



Supporting document of
FY2021-3Q financial results

The Summary of Financial Results for FY2021-3Q

(April 1 through December 31, 2020)

The Chugoku Electric Power Co., Inc.

January 29, 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 3rd Quarter Financial Results

1-1. Financial Results Summary <Consolidated>

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- Operating revenues were 938.5 billion yen, a decrease of 60.7 billion yen in comparison with the same period in the previous year. This is mainly because of the decrease in electricity sales revenue due to the decrease in retail electricity sales for the reasons such as stagnation of production activities caused by Coronavirus Disease (COVID-19).
- Operating expenses were 891.1 billion yen, a decrease of 68.0 billion yen in comparison with the same period in the previous year. This is mainly because of our efforts for business efficiency enhancement, in addition to the decrease in material expenses due to the decrease in fuel prices and retail electricity sales .
- As a result, operating income was 47.3 billion yen, an increase of 7.2 billion yen in comparison with the same period in the previous year.
- Ordinary income including other expenses and other income, such as interest expense, was 44.7 billion yen, an increase of 10.3 billion yen in comparison with the same period in the previous year.
- Net income attributable to owners of the parent was 34.4 billion yen. This is the result of applying the provision for drought and deducting income taxes. A decrease of 53.0 billion yen in comparison with the same period in the previous year is mainly because of drawing down reversal of a provision for depreciation of nuclear power plants in the previous year.

1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2021-3Q (A)	FY2020-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	938.5	999.3	-60.7	-6.1 %
Operating income	47.3	40.1	7.2	18.1%
Ordinary income	44.7	34.3	10.3	30.1%
Net income attributable to owners of the parent	34.4	87.4	-53.0	-60.6%

(Rounded down to the hundred million yen)

2. Income Statement <Consolidated>

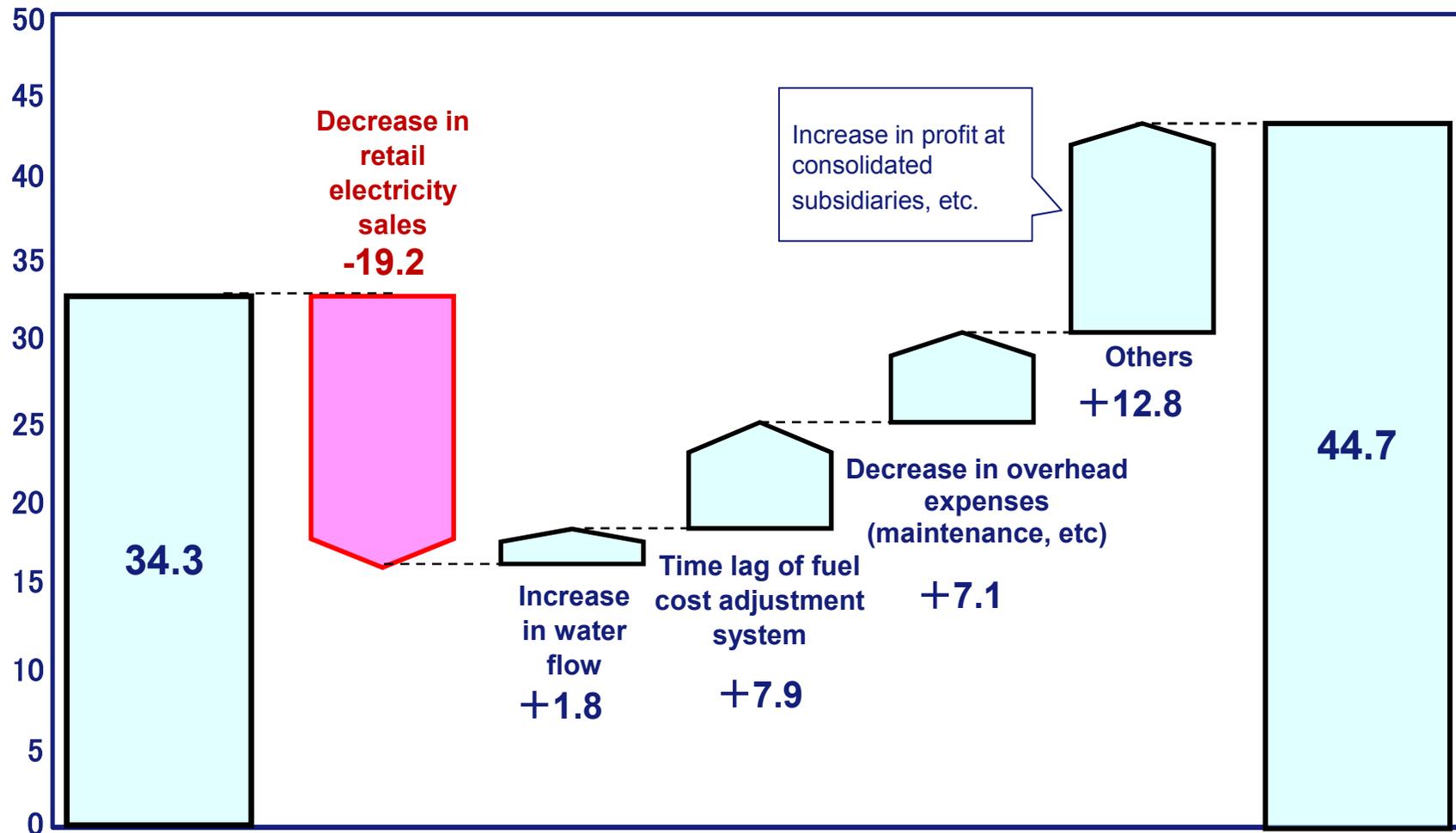
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(billion yen)

