comparison with the previous year.
- Electricity sales to other power companies were 7.17 billion kWh, an increase of 12.5% in comparison with the previous year.

(billion kWh)

	FY2021 (A)	FY2020 (B)	Difference (A-B)	Rate of change (A/B-1)	
Total sales	53.56	56.29	-2.73	-4.9 %	
Retail sales	Subtotal	46.39	49.92	-3.53	-7.1 %
	Lighting	16.82	16.75	0.07	0.4 %
	Power	29.57	33.17	-3.60	-10.9 %
Sales to other power companies	7.17	6.37	0.80	12.5 %	

Note: We transferred the power transmission and distribution business to Chugoku Electric Power Transmission & Distribution Co., Inc. through a corporate split on April 1, 2020. The figures for FY2020 are based on the assumption that the company was split into two companies under certain assumptions to facilitate comparison with the figures for FY2021.

# 5. Generated and Received Electricity

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- Total of generated and received electricity was down by 6.7% in comparison with the previous year.
- Hydroelectric power of own facilities increased due to the increase in water flow.
- Thermal power of own facilities decreased due to reasons such as the decrease in retail electricity sales.

(billion kWh)

		FY2021 (A)	FY2020 (B)	Difference (A-B)	Rate of change (A/B-1)
Total		50.90	54.56	-3.66	-6.7%
Own facilities	Subtotal	31.55	32.80	-1.25	-3.8%
	(Water Flow Rate)	(96.5 %)	(81.3 %)	(15.2%)	
	Hydroelectric	3.48	2.94	0.54	18.4 %
	Thermal	28.06	29.85	-1.80	-6.0 %
	(Utilization Rate)	( - )	( - )	( - )	
	Nuclear	-	-	-	-
	New energy sources	0.01	0.01	0.00	2.9 %
Interchanged and purchased	Subtotal	20.53	22.62	-2.10	-9.3 %
	Purchased	32.11	34.12	-2.02	-5.9 %
	Transmitted	-11.58	-11.50	-0.08	0.7 %
Pumping use		-1.18	-0.87	-0.31	35.9 %

Note: The figures for FY2020 are based on the assumption that the company was split into two companies under certain assumptions to facilitate comparison with the figures for FY2021.

# 6. Segment Information

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- The Power Transmission and Distribution Business saw an increase in income because of the increase in imbalance fee income, due to increased supply of electricity to electricity generation and retail companies in the Chugoku area, where there was a lack of supply following a tight supply and demand for electricity, and because of increasing market prices.
- On the other hand, the Comprehensive Energy Business saw a decrease in income because of an increase in costs for procuring fuel and electricity due to the tight supply and demand for electricity.

(billion yen)

		FY2021 (A)	FY2020 (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	1,181.3	1,268.4	-87.1
	Operating income	-12.6	19.7	-32.3
Power Transmission and Distribution Business	Operating revenues	423.8	352.7	71.0
	Operating income	41.0	23.1	17.8
Information and Telecommunications Business	Operating revenues	45.1	42.9	2.1
	Operating income	3.4	3.4	-0.0
Others	Operating revenues	101.9	103.6	-1.6
	Operating income	4.3	3.5	0.8
Amount of Adjustment	Operating revenues	-444.7	-420.5	-24.2
	Operating income	-1.9	-1.6	-0.2
Total	Operating revenues	1,307.4	1,347.3	-39.8
	Operating income	34.2	48.1	-13.8

(Rounded down to the hundred million yen)

Note: We have changed the reporting segments from "Electric Power Business", "Comprehensive Energy Supply Business" and "Information & Telecommunication Business" to "Comprehensive Energy Business", "Power Transmission and Distribution Business" and "Information and Telecommunications Business". As a result, the figures for FY2020 have been reclassified to the new reporting segments.

