



Supporting document of
FY2022-3Q financial results

The Summary of Financial Results for FY2022-3Q (April 1 through December 31, 2021)

The Chugoku Electric Power Co., Inc.

January 31, 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 3rd Quarter Financial Results

1-1. Financial Results Summary <Consolidated>

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- Operating revenues were 763.0 billion yen, a decrease of 175.4 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 loss of 26.9 billion yen, a decrease of 74.3 billion yen from the same period of the previous fiscal year. This is because higher fuel prices, which have continued to rise since the beginning of the fiscal year and then soared further in the 3rd quarter, resulted in a sharp 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 25.4 billion yen, a decrease of 70.1 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 loss attributable to owners of the parent was 14.9 billion yen, a decrease of 49.4 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 272.3 billion yen and 272.3 billion yen, respectively. The impact that this had on profit is minor.

1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	763.0	938.5	-175.4	-18.7 %
Operating income	-26.9	47.3	-74.3	-
Ordinary income	-25.4	44.7	-70.1	-
Profit attributable to owners of the parent	-14.9	34.4	-49.4	-

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 272.3 billion yen and 272.3 billion yen, respectively. The impact that this had on profit is minor.

2. Income Statement <Consolidated>

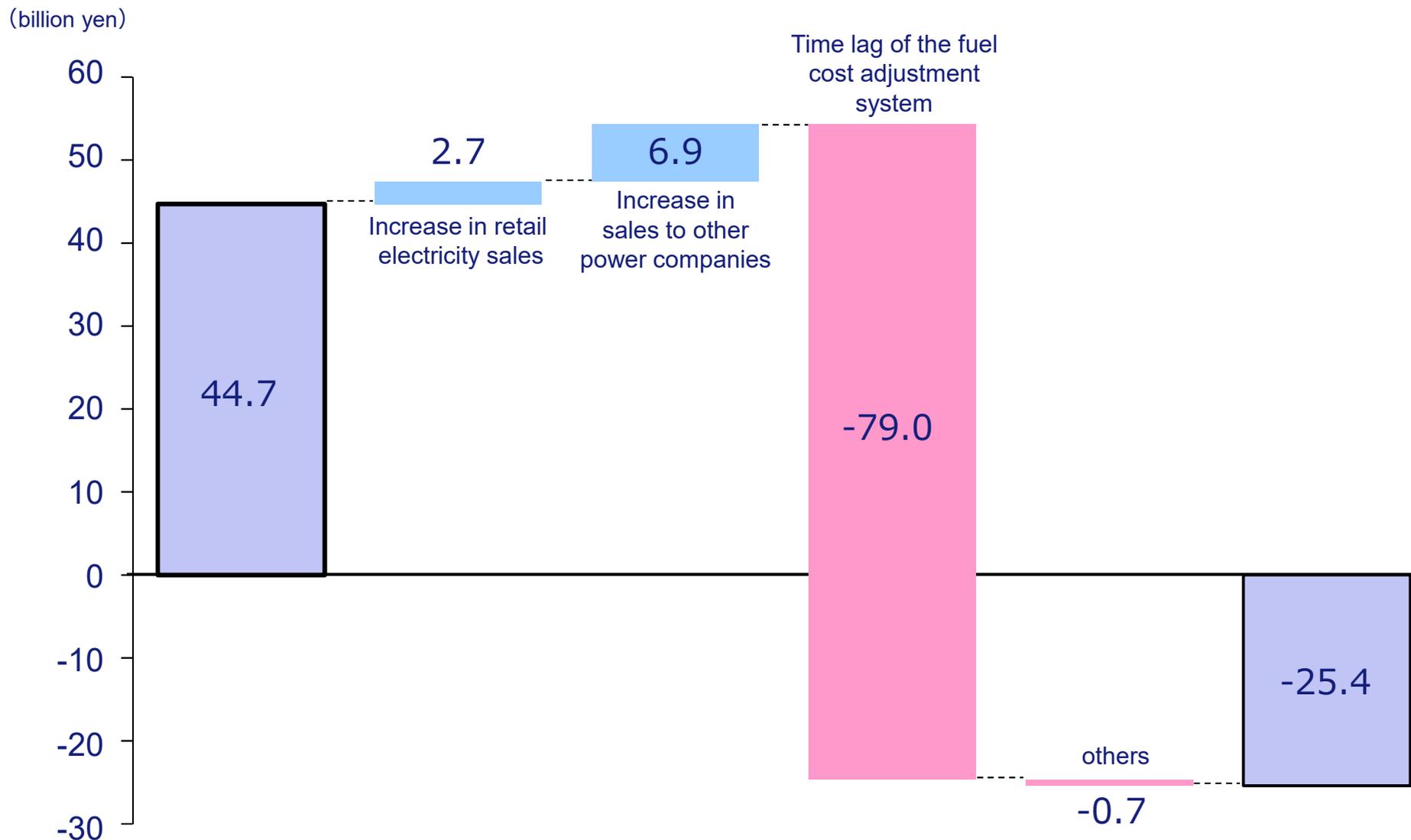
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(billion yen)

	FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)
Ordinary revenues	777.7	948.6	-170.9
Operating revenues	763.0	938.5	-175.4
Other revenues	14.6	10.1	4.4
Ordinary expenses	803.1	903.9	-100.7
Operating expenses	790.0	891.1	-101.0
Other expenses	13.1	12.7	0.3
Operating income	-26.9	47.3	-74.3
Ordinary income	-25.4	44.7	-70.1
Drought reserve	0.1	0.0	0.1
Extraordinary income	3.0	-	3.0
Income taxes, etc.	-7.6	10.2	-17.8
Profit attributable to owners of the parent	-14.9	34.4	-49.4

Note: In the 3rd quarter of FY2022, "Loss on return of imbalance income and expenditure" of 1.7 billion yen has been recorded in other expenses.

3. Factors for Change in Ordinary Income <Consolidated>



4. Total Electricity Sales

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- Total electricity sales were 40.62 billion kWh, an increase of 5.3% in comparison with the same period in the previous year.
- Retail electricity sales were 33.72 billion kWh, an increase of 1.0% in comparison with the same period in the previous year.
- Electricity sales to other power companies were 6.90 billion kWh, an increase of 32.7% in comparison with the same period in the previous year.

(billion kWh)

		FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total sales		40.62	38.57	2.05	5.3 %
Retail sales	Lighting	10.82	11.32	-0.50	-4.4 %
	Power	22.91	22.05	0.85	3.9 %
	Subtotal	33.72	33.37	0.35	1.0 %
Sales to other power companies		6.90	5.20	1.70	32.7 %

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 4.7% 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 and power purchased increased due to an increase in the total electricity sales.

(billion kWh)

		FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		44.36	42.39	1.97	4.7%
Own facilities	Subtotal	24.03	22.76	1.28	5.6%
	(Water Flow Rate)	(108.2 %)	(97.3 %)	(10.9%)	
	Hydroelectric	2.74	2.52	0.23	9.0 %
	Thermal	21.28	20.23	1.05	5.2 %
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.01	0.01	0.00	10.5 %
Power purchased		21.13	20.42	0.71	3.5 %
Pumping use		-0.80	-0.79	-0.01	1.5 %

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 a sharp 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.

