

# The Summary of Financial Results for FY2023-2Q

(April 1 through September 30, 2022)

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The Chugoku Electric Power Co., Inc.

October 28, 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 2nd Quarter Financial Results

- Operating revenues were 749.7 billion yen, an increase of 264.2 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 73.1 billion yen, a decrease of 75.8 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 68.5 billion yen, a decrease of 74.0 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 56.0 billion yen, a decrease of 62.5 billion yen from the same period of the previous fiscal year.

# 1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	749.7	485.4	264.2	54.4 %
Operating income	-73.1	2.7	-75.8	-
Ordinary income	-68.5	5.5	-74.0	-
Profit attributable to owners of the parent	-56.0	6.5	-62.5	-

## 2. Income Statement <Consolidated>

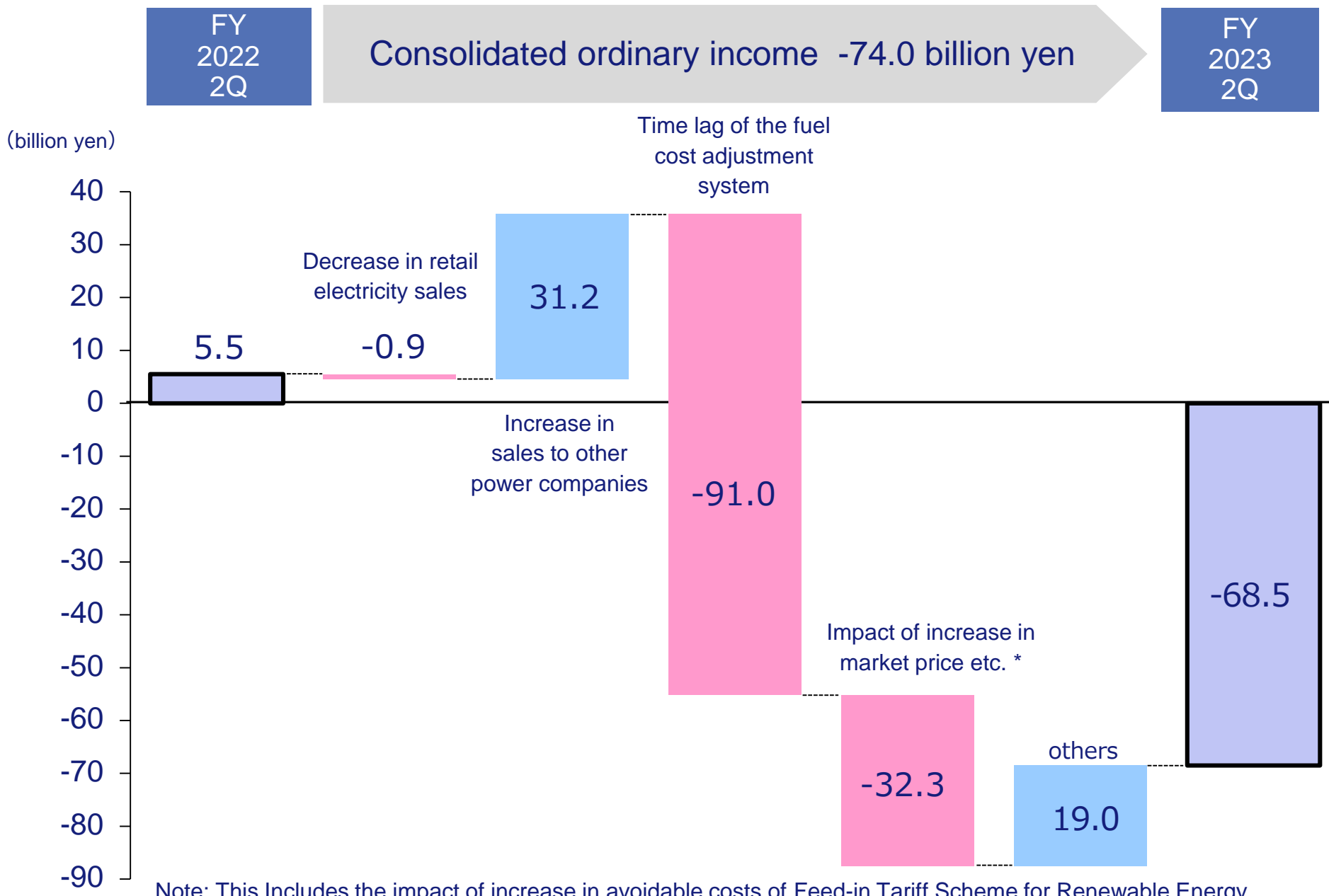
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(billion yen)

