

Chugoku Electric Power Group CORPORATE VISION 2040

Analysts and Institutional Investors Briefing
on October 2, 2025

In 2020, five years ago, we formulated our previous Chugoku Electric Power Group Corporate Vision, ENERGIACHANGE 2030. During this period, in addition to the accelerating tide of decarbonization and expanding volatility in fuel and wholesale electricity market prices, progress has also been made in electricity system reforms, including the development of various electricity markets. In addition, the environment surrounding the energy business is changing drastically, as the Japanese government's Strategic Energy Plan has been revised in order to achieve both energy supply stability and decarbonization amidst the expected increase in electricity demand.

In our home Chugoku region, electricity demand is expected to increase at a faster pace than the national average due to the progress of digital transformation (DX) and the expansion of electrification for green transformation (GX) in the manufacturing industry. Meeting these energy supply and decarbonization needs is the mission of the Group, and represents an opportunity for significant growth.

As a major step in this direction, we were able to restart Shimane Nuclear Power Station Unit 2 last December after being offline for about 13 years. With the consensus of the local community, we will continue to make utmost efforts to ensure stable operations with safety as our main premise. Now, in order to stabilize our revenue and financial base and finances and move on to the next stage of decarbonization, we are doing our utmost to get Shimane Nuclear Power Station Unit 3 up and running. Although it is a great challenge from a financial perspective to work on nuclear power plant projects in sequence, which require advance investments, we will continue to steadily improve profits during this period through measures such as enhancing our customer services, enhancing power source value, and evolving our trading. Furthermore, we will actively utilize sustainable financing to secure necessary funds, thereby building a foundation for growth. After the launch of operations at Shimane Unit 3, we will steadily reap the rewards of our investments up to that point. Leveraging our high capital profitability and stable financial base, we will grow sustainably and further enhance our corporate value. By doing this, we will also contribute to the sustainable development of the region.

We have formulated the Chugoku Electric Power Group Corporate Vision 2040 to share our thoughts and vision for the future toward growth with our customers, local communities, society, shareholders, investors, and Group employees, and to achieve growth together.

In this vision, we have taken our management philosophy of “Trust. Creation. Growth.” and established a clear value creation story in which we will “create economic and social value based on the capital generated from the trust of our stakeholders, and return that value to our stakeholders, leading to the next stage of growth.” We will meet the expectations of our stakeholders and contribute to the creation of a sustainable society by sincerely tackling challenges, whether today or a hundred years from now, and by realizing our value creation story looking out over these long horizons to the fruits of our efforts each day over the many years to come.

Nakagawa Kengo

Representative Director, President &
Chief Executive Officer

September 30, 2025

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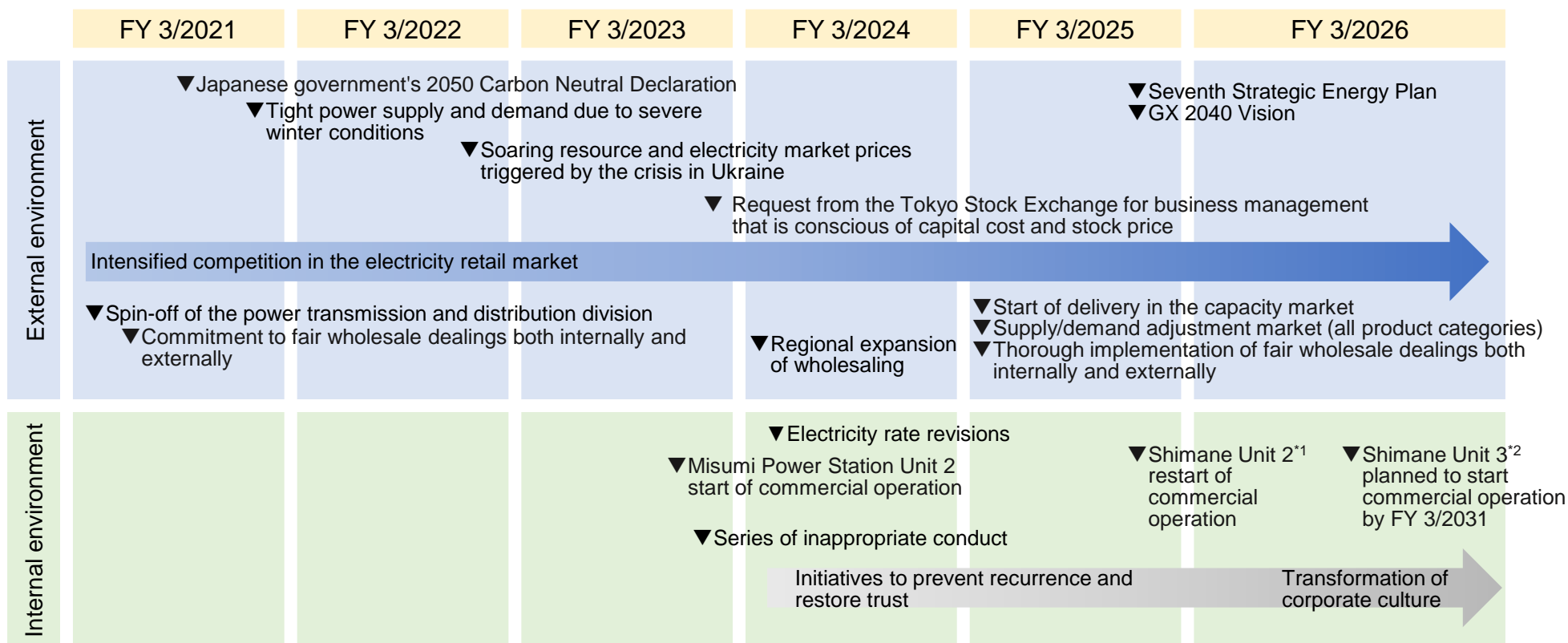
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Review of the Past

Review of the Past

Changes in the Business Environment to Date

- Since the formulation of "ENERGIACHANGE 2030", the nature of the energy business itself has undergone major changes, including accelerated trends toward decarbonization, expanding volatility in fuel and wholesale electricity market prices, and progress in electricity system reforms, such as the development of various electricity markets. Furthermore, in the 7th Strategic Energy Plan decided by the Cabinet in February 2025, the previous assumption that "future electricity demand will decrease" was revised, and an outlook was presented that "future electricity demand will increase," reflecting progress in digital transformation and green transformation.
- Turning to the internal environment, the start of operations of Shimane Nuclear Power Station Units 2 and 3, which had been scheduled by FY 3/2026, has been delayed. In addition, a series of inappropriate conduct occurred, resulting in a significant deviation from the scenario initially envisioned.

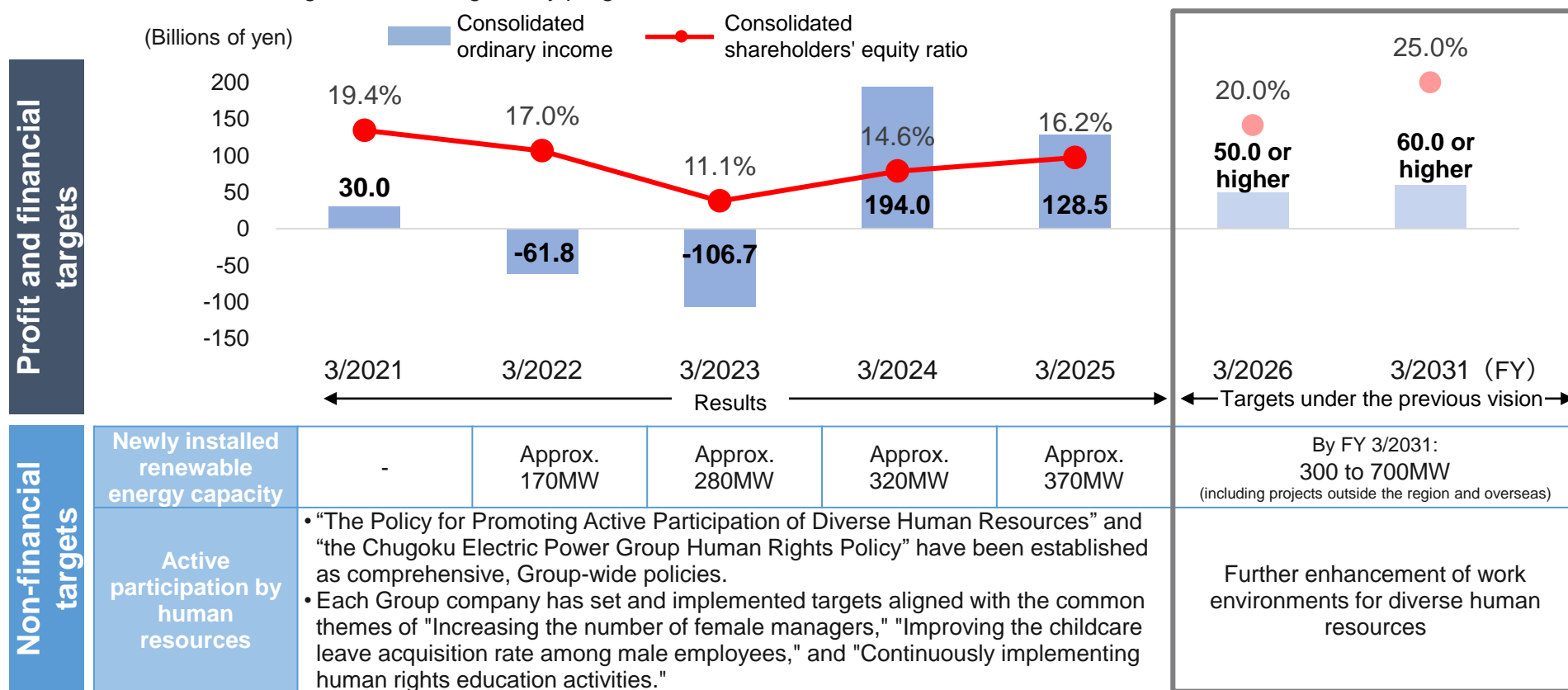


*1: Shimane Nuclear Power Station Unit 2, *2: Shimane Nuclear Power Station Unit 3

Review of the Past

Progress Toward Management Targets

- Although each organization and Group company has implemented various measures, such as enhancing services for customers and local communities, ensuring stable facility operations, and improving efficiency, the Group recorded its largest-ever losses for two consecutive years in FY 3/2022 and FY 3/2023. This was due to sharp increases in fuel and wholesale electricity market prices amid delays in the start of operations at the Shimane Nuclear Power Station, resulting in significant impairment of shareholders' equity.
- Subsequently, in FY 3/2024, we implemented the first electricity rate revisions since FY 3/2009. Combined with gains from the accounting period lag arising from the decline in fuel prices, our consolidated ordinary income has remained above the target level. However, our consolidated shareholders' equity ratio continues to remain well below the target.
- Meanwhile, initiatives for the introduction of renewable energy and the promotion of active participation by human resources, which have been set as our non-financial targets, are making steady progress.



Review of the Past

Initiatives for Restoring Our Revenue and Financial Base

- To date, we have worked to improve profit margin and asset efficiency in our efforts to restore our revenue and financial base.
- Recently, we have improved profit margin through the restart of Shimane Unit 2 and advanced asset streamlining by decommissioning aged thermal power plants and selling assets. Although our retail electricity business and power generation and wholesaling business continue to face a challenging environment due to declining market prices and intensifying competition, we are implementing measures based on the strategies formulated by the project established in FY 3/2025 to strengthen profitability and optimize supply and demand. We are beginning to see positive results from these initiatives.

Improve profit margin

Resume commercial operation at Shimane Unit 2

Expand revenue by enhancing our trading function

- Expand wholesale electricity sales volume during the term using negotiated transactions and market transactions
- Reduce performance fluctuation risks and improve expected profits using fuel and electricity market prices that also utilize financial transactions

Increase amount of generated electricity by shortening the inspection period for thermal power and hydroelectric power generating facilities

- Shorten the construction period for the Matanogawa Pumped Storage Hydroelectric Power Station Etc.

Implement measures to expand revenue investigated by the Power Balancing Optimization Project

- Formulate an optimal wholesales strategy and optimize fuel procurement in light of market trends and other factors
- Set new wholesale rate plans in light of customer needs (such as plans linked to market prices)

Implement measures to expand revenue investigated by the Profitability Reinforcement Project

- Formulate a retail sales strategy and an optimal power source procurement strategy
- Develop and expand diverse rate plans in light of customer needs (such as rate plans linked to market prices)

Reduce the amount of adjustment capability required in light of structural changes to the supply/demand adjustment market Review and streamline design and construction methods and expand area covered by the network center

Improve asset efficiency

Decommission three aged thermal power station units (Mizushima Unit 2 (coal), Shimonoseki Units 1 and 2 (coal, heavy oil))

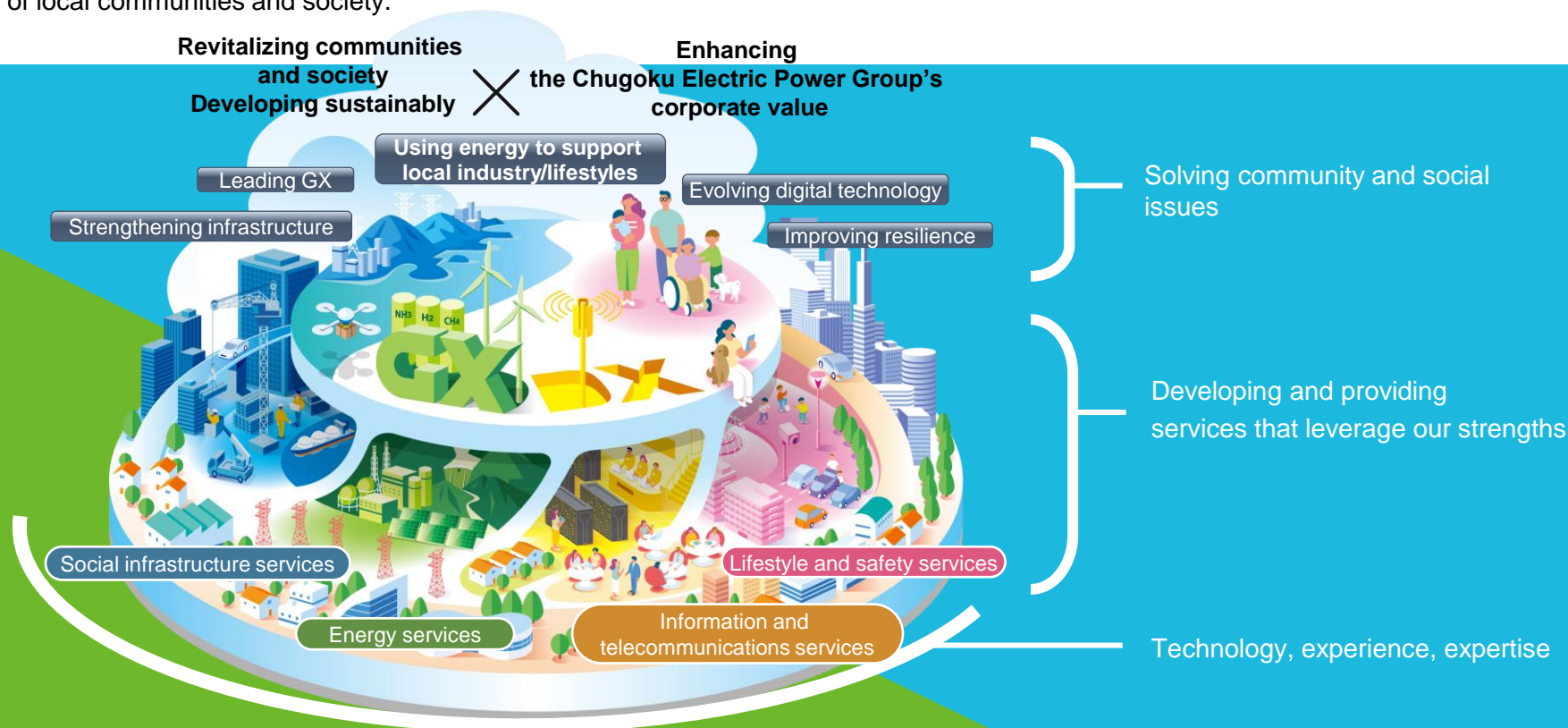
Slim down our assets by selling cross shareholdings, uranium, and the former Shimonoseki Power Station and the like

Perform stricter cash management by carefully selecting investments and the like

Chugoku Electric Power Group Corporate Vision 2040

01 The World We Seek in the Chugoku Electric Power Group Corporate Vision 2040

- The Chugoku Electric Power Group has technology, experience, and expertise cultivated over many years with the support of customers and local residents. We see the current trend of increasing demand for electricity and growing needs for decarbonization as an opportunity for the Chugoku Electric Power Group to grow. Therefore, we will support energy in the Chugoku region and further strengthen our business foundation by shifting our business model while staying close to the issues faced by our customers and those in the community, and by creating new services through the ingenuity of our employees. Furthermore, we will leverage our strengths to grow outside the Chugoku region and overseas.
- Through co-creation with Group companies and external partners, including local governments, we will develop businesses to solve regional and social issues such as regional GX, resilience improvement, and digital evolution. The Chugoku Electric Power Group is committed to maximizing corporate value by improving the social and economic value of the Group through contributing to the revitalization and sustainable development of local communities and society.



