



Supporting document of
FY2022-2Q financial results

The Summary of Financial Results for FY2022-2Q

(April 1 through September 30, 2021)

The Chugoku Electric Power Co., Inc.

October 29, 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 2nd Quarter Financial Results

1-1. Financial Results Summary <Consolidated>

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- Operating revenues were 485.4 billion yen, a decrease of 158.5 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 was a profit of 2.7 billion yen, a decrease of 44.3 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 profit of 5.5 billion yen, a decrease of 39.1 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 profit attributable to owners of the parent was 6.5 billion yen, a decrease of 27.7 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 200.7 billion yen and 200.6 billion yen, respectively. The impact that this had on profit is minor.

1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	485.4	644.0	-158.5	-24.6 %
Operating income	2.7	47.0	-44.3	-94.2 %
Ordinary income	5.5	44.6	-39.1	-87.7 %
Profit attributable to owners of the parent	6.5	34.3	-27.7	-81.0 %

(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 200.7 billion yen and 200.6 billion yen, respectively. The impact that this had on profit is minor.

2. Income Statement <Consolidated>

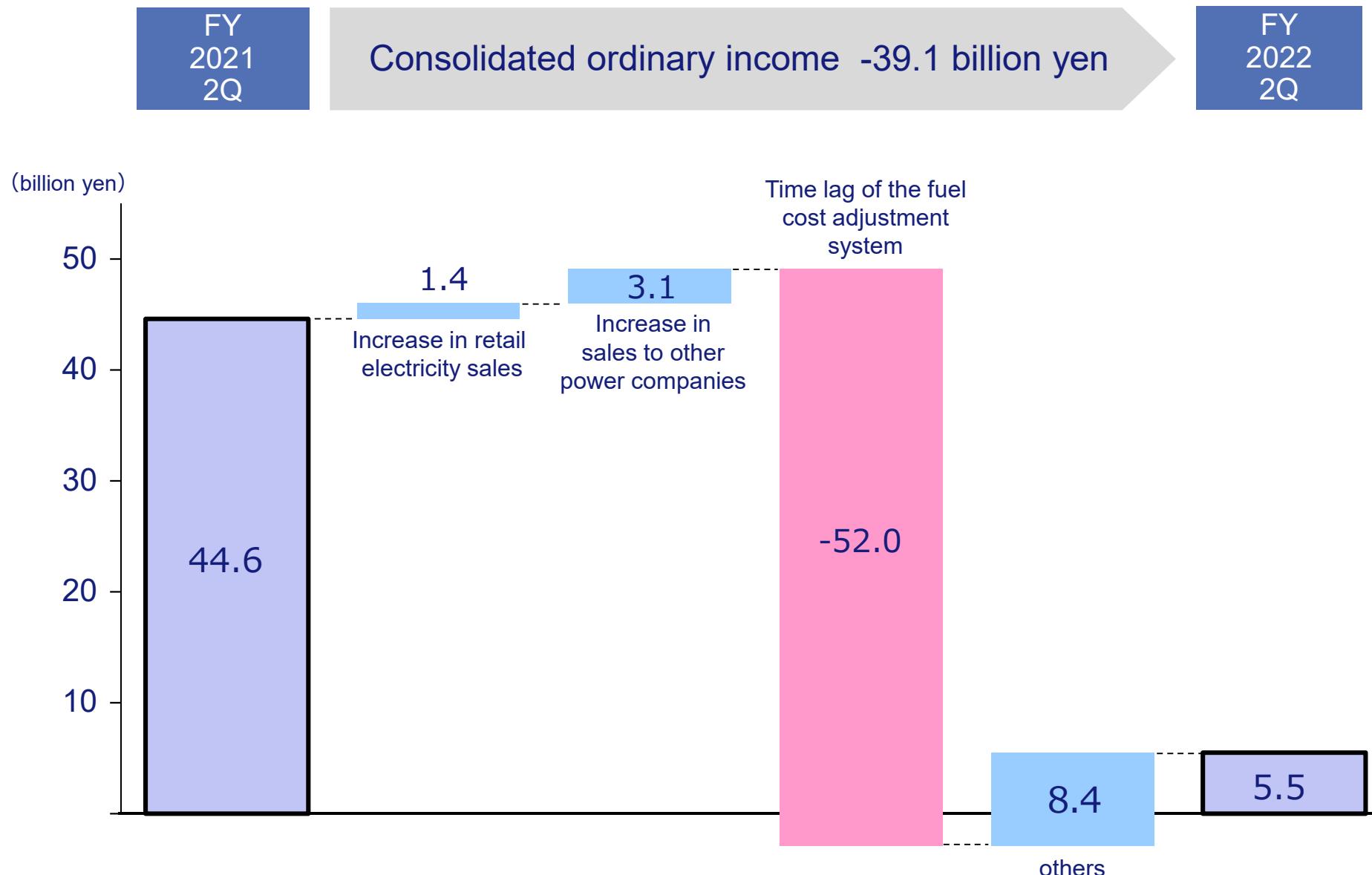
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(billion yen)

	FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)
Ordinary revenues	495.5	650.2	-154.6
Operating revenues	485.4	644.0	-158.5
Other revenues	10.0	6.1	3.8
Ordinary expenses	490.0	605.5	-115.4
Operating expenses	482.7	596.9	-114.1
Other expenses	7.2	8.5	-1.3
Operating income	2.7	47.0	-44.3
Ordinary income	5.5	44.6	-39.1
Drought reserve	0.2	0.1	0.0
Extraordinary income	2.1	-	2.1
Income taxes, etc.	0.9	10.1	-9.2
Profit attributable to owners of the parent	6.5	34.3	-27.7

(Rounded down to the hundred million yen)

3. Factors for Change in Ordinary Income <Consolidated> 4



4. Total Electricity Sales

- Total electricity sales were 27.02 billion kWh, an increase of 5.4% in comparison with the same period in the previous year.
- Retail electricity sales were 22.60 billion kWh, an increase of 0.8% in comparison with the same period in the previous year.
- Electricity sales to other power companies were 4.42 billion kWh, an increase of 37.8% in comparison with the same period in the previous year.

		(billion kWh)			
		FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total sales		27.02	25.63	1.39	5.4 %
Retail sales	Lighting	7.17	7.67	-0.50	-6.5 %
	Power	15.43	14.75	0.67	4.6 %
	Subtotal	22.60	22.42	0.18	0.8 %
Sales to other power companies		4.42	3.21	1.21	37.8 %

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 was up by 4.8% 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 and power purchased increased due to an increase in the total electricity sales.

(billion kWh)

		FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		28.90	27.57	1.33	4.8%
Own facilities	Subtotal	15.02	14.70	0.32	2.2%
	(Water Flow Rate)	(119.0 %)	(111.6 %)	(7.4%)	
	Hydroelectric	2.13	2.02	0.12	5.8 %
	Thermal	12.88	12.68	0.21	1.6 %
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
New energy sources		0.00	0.00	0.00	10.2 %
Power purchased		14.33	13.35	0.98	7.3 %
Pumping use		-0.46	-0.48	0.03	-5.3 %

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 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.