	FY2021-3Q (A)	FY2020-3Q (B)	Difference (A-B)
Ordinary revenues	948.6	1,007.0	-58.3
Operating revenues	938.5	999.3	-60.7
Other revenues	10.1	7.7	2.4
Ordinary expenses	903.9	972.6	-68.7
Operating expenses	891.1	959.2	-68.0
Other expenses	12.7	13.4	-0.6
Operating income	47.3	40.1	7.2
Ordinary income	44.7	34.3	10.3
Provision for drought	0.0	-0.3	0.3
Provision for depreciation of nuclear power plant	-	-86.2	86.2
Income taxes, etc.	10.2	33.5	-23.2
Net income attributable to owners of the parent	34.4	87.4	-53.0

(Rounded down to the hundred million yen)

3. Factors for change in Ordinary income <Consolidated> 4



4. Total Electricity Sales

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- Total electricity sales were down by 6.7% in comparison with the same period in the previous year due to reasons such as the intensified competition and the impact of COVID-19.
- Retail electricity sales were 33.37 billion kWh, down by 8.6% in comparison with the same period in the previous year.
- Electricity sales to other power companies were 5.20 billion kWh, an increase of 7.3% in comparison with the same period in the previous year.

		(billion kWh)			
		FY2021-3Q (A)	FY2020-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total sales		38.57	41.36	-2.78	-6.7 %
Retail sales	Subtotal	33.37	36.51	-3.14	-8.6 %
	Lighting	11.32	11.42	-0.1	-0.9 %
	Power	22.05	25.10	-3.04	-12.1 %
Sales to other power companies		5.20	4.84	0.36	7.3 %

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

5. Generated and Received Electricity

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- Total of generated and received electricity was down by 7.7% in comparison with the same period in 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.

(billion kWh)

		FY2021-3Q (A)	FY2020-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		37.15	40.26	-3.11	-7.7%
Own facilities	Subtotal	22.76	24.49	-1.73	-7.1%
	(Water Flow Rate)	(97.3 %)	(79.1 %)	(18.2%)	
	Hydroelectric	2.52	2.08	0.44	21.1 %
	Thermal	20.23	22.41	-2.17	-9.7 %
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.01	0.01	0.00	0.7 %
Interchanged and purchased	Subtotal	15.18	16.40	-1.22	-7.4 %
	Purchased	23.76	25.14	-1.38	-5.5 %
	Transmitted	-8.58	-8.73	0.16	-1.8 %
Pumping use		-0.79	-0.63	-0.16	25.5 %