02 Future Prospects and Business Opportunities for the Chugoku Electric Power Group

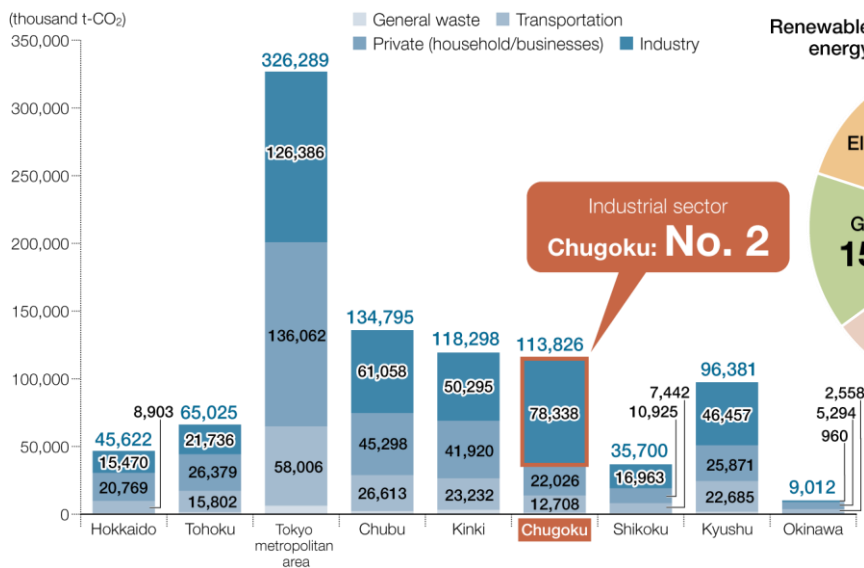
Growing Decarbonization Needs in the Chugoku Region

- In the Chugoku region, which is home to some of Japan's leading manufacturers, there is a growing need for decarbonization, including low-carbon energy and energy efficiency for GX.
- There is a growing trend, centered on the Setouchi Industrial Complex, to switch energy sources for production use from mainly coal to receiving grid power and LNG as part of corporate efforts toward GX.

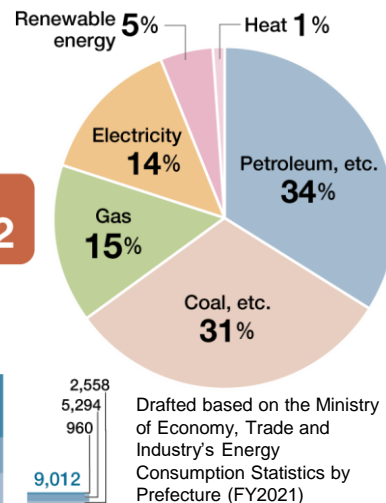
Chugoku region potential (decarbonization of manufacturing)

- The Chugoku region is home to some of Japan's leading manufacturers in steel, chemicals, automobiles, and more. This region is second only to the Tokyo metropolitan area in terms of CO₂ emissions from the industrial sector.

CO₂ emissions by sector by region



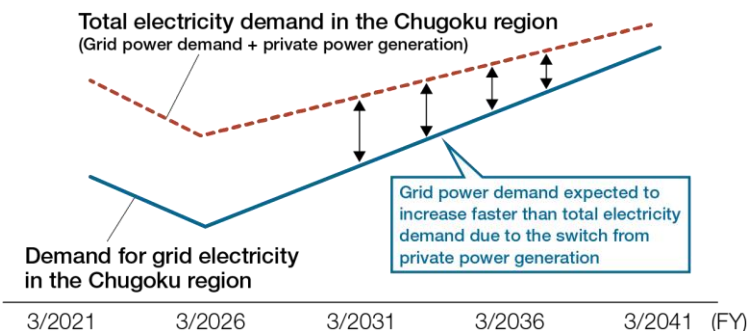
Energy consumption by fuel type in the Chugoku region



Chugoku region potential (expansion of electrification)

- In the Chugoku region, there are many coal-fired private power plants used by manufacturers, and there is an accelerating trend toward receiving grid power and switching to LNG toward GX.
- In addition, steelmakers are increasingly shifting from coal-based blast furnaces to electric furnaces, which is expected to generate power needs equivalent to around 0.5 to 1 nuclear power station units.

Illustration of electricity demand in the Chugoku region

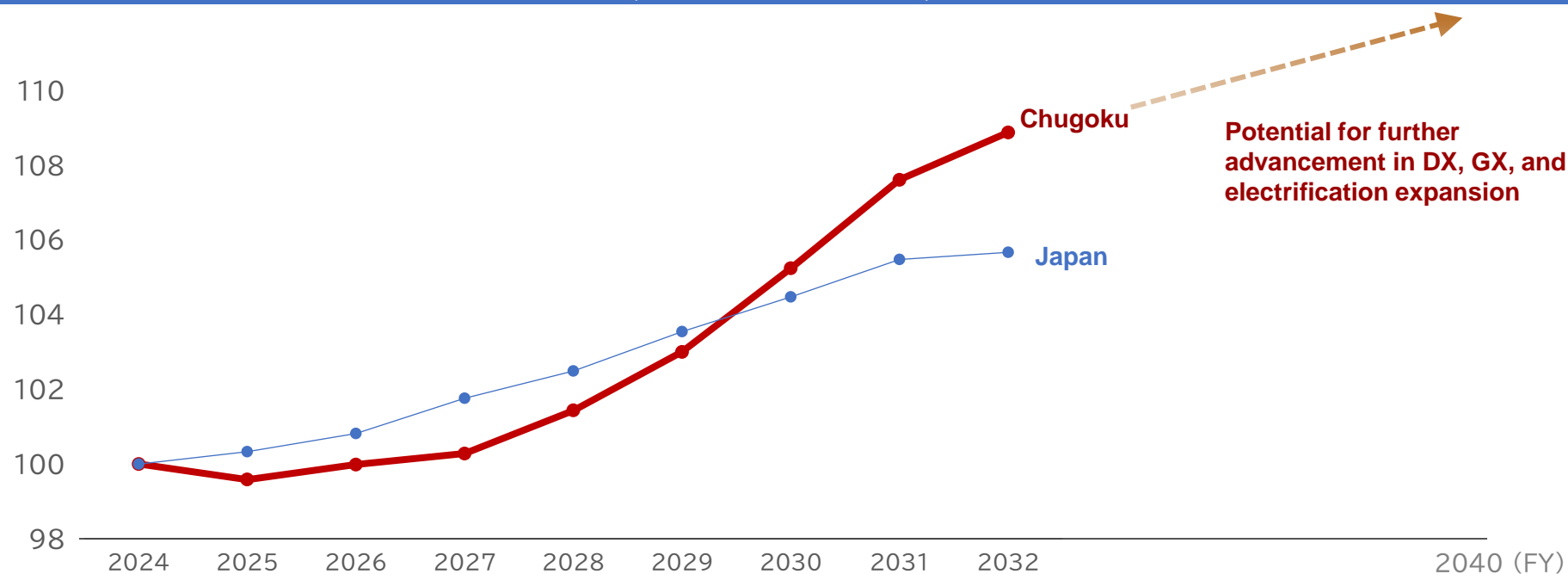


02 Future Prospects and Business Opportunities for the Chugoku Electric Power Group

Projected Increase in Electricity Demand in the Chugoku Region Above the National Average

- The Chugoku region, which is the business base of the Chugoku Electric Power Group, has a relatively low risk of natural disasters, making it an ideal location for data centers. Data centers are currently concentrated in the Tokyo and Osaka metropolitan areas, but decentralizing to regional areas is becoming increasingly important for resilience, and demand for electricity is expected to increase in the Chugoku region due to construction of data centers.
- In the Chugoku region, electricity demand is expected to increase at a faster pace than the national average due to increased demand for data centers and other facilities in line with advancing DX, as well as the expansion of electrification for GX in the manufacturing industry.

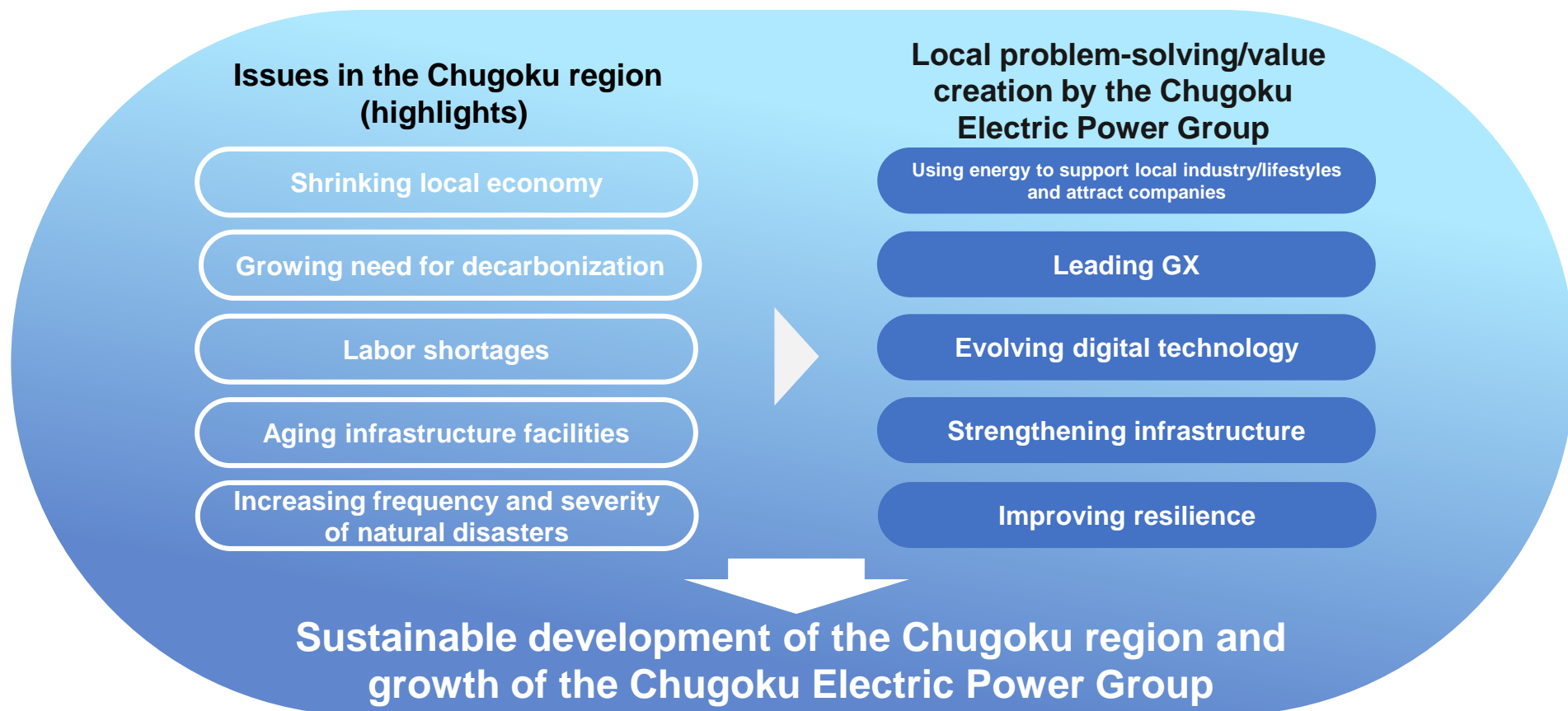
Electricity demand outlook for the Chugoku region
(Index: FY 3/2025 = 100)



02 Future Prospects and Business Opportunities for the Chugoku Electric Power Group

Expectations for Problem Solving in the Chugoku Region

- In the Chugoku region, the effects of population decline and other factors are becoming apparent, and we believe that promoting initiatives to resolve these regional issues is what the Chugoku Electric Power Group, as a corporate group rooted in the Chugoku region, is expected to do in the region.
- The Chugoku Electric Power Group will use its collective capabilities to support local industries and customer lifestyles, growing sustainably together with the region.



03 Overview of the Chugoku Electric Power Group Corporate Vision 2040

- The Chugoku Electric Power Group Corporate Vision 2040 was formulated with the desire to grow together with all our stakeholders, with a focus on our energy business that has our domestic electricity business as a growth pillar, and by viewing major changes in the business environment and regional challenges, such as increased demand for electricity and growing needs for decarbonization, as opportunities for significant growth for the Chugoku Electric Power Group.
- We have established our desired outcomes for FY 3/2041, and have set management targets and materiality (priority initiative themes) to bring these outcomes to fruition.

Our Desired Outcomes

The Chugoku Electric Power Group maximizes corporate value by improving economic and social value

Leading the region with energy solutions

Becoming the best partner for prosperous lifestyles and community development

All employees take on challenges and shine in their positions

Management targets

Financial targets (Economic value)		FY 3/2031	FY 3/2041
	ROE	8% or more	10% or more
	ROIC	3% or more	WACC+1% or more
	Equity ratio	20% or more	Approx. 25% to 30%*

*All financial targets in this document are on a consolidated basis unless otherwise stated

*Target for FY 3/2036 to FY 3/2041

Sustainability targets (Social value)	E	Integrated actions toward carbon neutrality, creation of a recycling-oriented society, and coexistence with nature
		Supply chain GHG emissions (Scope 1, 2, and 3) 50% reduction by FY 3/2031 (vs. FY 3/2014) 60% reduction by FY 3/2036 (vs. FY 3/2014)
	S	Earning the trust of our community and society
		Diverse personnel achieve empowerment and greater engagement
	G	Building fair, transparent, and effective governance

Materiality



Continuous evolution of the energy business



Expanding the value provided by the Group's collective capabilities to solve community and social issues



Creating an environment where diverse human resources can demonstrate their abilities



Strengthening the management foundation to achieve higher corporate value

04 Our Desired Outcomes

- We have set our desired outcomes for FY 3/2041.
- Founded in the trust of our stakeholders, the Chugoku Electric Power Group will meet their expectations and maximize our corporate value by continuously building greater economic and social value through our business activities.

The Chugoku Electric Power Group maximizes corporate value by improving economic and social value

In our business activities, centered on the energy business, we will mobilize the strengths of our employees to continuously enhance profitability and growth while strengthening the trust of our customers and communities. While doing this, we will consistently address the demands of society by promoting sustainability management.

Leading the region with energy solutions

By supporting regional energy, we build a strong business foundation and contribute to the development of the community.

We will lead GX in our community by addressing customers' issues and needs, including for decarbonization, with a wide range of solutions.

We will leverage our strengths to grow outside our region and overseas.

Becoming the best partner for prosperous lifestyles and community development

We will be well-attuned to the issues of our customers and community, creating the future of the community as a trusted partner.

We will help to build prosperous lifestyles and communities by leveraging the collective strengths of the Group.

All employees take on challenges and shine in their positions

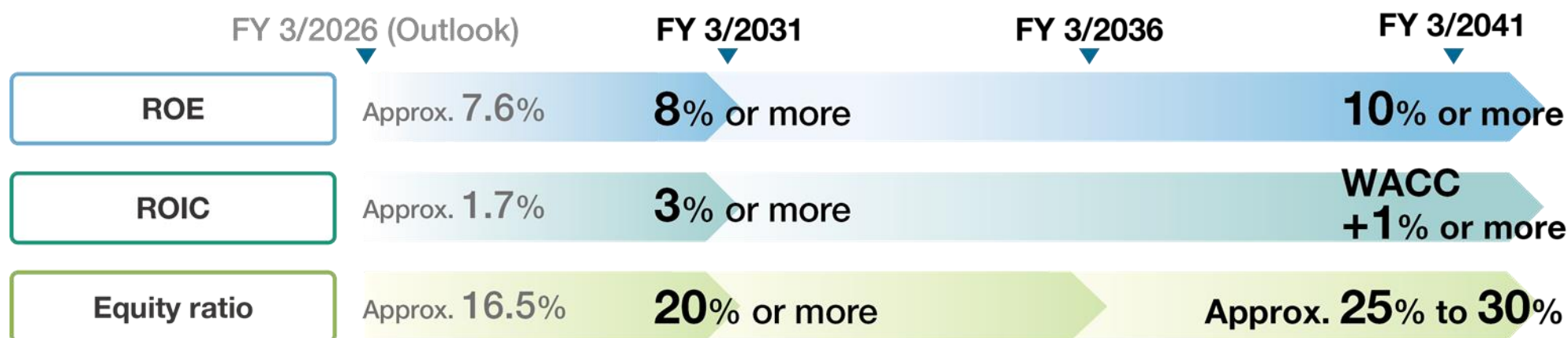
We will provide new value by combining the strengths of employees with diverse experiences and values.

