

The Summary of Financial Results for FY2022

(April 1 through March 31, 2022)

The Chugoku Electric Power Co., Inc.

April 28, 2022

In this report, the term “Fiscal Year 2022” refers to the period between April 1, 2021 and March 31, 2022.

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I . FY2022 Financial Results

- Operating revenues were 1,136.6 billion yen, a decrease of 170.8 billion yen in comparison with the previous year, mainly due to a change in the method of recording revenue related to feed-in tariffs for renewable energy according to the application of the "Accounting Standard for Revenue Recognition."*
- Operating income was a loss of 60.7 billion yen, a decrease of 95.0 billion yen in comparison with the previous year. This is because higher fuel prices, which have continued to rise since the beginning of the fiscal year, resulted in a significant increase in loss on the time lag of the fuel cost adjustment system.
- Ordinary income including non-operating income and expenses such as interest expense was a loss of 61.8 billion yen, a decrease of 91.9 billion yen in comparison with the previous year.
- As a result of drawing on the drought reserve, recording extraordinary income and deducting income taxes, net loss attributable to owners of the parent was 39.7 billion yen, a decrease of 54.2 billion yen from the same period of the previous fiscal year.

Note: As a result of the application of the "Accounting Standard for Revenue Recognition" and the "Regulation on Accounting at Electric Utilities" revised in accordance with this standard, operating revenues and operating expenses decreased by 336.1 billion yen and 335.9 billion yen, respectively. The impact that this had on profit is minor.

1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2022 (A)	FY2021 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,136.6	1,307.4	-170.8	-13.1 %
Operating income	-60.7	34.2	-95.0	-
Ordinary income	-61.8	30.0	-91.9	-
Profit attributable to owners of the parent	-39.7	14.5	-54.2	-

Note: As a result of the application of the "Accounting Standard for Revenue Recognition" and the "Regulation on Accounting at Electric Utilities" revised in accordance with this standard, operating revenues and operating expenses decreased by 336.1 billion yen and 335.9 billion yen, respectively. The impact that this had on profit is minor.

2. Income Statement <Consolidated>

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(billion yen)