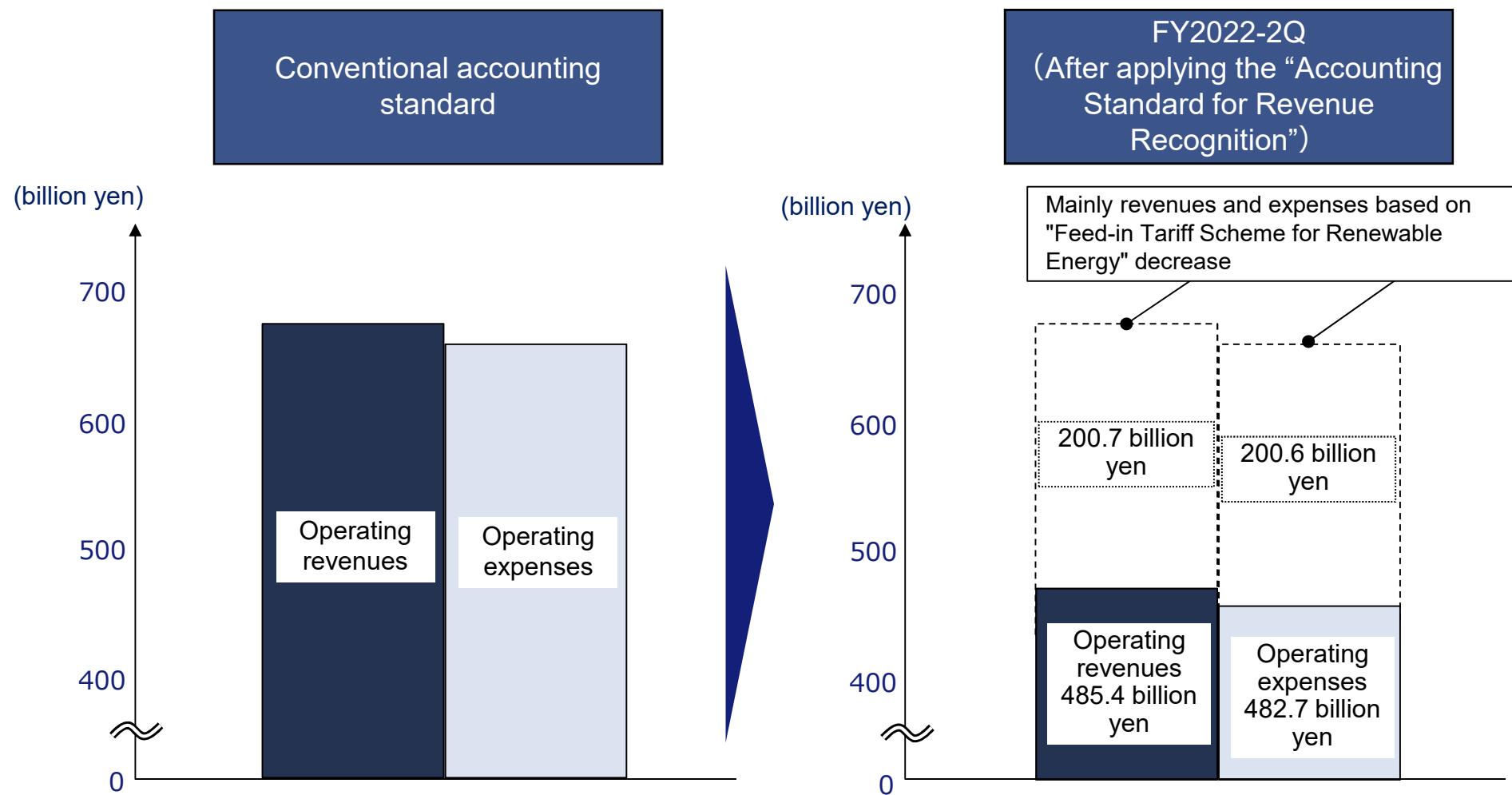
(billion yen)

		FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	449.6	590.4	-140.8
	Operating income	-4.7	32.2	-37.0
Power Transmission and Distribution Business	Operating revenues	181.5	178.4	3.0
	Operating income	5.6	13.8	-8.1
Information and Telecommunications Business	Operating revenues	20.7	20.0	0.7
	Operating income	1.2	1.2	0.0
Others	Operating revenues	46.6	42.7	3.9
	Operating income	0.9	0.3	0.6
Amount of Adjustment	Operating revenues	-213.0	-187.6	-25.4
	Operating income	-0.4	-0.5	0.0
Total	Operating revenues	485.4	644.0	-158.5
	Operating income	2.7	47.0	-44.3

