

The Summary of Financial Results for FY2023-3Q

(April 1 through December 31, 2022)

The Chugoku Electric Power Co., Inc.

January 31, 2023

In this report, the term Fiscal Year 2023 refers to the period between April 1, 2022 and March 31, 2023.

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- Operating revenues were 1,179.8 billion yen, an increase of 416.8 billion yen from the same period of the previous fiscal year, mainly due to an increase in the amount of fuel cost adjustment as a result of higher fuel prices and an increase in the sales to other power companies as a result of higher market price of electricity, etc.
- Operating income was a loss of 106.9 billion yen, a decrease of 79.9 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 123.9 billion yen, a decrease of 98.5 billion yen from the same period of the previous year.
- As a result of drawing on the drought reserve, recording extraordinary loss and deducting income taxes, the quarterly loss attributable to owners of the parent was 166.7 billion yen, a decrease of 151.7 billion yen from the same period of the previous fiscal year.

1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,179.8	763.0	416.8	54.6 %
Operating income	-106.9	-26.9	-79.9	-
Ordinary income	-123.9	-25.4	-98.5	-
Profit attributable to owners of the parent	-166.7	-14.9	-151.7	-

2. Income Statement <Consolidated>

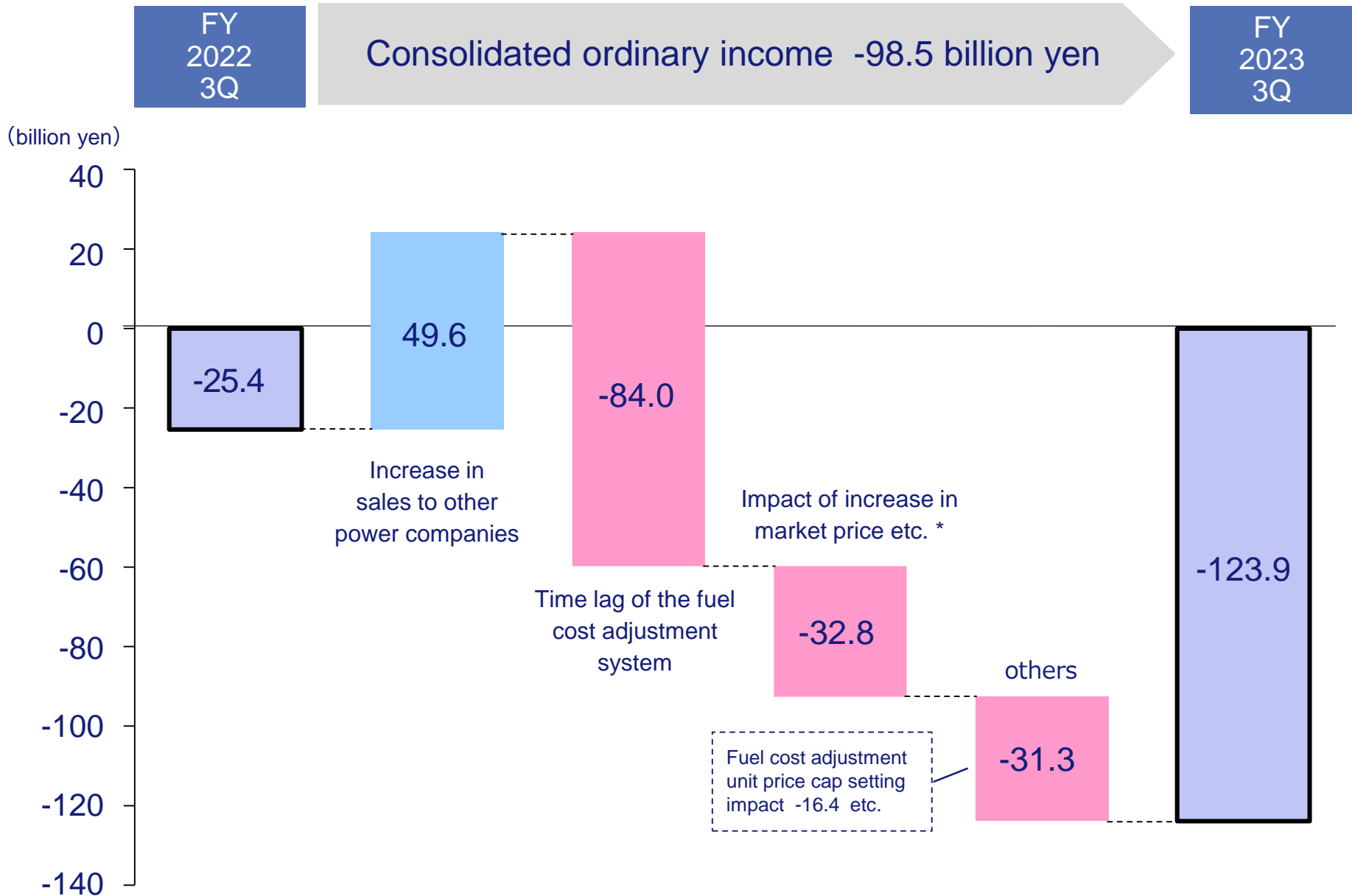
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(billion yen)

	FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)
Ordinary revenues	1,193.8	777.7	416.0
Operating revenues	1,179.8	763.0	416.8
Other revenues	13.9	14.6	-0.7
Ordinary expenses	1,317.7	803.1	514.5
Operating expenses	1,286.8	790.0	496.7
Other expenses	30.9	13.1	17.8
Operating income	-106.9	-26.9	-79.9
Ordinary income	-123.9	-25.4	-98.5
Drought reserve	-0.5	0.1	-0.7
Extraordinary income	-	3.0	-3.0
Extraordinary loss	79.3	-	79.3
Income taxes, etc.	-36.0	-7.6	-28.4
Profit attributable to owners of the parent	-166.7	-14.9	-151.7

Note: In the 3rd quarter of FY2023, a loss on decommissioning of thermal power plants of 8.6 billion yen and a provision for losses related to the Japan Antimonopoly Act of 70.7 billion yen have been recorded in extraordinary loss.

3. Factors for Change in Ordinary Income <Consolidated>



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 39.99 billion kWh, a decrease of 1.6% in comparison with the same period in the previous year.
- Retail electricity sales were 33.00 billion kWh, a decrease of 2.2% in comparison with the same period in the previous year.
- Electricity sales to other power companies were 6.99 billion kWh, an increase of 1.3% in comparison with the same period in the previous year.

(billion kWh)

		FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total sales		39.99	40.62	-0.64	-1.6%
Retail sales	Lighting	10.43	10.82	-0.38	-3.5%
	Power	22.56	22.91	-0.34	-1.5%
	Subtotal	33.00	33.72	-0.73	-2.2%
Sales to other power companies		6.99	6.90	0.09	1.3%

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 43.38 billion kWh, a decrease of 2.0% in comparison with the same period in the previous year.
- Hydroelectric power of own facilities were 2.26 billion kWh, a decrease of 17.4% in comparison with the same period in the previous year.
- Thermal power of own facilities increased due to decreases in hydroelectric power and power purchased.

(billion kWh)

		FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		43.38	44.29	-0.90	-2.0%
Own facilities	Subtotal	23.85	24.03	-0.18	-0.7%
	(Water Flow Rate)	(71.9%)	(108.2%)	(-36.3%)	
	Hydroelectric	2.26	2.74	-0.48	-17.4%
	Thermal	21.58	21.28	0.29	1.4%
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.01	0.01	0.00	69.1%
Power purchased		20.70	21.05	-0.35	-1.6%
Pumping use		-1.17	-0.80	-0.38	47.3%

Note1: This is the total of generated and received electricity of Chugoku Electric Power.

Note2: Power purchased includes the amount of electricity related to imbalance/adjusted power supply.

