

The Summary of Financial Results for FY2023

(April 1 through March 31, 2023)

The Chugoku Electric Power Co., Inc.

April 28, 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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I . FY2023 Financial Results

- Operating revenues were 1,694.6 billion yen, an increase of 557.9 billion yen in comparison with the previous 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 68.8 billion yen, a decrease of 8.1 billion yen in comparison with the previous 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 106.7 billion yen, a decrease of 44.9 billion yen in comparison with the previous year.
- As a result of drawing on the drought reserve, recording an extraordinary income and an extraordinary loss, and deducting income taxes, the loss attributable to owners of the parent was 155.3 billion yen, a decrease of 115.6 billion yen in comparison with the previous year.

1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2023 (A)	FY2022 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,694.6	1,136.6	557.9	49.1 %
Operating income	-68.8	-60.7	-8.1	-
Ordinary income	-106.7	-61.8	-44.9	-
Profit attributable to owners of the parent	-155.3	-39.7	-115.6	-

2. Income Statement <Consolidated>

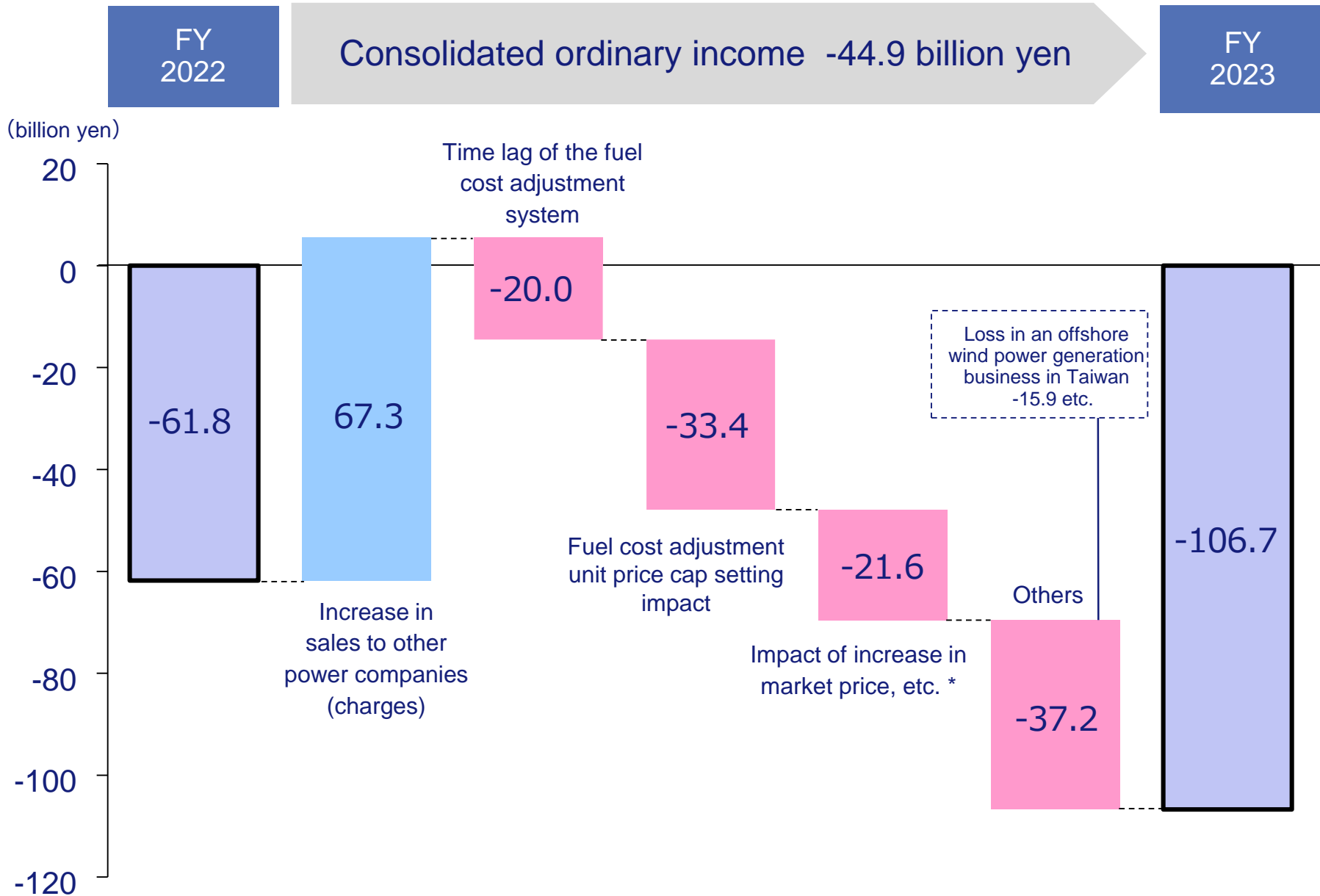
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(billion yen)