(Rounded down to the hundred million yen)

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

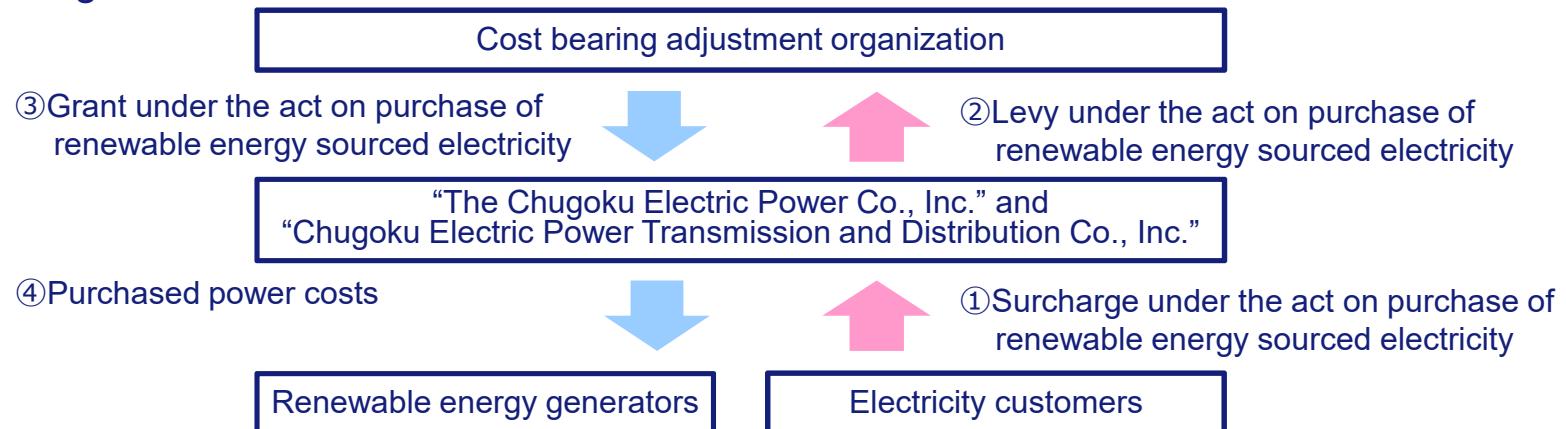
- Due to the application of the "Accounting Standard for Revenue Recognition," revenue and expenses decreased mainly for transactions based on the "Feed-in Tariff Scheme for Renewable Energy" (FIT Scheme). The impact that this had on profit is minor.