We will create an environment that encourages ambition and growth for each and every employee and allows them to maximize their abilities under a transparent and open corporate culture.

05 Management Targets (Financial Targets)

- We have set our financial targets toward FY 3/2041 with the aim of achieving sustainable growth with high capital profitability and a stable financial base.
- Through FY 3/2031, we will steadily increase profits while controlling asset and liability growth even as we invest in Shimane Unit 3 and the new Yanai Power Station Unit 2* for future growth, transforming to a sound financial structure.

* Replacement of Unit 2 at Yanai Power Station



KPIs to achieve financial targets



Note 1: All financial targets are on a consolidated basis.

Note 2: WACC for FY 3/2026 is expected to be approximately 1.6%. WACC for FY 3/2031 is assumed to be just under 3%.





05 Management Targets (Sustainability Targets)

- To achieve sustainability for the Chugoku Electric Power Group, we have set sustainability targets from an ESG perspective.
- Each Group company will set targets in the Group Medium-term Management Plan and work toward achieving the Group's goals.

E	Environment	Group Target	Integrated actions toward carbon neutrality, creation of a recycling-oriented society, and coexistence with nature
		Target for Chugoku Electric Power Company	Supply chain GHG emissions (Scope 1, 2, and 3) 50% reduction by FY 3/2031 and 60% reduction by FY 3/2036 (vs. FY 3/2014) Reduce CO ₂ emissions by 50% by FY 3/2031 in both retail and power generation businesses (vs. FY 3/2014) *Toward FY 3/2036, we will work to achieve the Group's overall goal of a 60% reduction in supply chain GHG emissions (vs. FY 3/2014).
S	Community/ society	Group Target	Earning the trust of our community and society
		Target for Chugoku Electric Power Company	Trust in Chugoku Electric: 75% or more (percentage of positive responses to a “trustworthy” corporate image in our web survey) Promoting co-creation activities to solve community issues and enhancing communication with the community and society
	Personnel	Group Target	Diverse personnel achieve empowerment and greater engagement
		Target for Chugoku Electric Power Company	Ratio of female section chiefs and above: Equal to the ratio of female employees (20% or more) Employee engagement: 70% or more (positive response rate)
G	Governance	Group Target	Build fair, transparent, and effective governance
		Target for Chugoku Electric Power Company	Ratio of external directors: 50% or more Ratio of female directors: 30% or more

06 Materiality

- We have set 4 materialities as priority initiative themes to realize our desired outcomes. We will address the major issues corresponding to these materialities in the Group Medium-term Management Plan.

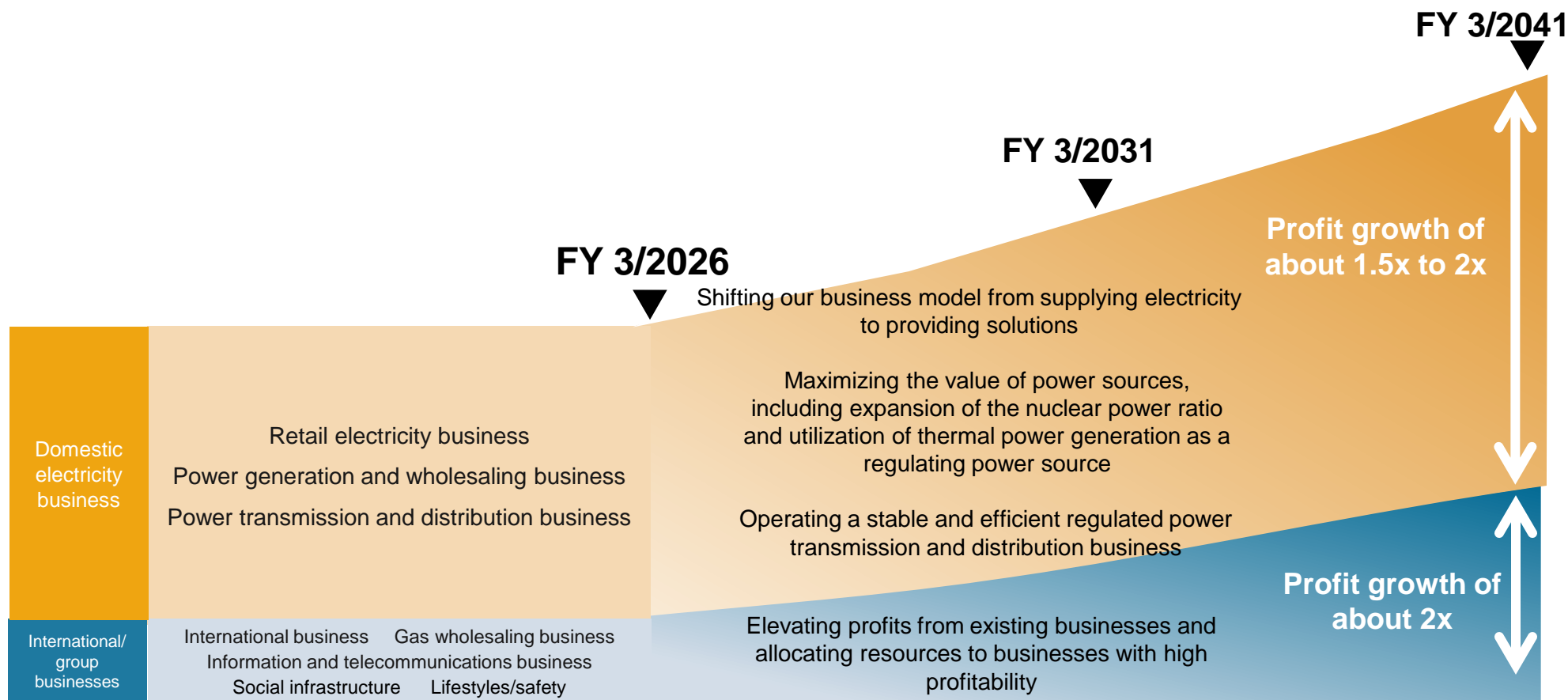
Materiality	Major issue
 Continuous evolution of the energy business	<ul style="list-style-type: none"> ● Stable energy provision and decarbonization ● Utilize nuclear power generation while making safety the top priority ● Developing new rate plans and services ● Evolving market trading and market risk management
 Expanding the value provided by the Group's collective capabilities to solve community and social issues	<ul style="list-style-type: none"> ● Leading community GX ● Strengthening efforts for regional co-creation and attracting companies ● Improving resilience through community partnerships ● Business development for stronger local infrastructure and digital evolution ● Expanding business domains and areas by leveraging technology and expertise
 Creating an environment where diverse human resources can demonstrate their abilities	<ul style="list-style-type: none"> ● Retaining and growing diverse personnel ● Creating an open workplace that facilitates ambitious challenges ● Preventing industrial accidents and maintaining/promoting health ● Promoting DX and other methods to increase added value and productivity
 Strengthening the management foundation to achieve higher corporate value	<ul style="list-style-type: none"> ● Solidifying our financial base and improving capital profitability ● Transfer technology (including with suppliers) and maintain the supply chain ● Ensure compliance ● Evolving governance and risk management for the Group's growth ● Enhancing communication with stakeholders

Business Portfolio and Financial Strategy to Realize the Chugoku Electric Power Group Corporate Vision 2040

Business Portfolio and Financial Strategy to Realize the Chugoku Electric Power Group Corporate Vision 2040

Business Portfolio

- We will position our domestic electricity business, centered on the Chugoku region, as a pillar of growth for the entire Group.
- In the domestic electricity business, we aim to increase profits to 1.5 to 2 times the profit level in FY 3/2026 by shifting from a conventional business model of supplying electric power to a model providing solutions and maximizing the value of power sources by utilizing the electricity trading market and other tools.
- In our international and group businesses, we will work to raise profit levels of existing businesses and allocate resources to highly-profitable businesses, aiming to expand profits to about double the level of profits from FY 3/2026.



Business Portfolio and Financial Strategy to Realize the Chugoku Electric Power Group Corporate Vision 2040

Initiatives to Strengthen Profitability and Optimize Our Business Portfolio

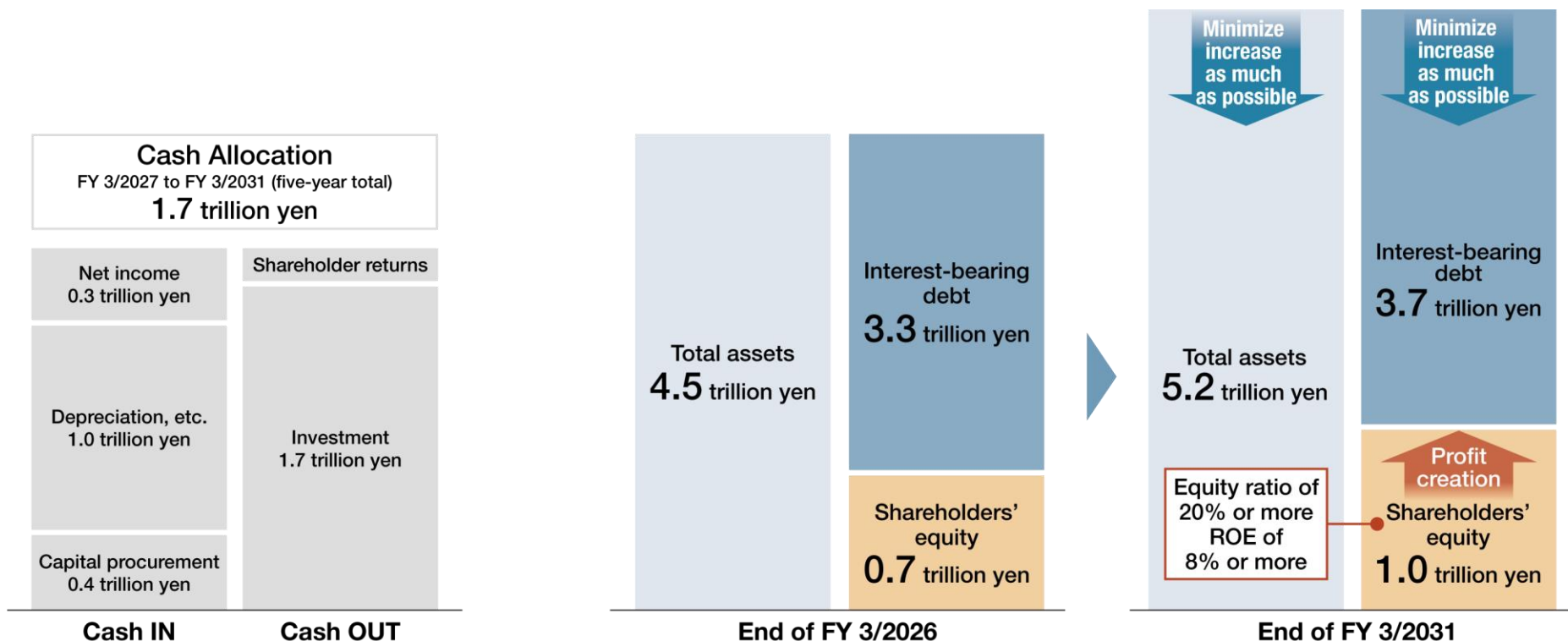
- Utilizing ROIC and other indicators, we will work to strengthen profitability while increasing asset efficiency and optimizing our business portfolio in light of future changes in conditions.

Domestic electricity business	Retail electricity business	<ul style="list-style-type: none"> Developing value-added rate plans and services and expanding energy solutions Capturing increasing demand for electricity due to electrification of the manufacturing industry and new construction of data centers, expanding retail electricity sales through aggressive business development outside the Chugoku region Strengthening our power source procurement function
	Power generation and wholesaling business	<ul style="list-style-type: none"> Through FY 3/2031, enhancing profitability by maximizing the use of Shimane Unit 2* and improving the option value of thermal power generation by utilizing the power trading market, and by evolving trading From FY 3/2031 onward, improving competitiveness by starting operations at Shimane Unit 3 and Yanai Power Station Unit 2 <p>Further expanding trading opportunities and increasing profits with a highly competitive power supply mix</p> <ul style="list-style-type: none"> Developing offshore wind power, transitioning from and replacing thermal power, and working toward the Kaminoseki Nuclear Power Station construction plan to achieve carbon neutrality and increase profits
	Power transmission and distribution business	<ul style="list-style-type: none"> Building a next-generation electricity network to attract large-scale demand to the Chugoku region Efficiently forming facilities and improving utilization of network equipment Securing stable profits in light of institutional trends
International / group businesses	International business	<ul style="list-style-type: none"> Through FY 3/2031, enhancement of profitability of existing projects and optimization through asset replacement Contributing to the expansion of international business revenue and decarbonization in Japan and overseas by working on new projects in FY 3/2031 and beyond
	Gas wholesaling business	<ul style="list-style-type: none"> Strengthening solution proposals integrating electricity and gas to meet customers' needs for electrification and fuel conversion for GX
	Information and telecommunications business	<ul style="list-style-type: none"> Capturing new business opportunities by contributing to evolving digital technologies for communities and society
	Social infrastructure, Lifestyles/safety	<ul style="list-style-type: none"> Enhancing infrastructure- and security-related services, effectively utilizing real estate and other assets
Business portfolio optimization		<ul style="list-style-type: none"> Evaluating and improving businesses and assets using ROIC and other indicators Realigning the business portfolio to streamline assets and quickly recover funds

Business Portfolio and Financial Strategy to Realize the Chugoku Electric Power Group Corporate Vision 2040

Cash Allocation Toward FY 3/2031

- Through FY 3/2031, we will use debt financing to invest in the Shimane Unit 3 and New Yanai Power Station Unit 2, which are essential for the Group's future growth, including stabilized management and greater competitiveness, decarbonization, and more.
- In our efforts to curb an increase in liabilities, we will steadily increase profits by enhancing customer services, increasing the value of power sources, evolving trading, and more, while carefully selecting investments outside of Shimane Unit 3 and the new Yanai Unit 2 to the extent that they do not interfere with a stable supply of energy, among other efforts.



Note 1: Values in the chart are rounded to the nearest whole number. Information on liabilities other than interest-bearing liabilities has been omitted.

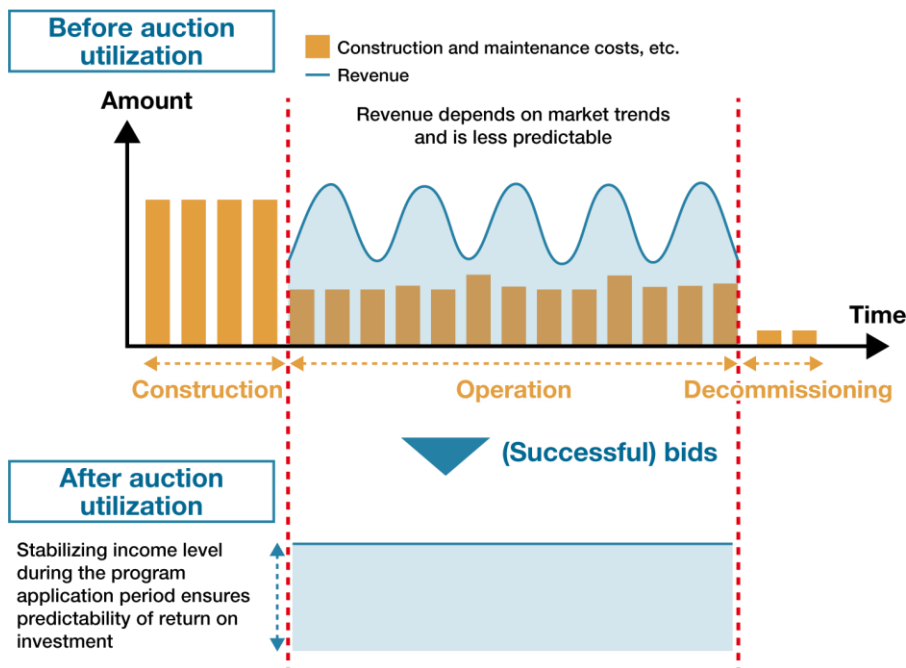
Note 2: Graph values are assumptions made at the time the Group Corporate Vision was formulated, and do not constitute a guarantee.