	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)
Ordinary revenues	768.3	495.5	272.8
Operating revenues	749.7	485.4	264.2
Other revenues	18.5	10.0	8.5
Ordinary expenses	836.8	490.0	346.8
Operating expenses	822.9	482.7	340.1
Other expenses	13.9	7.2	6.6
Operating income	-73.1	2.7	-75.8
Ordinary income	-68.5	5.5	-74.0
Drought reserve	-0.4	0.2	-0.6
Extraordinary income	—	2.1	-2.1
Extraordinary loss	8.6	—	8.6
Income taxes, etc.	-20.7	0.9	-21.6
Profit attributable to owners of the parent	-56.0	6.5	-62.5

Note: In the 2nd quarter of FY2023, 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. Total Electricity Sales

- Total electricity sales were 27.26 billion kWh, an increase of 0.9% in comparison with the same period in the previous year.
- Retail electricity sales were 22.47 billion kWh, a decrease of 0.6% in comparison with the same period in the previous year.
- Electricity sales to other power companies were 4.79 billion kWh, an increase of 8.3% in comparison with the same period in the previous year.

(billion kWh)

	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)	Rate of change (A/B-1)	
Total sales	27.26	27.02	0.24	0.9 %	
Retail sales	Lighting	7.07	7.17	-0.11	-1.5 %
	Power	15.40	15.43	-0.03	-0.2 %
	Subtotal	22.47	22.60	-0.13	-0.6 %
Sales to other power companies	4.79	4.42	0.37	8.3 %	

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 29.02 billion kWh, an increased of 0.5% in comparison with the same period in the previous year.
- Hydroelectric power of own facilities were 1.77 billion kWh, a decrease of 17.2% in comparison with the same period in the previous year.
- Thermal power of own facilities and power purchased increased due to a decrease in hydroelectric power and an increase in total electricity sales.

(billion kWh)

		FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		29.02	28.86	0.16	0.5 %
Own facilities	Subtotal	15.33	15.02	0.31	2.1 %
	(Water Flow Rate)	(73.9%)	(119.0 %)	(-45.1%)	
	Hydroelectric	1.77	2.13	-0.37	-17.2 %
	Thermal	13.56	12.88	0.68	5.3 %
	(Utilization Rate)	( - )	( - )	( - )	
	Nuclear	-	-	-	-
	New energy sources	0.01	0.00	0.00	47.1 %
Power purchased		14.61	14.29	-0.32	2.2 %
Pumping use		-0.93	-0.46	-0.47	103.9 %

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)

		FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	706.3	449.6	256.6
	Operating income	-70.4	-4.7	-65.7
Power Transmission and Distribution Business	Operating revenues	285.7	181.5	104.2
	Operating income	-4.8	5.6	-10.5
Information and Telecommunications Business	Operating revenues	21.4	20.7	0.6
	Operating income	2.2	1.2	0.9
Others	Operating revenues	44.5	46.6	-2.1
	Operating income	0.5	0.9	-0.4
Amount of Adjustment	Operating revenues	-308.2	-213.0	-95.1
	Operating income	-0.6	-0.4	-0.1
Total	Operating revenues	749.7	485.4	264.2
	Operating income	-73.1	2.7	-75.8

