



Supporting document of
FY2022-1Q financial results

The Summary of Financial Results for FY2022-1Q

(April 1 through June 30, 2021)

The Chugoku Electric Power Co., Inc.

July 30, 2021

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 1st Quarter Financial Results

1-1. Financial Results Summary <Consolidated>

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- Operating revenues were 220.1 billion yen, a decrease of 87.8 billion yen from the same period of the previous fiscal 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 and expenses amounted to a loss of 4.9 billion yen, a decrease of 20.9 billion yen from the same period of the previous fiscal year, mainly due to the time lag of the fuel cost adjustment system as a result of higher fuel prices.
- Ordinary income including non-operating income and expenses such as interest expense was a loss of 2.6 billion yen, a decrease of 16.9 billion yen from the same period of the previous year.
- As a result of drawing on the drought reserve and deducting income taxes, the quarterly net income attributable to owners of the parent was a net loss of 1.3 billion yen, a decrease of 12.9 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 102.0 billion yen and 102.0 billion yen, respectively. The impact that this had on profit is minor.

1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	220.1	307.9	-87.8	-28.5 %
Operating income	-4.9	16.0	-20.9	-
Ordinary income	-2.6	14.3	-16.9	-
Net income attributable to owners of the parent	-1.3	11.5	-12.9	-

(Rounded down to the hundred million yen)

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 102.0 billion yen and 102.0 billion yen, respectively. The impact that this had on profit is minor.

2. Income Statement <Consolidated>

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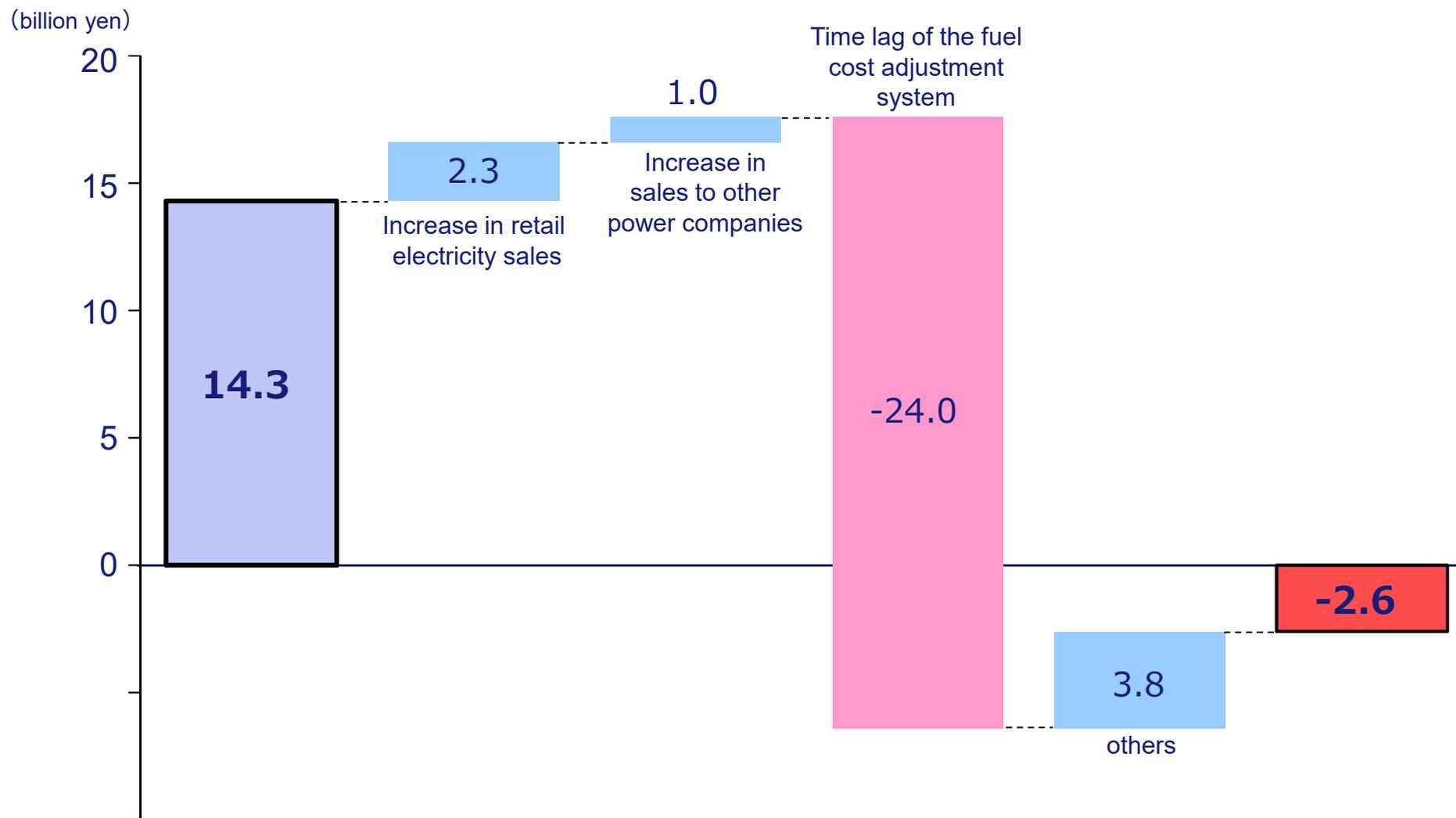
(billion yen)

	FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)
Ordinary revenues	225.9	310.7	-84.8
Operating revenues	220.1	307.9	-87.8
Other revenues	5.8	2.8	2.9
Ordinary expenses	228.6	296.4	-67.8
Operating expenses	225.0	291.9	-66.8
Other expenses	3.5	4.5	-0.9
Operating income	-4.9	16.0	-20.9
Ordinary income	-2.6	14.3	-16.9
Drought reserve	0.0	0.0	-0.0
Income taxes, etc.	-1.3	2.6	-4.0
Net income attributable to owners of the parent	-1.3	11.5	-12.9

(Rounded down to the hundred million yen)

3. Factors for Change in Ordinary Income <Consolidated>

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4. Total Electricity Sales

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- Total electricity sales were 12.70 billion kWh, an increase of 6.8% in comparison with the same period in the previous year.
- Retail electricity sales were 10.73 billion kWh, an increase of 2.7% in comparison with the same period in the previous year.
- Electricity sales to other power companies were 1.98 billion kWh, an increase of 35.7% in comparison with the same period in the previous year.

(billion kWh)

		FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total sales		12.70	11.90	0.81	6.8 %
Retail sales	Lighting	3.49	3.71	-0.22	-5.9 %
	Power	7.23	6.73	0.51	7.5 %
	Subtotal	10.73	10.44	0.29	2.7 %
Sales to other power companies		1.98	1.46	0.52	35.7 %

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

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- Total of generated and received electricity was up by 6.3% in comparison with the same period in the previous year.
- Hydroelectric power of own facilities decreased due to the decrease in water flow.
- Thermal power of own facilities and power purchased increased due to an increase in the total electricity sales.

(billion kWh)

		FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		13.39	12.60	-0.79	6.3%
Own facilities	Subtotal	6.36	6.36	0.00	0.0%
	(Water Flow Rate)	(98.5 %)	(107.8 %)	(-9.3%)	
	Hydroelectric	0.94	1.03	-0.09	-9.0 %
	Thermal	5.43	5.33	0.09	1.7 %
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.00	0.00	0.00	8.5 %
Power purchased		7.27	6.51	0.76	11.6 %
Pumping use		-0.25	-0.28	0.03	-12.3 %

6. Segment Information

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- 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 the effects of 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)

