May 13, 2024
THE CHUGOKU ELECTRIC POWER CO., INC.

IR Investors Meeting for FY2024 Financial Results
Message from Top Management

* In this document, the term “Fiscal Year 2024” refers to the period between April 1, 2023 and March 31, 2024.

Since my appointment as President in June of 2023, I have worked toward "Regaining Trust" and "Restoring Revenue and Financial Base," considering these issues to be ones we must face immediately.
We will continue to engage in these two matters, placing them as issues of greatest importance in our FY2025 medium-term management plan, which is our action plan for achieving our Corporate Vision.

<Initiatives Towards Regaining Trust>
Company executives including myself have visited all of our offices to directly exchange opinions with employees, and we have also held expansive debates through training, workplace discussions, and the like. Based on these, we identified the root causes of the series of inappropriate conduct as well as laid out our response policy by the end of FY2024. In addition to the recurrence prevention measures already in place, we are steadily moving forward with various measures based on the response policy we recently laid out, and I feel that we are starting to see some results.
In order for our Group to carry out business, trust in the company among our various stakeholders is an absolute necessity. I will take the lead as I work to establish recurrence prevention measures and reform our corporate culture, continuing to strive to regain trust.

<Financial Results for FY2024 and Business Performance Forecast and Dividend Policy for FY2025>
In the consolidated financial results for FY2024, ordinary income was 194 billion yen and net income was 133.5 billion yen. Both were the largest ever for a fiscal year, due to a review of electricity rates, a gain from the time lag of the fuel cost adjustment system accompanied by the decline in fuel prices, and overall management efficiency improvements.
For FY2025, while we do forecast a significant decrease in the gain from the time lag of the fuel cost adjustment system as well as a drop in total electricity sales, we also expect improved income and expenditures due to the operation of Shimane Nuclear Power Station Unit 2, despite revisions to the restarting processes. As a result, we forecast an ordinary income of 65 billion yen and net income of 50 billion yen, with a consolidated shareholders' equity ratio at the end of the current fiscal year of approximately 14.7%.
As for dividends, starting from FY2024, we are placing the highest priority on recovering and

enhancing our financial base and are paying dividends with a dividend payout ratio of 10% until the consolidated shareholders' equity ratio returns to 15%.
In light of this dividend policy and our business performance for FY2024, we plan to pay an annual dividend of 35 yen with a year-end dividend of 30 yen per share for FY2024.
For dividends in FY2025, we expect a reduction based on this dividend policy, with an annual dividend of 10 yen per share.
Once the consolidated shareholders' equity ratio exceeds 15%, we plan to raise the dividend payout ratio in light of forecasts for future business performance and the like. However, we will also take into consideration the opinions of shareholders and investors.

<Shimane Nuclear Power Station>
I will now explain the status of efforts towards the operation of Shimane Nuclear Power Station, which is an important factor in restoring our revenue and financial base as well as achieving carbon neutrality.
For Shimane Nuclear Power Station Unit 2, we have been working on safety measure work and the like with the goal of restarting operation in August of 2024. However, we delayed the restart by approximately four months, revising our plan to December. While we are aiming to quickly restart Unit 2, we also place utmost priority on ensuring safety. We are not only taking every precaution possible in our safety measure work but are also responding appropriately to reviews and pre-operational confirmations by the Nuclear Regulation Authority, and by doing so, we will reliably proceed with each matter required to prepare for the restart.
Furthermore, with regard to Shimane Unit 3, we have revised the timing for completing safety measure work from the first half of FY2026 to approximately FY2029, and are aiming to begin operation by FY2031.
Once Shimane Units 2 and 3 are operational, we believe that they will significantly reduce fuel costs and the risk of market price fluctuations, contributing to stabilizing and improving our business performance, as well as to reducing carbonization in our power source portfolio.