## 7. Effect on Consolidated Results Due to Tight Supply and Demand

- The effects of the tight supply and demand for electricity on the Comprehensive Energy Business and on the Power Transmission and Distribution Business were minus approximately 31 billion yen, and plus approximately 16 billion yen, respectively.
- Furthermore, as the Power Transmission and Distribution Business recorded 11.4 billion yen for allowance for doubtful accounts as extraordinary losses for some receivables affected by the increasing market prices, there was a total effect of minus approximately 26 billion yen in total on the consolidated results.

Category	Details		Effect on results
Comprehensive Energy Business  【The Chugoku Electric Power】	Operating income	(-) Increase in fuel and electricity procurement costs	Approx. -31 billion yen
		(-) Increase in imbalance cost due to imbalance	
		(+) Increase in retail electricity sales, etc.	
	Total		Approx. -31 billion yen
Power Transmission and Distribution Business  【Chugoku Electric Power Transmission & Distribution】	Operating income	(+) Increase in imbalance fee income due to imbalance	Approx. 16 billion yen
		(-) Increase of costs for adjusting electricity from other general transmission and distribution companies due to increases in area demand, etc.	
	Extraordinary loss	(-) Provision for allowance for doubtful accounts for some receivables affected by the increasing market prices	-11.4 billion yen
	Total		Approx. 5 billion yen
Effect on consolidated results			Approx. -26 billion yen

## **II . Forecasts of Financial Results for FY2022 Dividends**

# 1. Forecasts of Financial Results (Summary)

- With regard to operating revenues, we forecast a decrease due to the change from total amount display to net amount display regarding transactions involved in the "Feed-in Tariff Scheme for Renewable Energy" due to the application of the "Accounting Standard for Revenue Recognition, etc."\* (hereinafter, "revenue recognition standard").
- With regard to income, despite efforts for overall business efficiency enhancement, we forecast a decrease in ordinary income because the time lag of the fuel cost adjustment system will shift from a margin of the previous fiscal year to a loss due to an increase in fuel prices. We forecast that the net income attributable to owners of the parent will increase as a reaction to recording extraordinary losses in the previous fiscal year.

\* "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)

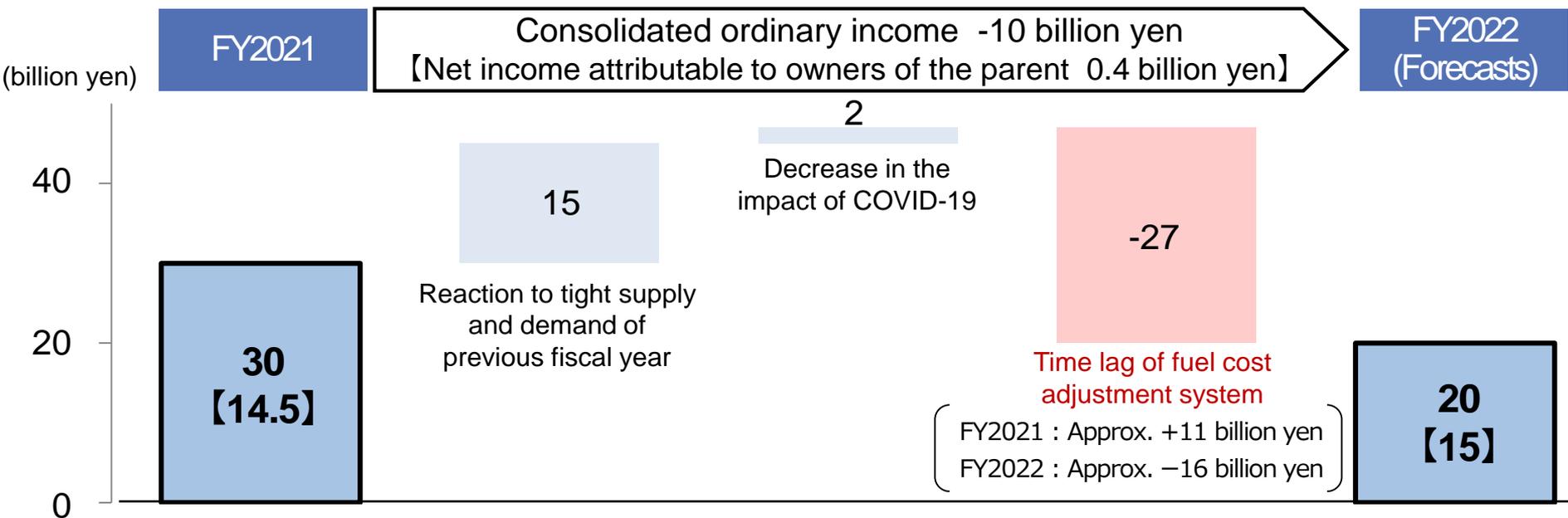
"Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020)

