



Investors Meeting for
FY2022 financial results

The Summary of Financial Results for FY2022

(April 1 through March 31, 2022)

The Chugoku Electric Power Co., Inc.

May 13, 2022

In this report, the term “Fiscal Year 2022” refers to the period between April 1, 2021 and March 31, 2022.

Contents

I . FY2022 Financial Results

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

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

(Reference) Appendix

III . Recent Topics

I . FY2022 Financial Results

1-1. Financial Results Summary <Consolidated>

1

- Operating revenues were 1,136.6 billion yen, a decrease of 170.8 billion yen in comparison with the previous year, mainly due to a change in the method of recording revenue related to feed-in tariffs for renewable energy according to the application of the "Accounting Standard for Revenue Recognition."*
- Operating income was a loss of 60.7 billion yen, a decrease of 95.0 billion yen in comparison with the previous year. This is because higher fuel prices, which have continued to rise since the beginning of the fiscal year, resulted in a significant increase in loss on the time lag of the fuel cost adjustment system.
- Ordinary income including non-operating income and expenses such as interest expense was a loss of 61.8 billion yen, a decrease of 91.9 billion yen in comparison with the previous year.
- As a result of drawing on the drought reserve, recording extraordinary income and deducting income taxes, net loss attributable to owners of the parent was 39.7 billion yen, a decrease of 54.2 billion yen from the same period of the previous fiscal year.

Note: As a result of the application of the "Accounting Standard for Revenue Recognition" and the "Regulation on Accounting at Electric Utilities" revised in accordance with this standard, operating revenues and operating expenses decreased by 336.1 billion yen and 335.9 billion yen, respectively. The impact that this had on profit is minor.

1-2. Financial Results Summary <Consolidated>

2

(billion yen)

	FY2022 (A)	FY2021 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,136.6	1,307.4	-170.8	-13.1 %
Operating income	-60.7	34.2	-95.0	-
Ordinary income	-61.8	30.0	-91.9	-
Profit attributable to owners of the parent	-39.7	14.5	-54.2	-

Note: As a result of the application of the "Accounting Standard for Revenue Recognition" and the "Regulation on Accounting at Electric Utilities" revised in accordance with this standard, operating revenues and operating expenses decreased by 336.1 billion yen and 335.9 billion yen, respectively. The impact that this had on profit is minor.

2. Income Statement <Consolidated>

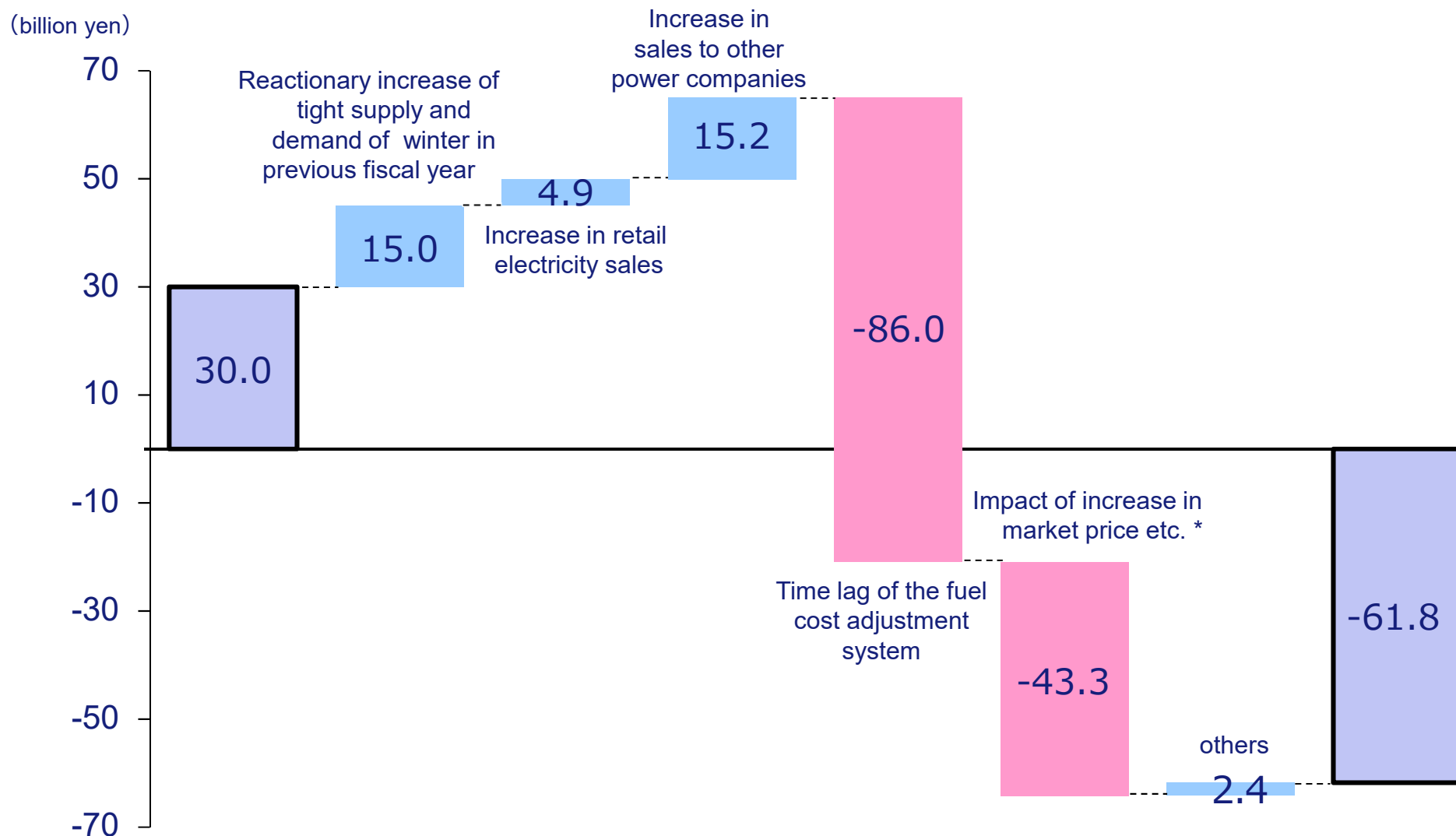
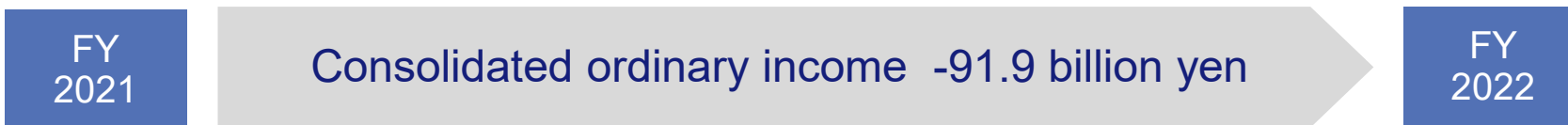
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(billion yen)

	FY2022 (A)	FY2021 (B)	Difference (A-B)
Ordinary revenues	1,152.5	1,321.0	-168.4
Operating revenues	1,136.6	1,307.4	-170.8
Other revenues	15.9	13.5	2.3
Ordinary expenses	1,214.4	1,290.9	-76.4
Operating expenses	1,197.3	1,273.2	-75.8
Other expenses	17.0	17.7	-0.6
Operating income	-60.7	34.2	-95.0
Ordinary income	-61.8	30.0	-91.9
Drought reserve	-0.0	0.0	-0.0
Extraordinary income	5.6	-	5.6
Extraordinary loss	-	11.4	-11.4
Income taxes, etc.	-16.4	4.0	-20.5
Profit attributable to owners of the parent	-39.7	14.5	-54.2

Note: In FY2022, "Loss on return of imbalance income and expenditure" of 1.6 billion yen has been recorded in other expenses.

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

5

- Total electricity sales were 56.43 billion kWh, an increase of 5.4% in comparison with the previous year.
- Retail electricity sales were 47.11 billion kWh, an increase of 1.5% in comparison with the previous year.
- Electricity sales to other power companies were 9.32 billion kWh, an increase of 30.1% in comparison with the previous year.

(billion kWh)

		FY2022 (A)	FY2021 (B)	Difference (A-B)	Rate of change (A/B-1)
Total sales		56.43	53.56	2.87	5.4 %
Retail sales	Lighting	16.44	16.82	-0.38	-2.3 %
	Power	30.66	29.57	1.09	3.7 %
	Subtotal	47.11	46.39	0.72	1.5 %
Sales to other power companies		9.32	7.17	2.16	30.1 %

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

6

- Total of generated and received electricity were 60.95 billion kWh, an increase of 4.9% in comparison with the previous year.
- Hydroelectric power of own facilities were 3.51 billion kWh, almost at the level of the previous year.
- Thermal power of own facilities and power purchased increased due to an increase in the total electricity sales.