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 FY2022 Dividends

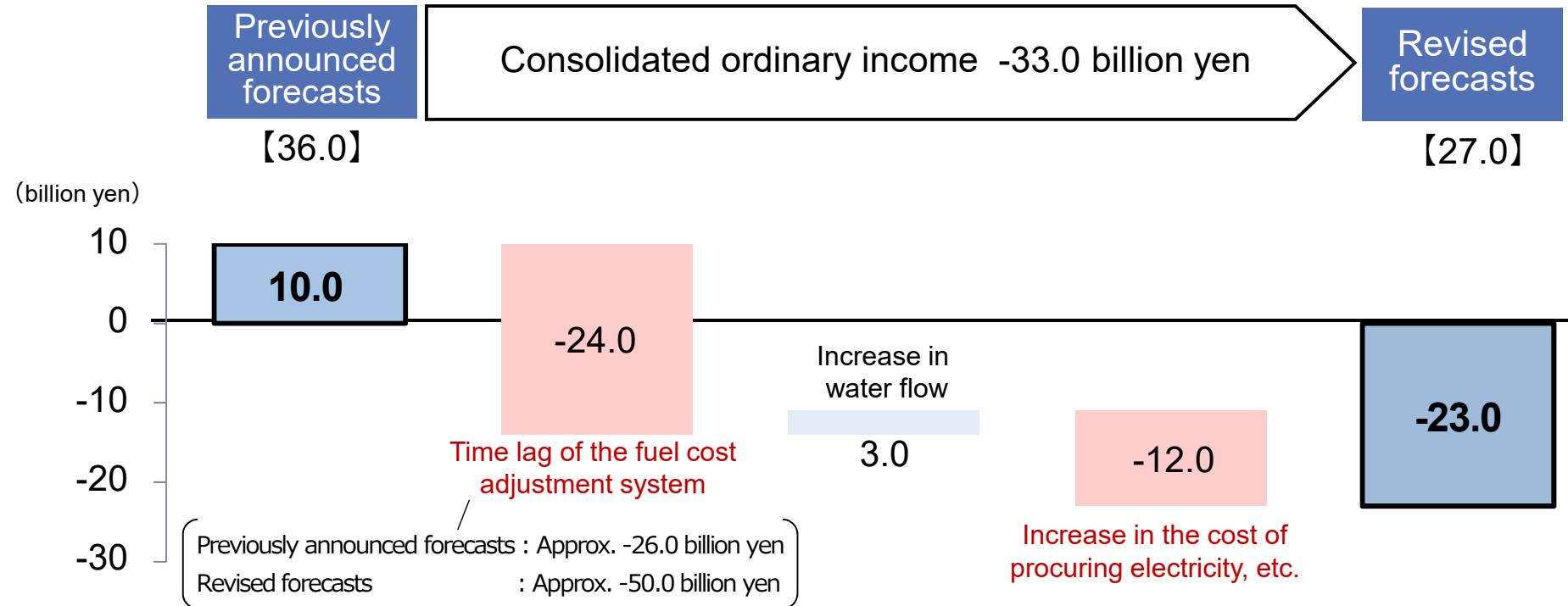
1. Forecasts of Financial Results (Summary)

- Operating revenues are expected to increase in comparison with the previous forecasts, for the reasons such as an increase in fuel cost adjustment charges due to an increase in fuel prices.
- We expect that income will decrease in comparison with the previous forecasts, for the reasons such as an increase in loss on the time lag of the fuel cost adjustment system due to an increase in fuel prices and an increase in the cost of procuring electricity to secure supply capacity in winter.

	FY2022 (Revised forecasts) (A)	FY2022 (Previously announced forecasts) (B)	Difference (A-B)	(billion yen)
Operating revenues	1,055.0	1,009.0	46.0	1,307.4
Operating income	-26.0	8.0	-34.0	34.2
Ordinary income	-23.0	10.0	-33.0	30.0
Profit attributable to owners of the parent	-14.0	8.0	-22.0	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. -0.4 billion kWh	Approx. -0.4 billion kWh	-
Impact on profits	Approx. -3.5 billion yen	Approx. -3.5 billion yen	-

3. Forecasts of Financial Results (Stance)

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- Compared to the previous forecast, we recognize that we are in a severe business environment in which we expect a significant deterioration in income and expenditure due to an increase in loss on the time lag of the fuel cost adjustment system as a result of an increases in fuel prices and an increase in the cost of procuring electricity to secure supply capacity in winter.
- We expect income of 27.0 billion yen, excluding the impact of time lag of fuel cost adjustment system, which is exceeding the previous year's income level of 19.0 billion yen, due to the Group-wide further efforts to improve efficiency. However, we recognize that the Group's business performance may be significantly affected by fluctuations in prices in the fuel and electricity trading markets, so that we continue to make maximum efforts to reduce costs and improve our bottom line.
- 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)	55.0	55.1	-0.1	53.56
Exchange rate (¥ / \$)	110	110	-	106
Crude oil prices (All Japan CIF) (\$ / b)	72	69	3	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) (A)	FY2022 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2021
Exchange rate (¥1 / \$)	2.6	2.2	0.4	1.5
Crude oil prices (All Japan CIF) (\$1 / b)	1.8	1.8	-	1.6
Water flow rate (1%)	0.3	0.3	-	0.2
Nuclear capacity factor (1%)	0.6	0.5	0.1	0.5