	FY2023 (A)	FY2022 (B)	Difference (A-B)
Ordinary revenues	1,711.9	1,152.5	559.3
Operating revenues	1,694.6	1,136.6	557.9
Other revenues	17.3	15.9	1.3
Ordinary expenses	1,818.6	1,214.4	604.2
Operating expenses	1,763.4	1,197.3	566.1
Other expenses	55.1	17.0	38.1
Operating income	-68.8	-60.7	-8.1
Ordinary income	-106.7	-61.8	-44.9
Provision for drought	-0.6	-0.0	-0.6
Extraordinary income	6.2	5.6	0.5
Extraordinary loss	81.6	-	81.6
Income taxes, etc.	-26.1	-16.4	-9.7
Profit attributable to owners of the parent	-155.3	-39.7	-115.6

Note: In FY2023, a loss on decommissioning of thermal power plants of 8.6 billion yen, a provision for losses related to the Japan Antimonopoly Act of 70.7 billion yen and a loss on business of subsidiaries associates of 2.2 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 54.60 billion kWh, a decrease of 3.2% in comparison with the previous year.
- Retail electricity sales were 45.33 billion kWh, a decrease of 3.8% in comparison with the previous year.
- Electricity sales to other power companies were 9.28 billion kWh, a decrease of 0.5% in comparison with the previous year.

(billion kWh)

	FY2023 (A)	FY2022 (B)	Difference (A-B)	Rate of change (A/B-1)	
Total sales	54.60	56.43	-1.83	-3.2%	
Retail sales	Lighting	15.51	16.44	-0.94	-5.7%
	Power	29.82	30.66	-0.84	-2.7%
	Subtotal	45.33	47.11	-1.78	-3.8%
Sales to other power companies	9.28	9.32	-0.05	-0.5%	

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, etc.

5. Generated and Received Electricity

- Total of generated and received electricity was 58.52 billion kWh, a decrease of 4.0% in comparison with the previous year.
- Hydroelectric power of own facilities were 3.09 billion kWh, a decrease of 12.2% in comparison with the previous year.
- Thermal power of own facilities increased due to decreases in hydroelectric power and power purchased.

(billion kWh)

		FY2023 (A)	FY2022 (B)	Difference (A-B)	Rate of change (A/B-1)
Total		58.52	60.98	-2.46	-4.0%
Own facilities	Subtotal	33.50	33.30	0.20	0.6%
	(Water Flow Rate)	(76.1%)	(96.7%)	(-20.6%)	
	Hydroelectric	3.09	3.51	-0.43	-12.2%
	Thermal	30.40	29.78	0.63	2.1%
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.02	0.01	0.01	85.8%
Power purchased		26.41	28.85	-2.44	-8.5%
Pumping use		-1.39	-1.16	-0.23	19.7%

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

- 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. However, we continued to report an operating loss 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 a decrease in revenue of standard wheeling service and an increase in expenses related to supply and demand adjustments.

(billion yen)

		FY2023 (A)	FY2022 (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	1,572.6	1,040.3	532.3
	Operating income	-83.3	-89.5	6.2
Power Transmission and Distribution Business	Operating revenues	560.2	436.0	124.1
	Operating income	5.6	21.7	-16.0
Information and Telecommunications Business	Operating revenues	45.7	45.2	0.4
	Operating income	4.9	3.7	1.1
Others	Operating revenues	108.6	104.9	3.7
	Operating income	5.9	5.0	0.9
Amount of Adjustment	Operating revenues	(-592.7)	(-489.9)	(-102.8)
	Operating income	(-2.1)	(-1.7)	(-0.4)
Total	Operating revenues	1,694.6	1,136.6	557.9
	Operating income	-68.8	-60.7	-8.1

