

# The Summary of Financial Results for FY 3/2026 (April 1, 2025 through March 31, 2026)

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The Chugoku Electric Power Co., Inc.

May 13, 2026

In this report, the term Fiscal Year 3/2026 refers to the period between April 1, 2025 and March 31, 2026.

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## **(Supplemental Data)**

# I. Financial Results for FY 3/2026

# 1. Summary of Consolidated Financial Results

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- **Operating revenues fell** by ¥86.9 billion year on year to ¥1,442.3 billion due to the factors such as a decline in fuel cost adjustment amounts in conjunction with falling fuel prices, despite an increase in retail electricity sales volume.
- Operating profit decreased by ¥38.9 billion year on year to ¥90.2 billion. This was mainly due to increased competition in wholesale and retail businesses and a decrease in profit in the power transmission and distribution business, despite the profit improvement from the operation of Shimane Nuclear Power Station Unit 2 and an increase in the total electricity sales volume driven by new customer acquisition.
- **Ordinary profit** including non-operating profit/loss such as interest paid **decreased** by ¥48.3 billion year on year to ¥80.2 billion.
- Profit attributable to owners of parent after recording extraordinary income and deducting income taxes decreased by ¥29.9 billion year on year to ¥68.5 billion.

(Billions of yen)

	FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)	YoY growth (A-B)/B
Operating revenues	1,442.3	1,529.2	-86.9	-5.7%
Operating profit	90.2	129.1	-38.9	-30.1%
Ordinary profit	80.2	128.5	-48.3	-37.6%
Profit attributable to owners of parent	68.5	98.4	-29.9	-30.4%

## 2. Consolidated Statements of Operations

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(Billions of yen)

	FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)
Ordinary revenues	1,478.7	1,558.8	-80.1
Operating revenues	1,442.3	1,529.2	-86.9
Non-operating income	36.4	29.6	6.7
Ordinary expenses	1,398.5	1,430.3	-31.8
Operating expenses	1,352.0	1,400.0	-47.9
Non-operating expenses	46.4	30.2	16.1
Operating profit	90.2	129.1	-38.9
Ordinary profit	80.2	128.5	-48.3
Extraordinary income	10.5 <sup>(Note1)</sup>	12.1 <sup>(Note1)</sup>	-1.6
Extraordinary losses	—	13.9 <sup>(Note2)</sup>	-13.9
Income taxes	22.2	28.2	-6.0
Profit attributable to owners of parent	68.5	98.4	-29.9

Note1: The Company recorded gains on sales of nuclear fuel.

Note2: The Company recorded a loss on sales of property of ¥7.0 billion due to the transfer of the land, buildings, and equipment of the former Shimonoseki Power Station, and an impairment loss of ¥6.9 billion related to Chugoku Electric Power Australia Resources.

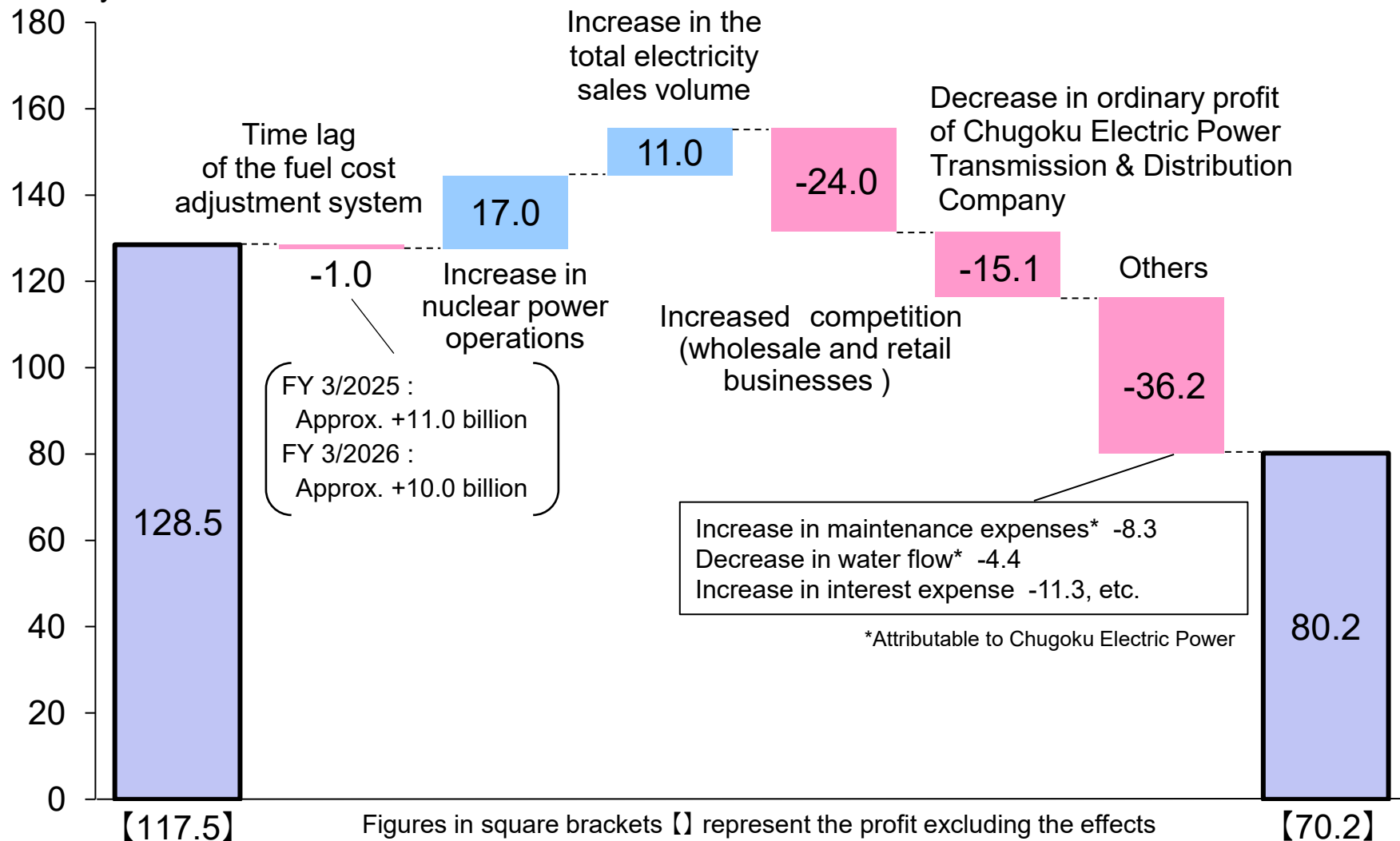
### 3. Factors Affecting Consolidated Ordinary Profit