## **II . Forecasts of Financial Results for FY2023 Dividends**

# 1. Forecasts of Financial Results for FY2023 and Dividends

- Forecasts of financial results for FY2023 and dividends have not changed from those announced on September 13, 2022. \*1

【Forecasts of financial results for FY2023】  
(announced on Sep.13, 2022) (billion yen)

	FY2023
Operating revenues	1,620.0
Operating income	-180.0
Ordinary income	-186.0
Profit attributable to owners of the parent	-139.0
Shareholders' Equity Ratio	Approx. 13% (Approx. 14%*2)

【Dividends】(announced on Sep.13, 2022)  
(yen per share)

	FY2023(Forecasts)
Interim	0.00
Year-end	0.00
Total	0.00

【Major factors】 (announced on Sep.13, 2022)

	FY2023
Total electricity sales (billion kWh)	56.0
Exchange rate (¥ / \$)	133
Crude oil prices (All Japan CIF) (\$ / b)	101
Nuclear capacity factor (%)	—

【Financial impact (Sensitivity)】 (billion yen)

	FY2023
Exchange rate (¥1 / \$)	5.6
Crude oil prices (All Japan CIF) (\$1 / b)	1.7
Water flow rate (1%)	0.6
Nuclear capacity factor (1%)	1.2

\*1: Notice Regarding Revisions to Forecasts of Financial Results and Dividends <https://www.energia.co.jp/e/ir/info/pdf/ir10-c2023b5.pdf>

\*2: Shareholders' Equity Ratio assuming 50 billion yen of outstanding hybrid corporate bond (announced on December 3, 2021) as equity capital.

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

## Income Statement

(billion yen)

	FY2023-2Q	FY2022-2Q
Summary of financial results	For the first time in 4 years	For the first time in 6 years
	Increase in revenues (264.2) Decrease in income (-74.0)	Decrease in revenues (-158.5) Decrease in income (-39.1)
Operating revenues	749.7 *1	485.4 *1
Operating income	-73.1 (No.23)	2.7 (No.20)
Ordinary income	-68.5 (No.23)	5.5 (No.19)
Profit attributable to owners of the parent	-56.0 (No.23)	6.5 (No.16)

## Balance Sheet

(billion yen)

	FY2023-2Q	FY2022
Total assets	3,958.5	3,566.9
Net assets	573.8	608.4
Shareholders' equity ratio	14.3% (16.9%*2)	17.0%
Interest-bearing debt	2,956.2	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 100 billion yen of outstanding hybrid corporate bond and transition-linked hybrid loan 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 FY2001.

		FY2023-2Q	FY2022-2Q
Exchange rate	(¥ / \$)	134	110
Crude oil prices (All Japan CIF)	(\$ / b)	* { 111.9	* { 70.3
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 342.8	{ 125.9
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](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](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>

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(billion yen)

	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)
Cash Flow from Operating Activities	-115.9	-34.6	-81.2
Cash Flow from Investing Activities	-97.7	-108.3	10.5
Free Cash Flow	-213.7	-142.9	-70.7
Cash Flow from Financing Activities	416.1	156.4	259.7
Cash and Cash Equivalents (increase and decrease)	204.3	13.4	

# 2-1. Income Statement <Non-Consolidated>

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(billion yen)

	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)
Ordinary revenues	712.5	453.1	259.3
Operating revenues	675.4	431.5	243.9
Electricity sales revenue	469.8	337.5	132.2
Others	205.6	93.9	111.6
Non-operating revenues	37.0	21.6	15.4
Ordinary expenses	764.9	443.1	321.8
Operating expenses	751.5	436.6	314.9
Personnel	21.1	21.0	0.0
Retirement allowances	0.3	0.3	-0.0
Material	481.9	206.9	274.9
Fuel	204.9	86.4	118.5
Purchased power	276.9	120.5	156.4
Maintenance	17.1	19.1	-2.0
Depreciation	16.9	14.6	2.3
Transmission fees of connected supply	139.2	118.9	20.2
Others	75.1	55.8	19.3
Non-operating expenses	13.3	6.4	6.9
Ordinary income (Operating income)	-52.4 (-76.0)	10.0 (-5.1)	-62.4 (-70.9)
Provision for drought	-0.4	0.2	-0.6
Extraordinary loss	8.6	-	8.6
Income taxes, etc.	-21.5	-1.3	-20.1
Net income	-39.1	11.1	-50.2