(billion yen)

	FY2022 (Forecasts) (A)	FY2021 (B)	Difference (A-B)
Operating revenues	970.0	1,307.4	-337.4
Operating income	18.0	34.2	-16.2
Ordinary income	20.0	30.0	-10.0
Net income attributable to owners of the parent	15.0	14.5	0.4
Shareholder's equity ratio	Approximately 19%	19.4%	

## 2. Forecasts of Financial Results (Factors for Change in Ordinary Income )

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Note: Figures in square brackets 【 】 are net income attributable to owners of the parent. Forecast increase as reaction of recording extraordinary losses in previous fiscal year.

### 【The impact of COVID-19 (estimation)】

	FY2021 (A)	FY2022 (Forecasts) (B)	Difference (B-A)
Impact on retail electricity sales	Approx. -0.8 billion kWh	Approx. -0.5 billion kWh	Approx. 0.3 billion kWh
Impact on profits	Approx. -6 billion yen	Approx. -4 billion yen	Approx. 2 billion yen

### 3. Forecasts of Financial Results (Stance)

- Continuing from the previous fiscal year, we recognize that COVID-19 and increasing competition will affect our total electricity sales amount, as well as that this fiscal year will present a harsh management environment because of the time lag shifting from a margin of the previous fiscal year to a loss due to an increase in fuel prices.
- Despite this harsh management environment, we expect that we can ensure a certain level of income by conservatively setting the premise for nuclear power to inactive, and then promoting a total electricity sales amount equivalent to the previous fiscal year and engaging in group-wide efforts for overall business efficiency enhancement.
- In order to achieve the income targets listed in our Group Corporate Vision, we will aim to raise the level of our existing businesses by activating Shimane Nuclear Power Station and Misumi Power Station Unit 2, having put utmost priority on ensuring safety, as well as nurture and expand our growing businesses by promoting overseas business and creating new businesses.

# 4. Forecasts of Financial Results (Major Factors)

		FY2022 (Forecasts) (A)	FY2021 (B)
Total electricity sales	(billion kWh)	53.3	53.56
Exchange rate	(¥ / \$)	107	106
Crude oil prices (All Japan CIF)	(\$ / b)	65	43.4
Nuclear capacity factor	(%)	-	-

