

The Summary of Financial Results for FY2024-1Q

(April 1 through June 30, 2023)

The Chugoku Electric Power Co., Inc.

July 28, 2023

In this report, the term Fiscal Year 2024 refers to the period between April 1, 2023 and March 31, 2024.

Contents

I . FY2024 1st Quarter Financial Results

**II . Forecasts of Financial Results for FY2024
Dividends**

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

(Reference) Appendix

I . FY2024 1st Quarter Financial Results

- Operating revenues were 401.0 billion yen, an increase of 86.3 billion yen from the same period of the previous fiscal year, mainly because of the revision of electricity rates, etc.
- Operating income was 88.2 billion yen, an increase of 117.4 billion yen from the same period of the previous fiscal year, mainly because of an improvement of the time lag of the fuel cost adjustment system as a result of lower fuel prices.
- Ordinary income including non-operating income and expenses such as interest expense was an increase of 82.6 billion yen, an increase of 113.9 billion yen from the same period of the previous fiscal year.
- As a result of applying the provision for drought and deducting income taxes, the quarterly profit attributable to owners of the parent was 62.6 billion yen, an increase of 89.3 billion yen from the same period of the previous fiscal year.

1-2. Financial Results Summary <Consolidated>

2

(billion yen)

	FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	401.0	314.7	86.3	27.4%
Operating income	88.2	-29.1	117.4	-
Ordinary income	82.6	-31.3	113.9	-
Profit attributable to owners of the parent	62.6	-26.7	89.3	-

2. Income Statement <Consolidated>

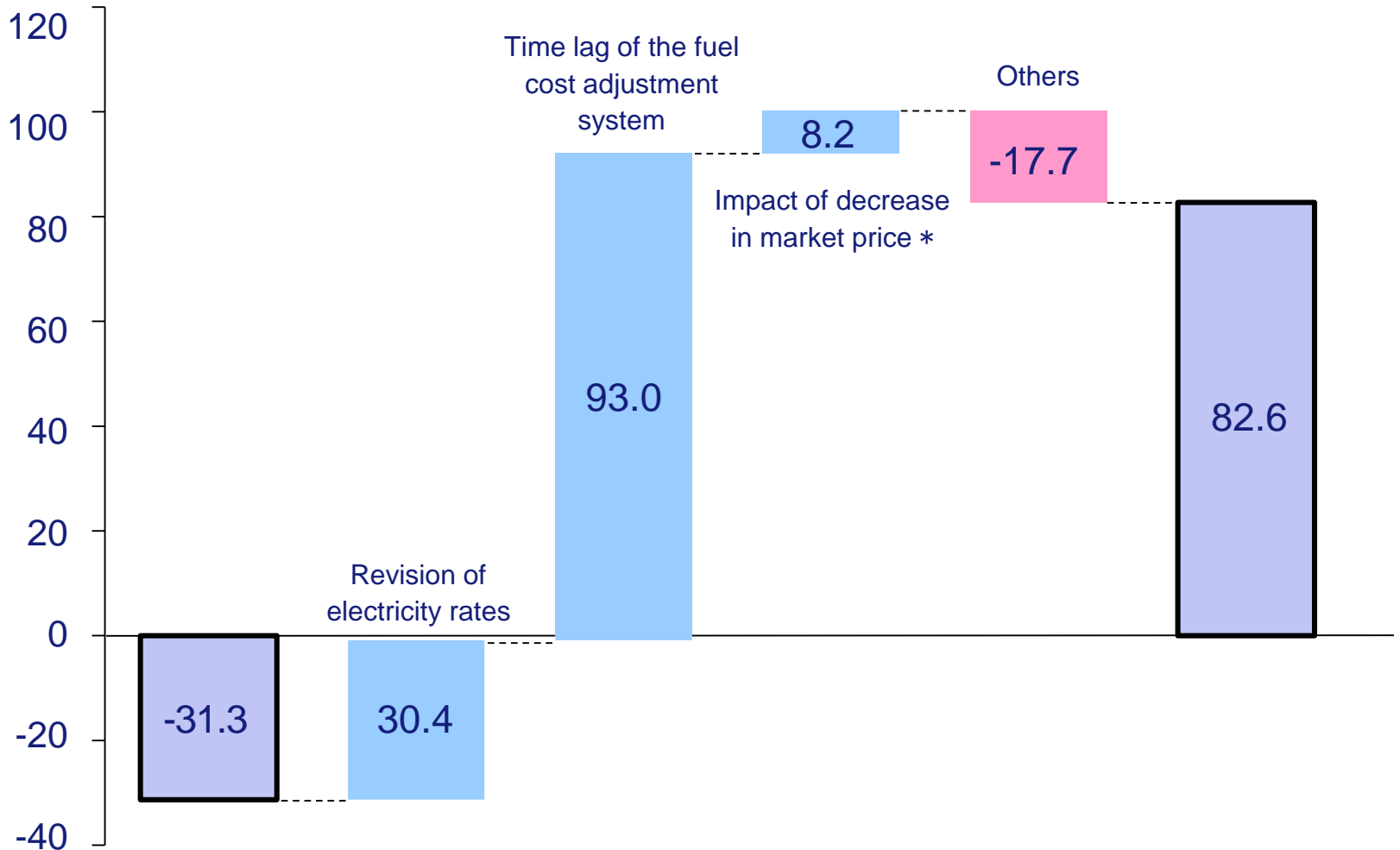
(billion yen)

	FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)
Ordinary revenues	405.7	319.8	85.8
Operating revenues	401.0	314.7	86.3
Other revenues	4.6	5.1	-0.4
Ordinary expenses	323.1	351.1	-28.0
Operating expenses	312.8	343.9	-31.1
Other expenses	10.2	7.2	3.0
Operating income	88.2	-29.1	117.4
Ordinary income	82.6	-31.3	113.9
Provision for drought	0.2	-0.3	0.5
Extraordinary loss	-	8.6	-8.6
Income taxes, etc.	19.7	-12.9	32.6
Profit attributable to owners of the parent	62.6	-26.7	89.3

3. Factors for Change in Ordinary Income <Consolidated>

FY 2023 1Q Consolidated ordinary income 113.9 billion yen FY 2024 1Q

(billion yen)



Note: This Includes the impact of decrease in avoidable costs of Feed-in Tariff Scheme for Renewable Energy.

4. Total Electricity Sales

- Total electricity sales were 11.84 billion kWh, a decrease of 5.2% in comparison with the same period of the previous fiscal year.
- Retail electricity sales were 9.96 billion kWh, a decrease of 4.3% in comparison with the same period of the previous fiscal year.
- Electricity sales to other power companies were 1.88 billion kWh, a decrease of 9.8% in comparison with the same period of the previous fiscal year.

(billion kWh)

	FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)	Rate of change (A/B-1)	
Total sales	11.84	12.49	-0.65	-5.2%	
Retail sales	Lighting	3.10	3.30	-0.20	-6.1%
	Power	6.86	7.11	-0.25	-3.5%
	Subtotal	9.96	10.41	-0.45	-4.3%
Sales to other power companies	1.88	2.08	-0.20	-9.8%	

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 12.63 billion kWh, a decrease of 3.8% in comparison with the same period of the previous fiscal year.
- Hydroelectric power of own facilities were 1.11 billion kWh, an increase of 36.9% in comparison with the same period of the previous fiscal year.
- Thermal power of own facilities and power purchased decreased due to a decrease in total electricity sales, etc.

(billion kWh)

		FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		12.63	13.14	-0.50	-3.8%
Own facilities	Subtotal	6.87	7.02	-0.15	-2.1%
	(Water Flow Rate)	(116.0%)	(56.4%)	(59.6%)	
	Hydroelectric	1.11	0.81	0.30	36.9%
	Thermal	5.75	6.20	-0.46	-7.3%
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
New energy sources		0.01	0.00	0.01	304.9%
Power purchased		6.07	6.68	-0.60	-9.0%
Pumping use		-0.31	-0.56	0.24	-43.6%

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 because of the revision of electricity rates, etc. Operating income increased because of an improvement of the time lag of the fuel cost adjustment system as a result of lower fuel prices.
- In the Power Transmission and Distribution Business, operating income increased because of an increase in revenue of standard wheeling service and a decrease in expenses related to supply and demand adjustments.