(Reference) Constituent Companies by segment

Segment	Constituent Companies		
Comprehensive Energy Business	Comprehensive Energy Business	The Chugoku Electric Power Co., Inc. <ul style="list-style-type: none"> • Energy Sales Div. • Power Generation Div. • Supply & Trading Div. 	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Business Unit</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Energia Solution & Service Company, Incorporated</div> <div style="border: 1px solid black; padding: 5px;">CEPAR※1</div>
		International Business	The Chugoku Electric Power Co., Inc. <ul style="list-style-type: none"> International Business Div.
Others	Indirect department	The Chugoku Electric Power Co., Inc. <ul style="list-style-type: none"> • Carbon Neutrality Promotion Div. • Regional Relations Div. etc. 	<div style="border: 2px solid green; padding: 10px; text-align: center;"> <div style="border: 1px solid black; padding: 5px; display: inline-block;">Other Group Companies ※2</div> </div>
Power Transmission and Distribution Business	Power Transmission and Distribution Business	Chugoku Electric Power Transmission & Distribution Company, Incorporated	<div style="border: 1px solid black; padding: 5px;">Denryoku Support Chugoku Co., Inc.</div>
Information and Telecommunications Business	Information and Telecommunications Business	<div style="border: 1px solid black; padding: 5px; text-align: center;">Energia Communications, Inc.</div>	

※1 CEPAR : Abbreviation of Chugoku Electric Power Australia Resources Pty. Ltd.

※2 Among other group companies, ENERGIA POWER YAMAGUCHI CORPORATION will be included in Comprehensive Energy Business from FY2024.

II . Forecasts of Financial Results for FY2024 Dividends

- Both operating revenues and profits are yet undecided since our regulated electricity rates have been under examination and we are unable to forecast operating revenues reasonably.
- We shall promptly provide our forecasts at the time when the regulated electricity rates approved.
- To achieve our Group Corporate Vision, we will moving forward to strive to regain trust and recover our performance and financial base with going back to the starting point of company management in which compliance is the foremost priority as well as with ensuring appropriate quality of work and safety.

- We had been implementing dividends in overall consideration of mid- and long-term viewpoint, not merely of the results for a single fiscal year in accordance with our basic policy to pay out stable dividends until now.
- Due to the recent surge in fuel and electricity market prices and other factors, our group's performance has deteriorated significantly and shareholders' equity ratio has fallen to an all-time low. In light of this, we have decided not to pay dividends for FY2023.
- We have been taking initiatives to improve the balance between income and expenditure through revision of electricity rates and other measures such as reducing risks of fluctuations in fuel prices and other factors. However, we believe that the recovery and strengthening of our financial base must be a top priority, given the risks of fluctuations in our performance due to increased volatility in fuel prices and other factors.
- Therefore, we have decided to revise our existing basic policy of paying out stable dividends, and we will aim an early resume of dividend payments while building up equity capital.
- As we leave the forecasts of financial results for FY2024 undecided, the forecasts of the interim and the year-end dividends for FY2024 are also yet undecided.

【Dividends】

(yen per share)

	FY2024	FY2023
Interim	Undecided	0
Year-end	Undecided	0
Total	Undecided	0

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

Income Statement

(billion yen)

	FY2023	FY2022
Summary of financial results	For the first time in 4 years	2 years in a row
	Increase in revenues (557.9) Decrease in income (-44.9)	Decrease in revenues (-170.8) Decrease in income (-91.9)
Operating revenues	1,694.6 *1	1,136.6 *1
Operating income	-68.8 (No.29)	-60.7 (No.28)
Ordinary income	-106.7 (No.29)	-61.8 (No.28)
Profit attributable to owners of the parent	-155.3 (No.29)	-39.7 (No.28)

Balance Sheet

(billion yen)

	FY2023	FY2022
Total assets	4,040.0	3,566.9
Net assets	455.4	608.4
Shareholders' equity ratio	11.1% (13.6%*2)	17.0%
Interest-bearing debt	3,022.0	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 FY1995.

		FY2023	FY2022
Exchange rate	(¥ / \$)	135	112
Crude oil prices (All Japan CIF)	(\$ / b)	* { 102.7	77.2
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 358.9	160.9
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.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. Summary of Cash Flows <Consolidated>

(billion yen)

	FY2023 (A)	FY2022 (B)	Difference (A-B)
Cash flow from operating activities	-62.6	0.3	-63.0
Cash flow from investing activities	-225.0	-206.3	-18.6
Free cash flow	-287.7	-206.0	-81.6
Cash flow from financing activities	464.9	212.5	252.3
Cash and cash equivalents (increase and decrease)	179.0	6.6	

2-1. Income Statement <Non-Consolidated>

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(billion yen)