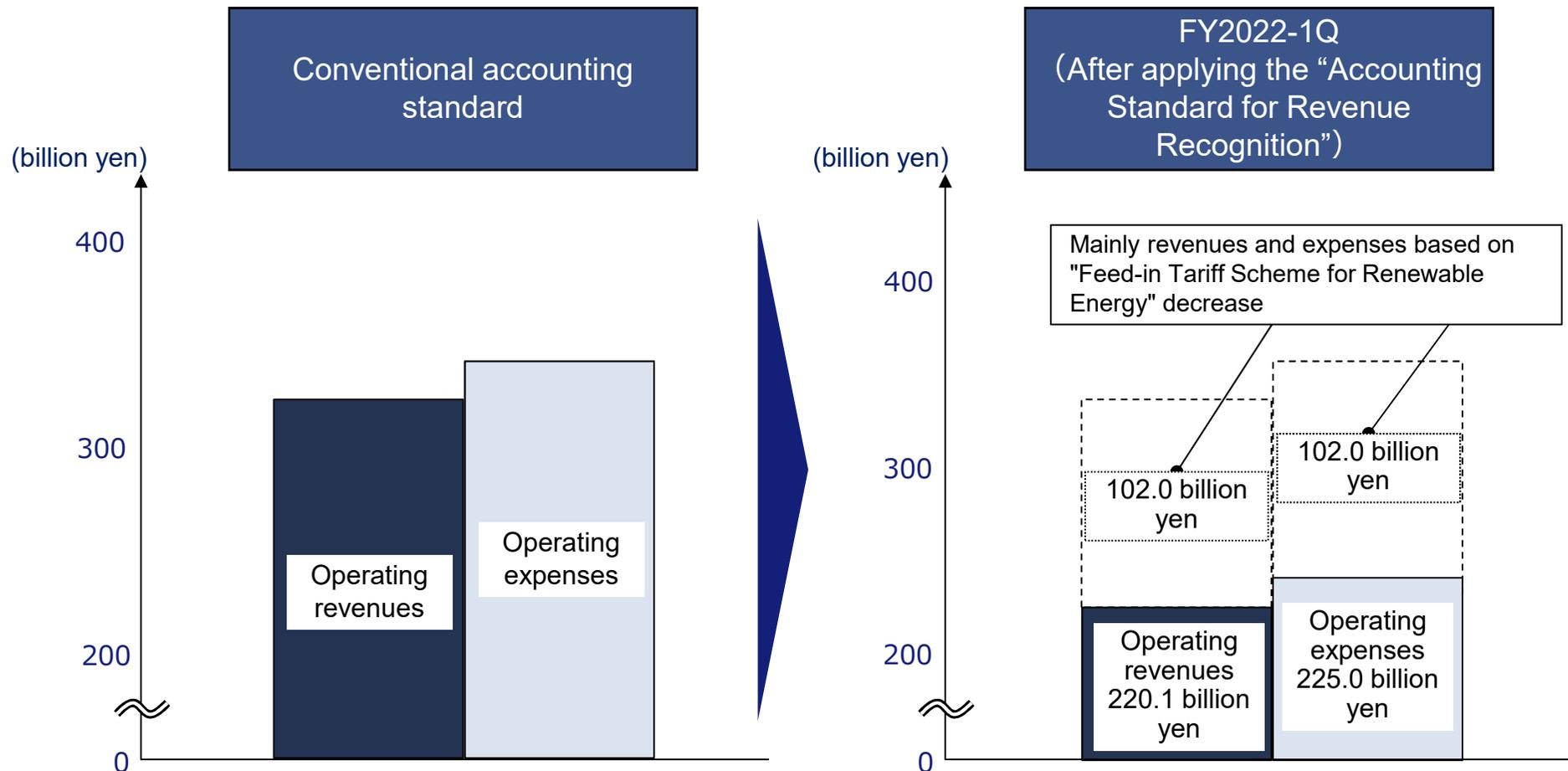
		FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	203.2	284.8	-81.6
	Operating income	-4.5	13.0	-17.6
Power Transmission and Distribution Business	Operating revenues	85.3	84.6	0.7
	Operating income	-0.8	3.1	-4.0
Information and Telecommunications Business	Operating revenues	10.0	9.6	0.4
	Operating income	0.5	0.4	0.1
Others	Operating revenues	23.0	18.5	4.4
	Operating income	0.1	-0.4	0.5
Amount of Adjustment	Operating revenues	-101.4	-89.7	-11.7
	Operating income	-0.1	-0.1	-0.0
Total	Operating revenues	220.1	307.9	-87.8
	Operating income	-4.9	16.0	-20.9