5. Dividends

- 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.
- Regarding the interim dividends of FY2022, we have decided to pay out 25 yen per share, though we expect that loss attributable to owners of the parent for the current fiscal year is 14.0 billion yen. This is because the main factor for this loss is a loss due to the time lag of the fuel cost adjustment system.
- On the other hand, we have revised the year-end dividends forecast of FY2022 from 25 yen per share to undecided, because it is necessary to assess the impact of the uncertainty in supply and demand situation of electricity in winter and the trend of fuel prices on the current year's income in addition to that the year-end forecast of financial results has deteriorated significantly.

< Dividends >

(yen per share)

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

	FY2022-2Q	FY2021-2Q
Summary of financial results	For the first time in 6 years Decrease in revenues (-158.5) Decrease in income (-39.1)	2 years in a row Decrease in revenues (-38.3) Increase in income (+13.7)
Operating revenues	485.4	644.0 (No.4)
Operating income	2.7 (No.20)	47.0 (No.9)
Ordinary income	5.5 (No.19)	44.6 (No.5)
Profit attributable to owners of the parent	6.5 (No.16)	34.3 (No.3)

■ Balance Sheet

(billion yen)

	FY2022-2Q	FY2021
Total assets	3,502.3	3,385.1
Net assets	659.8	660.3
Shareholders' equity ratio	18.8%	19.4%
Interest-bearing debt	2,460.2	2,291.8

Note1: As a result of the application of the "Accounting Standard for Revenue Recognition" , operating revenues decreased by 200.7 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 FY2001.

2. Major Factors

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		FY2022-2Q	FY2021-2Q
Exchange rate	(¥ / \$)	110	107
Crude oil prices (All Japan CIF)	(\$ / b)	* { 70.3	36.5
Foreign coal prices (All Japan CIF)	(\$ / t)	123.7	77.9
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.nergia.co.jp/e/ir/info/corporate_vision.html
 - ✓ Action Plan (Management Plan Outline)*
<https://www.nergia.co.jp/ir/irkeiei/gaiyou.html>
 - ✓ Chugoku Electric Power Group's Initiatives for Carbon Neutral by 2050 *
<https://www.nergia.co.jp/press/2021/13005.html>
 - ✓ Chugoku Electric Power Group Integrated Report
<https://www.nergia.co.jp/e/ir/report/annual.html>

* In Japanese

(Reference) Appendix

1. Summary of Cash Flows <Consolidated>

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(billion yen)

	FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)
Cash Flow from Operating Activities	-34.6	37.1	-71.8
Cash Flow from Investing Activities	-108.3	-106.5	-1.7
Free Cash Flow	-142.9	-69.3	-73.5
Cash Flow from Financing Activities	156.4	102.3	54.1
Cash and Cash Equivalents (increase and decrease)	13.4	32.5	

(Rounded down to the hundred million yen)

2-1. Income Statement <Non-Consolidated>

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(billion yen)

	FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)
Ordinary revenues	453.1	585.6	-132.5
Operating revenues	431.5	575.7	-144.2
Electricity sales revenue	337.5	406.2	*1 -68.7
Grant under the act on purchase of renewable energy sourced electricity	—	101.6	-101.6
Others	93.9	67.8	26.0
Non-operating revenues	21.6	9.8	11.7
Ordinary expenses	443.1	551.7	-108.6
Operating expenses	436.6	544.1	-107.5
Personnel	21.0	22.7	-1.6
Retirement allowances	0.3	1.9	-1.6
Material	206.9	261.9	-55.0
Fuel	86.4	66.1	20.2
Purchased power	120.5	195.8	*2 -75.3
Maintenance	19.1	15.0	4.0
Depreciation	14.6	14.4	0.1
Transmission fees of connected supply	118.9	119.8	-0.9
Levy under the act on purchase of renewable energy sourced electricity	—	56.2	-56.2
Others	55.8	53.8	2.0
Non-operating expenses	6.4	7.5	-1.0
Ordinary income (Operating income)	10.0 (-5.1)	33.9 (31.5)	-23.8 (-36.7)
Provision for drought	0.2	0.1	0.0
Income taxes, etc.	-1.3	5.1	-6.5
Net income	11.1	28.5	-17.4

(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."

