

# The Summary of Financial Results for FY2024-2Q

(April 1 through September 30, 2023)

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The Chugoku Electric Power Co., Inc.

October 31, 2023

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

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# I . FY2024 2nd Quarter Financial Results

- Operating revenues were 841.5 billion yen, an increase of 91.7 billion yen from the same period of the previous fiscal year, mainly because of the revision of electricity rates, etc.
- Operating income was 165.0 billion yen, an increase of 238.2 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 161.9 billion yen, an increase of 230.4 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 123.0 billion yen, an increase of 179.0 billion yen from the same period of the previous fiscal year.

# 1-2. Financial Results Summary <Consolidated>

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(billion yen)

	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	841.5	749.7	91.7	12.2%
Operating income	165.0	-73.1	238.2	-
Ordinary income	161.9	-68.5	230.4	-
Profit attributable to owners of the parent	123.0	-56.0	179.0	-

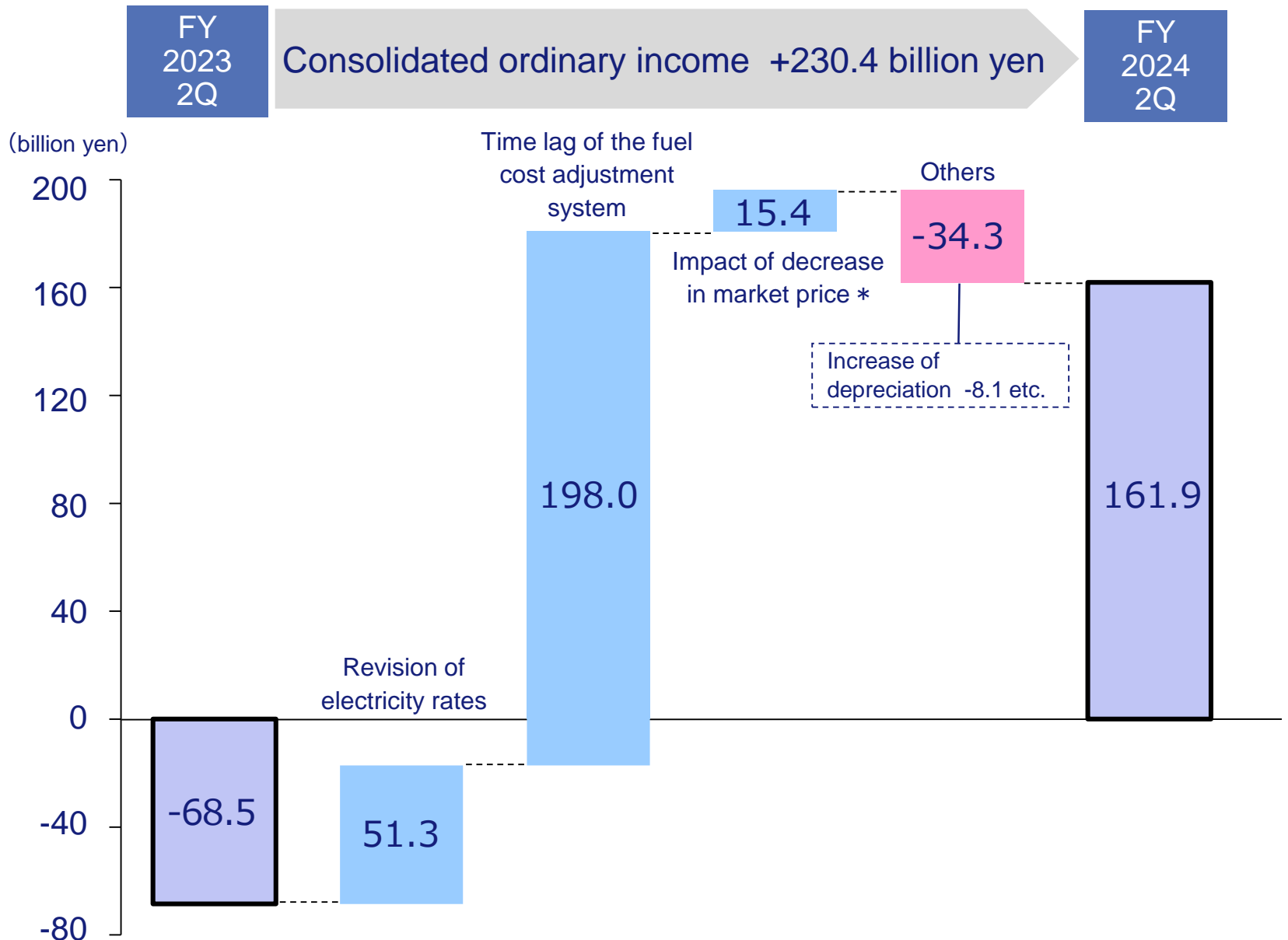
## 2. Income Statement <Consolidated>

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(billion yen)

	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)
Ordinary revenues	855.1	768.3	86.7
Operating revenues	841.5	749.7	91.7
Other revenues	13.5	18.5	-5.0
Ordinary expenses	693.1	836.8	-143.7
Operating expenses	676.4	822.9	-146.4
Other expenses	16.6	13.9	2.7
Operating income	165.0	-73.1	238.2
Ordinary income	161.9	-68.5	230.4
Provision for drought	0.0	-0.4	0.5
Extraordinary loss	-	8.6	-8.6
Income taxes, etc.	38.8	-20.7	59.5
Profit attributable to owners of the parent	123.0	-56.0	179.0

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



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 26.02 billion kWh, a decrease of 4.5% in comparison with the same period of the previous fiscal year.