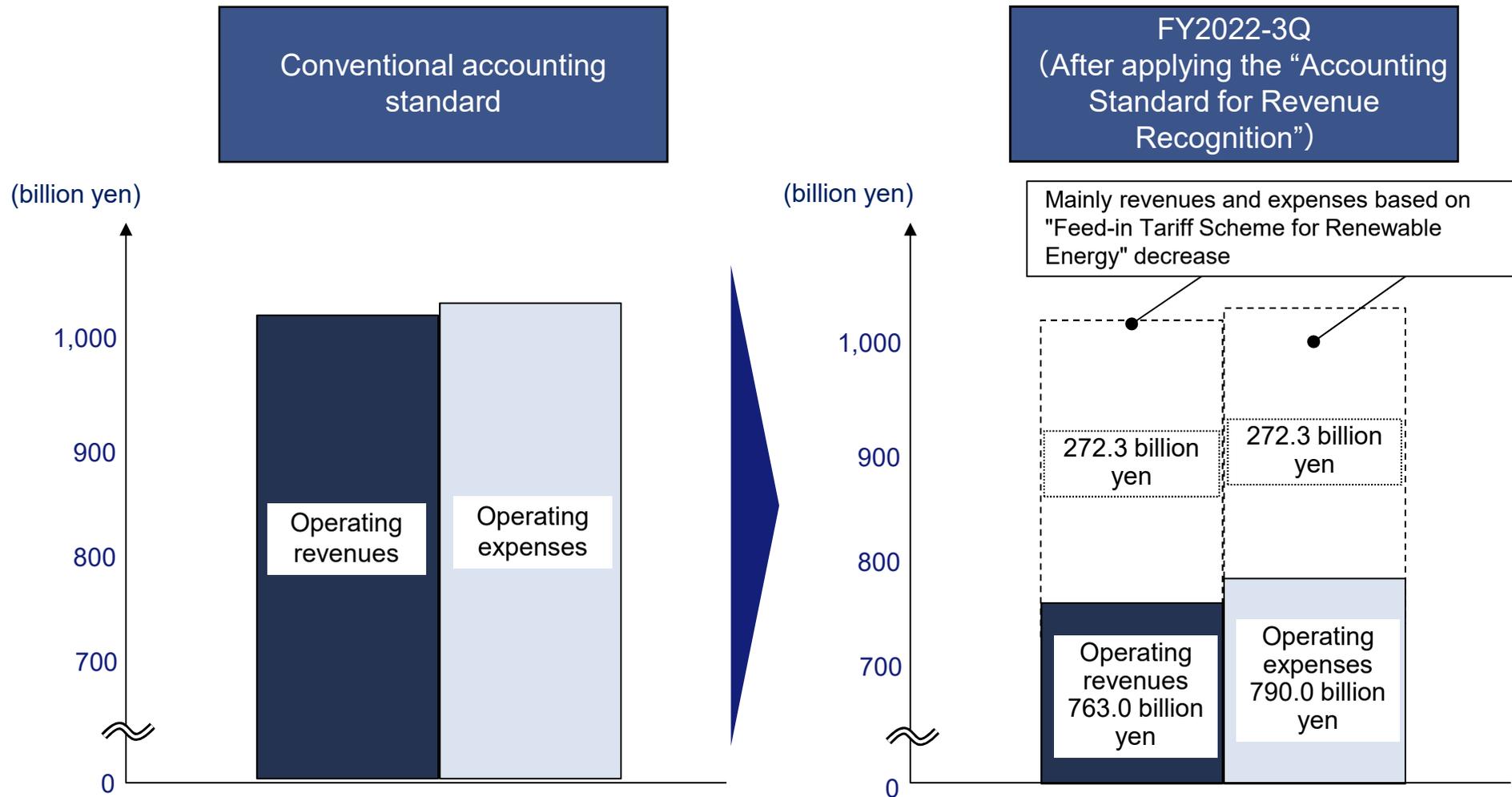
(billion yen)

		FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	701.4	856.4	-155.0
	Operating income	-41.6	28.6	-70.2
Power Transmission and Distribution Business	Operating revenues	290.1	269.6	20.4
	Operating income	11.7	16.6	-4.9
Information and Telecommunications Business	Operating revenues	31.9	30.7	1.2
	Operating income	2.3	2.2	0.1
Others	Operating revenues	68.6	64.7	3.8
	Operating income	1.6	0.6	0.9
Amount of Adjustment	Operating revenues	-329.0	-283.1	-45.9
	Operating income	-1.0	-0.8	-0.2
Total	Operating revenues	763.0	938.5	-175.4
	Operating income	-26.9	47.3	-74.3