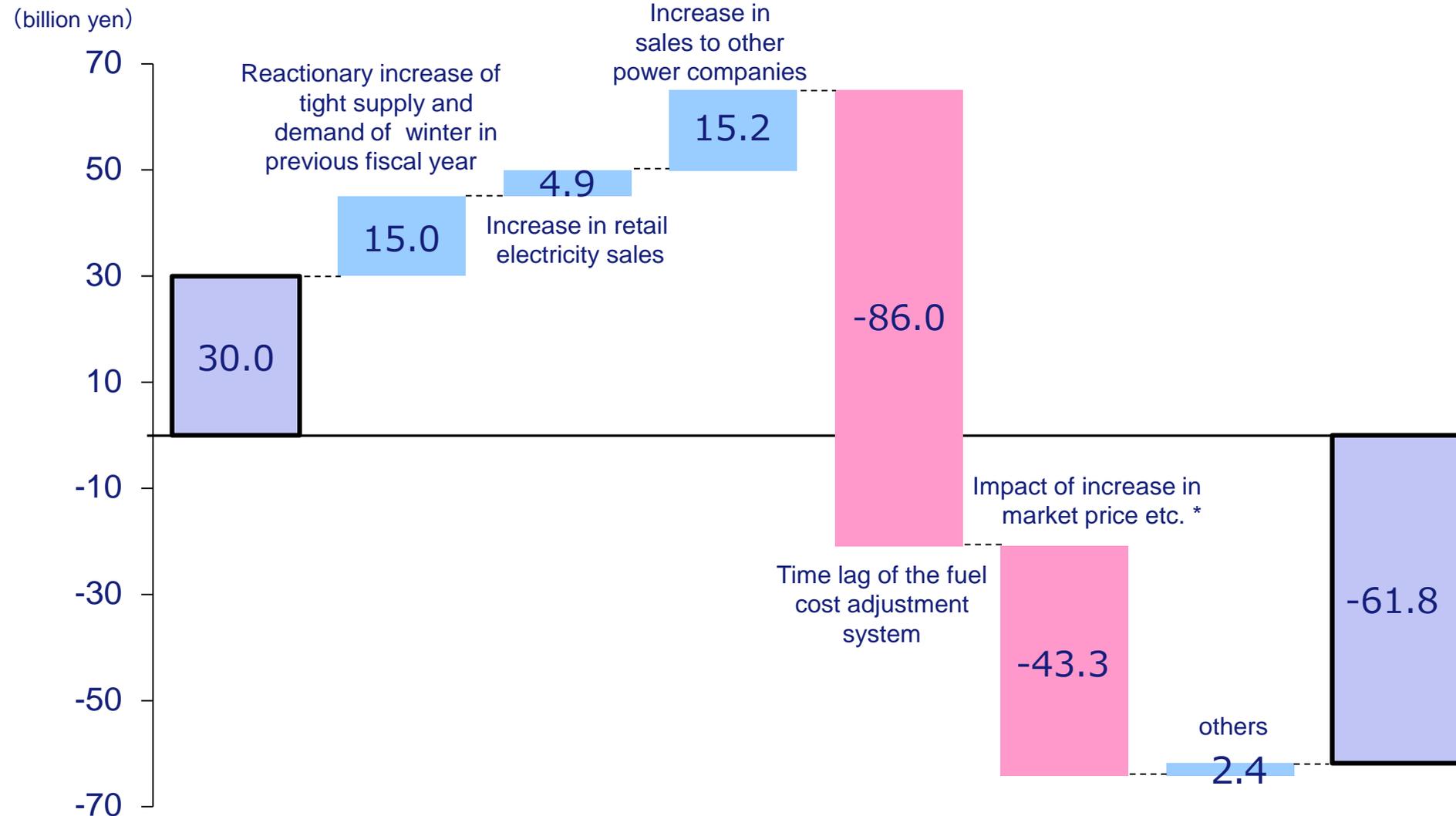
	FY2022 (A)	FY2021 (B)	Difference (A-B)
Ordinary revenues	1,152.5	1,321.0	-168.4
Operating revenues	1,136.6	1,307.4	-170.8
Other revenues	15.9	13.5	2.3
Ordinary expenses	1,214.4	1,290.9	-76.4
Operating expenses	1,197.3	1,273.2	-75.8
Other expenses	17.0	17.7	-0.6
Operating income	-60.7	34.2	-95.0
Ordinary income	-61.8	30.0	-91.9
Drought reserve	-0.0	0.0	-0.0
Extraordinary income	5.6	-	5.6
Extraordinary loss	-	11.4	-11.4
Income taxes, etc.	-16.4	4.0	-20.5
Profit attributable to owners of the parent	-39.7	14.5	-54.2

Note: In FY2022, "Loss on return of imbalance income and expenditure" of 1.6 billion yen has been recorded in other expenses.

3. Factors for Change in Ordinary Income <Consolidated>

FY
2021

Consolidated ordinary income -91.9 billion yen

FY
2022

Note: This Includes the impact of increase in avoidable costs of "Feed-in Tariff Scheme for Renewable Energy"

4. Total Electricity Sales

- Total electricity sales were 56.43 billion kWh, an increase of 5.4% in comparison with the previous year.
- Retail electricity sales were 47.11 billion kWh, an increase of 1.5% in comparison with the previous year.
- Electricity sales to other power companies were 9.32 billion kWh, an increase of 30.1% in comparison with the previous year.

(billion kWh)

	FY2022 (A)	FY2021 (B)	Difference (A-B)	Rate of change (A/B-1)	
Total sales	56.43	53.56	2.87	5.4 %	
Retail sales	Lighting	16.44	16.82	-0.38	-2.3 %
	Power	30.66	29.57	1.09	3.7 %
	Subtotal	47.11	46.39	0.72	1.5 %
Sales to other power companies	9.32	7.17	2.16	30.1 %	

Note1: This is the total electricity sales of Chugoku Electric Power.

Note2: This does not include the amount of electricity sales for in-house and the amount of electricity sales to other companies for imbalance/adjusted power supply.

5. Generated and Received Electricity

- Total of generated and received electricity were 60.95 billion kWh, an increase of 4.9% in comparison with the previous year.
- Hydroelectric power of own facilities were 3.51 billion kWh, almost at the level of the previous year.
- Thermal power of own facilities and power purchased increased due to an increase in the total electricity sales.