FY 3/2025

Consolidated Ordinary Profit -48.3 billion

FY 3/2026

(Billions of yen)



Figures in square brackets [ ] represent the profit excluding the effects of any time lag of the fuel cost adjustment system.

## 4. Total Electricity Sales Volume

- Total electricity sales volume increased by 9.8% year on year to 56.81 billion kWh.
- Retail electricity sales volume increased by 8.9% year on year to 45.42 billion kWh.
- Electricity sales volume to other power companies increased by 13.6% year on year to 11.39 billion kWh.

(Billions of kWh)

		FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)	YoY growth (A-B)/B
Total electricity sales volume		56.81	51.75	5.06	9.8%
Retail electricity sales volume	Lighting	14.91	15.53	-0.62	-4.0%
	Power	30.52	26.19	4.33	16.5%
	Subtotal	45.42	41.72	3.70	8.9%
Electricity sales volume to other power companies		11.39	10.02	1.36	13.6%

Note 1: The amounts indicated are the total electricity sales volume by Chugoku Electric Power.

Note 2: Amounts do not include the amount of retail power used in-house or the amount of electricity sales volume to other power companies in relation to imbalances/adjusted power supply, etc.

Note 3: There may be discrepancies in totals due to rounding.

## 5. Power Generated and Received

- Generated and received electricity increased by 9.7% year on year to 61.08 billion kWh.
- Our own thermal power generation decreased due to factors such as an increase in nuclear power generation.
- Nuclear power generation increased as a result of the operation of Shimane Nuclear Power Station Unit 2.

(Billions of kWh)

	FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)	YoY growth (A-B)/B
Generated and received electricity	61.08	55.69	5.39	9.7%
Generated by Chugoku Electric Power	34.64	30.62	4.01	13.1%
(Water flow rate)	(86.5%)	(101.1%)	(-14.6%)	
Hydroelectric	3.43	3.59	-0.17	-4.6%
Thermal	24.72	24.95	-0.22	-0.9%
(Capacity factor)	(87.9%)	(27.6%)	(60.3%)	
Nuclear	6.32	1.98	4.34	219.0%
New energy sources	0.17	0.11	0.07	63.7%
Received from other companies	28.26	26.45	1.80	6.8%
Power used for water pumping	-1.81	-1.38	-0.42	30.6%

Note 1: The amounts indicated are the power generated and received by Chugoku Electric Power.

Note 2: Shimane Nuclear Power Station Unit 2 has restarted power generation, connected to the grid since December 23, 2024.

Note 3: Power received from other companies includes power pertaining to imbalances/adjusted power supply, etc. The power amounts indicated are those identified as of the end of the fiscal year.

Note 4: The difference between the total amount of power generated and received and the total electricity sales volume is the amount of power loss, etc.

Note 5: There may be discrepancies in totals due to rounding.

## 6. Summary of Segment Information

- In the comprehensive energy business, operating revenues decreased due to the factors such as a decline in fuel cost adjustment amounts in conjunction with falling fuel prices, despite an increase in retail electricity sales volume. Operating profit decreased mainly due to increased competition in wholesale and retail businesses, despite the profit improvement from the operation of Shimane Nuclear Power Station Unit 2 and an increase in the total electricity sales volume driven by new customer acquisition.
- In the power transmission and distribution business, operating profit decreased primarily due to a decline in standard connection and wheeling revenue and an increase in maintenance and outsourcing expenses resulting particularly from rising prices, despite increased profit from settlements among general electricity transmission and distribution utilities.

(Billions of yen)

		FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)
Comprehensive energy	Operating revenues	1,314.3	1,408.0	-93.7
	Operating profit	70.2	95.1	-24.9
Power transmission and distribution	Operating revenues	473.8	511.5	-37.6
	Operating profit	12.0	25.2	-13.1
Information and tele-communications	Operating revenues	49.8	49.4	0.4
	Operating profit	4.8	4.7	0.1
Others	Operating revenues	112.3	110.5	1.8
	Operating profit	6.7	7.5	-0.7
Adjustment	Operating revenues	(-508.0)	(-550.3)	(42.2)
	Operating profit	(-3.8)	(-3.4)	(-0.3)
Total	Operating revenues	1,442.3	1,529.2	-86.9
	Operating profit	90.2	129.1	-38.9

## 7. Key Factors

		FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)
Exchange rate	(¥/\$)	151	153	-2
All Japan CIF crude oil price	(\$/b)	71.4	82.4	-11.0
All Japan CIF imported coal price	(\$/t)	121.0	151.0	-30.0
Nuclear capacity factor	(%)	87.9	27.6	60.3

Note: Crude oil and imported coal CIF prices are preliminary figures for FY 3/2026.

