

The Summary of Financial Results for FY2023-1Q

(April 1 through June 30, 2022)

The Chugoku Electric Power Co., Inc.

July 29, 2022

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 1st Quarter Financial Results

- Operating revenues were 314.7 billion yen, an increase of 94.6 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 29.1 billion yen, a decrease of 24.2 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 31.3 billion yen, a decrease of 28.6 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 26.7 billion yen, a decrease of 25.3 billion yen from the same period of the previous fiscal year.

1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	314.7	220.1	94.6	43.0 %
Operating income	-29.1	-4.9	-24.2	-
Ordinary income	-31.3	-2.6	-28.6	-
Profit attributable to owners of the parent	-26.7	-1.3	-25.3	-

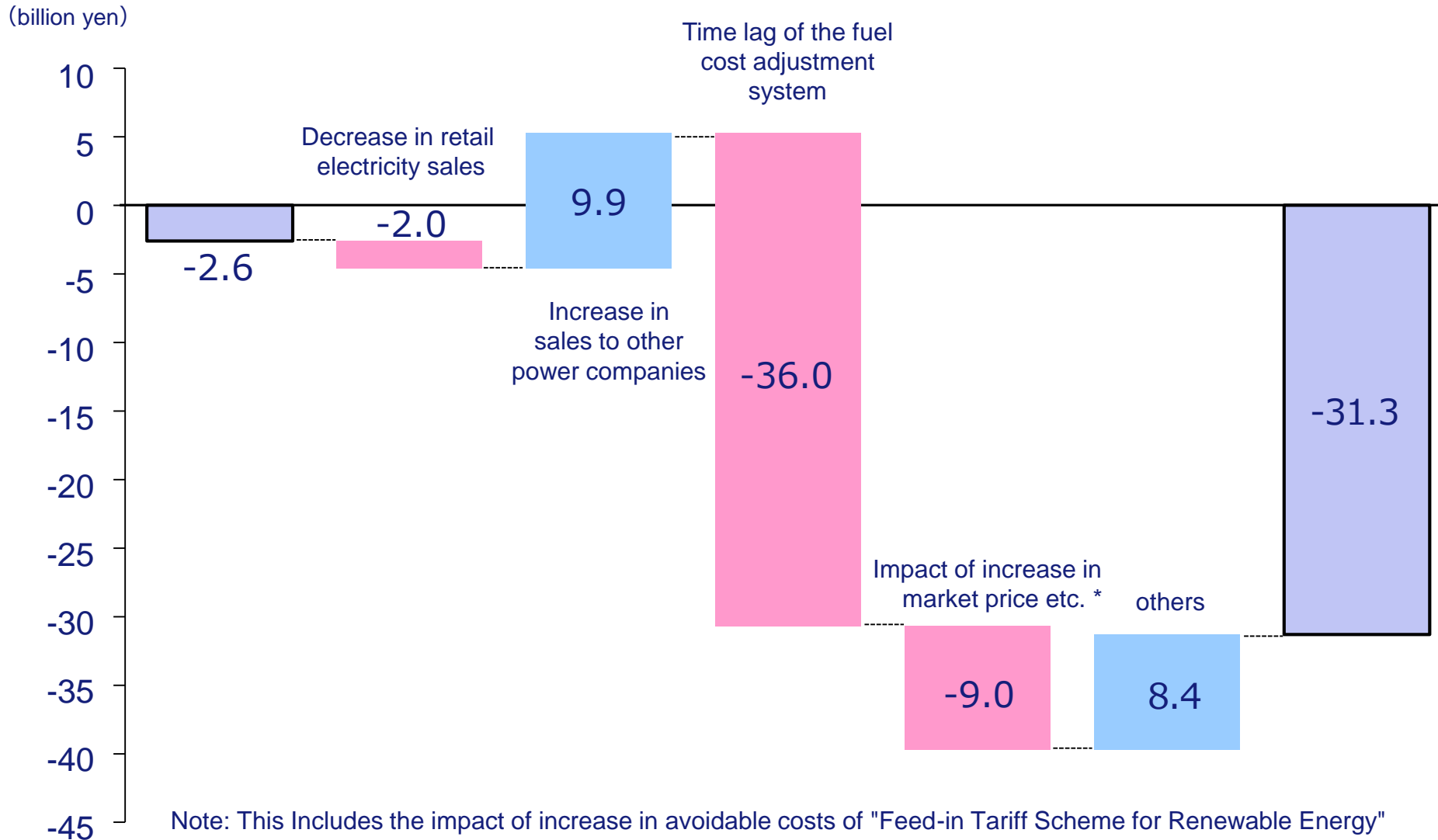
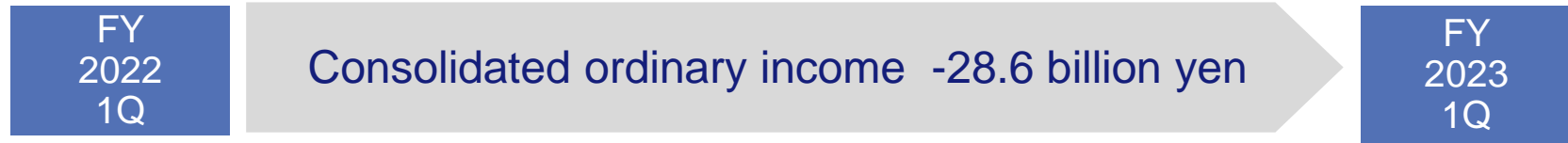
2. Income Statement <Consolidated>