(billion kWh)

		FY2022 (A)	FY2021 (B)	Difference (A-B)	Rate of change (A/B-1)
Total		60.95	58.08	2.87	4.9%
Own facilities	Subtotal	33.30	31.55	1.75	5.5%
	(Water Flow Rate)	(96.7 %)	(96.6 %)	(0.1%)	
	Hydroelectric	3.51	3.48	0.03	0.9 %
	Thermal	29.78	28.06	1.72	6.1 %
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.01	0.01	0.00	13.6 %
Power purchased		28.82	27.71	1.11	4.0 %
Pumping use		-1.16	-1.18	0.01	-1.2 %

6. Segment Information

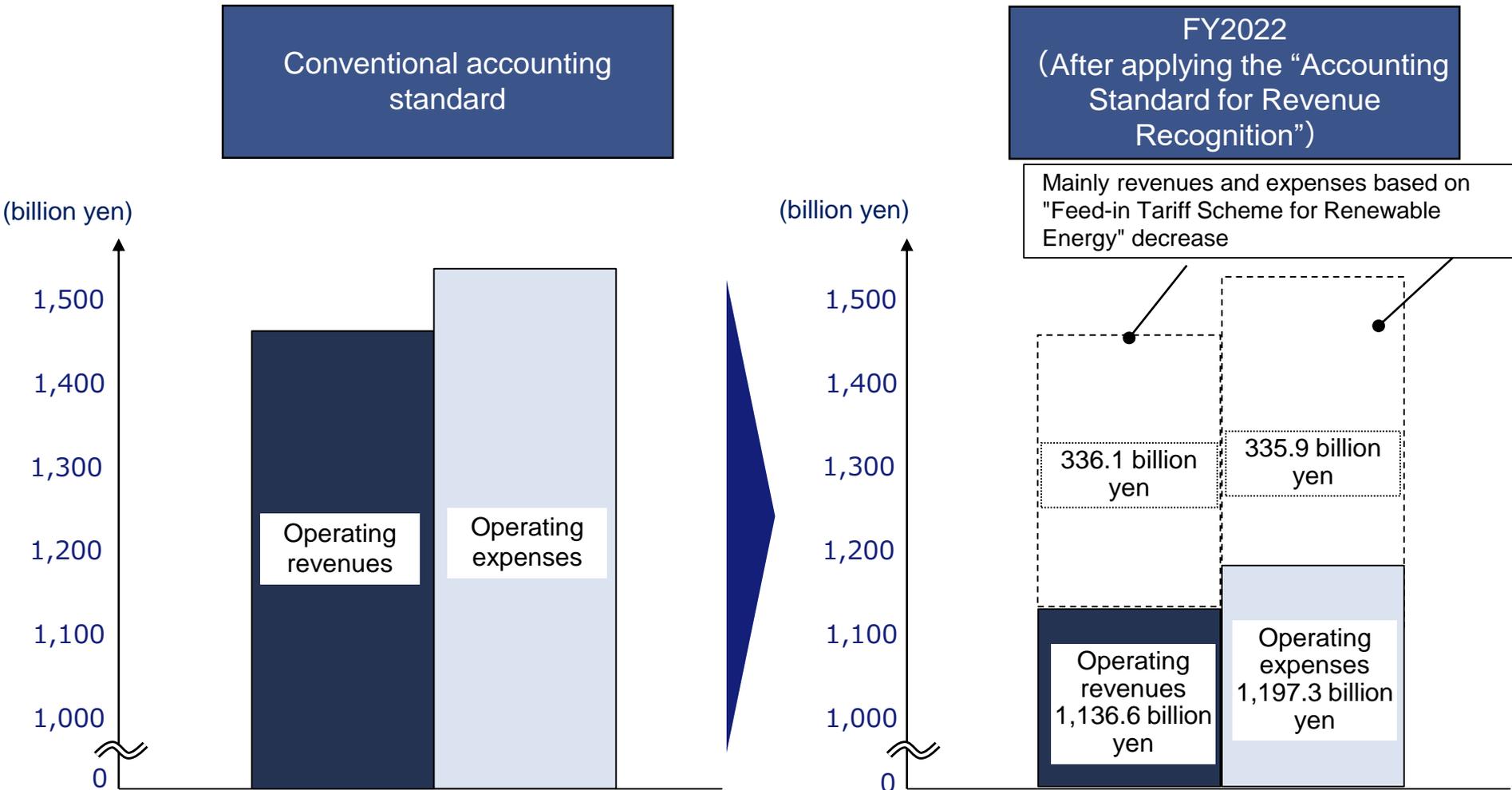
- For the Comprehensive Energy Business, operating revenues decreased due to a change in the method of recording revenue as a result of the application of the "Accounting Standard for Revenue Recognition." In addition, operating income decreased mainly due to a significant increase in loss on the time lag of the fuel cost adjustment system.
- In the Power Transmission and Distribution Business, operating income decreased mainly due to an increase in expenses related to supply and demand adjustments.