(billion yen)

		FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	381.4	297.0	84.3
	Operating income	80.6	-26.2	106.9
Power Transmission and Distribution Business	Operating revenues	105.1	124.3	-19.2
	Operating income	6.8	-3.3	10.1
Information and Telecommunications Business	Operating revenues	10.6	10.3	0.2
	Operating income	1.1	1.0	0.1
Others	Operating revenues	22.1	19.7	2.4
	Operating income	-0.0	-0.4	0.3
Amount of Adjustment	Operating revenues	(-118.3)	(-136.8)	(18.4)
	Operating income	(-0.3)	(-0.2)	(-0.1)
Total	Operating revenues	401.0	314.7	86.3
	Operating income	88.2	-29.1	117.4

II . Forecasts of Financial Results for FY2024 Dividends

1. Forecasts of Financial Results for FY2024(Summary)

- Compared to the previously announced forecasts, we expect a decrease in net sales (operating revenues) due to a decrease in total electricity sales and a decrease in the amount of fuel cost adjustment as a result of lower fuel prices, etc.
- Despite the decrease in operating revenues, profit is expected to increase because of the profit from the time lag of the fuel cost adjustment system as a result of lower fuel prices.

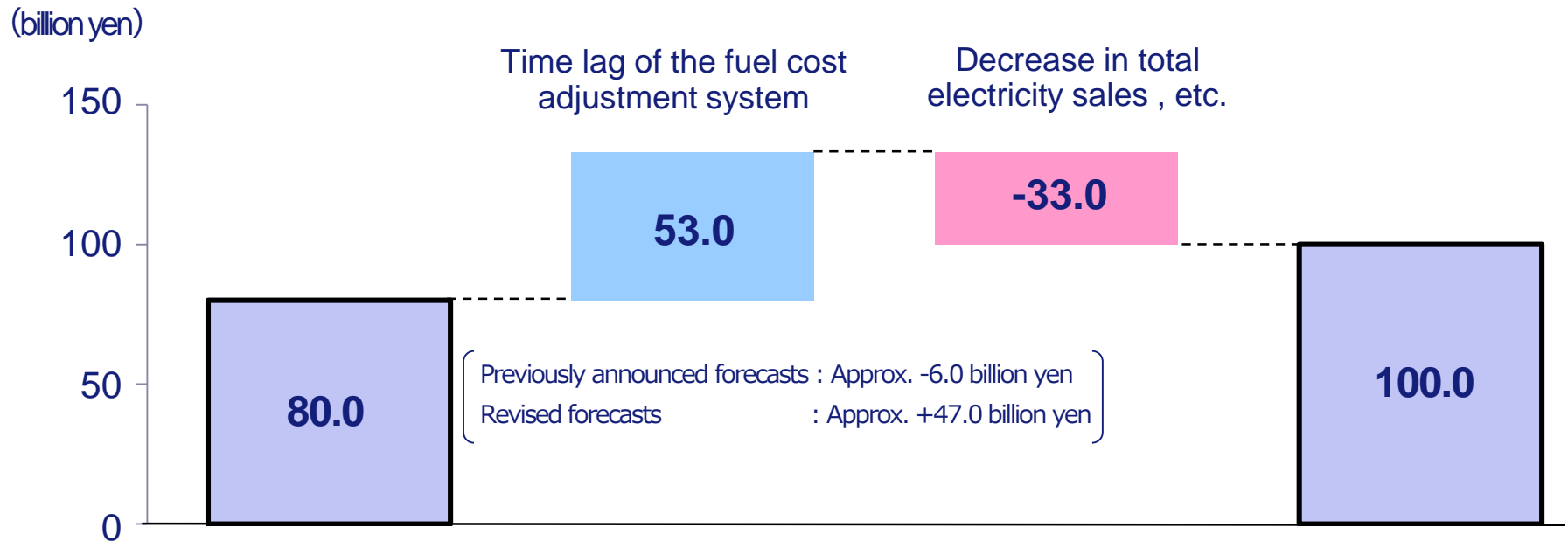
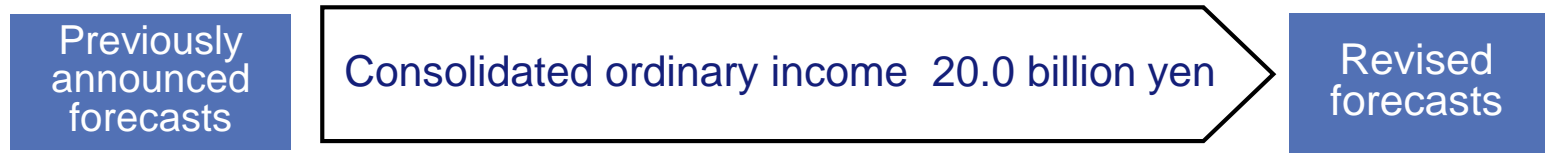
(billion yen)