6. Segment Information

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- For the Comprehensive Energy Business, operating revenues increased due to an increase in the fuel cost adjustment as a result of higher fuel prices and an increase in the sales to other power companies as a result of higher market price of electricity, etc. In addition, operating income decreased mainly due to 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)

		FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	1,100.0	701.4	398.6
	Operating income	-104.6	-41.6	-63.0
Power Transmission and Distribution Business	Operating revenues	418.7	290.1	128.5
	Operating income	-5.9	11.7	-17.6
Information and Telecommunications Business	Operating revenues	32.1	31.9	0.1
	Operating income	3.4	2.3	1.0
Others	Operating revenues	67.7	68.6	-0.8
	Operating income	1.4	1.6	-0.1
Amount of Adjustment	Operating revenues	(-438.7)	(-329.0)	(-109.6)
	Operating income	(-1.1)	(-1.0)	(-0.1)
Total	Operating revenues	1,179.8	763.0	416.8
	Operating income	-106.9	-26.9	-79.9

II . Forecasts of Financial Results for FY2023 Dividends

1. Forecasts of Financial Results (Summary)

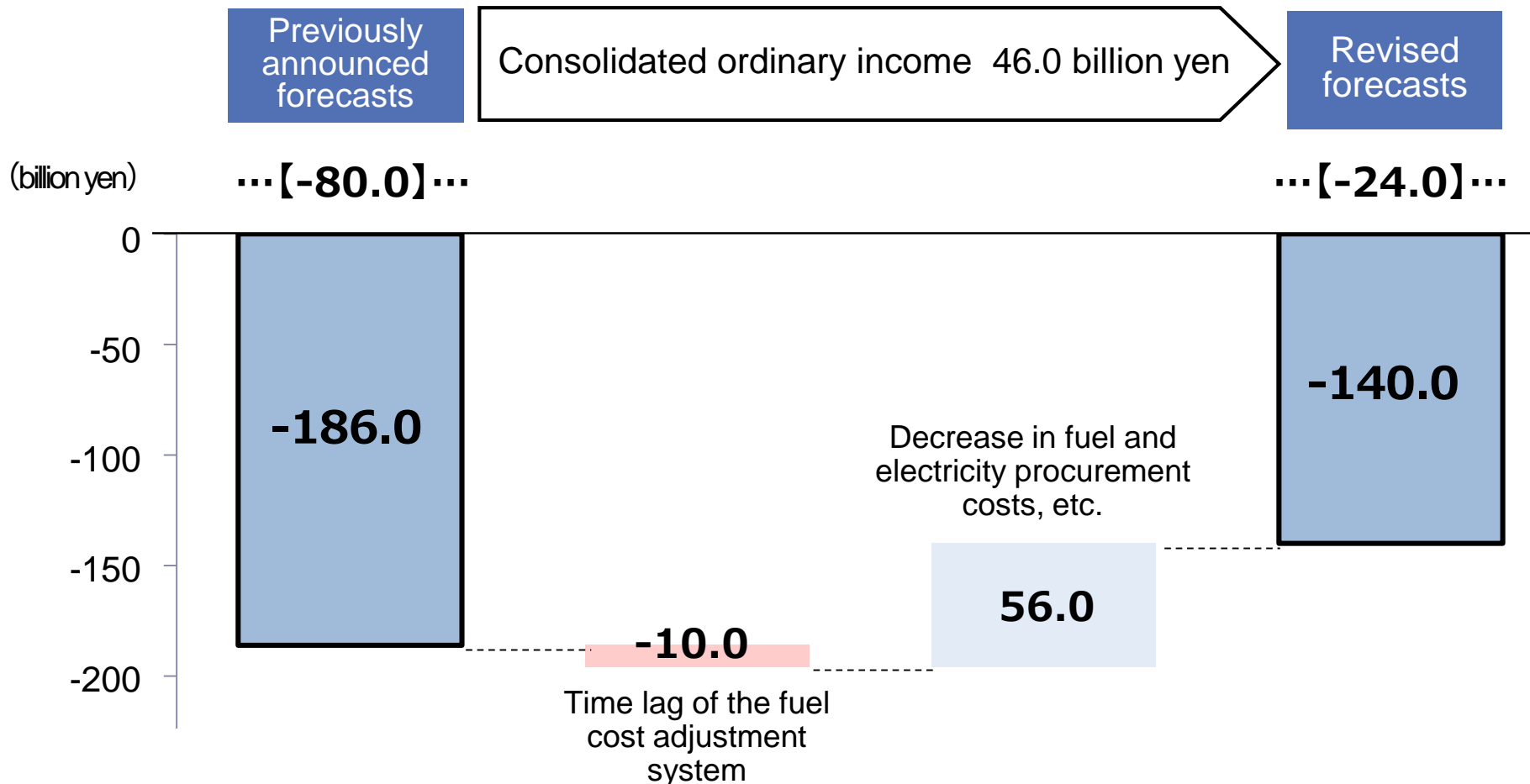
- Compared to the previously announced forecasts, we expect an increase in net sales (operating revenues) due to an increase in the amount of fuel cost adjustment resulting from higher fuel prices.
- We expect reduction in deficit due to decreases in additional fuel procurement costs of securing supply capacity and electricity procurement costs, etc., despite an increase in the loss from the time lag of the fuel cost adjustment system.