(billion yen)

	FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)
Ordinary revenues	319.8	225.9	93.9
Operating revenues	314.7	220.1	94.6
Other revenues	5.1	5.8	-0.7
Ordinary expenses	351.1	228.6	122.5
Operating expenses	343.9	225.0	118.8
Other expenses	7.2	3.5	3.6
Operating income	-29.1	-4.9	-24.2
Ordinary income	-31.3	-2.6	-28.6
Drought reserve	-0.3	0.0	-0.3
Extraordinary loss	8.6	—	8.6
Income taxes, etc.	-12.9	-1.3	-11.5
Profit attributable to owners of the parent	-26.7	-1.3	-25.3

Note: In the 1st quarter of FY2022, "loss on decommissioning of thermal power plants" of 8.6 billion yen has been recorded in extraordinary loss.

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



4. Total Electricity Sales

- Total electricity sales were 12.49 billion kWh, an decrease of 1.7% in comparison with the same period in the previous year.
- Retail electricity sales were 10.41 billion kWh, an decrease of 3.0% in comparison with the same period in the previous year.
- Electricity sales to other power companies were 2.08 billion kWh, an increase of 5.2% in comparison with the same period in the previous year.

(billion kWh)

	FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)	Rate of change (A/B-1)	
Total sales	12.49	12.70	-0.21	-1,7 %	
Retail sales	Lighting	3.30	3.49	-0.20	-5.6 %
	Power	7.11	7.23	-0.12	-1.7 %
	Subtotal	10.41	10.73	-0.32	-3.0 %
Sales to other power companies	2.08	1.98	0.10	5.2 %	

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 13.17 billion kWh, a decrease of 1.1% in comparison with the same period in the previous year.
- Hydroelectric power of own facilities were 0.81 billion kWh, a decrease of 13.1% 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)

		FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		13.17	13.32	-0.15	-1.1 %
Own facilities	Subtotal	7.02	6.36	0.65	10.3 %
	(Water Flow Rate)	(56.4%)	(98.5 %)	(-42.1%)	
	Hydroelectric	0.81	0.94	-0.12	-13.1 %
	Thermal	6.20	5.43	0.78	14.3 %
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.00	0.00	0.00	9.7 %
Power purchased		6.71	7.21	-0.49	-6.8 %
Pumping use		-0.56	-0.25	-0.31	126.8 %

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.. 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)

		FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	297.0	203.2	93.8
	Operating income	-26.2	-4.5	-21.6
Power Transmission and Distribution Business	Operating revenues	124.3	85.3	39.0
	Operating income	-3.3	-0.8	-2.4
Information and Telecommunications Business	Operating revenues	10.3	10.0	0.3
	Operating income	1.0	0.5	0.4
Others	Operating revenues	19.7	23.0	-3.2
	Operating income	-0.4	0.1	-0.5
Amount of Adjustment	Operating revenues	-136.8	-101.4	-35.4
	Operating income	-0.2	-0.1	-0.0
Total	Operating revenues	314.7	220.1	94.6
	Operating income	-29.1	-4.9	-24.2

II . Forecasts of Financial Results for FY2023 Dividends

- Regarding the forecast of consolidated financial results, both operating revenues and profits are yet undecided since we are currently unable to forecast total amount of electricity sales, fuel procurement environment, exchange rate, and fuel price trends.
- We shall promptly provide our forecasts at the time when we are able to reasonably foresee the electricity sales, power generation plans, and so on.
- For a recovery in business performance, we will continue to make maximum efforts to increase our profits and reduce the risk of fuel and electricity price fluctuations.

