

## Chugoku Electric Power Revised Forecasts of Financial Results for FY Ending March 2023—No Immediate Impact on Rating, but Downward Pressure Will Strengthen

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the downward revision of the forecasts of financial results for the fiscal year ending March 31, 2023 by The Chugoku Electric Power Company, Incorporated (security code: 9504).

- (1) On December 2, 2022, The Chugoku Electric Power Company, Incorporated (the "Company") revised its forecasts of the financial results for the fiscal year ending March 31, 2023. The Company records an extraordinary loss of 70.7 billion yen as a provision for losses related to the Japan Antimonopoly Act for the third quarter of the fiscal year, and the loss attributable to owners of the parent will increase from the previously forecasted loss of 139.0 billion yen to a loss of 209.7 billion yen.
- (2) The impact of the extraordinary loss on the Company's financial base will not be small. Although the recent financing through securities and others with equity content has been effective in supporting its creditworthiness, the effects are diminishing, and downward pressure on the rating is becoming stronger. The focus of attention going forward will be on the Company's ability to restore profitability from FY ending March 2024 onward. The main means of achieving this are revisions to electricity charges and restart of Shimane Nuclear Power Station No. 2 Unit. JCR will assess the timing and magnitude of these economic effects, as well as the time frame for improving the financial base and compliance efforts, and reflect them in the rating and rating outlook as appropriate.

Shigenobu Tonomura, Tadashi Ono

### <Reference>

Issuer: The Chugoku Electric Power Company, Incorporated

Long-term Issuer Rating: AA      Outlook: Stable

### Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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