Business Portfolio and Financial Strategy to Realize the Chugoku Electric Power Group Corporate Vision 2040

Approach to Capital Procurement Toward FY 3/2031

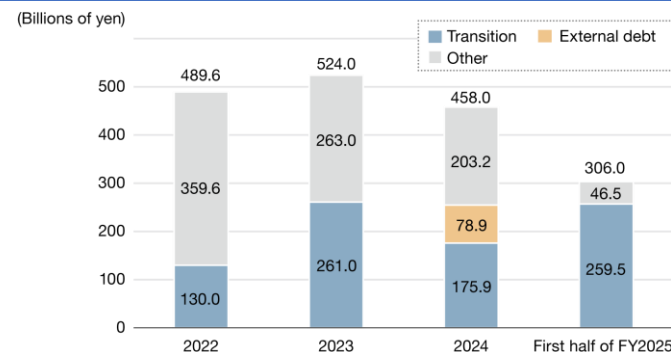
- We have worked to secure a stable base for capital procurement by improving our equity ratio and also by utilizing the long-term decarbonized power resource auction program for Shimane Unit 3 and the new Yanai Unit 2 to increase the predictability of investment returns.
- With regard to capital procurement, we have actively utilized sustainable finance, achieving a transition-linked loan primarily for a megabank, transition-linked loans for regional banks throughout Japan, and transition-linked bonds with proceeds used for investment in Shimane Unit 3, among others.
- We will continue to work to raise the funds needed for investments for future growth and diversify our financing sources, including the use of project financing to reduce debt.

Overview of long-term decarbonized power resource auctions



Drafted based on the Organization for Cross-regional Coordination of Transmission Operators' Long-Term Decarbonized Power Resource Auction (Bidding Year: FY2025) Program Overview Briefing Materials

Capital procurement efforts to date



Syndicated loans for regional banks throughout Japan, managed by financial institutions in the Chugoku region

Originating transition-linked loans in September 2024 and September 2025, jointly managed by five Chugoku region financial institutions (September 2024: 29 banks, total 53.9 billion yen / September 2025: 46 banks, total 109.5 billion yen)

Syndicated loans primarily for a megabank

In March 2025, signed a transition-linked loan agreement with Mizuho Bank, Ltd. as the lead arranger (total amount: 109.5 billion yen)

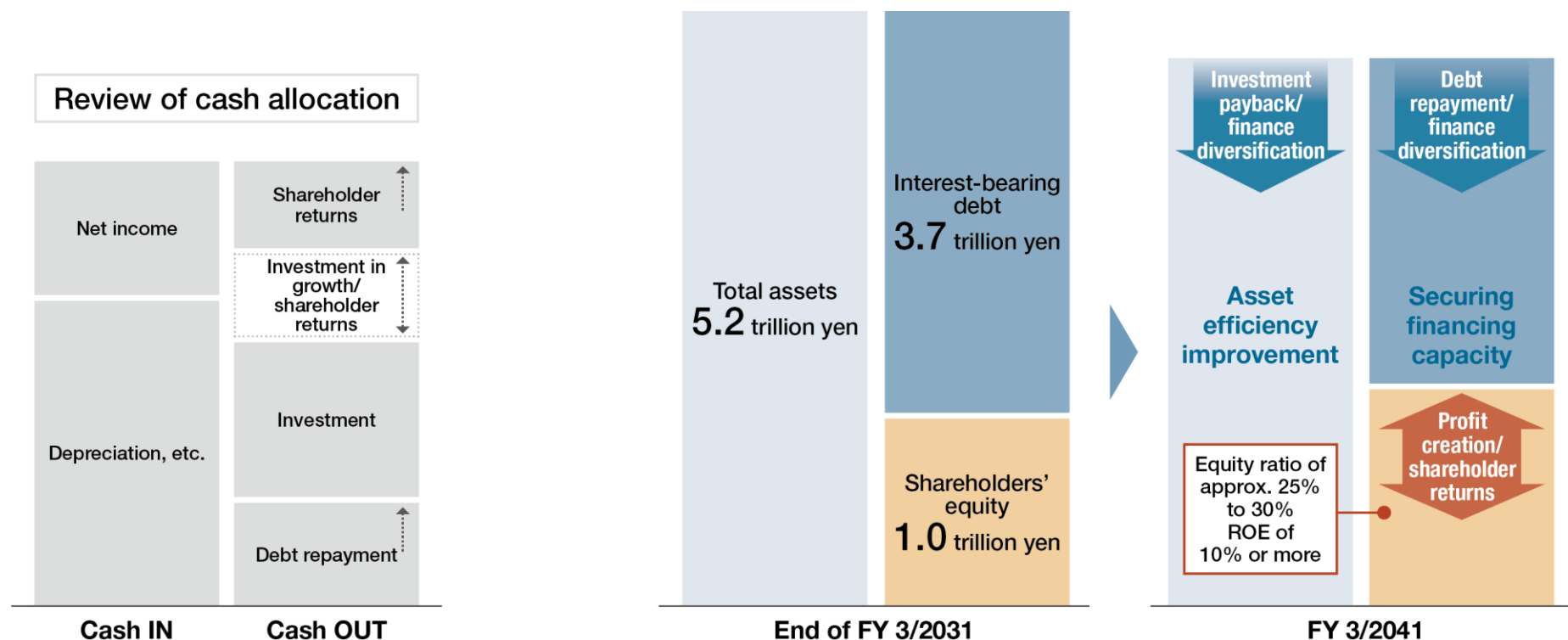
Transition-linked bonds used for investment in Shimane Unit 3

In May 2025, issued transition bonds to fund safety measures, etc. for the Shimane Unit 3 reactor (total amount: 40 billion yen)

Business Portfolio and Financial Strategy to Realize the Chugoku Electric Power Group Corporate Vision 2040

Cash Allocation for FY 3/2031 and Beyond

- From FY 3/2031 onward, our fundamental view is that this will be a period for reaping the rewards of our investments; therefore, we will adapt our approach to cash allocation up to that point, placing more emphasis on debt repayment and shareholder returns.
- We intend to pursue growth investments while also utilizing project financing for investment opportunities that can be expected to generate adequate returns for sustainable growth.



Note 1: Values in the chart are rounded to the nearest whole number. Information on liabilities other than interest-bearing liabilities has been omitted.

Note 2: Graph values are assumptions made at the time the Group Corporate Vision was formulated, and do not constitute a guarantee.

Business Portfolio and Financial Strategy to Realize the Chugoku Electric Power Group Corporate Vision 2040

Future Direction of Shareholder Returns

- In formulating the Chugoku Electric Power Group Corporate Vision 2040, we will review our dividend policy from FY 3/2027 in the interest of alignment with our financial strategy and enhancing predictability of dividends.

Direction of shareholder returns

- In order to provide shareholders with stable dividends even during the process of rebuilding our financial base, we will introduce the concept of dividend on equity (DOE) in deciding dividends from FY 3/2027 onward, when we will begin to carry out the Chugoku Electric Power Group Corporate Vision 2040.
- Specific dividend levels will be determined based on a comprehensive consideration of factors such as the status of rebuilding our financial base, while aiming for a DOE of 2% until the start of commercial operation at Shimane Unit 3.
- After the commencement of commercial operation of Shimane Unit 3, we plan to further enhance shareholder returns in light of improved business performance and stable positive free cash flow expected.

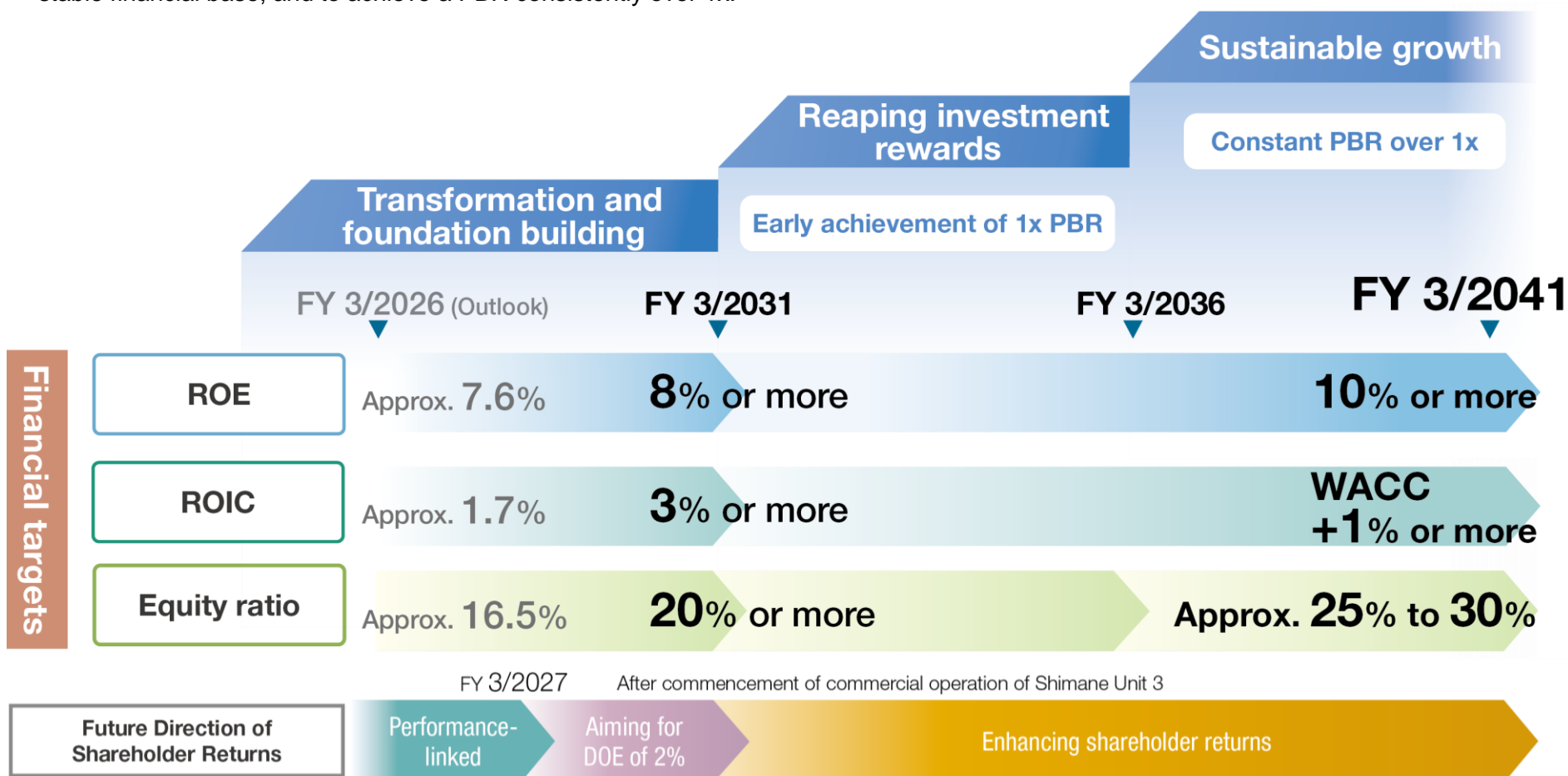
Illustration of the direction of shareholder returns



Business Portfolio and Financial Strategy to Realize the Chugoku Electric Power Group Corporate Vision 2040

Steps to Realize the Chugoku Electric Power Group Corporate Vision 2040

- Through FY 3/2031, when we will be investing in Shimane Unit 3 and the new Yanai Power Station Unit 2, we will continue with transformation and foundation building for sustainable growth.
- From FY 3/2031 onward, we aim to reap the rewards of our investment and continue to grow sustainably with a high return on capital and a stable financial base, and to achieve a PBR consistently over 1x.



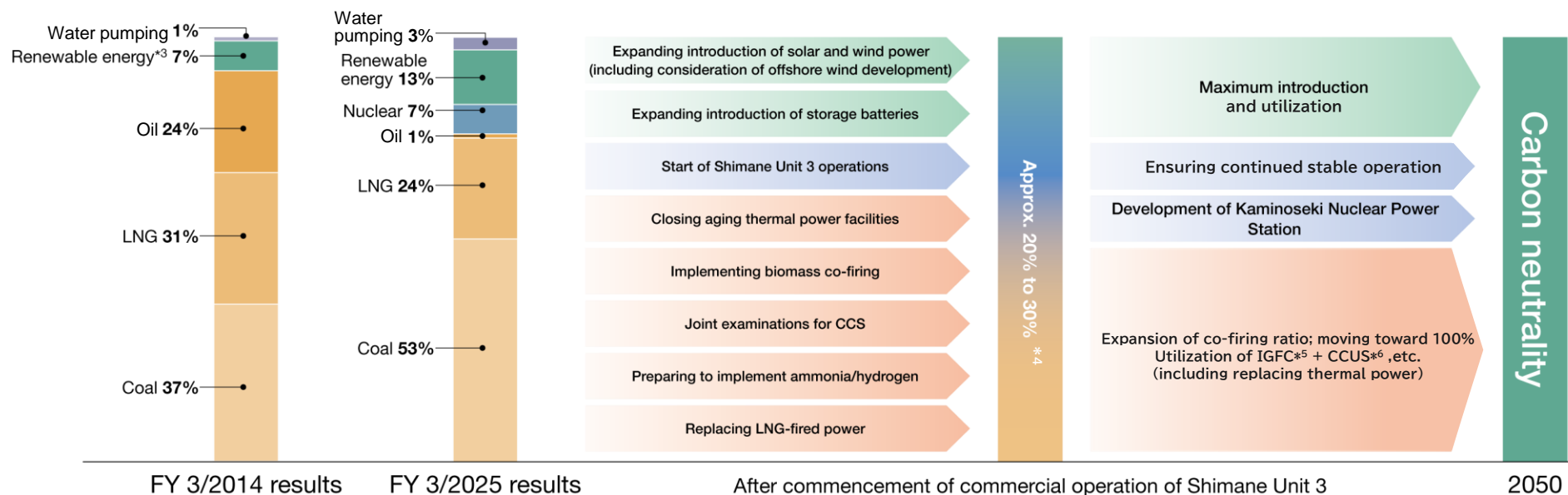
Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Evolution to a Competitive Power Source Composition

- Shimane Unit 2 restarted operations in December 2024, a major step toward stabilizing our operating results and achieving carbon neutrality.
- After Shimane Unit 3 starts commercial operation, our nuclear power ratio as a share of power generated ourselves is expected to exceed the corresponding ratio in the 7th Strategic Energy Plan*¹. In addition, with the increased introduction of renewable energy and the replacement of LNG-fired power generation, the Chugoku Electric Power Group's power source composition will be highly competitive, both economically and in environmental friendliness.
- Furthermore, in order to achieve carbon neutrality by 2050, we will promote co-firing of ammonia and hydrogen in thermal power plants, CCS*², and efforts to develop offshore wind power and the Kaminoseki Nuclear Power Station.