- 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.
- As we leave the forecasts of financial results for FY2023 undecided, the forecasts of the interim and the year-end dividends for FY2023 are also yet undecided. There is no change from the forecast of dividends announced in April 2022.

< Dividends >

(yen per share)

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

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

Income Statement

(billion yen)

	FY2023-1Q	FY2022-1Q
Summary of financial results	For the first time in 4 years Increase in revenues (94.6) Decrease in income (-28.6)	For the first time in 5 years Decrease in revenues (-87.8) Decrease in income (-16.9)
Operating revenues	314.7	220.1
Operating income	-29.1 (No.20)	-4.9 (No.17)
Ordinary income	-31.3 (No.20)	-2.6 (No.15)
Profit attributable to owners of the parent	-26.7 (No.20)	-1.3 (No.12)

Balance Sheet

(billion yen)

	FY2023-1Q	FY2022
Total assets	3,695.4	3,566.9
Net assets	588.3	608.4
Shareholders' equity ratio	15.8%	17.0%
Interest-bearing debt	2,689.4	2,527.7

Note1: 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.

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.

		FY2023-1Q	FY2022-1Q
Exchange rate	(¥ / \$)	130	110
Crude oil prices (All Japan CIF)	(\$ / b)	* { 110.8	* { 67.0
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 298.3	{ 107.6
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)

	FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)
Ordinary revenues	305.1	212.6	92.4
Operating revenues	282.8	195.0	87.8
Electricity sales revenue	199.2	152.3	46.8
Others	83.6	42.7	40.9
Non-operating revenues	22.2	17.5	4.6
Ordinary expenses	318.2	203.3	114.9
Operating expenses	311.3	200.1	111.2
Personnel	10.8	10.9	-0.1
Retirement allowances	0.1	0.2	-0.0
Material	185.6	91.3	94.2
Fuel	82.1	33.4	48.7
Purchased power	103.4	57.9	45.4
Maintenance	5.6	5.8	-0.2
Depreciation	8.4	7.2	1.1
Transmission fees of connected supply	65.3	57.3	7.9
Others	35.4	27.2	8.2
Non-operating expenses	6.9	3.2	3.7
Ordinary income (Operating income)	-13.1 (-28.4)	9.2 (-5.0)	-22.4 (-23.4)
Provision for drought	-0.3	0.0	-0.3
Extraordinary loss	8.6	-	8.6
Income taxes, etc.	-10.4	-1.4	-9.0
Net income	-11.0	10.6	-21.7