(billion yen)

		FY2022 (A)	FY2021 (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	1,040.3	1,181.3	-141.0
	Operating income	-89.5	-12.6	-76.9
Power Transmission and Distribution Business	Operating revenues	436.0	423.8	12.1
	Operating income	21.7	41.0	-19.3
Information and Telecommunications Business	Operating revenues	45.2	45.1	0.1
	Operating income	3.7	3.4	0.3
Others	Operating revenues	104.9	101.9	2.9
	Operating income	5.0	4.3	0.7
Amount of Adjustment	Operating revenues	-489.9	-444.7	-45.1
	Operating income	-1.7	-1.9	0.1
Total	Operating revenues	1136.6	1,307.4	-170.8
	Operating income	-60.7	34.2	-95.0

7-1. Effect Due to Applying the “Accounting Standard for Revenue Recognition”

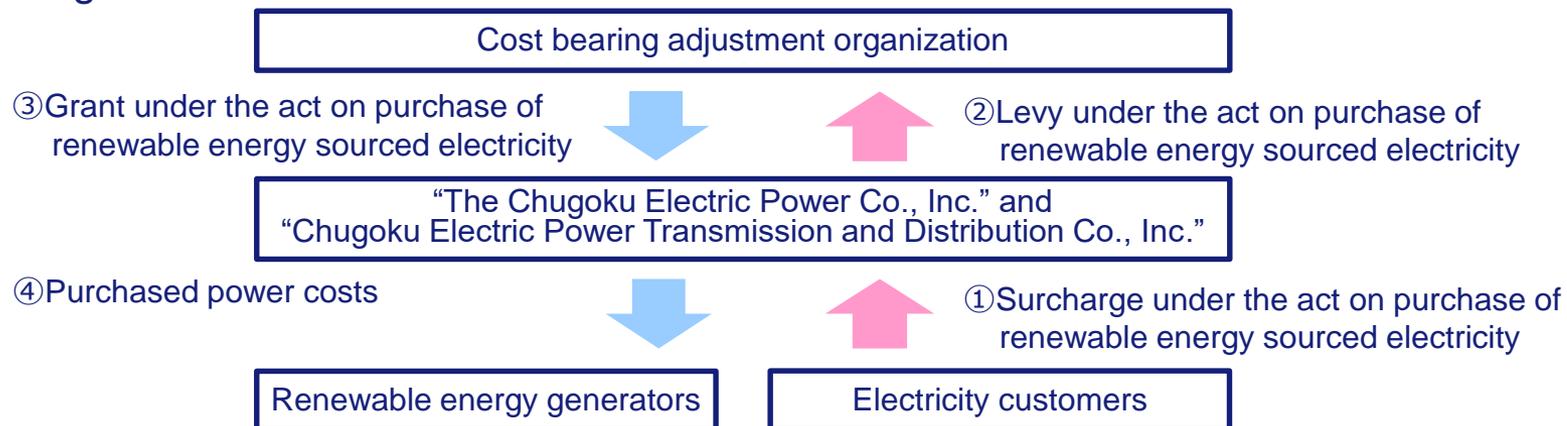
- Due to the application of the "Accounting Standard for Revenue Recognition," revenue and expenses decreased mainly for transactions based on the "Feed-in Tariff Scheme for Renewable Energy" (FIT Scheme). The impact that this had on profit is minor.