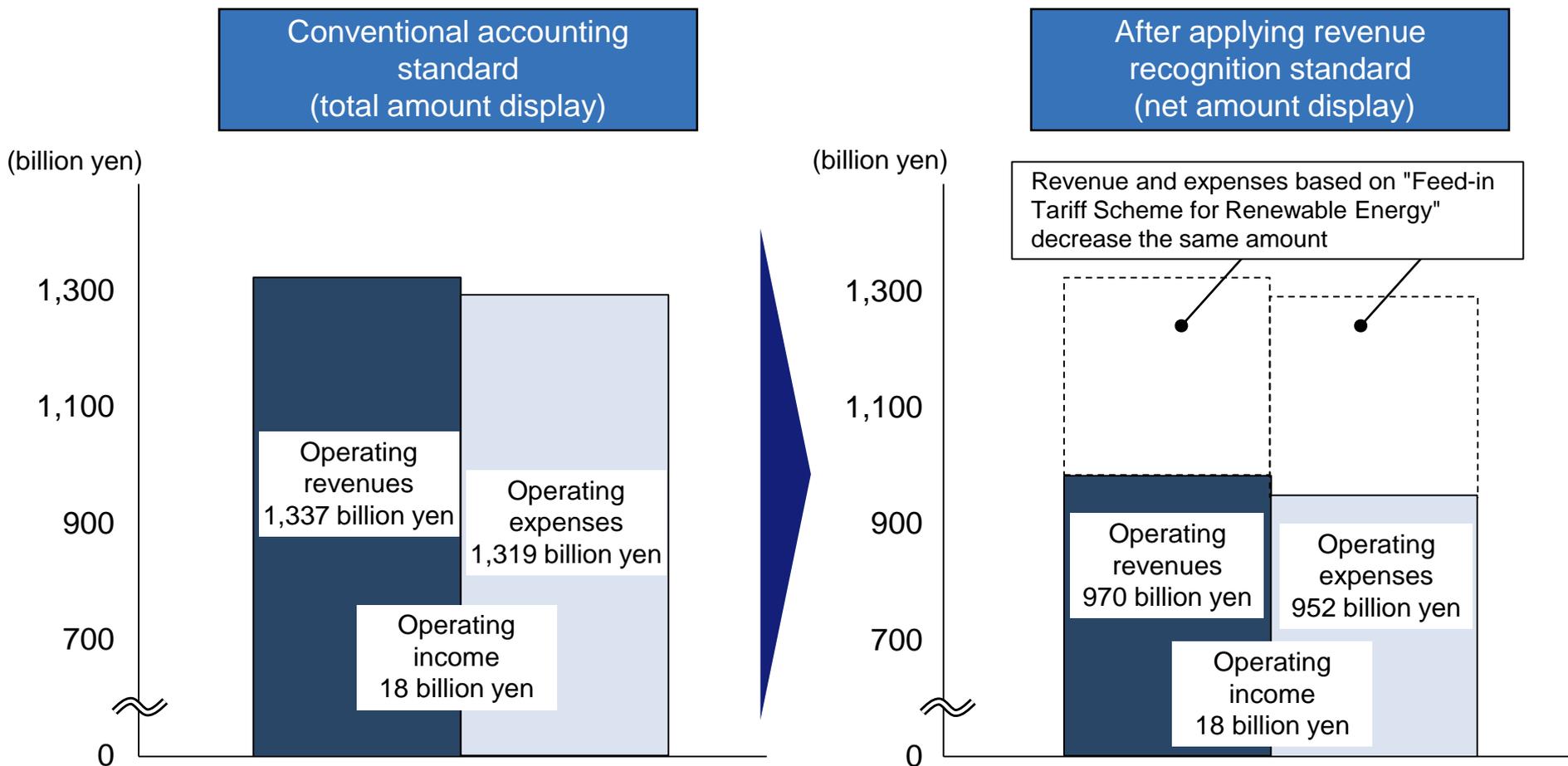
## ■ Financial impact (Sensitivity)

(billion yen)

		FY2022 (Forecasts)	【Reference】 FY2021
Exchange rate	(¥1 / \$)	1.9	1.5
Crude oil prices (All Japan CIF)	(\$1 / b)	1.4	1.6
Water flow rate	(1%)	0.2	0.2
Nuclear capacity factor	(1%)	0.5	0.5

# (Reference) Effect Due to Applying Revenue Recognition Standard

- For our current forecasts, due to the application of the revenue recognition standard, we expect that revenue and expenses for transactions based on the "Feed-in Tariff Scheme for Renewable Energy" will change from total amount display to net amount display, thus decreasing the same amount.
- The application of this accounting standard will not affect income.