(billion kWh)

		FY2022 (A)	FY2021 (B)	Difference (A-B)	Rate of change (A/B-1)
Total		60.95	58.08	2.87	4.9%
Own facilities	Subtotal	33.30	31.55	1.75	5.5%
	(Water Flow Rate)	(96.7 %)	(96.6 %)	(0.1%)	
	Hydroelectric	3.51	3.48	0.03	0.9 %
	Thermal	29.78	28.06	1.72	6.1 %
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
New energy sources		0.01	0.01	0.00	13.6 %
Power purchased		28.82	27.71	1.11	4.0 %
Pumping use		-1.16	-1.18	0.01	-1.2 %

6. Segment Information

7

- For the Comprehensive Energy Business, operating revenues decreased due to a change in the method of recording revenue as a result of the application of the "Accounting Standard for Revenue Recognition." In addition, operating income decreased mainly due to a significant increase in loss on 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.

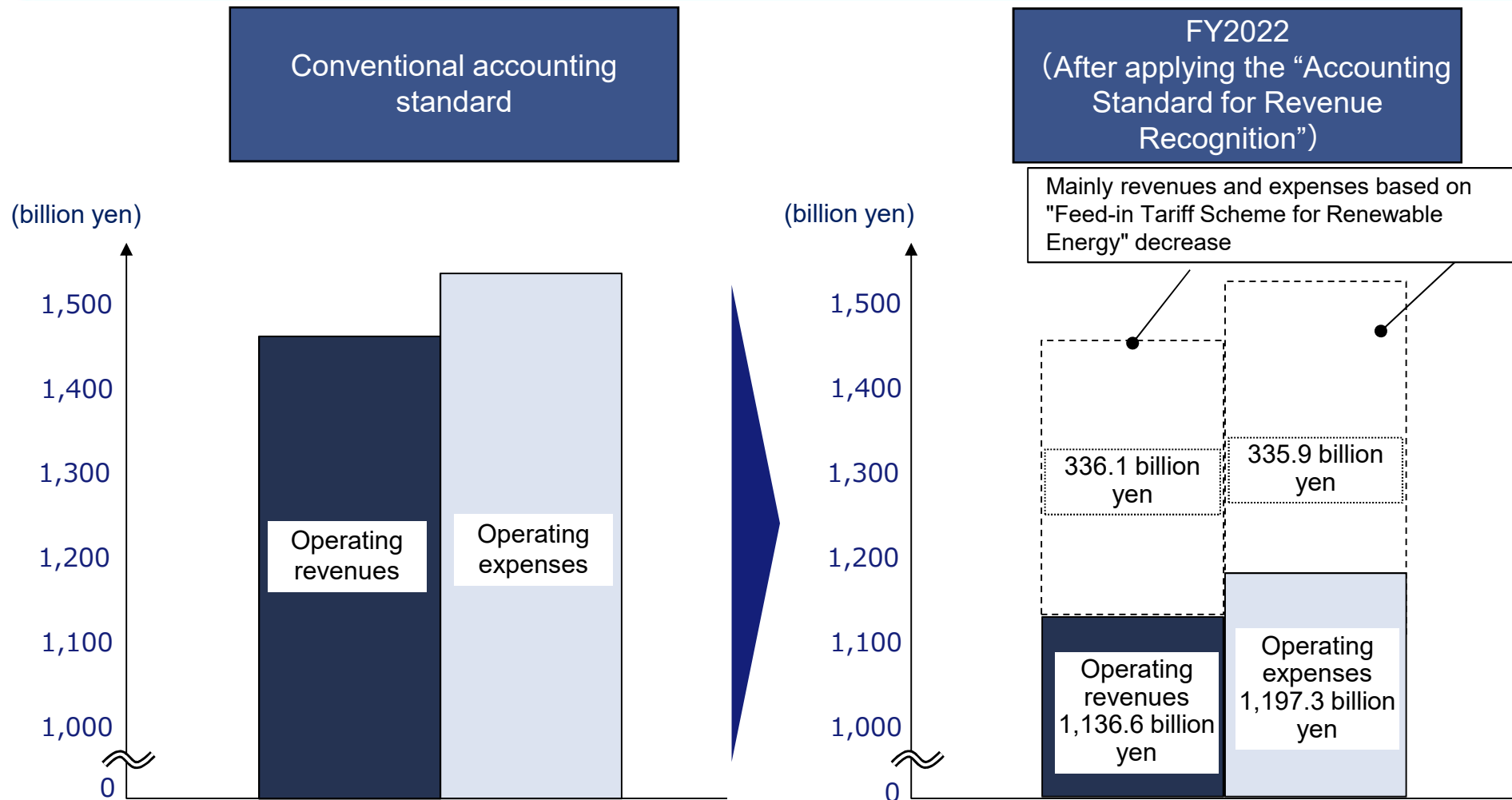
(billion yen)

		FY2022 (A)	FY2021 (B)	Difference (A-B)
Comprehensive Energy Business	Operating revenues	1,040.3	1,181.3	-141.0
	Operating income	-89.5	-12.6	-76.9
Power Transmission and Distribution Business	Operating revenues	436.0	423.8	12.1
	Operating income	21.7	41.0	-19.3
Information and Telecommunications Business	Operating revenues	45.2	45.1	0.1
	Operating income	3.7	3.4	0.3
Others	Operating revenues	104.9	101.9	2.9
	Operating income	5.0	4.3	0.7
Amount of Adjustment	Operating revenues	-489.9	-444.7	-45.1
	Operating income	-1.7	-1.9	0.1
Total	Operating revenues	1136.6	1,307.4	-170.8
	Operating income	-60.7	34.2	-95.0

7-1. Effect Due to Applying the "Accounting Standard for Revenue Recognition"

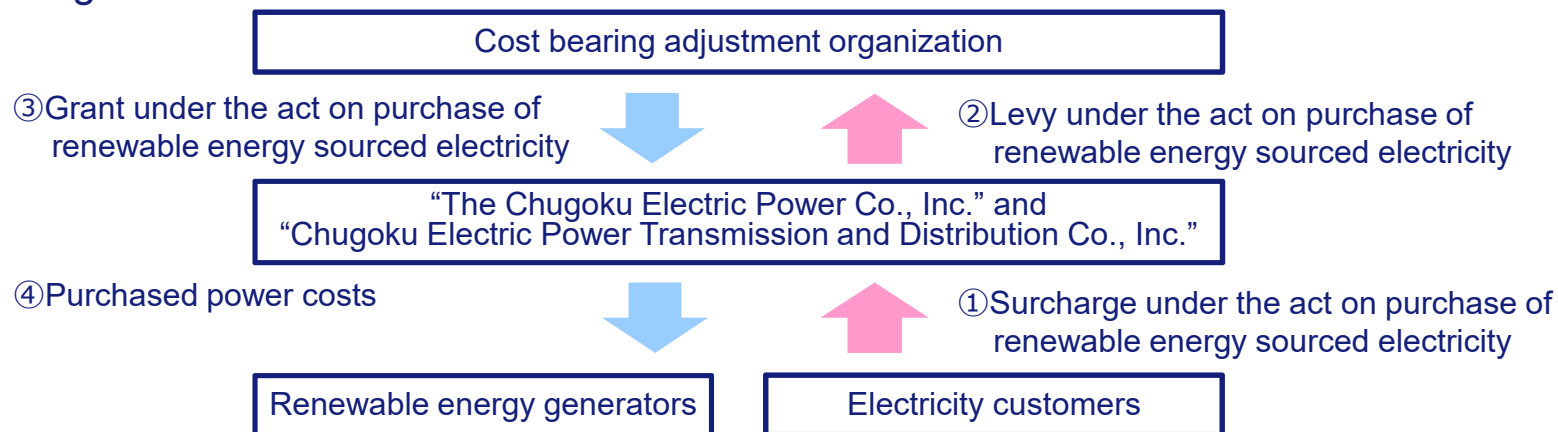
8

- Due to the application of the "Accounting Standard for Revenue Recognition," revenue and expenses decreased mainly for transactions based on the "Feed-in Tariff Scheme for Renewable Energy" (FIT Scheme). The impact that this had on profit is minor.



■ As a result of the change in accounting for transactions based on the "The Feed-in Tariff Scheme for Renewable Energy", related revenue and expenses decreased as follows.

【Scheme Diagram】



【Summary of Accounting Changes】

Subjects	Conventional	From current fiscal year	Impact on revenue and expenses
① Surcharge under the act on purchase of renewable energy sourced electricity	Recorded as revenues	Recorded as debt	Decrease in revenues
② Levy under the act on purchase of renewable energy sourced electricity	Recorded as expenses	Repayment of debt	Decrease in expenses
③ Grant under the act on purchase of renewable energy sourced electricity	Recorded as revenues	Reversal to expenses (④ Reversal to purchased power costs)	Decrease in revenues Decrease in expenses

Note1: This change has no impact on profit overall.

Note2: Difference between “Purchased power costs(④)” and “Grant under the act on purchase of renewable energy sourced electricity(③)” is subtracting avoidable costs.