## II. Financial Results Forecast for FY 3/2027 and Dividend Policy

# 1. Summary of Consolidated Financial Results Forecast

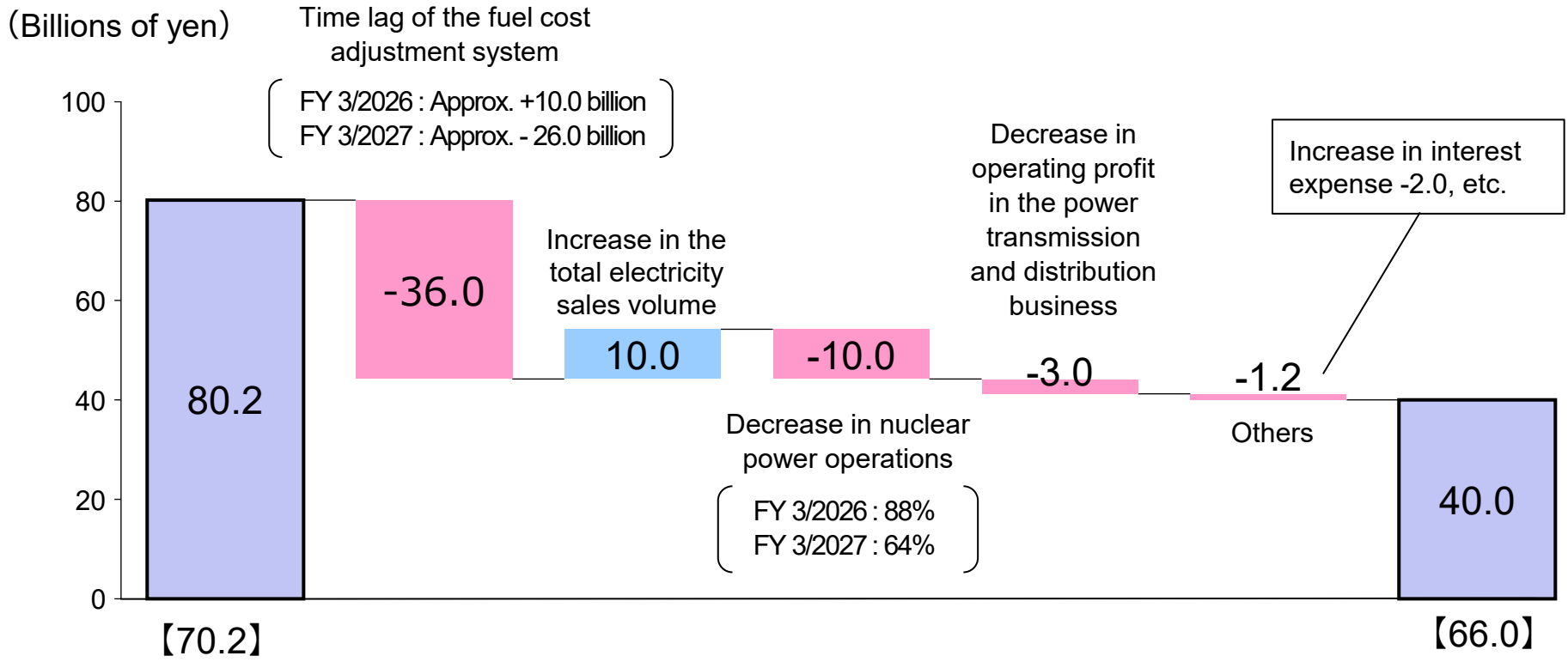
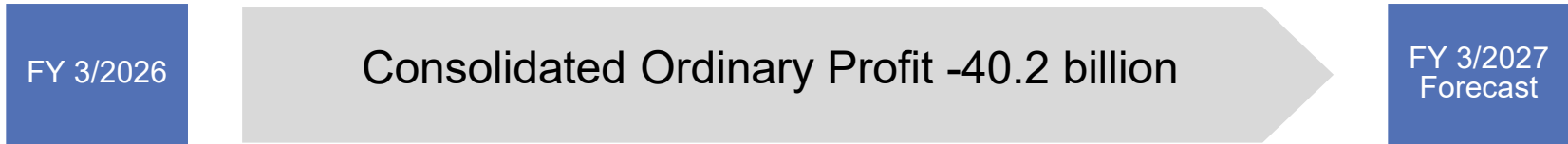
- Operating revenues are expected to increase mainly due to an increase in the total electricity sales volume and an increase in fuel cost adjustment amounts.
- Profit is expected to decrease due to the factors such as a decline in nuclear power operations, a decline in profit from the power transmission and distribution business and significant loss from the time lag of the fuel cost adjustment system associated with rising fuel prices.

(Billions of yen)

	FY 3/2027 Forecast (A)	FY 3/2026 (B)	Difference (A-B)
Operating revenues	1,490.0	1,442.3	47.6
Operating profit	52.0	90.2	-38.2
Ordinary profit	40.0	80.2	-40.2
Profit attributable to owners of parent	31.0	68.5	-37.5
Shareholders' equity ratio	Approx. 16.9% (Approx. 19.1% <sup>(Note)</sup> )	16.8% (19.0% <sup>(Note)</sup> )	
Capital expenditure	Approx. 430.0	282.7	147.2

Note: This indicates the shareholders' equity ratio if the ¥50.0 billion of the hybrid corporate bonds already raised (announced on December 3, 2021) and ¥50.0 billion of transition-linked hybrid loans already raised (announced on September 29, 2022) are both treated as equity capital.

## 2. Factors Affecting Consolidated Ordinary Profit (Compared with FY 3/2026) 9



Figures in square brackets 【】 represent the profit excluding the effects of any time lag of the fuel cost adjustment system.

### 3. Financial Results Forecast by Segment (Compared with FY 3/2026)

- In the comprehensive energy, profit is expected to decrease due to the factors such as the loss from the time lag of the fuel cost adjustment system and a decrease in operations of Shimane Nuclear Power Station Unit 2 due to a periodic inspection.
- In the power transmission and distribution business, profit is expected to decrease mainly due to a decline in standard connection and wheeling revenue and an increase in expenses for upgrading equipment.