- Our basic approach is to pay stable dividends, and we have been implementing dividends of ¥50 per share in overall consideration of mid- and long-term viewpoint, not merely of the results for a single fiscal year.
- Regarding the payment of dividends, we are based on twice a year at interim and year-end.
- Based on our dividend policy above, we have paid out ¥25 per share as the interim dividends to our shareholders and is planning to pay out ¥25 as the year-end dividends of FY2021 (annual dividends of ¥50 per share of FY2021).
- Regarding the forecasts of the dividends of FY2022, we are planning to pay out ¥25 as interim and the year-end.

## < Dividends >

(yen per share)

	FY2022 (Forecasts)	FY2021
Interim	25	25
Year-end	25	25
Total	50	50

**(Reference) Key points**

## Income Statement

(billion yen)

	FY2021		FY2020	
Summary of financial results	For the first time in 4 years		For the first time in 10 years	
	Decrease in revenues (-39.8)		Decrease in revenues (-29.6)	
	Decrease in income (-9.7)		Increase in income (+27.1)	
Operating revenues	1,307.4	(No.4)	1,347.3	(No.2)
Operating income	34.2	(No.23)	48.1	(No.20)
Ordinary income	30.0	(No.20)	39.8	(No.17)
Net income attributable to owners of the parent	14.5	(No.20)	90.0	(No.1)

## Balance Sheet

(billion yen)

	FY2021		FY2020	
Total assets	3,385.1		3,265.3	
Net assets	660.3		646.6	
Shareholders' equity ratio	19.4%		19.7%	
Interest-bearing debt	2,291.8		2,193.9	

Note: "Increase / decrease in income" in the summary of financial results is based on ordinary income.  
The ranking is a simple comparison with the past amount at the time of each settlement since FY1995.

		FY2021	FY2020
Exchange rate	(¥ / \$)	106	109
Crude oil prices (All Japan CIF)	(\$ / b)	* { 43.4	67.8
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 79.1	101.3
Nuclear capacity factor	(%)	-	-

\* Provisional figures

# **(Reference) Appendix**

# 1. Summary of Cash Flows <Consolidated>

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(billion yen)

	FY2021 (A)	FY2020 (B)	Difference (A-B)
Cash Flow form Operating Activities	110.2	129.6	-19.4
Cash Flow from Investing Activities	-172.7	-172.1	-0.6
Free Cash Flow	-62.5	-42.4	-20.0
Cash Flow from Financing Activities	75.2	-1.4	76.6
Cash and Cash Equivalents (increase and decrease)	12.4	-44.0	

(Rounded down to the hundred million yen)

# 2. Major Operating Revenues and Expenses

(billion yen)

	FY2021 (A)		FY2020 (B) (*2)
	Non-Consolidated	Chugoku Electric Power Transmission & Distribution Co., Inc. (*1)	
Operating revenues	1,147.7	[423.1]	1,243.7
electricity sales revenue	806.3	[3.0]	916.5
Personnel	44.6	[52.6]	94.9
Retirement allowances	3.8	[3.7]	5.9
Material	539.5	[126.0]	602.7
Fuel	150.5	[1.6]	188.7
Purchased power	389.0	[124.4]	413.9
Maintenance	36.4 (34.6)	[53.7]	92.4 (41.0)
Depreciation	29.2 (25.5)	[40.7]	67.8 (25.8)

(Rounded down to the hundred million yen)

Note: Figures in parentheses reiterate costs related to power sources.

\*1: For comparisons with the previous year, figures for Chugoku Electric Power Transmission & Distribution Co., Inc. are provided as a reference.

\*2: Actual figures for the former Chugoku Electric Power Company (non-consolidated) before the transmission and distribution business and the like were taken over by Chugoku Electric Power Transmission & Distribution Co., Inc.