7-2. Effect Due to Applying the “Accounting Standard for Revenue Recognition” (FIT Scheme)

- As a result of the change in accounting for transactions based on the "The Feed-in Tariff Scheme for Renewable Energy", related revenue and expenses decreased as follows.

【Scheme Diagram】



【Summary of Accounting Changes】

Subjects	Conventional	From current fiscal year	Impact on revenue and expenses
① Surcharge under the act on purchase of renewable energy sourced electricity	Recorded as revenues	Recorded as debt	Decrease in revenues
② Levy under the act on purchase of renewable energy sourced electricity	Recorded as expenses	Repayment of debt	Decrease in expenses
③ Grant under the act on purchase of renewable energy sourced electricity	Recorded as revenues	Reversal to expenses (④ Reversal to purchased power costs)	Decrease in revenues Decrease in expenses

Note1: This change has no impact on profit overall.

Note2: Difference between “Purchased power costs(④)” and “Grant under the act on purchase of renewable energy sourced electricity(③)” is subtracting avoidable costs.

II . Forecasts of Financial Results for FY2023 Dividends

- Regarding the forecast of consolidated financial results, both operating revenues and profits are yet undecided since we are currently unable to forecast revenues and expenses. The reasons are firstly we are unable to calculate the total amount of electricity sales reasonably due to the difficulty in assuming the impact of higher energy prices and other factors on economic activities, and secondly we are unable to predict reasonably how the fuel procurement environment changes and how fuel prices fluctuate.
- We shall promptly provide our forecasts at the time when we are able to reasonably calculate the electricity sales and revenues and expenses based on fuel price trends and other factors.
- We will continue to make maximum efforts to raise the level of profits and reduce the risk of fuel and electricity price fluctuations in order to improve in business performance.

- Our basic policy is to pay out stable dividends, and we have been implementing dividends 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.
- Considering the largest deficit of consolidated results ever, while the non-consolidated results is deficit two consecutive years, we are planning to pay out 15 yen as the year-end dividend to our shareholders. (Annual dividends of FY2022 is 40 yen per share, totaled with the interim dividend.)
- As we leave the forecasts of financial results for FY2023 undecided, the forecasts of the interim and the year-end dividends for FY2023 are also yet undecided.

< Dividends >

(yen per share)

	FY2023 (Forecasts)	FY2022
Interim	Undecided	25
Year-end	Undecided	15
Total	Undecided	40

(Reference) Key points and Initiatives of Chugoku Electric Power Group

Income Statement

(billion yen)

	FY2022	FY2021
Summary of financial results	2 years in a row Decrease in revenues (-170.8) Decrease in income (-91.9)	For the first time in 4 years Decrease in revenues (-39.8) Decrease in income (-9.7)
Operating revenues	1,136.6	1,307.4 (No.4)
Operating income	-60.7 (No.28)	34.2 (No.23)
Ordinary income	-61.8 (No.28)	30.0 (No.20)
Profit attributable to owners of the parent	-39.7 (No.28)	14.5 (No.20)

Balance Sheet

(billion yen)

	FY2022	FY2021
Total assets	3,566.9	3,385.1
Net assets	608.4	660.3
Shareholders' equity ratio	17.0%	19.4%
Interest-bearing debt	2,527.7	2,291.8

Note1: As a result of the application of the "Accounting Standard for Revenue Recognition" from FY2022, operating revenues decreased by 336.1 billion yen. Based on this, a ranking of operating revenues is not provided because the significance of comparison with past operating revenues has been lost.

Note2: "Increase / decrease in income" in the summary of financial results is based on ordinary income.

Note3: The ranking is a simple comparison with the past amount at the time of each settlement since FY1995.

		FY2022	FY2021
Exchange rate	(¥ / \$)	112	106
Crude oil prices (All Japan CIF)	(\$ / b)	* { 77.2	43.4
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 158.6	79.8
Nuclear capacity factor	(%)	-	-