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

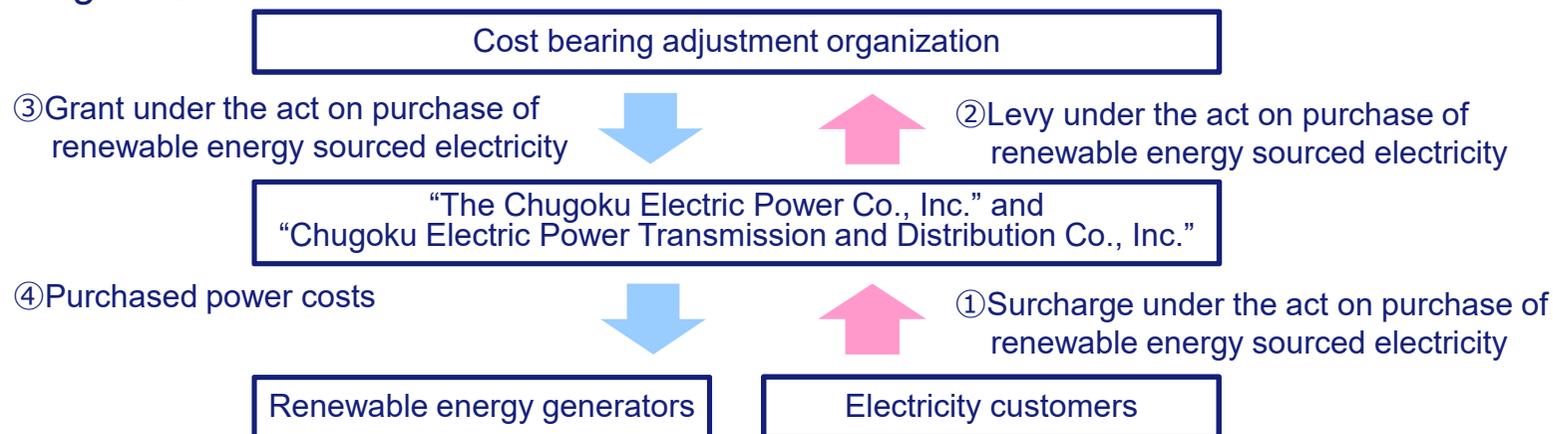
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- Due to the application of the "Accounting Standard for Revenue Recognition," revenue and expenses decreased mainly for transactions based on the "Feed-in Tariff Scheme for Renewable Energy" (FIT Scheme). The impact that this had on profit is minor.



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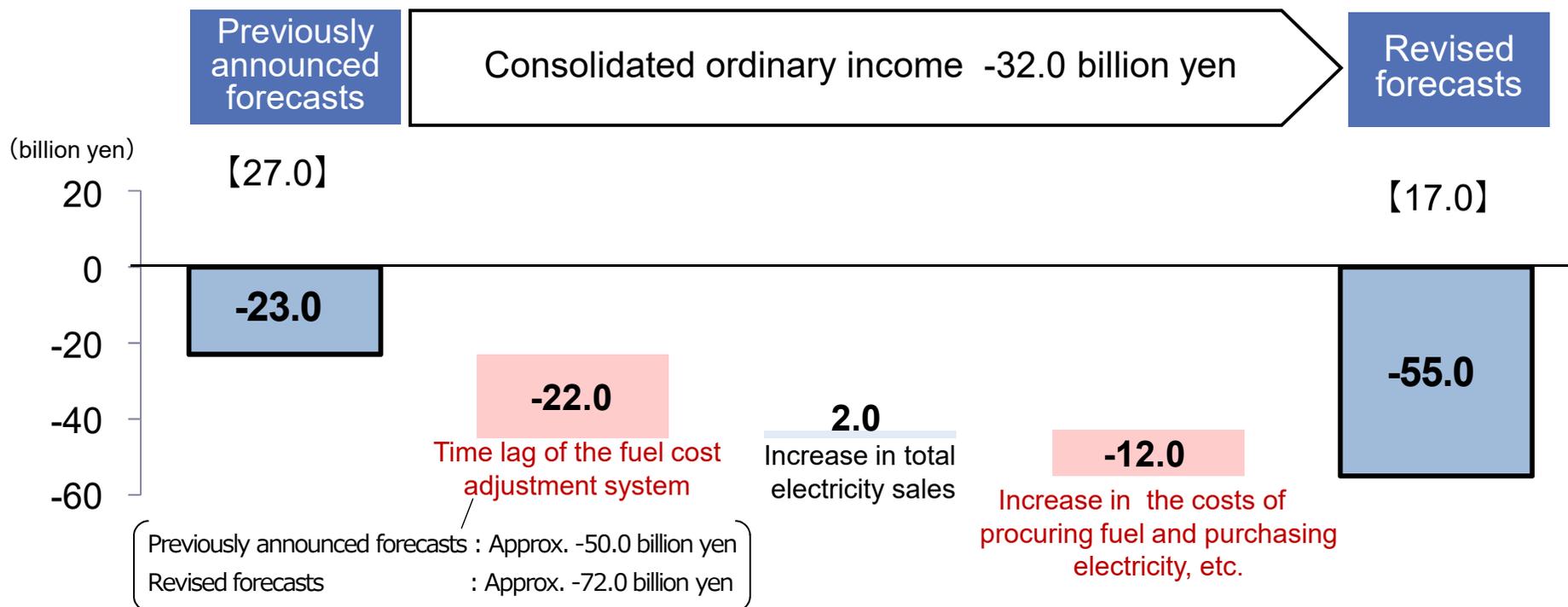
- Operating revenues are expected to increase in comparison with the previous forecasts, for the reasons such as an increase in fuel cost adjustment charges due to an increase in fuel prices.
- We expect that income will decrease in comparison with the previous forecasts, for the reasons such as an increase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