(Billions of yen)

		FY 3/2027 Forecast (A)	FY 3/2026 (B)	Difference (A-B)
Comprehensive energy	Operating revenues	Approx. 1,414.0	1,314.3	99.6
	Operating profit	Approx. 44.0	70.2	-26.2
Power transmission and distribution	Operating revenues	Approx. 417.0	473.8	-56.8
	Operating profit	Approx. 9.0	12.0	-3.0
Information and tele-communications	Operating revenues	Approx. 49.0	49.8	-0.8
	Operating profit	Approx. 2.0	4.8	-2.8
Others	Operating revenues	Approx. 40.0	112.3	-72.3
	Operating profit	Approx. 2.0	6.7	-4.7
Adjustment	Operating revenues	(Approx. -430.0)	(-508.0)	(78.0)
	Operating profit	(Approx. -5.0)	(-3.8)	(-1.1)
Total	Operating revenues	Approx. 1,490.0	1,442.3	47.6
	Operating profit	Approx. 52.0	90.2	-38.2

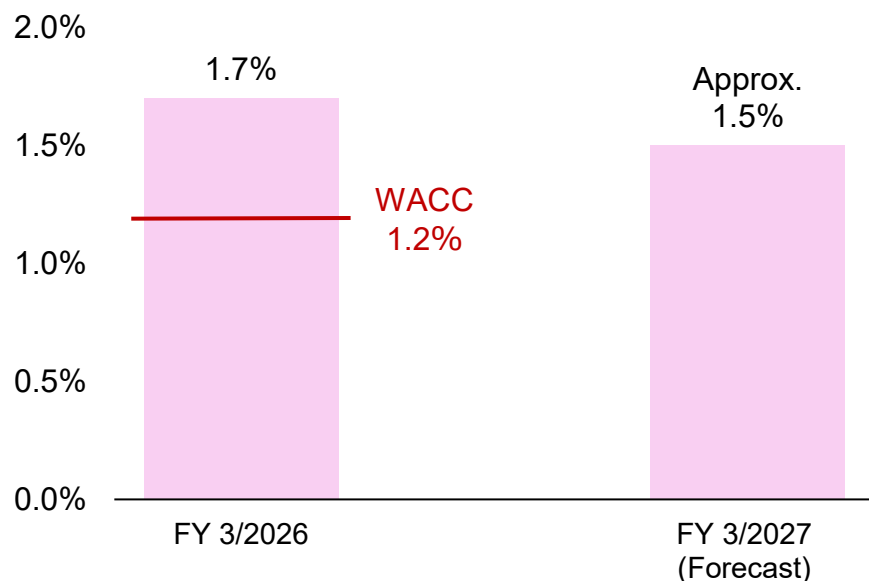
Note: We have revised the segment classification of some subsidiaries previously included in the others segment and reclassified them into the comprehensive energy business or the power transmission and distribution business effective from FY 3/2027.

## 4-1. Capital Efficiency (ROIC·ROE)

- As profits decline are anticipated compared with FY 3/2026 , both ROIC and ROE are expected to decrease.

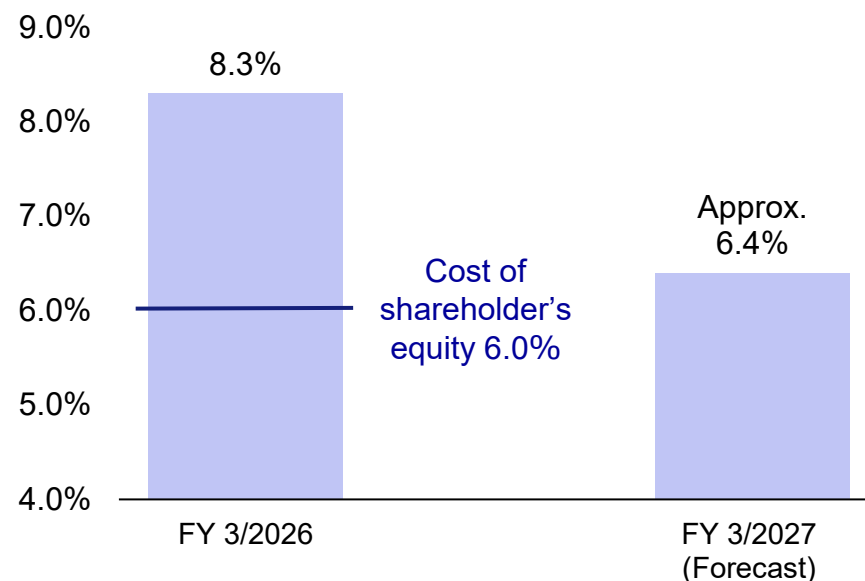
### ROIC

(excluding the effects of any time lag of the fuel cost adjustment system)



### ROE

(excluding the effects of any time lag of the fuel cost adjustment system)



Note 1 : Invested capital for ROIC and shareholder's equity for ROE are calculated based on averages at the beginning and end of the period.

Note 2 : The profit used for ROIC calculation is business profit (after tax), which is operating profit plus dividend income, etc.

Note 3 : WACC and cost of shareholder's equity have been calculated based on CAPM.

Note 4 : In calculating WACC, shareholder's equity is performed a mark-to-market. Assuming a PBR of 1x, WACC is 1.7%.

Note 5 : Beta value of 0.66 (for Chugoku Electric Power in FY 3/2026), market risk premium of 6.5%.

## 4-2. Capital Efficiency (ROIC by Segment)

	FY 3/2027 Forecast		FY 3/2026	
	Operating profit (Billions of yen)	ROIC	Operating profit (Billions of yen)	ROIC
Comprehensive energy	Approx. 44.0	Approx. 2.0%	70.2	1.9%
Power transmission and distribution	Approx. 9.0	Approx. 0.6%	12.0	0.8%
Information and tele-communications	Approx. 2.0	Approx. 2.5%	4.8	6.1%

Note 1 : ROIC of comprehensive energy is calculated excluding impacts from time lag of the fuel cost adjustment system.