- Retail electricity sales were 21.87 billion kWh, a decrease of 2.7% in comparison with the same period of the previous fiscal year.
- Electricity sales to other power companies were 4.15 billion kWh, a decrease of 13.2% in comparison with the same period of the previous fiscal year.

(billion kWh)

	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)	Rate of change (A/B-1)	
Total sales	26.02	27.26	-1.23	-4.5%	
Retail sales	Lighting	6.75	7.07	-0.32	-4.5%
	Power	15.12	15.40	-0.28	-1.8%
	Subtotal	21.87	22.47	-0.60	-2.7%
Sales to other power companies	4.15	4.79	-0.63	-13.2%	

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, etc.

# 5. Generated and Received Electricity

- Total of generated and received electricity was 28.02 billion kWh, a decrease of 3.3% in comparison with the same period of the previous fiscal year.
- Hydroelectric power of own facilities were 1.97 billion kWh, an increase of 11.7% 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)

		FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		28.02	28.97	-0.94	-3.3%
Own facilities	Subtotal	15.52	15.33	0.19	1.2%
	(Water Flow Rate)	(100.7%)	(73.9%)	(26.8%)	
	Hydroelectric	1.97	1.77	0.21	11.7%
	Thermal	13.53	13.56	-0.03	-0.3%
	(Utilization Rate)	( - )	( - )	( - )	
	Nuclear	-	-	-	-
New energy sources		0.02	0.01	0.02	250.4%
Power purchased		13.10	14.56	-1.46	-10.0%
Pumping use		-0.60	-0.93	0.33	-35.3%

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

- 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)

		FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	793.6	706.3	87.2
	Operating income	133.6	-70.4	204.1
Power Transmission and Distribution Business	Operating revenues	235.9	285.7	-49.7
	Operating income	28.5	-4.8	33.3
Information and Telecommunications Business	Operating revenues	21.8	21.4	0.3
	Operating income	2.3	2.2	0.1
Others	Operating revenues	48.4	44.5	3.9
	Operating income	1.3	0.5	0.8
Amount of Adjustment	Operating revenues	(-258.2)	(-308.2)	(49.9)
	Operating income	(-0.8)	(-0.6)	(-0.2)
Total	Operating revenues	841.5	749.7	91.7
	Operating income	165.0	-73.1	238.2