(Rounded down to the hundred million yen)

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

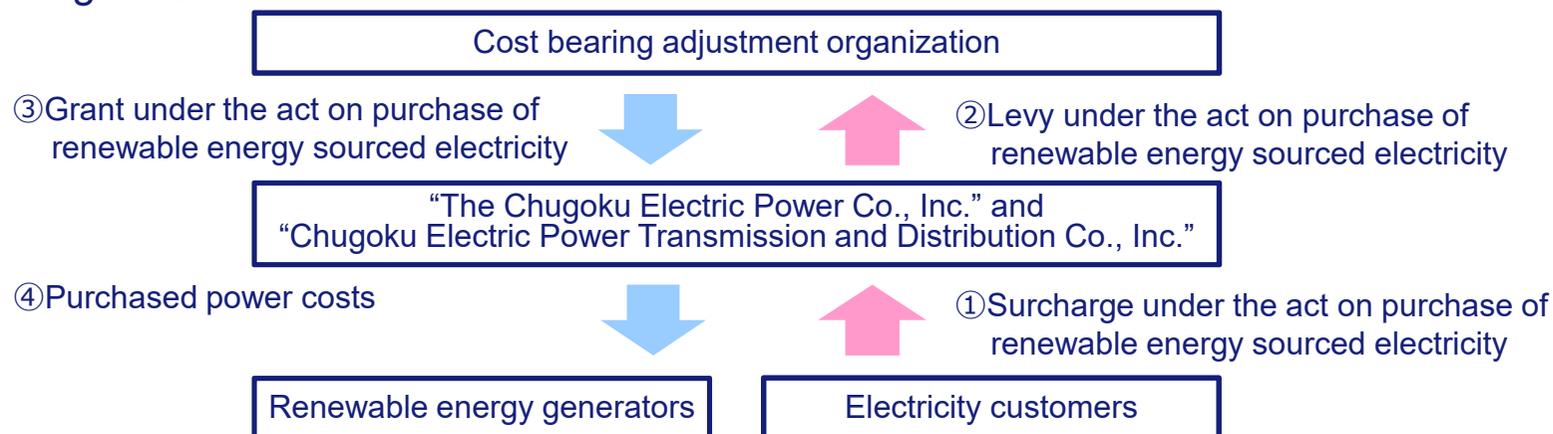
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- Due to the application of the "Accounting Standard for Revenue Recognition," revenue and expenses decreased mainly for transactions based on the "Feed-in Tariff Scheme for Renewable Energy" (FIT Scheme). The impact that this had on profit is minor.