Note 2 : Invested capital for ROIC is calculated based on averages at the beginning and end of the period.

Note 3 : The profit used for ROIC calculation is business profit (after tax), which is operating profit plus dividend income, etc.

Note 4 : We have revised the segment classification of some subsidiaries previously included in the others segment and reclassified them into the comprehensive energy business or the power transmission and distribution business effective from FY 3/2027.

- For FY 3/2027, we expect a decline in profit due to factors such as a decline in nuclear power operations and a decline in profit from the power transmission and distribution business, as well as a significant loss from the time lag of the fuel cost adjustment system, which is based on the assumption that current elevated fuel prices will remain high throughout the fiscal year.
- Due to the situation in the Middle East, we recognize that the business environment is uncertain, with many risks that could affect our financial performance, including a wider range of fluctuations in fuel prices and other factors, a deterioration in the future procurement environment for fuel and materials, and changes in electricity demand driven by production trends in Japan's manufacturing industry.
- Based on these circumstances, we will continue to closely monitor developments in the business environment and further enhance our risk management efforts, including market risk management. At the same time, we will promote further new customer acquisition, the stable operation of the Shimane Nuclear Power Station, the generation of profits through transactions that capitalize on market price fluctuations, and efficiency improvements across our overall business. With these initiatives, we will work to improve our performance.

- Although the situation in the Middle East is uncertain, in this financial results forecast, we assume that the currently elevated fuel prices will remain high throughout the fiscal year.
- In addition, it is difficult to quantitatively estimate the impact on the procurement environment for fuel and materials if the impact is prolonged, as well as fluctuations in retail electricity sales volume due to production trends in Japan's manufacturing industry. However, we will strive to secure fuel and materials necessary for business activities and work to secure profits, including wholesale sales.

**(Risks that may affect the Group's business that are not included in the earnings forecast)**

- Risks that power plant operations may be restricted due to difficulties in fuel procurement.
  - Risks that electricity demand may decline due to stagnation in production activities in Japan's manufacturing industry caused by a shortage of raw materials.
  - Risks that the balance sheets of overseas businesses and Group companies may deteriorate due to stagnation in economic activities. etc.
- We will continue to monitor the situation closely and take measures as necessary to stabilize our business performance.

■ Impact of fluctuations in factors on cost of raw materials

(Billions of yen)

		FY 3/2027 Forecast	FY 3/2026
Exchange rate	(¥1/\$)	2.1	1.8
All Japan CIF crude oil price	(\$1/b)	1.4	1.4

		FY 3/2027 Forecast	FY 3/2026
Total electricity sales volume	(Billions of kWh)	60.4	56.81
Exchange rate	(¥/\$)	160	151
All Japan CIF crude oil price	(\$/b)	100	71.4
Nuclear capacity factor	(%)	64	87.9

Note 1: The total electricity sales volume is the sum of the retail electricity sales volume and the electricity sales volume to other power companies by Chugoku Electric Power.

Note 2: The total electricity sales volume does not include the amount of retail power used in-house or the amount of electricity sales volume to other power companies in relation to imbalances/adjusted power supply.

#### ■ Impact of fluctuations in factors on cost of raw materials

(Billions of yen)

		FY 3/2027 Forecast	FY 3/2026
Exchange rate	(¥1/\$)	2.1	1.8
All Japan CIF crude oil price	(\$1/b)	1.4	1.4
Water flow rate	(1%)	0.3	0.3
Nuclear capacity factor	(1%)	0.7	0.7

- Our basic policy on dividends for FY 3/2026 is to use a dividend ratio of 12% as a guideline, as announced in April 2025.
- We also announced in September 2025 that, in the course of considering the Chugoku Electric Power Group Corporate Vision 2040 (the “New Corporate Vision”), we would introduce the concept of dividend on equity (DOE) for dividends from FY 3/2027 onward, with a view to ensuring alignment with the financial strategy and enhancing the predictability of dividends.
- In light of our entering the execution phase of the New Corporate Vision in April this year, we have decided to pay dividends for FY 3/2026 with an emphasis on stability and predictability. The annual dividend will remain unchanged from our previously announced dividend forecast at ¥27 per share, of which the year-end dividend will be ¥17 per share.
- This matter was resolved at a meeting of the Board of Directors held today and is scheduled to be submitted to the General Meeting of Shareholders to be held in June.

## 《Dividends》

(Dividends per share)

	FY 3/2026	FY 3/2025
Interim	¥10	¥5
Year-end	¥17	¥22
Total	¥27	¥27

- Based on the future direction of shareholder returns, which was announced in September 2025, the dividend policy for FY 3/2027 onward and the dividend forecast for FY 3/2027 are as follows.

### <Dividend policy for FY 3/2027 Onward>

- In order to provide shareholders with stable dividends even during the process of rebuilding our financial base, we have introduced the concept of dividend on equity (DOE) in deciding dividends starting from FY 3/2027. Until the start of commercial operation at Shimane Nuclear Power Station Unit 3, we will determine dividends by comprehensively considering the progress in rebuilding our financial base and other factors, while aiming for a DOE of 2%.

### <Dividend Forecast for FY 3/2027>

- Based on the above dividend policy and comprehensively considering the progress in rebuilding our financial base and other factors, the annual dividend for FY 3/2027 is forecasted at ¥30 per share (interim dividend of ¥15 and year-end dividend of ¥15), which corresponds to a DOE of approximately 1.5%.

《Dividends》	(Dividends per share)
	FY 3/2027
Interim	¥15 (Forecast)
Year-end	¥15 (Forecast)
Total	¥30 (Forecast)

- We aim for a DOE of 2% even prior to the start of commercial operation at Shimane Nuclear Power Station Unit 3 by promoting the restoration of our financial base.