	FY2024 (Revised forecasts) (A)	FY2024 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2023 (Actual results)
Operating revenues	1,759.0	2,041.0	-282.0	1,694.6
Operating income	107.0	92.0	15.0	-68.8
Ordinary income	100.0	80.0	20.0	-106.7
Profit attributable to owners of the parent	70.0	59.0	11.0	-155.3

Shareholders' Equity Ratio	Approx. 12% (Approx. 15%*)	Approx. 12% (Approx. 15%*)	/	11.1% (13.6%*)
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* : 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)



- Compared to the previously announced forecasts, we expect an increase in profit because of the profit from the time lag of the fuel cost adjustment system as a result of lower fuel prices, despite a decrease in total electricity sales, etc.
- However, we recognize that we still remain in a severe business environment, given the fact that our financials have been severely damaged by deteriorating in our income and expenditure through the previous fiscal year and that the fuel price remain difficult to forecast.
- We will moving forward to rebuild our electricity business by the followings; activating Shimane Nuclear Power Station having put utmost priority on ensuring safety, engaging in group-wide efforts for overall business efficiency enhancement and maximum efforts to manage market risk.

4. Major Factors

	FY2024 (Revised forecasts) (A)	FY2024 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2023 (Actual results)
Total electricity sales (billion kWh)	54.7	57.1	-2.4	54.60
Exchange rate (¥ / \$)	143	139	4	135
Crude oil prices (All Japan CIF) (\$ / b)	84	95	-11	102.7
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)

	FY2024 (Revised forecasts) (A)	FY2024 (Previously announced forecasts) (B)	Difference (A-B)	【Reference】 FY2023 (Actual results)
Exchange rate (¥1 / \$)	3.6	5.8	-2.2	5.2
Crude oil prices (All Japan CIF) (\$1 / b)	2.0	1.8	0.2	1.9
Water flow rate (1%)	0.5	0.5	-	0.6
Nuclear capacity factor (1%)	1.0	1.1	-0.1	1.2

- We revised our basic policy of paying out stable dividends, and we are aiming an early resume of dividend payments while building up equity capital.
- We decide to adopt a performance-based policy for dividends based on consolidated profit in accordance with our financial situation and a fluctuation risk of performance due to increased volatility in fuel prices etc.
- We will pay our dividends within a current year's profits on the premise of no effect on equity capital in order to build up equity capital with an aim of achieving a consolidated equity ratio of 25% FY2031. The amount of dividend is to be determined based on the dividend payout ratio.
- We set the dividend payout ratio of 10% until the consolidated equity ratio is recovered to 15% in order to raising up the equity ratio to that of before a recent deterioration in performance putting recover and strengthen our financial base as our top priority.
- After the consolidated equity ratio exceeds 15%, the dividend payout ratio will be increased in stages.
- In light of an above, the dividend forecasts for FY 2024 have been set at an annual dividend of 10 yen (interim: 5 yen, year-end: 5 yen) , which have not been changed since the previous forecasts.

【Dividends】

(yen per share)

	FY2024	FY2023
Interim	5 (Forecasts)	0
Year-end	5 (Forecasts)	0
Total	10 (Forecasts)	0

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

Income Statement

(billion yen)

	FY2024-1Q	FY2023-1Q
Summary of financial results	For the first time in 4 years Increase in revenues (86.3) Increase in income (113.9)	For the first time in 4 years Increase in revenues (94.6) Decrease in income (-28.6)
Operating revenues	401.0 *1	314.7 *1
Operating income	88.2 (No.1)	-29.1 (No.20)
Ordinary income	82.6 (No.1)	-31.3 (No.20)
Profit attributable to owners of the parent	62.6 (No.1)	-26.7 (No.20)

Balance Sheet

(billion yen)

	FY2024-1Q	FY2023-1Q
Total assets	4,146.3	4,040.0
Net assets	518.6	455.4
Shareholders' equity ratio	12.3% (14.7%*2)	11.1% (13.6%*2)
Interest-bearing debt	3,121.8	3,022.0

*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.