■ 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 FY2022

Dividends

1. Forecasts of Financial Results (Summary)

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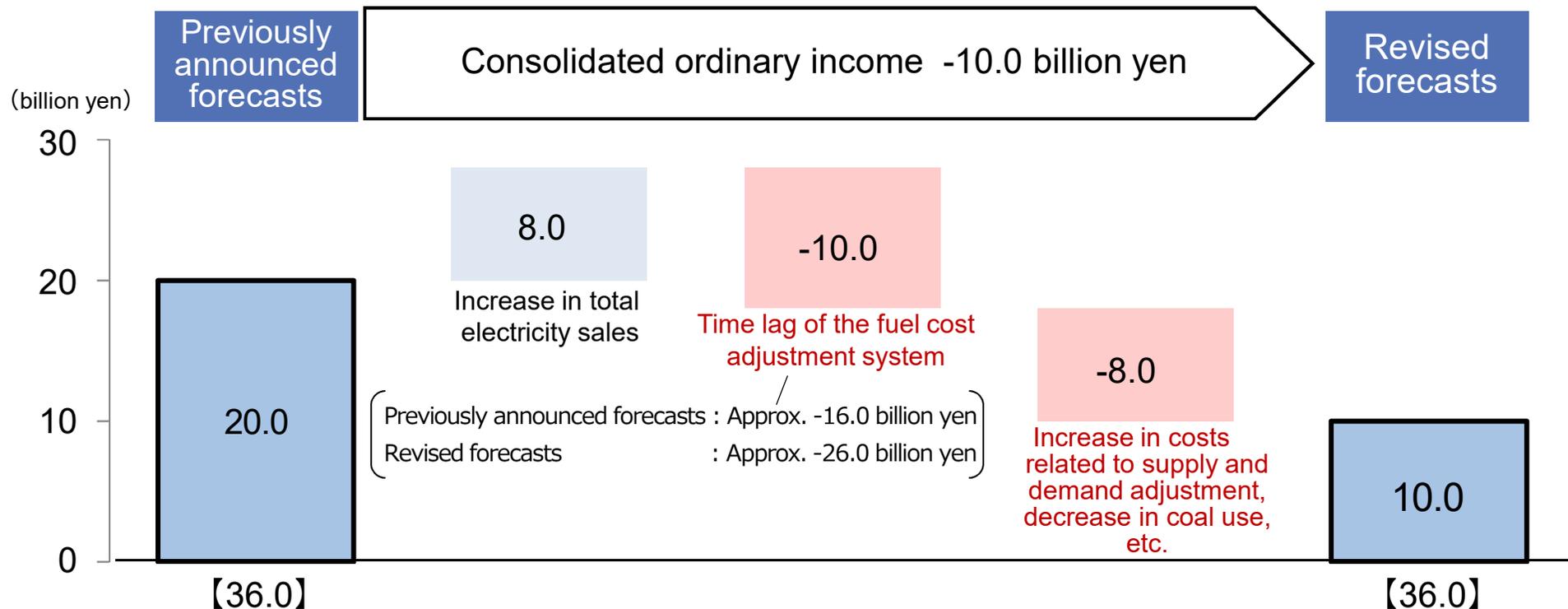
- Operating revenues are expected to increase mainly due to an increase in the total electricity sales and an increase in fuel cost adjustment charges due to higher fuel prices.
- Despite the increase in operating revenues, income is expected to decrease due to factors such as an increase in the expansion of loss on the time lag of the fuel cost adjustment system due to higher fuel prices, an increase in expenses related to supply-demand adjustments, and a decrease in coal utilization.
- We expect income, excluding the impact of the time lag of the fuel cost adjustment system, to be in line with our previous forecast.

(billion yen)

	FY2022 (Revised forecasts) (A)	FY2022 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2021
Operating revenues	1,009.0	970.0	39.0	1,307.4
Operating income	8.0	18.0	-10.0	34.2
Ordinary income	10.0	20.0	-10.0	30.0
Net income attributable to owners of the parent	8.0	15.0	-7.0	14.5
Shareholder's equity ratio	Approx. 19%	Approx. 19%		19.4%

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

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Note: Figures in square brackets 【 】 are income, excluding the impact of the time lag of the fuel cost adjustment system.

