

The information shown below is an English translation of the "Taiwan Yojo Huryoku Jigyo ni okeru Sonshitsu no Keijo ni tsuite", notice regarding losses in an offshore wind power generation business in Taiwan for the year ending March 31, 2023.

*The "Taiwan Yojo Huryoku Jigyo ni okeru Sonshitsu no Keijo ni tsuite" in Japanese is the official document. This English translation is prepared for convenience.

March 28, 2023

Name of Listed Company : THE CHUGOKU ELECTRIC POWER CO., INC.

Code : 9504 (Prime of Tokyo Stock Exchange)

Representative : Natsuhiko Takimoto, Representative Director President & Chief Executive Officer

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Notice Regarding Losses in an Offshore Wind Power Generation Business in Taiwan

We announce that we decided to record losses for the 4th quarter of the year ending March 31, 2023 due to an expected significant decline in profitability of the offshore wind power generation business in Taiwan invested through our investment subsidiary^{*1} as a result of re-evaluation of the business.

1. Impact on non-consolidated financial results^{*2}

We plan to record the extraordinary loss as below. 5.6 billion yen as loss on valuation of shares of subsidiaries associates due to a loss from devaluation of our investment subsidiary^{*1}. 8.0 billion yen as provision for loss on business of subsidiaries associates due to a loss on jointly guaranteed obligations. (Total 13.7 billion yen)

2. Impact on consolidated financial results^{*2}

A part of 1. is eliminated in consolidated financial statements, and recorded as a equity loss of affiliate on non-operating expenses.

As a result, we plan to record non-operating expenses of 15.9 billion yen as an equity loss of affiliate and an extraordinary loss of 2.1 billion yen as a provision for loss on business of subsidiaries and associates in consolidated financial statements. (Total 18.1 billion yen)

3. Reason for recording loss

The reason of the expected decline in profitability of the business is a significant increase in construction costs compared to the original plan, caused by delays in the movement of construction personnel and procurement of materials and equipment due to the global outbreak of the new coronavirus infection, process delays due to unseasonable weather, and soaring prices for materials and equipment.

4. Impact on forecasts of financial results

While we record losses as explained above, we expect a decrease in fuel and power procurement costs due to the recent drop in fuel prices and wholesale market prices of electric power, and thus we will not revise our forecasts of financial results.

We will promptly notify you as soon as it becomes necessary to revise our forecasts of financial results after careful examination of future trends in income and expenditures.

*1 Corporate profile of C&C Investment Corporation

Name	C&C Investment Corporation
Location	4-33, Komachi, Naka-ku, Hiroshima-city c/o Chugoku Electric HQ
Representative	Hitoshi Kanetsuki, Representative Director President
Purpose	Power generation business investment
Paid-in Capital	20 million yen (December 31, 2022)
Shareholding structure	The Chugoku Electric Power Co., Inc.(50%) Chudenko Corporation(50%)

*2 The exchange rate at the end of February 2023 was partially applied to the calculation of the loss announced this time. However the loss will be recalculated with the exchange rate at the end of March 2023.

Reference:Forecasts of financial results for the fiscal year ending March 31, 2023 (announced on January 31, 2023) [Consolidated]

	Operating revenues	Operating income	Ordinary income	Profit attributable to owners of the parent
	million yen	million yen	million yen	million yen
FY2023 (Forecasts)	1,724,000	-124,000	-140,000	-174,000
FY2022	1,136,646	-60,744	-61,879	-39,705