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 revenues and expenses. The reasons are firstly we are unable to calculate the total amount of electricity sales reasonably due to the difficulty in assuming the impact of higher energy prices and other factors on economic activities, and secondly we are unable to predict reasonably how the fuel procurement environment changes and how fuel prices fluctuate.
- We shall promptly provide our forecasts at the time when we are able to reasonably calculate the electricity sales and revenues and expenses based on fuel price trends and other factors.
- We will continue to make maximum efforts to raise the level of profits and reduce the risk of fuel and electricity price fluctuations in order to improve in business performance.

- 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.
- Considering the largest deficit of consolidated results ever, while the non-consolidated results is deficit two consecutive years, we are planning to pay out 15 yen as the year-end dividend to our shareholders. (Annual dividends of FY2022 is 40 yen per share, totaled with the interim dividend.)
- 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.

< 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**

1. Income Statement and Balance Sheet <Consolidated>

12

Income Statement

(billion yen)

	FY2022	FY2021
Summary of financial results	2 years in a row Decrease in revenues (-170.8) Decrease in income (-91.9)	For the first time in 4 years Decrease in revenues (-39.8) Decrease in income (-9.7)
Operating revenues	1,136.6	1,307.4 (No.4)
Operating income	-60.7 (No.28)	34.2 (No.23)
Ordinary income	-61.8 (No.28)	30.0 (No.20)
Profit attributable to owners of the parent	-39.7 (No.28)	14.5 (No.20)

Balance Sheet

(billion yen)

	FY2022	FY2021
Total assets	3,566.9	3,385.1
Net assets	608.4	660.3
Shareholders' equity ratio	17.0%	19.4%
Interest-bearing debt	2,527.7	2,291.8

Note1: As a result of the application of the "Accounting Standard for Revenue Recognition" from FY2022, operating revenues decreased by 336.1 billion yen. Based on this, a ranking of operating revenues is not provided because the significance of comparison with past operating revenues has been lost.

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 FY1995.

2. Major Factors

13

		FY2022	FY2021
Exchange rate	(¥ / \$)	112	106
Crude oil prices (All Japan CIF)	(\$ / b)	* { 77.2	43.4
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 158.6	79.8
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-pc
 - ✓ Chugoku Electric Power Group Integrated Report
<https://www.energia.co.jp/e/ir/report/annual.html>

* In Japanese

(Reference) Appendix

1. Summary of Cash Flows <Consolidated>

15

(billion yen)

	FY2022 (A)	FY2021 (B)	Difference (A-B)
Cash Flow form Operating Activities	0.3	110.2	-109.9
Cash Flow from Investing Activities	-206.3	-172.7	-33.6
Free Cash Flow	-206.0	-62.5	-143.5
Cash Flow from Financing Activities	212.5	75.2	137.3
Cash and Cash Equivalents (increase and decrease)	6.6	12.4	

2-1. Income Statement <Non-Consolidated>

16

(billion yen)

	FY2022 (A)	FY2021 (B)	Difference (A-B)
Ordinary revenues	1,022.8	1,165.1	-142.3
Operating revenues	994.9	1,147.7	-152.7
Electricity sales revenue	764.7	806.3	*1 -41.5
Grant under the act on purchase of renewable energy sourced electricity	—	180.2	-180.2
Others	230.2	161.0	69.1
Non-operating revenues	27.8	17.3	10.4
Ordinary expenses	1,098.6	1,176.0	-77.3
Operating expenses	1,084.6	1,160.4	-75.7
Personnel	41.4	44.6	-3.2
Retirement allowances	0.7	3.8	-3.1
Material	580.7	539.5	41.1
Fuel	252.8	150.5	102.2
Purchased power	327.8	389.0	*2 -61.1
Maintenance	38.2	36.4	1.7
Depreciation	30.2	29.2	0.9
Transmission fees of connected supply	263.3	268.2	-4.8
Levy under the act on purchase of renewable energy sourced electricity	—	116.3	-116.3
Others	130.6	125.8	4.8
Non-operating expenses	14.0	15.6	-1.6
Ordinary income (Operating income)	-75.8 (-89.6)	-10.9 (-12.7)	-64.9 (-76.9)
Provision for drought	-0.0	0.0	-0.0
Extraordinary income	5.5	-	5.5
Income taxes, etc.	-23.9	-5.6	-18.2
Net income	-46.3	-5.3	-41.0

*1: Includes decrease in “Surcharge under the act on purchase of renewable energy sourced electricity.”

*2: Includes decrease due to reversal of “Grant under the act on purchase of renewable energy sourced electricity.”

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

17

(billion yen)

	FY2022 (A)	FY2021 (B)	Difference (A-B)
Ordinary revenues	436.2	423.7	12.5
Operating revenues	435.2	423.1	12.0
Transmission revenue	321.1	332.7	-11.6
Grant under the act on purchase of renewable energy sourced electricity	—	31.7	-31.7
Others	114.1	58.6	55.4
Non-operating revenues	0.9	0.5	0.4
Ordinary expenses	419.0	388.6	30.4
Operating expenses	413.6	382.2	31.3
Personnel	49.2	52.6	-3.3
Retirement allowances	1.3	3.7	-2.4
Material	160.1	126.0	34.0
Fuel	2.4	1.6	0.8
Purchased power, etc.	157.6	124.4	*1 33.2
Maintenance	55.3	53.7	1.6
Depreciation	35.8	40.7	-4.8
Levy under the act on purchase of renewable energy sourced electricity	—	0.4	-0.4
Others	112.9	108.6	4.3
Non-operating expenses	5.3	6.3	-0.9
Ordinary income (Operating income)	17.1 (21.6)	35.0 (40.9)	-17.9 (-19.2)
Extraordinary income	3.1	—	3.1
Extraordinary loss	4.5	11.4	-6.8
Income taxes, etc.	4.4	7.3	-2.8
Net income	11.2	16.3	-5.0

*1: Includes decrease due to reversal of "Grant under the act on purchase of renewable energy sourced electricity."

3. Monthly Change in Total Electricity Sales

18

■ FY2022

(billion kWh)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total
Total sales		4.42 (3.7%)	4.11 (8.3%)	4.17 (8.7%)	4.62 (10.0%)	5.06 (7.2%)	4.64 (-3.7%)	4.39 (5.1%)	4.45 (6.9%)	4.76 (3.5%)	5.50 (-0.9%)	5.27 (9.6%)	5.04 (8.9%)	56.43 (5.4%)
Retail sales	Subtotal	3.79 (-0.1%)	3.46 (3.5%)	3.48 (5.2%)	3.82 (4.1%)	4.17 (1.3%)	3.88 (-7.4%)	3.58 (0.7%)	3.62 (2.9%)	3.93 (1.2%)	4.63 (-4.6%)	4.48 (6.6%)	4.27 (7.9%)	47.11 (1.5%)
	Lighting	1.38 (-5.4%)	1.13 (-8.2%)	0.98 (-3.9%)	1.12 (-1.3%)	1.37 (-1.4%)	1.18 (-17.0%)	1.05 (-0.6%)	1.16 (-1.4%)	1.44 (1.2%)	2.05 (-9.5%)	1.90 (9.1%)	1.68 (11.9%)	16.44 (-2.3%)
	Power	2.41 (3.2%)	2.32 (10.4%)	2.50 (9.3%)	2.70 (6.5%)	2.80 (2.6%)	2.70 (-2.5%)	2.53 (1.3%)	2.47 (5.0%)	2.48 (1.2%)	2.58 (-0.3%)	2.59 (4.8%)	2.59 (5.4%)	30.66 (3.7%)
Sales to other power companies		0.64 (34.1%)	0.66 (42.7%)	0.68 (31.2%)	0.80 (51.2%)	0.88 (48.7%)	0.76 (21.2%)	0.81 (29.8%)	0.83 (29.1%)	0.84 (15.8%)	0.87 (24.8%)	0.79 (30.7%)	0.77 (14.7%)	9.32 (30.1%)

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.