	FY2023 (A)	FY2022 (B)	Difference (A-B)
Ordinary revenues	1,539.0	1,022.8	516.2
Operating revenues	1,502.4	994.9	507.5
Electricity sales revenue	1,072.2	764.7	307.4
Others	430.2	230.2	200.0
Non-operating revenues	36.5	27.8	8.7
Ordinary expenses	1,637.4	1,098.6	538.7
Operating expenses	1,599.3	1,084.6	514.6
Personnel	41.3	41.4	-0.0
Retirement allowances	0.6	0.7	-0.0
Material	1,039.5	580.7	458.8
Fuel	506.5	252.8	253.7
Purchased power	533.0	327.8	205.1
Maintenance	37.5	38.2	-0.6
Depreciation	40.0	30.2	9.8
Transmission fees of connected supply	268.3	263.3	4.9
Others	172.4	130.6	41.7
Non-operating expenses	38.1	14.0	24.1
Ordinary income (Operating income)	-98.4 (-96.8)	-75.8 (-89.6)	-22.5 (-7.1)
Provision for drought	-0.6	-0.0	-0.6
Extraordinary income	3.4	5.5	-2.1
Extraordinary loss	93.2	-	93.2
Income taxes, etc.	-34.0	-23.9	-10.0
Net income	-153.5	-46.3	-107.1

(billion yen)

	FY2023 (A)	FY2022 (B)	Difference (A-B)
Ordinary revenues	561.3	436.2	125.0
Operating revenues	559.4	435.2	124.2
Transmission revenue	332.2	321.1	11.1
Others	227.2	114.1	113.0
Non-operating revenues	1.8	0.9	0.8
Ordinary expenses	559.4	419.0	140.4
Operating expenses	554.0	413.6	140.4
Personnel	45.2	49.2	-4.0
Retirement allowances	1.0	1.3	-0.2
Material	298.8	160.1	138.7
Fuel	2.6	2.4	0.2
Purchased power, etc.	296.1	157.6	138.4
Maintenance	57.6	55.3	2.3
Depreciation	38.6	35.8	2.8
Others	113.6	112.9	0.6
Non-operating expenses	5.4	5.3	0.0
Ordinary income (Operating income)	1.8 (5.4)	17.1 (21.6)	-15.3 (-16.1)
Extraordinary income	-	3.1	-3.1
Extraordinary loss	-	4.5	-4.5
Income taxes, etc.	0.4	4.4	-3.9
Net income	1.3	11.2	-9.8

3.Monthly Change in Total Electricity Sales

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■ FY2023

(billion kWh)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total
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%)	5.19 (-5.7%)	4.91 (-6.8%)	4.52 (-10.3%)	54.60 (-3.2%)
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%)	4.41 (-4.7%)	4.14 (-7.7%)	3.78 (-11.5%)	45.33 (-3.8%)
	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%)	1.93 (-6.3%)	1.74 (-8.1%)	1.40 (-16.2%)	15.51 (-5.7%)
	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%)	2.49 (-3.4%)	2.40 (-7.4%)	2.37 (-8.4%)	29.82 (-2.7%)
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%)	0.77 (-10.9%)	0.77 (-1.7%)	0.74 (-4.0%)	9.28 (-0.5%)

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, etc.