(billion yen)

	FY2023 (Revised forecasts) (A)	FY2023 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2022
Operating revenues	1,724.0	1,620.0	104.0	1,136.6
Operating income	-124.0	-180.0	56.0	-60.7
Ordinary income	-140.0	-186.0	46.0	-61.8
Profit attributable to owners of the parent	-174.0	-209.7	35.7	-39.7
Shareholders' Equity Ratio	Approx. 11% (Approx. 14%*)	Approx. 11% (Approx. 13%*)	/	17.0%

* : Shareholders' Equity Ratio assuming 50 billion yen of hybrid corporate bond already raised (announced on December 3, 2021) and 50 billion yen of transition-linked hybrid loan already raised (announced on September 29, 2022) as equity capital.

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



(Previously announced forecasts : Approx. -106.0 billion yen
 Revised forecasts : Approx. -116.0 billion yen)

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

- Compared to the previously announced forecasts, we expect reduction in deficit due to decreases in additional fuel procurement costs of securing supply capacity, electricity procurement costs, etc., which are associated with fall prices of fuel and electricity market.
- However, we recognize that we still remain in a severe business environment, given the fact that we expect to record the largest deficit in our history and that we expect to post a deficit in income even after excluding the impact of the time lag of the fuel cost adjustment system that is a temporary source of revenue and expense deterioration.
- We will moving forward to recover our business performance by the followings; continue maximum efforts to manage market risk and improve efficiency further, rebuild our electricity business through raising electricity rates and activating Shimane Nuclear Power Station having put utmost priority on ensuring safety, and last but not least promote international business and new businesses.

2. Factors for Change in Ordinary Income, Major Factors

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	FY2023 (Revised forecasts) (A)	FY2023 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2022
Total electricity sales (billion kWh)	55.7	56.0	-0.3	56.43
Exchange rate (¥ / \$)	137	133	4	112
Crude oil prices (All Japan CIF) (\$ / b)	102	101	1	77.2
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)

	FY2023 (Revised forecasts) (A)	FY2023 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2022
Exchange rate (¥1 / \$)	5.8	5.6	0.2	2.9
Crude oil prices (All Japan CIF) (\$1 / b)	1.9	1.7	0.2	1.8
Water flow rate (1%)	0.6	0.6	-	0.3
Nuclear capacity factor (1%)	1.2	1.2	-	0.7

- We forecasts the current fiscal year's financial results as the largest losses ever both consolidated and non-consolidated. The consolidated one is to be in losses for the second consecutive fiscal year and the non-consolidated one is to be in losses for the third consecutive fiscal year.
- Based on those forecasts and other factors and after comprehensively taking into account our income/expense and financial situation, we have decided not to pay dividends for the current fiscal year and have not changed since the previous forecasts.