Proportion of generated electric power (generated ourselves)

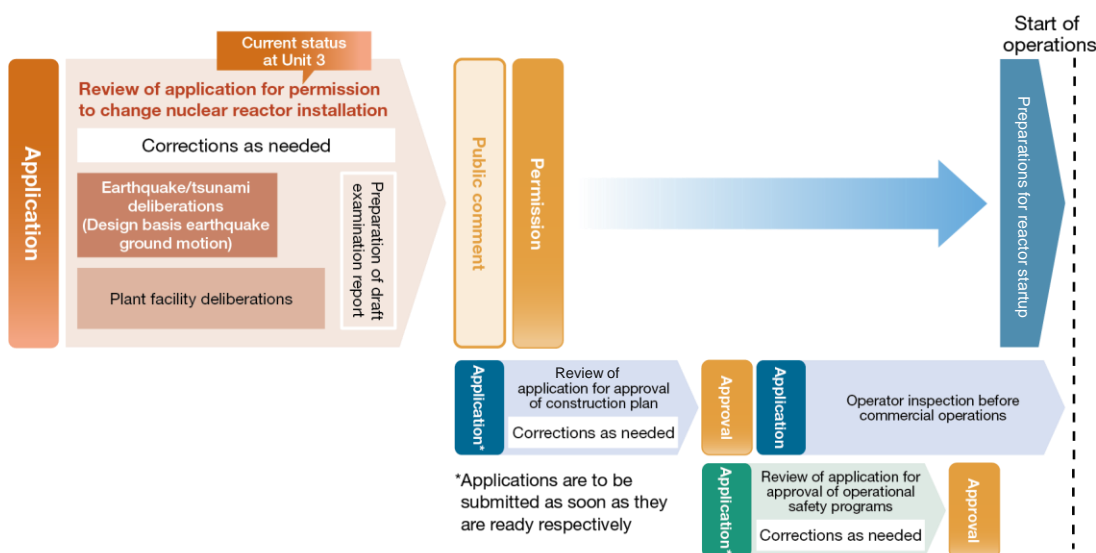
*¹ Cabinet decision in February 2025*³ Hydropower, solar, and thermal (co-combustion with biomass)*⁵ IGFC: Integrated Coal Gasification Fuel Cell Combined Cycle Technology*² CCS: Carbon (CO₂) capture and storage technology*⁴ Nuclear power ratio*⁶ CCUS: Carbon (CO₂) capture, utilization and storage

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Maximizing the Use of Nuclear Power While Making Safety the Top Priority

- At Unit 3, meanwhile, we are currently responding to conformity reviews for new regulatory requirements and provided we can ensure safety, we aim to have safety measure work completed at some point in FY 3/2029, and to start commercial operation by FY 3/2031.
- Looking ahead to achieving carbon neutrality by 2050, we own the Kaminoseki site, to host a new nuclear power station, and we are working on a construction plan to meet the needs for further decarbonized power sources.
- The measures we have in place for storing used fuel have contributed to the long-term stable operation of Shimane Nuclear Power Station, and so we are running investigations into installing interim storage facilities for used fuel at our Kaminoseki site.

Response to conformity reviews for new regulatory requirements at Shimane Unit 3 (as of the end of July 2025)



Consensus-building among local governments and community members

Surveys and investigations into interim storage facilities for used fuel at the Kaminoseki site

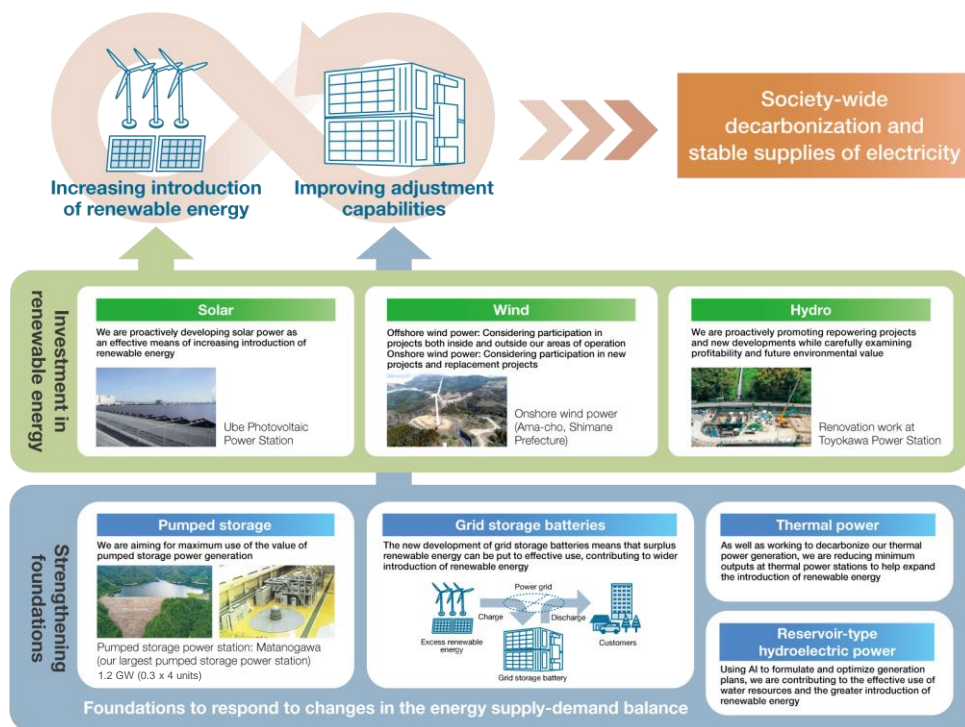
- Between August 2023 and August 2025, we conducted a survey in order both to assess the site's potential and to gather data needed to study plans.
- The results of our analysis and checks, based on the objective data we gained through this surveys, led us to assess that there are no issues standing in the way of building an interim storage facility that cannot be surmounted with technology. As the site has been judged to be viable, on August 29, 2025 we submitted a written report laying out the above to Kaminoseki's mayor.

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Further Introduction of Renewable Energy

- In order to achieve carbon neutrality by 2050, we are actively making efforts such as increasing the introduction of solar and wind power, and increasing the output of existing hydroelectric power. We will actively accumulate technologies and conduct studies for the development of the area off the San'in coast, which is well-suited for floating offshore wind power, a technology expected to be introduced and expanded in the future.
- In line with the expansion of renewable energy, adjustment capabilities using pumped storage plants, grid storage batteries, thermal power, and other sources are growing in importance. We will therefore work to both increase introduction of renewable energy and improve our adjustment capabilities.

Initiatives to increasing introduction of renewable energy And improving adjustment capabilities



Initiatives to develop floating offshore wind power

- The San'in coast of the Chugoku region has many deep waters, holding great potential for developing floating offshore wind turbines.
- In November 2024, with the goal of gaining expertise related to running floating offshore wind operations, and to tie this in to our own future development, we became an investment partner in Kitakyushu Hibikinada Offshore Wind Farm, which began commercial operation in April 2025.
- Going forward, we will continue to study the development of floating offshore wind power based on policy and technology trends.

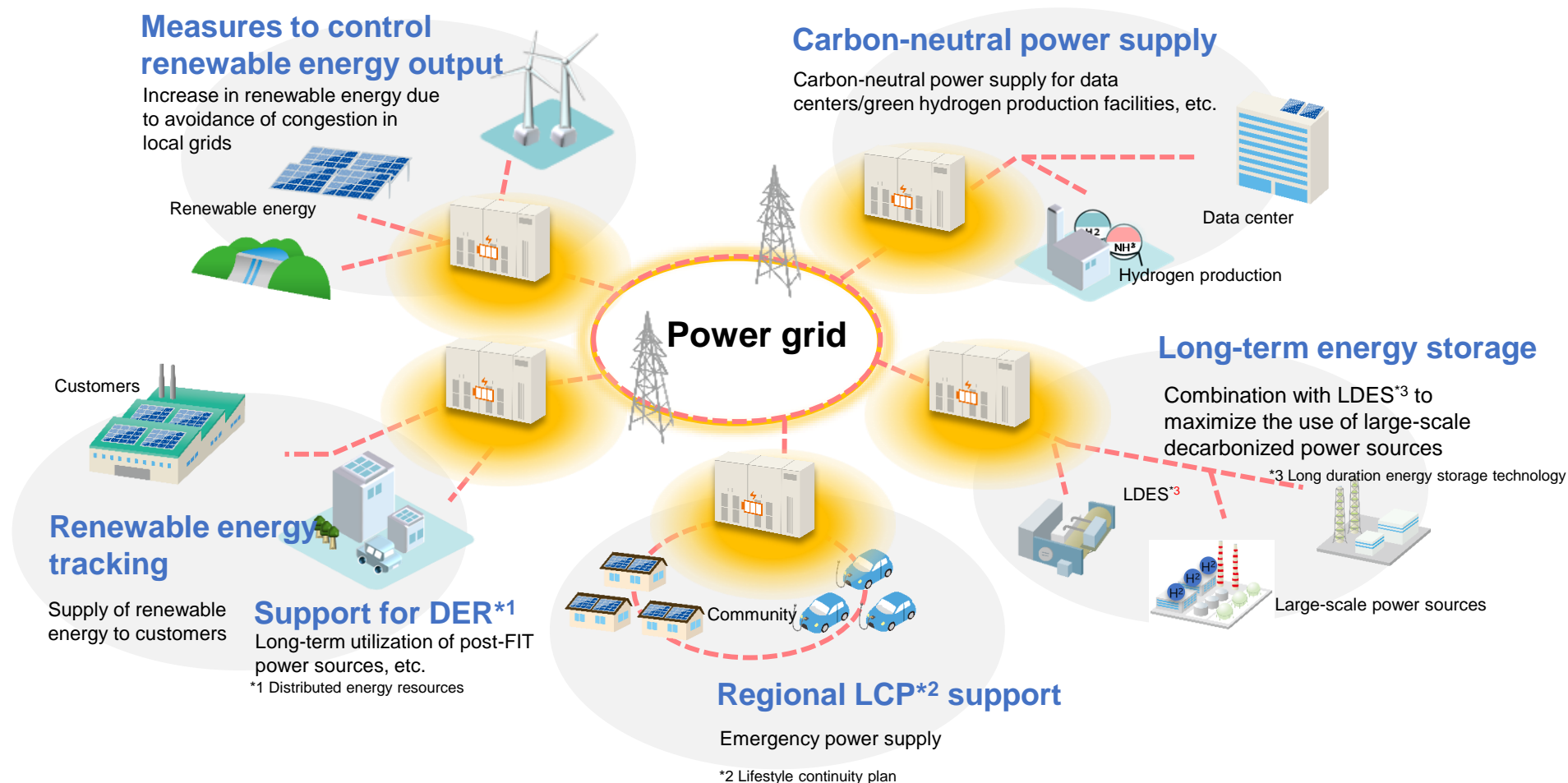


Power station name	Hibikinada Offshore Wind Farm (Offshore at Hibikinada, Kitakyushu City, Fukuoka Pref.)
Overview	Output: 3,000 kW; commercial operation started on April 22, 2025

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Business Development of Grid Storage Batteries

- Grid storage batteries are expected to play an expanding role as a regulating power source for the further introduction of renewable energy and as a supply power source for emergencies, and their use is expected to accelerate in the future. We aim to use this as a business opportunity to secure new revenue by linking it to aggregation business and other value-added businesses that respond to customer and regional needs.



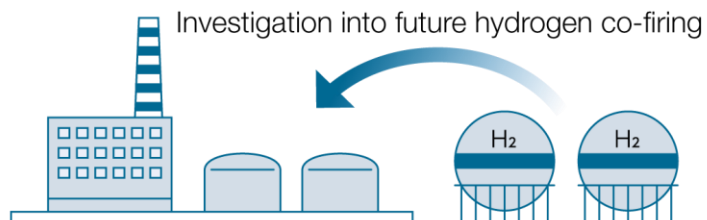
Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Decarbonization of Thermal Power Generation

- Thermal power will continue to play an important role in regulating energy to help achieve both stable provision of electricity and carbon neutrality.
- Toward decarbonization of thermal power generation, the Group will work together to efficiently operate existing power plants and promote the introduction of higher efficiency power generation equipment and the study of decarbonization technologies while taking into account policy and technological trends,

Yanai Power Station (new Unit 2) Replacement

- As part of our decarbonization efforts, we are preparing to replace Yanai Power Station Unit 2 (two of four LNG plants).
- These replacements are predicted to reduce CO₂ emissions by improving power generation efficiency, but to go even further, we will look at the equipment required for hydrogen co-firing.



Project	Yanai Power Station Unit 2 Replacement Plan*
Location	Yanai City, Yamaguchi Pref.
Generator type	Gas turbine and steam power (combined cycle)
Output (facility total)	Current: 1,539 MW (Unit 1: 786 MW; Unit 2: 792 MW) Future: approx. 1,700 MW (Unit 1: 786 MW; Unit 2: 396 MW; new Unit 2: approx. 500 MW)
Fuel	LNG
Project start	September 2027 (scheduled)
Operations start	March 2030 (scheduled)

*After winning a tender at the FY 3/2024 long-term decarbonization energy auction put on by the Organization for Cross-regional Coordination of Transmission Operators

Studies into the Introduction of CCS at Thermal Power

- We have been commissioned by the Japan Organization for Metals and Energy Security (JOGMEC) for two “Engineering Design Work for Advanced CCS* Projects”, and working toward CO₂ storage overseas, we are investigating introducing CCS equipment to our Misumi Power Station and Energia Power Yamaguchi Corporation’s Hofu Biomass Power Station and evaluating its business viability.
- Through this study, we are constructing a CCS value chain that goes from capturing CO₂ at power plants to transporting it and storing it, and we aim to launch a CCS business by FY 3/2031 at the soonest.

*Carbon dioxide Capture and Storage



Project	Malaysia Southern Malay Peninsula CCS Project
CO ₂ capture amount	Approx. 1 million tons/year

Project	Malaysia Sarawak CCS Project
CO ₂ capture amount	Approx. 500,000 tons/year

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Evolving Trading

- With the expansion of electricity trading across areas due to deregulation and the advancement of equal trading both internally and externally, the development of electricity futures markets, etc., and the entry of a wide variety of players, the liquidity of the electricity trading market is rapidly increasing, and we expect this to be a new business opportunity.
- We will work to increase profits by maximizing and utilizing the value of our own power sources, including kWh, kW, Δ kW, and non-fossil value, and by further expanding our trading areas and actively and flexibly building up trading of various products related to electricity and fuel over a more medium- to long-term time horizon under appropriate market risk management by improving our organizational structure and utilizing specialized human resources.

Expansion of trading area

Creating trading opportunities through cross-area transactions

Expansion of trading period

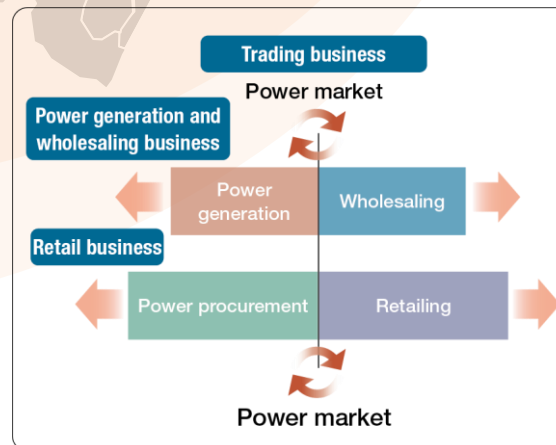
Building up favorable transactions in the period leading up to actual demand

Evolving market risk management

Appropriate risk-taking and flexible trading

Expanding trading area and trading period

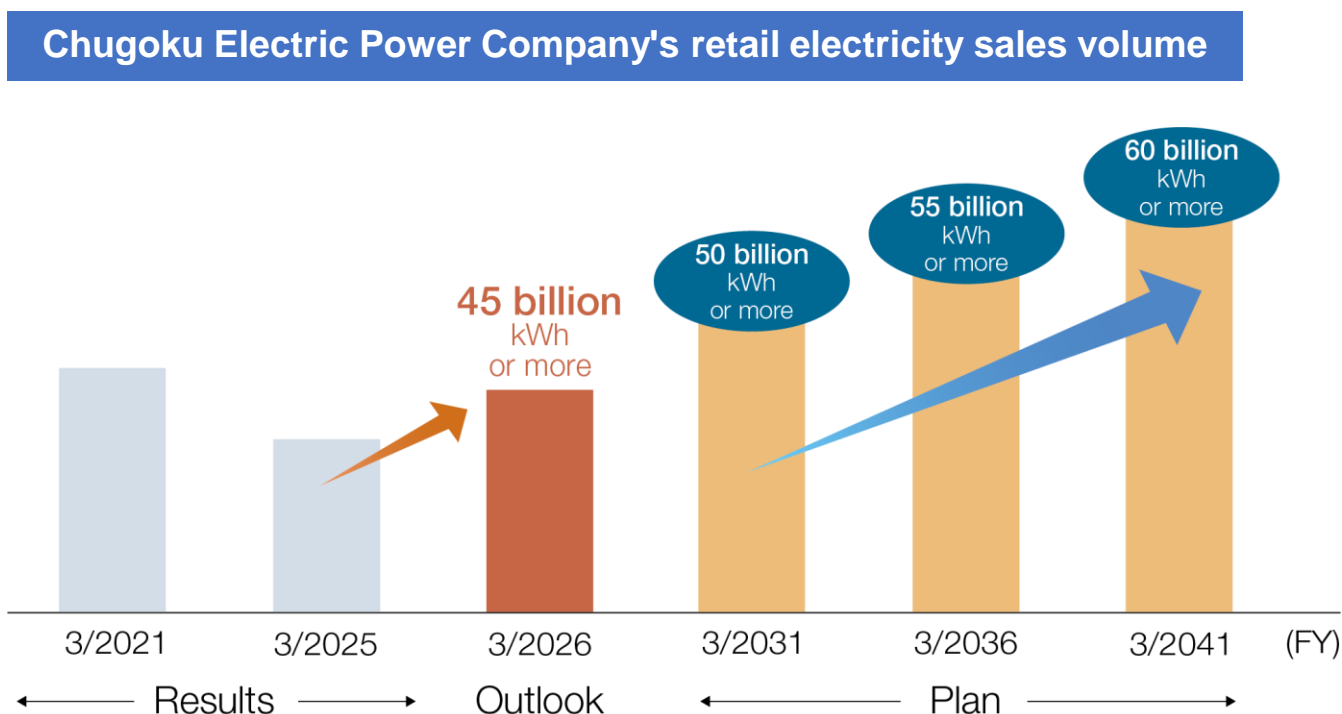
Focus on trades in Chugoku area via our own power sources



Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Expansion of Retail Electricity Sales

- The Chugoku Electric Power Group has a sales force and business base that have been cultivated over many years in the Chugoku region.
- Toward FY 3/2041, we will leverage this sales force and business base to expand energy solutions to meet the diverse needs of our customers, including decarbonization, and will reliably seize business opportunities, such as electrification of production facilities in the Chugoku region, switching from coal-fired private power plants to receiving grid power, and expanding and building of new data centers and semiconductor plants. We will also attract companies and increase in the amount of retail electricity sold in the Chugoku region.
- In addition, we will aggressively expand our business outside of the Chugoku region to increase the volume of retail electricity sales.



Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Providing Decarbonization Solutions

- We will expand our lineup of decarbonization solutions, including energy conservation and CO₂ reduction consulting, demand response (DR) services*¹, and solar power generation PPAs*², to provide services that contribute to the decarbonization of our customers and communities.

*1 Creating daytime electricity demand when renewable energy output must be frequently curbed, and adapting electricity usage to match the constantly changing supply caused by weather and other factors

*2 Power purchase agreement

Main lineup of initiatives related to decarbonization solutions

Ensuring renewable energy sources

- Developing renewable energy sources (on-site and off-site)

Developing energy conservation and electrification services

- Providing energy conservation and CO₂ reduction consulting services
- Providing EV solution services

Developing energy decarbonization services

- Providing electricity rate plans that utilize non-fossil power sources such as renewable energy and nuclear power

Exploring new businesses

- Developing and providing services utilizing perovskite solar cells, storage batteries, etc.

Continuously
developing and
providing new
solutions based on
customer needs and
technology trends

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Contributing to GX in Our Community

- With energy decarbonization and solutions at the core of our business activities, we will work with external stakeholders and local governments and carry out business activities to simultaneously achieve economic revitalization and decarbonization in the Chugoku region.

Creating services using an energy management system

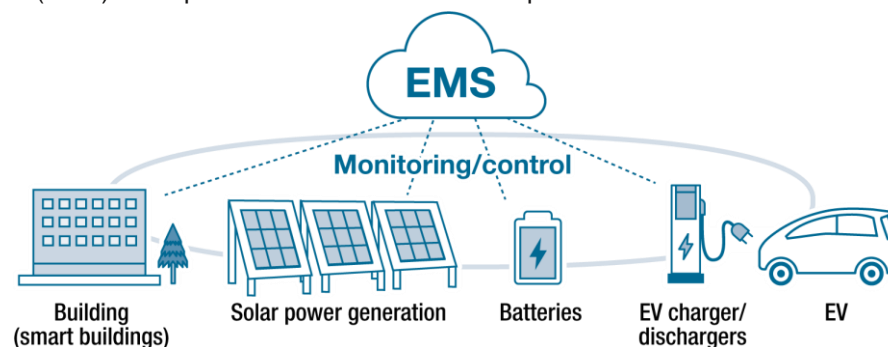
We will create new energy services by establishing an energy management system (EMS) that optimizes customers' demand patterns based on the effective use of renewable energy and electricity supply and demand.

VPP*1 trials at Hiroshima University

Assuming the university's Higashi-Hiroshima Campus as a single “town”, we integrated control of solar power generation, EVs, and air conditioning on campus, and verified the benefits of a low-carbon campus through the effective use of surplus solar power generation.

Trials using EVs to transport renewable energy

Aiming to use EVs as mobile storage batteries, we verified the benefits of reducing CO₂ emissions during commuting and at home by transporting renewable energy via solar power generation charged at the workplace to the home by EV.



*1 Virtual power plant

These mechanisms use IoT technology to bundle renewable energy sources such as solar power, storage batteries, electric vehicles, air conditioning equipment, heat pump water heaters, and other elements to control the balance of supply and demand, operating as if it were a single power plant.

Demonstration of next-generation solar cells for social implementation

In addition to evaluating power generation characteristics, durability, and degradation characteristics, we will develop installation methods, maintenance and inspection techniques, and system configurations through demonstrations at the Energia Research Institute to implement next-generation solar cells that can replace conventional ones in society.

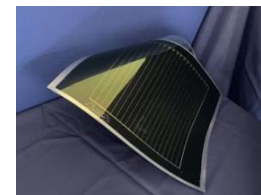
Organic thin-film solar cells

- We are verifying various applications such as agricultural greenhouses, taking advantage of high transparency and lightweight structure
- (Selected as a NEDO project in July 2025)



Perovskite solar cells

- We are verifying use on roofs with low load-bearing capacity, where installation has been difficult, by taking advantage of its lightweight and flexible structure

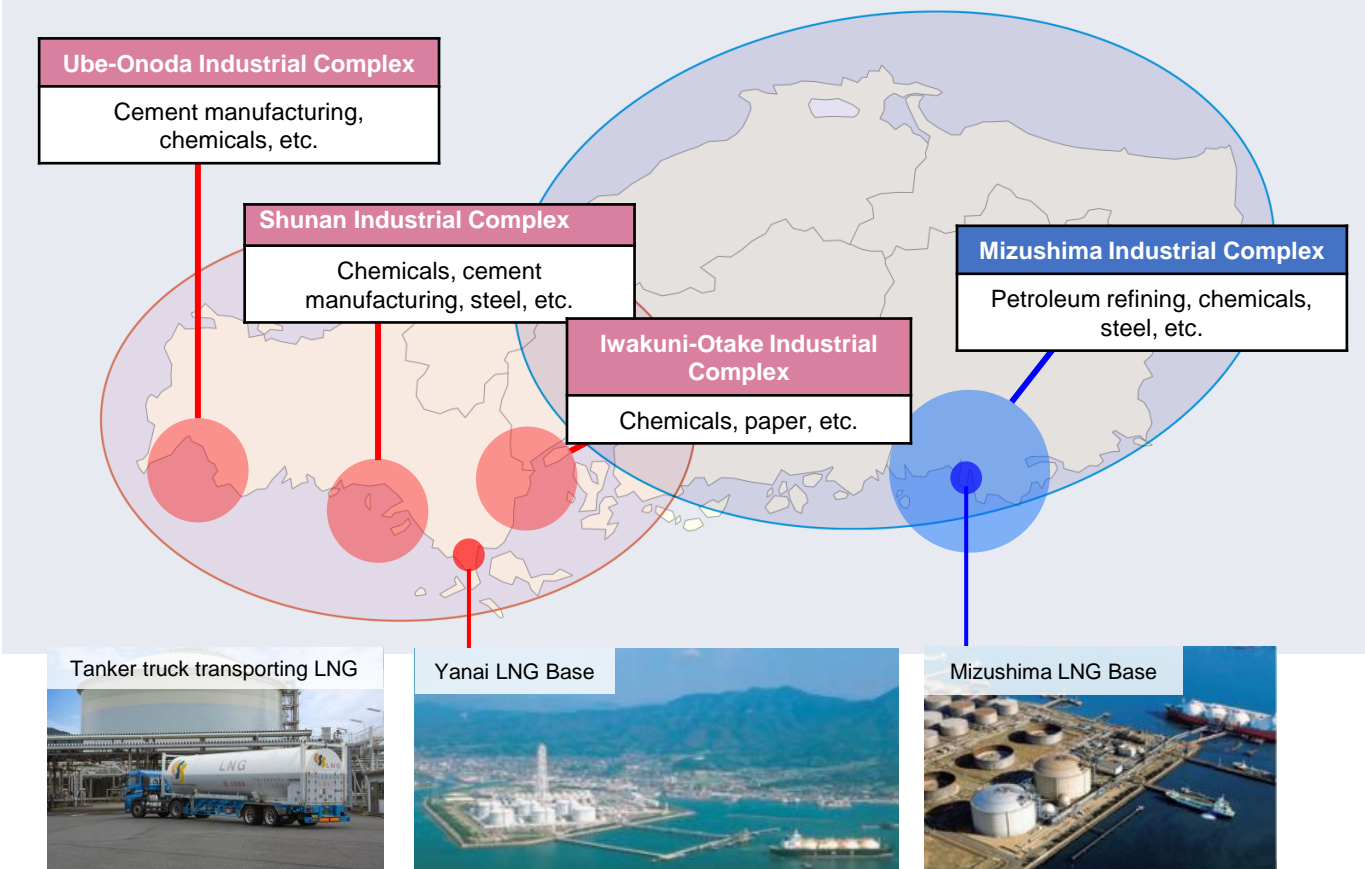


Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Strengthening Solution Proposals Integrating Electricity and Gas

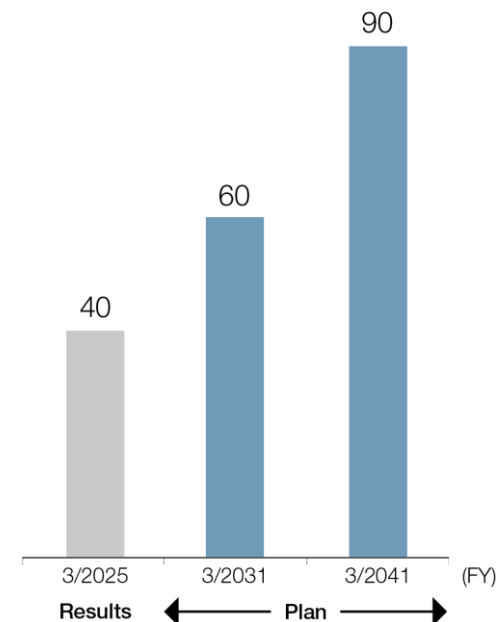
- To address customers' needs for electrification and fuel conversion toward GX, the Chugoku Electric Power Group will expand its energy supply by strengthening its proposal of integrated electric and gas solutions, utilizing the strength of its Yanai-Mizushima Two-Base System.

Gas (LNG) sales utilizing the strengths of the Yanai-Mizushima Two-Base System



Gas (LNG) sales outlook

(10,000 tons)



Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Support for Setting Up Corporate Locations in the Chugoku Region

- The Chugoku Electric Power Group will work to help the Chugoku region grow by providing both hard and soft support for companies, organizations, and other customers who are considering bringing their headquarters offices, factories, or other facilities to the Chugoku region, with purposes such as creating new business opportunities and business continuity plans (BCPs).
- Chugoku Electric Power Transmission & Distribution Company, Inc. publishes a welcome zone map of available electricity network facilities and areas offering rapid connection for customers who are considering the new establishment of data centers and factories.

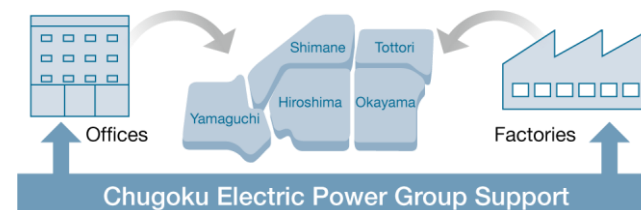
Demonstrating the Group's collective capabilities and partnering with external partners

- To address customers' various issues and needs, where necessary we work together with each of our group companies, and work to harness the Group's combined strengths.
- Our cooperation is not reserved to group companies; we also collaborate with external partners and local governments with the aim of resolving customers' issues.

Partner	Major initiatives
Group companies	Support to meet the challenges and needs of a wide range of business categories
External partners	Proposals/actions for partnerships with local companies, organizations, and investee companies
Local governments	Information sharing on services that can be handled by the Group

Supporting establishment of locations in the Chugoku region

- We support customer needs toward establishing new locations in the Chugoku region, which has a good balance of factors necessary for industrial development.

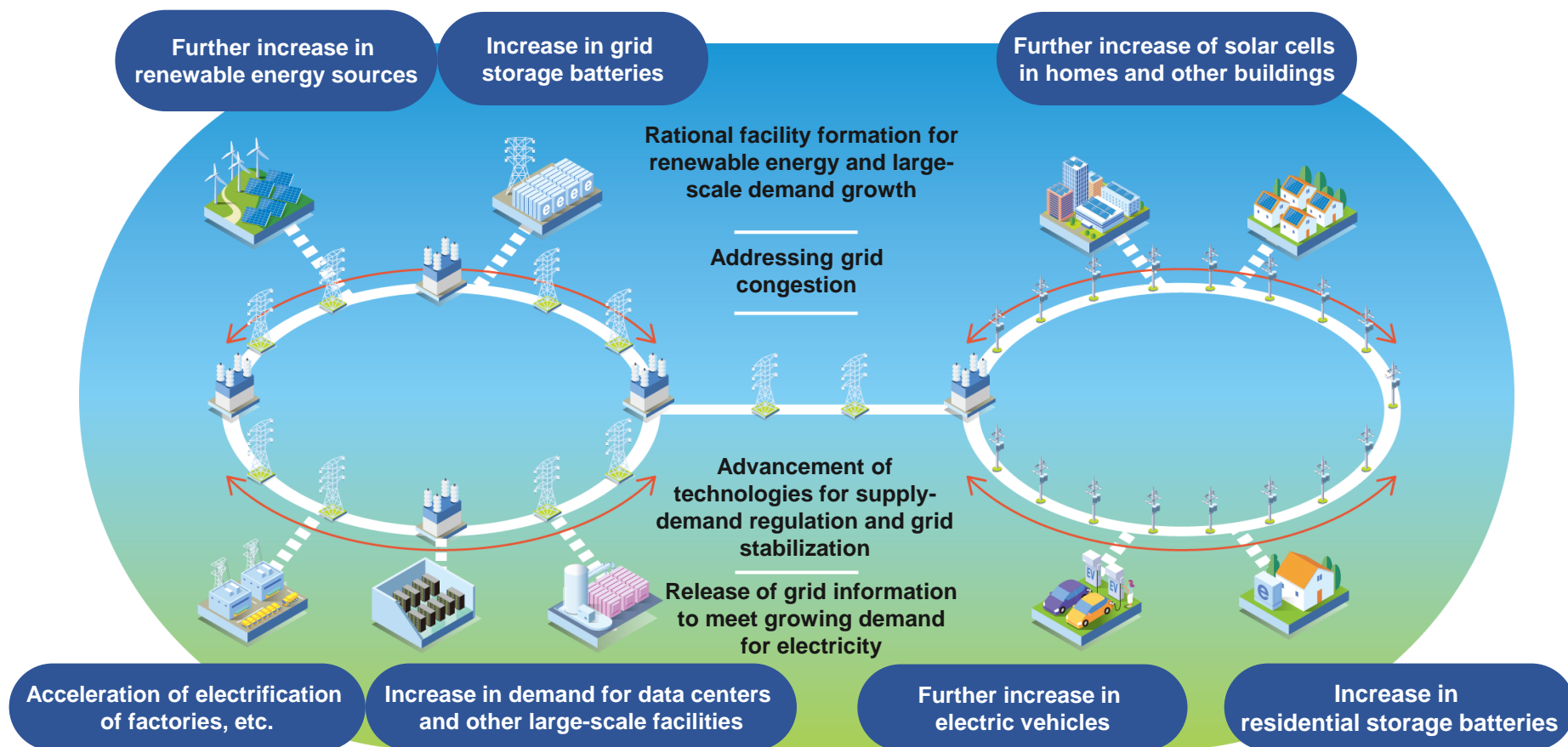


Category	Main services
Power equipment	Construction of receiving and transforming equipment to meet power equipment capacity
Construction	Consulting on construction of factories and other facilities
Information and telecommunications	Services related to connection contracts, works to open new connections, and applications for DX

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Building Next-Generation Networks

- In preparation for the expansion of renewable energy and the introduction of grid storage batteries, as well as large-scale demand for electricity from data centers and other sources, Group companies involved in the power transmission and distribution business will work together to efficiently operate and maintain network facilities, and to advance rational facility formation, supply and demand regulation technologies, and other areas.
- We will continue to develop measures to meet the growing demand for electricity in the Chugoku region, aiming to improve the utilization rate of our electricity network facilities and contribute to the sustainable development of the region.