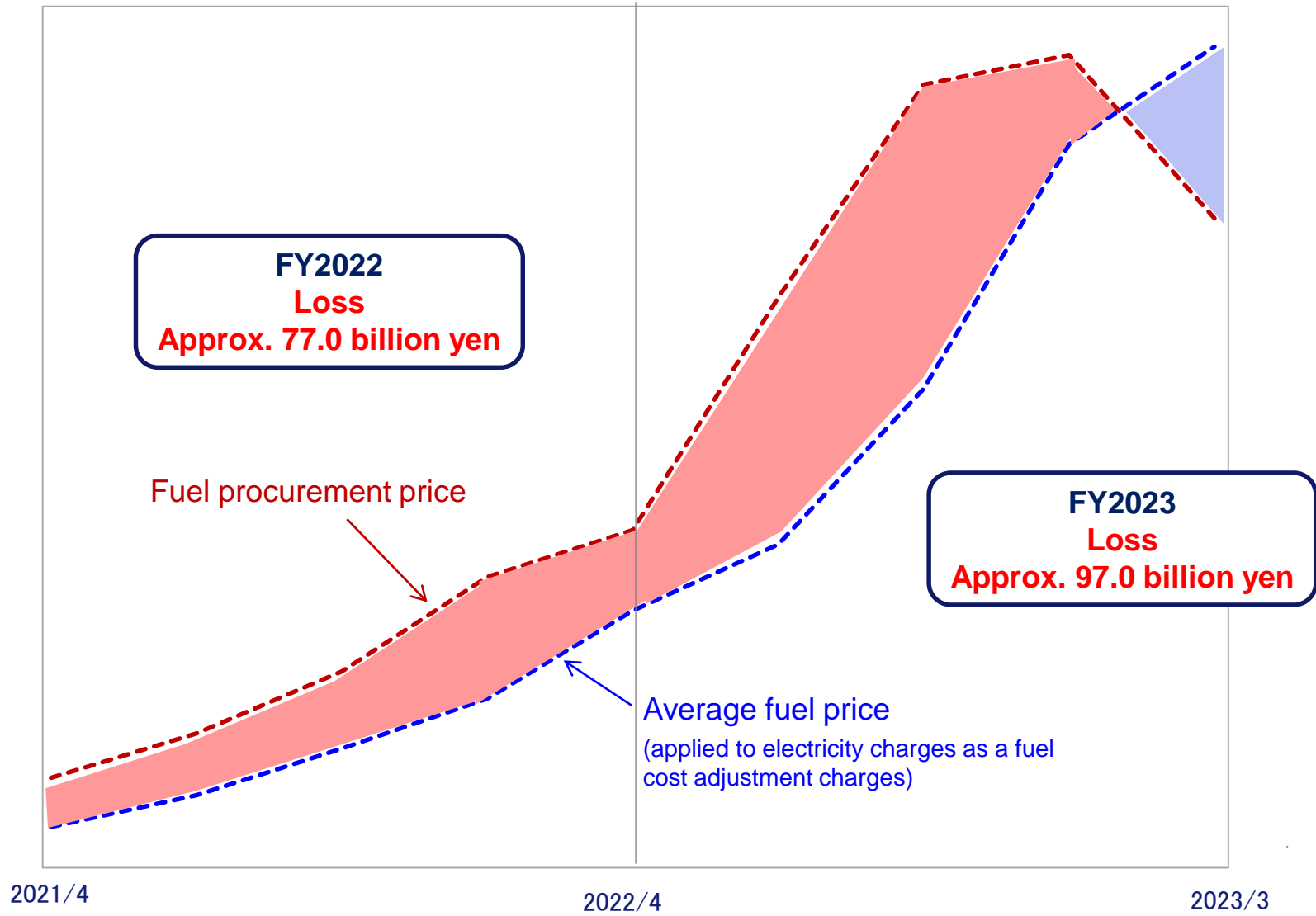
Note3: Figures in parentheses indicate the percentage change from the previous fiscal year.

<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	5.7	6.9	12.6
Difference from average year	1.6	0.4	1.0	0.9	0.7	1.3	0.1	2.0	-1.1	0.3	0.7	3.1
Difference from previous year	1.0	0.5	0.4	0.5	1.8	1.0	-1.0	1.8	-1.4	0.4	2.1	1.1

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	FY2023 (A)	FY2022 (B)	Difference (A-B)
Fuel oil	million litters	530	380	150
Coal *	thousand tons	7,230	5,570	1,660
LNG *	thousand tons	1,750	2,120	-370

* Sales included

(2) Consumption volume

	Unit	FY2023 (A)	FY2022 (B)	Difference (A-B)
Fuel oil	million litters	450	440	10
Coal	thousand tons	6,180	5,280	900
LNG	thousand tons	1,350	1,740	-390

6. Capital Expenditure

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2023 (A)	FY2022 (B)	Difference (A-B)	FY2023 (A)	FY2022 (B)	Difference (A-B)
Capital expenditure	133.5 (118.8)	110.5 (96.9)	23.0 (21.8)	61.4	64.4	-2.9

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 FY2023 (A)	End of FY2022 (B)	Difference (A-B)
Interest-bearing debt	3,022.0	2,527.7	494.3
Corporate bond	1,151.0	1,031.4	119.6
Long-term debt	1,449.8	1,240.2	209.5
Short-term debt	99.5	68.0	31.5
Commercial paper	301.0	170.0	131.0
Lease obligations	20.6	18.0	2.6

(2) Interest rate <Non-Consolidated>

	FY2023	FY2022
Average	0.49%	0.48 %

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

	FY2023	FY2022
Interest expense	10.4	9.4

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