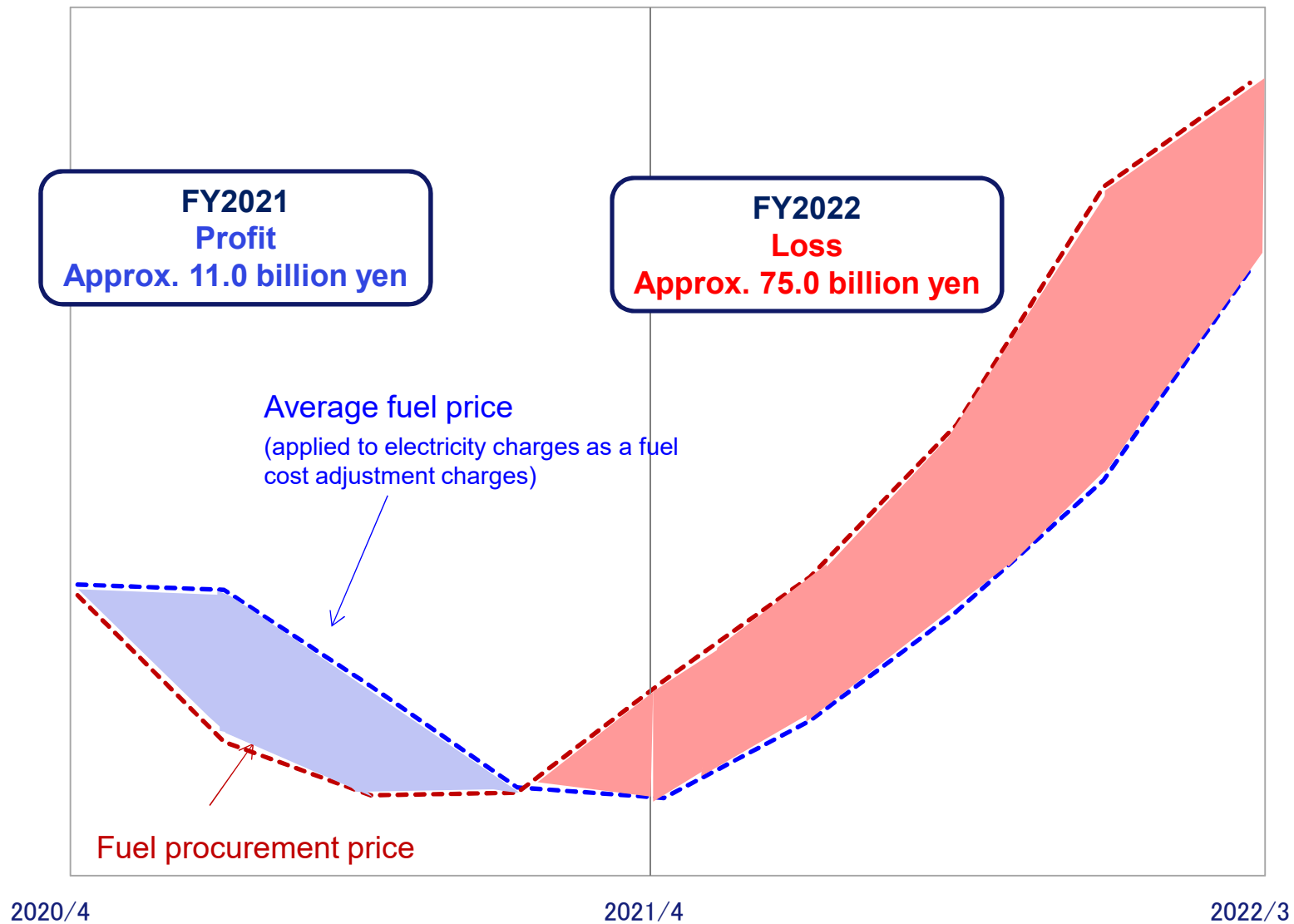
<Reference> Average monthly temperature (Hiroshima city)

(°C)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY2022	15.4	19.5	23.8	27.6	27.4	25.0	19.9	13.1	7.8	5.3	4.8	11.5
Difference from average year	0.6	-0.1	0.6	0.4	-1.1	0.3	1.1	0.2	0.3	-0.1	-1.4	2.0
Difference from previous year	2.2	-0.8	-0.4	2.4	-2.5	0.0	1.2	-1.1	0.6	0.1	-3.4	-0.6

4 .Time Lag of the Fuel Cost Adjustment System (Image Diagram)

19



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>

20

(1) Procurement volume

	Unit	FY2022 (A)	FY2021 (B)	Difference (A-B)
Fuel oil	million liters	380	320	60
Coal *	thousand tons	5,570	5,290	280
LNG *	thousand tons	2,120	2,060	60

* Sales included

(2) Consumption volume

	Unit	FY2022 (A)	FY2021 (B)	Difference (A-B)
Fuel oil	million liters	440	330	110
Coal	thousand tons	5,280	5,040	240
LNG	thousand tons	1,740	1,660	80

6. Capital Expenditure

21

(billion yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY2022 (A)	FY2021 (B)	Difference (A-B)	FY2022 (A)	FY2021 (B)	Difference (A-B)
Capital Expenditure	110.5 (96.9)	116.9 (104.1)	-6.4 (-7.1)	64.4	64.4	0.0

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

7. Interest-bearing debt, etc.

22

(1) Breakdown of Interest-bearing debt <Consolidated> (billion yen)

	End of FY2022 (A)	End of FY2021 (B)	Difference (A-B)
Interest-bearing debt	2,527.7	2,291.8	235.8
Corporate bond	1,031.4	926.4	104.9
Long-term debt	1,240.2	1,188.8	51.3
Short-term debt	68.0	69.6	-1.5
Commercial paper	170.0	90.0	80.0
Lease obligations	18.0	16.9	1.1

(2) Interest rate <Non-Consolidated>

	FY2022	FY2021
Average	0.48 %	0.55 %

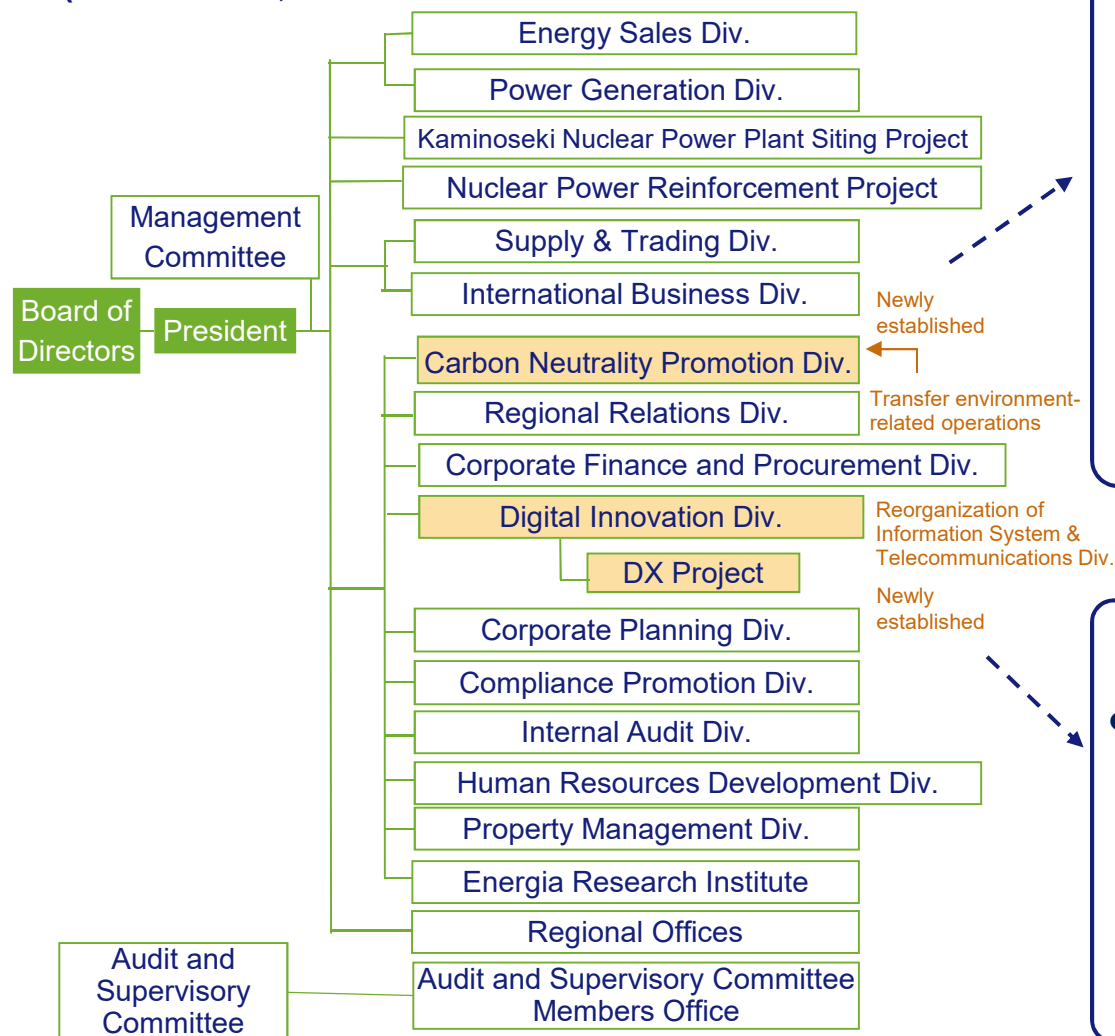
(3) Interest expense <Non-Consolidated> (billion yen)

	FY2022	FY2021
Interest expense	9.4	10.4

III. Recent Topics

- We plan to reorganize the structure on June 28 of this year in order to strongly promote efforts for carbon neutrality and digital transformation.

[Organization Chart of The Chugoku Electric Power (After June 28, 2022)]



Establishment of the "Carbon Neutrality Promotion Division"

- In order to strongly promote carbon neutrality in group businesses as well as further strengthen collaboration for carbon neutrality with customers and local society, we will establish the "Carbon Neutrality Promotion Division," a dedicated organization directly under the president, and transfer to it the environment-related operations within the Regional Relations Division.
- In addition, we will establish a "Carbon Neutrality Promotion Meeting" to be chaired by the head of the Carbon Neutrality Promotion Division.