## **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 and the impact of fuel price and electricity market price.

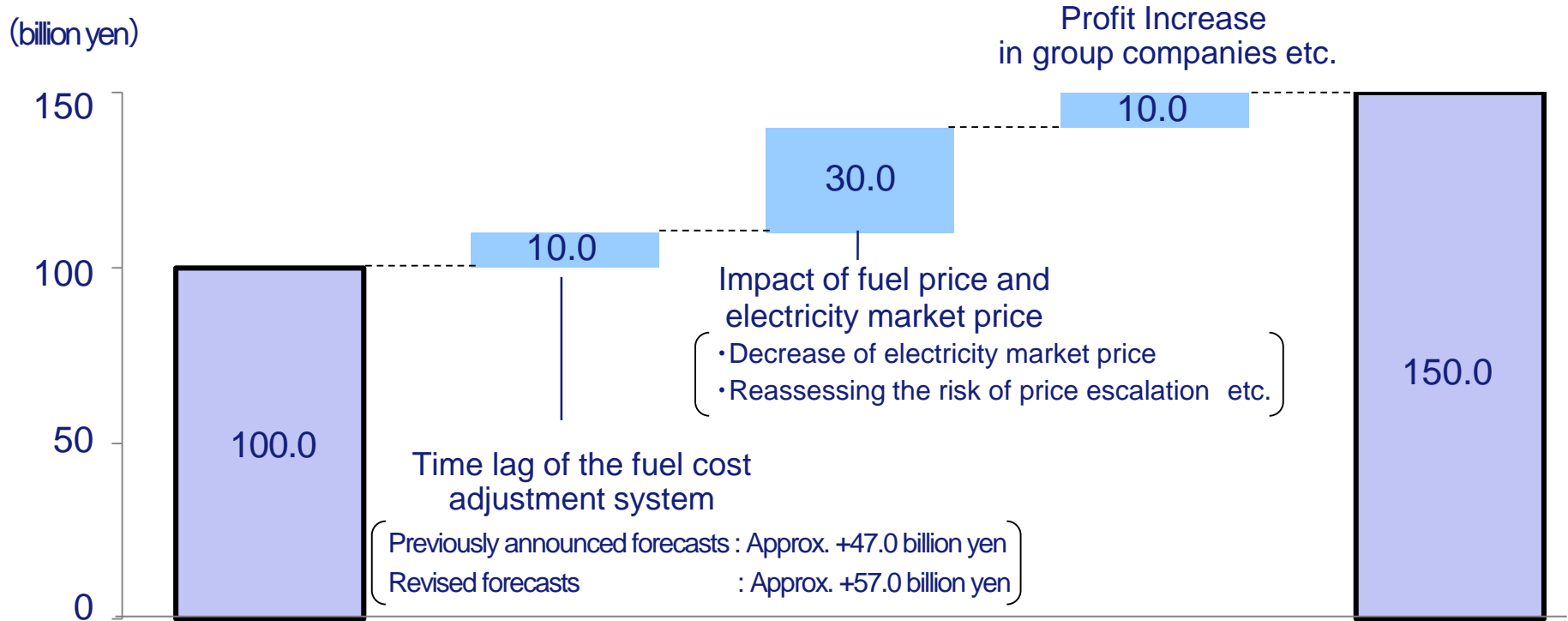
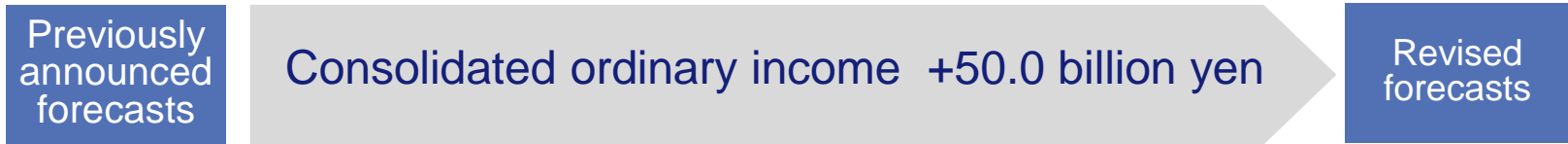
(billion yen)

	FY2024 (Revised forecasts) (A)	FY2024 (Previously announced forecasts/July 2023) (B)	Difference (A-B)	【Reference】 FY2023 (Actual results)
Operating revenues	1,646.0	1,759.0	-113.0	1,694.6
Operating income	154.0	107.0	47.0	-68.8
Ordinary income	150.0	100.0	50.0	-106.7
Profit attributable to owners of the parent	109.0	70.0	39.0	-155.3

Shareholders' equity ratio	Approx. 13% (Approx. 16%*)	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 and fuel price and electricity market price impact.
- 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 enhancing profitability and overall business efficiency and maximum efforts to manage market risk.