* Provisional figures

- In January 2020, we formulated a new Group Corporate Vision targeting the year 2030 that shows our "goals" and the "direction of efforts to achieve them."
- We publish an Action Plan (outline of the management plan) every year as a plan for achieving the Group Corporate Vision.
- In addition, based on the national government's "2050 Carbon Neutral Declaration," the Group has announced that we will strive to be carbon neutral by 2050.
- Please refer to the following documents to learn more about our efforts to achieve our goals.
 - ✓ Chugoku Electric Power Group Corporate Vision
https://www.energia.co.jp/e/ir/info/corporate_vision.html
 - ✓ Action Plan (Management Plan Outline) *
<https://www.energia.co.jp/ir/irkeiei/gaiyou.html>
 - ✓ Chugoku Electric Power Group's Initiatives for Carbon Neutral by 2050 *
<https://www.energia.co.jp/press/2021/13005.html>
 - ✓ Chugoku Electric Power Group Integrated Report
<https://www.energia.co.jp/e/ir/report/annual.html>

(Reference) Appendix

1. Summary of Cash Flows <Consolidated>

(billion yen)

	FY2022 (A)	FY2021 (B)	Difference (A-B)
Cash Flow form Operating Activities	0.3	110.2	-109.9
Cash Flow from Investing Activities	-206.3	-172.7	-33.6
Free Cash Flow	-206.0	-62.5	-143.5
Cash Flow from Financing Activities	212.5	75.2	137.3
Cash and Cash Equivalents (increase and decrease)	6.6	12.4	

2-1. Income Statement <Non-Consolidated>

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(billion yen)

	FY2022 (A)	FY2021 (B)	Difference (A-B)
Ordinary revenues	1,022.8	1,165.1	-142.3
Operating revenues	994.9	1,147.7	-152.7
Electricity sales revenue	764.7	806.3	*1 -41.5
Grant under the act on purchase of renewable energy sourced electricity	—	180.2	-180.2
Others	230.2	161.0	69.1
Non-operating revenues	27.8	17.3	10.4
Ordinary expenses	1,098.6	1,176.0	-77.3
Operating expenses	1,084.6	1,160.4	-75.7
Personnel	41.4	44.6	-3.2
Retirement allowances	0.7	3.8	-3.1
Material	580.7	539.5	41.1
Fuel	252.8	150.5	102.2
Purchased power	327.8	389.0	*2 -61.1
Maintenance	38.2	36.4	1.7
Depreciation	30.2	29.2	0.9
Transmission fees of connected supply	263.3	268.2	-4.8
Levy under the act on purchase of renewable energy sourced electricity	—	116.3	-116.3
Others	130.6	125.8	4.8
Non-operating expenses	14.0	15.6	-1.6
Ordinary income (Operating income)	-75.8 (-89.6)	-10.9 (-12.7)	-64.9 (-76.9)
Provision for drought	-0.0	0.0	-0.0
Extraordinary income	5.5	-	5.5
Income taxes, etc.	-23.9	-5.6	-18.2
Net income	-46.3	-5.3	-41.0

*1: Includes decrease in “Surcharge under the act on purchase of renewable energy sourced electricity.”

*2: Includes decrease due to reversal of “Grant under the act on purchase of renewable energy sourced electricity.”

(billion yen)

	FY2022 (A)	FY2021 (B)	Difference (A-B)
Ordinary revenues	436.2	423.7	12.5
Operating revenues	435.2	423.1	12.0
Transmission revenue	321.1	332.7	-11.6
Grant under the act on purchase of renewable energy sourced electricity	—	31.7	-31.7
Others	114.1	58.6	55.4
Non-operating revenues	0.9	0.5	0.4
Ordinary expenses	419.0	388.6	30.4
Operating expenses	413.6	382.2	31.3
Personnel	49.2	52.6	-3.3
Retirement allowances	1.3	3.7	-2.4
Material	160.1	126.0	34.0
Fuel	2.4	1.6	0.8
Purchased power, etc.	157.6	124.4	*1 33.2
Maintenance	55.3	53.7	1.6
Depreciation	35.8	40.7	-4.8
Levy under the act on purchase of renewable energy sourced electricity	—	0.4	-0.4
Others	112.9	108.6	4.3
Non-operating expenses	5.3	6.3	-0.9
Ordinary income (Operating income)	17.1 (21.6)	35.0 (40.9)	-17.9 (-19.2)
Extraordinary income	3.1	—	3.1
Extraordinary loss	4.5	11.4	-6.8
Income taxes, etc.	4.4	7.3	-2.8
Net income	11.2	16.3	-5.0

*1: Includes decrease due to reversal of “Grant under the act on purchase of renewable energy sourced electricity.”