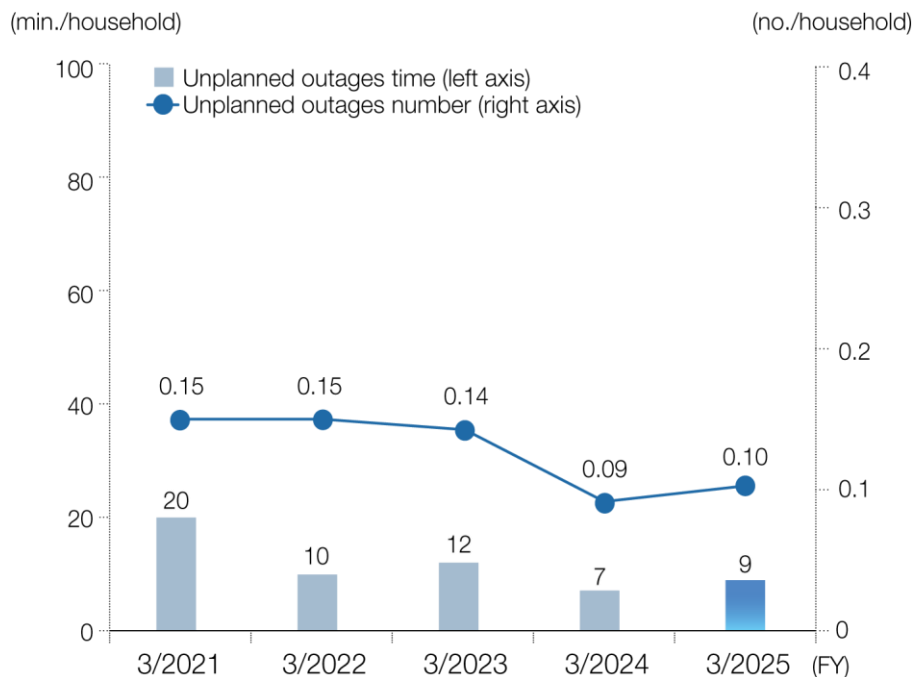


Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Improving Resilience Through Community Partnerships

- In the power transmission and distribution business, we will maintain world-class power quality by implementing measures to ensure stable supply, such as countermeasures for aging facilities and strengthening cyber security.
- We will improve the resilience of the community by further strengthening cooperation with relevant agencies, working to speed up disaster recovery through equipment countermeasures, and proactively disseminating information in the event of power outages.

Annual number and time of unplanned outages per customer household



Initiatives to improve resilience

- Partnerships with relevant institutions during disaster



Drill practicing the transport of recovery personnel and materials to an isolated location by a helicopter belonging to the JGSDF (January 2025)

- Deployment of disaster recovery command vehicles and airlift-capable high-voltage generator vehicles



- Use of drones and other tools for disaster assessment
- Eliminating utility poles
- Disseminating information on power outages and recovery outlook
 - Using websites/social media/etc. to proactively disseminate information
 - Sending push notifications and creating map displays of power outage information with power outage information app

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Contributing to Solving Community and Social Issues through the Group's Collective Capabilities

- Through various businesses such as information and telecommunications, infrastructure, lifestyle/safety-related businesses, and others, we will further expand services that meet the needs of customers and communities, and aim to increase profits outside the energy business by using our businesses to help solve community and social issues through cooperation among Group companies.

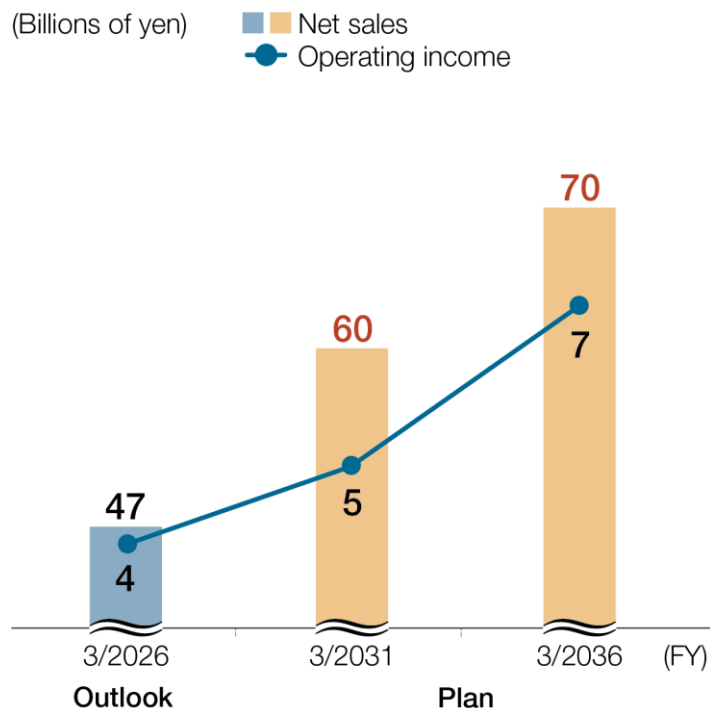


Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Evolving Digital Technologies for the Community and Society

- We will capture business opportunities such as market scale expansion and technological innovation in information and telecommunications, and work to secure profits and capture new business opportunities by providing value through customer-oriented services.
- We will support the transformation of our customers' businesses and lifestyles through DX and other means, and take on the challenge of creating new value by working to solve community and social issues.

Net sales and operating income of information and telecommunications business



Major initiatives

Corporate DX support

- We contribute to the digital evolution of our community and society by proposing the fusion of digital technologies such as AI and digital infrastructure for data utilization in response to customer needs, and by supporting the improvement of corporate productivity and the development of digital personnel.
- We will engage in high-value-added consulting services, such as digitalization of customers' business and manufacturing processes, and tackling fundamental changes in customers' business models, in order to achieve the digital transformation of corporations.

Strengthening of total solution proposals

- Using network services, we will strengthen the competitiveness of our existing solution services (telecommunication networks, data centers, cloud, security and DX solutions, construction and maintenance of network equipment and servers, etc.) based on customer needs and industry trends. Furthermore, we will make customer-oriented total solution proposals, providing value.

Contributing to enriched lifestyles

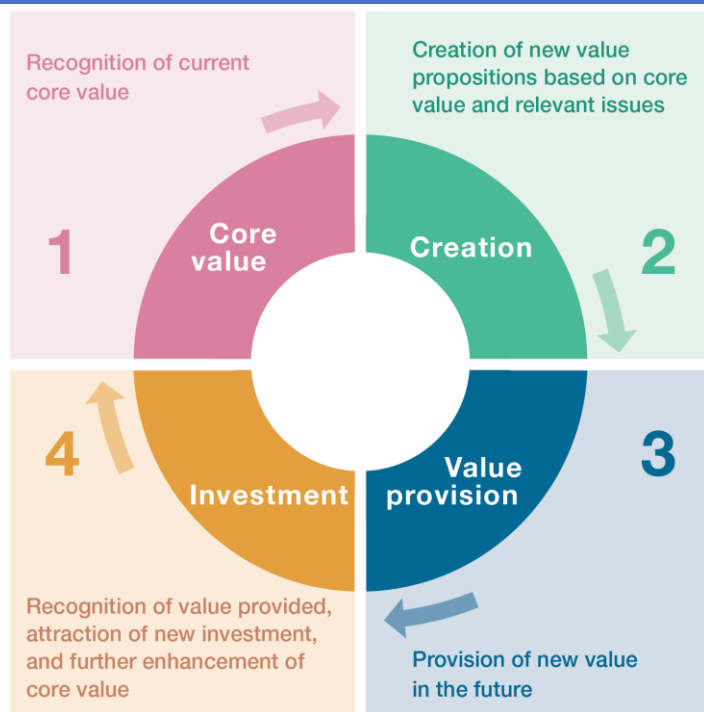
- We will work to provide a comfortable and secure Internet environment by using our own highly reliable connection lines.

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

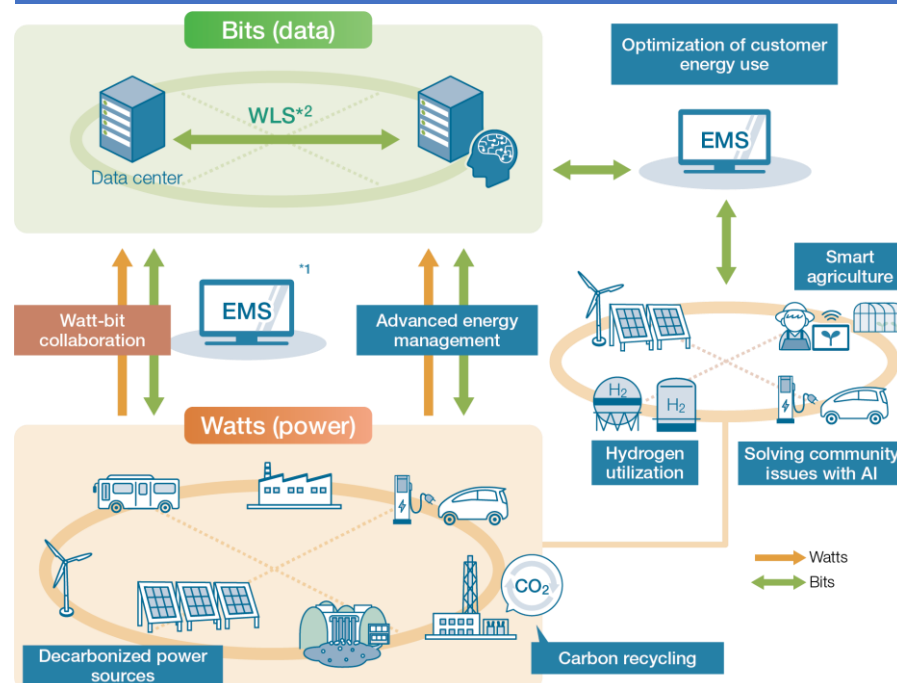
Digital Evolution for the Community and Society

- Taking advantage of opportunities such as the expected future optimization of power and communications infrastructure (watt-bit collaboration), we will carry out intellectual property activities that create and utilize the Chugoku Electric Power Group's core values (technologies, experience, expertise, business foundation, brands, etc.) and promote research, development, and continuous innovation in the areas of GX, DX, and new businesses, aiming to expand into new business domains.

Growth and investment cycle through value creation



Project illustration as an opportunity for watt-bit collaboration



*1 Energy management system

*2 Workload shift (spatial and temporal shift of data processing based on grid congestion)

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

International Business

- We are engaged in investment and consulting business in overseas electricity projects, utilizing our knowledge of the electricity business cultivated in the Chugoku region.
- Through FY 3/2031, we will carefully select new investments, adding value to existing projects, and building an optimal portfolio by selling and replacing assets. Through these efforts, we will cultivate diverse personnel that will lead the future of the Group.
- Toward FY 3/2041, we will accelerate our efforts in new projects based on the advanced expertise, human networks, and cultivated human resources accumulated through our international business, while expanding international business earnings and contributing to decarbonization in Japan and overseas, thereby enhancing corporate value.

International business results

- 
- Investment: **10 projects (cumulative)**
 - Overseas consulting: **143 projects (cumulative)**
(In 35 countries)

*As of June 30, 2025

Initiatives in the international business to enhance corporate value



Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Creating an Environment Where Diverse Human Resources Can Play an Active Role

- In order to achieve sustainable growth, we recognize that it is our personnel who can carry forward that creation, the process of responding to change and creating new value.
- We will create an environment in which each employee, with their diverse experiences and values, can maximize their abilities in their respective positions, leading to sustainable enhancement of corporate value.

All employees take on challenges and grow, and their strengths are brought together

Human resource development

- Creating an environment that encourages independent career development (in-house recruitment, in-house dual employment, etc.)
- Developing management candidates who will drive transformation
- Stimulating learning through the use of digital tools, etc.

DE&I (Diversity, equity & inclusion)

- Pursuing a state in which everyone can play an active role regardless of gender
- Promoting age diversity
- Strengthening recruitment of experienced personnel from other companies and specialized personnel
- Future-oriented, more flexible and free, diverse ways of working

Organizational culture supporting challenges

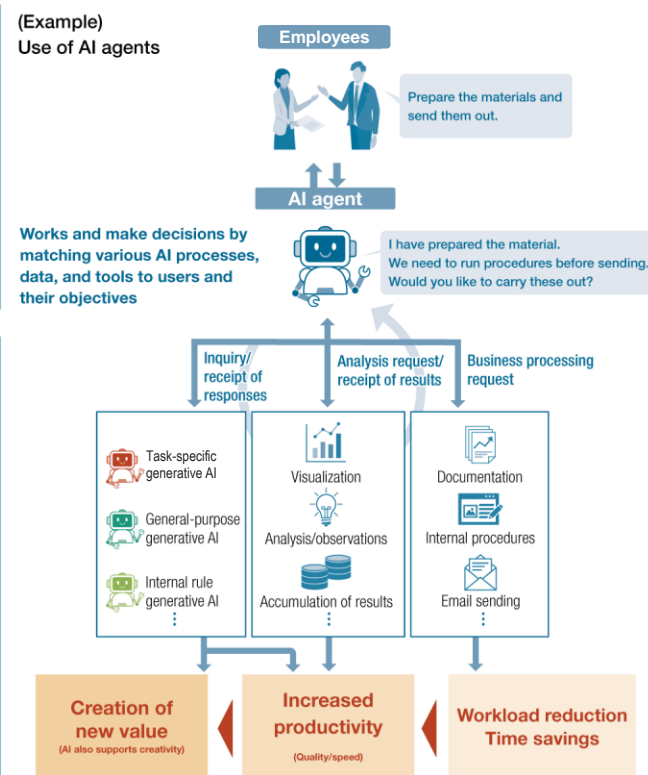
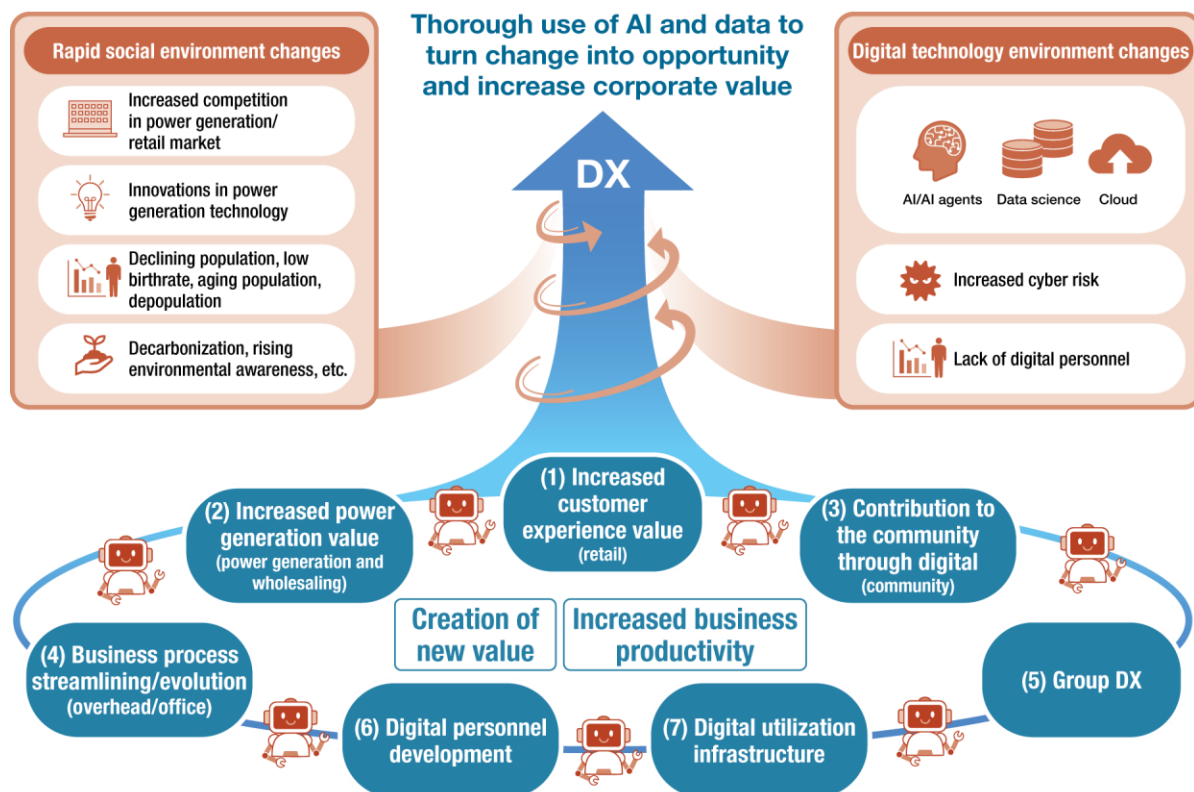
- Cross-organizational collaboration transforms the workplace into one that encourages openness and taking on challenges
- Increasing employee engagement through continuous improvement of personnel management

Promoting respect for human rights, safety, and health at the foundation

Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Promoting DX and Other Methods to Increase Added Value and Productivity

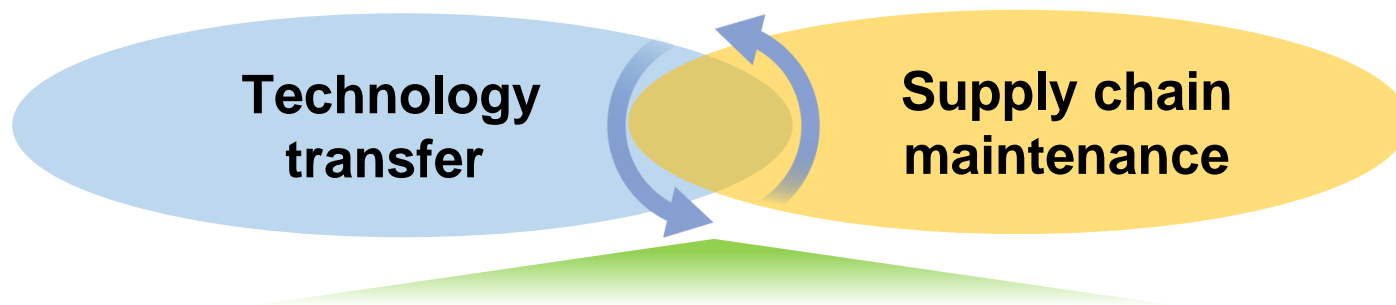
- Maximal use of both advanced digital technologies, such as the emerging key technology of AI agents, and data will help us streamline and evolve business processes, creating new value and increasing productivity.



Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Transfer Technology (Including With Suppliers) and Maintain the Supply Chain

- Securing personnel and construction capacity and transferring skills have become nationwide challenges, and we recognize that these are major challenges for the Chugoku Electric Power Group.
- In order to continue to provide a stable supply of energy and support regional industries, the Group will work together to pass on technology and maintain the supply chain, leading to our sustainable growth.



Strengthening relationships with suppliers

- Improving predictability of suppliers' businesses through early procurement information sharing, such as delivery dates of materials and equipment, start of construction and operation, and work schedules
- Securing future construction capabilities and leading to medium- to long-term skill transfer at suppliers by building long-term relationships with suppliers, including multi-year contracts

Rationalizing procurement details

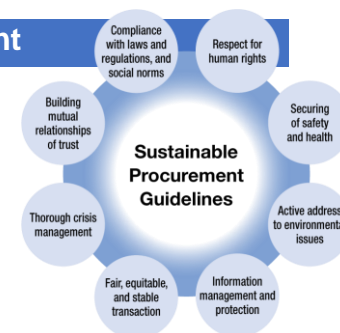
- Improving supply chain stability by streamlining procurement of materials and equipment and construction work through efforts such as shifting from custom-made to general-purpose products, while taking into account the impact on stable facility operation
- In the power transmission and distribution business, 10 operators in this business will unify their specifications to further strengthen the supply chain

Human resource development and technology transfer

- Securing and developing human resources throughout the Group to ensure construction capabilities through collaboration centered on Group companies responsible for construction and maintenance management
- Systematizing and formalizing the experience, knowledge, and skills of veteran employees through the use of AI and other tools, and passing them on to the next generation

Promoting sustainable procurement

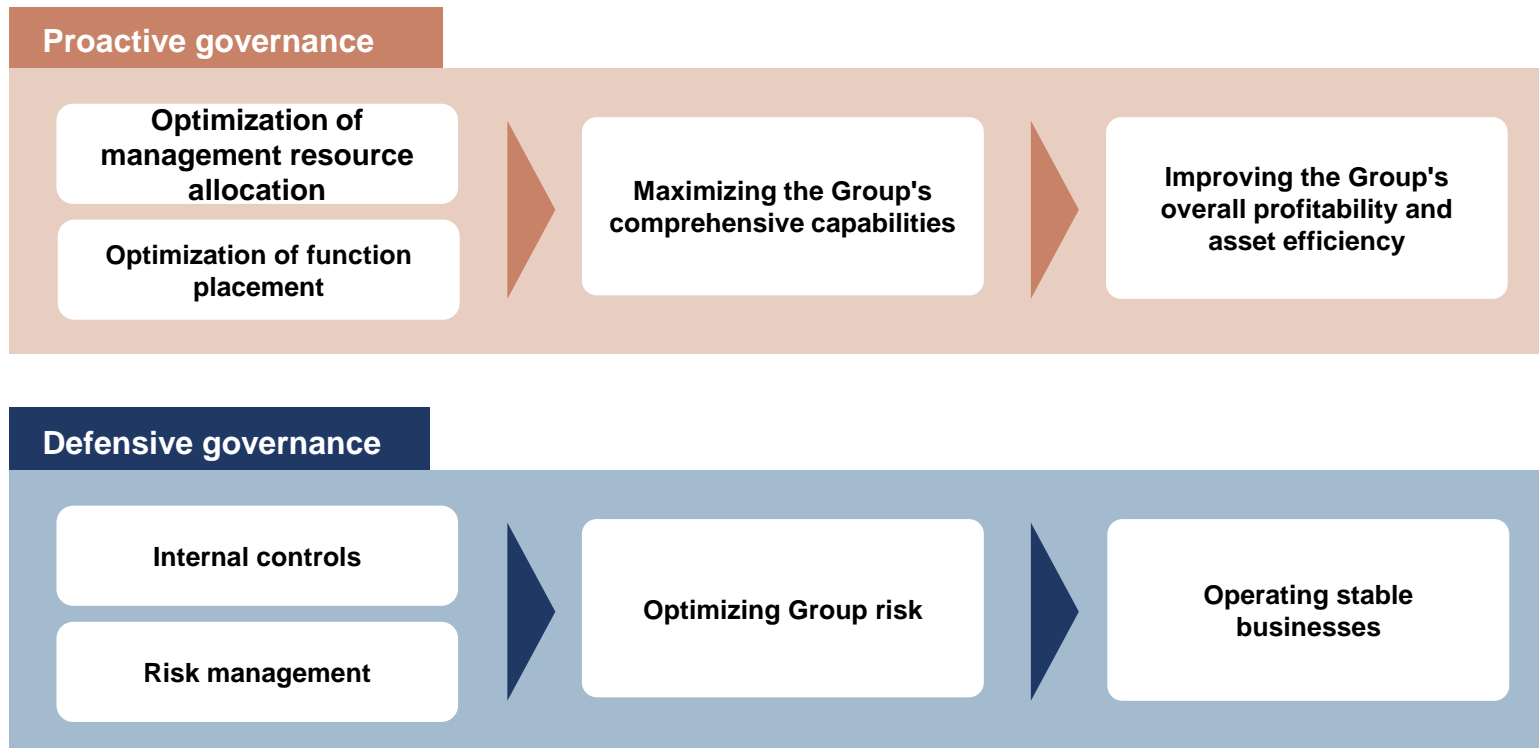
- Working with suppliers to address social issues such as environmental problems and respect for human rights throughout the supply chain to build a sustainable procurement environment and a stable business environment for our suppliers



Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Evolving governance and risk management for the Group's growth

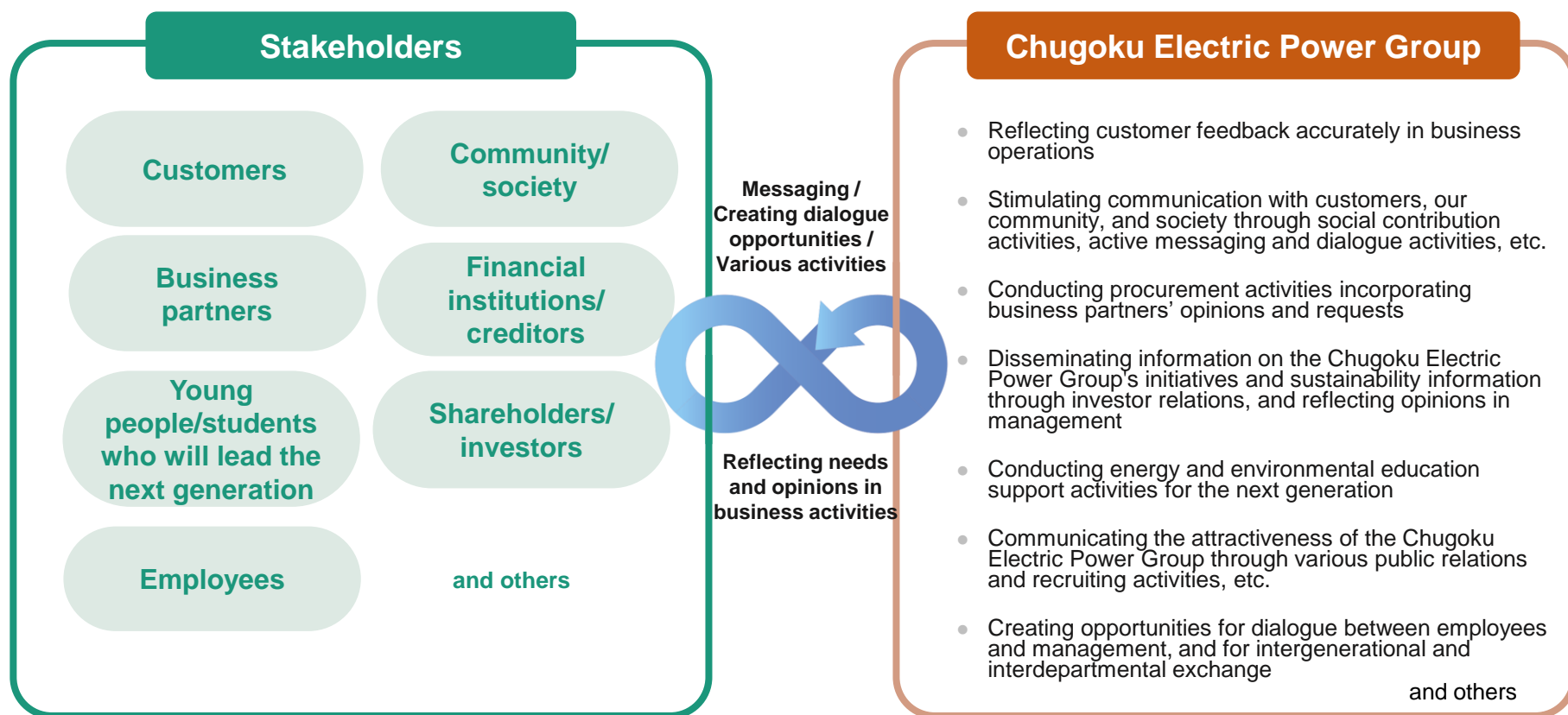
- We are working to enhance governance and risk management in order to grow as a group and maximize corporate value even as the business environment continues to change.
- To maximize the Group's comprehensive capabilities, each company will practice independent management to improve its performance, and we will work to develop a business management system that optimizes the allocation of the Group's management resources and the placement of functions based on the business portfolio.
- In addition, we will continue efforts appropriately for developing and operating internal control and risk management systems to optimize risks for the entire Group.



Initiatives To Realize the Chugoku Electric Power Group Corporate Vision 2040

Enhancing Communication With Stakeholders

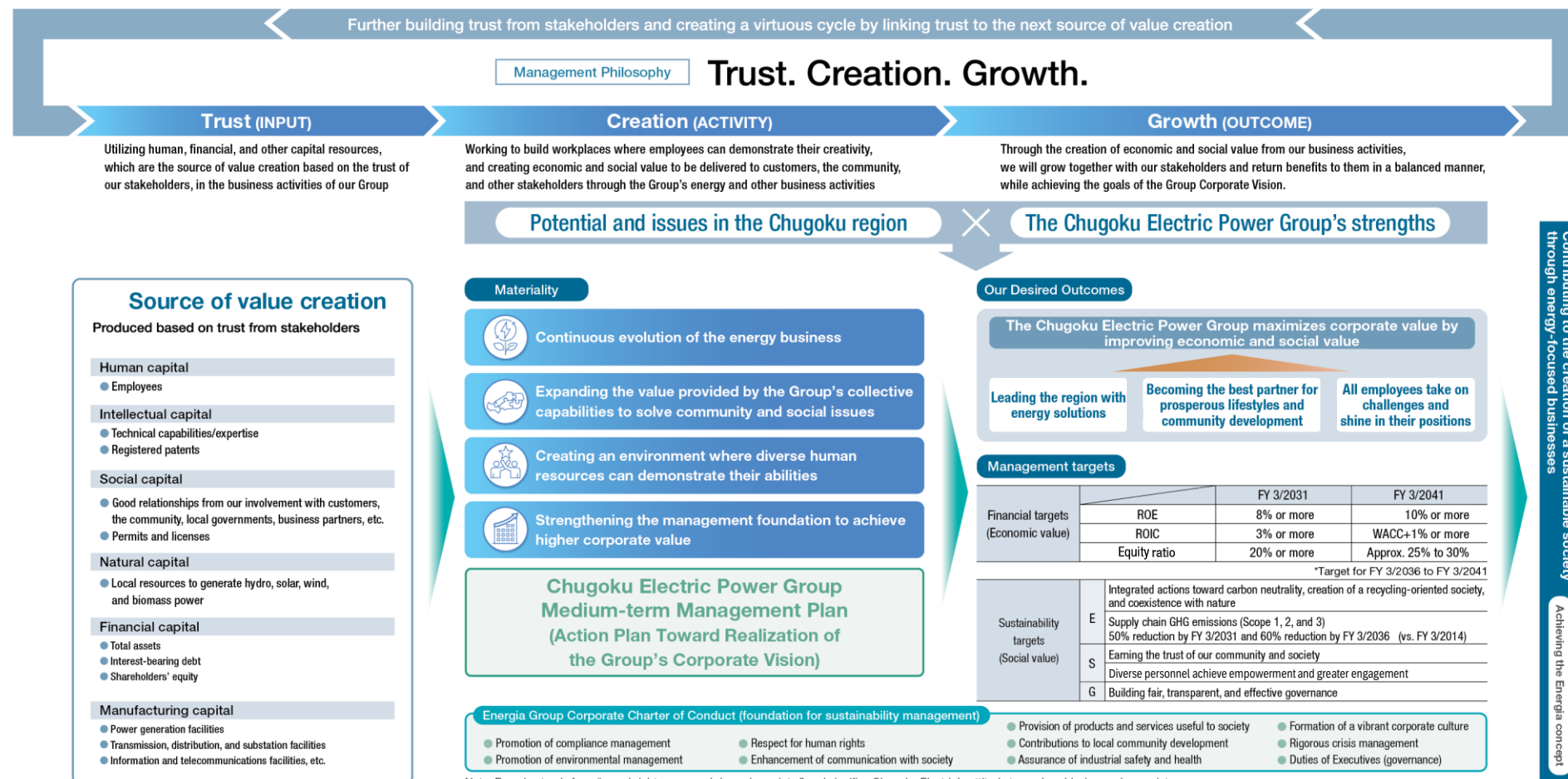
- We will maximize the Chugoku Electric Power Group's corporate value by earning the trust as the foundation of our business and linking it to further expansion of profit opportunities through two-way communication that is to communicate information to a wide range of stakeholders including customers, community, society, shareholders and investors as well as reflect their needs and opinions in our business activities.



Value Creation Story

Value Creation Story

- We will create economic and social value based on the various capital we have that are sources of value creation, generated from the trust of our stakeholders, and return that value to our stakeholders, leading to the next stage of growth.
- Through the realization of the Chugoku Electric Power Group Corporate Vision 2040, we will meet the expectations of our stakeholders and contribute to the creation of a sustainable society.



Current plans, strategies, and other statements in this document that are not historical facts are forward-looking statements regarding future performance and other matters, and these forward-looking statements involve risks and uncertainties. Therefore, actual results may differ materially from those projected in said forward-looking statements. Please be aware that the Chugoku Electric Power Group does not guarantee the certainty of any such statements.