		FY2024-1Q	FY2023-1Q
Exchange rate	(¥ / \$)	137	130
Crude oil prices (All Japan CIF)	(\$ / b)	* { 84.0	110.7
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 256.4	304.1
Nuclear capacity factor	(%)	-	-

* Provisional figures

- Regarding the series of inappropriate matters, we have announced the status of measures to prevent recurrence for regaining the trust of our stakeholders.
<https://www.energia.co.jp/info/2023/14857.html> *
 - 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>

16

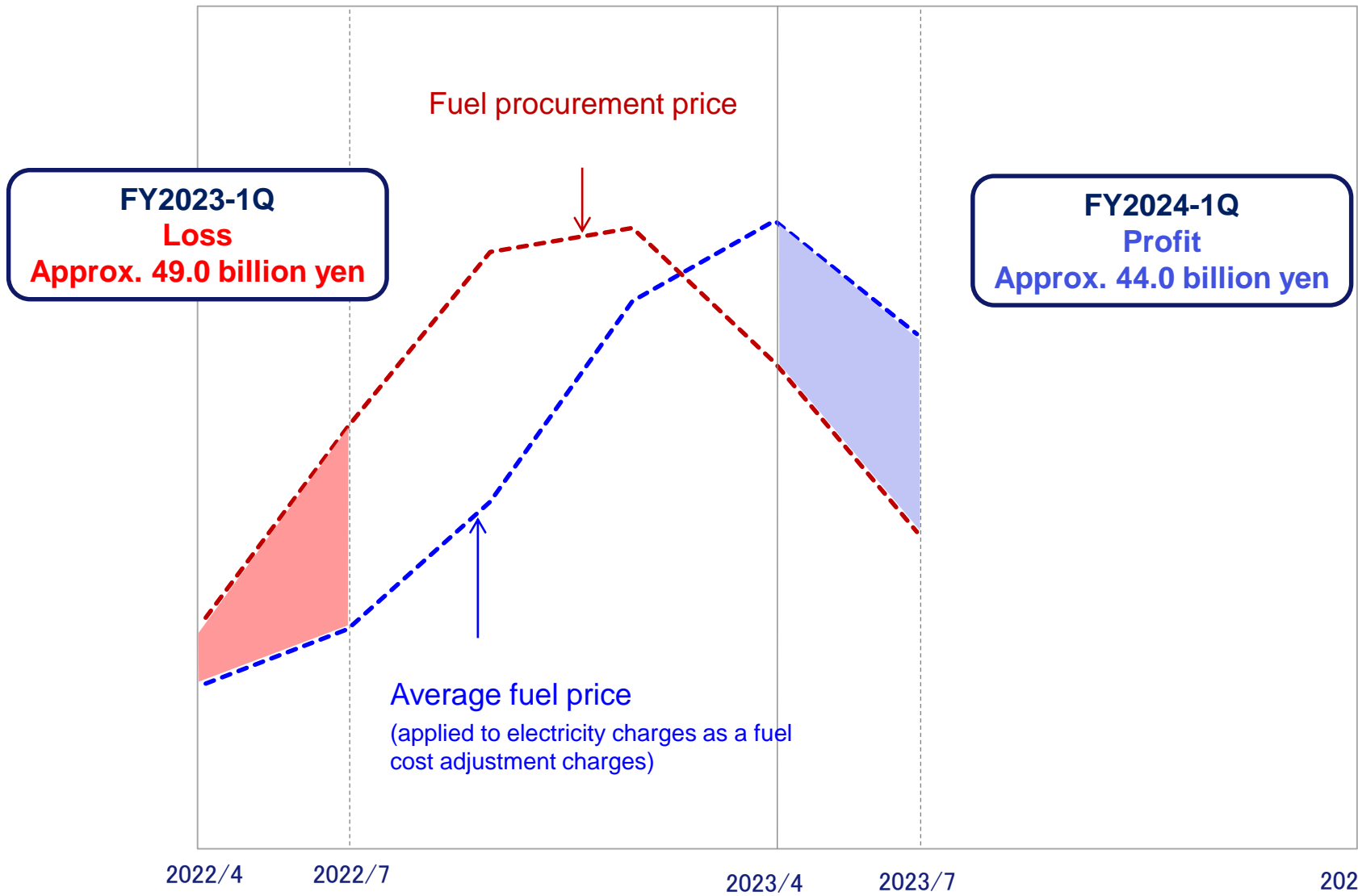
(billion yen)

	FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)
Ordinary revenues	389.7	305.1	84.6
Operating revenues	366.0	282.8	83.1
Electricity sales revenue	262.2	199.2	63.0
Others	103.7	83.6	20.0
Non-operating revenues	23.6	22.2	1.4
Ordinary expenses	298.9	318.2	-19.3
Operating expenses	289.0	311.3	-22.2
Personnel	10.7	10.8	-0.0
Retirement allowances	0.2	0.1	0.1
Material	161.3	185.6	-24.2
Fuel	91.5	82.1	9.3
Purchased power	69.7	103.4	-33.6
Maintenance	7.3	5.6	1.7
Depreciation	12.4	8.4	4.0
Transmission fees of connected supply	61.0	65.3	-4.3
Others	36.0	35.4	0.5
Non-operating expenses	9.9	6.9	2.9
Ordinary income (Operating income)	90.7 (76.9)	-13.1 (-28.4)	103.9 (105.4)
Provision for drought	0.2	-0.3	0.5
Extraordinary loss	-	8.6	-8.6
Income taxes, etc.	16.7	-10.4	27.2
Net income	73.7	-11.0	84.8

(billion yen)

	FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)
Ordinary revenues	105.2	124.5	-19.3
Operating revenues	104.7	124.2	-19.5
Transmission revenue	76.2	81.6	-5.4
Others	28.4	42.5	-14.1
Non-operating revenues	0.5	0.3	0.2
Ordinary expenses	99.6	128.7	-29.0
Operating expenses	98.2	127.5	-29.3
Personnel	11.4	12.2	-0.7
Retirement allowances	0.3	0.2	0.0
Material	35.2	65.5	-30.3
Fuel	0.6	0.5	0.0
Purchased power, etc.	34.5	64.9	-30.3
Maintenance	13.1	11.4	1.6
Depreciation	9.9	9.6	0.3
Others	28.4	28.7	-0.2
Non-operating expenses	1.4	1.2	0.2
Ordinary income (Operating income)	5.5 (6.5)	-4.1 (-3.2)	9.7 (9.7)
Income taxes, etc.	1.5	-3.1	4.6
Net income	4.0	-1.0	5.0

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>

20

(1) Procurement volume

	Unit	FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)
Fuel oil	million litters	80	120	-40
Coal *	thousand tons	1,030	1,930	-900
LNG *	thousand tons	440	410	30

* Sales included

(2) Consumption volume

	Unit	FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)
Fuel oil	million litters	90	60	30
Coal	thousand tons	1,160	1,320	-160
LNG	thousand tons	260	290	-30

5. Capital Expenditure

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)	FY2024-1Q (A)	FY2023-1Q (B)	Difference (A-B)
Capital expenditure	18.8 (17.8)	21.9 (20.8)	-3.0 (-2.9)	10.7	10.9	-0.1

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 FY2024-1Q (A)	End of FY2023 (B)	Difference (A-B)
Interest-bearing debt	3,121.8	3,022.0	99.8
Corporate bond	1,221.0	1,151.0	70.0
Long-term debt	1,549.5	1,449.8	99.7
Short-term debt	64.5	99.5	-35.0
Commercial paper	266.0	301.0	-35.0
Lease obligations	20.7	20.6	0.0

(2) Interest rate <Non-Consolidated>

	FY2024-1Q	FY2023
Average	0.55%	0.49 %

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

	FY2024-1Q	FY2023-1Q
Interest expense	3.0	2.4

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