3. Monthly Change in Total Electricity Sales

FY2022

(billion kWh)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total
Total sales		4.42 (3.7%)	4.11 (8.3%)	4.17 (8.7%)	4.62 (10.0%)	5.06 (7.2%)	4.64 (-3.7%)	4.39 (5.1%)	4.45 (6.9%)	4.76 (3.5%)	5.50 (-0.9%)	5.27 (9.6%)	5.04 (8.9%)	56.43 (5.4%)
Retail sales	Subtotal	3.79 (-0.1%)	3.46 (3.5%)	3.48 (5.2%)	3.82 (4.1%)	4.17 (1.3%)	3.88 (-7.4%)	3.58 (0.7%)	3.62 (2.9%)	3.93 (1.2%)	4.63 (-4.6%)	4.48 (6.6%)	4.27 (7.9%)	47.11 (1.5%)
	Lighting	1.38 (-5.4%)	1.13 (-8.2%)	0.98 (-3.9%)	1.12 (-1.3%)	1.37 (-1.4%)	1.18 (-17.0%)	1.05 (-0.6%)	1.16 (-1.4%)	1.44 (1.2%)	2.05 (-9.5%)	1.90 (9.1%)	1.68 (11.9%)	16.44 (-2.3%)
	Power	2.41 (3.2%)	2.32 (10.4%)	2.50 (9.3%)	2.70 (6.5%)	2.80 (2.6%)	2.70 (-2.5%)	2.53 (1.3%)	2.47 (5.0%)	2.48 (1.2%)	2.58 (-0.3%)	2.59 (4.8%)	2.59 (5.4%)	30.66 (3.7%)
Sales to other power companies		0.64 (34.1%)	0.66 (42.7%)	0.68 (31.2%)	0.80 (51.2%)	0.88 (48.7%)	0.76 (21.2%)	0.81 (29.8%)	0.83 (29.1%)	0.84 (15.8%)	0.87 (24.8%)	0.79 (30.7%)	0.77 (14.7%)	9.32 (30.1%)

Note1: This is the total electricity sales of Chugoku Electric Power.

Note2: This does not include the amount of electricity sales for in-house and the amount of electricity sales to other companies for imbalance/adjusted power supply.

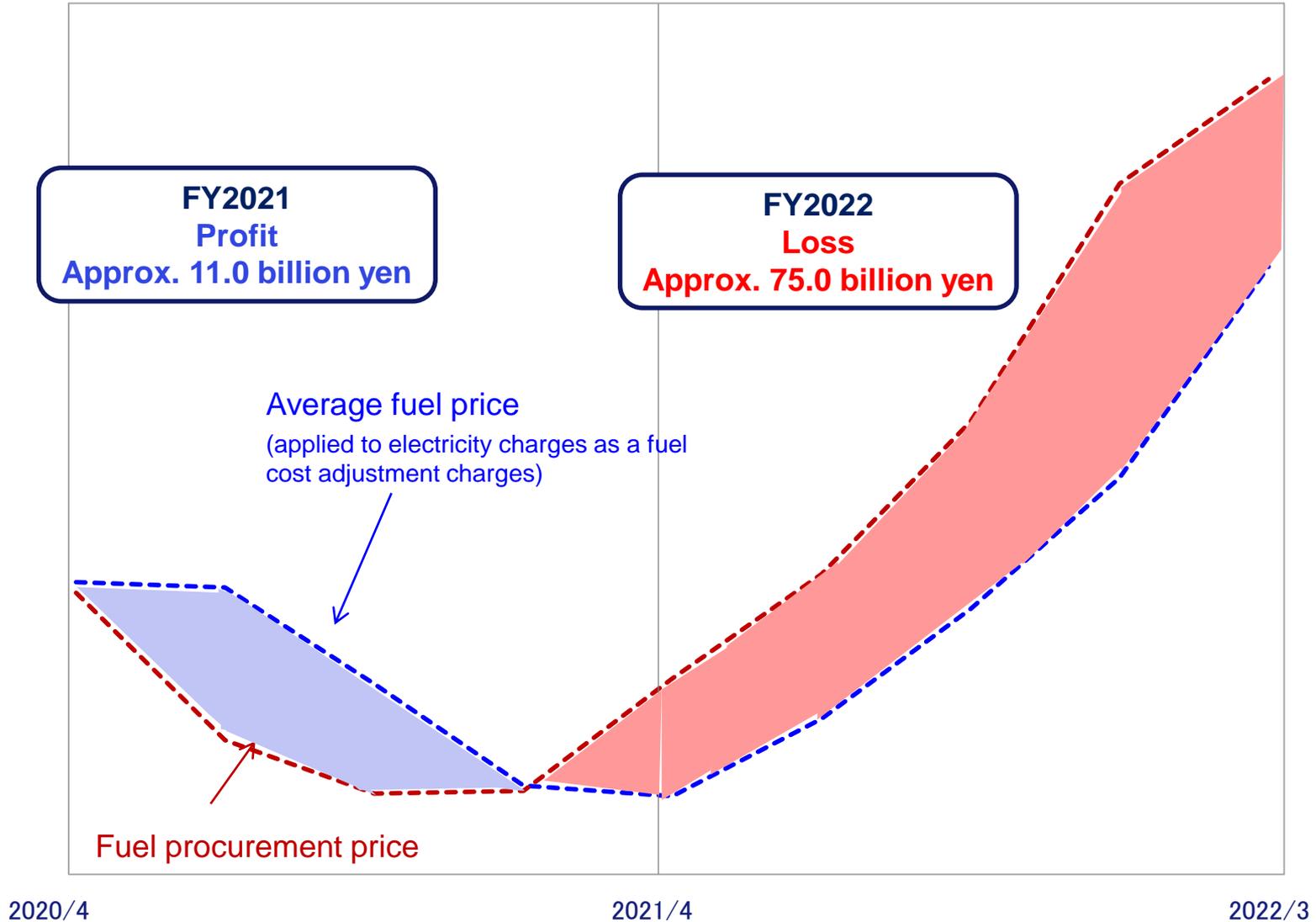
Note3: Figures in parentheses indicate the percentage change from the previous fiscal year.