### III. Initiatives under Action Plan 2030

- In the Action Plan 2024-2025, we prioritized regaining trust lost due to a series of inappropriate incidents and restoring our revenue and financial base weakened by surging fuel prices and increased competition in FY 3/2022 and FY 3/2023, dedicating all our efforts to these tasks.
- As a result, we achieved our target consolidated equity ratio of 15% one year ahead of schedule—a goal originally set for the end of FY 3/2026, by which time the ratio had actually recovered as far as 16.8%.

## Initiatives to Regain Trust

### Effective measures to prevent recurrence

- All direct recurrence prevention measures, based on a series of inappropriate incidents, have been implemented except for the termination of the shared system status with Chugoku Electric Power Transmission & Distribution, scheduled for completion in June 2026.
- We will continue to enhance internal controls based on assessments and advice from the Corporate Ethics Committee and the Internal Control Enhancement Committee, which include external experts.

### Stimulating change in corporate culture

- Established the Corporate Culture Reform Promotion Committee composed of heads from relevant organizations to drive cultural change based on root cause analysis of inappropriate incidents.
- One initiative, the Chugoku Electric “Motto Kawarou” Project, gathers employees through a volunteer system to discuss how we should change, broadening understanding and empathy toward transformation, encouraging personal ownership and action.

#### Measures (excerpt):

- ✓ Chugoku Electric “Motto Kawarou” Project
- ✓ Action declarations by executives, department heads, and business site managers
- ✓ EnerGia LOUNGE (a collaborative learning space led by executives and department heads)
- ✓ Adopting a free seating system

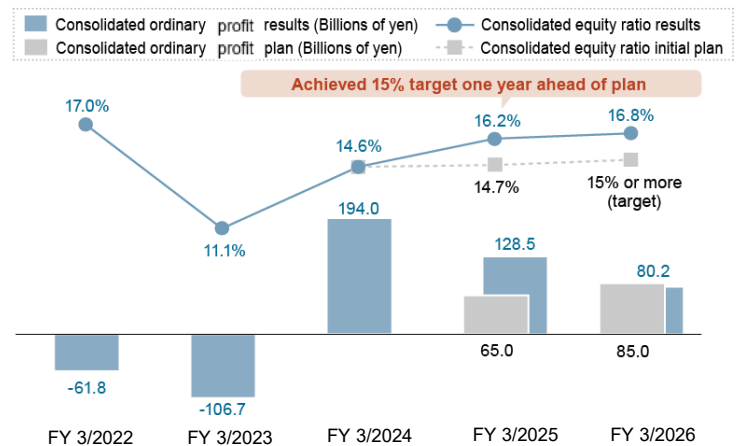
## Initiatives to Restore Our Revenue and Financial Base

### Restart of Shimane Unit 2 operations

- We successfully restarted this unit in December 2024 after 13 years offline. This greatly contributes to the restoration of our revenue base by balancing the enhancement of power source competitiveness and decarbonization.

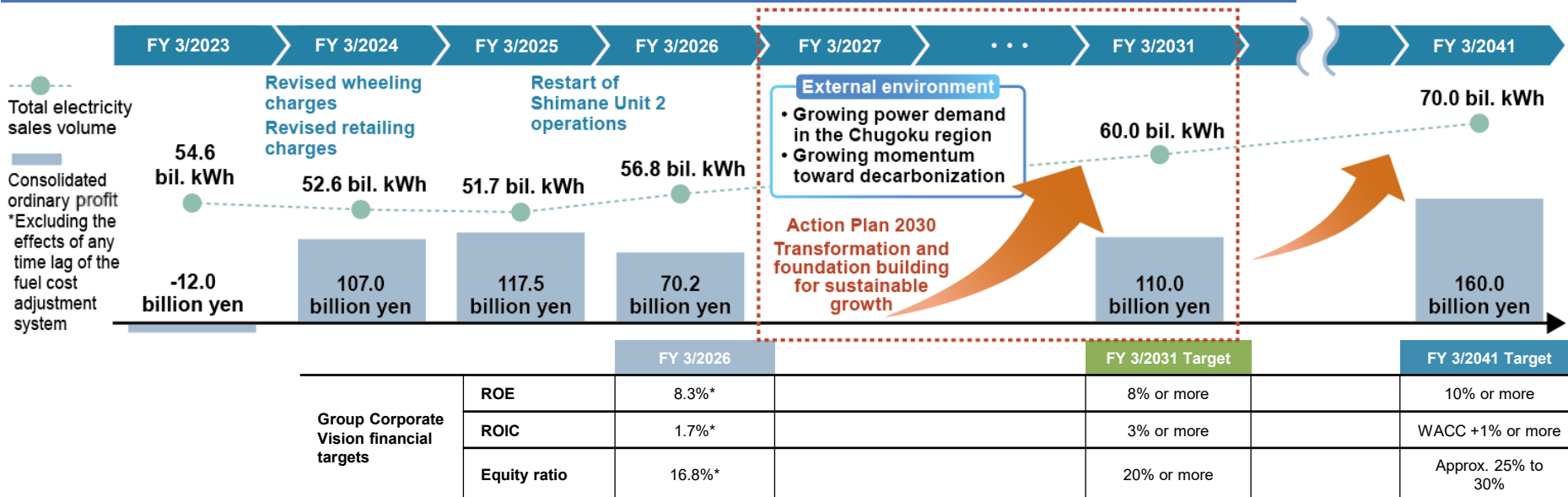
### Growing profits from power retailing/wholesaling

- Established a project team directly under the President to aggressively optimize power and fuel procurement and expand offerings tailored to customer needs. As a result, significantly boosted total electricity sales volume for FY 3/2026 (56.8 billion kWh) by +5.1 billion kWh year on year.