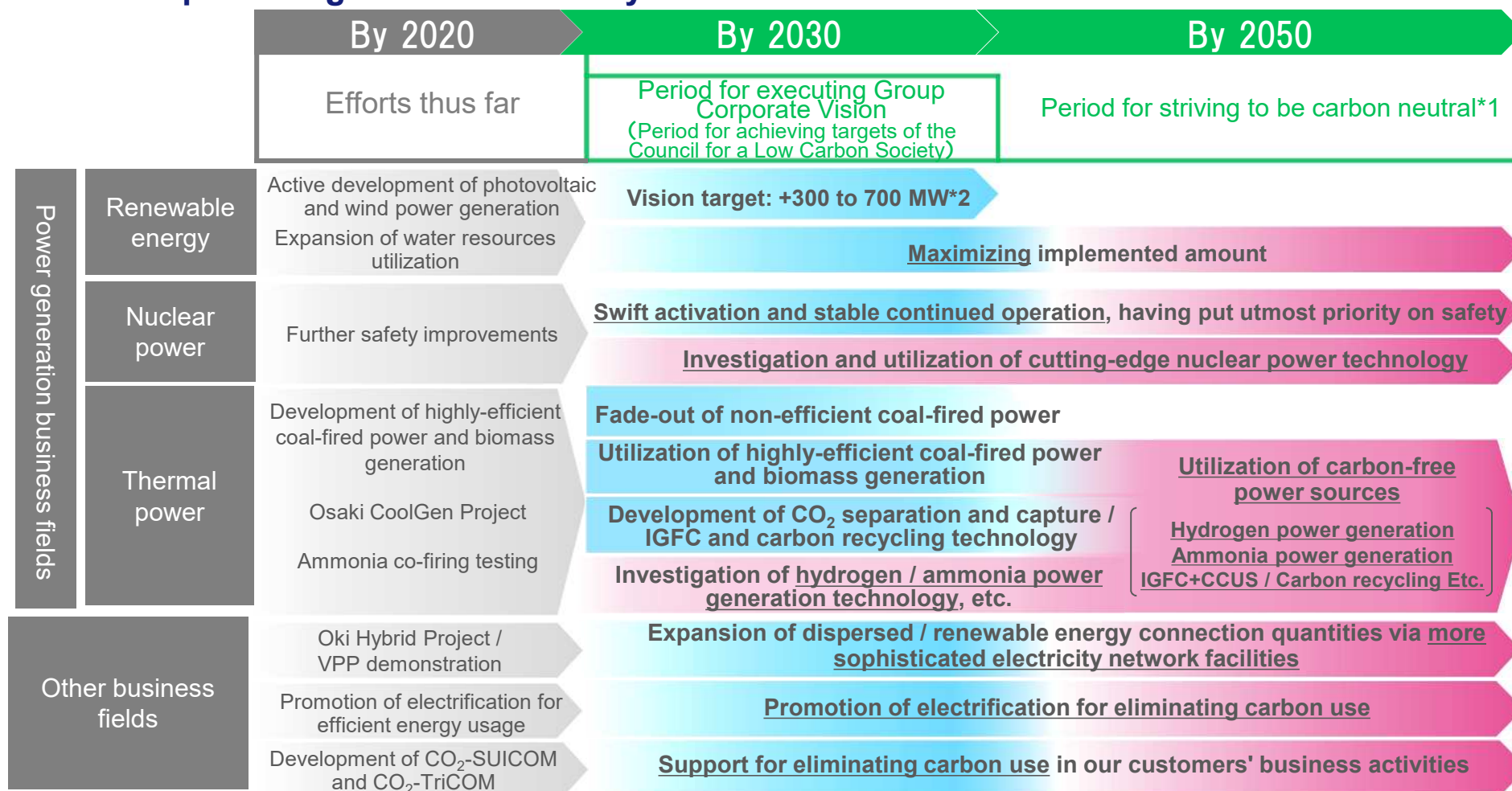
Reorganization of Information System & Telecommunications Division and Establishment of the "DX Project"

- In order to strongly promote innovation of operations and the creation of value through the use of digital technology and data, we will reorganize Information System & Telecommunications Division into the "Digital Innovation Division," and we will establish the "DX Project" as a dedicated organization to oversee the digital transformation (DX) of the entire group.

Striving to Be Carbon Neutral by 2050

■ In February 2021, our Group announced we will strive to be "carbon neutral by 2050."

~ Road map to being carbon neutral by 2050 ~



*1: We will sequentially utilize those items deemed to be commercially feasible based on cost reductions and the progress of technology development and the like.

We will utilize carbon offset technology and the like for the CO₂ emitted from power stations as of 2050.

*2: Aiming to achieve this through efforts throughout the Group both in Japan and overseas.

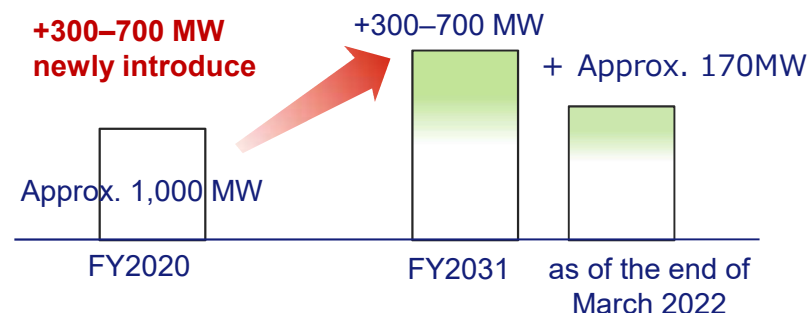
Broader Introduction of Renewable Energy

- We are actively engaged in introducing hydroelectric power, wind power, and the like in order to achieve the new introduction targets described in the Vision.
- We expect to reach 300 MW for newly introduced energy by the mid-2020s, and we are actively promoting development for offshore wind power, which, in particular, is expected to be a growth area in the future.

[Main current initiatives] □ :New projects

Domestic	Solar	• Development of mega solar power [Fukuyama Photovoltaic: December 2011] [Ube Photovoltaic: December 2014]
		• Community-benefitting mega solar business with Hiroshima Prefecture [Shobara: October 2013; and 6 other locations]
	Wind	• Development of wind power [Ama Wind: February 2018]
	Hydro	• Repowering of existing hydroelectric power [Takiyamagawa: April 2021] [Kitahara: Scheduled for March 2024; and 5 other power plants]
	Biomass	• Mixed fuel generation with woody biomass [Shin-Onoda Units 1 and 2: Expansion of mixed-fuel combustion from August 2020 onward] [Misumi Unit 2: Scheduled for November 2022]
• Biomass power businesses with Air Water Inc. [Hofu City, Yamaguchi Prefecture: July 2019] [Iwaki City, Fukushima Prefecture: April 2021]		
Overseas	Wind	• Indonesia hydroelectric power generation project [Investment participation: March 2019]
		• Taiwan hydroelectric power generation project [Start of commercial operations: Scheduled for 2024]
	Hydro	• Taiwan offshore wind power generation project

[the targets outlined to newly introduce renewable energy]



[Example of income gained through renewable energy projects]

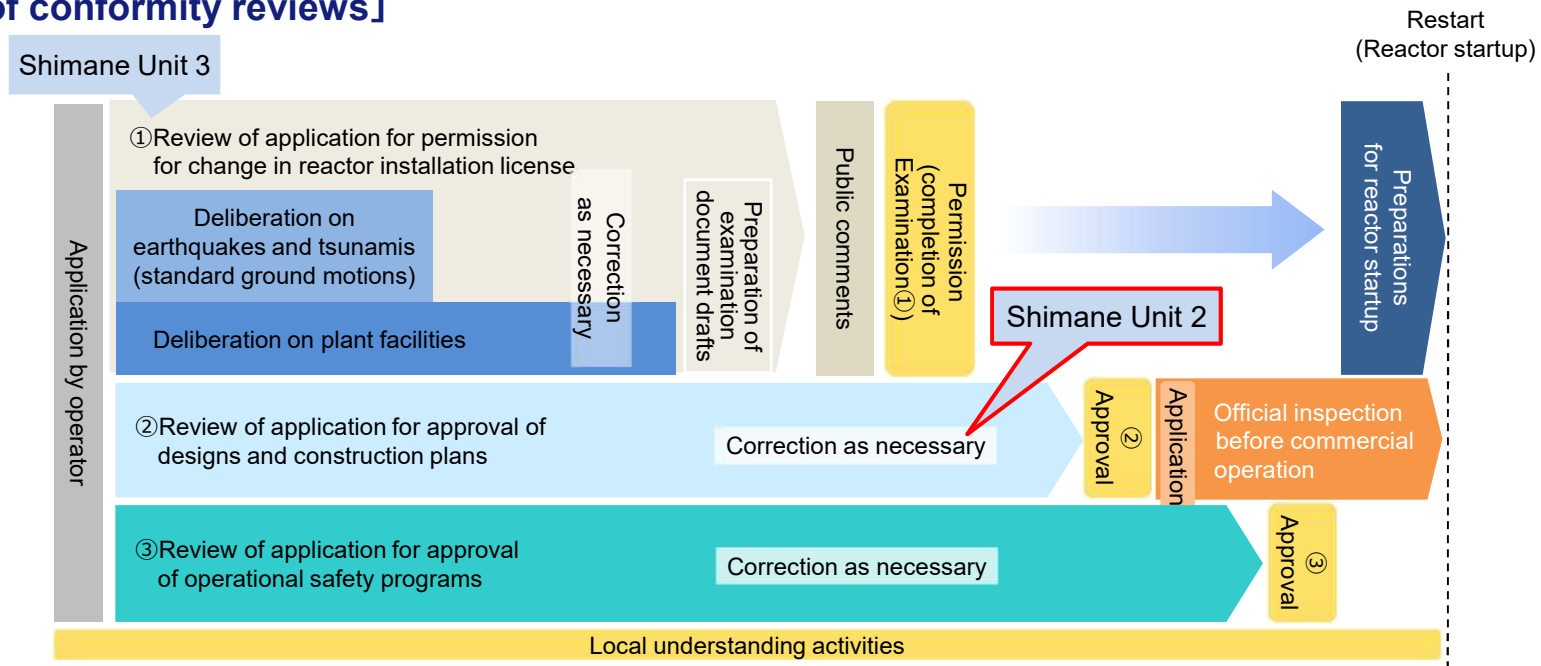
Combined contribution by the 3 biomass power generation companies* to our consolidated ordinary income	2.5 billion yen (FY2022 results)
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※ Kaita Biomass Power Co., Ltd.
Air Water & Energia Power Yamaguchi Corporation
Air Water & Energia Power Onahama Corporation