(billion yen)

	FY2022 (Revised forecasts) (A)	FY2022 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2021
Operating revenues	1,119.0	1,055.0	64.0	1,307.4
Operating income	-55.0	-26.0	-29.0	34.2
Ordinary income	-55.0	-23.0	-32.0	30.0
Profit attributable to owners of the parent	-37.0	-14.0	-23.0	14.5
Shareholder's equity ratio	Approx. 17%	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.
- The reason of significant deterioration is not only an increase in loss on the time lag of the fuel cost adjustment system, but also a temporary increase in additional LNG procurement costs and electricity purchase costs from the electricity trading market. Those temporary increases arise due to a combination of an increase in the total amount of electricity sold and unplanned outages at coal-fired power plants of our own and other companies while both fuel prices and electricity trading market prices have been rising sharply.
- We recognize that the Group's business performance may continue to be significantly affected by fluctuations in prices in the fuel and electricity trading markets, so that 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)	56.0	55.0	1.0	53.56
Exchange rate (¥ / \$)	112	110	2	106
Crude oil prices (All Japan CIF) (\$ / b)	75	72	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 / \$)	2.8	2.6	0.2	1.5
Crude oil prices (All Japan CIF) (\$1 / b)	1.9	1.8	0.1	1.6
Water flow rate (1%)	0.3	0.3	-	0.2
Nuclear capacity factor (1%)	0.7	0.6	0.1	0.5

- 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.
- The year-end dividends forecast of FY2022 remains undecided and has not been revised since the previous announcement.

< 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)

	FY2022-3Q	FY2021-3Q
Summary of financial results	For the first time in 6 years Decrease in revenues (-175.4) Decrease in income (-70.1)	2 years in a row Decrease in revenues (-60.7) Increase in income (+10.3)
Operating revenues	763.0	938.5 (No.5)
Operating income	-26.9 (No.19)	47.3 (No.7)
Ordinary income	-25.4 (No.18)	44.7 (No.7)
Profit attributable to owners of the parent	-14.9 (No.18)	34.4 (No.4)

Balance Sheet

(billion yen)

	FY2022-3Q	FY2021
Total assets	3,545.4	3,385.1
Net assets	628.6	660.3
Shareholders' equity ratio	17.7%	19.4%
Interest-bearing debt	2,528.8	2,291.8

Note1: As a result of the application of the "Accounting Standard for Revenue Recognition", operating revenues decreased by 272.3 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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		FY2022-3Q	FY2021-3Q
Exchange rate	(¥ / \$)	111	106
Crude oil prices (All Japan CIF)	(\$ / b)	* { 74.0	39.1
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 144.2	76.5
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)

	FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)
Ordinary revenues	696.5	848.1	-151.6
Operating revenues	670.2	833.9	-163.7
Electricity sales revenue	518.1	586.3	*1 -68.1
Grant under the act on purchase of renewable energy sourced electricity	—	141.0	-141.0
Others	152.0	106.5	45.5
Non-operating revenues	26.3	14.2	12.0
Ordinary expenses	722.9	817.0	-94.1
Operating expenses	712.7	805.9	-93.2
Personnel	31.1	33.6	-2.5
Retirement allowances	0.5	2.9	-2.3
Material	365.9	384.8	-18.8
Fuel	157.7	101.6	56.1
Purchased power	208.1	283.2	*2 -75.0
Maintenance	25.5	24.7	0.7
Depreciation	22.2	21.8	0.3
Transmission fees of connected supply	181.8	176.4	5.3
Levy under the act on purchase of renewable energy sourced electricity	—	83.4	-83.4
Others	86.0	80.8	5.1
Non-operating expenses	10.2	11.1	-0.9
Ordinary income (Operating income)	-26.3 (-42.4)	31.0 (27.9)	-57.4 (-70.4)
Provision for drought	0.1	0.0	0.1
Income taxes, etc.	-11.8	4.9	-16.7
Net income	-14.7	26.0	-40.8

*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)

	FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)
Ordinary revenues	290.1	269.7	20.4
Operating revenues	289.5	269.3	20.1
Transmission revenue	221.1	207.9	13.1
Grant under the act on purchase of renewable energy sourced electricity	–	30.2	-30.2
Others	68.3	31.1	37.1
Non-operating revenues	0.6	0.3	0.3
Ordinary expenses	282.1	257.8	24.3
Operating expenses	278.0	252.9	25.1
Personnel	37.4	39.3	-1.8
Retirement allowances	1.0	2.8	-1.7
Material	98.1	71.4	26.7
Fuel	1.6	1.1	0.5
Purchased power, etc.	96.4	70.2	*1 26.1
Maintenance	38.2	35.8	2.4
Depreciation	27.0	30.6	-3.5
Levy under the act on purchase of renewable energy sourced electricity	–	0.2	-0.2
Others	77.1	75.5	1.6
Non-operating expenses	4.0	4.9	-0.8
Ordinary income (Operating income)	8.0 (11.4)	11.9 (16.4)	-3.9 (-5.0)
Extraordinary income	3.0	–	3.0
Extraordinary loss	4.6	–	4.6
Income taxes, etc.	1.7	3.9	-2.1
Net income	4.5	7.9	-3.4

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

2. Monthly Change in Total Electricity Sales

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■ FY2022-3Q

(billion kWh)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total	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%)	4.39 (5.1%)	4.45 (6.9%)	4.76 (3.5%)	40.62 (5.3%)	-	-	-
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%)	33.72 (1.0%)	-	-	-
	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%)	10.82 (-4.4%)	-	-	-
	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%)	22.91 (3.9%)	-	-	-
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%)	6.90 (32.7%)	-	-	-

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.