# 4. Major Factors

	FY2024 (Revised forecasts) (A)	FY2024 (Previously announced forecasts/July 2023) (B)	Difference (A-B)	【Reference】 FY2023 (Actual results)
Total electricity sales (billion kWh)	54.0	54.7	-0.7	54.60
Exchange rate (¥ / \$)	145	143	2	135
Crude oil prices (All Japan CIF) (\$ / b)	89	84	5	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/July 2023) (B)	Difference (A-B)	【Reference】 FY2023 (Actual results)
Exchange rate (¥1 / \$)	3.2	3.6	-0.4	5.2
Crude oil prices (All Japan CIF) (\$1 / b)	1.9	2.0	-0.1	1.9
Water flow rate (1%)	0.5	0.5	-	0.6
Nuclear capacity factor (1%)	1.0	1.0	-	1.2

- In May 2023, we announced that we revised our basic policy of paying out stable dividends and set the dividend payout ratio of 10% until the consolidated equity ratio is recovered to 15% in performance putting recover and strengthen our financial base as our top priority.
- In line with the revision of forecasts of financial results, the dividend forecasts for FY 2024 have been changed to 30 yen per share.
- The interim dividends of FY2024, we have decided to pay out 5 yen per share as announced in July 2023 at the Board of Directors Meeting held on October 31, 2023. And then, the year-end dividends are changed to 25 yen per share.

【Dividends】

(yen per share)

	FY2024	FY2023
Interim	5	0
Year-end	25 (Forecast)	0
Total	30 (Forecast)	0

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

## Income Statement

(billion yen)

	FY2024-2Q	FY2023-2Q
Summary of financial results	For the first time in 9 years  Increase in revenues (91.7) Increase in income (230.4)	For the first time in 4 years  Increase in revenues (264.2) Decrease in income (-74.0)
Operating revenues	841.5 *1	749.7 *1
Operating income	165.0 (No.1)	-73.1 (No.23)
Ordinary income	161.9 (No.1)	-68.5 (No.23)
Profit attributable to owners of the parent	123.0 (No.1)	-56.0 (No.23)

## Balance Sheet

(billion yen)

	FY2024-2Q	FY2023
Total assets	4,155.8	4,040.0
Net assets	595.5	455.4
Shareholders' equity ratio	14.1% (16.5%*2)	11.1% (13.6%*2)
Interest-bearing debt	3,016.4	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 FY2001.

		FY2024-2Q	FY2023-2Q
Exchange rate	(¥ / \$)	141	134
Crude oil prices (All Japan CIF)	(\$ / b)	* { 83.5	111.9
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 221.4	345.0
Nuclear capacity factor	(%)	-	-

\* Provisional figures

# **(Reference) Appendix**

# 1. Summary of Cash Flows <Consolidated>

(billion yen)

	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)
Cash flow form operating activities	194.2	-115.9	310.1
Cash flow from investing activities	-104.3	-97.7	-6.6
Free cash flow	89.8	-213.7	303.5
Cash flow from financing activities	-0.0	416.1	-416.2
Cash and cash equivalents (increase and decrease)	90.7	204.3	

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

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(billion yen)

	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)
Ordinary revenues	795.0	712.5	82.5
Operating revenues	763.5	675.4	88.0
Electricity sales revenue	544.0	469.8	74.2
Others	219.4	205.6	13.8
Non-operating revenues	31.5	37.0	-5.5
Ordinary expenses	650.5	764.9	-114.4
Operating expenses	636.1	751.5	-115.3
Personnel	20.7	21.1	-0.3
Retirement allowances	0.5	0.3	0.2
Material	365.0	481.9	-116.8
Fuel	194.8	204.9	-10.1
Purchased power	170.2	276.9	-106.7
Maintenance	21.2	17.1	4.0
Depreciation	25.1	16.9	8.1
Transmission fees of connected supply	132.2	139.2	-6.9
Others	71.8	75.1	-3.3
Non-operating expenses	14.3	13.3	0.9
Ordinary income (Operating income)	144.4 (127.3)	-52.4 (-76.0)	196.9 (203.4)
Provision for drought	0.0	-0.4	0.5
Extraordinary loss	-	8.6	-8.6
Income taxes, etc.	28.8	-21.5	50.3
Net income	115.5	-39.1	154.7