State of Shimane Nuclear Power Station

- In September 2021, Unit 2 of Shimane Nuclear Power Station received permission from the Nuclear Regulation Authority to change its reactor installation license.
- In March of this year, following October and December of 2021, we compiled seismic calculations, part of strength calculations, and the like related to the detailed design of the facility and submitted an amendment to the application for approval of designs and construction plans (for the third time) to the Nuclear Regulation Authority.
- We will continue to proceed with evaluation related to seismic resistance and strength and other detailed design work and make further amendments as soon as they are ready.

[Process of conformity reviews]

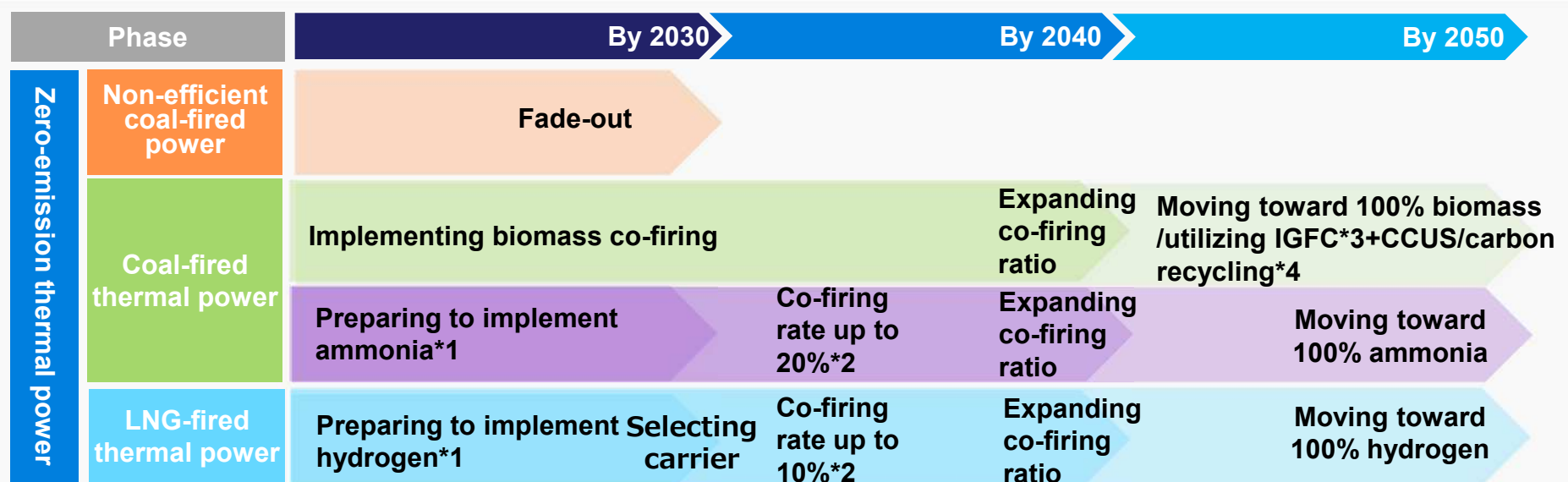


Scheduled completion period of safety measure work

Shimane unit 2	As early as possible within FY2023
Shimane unit 3	The first half of FY2024

Transition Plan for Thermal Power Generation

- Based on the policy of S + 3E and taking into account the timing of facility replacement, trends in technology development, and the like, we will pursue all options for decarbonization of thermal power generation, including biomass power generation, hydrogen and ammonia power generation, and IGFC + CCUS/carbon recycling.
- Regarding hydrogen and ammonia power generation, based on the Sixth Strategic Energy Plan, we will accelerate investigation for achieving of 10% hydrogen co-firing with LNG-fired thermal power and 20% ammonia co-firing with coal-fired thermal power in the 2030s, and proceed with preparation for implementation by 2030 so that they can be introduced without delay after solving economic and technical issues.
- In April of this year, Chugoku Electric Power, JERA Co., Inc., and Kyushu Electric Power Co., Inc. concluded a memorandum to consider collaboration on joint procurement and the establishment of transportation and storage methods for the introduction of hydrogen and ammonia.



*1: We will proceed toward full-scale operation once the various conditions are in place. *2: Co-firing rates indicated based on the calorific value.
 *3: Integrated Coal Gasification Fuel Cell Combined Cycle Technology that combines integrated coal gasification combined cycle (IGCC: technology that gasifies coal to generate gas mainly comprised of hydrogen and carbon monoxide and generates power through a combined cycle using a gas turbine and steam turbine) with a fuel cell for even more efficient power generation.
 *4: Technology to separate and capture CO₂ for reuse, underground storage, or the like.

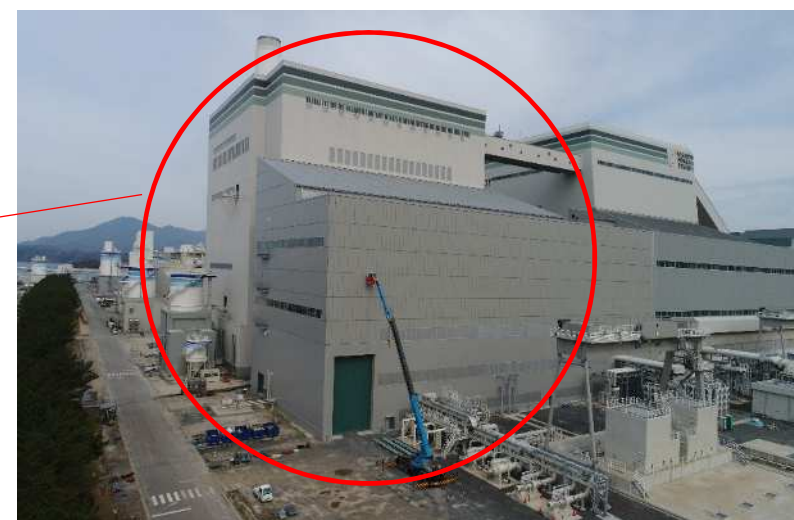
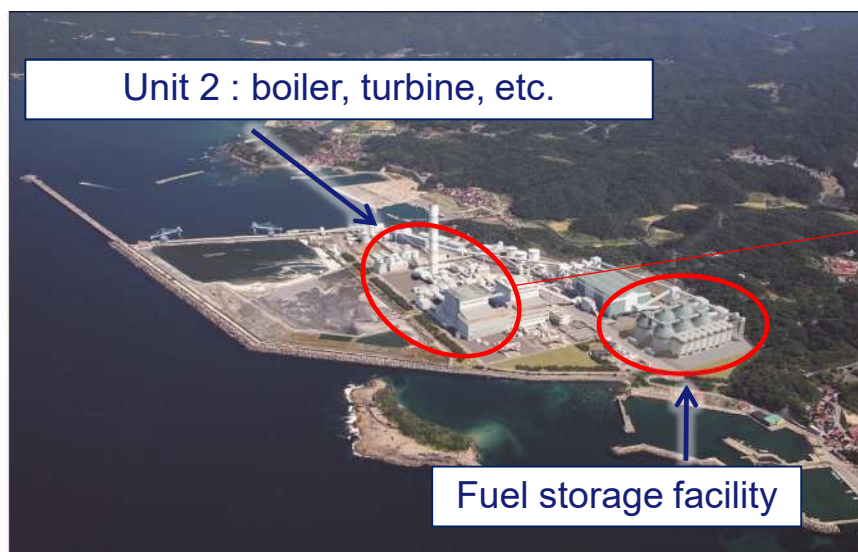
This roadmap is based on current policies, expected technological developments, and the like, and is subject to revision in the event of significant changes in said assumptions.