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

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(billion yen)

	FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)
Ordinary revenues	181.5	178.5	3.0
Operating revenues	181.0	178.2	2.8
Transmission revenue	143.6	140.8	2.8
Grant under the act on purchase of renewable energy sourced electricity	–	19.4	-19.4
Others	37.3	17.9	19.4
Non-operating revenues	0.4	0.2	0.1
Ordinary expenses	178.3	167.8	10.4
Operating expenses	175.5	164.5	10.9
Personnel	25.3	26.5	-1.1
Retirement allowances	0.6	1.8	-1.1
Material	55.7	44.5	11.1
Fuel	1.0	0.7	0.3
Purchased power, etc.	54.7	43.8	*1 10.8
Maintenance	24.5	22.3	2.1
Depreciation	18.0	20.3	-2.2
Levy under the act on purchase of renewable energy sourced electricity	–	0.1	-0.1
Others	51.8	50.6	1.1
Non-operating expenses	2.7	3.3	-0.5
Ordinary income (Operating income)	3.2 (5.5)	10.6 (13.6)	-7.4 (-8.1)
Extraordinary income	2.1	–	2.1
Income taxes, etc.	1.5	4.2	-2.7
Net income	3.8	6.3	-2.4

(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. Monthly Change in Total Electricity Sales

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■ FY2022-2Q

(billion kWh)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Total	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
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%)	27.02 (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%)	22.60 (0.8%)	-	-	-	-	-	-
	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%)	7.17 (-6.5%)	-	-	-	-	-	-
	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%)	15.43 (4.6%)	-	-	-	-	-	-
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%)	4.42 (37.8%)	-	-	-	-	-	-

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.