【The impact of COVID-19 (estimation)】

	FY2022 (Previously announced forecasts) (A)	FY2022 (Revised forecasts) (B)	Difference (B-A)
Impact on retail electricity sales	Approx. -0.5 billion kWh	Approx. -0.4 billion kWh	Approx. 0.1 billion kWh
Impact on profits	Approx. -4.0 billion yen	Approx. -3.5 billion yen	Approx. 0.5 billion yen

3. Forecasts of Financial Results (Stance)

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- Although there is an increase in the total electricity sales amount compared to the previous forecast, we recognize that the business environment is becoming increasingly severe mainly due to the expansion of loss on the time lag of the fuel cost adjustment system as a result of further increases in fuel prices.
- Although we expect a decrease in income, we expect income, excluding the impact of the time lag of the fuel cost adjustment system, to be in line with our previous forecast. However, amid concerns about a nationwide shortage of electricity supply in the winter, we recognize that the Group's business performance may be significantly affected by the price of fuel that is required to secure supply and prices in the electricity trading market. In preparation for the risk of such fluctuations in income and expenditure, we will work to reduce costs through Group-wide further efforts to improve efficiency.
- In order to achieve the profit 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 promote international business and new businesses.

4. Forecasts of Financial Results (Major Factors)

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	FY2022 (Revised forecasts) (A)	FY2022 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2021
Total electricity sales (billion kWh)	55.1	53.3	1.8	53.56
Exchange rate (¥ / \$)	110	107	3	106
Crude oil prices (All Japan CIF) (\$ / b)	69	65	4	43.4
Nuclear capacity factor (%)	-	-	-	-

Note1: Total electricity sales is the amount of electricity sales at retail and the amount of electricity sales to other power companies of Chugoku Electric Power.

Note2: Total electricity sales 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.

■ Financial impact (Sensitivity)

(billion yen)

	FY2022 (Revised forecasts)	【Reference】 FY2021
Exchange rate (¥1 / \$)	2.2	1.5
Crude oil prices (All Japan CIF) (\$1 / b)	1.8	1.6
Water flow rate (1%)	0.3	0.2
Nuclear capacity factor (1%)	0.5	0.5

- Our basic approach is to pay 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.
- Based on our dividend policy above, we are planning to pay out 25 yen as interim and the year-end dividends of FY2022. We have not revised the forecasts of dividends announced in April 2021.

< Dividends >

(yen per share)

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

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

1. Income Statement and Balance Sheet <Consolidated>

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Income Statement

(billion yen)

	FY2022-1Q	FY2021-1Q
Summary of financial results	For the first time in 5 years Decrease in revenues (-87.8) Decrease in income (-16.9)	For the first time in 11 years Decrease in revenues (-20.1) Increase in income (+10.2)
Operating revenues	220.1	307.9 (No.3)
Operating income	-4.9 (No.17)	16.0 (No.6)
Ordinary income	-2.6 (No.15)	14.3 (No.4)
Net income attributable to owners of the parent	-1.3 (No.12)	11.5 (No.2)

Balance Sheet

(billion yen)

	FY2022-1Q	FY2021
Total assets	3,501.8	3,385.1
Net assets	651.9	660.3
Shareholders' equity ratio	18.5%	19.4%
Interest-bearing debt	2,472.4	2,291.8

Note1: As a result of the application of the "Accounting Standard for Revenue Recognition", operating revenues decreased by 102.0 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 FY2004.

2. Major Factors

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		FY2022-1Q	FY2021-1Q
Exchange rate	(¥ / \$)	110	108
Crude oil prices (All Japan CIF)	(\$ / b)	* { 66.9	32.3
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 104.9	82.4
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

1-1. Income Statement <Non-Consolidated>

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(billion yen)

	FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)
Ordinary revenues	212.6	284.9	-72.3
Operating revenues	195.0	277.9	-82.8
Electricity sales revenue	152.3	190.9	*1 -38.6
Grant under the act on purchase of renewable energy sourced electricity	—	53.6	-53.6
Others	42.7	33.3	9.3
Non-operating revenues	17.5	7.0	10.5
Ordinary expenses	203.3	269.1	-65.7
Operating expenses	200.1	265.1	-65.0
Personnel	10.9	11.7	-0.8
Retirement allowances	0.2	1.0	-0.8
Material	91.3	131.7	-40.3
Fuel	33.4	29.7	3.6
Purchased power	57.9	102.0	*2 -44.0
Maintenance	5.8	4.9	0.8
Depreciation	7.2	7.1	0.0
Transmission fees of connected supply	57.3	57.5	-0.1
Levy under the act on purchase of renewable energy sourced electricity	—	25.9	-25.9
Others	27.2	25.8	1.3
Non-operating expenses	3.2	3.9	-0.7
Ordinary income (Operating income)	9.2 (-5.0)	15.8 (12.8)	-6.6 (-17.8)
Provision for drought	0.0	0.0	-0.0
Income taxes, etc.	-1.4	1.8	-3.2
Net income	10.6	13.9	-3.2

(Rounded down to the hundred million yen)

*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.”

1-2. Income Statement <Chugoku Electric Power Transmission and Distribution Co., Inc.>

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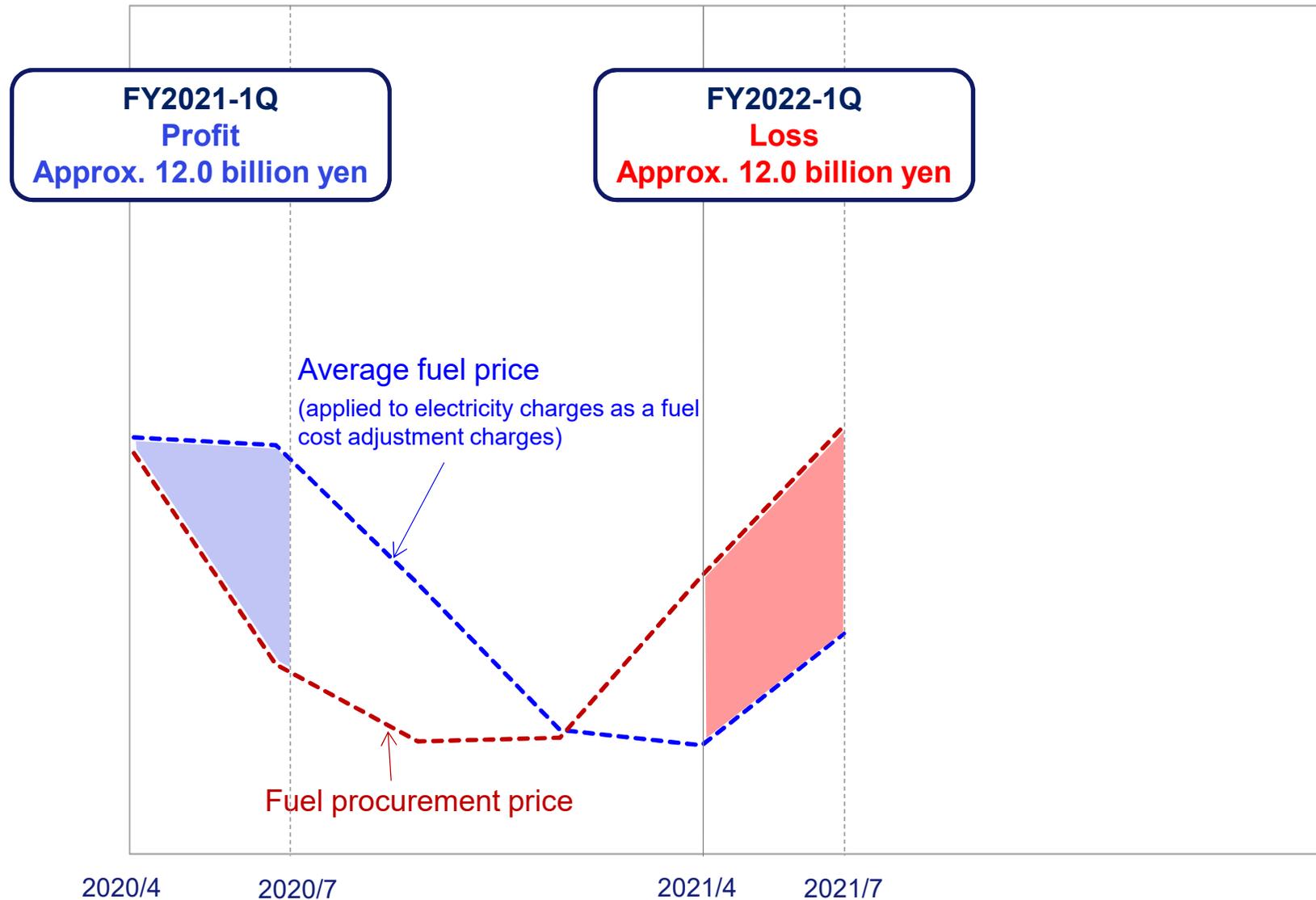
(billion yen)

	FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)
Ordinary revenues	85.3	84.6	0.6
Operating revenues	85.0	84.4	0.5
Transmission revenue	68.8	67.0	1.7
Grant under the act on purchase of renewable energy sourced electricity	—	9.1	-9.1
Others	16.1	8.2	7.8
Non-operating revenues	0.3	0.2	0.0
Ordinary expenses	87.3	83.0	4.3
Operating expenses	85.9	81.3	4.5
Personnel	13.1	13.7	-0.5
Retirement allowances	0.3	0.9	-0.5
Material	26.1	21.8	4.3
Fuel	0.4	0.3	0.1
Purchased power, etc.	25.7	21.5	*1 4.2
Maintenance	11.5	10.3	1.1
Depreciation	9.1	10.1	-0.9
Levy under the act on purchase of renewable energy sourced electricity	—	0.0	-0.0
Others	25.8	25.2	0.6
Non-operating expenses	1.4	1.6	-0.2
Ordinary income (Operating income)	-2.0 (-0.9)	1.6 (3.0)	-3.6 (-4.0)
Extraordinary income	1.2	—	1.2
Income taxes, etc.	-0.2	0.8	-1.0
Net income	-0.5	0.8	-1.3

(Rounded down to the hundred million yen)

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

3. 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 does not take place.

4. Procurement and Consumption of Fuel <Non-Consolidated>

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(1) Procurement volume

	Unit	FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)
Fuel oil	million liters	40	20	20
Coal *	thousand tons	1,090	1,380	-290
LNG *	thousand tons	510	490	20

* Sales included

(2) Consumption volume

	Unit	FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)
Fuel oil	million liters	40	40	0
Coal	thousand tons	900	890	10
LNG	thousand tons	370	370	0

5. Capital Expenditure

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)	FY2022-1Q (A)	FY2021-1Q (B)	Difference (A-B)
Capital Expenditure	20.5 (19.7)	19.9 (19.4)	0.6 (0.2)	11.4	11.0	0.4

(Rounded down to the hundred million yen)

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

6. Interest-bearing debt, etc.

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

	End of FY2022-1Q (A)	End of FY2021 (B)	Difference (A-B)
Interest-bearing debt	2,472.4	2,291.8	180.5
Corporate bond	911.4	926.4	-15.0
Long-term debt	1,234.9	1,188.8	46.1
Short-term debt	78.8	69.6	9.2
Commercial paper	230.0	90.0	140.0
Lease obligations	17.1	16.9	0.2

(Rounded down to the hundred million yen)

(2) Interest rate <Non-Consolidated>

	FY2022-1Q	FY2021
Average	0.51 %	0.55 %

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

	FY2022-1Q	FY2021-1Q
Interest expense	2.4	2.6

(Rounded down to the hundred million yen)

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