# 3. Monthly Change in Total Electricity Sales

■ FY2021

(billion kWh)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total
Total sales		4.27	3.80	3.83	4.20	4.71	4.82	4.18	4.17	4.60	5.55	4.81	4.63	53.56
Retail sales	Subtotal	3.79	3.34	3.31	3.67	4.12	4.19	3.55	3.52	3.88	4.85	4.21	3.96	46.39
	Lighting	1.46	1.24	1.02	1.14	1.39	1.42	1.05	1.17	1.43	2.27	1.74	1.50	16.82
	Power	2.33	2.10	2.29	2.54	2.73	2.76	2.50	2.35	2.45	2.58	2.47	2.46	29.57
Sales to other power companies		0.48	0.46	0.52	0.53	0.59	0.63	0.63	0.64	0.72	0.70	0.60	0.67	7.17

<Reference> Average monthly temperature (Hiroshima city)

(°C)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY2021	13.2	20.3	24.2	25.2	29.9	25.0	18.7	14.2	7.2	5.2	8.2	12.1
Difference from average year	-1.5	1.0	1.2	-1.9	1.7	0.6	0.4	1.7	-0.3	0.0	2.2	3.0
Difference from previous year	-1.6	-0.2	1.0	-1.2	1.4	-1.3	-1.6	0.7	-1.4	-2.9	0.4	1.1

## (1) Procurement volume

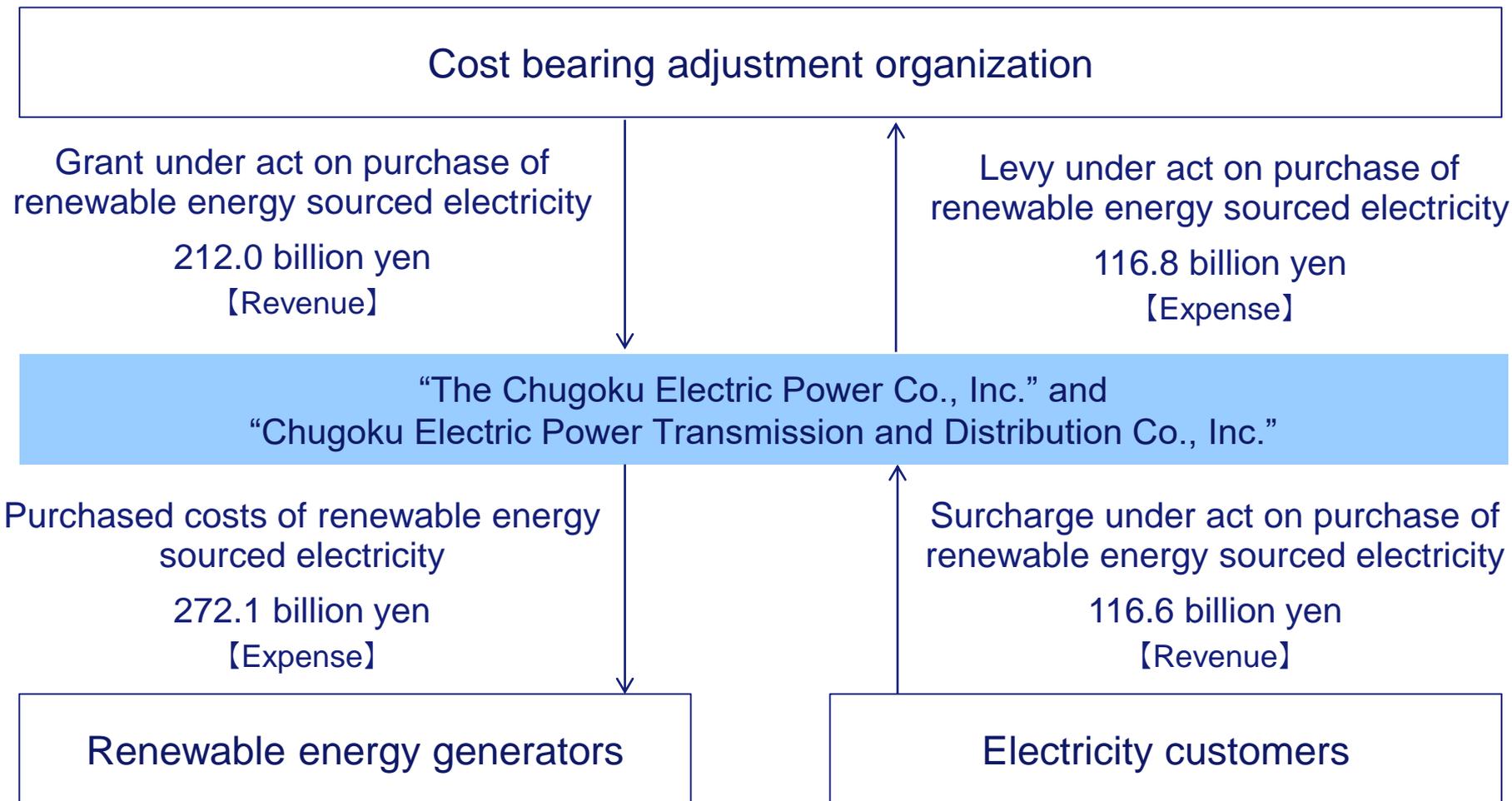
	Unit	FY2021 (A)	FY2020 (B)	Difference (A-B)
Fuel oil	million liters	320	270	50
Coal *	thousand tons	5,290	6,050	-760
LNG *	thousand tons	2,060	2,280	-220