- Misumi Unit 2, which is under construction, began generating power for trial operation in March of this year in preparation for the start of commercial operation in November of this year.
- In addition to adopting the best available power generation method, we will strive to further reduce CO₂ emissions by using co-firing with biomass fuels.

[Project overview]

Name	Misumi Power Station, Unit2 (Coal-fired)	Location	Hamada-city, Shimane Pref.
Output	1GW [heat efficiency:43.3% (HHV, Generating end)]		
Generation system	Ultra Super Critical (USC)	Schedule	Start of construction: November 2018 Start of operations: November 2022

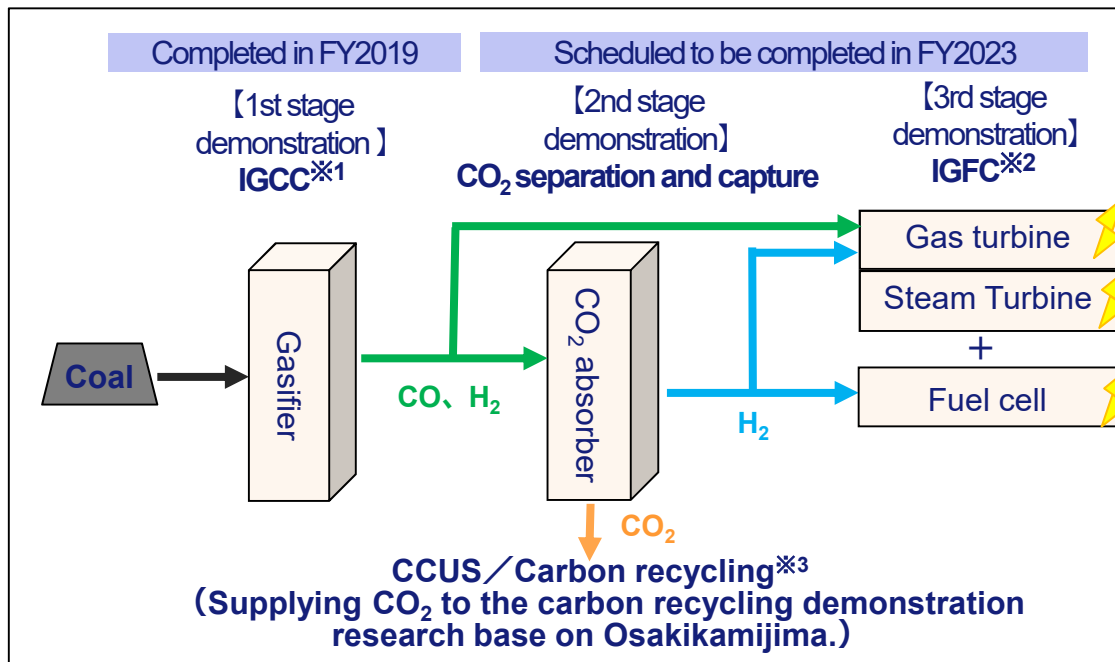
[Completed projection drawing]



Construction at Misumi Power Station Unit 2

- Through a demonstration project conducted by Osaki CoolGen Corporation, which was jointly established with Electric Power Development Co., Ltd., we are engaged in the development of IGFC with CO₂ separation and capture. The 3rd stage of the demonstration testing began in April of this year.
- IGFC with CO₂ separation and capture technology uses hydrogen generated from coal for use in power generation, and the knowledge gained from this can be used in the development and implementation of hydrogen production and power generation technologies.
- In addition, a system combining IGFC with CCUS/carbon recycling could be a promising option for achieving carbon neutrality, as it would enable zero-emission coal-fired thermal power generation.

[Illustration of demonstration testing at the Osaki CoolGen Project]



Demonstration testing facility (Osakikamijima in Hiroshima)

*1: Integrated coal gasification combined cycle. Coal-fired thermal power that gasifies coal and uses a combined cycle system with a gas turbine and a steam turbine.

*2: Integrated coal gasification fuel cell combined cycle. Coal-fired thermal power that uses a triple combined cycle system incorporating IGCC with fuel cells.

*3: Technology to separate and capture CO₂ for reuse, underground storage, or the like.

- We will promote the development of carbon recycling technology to make effective use of recovered CO₂.
- We will begin the demonstration of "Development of a gas-to-lipids bioprocess" and "Expanded Application of concrete that makes effective use of CO₂ " in FY2023 at Osakikamijima in Hiroshima Prefecture, a carbon recycling demonstration research base.

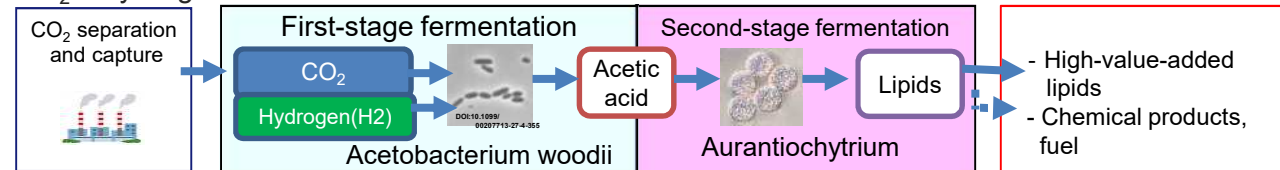
[Development of carbon recycling]

Carbon recycling demonstration research base on Osakikamijima

Development of a gas-to-lipid bioprocess

- Commercialization target: Around 2030
- Collaborators: Hiroshima University, NAGASE & CO., LTD.

Developing technology that can use hydrogen and the CO₂ emitted from coal-fired thermal power plants to produce high-value-added lipids for the manufacture of cosmetics and the like, taking advantage of the fermentation functions two types of microorganisms to develop a bioprocess for CO₂ recycling.



Expanded Application of concrete that makes effective use of CO₂ (CO₂-SUICOM)

- Commercialization target: 2024 to 2026
- Collaborators: Kajima Corporation, Mitsubishi Corporation

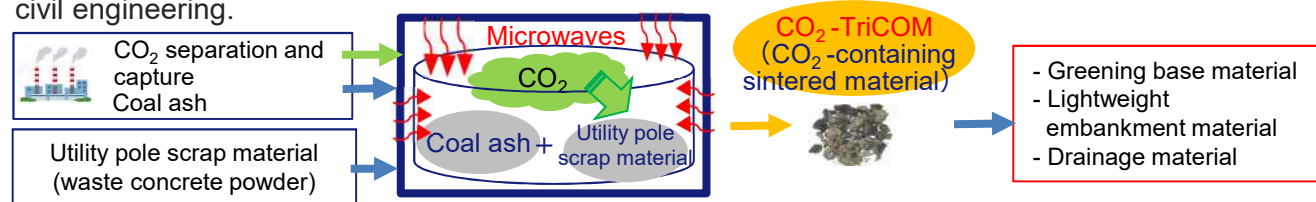
Developing technology for using environmentally-friendly concrete* (CO₂-SUICOM) for reinforced concrete and concrete poured on-site in order to expand its application as a versatile construction material.

*Concrete that can significantly reduce CO₂ emissions by absorbing CO₂ during manufacture before hardening.

Development of "Triple C" recycling technology (CO₂-TriCOM)

- Commercialization target: 2030 or later
- Collaborators: Hiroshima University, Chugoku Koatsu Concrete Industries Co., Ltd.

Developing technology to mix CO₂ and coal ash emitted from coal-fired thermal power plants as well as scrap materials from utility poles, a by-product of our electricity business, and heat this mixture using microwaves to solidify the CO₂ and create a sintered body that can be used as material for civil engineering.



Roll out of International Business

- We are promoting overseas business aiming to grow businesses that contribute to the income of our Group.
- In order to achieve the income and financial targets described in the Vision, we will work to expand our business fields by discovering and acquiring overseas power generation projects as well as actively responding to new energy businesses in addition to power transmission, distribution, retail, and electricity-related business.

Overseas power generation projects

- We will work on projects involving a variety of power generation methods, including renewable energy (hydroelectric power, wind power, solar power, etc.) and gas-fired thermal power.
- Although we have our sights set on the entire world, for the time being, we will focus on Asia, North America, and Europe as we engage in expanding opportunities for business participation.