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

6. Segment Information

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(billion yen)

		FY2021-3Q (A)	FY2020-3Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	856.4	947.0	-90.5
	Operating income	28.6	24.1	4.4
Power Transmission and Distribution Business	Operating revenues	269.6	253.9	15.7
	Operating income	16.6	13.6	3.0
Information and Telecommunications Business	Operating revenues	30.7	30.3	0.4
	Operating income	2.2	2.2	-0.0
Others	Operating revenues	64.7	66.8	-2.0
	Operating income	0.6	0.7	-0.0
Amount of Adjustment	Operating revenues	-283.1	-298.8	15.7
	Operating income	-0.8	-0.7	-0.1
Total	Operating revenues	938.5	999.3	-60.7
	Operating income	47.3	40.1	7.2

(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 the third quarter of FY2020 have been reclassified to the new reporting segments.

II . Forecasts of Financial Results

Dividends for FY2021

1. Forecasts of Financial Results for FY2021

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- We expect that operating revenues will increase in comparison with previous forecasts, for the reasons such as the increase in total electricity sales resulting from the improvements in the impact of COVID-19 on retail electricity sales.
- We expect that ordinary income will be in line with the previous forecasts, for the reasons such as the increase in operating revenues and our efforts for business efficiency enhancement, despite the increase in material expenses due to decrease in fuel prices.
- We are currently examining the impact of the tight supply and demand for electricity since January 2021, and have not factored it into the current forecast. If it becomes necessary to revise the earnings forecast in the future, we will announce it promptly.
- The following factors are expected to affect our group's earnings as a result of the tight supply and demand for electricity.
 - ✓ Increase in retail electricity sales due to severe winter.
 - ✓ Increase in imbalance fee income due to power supply to retailers outside the group.
 - ✓ Increase in fuel and electricity procurement costs due to increased retail electricity.
 - ✓ Increase in electricity procurement costs for supply and demand adjustment by the power transmission and distribution sector.

2. Forecasts of Financial Results Summary

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<Consolidated>

(billion yen)

	FY2021 (Forecasts) As of January (A)	FY2021 (Forecasts) As of October (B)	Difference (A-B)	[Reference] FY2020
Operating revenues	1,272.0	1,262.0	10.0	1,347.3
Operating income	34.0	34.0	-	48.1
Ordinary income	28.0	28.0	-	39.8
Net income attributable to owners of the parent	20.0	20.0	-	90.0
Shareholder's equity ratio	Approximately 19%	Approximately 19%	-	19.7%

3. Forecasts of Financial Results Major Factors (1/2)

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		FY2021 (Forecasts) As of January (A)	FY2021 (Forecasts) As of October (B)	Difference (A-B)	【Reference】 FY2020
Total electricity sales	(billion kWh)	53.2	52.8	0.4	56.3
Exchange rate	(¥ / \$)	106	106	-	109
Crude oil prices (All Japan CIF)	(\$ / b)	42	41	1	67.8
Nuclear capacity factor	(%)	-	-	-	-

■ Financial impact (Sensitivity)

(billion yen)

		FY2021 (Forecasts) As of January	【Reference】 FY2020
Exchange rate	(¥1 / \$)	1.5	2.2
Crude oil prices (All Japan CIF)	(\$1 / b)	1.6	1.9
Water flow rate	(1%)	0.2	0.4
Nuclear capacity factor	(1%)	0.4	0.6

- The impact of COVID-19 on retail electricity sales is assumed to be as following.

The impact of COVID-19 (estimation)

	FY2021-3Q	FY2021(full-year)
Impact on retail electricity sales (year on year change)	Approx.-0.8billion kWh (-2.3%)	Approx.-1.2billion kWh (-2.5%)
Impact on profits	Approx.-6billion yen	Approx.-9billion yen

- We have continued stable dividends of ¥50 per share, based on our dividend policy “constant nominal payment”, in consideration of medium-and-long term viewpoint.
- Regarding the payment of dividends, we are based on twice a year at interim and year-end.
- We are planning to pay out ¥25 as the year-end dividends of FY2021. We have not revised the forecasts of dividends announced in October 2020.