【Dividends】

(yen per share)

	FY2023	FY2022
Interim	0	25
Year-end	0 (Forecasts)	15
Total	0 (Forecasts)	40

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

Income Statement

(billion yen)

	FY2023-3Q	FY2022-3Q
Summary of financial results	For the first time in 4 years	For the first time in 6 years
	Increase in revenues (416.8) Decrease in income (-98.5)	Decrease in revenues (-175.4) Decrease in income (-70.1)
Operating revenues	1,179.8 *1	763.0 *1
Operating income	-106.9 (No.20)	-26.9 (No.19)
Ordinary income	-123.9 (No.20)	-25.4 (No.18)
Profit attributable to owners of the parent	-166.7 (No.20)	-14.9 (No.18)

Balance Sheet

(billion yen)

	FY2023-3Q	FY2022
Total assets	3,976.6	3,566.9
Net assets	466.7	608.4
Shareholders' equity ratio	11.6% (14.1%*2)	17.0%
Interest-bearing debt	2,988.1	2,527.7

*1: The ranking of operating revenues is not provided because the significance of comparison with past operating revenues has been lost due to the application of the Accounting Standard for Revenue Recognition from FY2022-1Q.

*2: Shareholders' Equity Ratio assuming 50 billion yen of hybrid corporate bond already raised (announced on December 3, 2021) and 50 billion yen of transition-linked hybrid loan already raised (announced on September 29, 2022) as equity capital.

Note1: Increase / decrease in income in the summary of financial results is based on ordinary income.

Note2: The ranking is a simple comparison with the past amount at the time of each settlement since FY2004.

		FY2023-3Q	FY2022-3Q
Exchange rate	(¥ / \$)	136	111
Crude oil prices (All Japan CIF)	(\$ / b)	* { 107.9	74.0
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 359.1	146.8
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/tokusetu_site/carbon-neutral/index.html?topbnr=cn2050
 - ✓ 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)

	FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)
Ordinary revenues	1,082.3	696.5	385.7
Operating revenues	1,049.1	670.2	378.8
Electricity sales revenue	748.0	518.1	229.8
Others	301.0	152.0	149.0
Non-operating revenues	33.1	26.3	6.8
Ordinary expenses	1,193.4	722.9	470.4
Operating expenses	1,163.4	712.7	450.7
Personnel	31.3	31.1	0.1
Retirement allowances	0.5	0.5	-0.0
Material	766.7	365.9	400.7
Fuel	350.5	157.7	192.7
Purchased power	416.1	208.1	207.9
Maintenance	24.8	25.5	-0.6
Depreciation	27.8	22.2	5.6
Transmission fees of connected supply	197.7	181.8	15.9
Others	114.9	86.0	28.9
Non-operating expenses	29.9	10.2	19.6
Ordinary income (Operating income)	-111.1 (-114.3)	-26.3 (-42.4)	-84.7 (-71.8)
Provision for drought	-0.5	0.1	-0.7
Extraordinary loss	79.3	-	79.3
Income taxes, etc.	-38.2	-11.8	-26.4
Net income	-151.7	-14.7	-136.9

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

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(billion yen)

	FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)
Ordinary revenues	418.7	290.1	128.5
Operating revenues	418.2	289.5	128.7
Transmission revenue	246.8	221.1	25.7
Others	171.3	68.3	102.9
Non-operating revenues	0.5	0.6	-0.1
Ordinary expenses	428.3	282.1	146.2
Operating expenses	424.2	278.0	146.1
Personnel	34.4	37.4	-2.9
Retirement allowances	0.8	1.0	-0.2
Material	240.8	98.1	142.6
Fuel	1.8	1.6	0.2
Purchased power, etc.	238.9	96.4	142.4
Maintenance	38.7	38.2	0.5
Depreciation	28.9	27.0	1.8
Others	81.2	77.1	4.0
Non-operating expenses	4.1	4.0	0.0
Ordinary income (Operating income)	-9.6 (-6.0)	8.0 (11.4)	-17.6 (-17.4)
Extraordinary income	-	3.0	-3.0
Extraordinary loss	-	4.6	-4.6
Income taxes, etc.	-2.6	1.7	-4.4
Net income	-6.9	4.5	-11.5