(billion yen)

	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)
Ordinary revenues	235.7	285.8	-50.0
Operating revenues	235.0	285.3	-50.3
Transmission revenue	165.5	174.0	-8.5
Others	69.4	111.3	-41.8
Non-operating revenues	0.6	0.4	0.2
Ordinary expenses	209.8	292.6	-82.7
Operating expenses	207.0	290.1	-83.0
Personnel	22.3	23.4	-1.0
Retirement allowances	0.6	0.5	0.0
Material	81.9	168.6	-86.6
Fuel	1.5	1.2	0.2
Purchased power, etc.	80.4	167.3	-86.9
Maintenance	27.2	23.7	3.5
Depreciation	19.9	19.2	0.6
Others	55.5	55.0	0.4
Non-operating expenses	2.8	2.5	0.2
Ordinary income (Operating income)	25.8 (27.9)	-6.8 (-4.7)	32.7 (32.7)
Income taxes, etc.	7.0	-1.9	8.9
Net income	18.7	-4.9	23.7

# 3.Monthly Change in Total Electricity Sales

## FY2024-2Q

(billion kWh)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Total	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Total sales		4.01 (-7.6%)	3.88 (-3.7%)	3.95 (-4.2%)	4.53 (-5.4%)	4.89 (-3.8%)	4.76 (-2.6%)	26.02 (-4.5%)	-	-	-	-	-	-
Retail sales	Lighting	1.19 (-11.2%)	1.01 (-2.5%)	0.89 (-2.5%)	1.04 (-10.4%)	1.31 (-0.2%)	1.30 (0.5%)	6.75 (-4.5%)	-	-	-	-	-	-
	Power	2.26 (-5.8%)	2.22 (-2.4%)	2.39 (-2.2%)	2.66 (-1.6%)	2.81 (-1.2%)	2.79 (1.6%)	15.12 (-1.8%)	-	-	-	-	-	-
	Subtotal	3.45 (-7.8%)	3.23 (-2.4%)	3.28 (-2.3%)	3.70 (-4.2%)	4.12 (-0.9%)	4.09 (1.2%)	21.87 (-2.7%)	-	-	-	-	-	-
Sales to other power companies		0.57 (-6.4%)	0.64 (-9.7%)	0.67 (-12.7%)	0.83 (-10.4%)	0.77 (-17.0%)	0.67 (-20.7%)	4.15 (-13.2%)	-	-	-	-	-	-

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, etc.