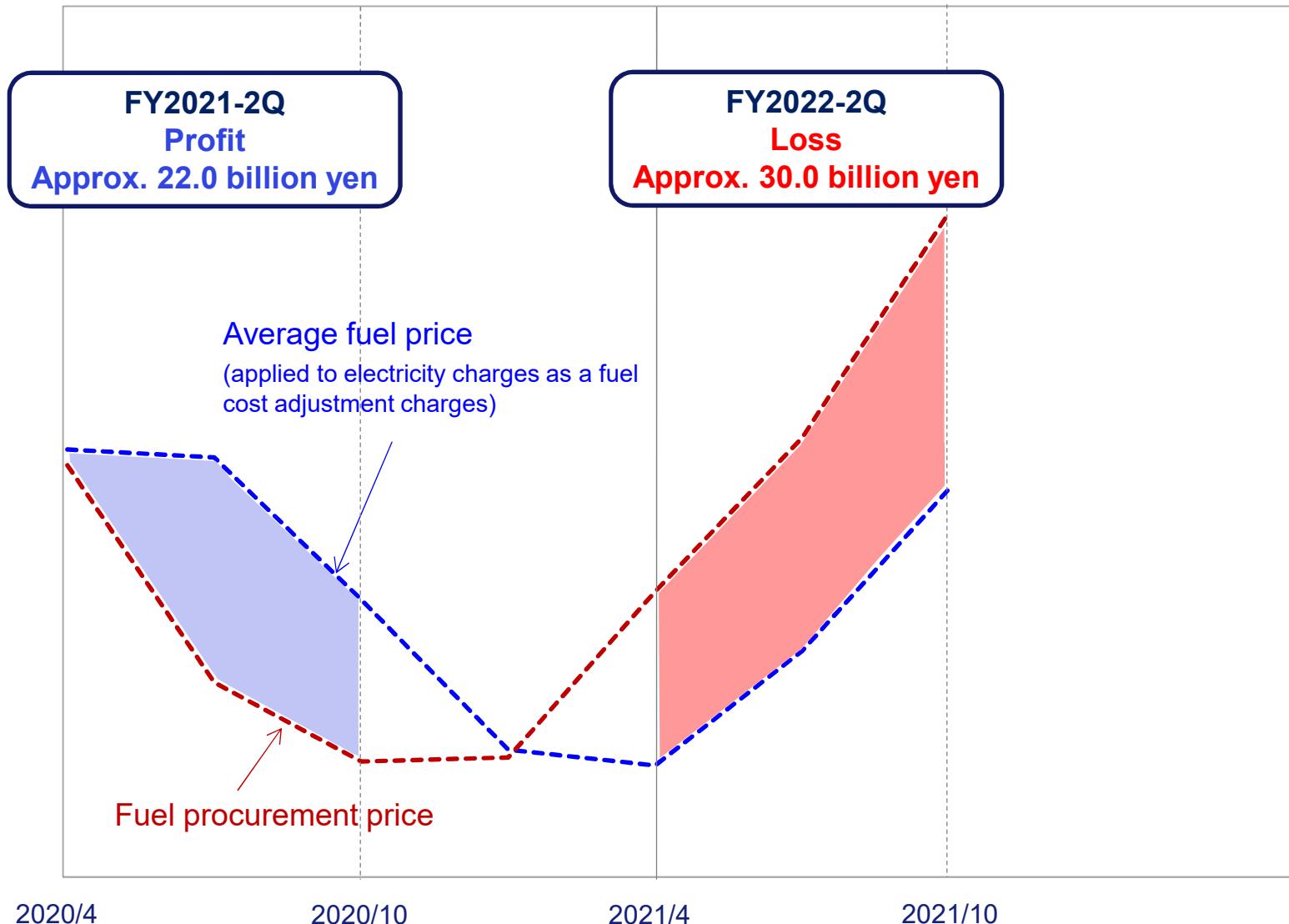
<Reference> Average monthly temperature (Hiroshima city)

(°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	-	-	-	-	-	-
Difference from average year		0.6	-0.1	0.6	0.4	-1.1	0.3	-	-	-	-	-	-
Difference from previous year		2.2	-0.8	-0.4	2.4	-2.5	0.0	-	-	-	-	-	-

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

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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.

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

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(1) Procurement volume

	Unit	FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)
Fuel oil	million litters	100	90	10
Coal *	thousand tons	2,510	2,460	50
LNG *	thousand tons	1,030	900	130

* Sales included

(2) Consumption volume

	Unit	FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)
Fuel oil	million litters	110	120	-10
Coal	thousand tons	2,320	2,180	140
LNG	thousand tons	790	830	-40

6. Capital Expenditure

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(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)	FY2022-2Q (A)	FY2021-2Q (B)	Difference (A-B)
Capital Expenditure	39.4 (37.0)	43.0 (41.5)	-3.5 (-4.4)	24.1	24.7	-0.6

(Rounded down to the hundred million yen)

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 FY2022-2Q (A)	End of FY2021 (B)	Difference (A-B)
Interest-bearing debt	2,460.2	2,291.8	168.3
Corporate bond	911.4	926.4	-15.0
Long-term debt	1,281.8	1,188.8	92.9
Short-term debt	69.0	69.6	-0.6
Commercial paper	180.0	90.0	90.0
Lease obligations	17.9	16.9	1.0

(Rounded down to the hundred million yen)

(2) Interest rate <Non-Consolidated>

	FY2022-2Q	FY2021
Average	0.49 %	0.55 %

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

	FY2022-2Q	FY2021-2Q
Interest expense	4.8	5.3

(Rounded down to the hundred million yen)

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