<Restoring Revenue and Financial Base>
Our consolidated shareholders' equity ratio at the end of FY2024 fell below 15%, and our financial base remains in a severe situation.
Also, I feel that there are rapid changes occurring in our business environment and competitive environment due to equal treatment between internal retail division and third party retailers.
We considered the two years from FY2025 to FY2026 as a period for focusing efforts on restoring our revenue and financial base. By reliably ensuring over 150 billion yen in profit as well as suppressing the cash spent during these two years, we aim to restore our consolidated shareholders' equity ratio to 15% or higher by the end of FY2026.
To that end, I believe it is necessary for us to increase our profitability and our productivity. Specifically, we will work toward maximizing revenue for the electricity business and achieving streamlining incorporated into rate revisions, based on the assumptions of restarting and stably operating Shimane Unit 2 as well as ensuring thoroughly equal treatment between

internal retail division and third party retailers. Also, as we aim for continual growth, we will allocate resources to expanding our business base, including measures for achieving carbon neutrality, human capital management, and promotion of DX, based on thorough financial discipline.
We intend to steadily pursue these initiatives to ensure a high level of profits on an ongoing basis and to restore our financial base.

<Achieving Management that is Conscious of Both the Cost of Capital and Stock Prices>
At the Board of Directors meeting held after the FY2024 second quarter financial results briefing, we held debates about the reasons for PBR to be continually below 1.0, as well as our direction for responses aimed at improving return on capital. We also debated our direction for reflecting our thoughts on the cost of capital and return on capital into our management.
To improve PBR in the electricity business, we established the "Profitability Improvement Project" and the "Supply and Demand Optimization Project," two new project organizations that report directly to the President. These groups will investigate specific initiatives aimed at enhancing the competitiveness of our power generation and retail businesses, working to improve our asset efficiency. Also, we will aim to expand profit in growth businesses and group businesses outside of the electricity business, carefully selecting investments when doing so.
From the perspective of steadily proceeding with these initiatives, we will also move forward with investigations into introducing indices such as ROIC and ROE, which place emphasis on investment efficiency, as new management indices.
This time, we have disclosed results and forecasts for profit and ROIC by business segment. From the perspective of focused investment in businesses with a high investment efficiency, we will engage in deeper analysis of each business in our Group, including the business categories, and will use these figures to revise and investigate our business portfolio as we work to improve asset efficiency and to expand profit.

<Initiatives for Sustainability Management>
I believe that, in order for us to continually improve our corporate value, it is vital that we promote sustainability management with an awareness of ESG.

[E: Environment]

For the environment, we are engaged in efforts with the goal of halving our CO_2 emissions from FY2014 levels in both the retail and power generation businesses by FY2031. In addition to operating Shimane Units 2 and 3, we are engaged in other efforts to cut CO_2 emissions, including replacements for LNG-fired thermal power with the future goal of hydrogen co-firing and mono-fuel combustion, as well as ammonia co-firing and CO_2 capture and storage.
We are working to begin operation at Shimane Unit 3, for which we made a successful bid at the long-term decarbonization power source auction, and at the new Unit 2 at Yanai Power Station, which is undergoing replacements for LNG-fired thermal power. We aim for these two to be our main power sources in the 2030s for carbon neutrality.

We forecast that our investments related to decarbonization, which include not only these power source facilities but also investments in renewable energy introduction and the transmission and distribution business, will reach about 1.3 trillion yen over the seven years from FY2025 to FY2031.

It is necessary to procure capital to support such large amounts of investments, and we are moving forward with initiatives that contribute to steady capital procurement including the utilization of sustainable finance.

[S: Society (Human Capital)]

Regarding human capital, we are engaged in further development of environments where diverse human resources can actively participate based on a comprehensive, group-wide policy.

Most recently, we are newly establishing and expanding various system that support diverse workstyles, including in-house dual posts, re-employment for persons who retired due to personal reasons, and temporary spouse support leave. Also, in order to make full use of each employee's skills, we carry out surveys on topics such as "employee engagement" for all employees and use these as materials to enhance communication between managers and their employees.

Through these initiatives, we aim to foster a corporate culture that allows both the individual and the organization to continually grow.

[G: Governance]

As one of our initiatives for strengthening governance, we plan to revise the structure of executive compensation and to introduce the stock compensation plan, thus increasing the ratio of performance-linked remuneration. By reflecting the result of efforts towards ESG-related matters into part of the bonuses, we aim to improve their functionality as incentives towards continuous growth.

Moving forward, through our response to requests from the Tokyo Stock Exchange and promotion of sustainability management, we will strive to improve our corporate value so that we will be highly valued on the capital market as well. We will continue to reflect the opinions and requests we hear from you in various discussions into our management, and we ask for your continued cooperation.

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