2. Monthly Change in Total Electricity Sales

FY2023-3Q

(billion kWh)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total	Jan.	Feb.	Mar.
Total sales		4.34 (-1.9%)	4.03 (-2.1%)	4.12 (-1.1%)	4.79 (3.8%)	5.09 (0.6%)	4.89 (5.3%)	4.23 (-3.7%)	4.04 (-9.4%)	4.47 (-6.2%)	39.99 (-1.6%)	-	-	-
Retail sales	Subtotal	3.74 (-1.3%)	3.31 (-4.2%)	3.36 (-3.6%)	3.86 (1.0%)	4.16 (-0.4%)	4.04 (4.2%)	3.50 (-2.3%)	3.28 (-9.4%)	3.75 (-4.4%)	33.00 (-2.2%)	-	-	-
	Lighting	1.34 (-2.9%)	1.04 (-8.2%)	0.92 (-6.4%)	1.16 (3.3%)	1.32 (-4.2%)	1.30 (9.6%)	1.01 (-3.6%)	1.01 (-12.6%)	1.35 (-6.6%)	10.43 (-3.5%)	-	-	-
	Power	2.40 (-0.3%)	2.27 (-2.2%)	2.44 (-2.5%)	2.71 (0.1%)	2.84 (1.5%)	2.75 (1.9%)	2.49 (-1.8%)	2.27 (-7.9%)	2.40 (-3.2%)	22.56 (-1.5%)	-	-	-
Sales to other power companies		0.60 (-5.3%)	0.71 (8.9%)	0.76 (11.7%)	0.93 (16.8%)	0.93 (5.2%)	0.85 (10.9%)	0.73 (-9.8%)	0.75 (-9.2%)	0.72 (-14.3%)	6.99 (1.3%)	-	-	-

