

**Investors Meeting for FY 3/2025 Financial Results**  
**Message from Top Management**

<Financial Results for FY 3/2025 and Business Performance Forecast for FY 3/2026>

In the consolidated financial results for FY 3/2025, ordinary profit was 128.5 billion yen and profit attributable to owners of parent was 98.4 billion yen. Both were a decrease in profits compared to the same period of the previous fiscal year. While there were improvements to income and expenditures due to resuming operation at Shimane Nuclear Power Station Unit 2, management efficiency, and the like, this decrease was due to a decrease in the gain from the time lag of the fuel cost adjustment system, a drop in total electricity sales volume, a decrease in revenue in the power transmission and distribution business, and other factors.

On the other hand, due to the increase in profit over our initial plan for an ordinary profit of 65.0 billion yen, the consolidated shareholders' equity ratio reached 16.2%, meaning we restored the consolidated shareholders' equity ratio to 15%, which was our goal for the end of FY 3/2026, a year ahead of schedule.

As for our performance in FY 3/2026, while we do expect impacts from a decrease in market prices and harsher competition, a decrease in profit for the power transmission and distribution business, and other factors, we also forecast that improved revenue due to operation of Shimane Unit 2 and an increase in total electricity sales volume will lead to ordinary profit of 85.0 billion yen, profit attributable to owners of parent of 65.0 billion yen, and a consolidated shareholders' equity ratio of 16.5% at the end of FY 3/2026.

<Dividend Policy>

As profits have increased since the previous announcement in March, we plan to set dividends for FY 3/2025 to 27 yen per share annually including a year-end dividend of 22 yen per share. Starting from FY 3/2026, we will review our dividend policy, which conventionally had a dividend payout ratio of 10%, and will set a standard of paying dividends with a dividend payout ratio of approximately 12%. Also, with improving management stability as a prerequisite, we will strive to implement annual dividends of at least 10 yen per share.

Based on this new dividend policy, we will pay annual dividends of 21 yen per share for FY 3/2026.

The standard of 15% for the consolidated shareholders' equity ratio, which we had set as a target until now, was set to mark our escape from a critical situation.

As for our financial results for FY 3/2025, consolidated ordinary profit reached 128.5 billion yen and the consolidated shareholders' equity ratio was restored to 15%; however, due to a high level of investment, the free cash flow is 172.8 billion yen in the red. In the future as well, large amounts of investment will be required for Shimane Nuclear Power Station Unit 3, the replacement of the Yanai Power Station Unit 2 series, and other projects that are essential for the stable supply of energy, decarbonization of our power sources, more stable management,

and the enhancement of our future competitiveness.

In order to smoothly procure funding, we will continue to create profit across the Group and strive for a positive free cash flow, putting utmost priority on achieving quicker reviews and construction work to swiftly commence operations at power sources as well as on reducing the total amount of investment by streamlining material procurement.

We believe that such initiatives will improve the corporate value of our Group in the future and lead to improved value for shareholders, and we ask for your understanding regarding the dividend policy indicated here.

#### <Status of Responses to Management Issues>

Reflecting on FY 3/2025, we were able to resume operation at Shimane Unit 2 in December 2024, which was one of the most important issues. Resuming operation at Shimane Unit 2 will not only contribute to the stable supply of electricity, but will also lead to more stable financial performance and the enhancement of our financial base by mitigating the impact of fuel price fluctuations. It is also extremely important for carbon neutrality, and we believe this is a major milestone for the management of the company.

We would like to once again express our sincere appreciation to local community members for their understanding and cooperation, to those who provided support for procuring funding, and to all other relevant parties.

In FY 3/2026, we will strive for the stable operation of Shimane Unit 2 with the utmost importance on safety. Furthermore, while we face a harsh environment in our retail business and power generation and wholesale businesses due to lower market prices and tougher competition, we have shifted to implementing measures based on the strategies formulated by the projects established in 2024 for “profitability reinforcement” and “power balancing optimization,” and we are steadily beginning to see results.

In our retail business, we have reviewed our standard rate plans for extra-high voltage and high voltage customers and developed new rate plans as well as actively engaged in sales activities to take back withdrawn demand, and we also enhanced our sales activities outside of the region. As a result, we forecast that the electricity sales volume for FY 3/2026 will recover to a level above that two years ago in FY 3/2024.

In our generating and wholesale business, we presented our new rate plans at an early stage and carried out strategic open wholesale offers. During FY 3/2026 as well, we will strive to improve our competitiveness by reducing costs and enhancing our trading function for the active utilization of market transactions.

For the immediate situation at hand, the future seems increasingly uncertain due not only to harsher competition but also to concerns about increasing procurement costs for materials and labor costs following rising prices as well as impacts on economic activities due to tariffs enacted by the USA. While the management environment is harsh, we will take the necessary countermeasures for expanding profit planned for FY 3/2026.

#### <Revisions to the Group Corporate Vision>

In February 2025, Japan’s Seventh Strategic Energy Plan received Cabinet approval. This indicates a policy of maximizing the use of energy sources with a high decarbonization effect,

and also revises the previous premise that electricity consumption will decrease, instead including a forecast that the demand for electricity in Japan will increase.

There is also increasing need for decarbonization, and the Chugoku Electric Power Group considers such changes in the business environment to be opportunities for significant growth. To that end, we are currently investigating a new Group Corporate Vision.

With a view to around 2040, we would like to set our ideal form based on our aspiration to meet stakeholder expectations, grow together, and create a sustainable society.

Furthermore, regarding our targets, in addition to our targets until around 2030, where we expect operation of Shimane Nuclear Power Station Unit 3, the next major milestone for our company, we are also presenting long-term targets even beyond that which focus on improving capital profitability in order to expand new growth investments and returns to shareholders based on the premise of a stable financial base.

As indices for our “financial targets,” we not only hope to use indices with an awareness of financial discipline, such as the shareholders' equity ratio, but also to incorporate indices that focus on capital efficiency such as ROE and ROIC. Furthermore, in addition to financial targets, we are also engaged in investigations for setting “sustainability targets” related to ESG initiatives for promoting sustainability management.

#### <In Conclusion>

In order to achieve management with the direction we have presented today, we consider “enhancing profitability utilizing electricity-related markets,” “enhancing our comprehensive risk management structure including market risks,” and “enhancing our cash management with an aim to both restore and enhance our financial base as well as grow profits” to be urgent issues, and we will establish an organization to respond to these issues in June 2025.

By continue to work toward regaining trust, growing profits, and promoting sustainability management, we will strive to improve the corporate value of the Chugoku Electric Power Group.

End

\* In this document, the term “FY 3/2025” refers to the period between April 1, 2024 and March 31, 2025

\* This document has been translated from the Japanese original for reference purposes only.

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