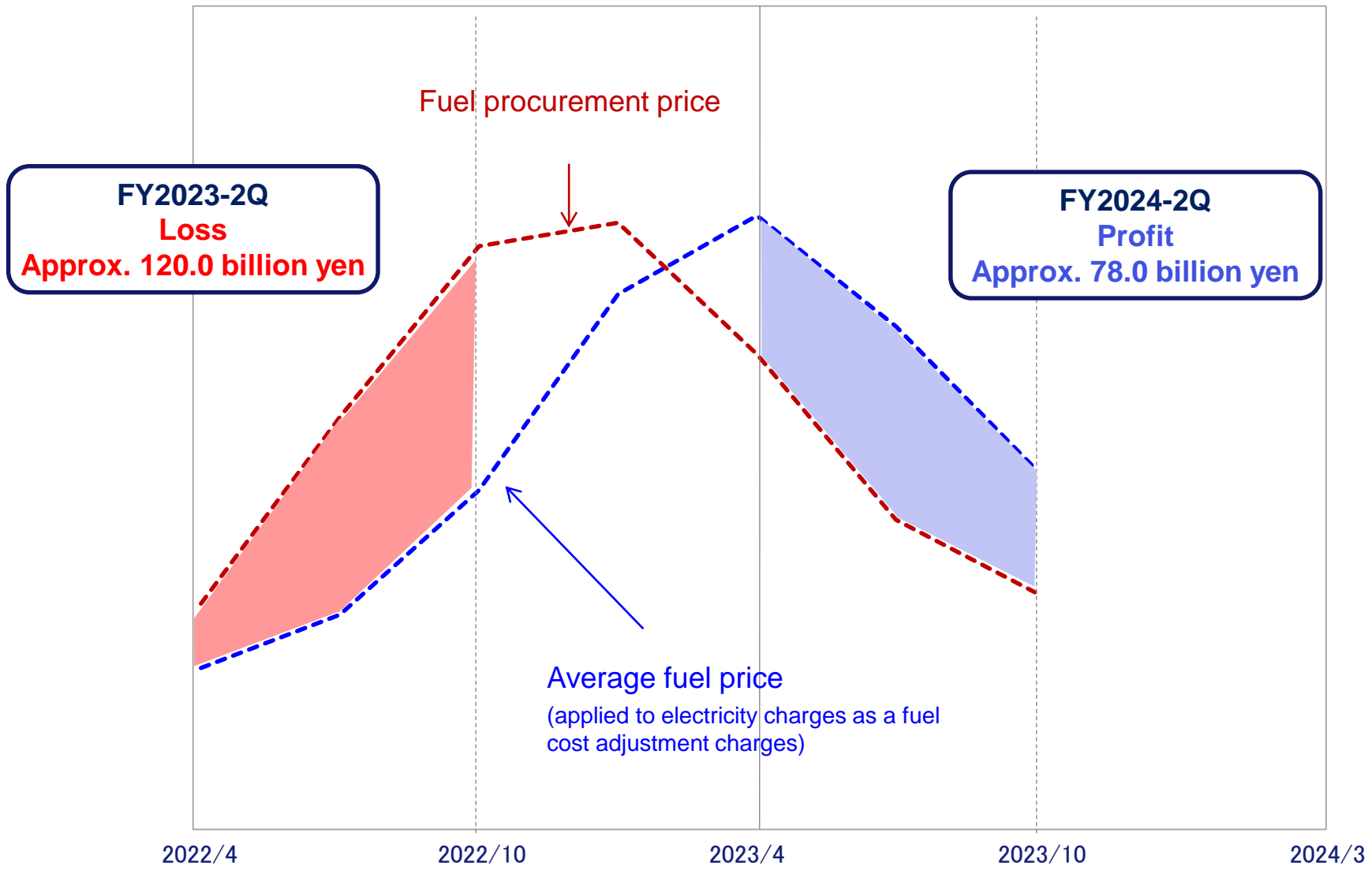
Note3: Figures in parentheses indicate the percentage change from the previous fiscal year.

## <Reference> Average monthly temperature (Hiroshima city)

(°C)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY2024	15.7	19.9	23.3	27.9	30.0	27.2	-	-	-	-	-	-
Difference from average year	0.9	0.3	0.1	0.7	1.5	2.5	-	-	-	-	-	-
Difference from previous year	-0.7	-0.1	-0.9	-0.2	0.8	1.2	-	-	-	-	-	-

# 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.

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

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### (1) Procurement volume

	Unit	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)
Fuel oil	million litters	190	220	-30
Coal *	thousand tons	2,590	3,640	-1,050
LNG *	thousand tons	830	780	50

\* Sales included

### (2) Consumption volume

	Unit	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)
Fuel oil	million litters	170	160	10
Coal	thousand tons	2,650	2,980	-330
LNG	thousand tons	640	570	70

# 6. Capital Expenditure

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)	FY2024-2Q (A)	FY2023-2Q (B)	Difference (A-B)
Capital expenditure	40.0 (37.1)	42.6 (39.6)	-2.5 (-2.5)	24.4	23.2	1.1

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

## (1) Breakdown of interest-bearing debt <Consolidated>

(billion yen)

	End of FY2024-2Q (A)	End of FY2023 (B)	Difference (A-B)
Interest-bearing debt	3,016.4	3,022.0	-5.5
Corporate bond	1,234.0	1,151.0	83.0
Long-term debt	1,567.3	1,449.8	117.5
Short-term debt	64.4	99.5	-35.0
Commercial paper	129.0	301.0	-172.0
Lease obligations	21.6	20.6	1.0

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

	FY2024-2Q	FY2023
Average	0.56%	0.49 %

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

(billion yen)

	FY2024-2Q	FY2023-2Q
Interest expense	6.4	4.9

- 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](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>

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