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

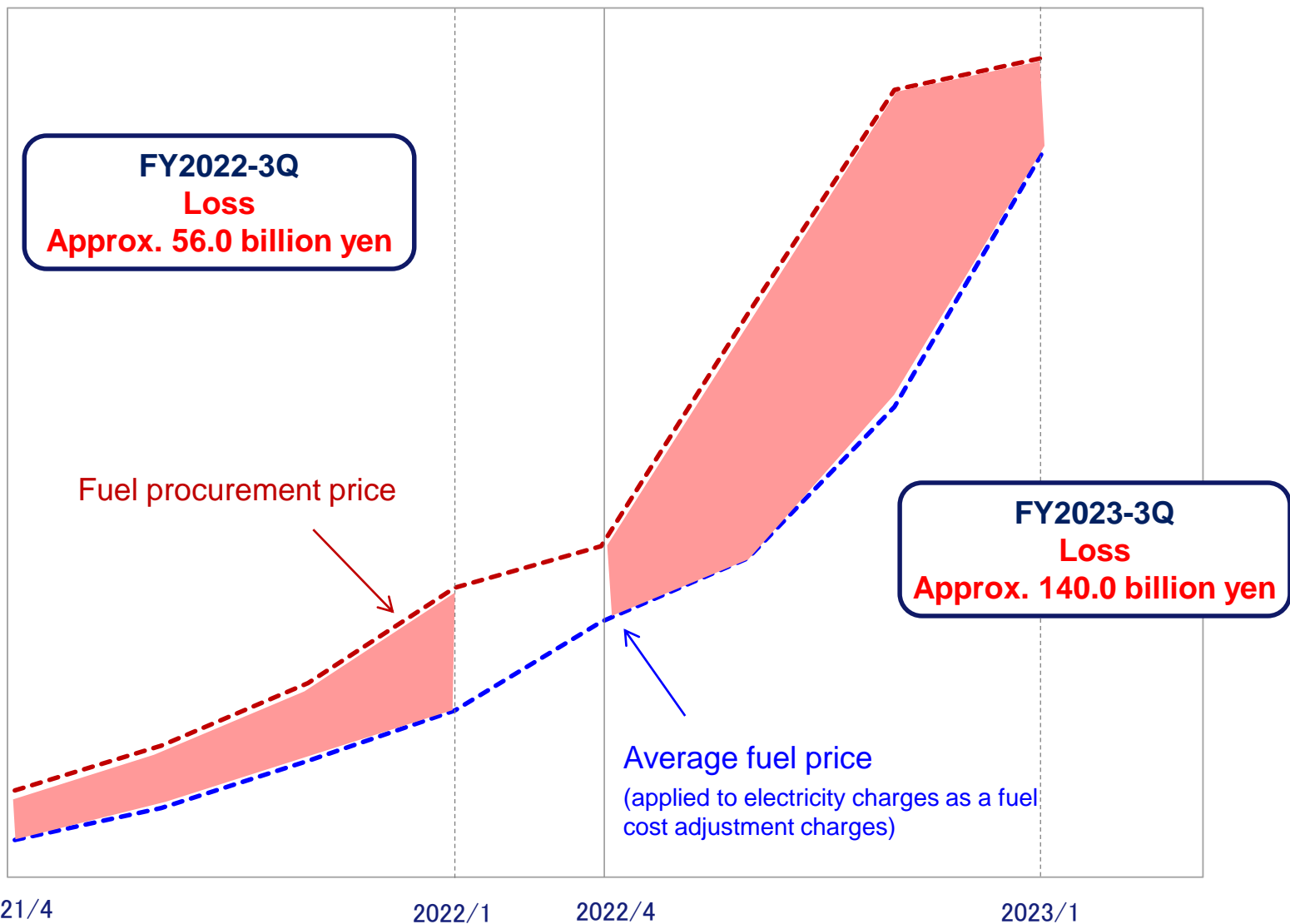
Note2: This does not include the amount of electricity sales for in-house and the amount of electricity sales to other companies for imbalance/adjusted power supply.

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.
FY2023	16.4	20.0	24.2	28.1	29.2	26.0	18.9	14.9	6.4	-	-	-
Difference from average year	1.6	0.4	1.0	0.9	0.7	1.3	0.1	2.0	-1.1	-	-	-
Difference from previous year	1.0	0.5	0.4	0.5	1.8	1.0	-1.0	1.8	-1.4	-	-	-



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	FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)
Fuel oil	million litters	360	240	120
Coal *	thousand tons	5,420	4,170	1,250
LNG *	thousand tons	1,240	1,550	-310

* Sales included

(2) Consumption volume

	Unit	FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)
Fuel oil	million litters	280	270	10
Coal	thousand tons	4,530	3,790	740
LNG	thousand tons	940	1,260	-320

5. Capital Expenditure

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)	FY2023-3Q (A)	FY2022-3Q (B)	Difference (A-B)
Capital Expenditure	84.6 (79.3)	68.6 (62.9)	16.0 (16.4)	37.6	41.0	-3.3

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

6. Interest-bearing debt, etc.

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

	End of FY2023-3Q (A)	End of FY2022 (B)	Difference (A-B)
Interest-bearing debt	2,988.1	2,527.7	460.4
Corporate bond	1,151.0	1,031.4	119.6
Long-term debt	1,364.5	1,240.2	124.2
Short-term debt	173.7	68.0	105.7
Commercial paper	280.0	170.0	110.0
Lease obligations	18.8	18.0	0.8

(2) Interest rate <Non-Consolidated>

	FY2023-3Q	FY2022
Average	0.49%	0.48 %

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

	FY2023-3Q	FY2022-3Q
Interest expense	7.8	7.1

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