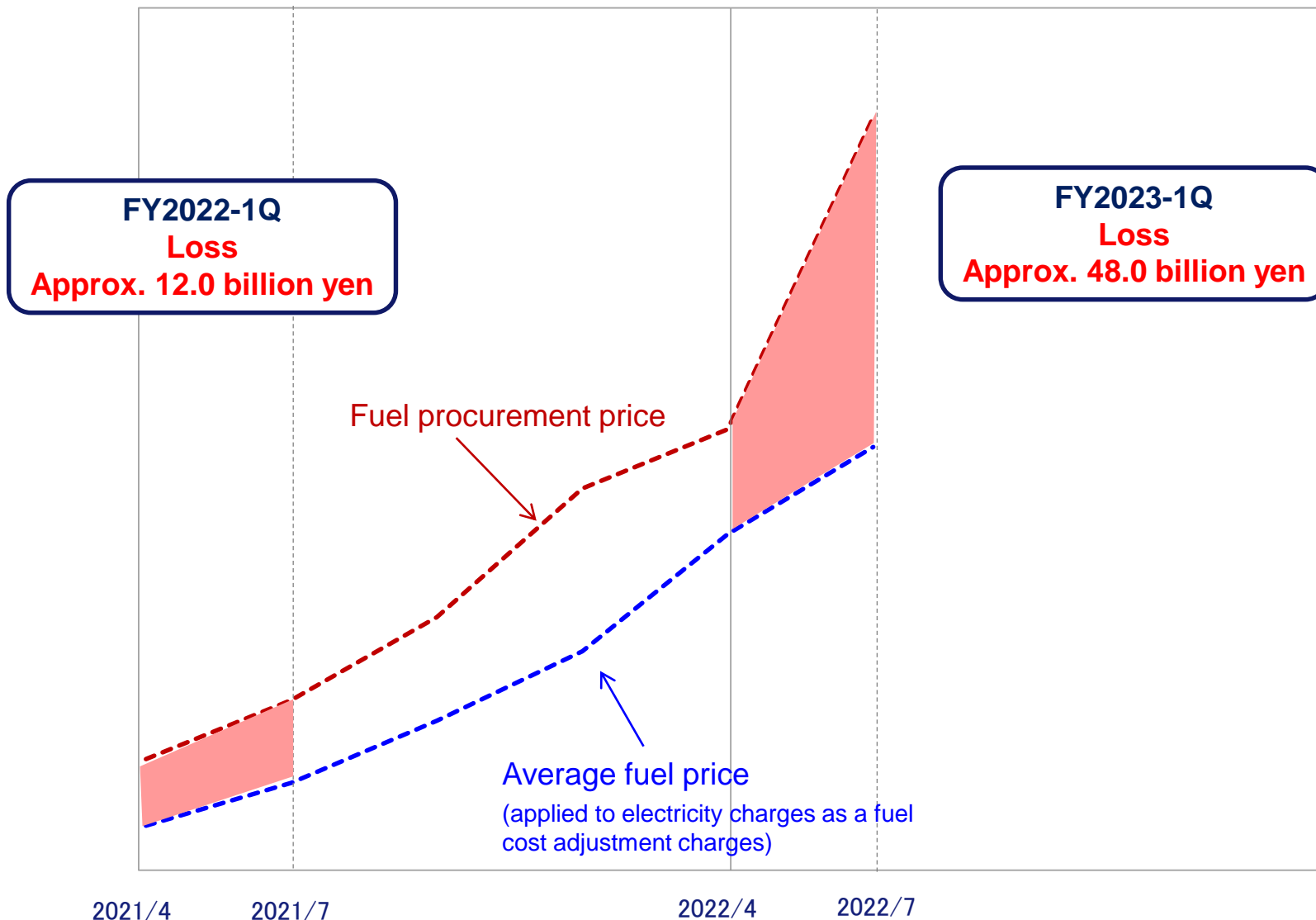
1-2. Income Statement <Chugoku Electric Power Transmission and Distribution Co., Inc.>

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(billion yen)

	FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)
Ordinary revenues	124.5	85.3	39.2
Operating revenues	124.2	85.0	39.2
Transmission revenue	81.6	68.8	12.8
Others	42.5	16.1	26.4
Non-operating revenues	0.3	0.3	-0.0
Ordinary expenses	128.7	87.3	41.4
Operating expenses	127.5	85.9	41.5
Personnel	12.2	13.1	-0.9
Retirement allowances	0.2	0.3	-0.0
Material	65.5	26.1	39.3
Fuel	0.5	0.4	0.1
Purchased power, etc.	64.9	25.7	39.2
Maintenance	11.4	11.5	-0.1
Depreciation	9.6	9.1	0.4
Others	28.7	25.8	2.8
Non-operating expenses	1.2	1.4	-0.1
Ordinary income (Operating income)	-4.1 (-3.2)	-2.0 (-0.9)	-2.1 (-2.3)
Extraordinary income	—	1.2	-1.2
Income taxes, etc.	-3.1	-0.2	-2.9
Net income	-1.0	-0.5	-0.4

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	FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)
Fuel oil	million litters	120	40	80
Coal *	thousand tons	1,930	1,090	840
LNG *	thousand tons	410	510	-100

* Sales included

(2) Consumption volume

	Unit	FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)
Fuel oil	million litters	60	40	20
Coal	thousand tons	1,320	900	420
LNG	thousand tons	290	370	-80

5. Capital Expenditure

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)	FY2023-1Q (A)	FY2022-1Q (B)	Difference (A-B)
Capital Expenditure	21.9 (20.8)	20.5 (19.7)	1.4 (1.0)	10.9	11.4	-0.5

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 FY2023-1Q (A)	End of FY2022 (B)	Difference (A-B)
Interest-bearing debt	2,689.4	2,527.7	161.7
Corporate bond	1,073.4	1,031.4	42.0
Long-term debt	1,268.8	1,240.2	28.6
Short-term debt	69.1	68.0	1.0
Commercial paper	260.0	170.0	90.0
Lease obligations	18.1	18.0	0.1

(2) Interest rate <Non-Consolidated>

	FY2023-1Q	FY2022
Average	0.48%	0.48 %

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

	FY2023-1Q	FY2022-1Q
Interest expense	2.4	2.4

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