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

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(billion yen)

	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)
Ordinary revenues	285.8	181.5	104.2
Operating revenues	285.3	181.0	104.2
Transmission revenue	174.0	143.6	30.3
Others	111.3	37.3	73.9
Non-operating revenues	0.4	0.4	-0.0
Ordinary expenses	292.6	178.3	114.3
Operating expenses	290.1	175.5	114.6
Personnel	23.4	25.3	-1.9
Retirement allowances	0.5	0.6	-0.1
Material	168.6	55.7	112.8
Fuel	1.2	1.0	0.2
Purchased power, etc.	167.3	54.7	112.6
Maintenance	23.7	24.5	-0.8
Depreciation	19.2	18.0	1.1
Others	55.0	51.8	3.2
Non-operating expenses	2.5	2.7	-0.2
Ordinary income (Operating income)	-6.8 (-4.7)	3.2 (5.5)	-10.0 (-10.3)
Extraordinary income	-	2.1	-2.1
Income taxes, etc.	-1.9	1.5	-3.4
Net income	-4.9	3.8	-8.8

# 3. Monthly Change in Total Electricity Sales

## FY2023-2Q

(billion kWh)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Total	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Total sales		4.34 (-1.9%)	4.03 (-2.1%)	4.12 (-1.1%)	4.79 (38%)	5.09 (0.6%)	4.89 (5.3%)	27.26 (0.9%)	-	-	-	-	-	-
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%)	22.47 (-0.6%)	-	-	-	-	-	-
	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%)	7.07 (-1.5%)	-	-	-	-	-	-
	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%)	15.40 (-0.2%)	-	-	-	-	-	-
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%)	4.79 (8.3%)	-	-	-	-	-	-