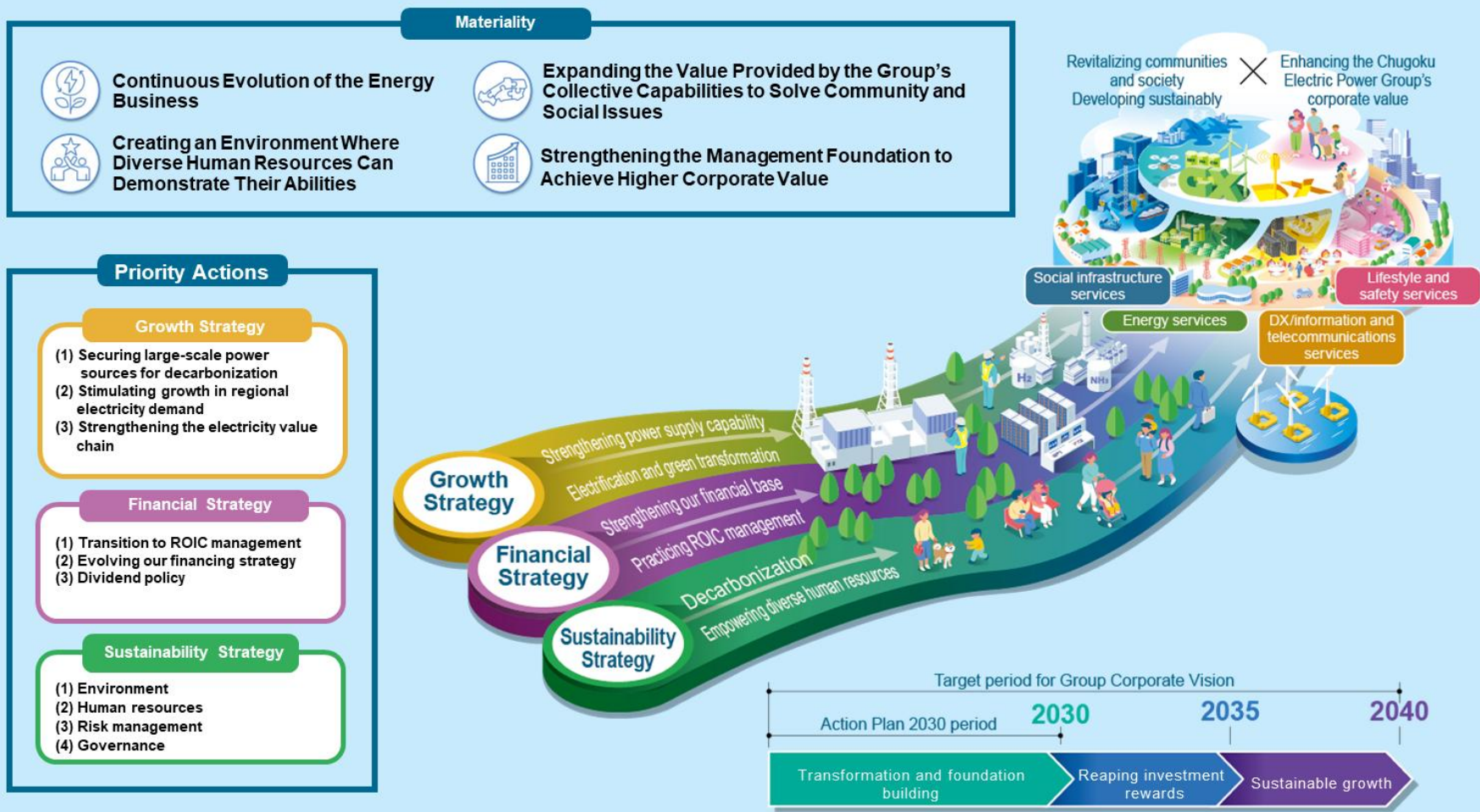
- In the Action Plan 2024-2025, we achieved some success in restoring our revenue and financial base. Now, we must elevate our consolidated ordinary profit for FY 3/2031 to a higher level of 110 billion yen, while maintaining a focus on capital efficiency to achieve the financial targets outlined in our Group Corporate Vision.
- Therefore, in Action Plan 2030, under the concept of “transformation and foundation building for sustainable growth,” we view the expansion of future electricity demand and the growing momentum toward decarbonization as growth opportunities. As a result, we will advance the construction of large-scale decarbonized power sources and the development of next-generation transmission and distribution networks, while also developing and offering products and services that customers choose, thereby enhancing our earning power.

### KPIs for Achieving Financial Targets (Consolidated Ordinary Profit / Total Electricity Sales Volume)



\* Excluding the effects of any time lag of the fuel cost adjustment system

■ The Action Plan 2030 is designed to realize the Group Corporate Vision, with a target period of five years through FY 3/2031. To achieve our FY 3/2031 targets, the plan consists of three strategies.



- We will leverage the results of our Action Plan 2030 initiatives to improve our price-to-book ratio (PBR), which currently remains at a low level.

**Return on equity (ROE)**  
 FY 3/2026 results\*1: 8.3%  
 ▼  
**Target\*2: 8% or more**

**Price-to-book ratio (PBR)**  
 FY 3/2026 results: 0.5x  
 ▼  
**Target\*3: 1x or more**

**Price earnings ratio (PER)**  
 FY 3/2026 results: **5.2x**

**[Practicing ROIC Management]**

- **Improvement in total asset turnover ratio** FY 3/2026 results: 0.32x
- **Improvement in operating profit margin** FY 3/2026 results\*1: 5.6%

**[Proper Use of Financial Leverage]**

- **Appropriately utilizing financial leverage assuming a consolidated equity ratio improved to 20% or more**

**[Management That Is Conscious of Stock Price]**

- **Enhancing shareholder returns**  
 Transition to DOE and phased expansion
- **Strengthening engagement activities**  
 Enhancing disclosure and engaging in constructive dialogues
- **Practicing sustainability management**  
 Taking actions to achieve sustainability targets/enhancing KPIs/Group-wide expansion