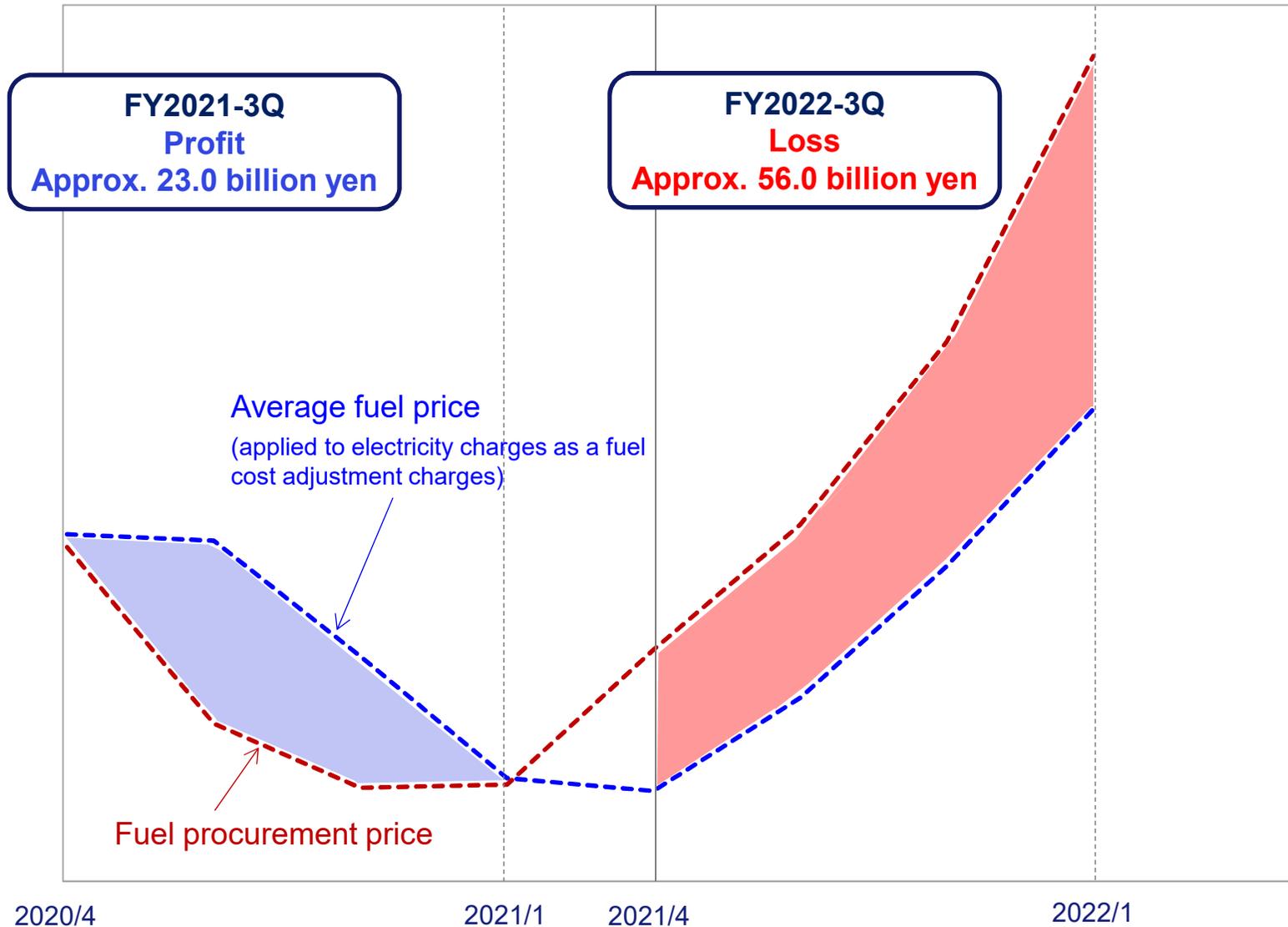
Note3: Figures in parentheses indicate the percentage change from the previous fiscal year.

<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	-	-	-
Difference from average year	0.6	-0.1	0.6	0.4	-1.1	0.3	1.1	0.2	0.3	-	-	-
Difference from previous year	2.2	-0.8	-0.4	2.4	-2.5	0.0	1.2	-1.1	0.6	-	-	-

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 dose not take place.

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

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(1) Procurement volume

	Unit	FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)
Fuel oil	million liters	240	200	40
Coal *	thousand tons	4,170	4,050	120
LNG *	thousand tons	1,550	1,470	80

* Sales included

(2) Consumption volume

	Unit	FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)
Fuel oil	million liters	270	250	20
Coal	thousand tons	3,790	3,570	220
LNG	thousand tons	1,260	1,220	40

5. Capital Expenditure

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)	FY2022-3Q (A)	FY2021-3Q (B)	Difference (A-B)
Capital Expenditure	68.6 (62.9)	76.7 (73.0)	-8.0 (-10.1)	41.0	41.1	-0.0

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 FY2022-3Q (A)	End of FY2021 (B)	Difference (A-B)
Interest-bearing debt	2,528.8	2,291.8	236.9
Corporate bond	1,011.4	926.4	84.9
Long-term debt	1,236.4	1,188.8	47.5
Short-term debt	68.2	69.6	-1.3
Commercial paper	195.0	90.0	105.0
Lease obligations	17.7	16.9	0.8

(2) Interest rate <Non-Consolidated>

	FY2022-3Q	FY2021
Average	0.48 %	0.55 %

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

	FY2022-3Q	FY2021-3Q
Interest expense	7.1	7.9

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