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

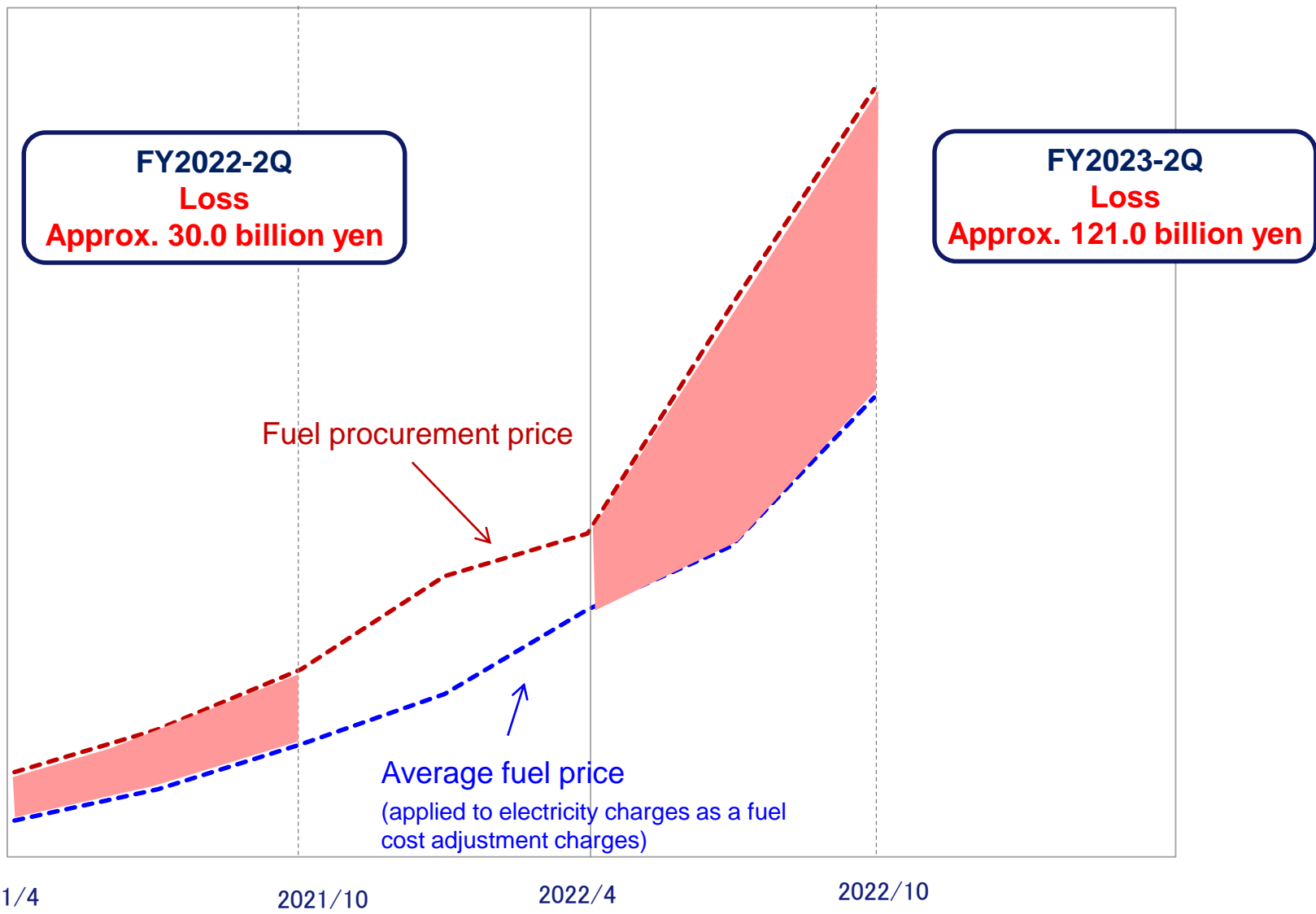
Note2: This does not include the amount of electricity sales for in-house and the amount of electricity sales to other companies for imbalance/adjusted power supply.

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	-	-	-	-	-	-
Difference from average year	1.6	0.4	1.0	0.9	0.7	1.3	-	-	-	-	-	-
Difference from previous year	1.0	0.5	0.4	0.5	1.8	1.0	-	-	-	-	-	-



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.

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

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### (1) Procurement volume

	Unit	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)
Fuel oil	million litters	220	100	120
Coal *	thousand tons	3,640	2,510	1,130
LNG *	thousand tons	780	1,030	-250

\* Sales included

### (2) Consumption volume

	Unit	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)
Fuel oil	million litters	160	110	50
Coal	thousand tons	2,980	2,320	660
LNG	thousand tons	570	790	-220

# 6. Capital Expenditure

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)	FY2023-2Q (A)	FY2022-2Q (B)	Difference (A-B)
Capital Expenditure	42.6 (39.6)	39.4 (37.0)	3.1 (2.6)	23.2	24.1	-0.8

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 FY2023-2Q (A)	End of FY2022 (B)	Difference (A-B)
Interest-bearing debt	2,956.2	2,527.7	428.5
Corporate bond	1,161.0	1,031.4	129.6
Long-term debt	1,373.4	1,240.2	133.2
Short-term debt	93.4	68.0	25.3
Commercial paper	310.0	170.0	140.0
Lease obligations	18.3	18.0	0.3

## (2) Interest rate <Non-Consolidated>

	FY2023-2Q	FY2022
Average	0.48%	0.48 %

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

	FY2023-2Q	FY2022-2Q
Interest expense	4.9	4.8

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