[Ownership in power generation projects (End of FY2022)]

Investment decision	1250MW
(Reprint, Start of operations)	980MW

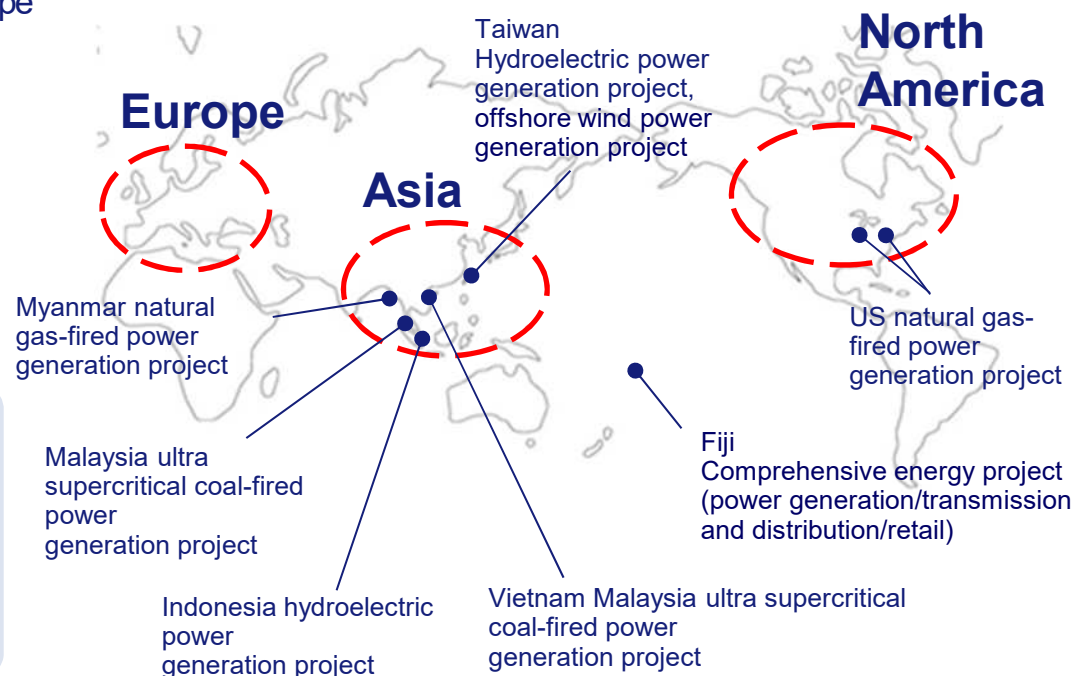
Growth investment risk management

In making investment decisions in growth areas, the division in charge of the business will make evaluations based on pre-determined standards, and we will work to thoroughly manage risk through evaluation by the division in charge of the evaluation and the structure for reports to management.

Expanding our business fields

- In addition to power transmission and distribution, retail, and electricity-related business, we will actively engage in participation in new energy businesses*.

*Related to decarbonization fuels, services for customers, etc.



- In order to meet the decarbonization needs of customers, in addition to our existing electrification proposal activities, we will expand electricity rate plans utilizing renewable energy as well as new services utilizing distributed energy resources such as solar power generation and electric vehicles (EVs).
- In terms of organization, the "Green Solution Office" was established within the Energy Sales Division in February 2022 as an organization dedicated to proposing decarbonization solutions and developing new service plans and the like.

Electrification proposals that contribute to energy saving, cost savings, and decarbonization

- Activities to promote ZEH homes by proposing full electrification, solar power, storage batteries, and the like, as well as collaboration with automobile companies to promote EVs
- Electrification proposals for alternate heat source air conditioning, hot water supply, industrial processes, and the like.

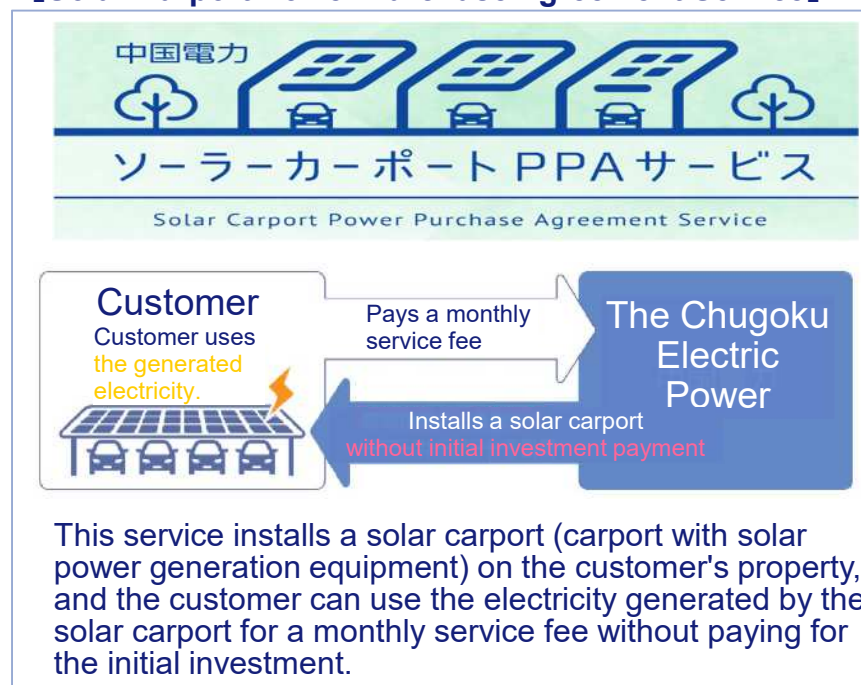
Electricity rate plans using renewable energy

- Provision of electricity rate plans that can reduce the CO₂ emissions from electricity used by customers
(Residential) Gutto Zutto. Renewable Energy Green Plan
(Business) Special Renewable Energy Plan, Premium Special Renewable Energy Plan, Special Off-site Solar Power Plan*1, Okayama CO₂-free Electricity*2, Yamaguchi Hydro-power 100 Plan*3

New services using distributed energy resources

- Provision of solar power generation PPA service*4 and solar carport PPA service
- Provision of the "eeV" EV solution service

[Solar Carport Power Purchase Agreement Service]



This service installs a solar carport (carport with solar power generation equipment) on the customer's property, and the customer can use the electricity generated by the solar carport for a monthly service fee without paying for the initial investment.

*1: An electricity rate plan that delivers electricity generated by our newly developed solar power generation facilities and the like stably and over a long period of time in accordance with customer needs.

*2: An electricity rate plan using the hydroelectric power plants owned by the Okayama Prefecture Enterprise Bureau (for high-voltage customers within Okayama Prefecture).

*3: An electricity rate plan using the hydroelectric power plants owned by the Yamaguchi Prefecture Enterprise Bureau (for high-voltage customers within Yamaguchi Prefecture).


*4: This service installs solar power generation equipment on the customer's building or property, and the customer can use the solar-generated electricity at their home for a monthly service fee without paying for the initial investment.


- The Energia Creative Lab will expand the advanced products and services of venture companies and others throughout the region via our group companies, with the themes of carbon neutrality, DX, and SDGs, and by doing so, will acquire a new source of revenue while solving local issues.
- We will accelerate investment in venture companies with early growth potential in order to promote the expansion of diverse services, and we will build a portfolio on a scale of 3 billion yen, thus aiming to acquire new income through return on investment and business revenue.

[Business/Investment Area] Invested in 10 companies as of the end of March 31, 2022

Carbon Neutrality	DX	SDGs
<ul style="list-style-type: none"> ➤ Technologies and services leading to the development of new energy services ➤ Technologies and services leading to the realization of a decarbonized society <div style="background-color: #00b050; color: white; padding: 5px; margin-top: 10px;">Theme</div> <ul style="list-style-type: none"> • Renewable energy, EVs, storage batteries • Electrification, energy saving • Hydrogen, carbon recycling, etc. 	<ul style="list-style-type: none"> ➤ Products and services promoting the digitalization of local companies and municipalities ➤ Products and services leading to solutions for industrial issues such as labor shortages and more sophisticated operation <div style="background-color: #6b8cbe; color: white; padding: 5px; margin-top: 10px;">Theme</div> <ul style="list-style-type: none"> • AI, IoT, robotics • Data science • SaaS, etc. 	<ul style="list-style-type: none"> ➤ Products and services leading to richer and more convenient daily life ➤ Products and services leading to community vitality and solutions for social issues <div style="background-color: #e67e22; color: white; padding: 5px; margin-top: 10px;">Theme</div> <ul style="list-style-type: none"> • Housing, lifestyle-related services • Disaster prevention, smart cities • Regional transportation, etc.

FY2022	NEXT-e Solutions Inc.	NEXT-e solutions provides a storage battery systems equipped with original control devices and a storage battery management service using AI technologies.
	AWL, Inc.	AWL provides a services such as suspicious person detection and behavior analysis using a device that turns existing security cameras into AI cameras.
	Spectee Inc.	Spectee offers a disaster and crisis management solutions using AI technologies.
	MIRAIE Corporation.	MIRAIE manufactures and sells waste composting equipment and deodorizing equipment.

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For Questions or Comments,
Please Contact the Investor Relations Section
at the Address Below :

4-33 , Komachi, Naka-ku,
Hiroshima 730-8701
Japan

The Chugoku Electric Power Co., Inc.

Corporate Planning Division

F A X : +81 82 544 2792

E-mail: T9504@pnet.energia.co.jp