\* Sales included

## (2) Consumption volume

	Unit	FY2021 (A)	FY2020 (B)	Difference (A-B)
Fuel oil	million liters	330	250	80
Coal	thousand tons	5,040	5,700	-660
LNG	thousand tons	1,660	1,810	-150

## ■ FY2021



Note: Difference between "Purchased costs of renewable energy sourced electricity" and "Grant under act on purchase of renewable energy sourced electricity" is subtracting avoidable costs.  
 As "Levy under act on purchase of renewable energy sourced electricity" includes electric power for business use from FY2021, it doesn't match with "Surcharge under act on purchase of renewable energy sourced electricity."

(billion yen)

	FY2021		FY2020 (*2)
	Non-Consolidated	〔Chugoku Electric Power Transmission & Distribution Co., Inc. (*1)〕	
Capital Expenditure	116.9 (104.1)	〔64.4〕	168.3 (97.7)

(Rounded down to the hundred million yen)

Note: Figures in parentheses reiterate costs related to power sources.

\*1: For comparisons with the previous year, figures for Chugoku Electric Power Transmission & Distribution Co., Inc. are provided as a reference.

\*2: Actual figures for the former Chugoku Electric Power Company (non-consolidated) before the transmission and distribution business and the like were taken over by Chugoku Electric Power Transmission & Distribution Co., Inc.

# 7. Interest-bearing debt, etc.

## (1) Breakdown of Interest-bearing debt <Consolidated> (billion yen)

	End of FY2021 (A)	End of FY2020 (B)	Difference (A-B)
Interest-bearing debt	2,291.8	2,193.9	97.9
Corporate bond	926.4	921.5	4.9
Long-term debt	1,188.8	1,187.8	1.0
Short-term debt	69.6	69.8	-0.1
Commercial paper	90.0	-	90.0
Lease obligations	16.9	14.7	2.1

(Rounded down to the hundred million yen)

## (2) Interest rate <Non-Consolidated>

	FY2021	FY2020
Average	0.55 %	0.57 %

## (3) Interest expense <Non-Consolidated> (billion yen)

	FY2021	FY2020 *
Interest expense	10.4	12.2

(Rounded down to the hundred million yen)

Note: \*Actual figures for the former Chugoku Electric Power Company (non-consolidated) before the transmission and distribution business and the like were taken over by Chugoku Electric Power Transmission & Distribution Co., Inc.

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