< Dividends > (yen per share)

	FY2021	FY2020
Interim	25	25
Year-end	25 (forecast)	25
Total	50 (forecast)	50

(Reference) Key points

1. Income Statement and Balance Sheet <Consolidated>

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Income Statement

(billion yen)

	FY2021-3Q	FY2020-3Q
Summary of financial results	2 years in a row Decrease in revenues (-60.7) Increase in income (+10.3)	For the first time in 3 years decrease in revenues (-8.0) Increase in income (+32.5)
Operating revenues	938.5 (No.5)	999.3 (No.2)
Operating income	47.3 (No.7)	40.1 (No.10)
Ordinary income	44.7 (No.7)	34.3 (No.7)
Net income attributable to owners of the parent	34.4 (No.4)	87.4 (No.1)

Balance Sheet

(billion yen)

	FY2021-3Q	FY2020
Total assets	3,386.1	3,265.3
Net assets	664.4	646.6
Shareholders' equity ratio	19.5%	19.7%
Interest-bearing debt	2,328.4	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 FY2004.

2. Major Factors

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		FY2021-3Q	FY2020-3Q
Exchange rate	(¥ / \$)	106	109
Crude oil prices (All Japan CIF)	(\$ / b)	* { 39.0	67.9
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 76.0	104.7
Nuclear capacity factor	(%)	-	-

* Provisional figures

(Reference) Appendix

1. Operating expenses

(billion yen)

	FY2021-3Q (A)		FY2020-3Q (B) (※2)
	Non-Consolidated	Chugoku Electric Power Transmission & Distribution Co.,Inc. (※1)	
Operating revenues	833.9	[269.3]	923.5
electricity sales revenue	586.3	[1.8]	673.8
Personnel	33.6	[39.3]	71.2
Retirement allowances	2.9	[2.8]	4.5
Material	384.8	[71.4]	461.6
Fuel	101.6	[1.1]	144.4
Purchased power	283.2	[70.2]	317.2
Maintenance	24.7 (23.6)	[35.8]	61.2 (26.5)
Depreciation	21.8 (19.0)	[30.6]	50.8 (19.5)

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

*1: For comparisons with the same period of the previous year, figures for Chugoku Electric Power Transmission & Distribution 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.

2. Procurement and Consumption of Fuel (Non-Consolidated)

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(1) Procurement volume

	Unit	FY2021-3Q (A)	FY2020-3Q (B)	Difference (A-B)
Fuel oil	million liters	210	220	-10
Coal *	thousand tons	4,050	4,750	-700
LNG *	thousand tons	1,470	1,730	-260

* Sales included

(2) Consumption volume

	Unit	FY2021-3Q (A)	FY2020-3Q (B)	Difference (A-B)
Fuel oil	million liters	260	230	30
Coal	thousand tons	3,570	4,240	-670
LNG	thousand tons	1,220	1,380	-160

3. Capital Expenditure

(billion yen)

	FY2021-3Q		FY2020-3Q (※2)
	Non-Consolidated	〔 Chugoku Electric Power Transmission & Distribution Co.,Inc. (※1) 〕	
Capital Expenditure	76.7 (73.0)	[41.1]	101.9 (60.5)

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

*1: For comparisons with the same period of the previous year, figures for Chugoku Electric Power Transmission & Distribution 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.

4. Interest-bearing debt, etc.

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

	End of FY2021-3Q (A)	End of FY2020 (B)	Difference (A-B)
Interest-bearing debt	2,328.4	2,193.9	134.4
Corporate bond	956.4	921.5	34.9
Long-term debt	1,206.1	1,187.8	18.3
Short-term debt	69.2	69.8	-0.5
Commercial paper	80.0	-	80.0
Lease Obligations	16.5	14.7	1.7

(2) Interest rate <Non-Consolidated>

	FY2021-3Q	FY2020
Average	0.56 %	0.57 %

(3) Interest expense<Non-Consolidated>

(billion yen)

	FY2021-3Q (A)	FY2020-3Q (B)
Interest expense	7.9	8.9

(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.

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