<Reference> Average monthly temperature (Hiroshima city)

(°C)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY2022	15.4	19.5	23.8	27.6	27.4	25.0	19.9	13.1	7.8	5.3	4.8	11.5
Difference from average year	0.6	-0.1	0.6	0.4	-1.1	0.3	1.1	0.2	0.3	-0.1	-1.4	2.0
Difference from previous year	2.2	-0.8	-0.4	2.4	-2.5	0.0	1.2	-1.1	0.6	0.1	-3.4	-0.6

4 .Time Lag of the Fuel Cost Adjustment System (Image Diagram)



Note: Fluctuation in fuel prices causes time lag between payment of fuel cost and reception of fuel cost adjustment charges, resulting in temporary increase or decrease in income. Time lag above is this temporary increase or decrease, assuming that time lag dose not take place.

(1) Procurement volume

	Unit	FY2022 (A)	FY2021 (B)	Difference (A-B)
Fuel oil	million liters	380	320	60
Coal *	thousand tons	5,570	5,290	280
LNG *	thousand tons	2,120	2,060	60

* Sales included

(2) Consumption volume

	Unit	FY2022 (A)	FY2021 (B)	Difference (A-B)
Fuel oil	million liters	440	330	110
Coal	thousand tons	5,280	5,040	240
LNG	thousand tons	1,740	1,660	80

6. Capital Expenditure

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2022 (A)	FY2021 (B)	Difference (A-B)	FY2022 (A)	FY2021 (B)	Difference (A-B)
Capital Expenditure	110.5 (96.9)	116.9 (104.1)	-6.4 (-7.1)	64.4	64.4	0.0

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

7. Interest-bearing debt, etc.

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

	End of FY2022 (A)	End of FY2021 (B)	Difference (A-B)
Interest-bearing debt	2,527.7	2,291.8	235.8
Corporate bond	1,031.4	926.4	104.9
Long-term debt	1,240.2	1,188.8	51.3
Short-term debt	68.0	69.6	-1.5
Commercial paper	170.0	90.0	80.0
Lease obligations	18.0	16.9	1.1

(2) Interest rate <Non-Consolidated>

	FY2022	FY2021
Average	0.48 %	0.55 %

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

	FY2022	FY2021
Interest expense	9.4	10.4

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