\*1 Excluding the effects of any time lag of the fuel cost adjustment system

\*2 Target values for FY 3/2031

\*3 Rapidly reaching 1x by FY 3/2036, maintaining a constant 1x through FY 3/2041

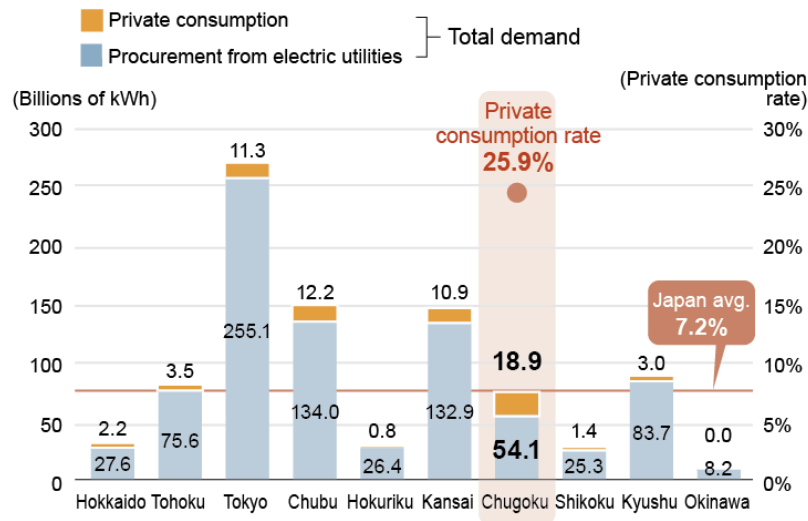
# 5. Stimulating Growth in Regional Electricity Demand

- In the Chugoku region, many customers—particularly those in the Setouchi Industrial Complex—operate large-scale in-house power generation facilities. Looking ahead, an expansion is anticipated in retail electricity sales volumes, driven by switching to grid power as part of their carbon neutrality initiatives, as well as a shift to natural gas as a fuel source.
- In addition, we will contribute to our customers’ electrification and green transformation by offering comprehensive energy solutions that leverage natural gas, an area of strength for our Group.

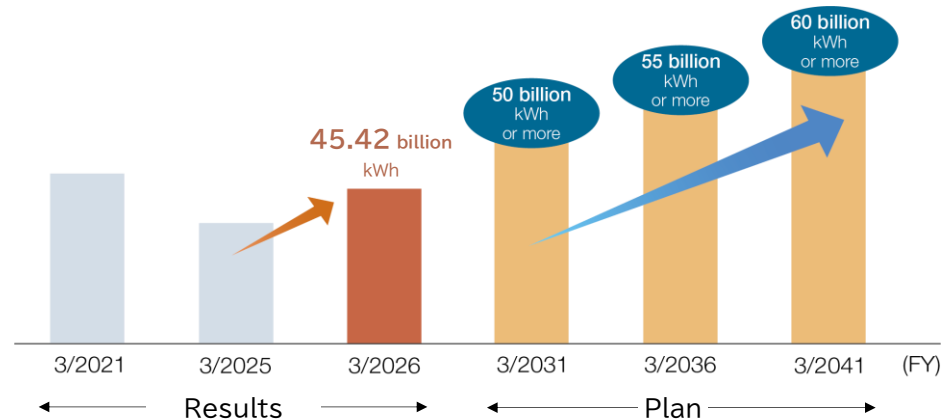
## Operational Status of In-House Power Generation Facilities (FY 3/2025)

- Private consumption\* in the Chugoku region is 18.9 billion kWh, at 25.9% of all power demand (including procurement from electric utilities), significantly exceeding the 7.2% national average.

\*The use of customer-owned in-house power generation facilities to cover necessary power



## Chugoku Electric Power Company’s retail electricity sales volume



Note: Compiled based on the Ministry of Economy, Trade and Industry’s summary of FY2024 semi-annual operational reports for private power plants (for operators with facilities of 1,000 kW or more) and other relevant data.

# 6-1. Strengthening Power Supply Capacity by Securing Large-Scale Power Sources

■ We will continue to invest in the development of large-scale power sources, which are essential for the future growth of the Chugoku Electric Power Group, including stabilizing operations, strengthening competitiveness, and achieving decarbonization, and work to ensure power supply capability through the reliable operation of these facilities.

## Securing Large-Scale Power Sources

Power Station	Power Generation Method	Output	Timing of Commercial Operations Start	Initiatives Ahead of Start of Operations and for Improved Utilization Rates
Shimane Unit 2	Nuclear (BWR*1)	820,000 kW	<span style="font-size: 2em;">{</span> January 2025 (Started commercial operation) <span style="font-size: 2em;">}</span>	<ul style="list-style-type: none"> <li>Preventing problems through proper facility management and other measures</li> <li>Appropriate handling of compliance reviews for new regulatory requirements regarding the installation of Facilities for Specific Severe Accidents and Other Accidents, etc., and steady safety measure work</li> </ul>
Shimane Unit 3	Nuclear (ABWR*2)	1,373,000 kW	Aiming to begin commercial operation by FY 3/2031	<ul style="list-style-type: none"> <li>Appropriate handling of compliance reviews for new regulatory requirements, and steady safety measures and construction work</li> <li>Appropriate project management for early start of operations</li> </ul>
New Yanai Unit 2 (Provisional name)	LNG (High-efficiency GTCC*3)	522,700 kW (+126,700 kW*4)	July 2030 (Plan)	<ul style="list-style-type: none"> <li>Steady construction preparation and environmental assessment actions</li> <li>Steady construction work</li> <li>Study of the installation of equipment necessary for hydrogen co-firing</li> </ul>

\*1 BWR: Boiling water reactor

\*2 ABWR: Advanced boiling water reactor

\*3 GTCC: Gas turbine combined cycle

\*4 Increased output resulting from the replacement of existing power sources

### [Study on spent fuel interim storage facilities]

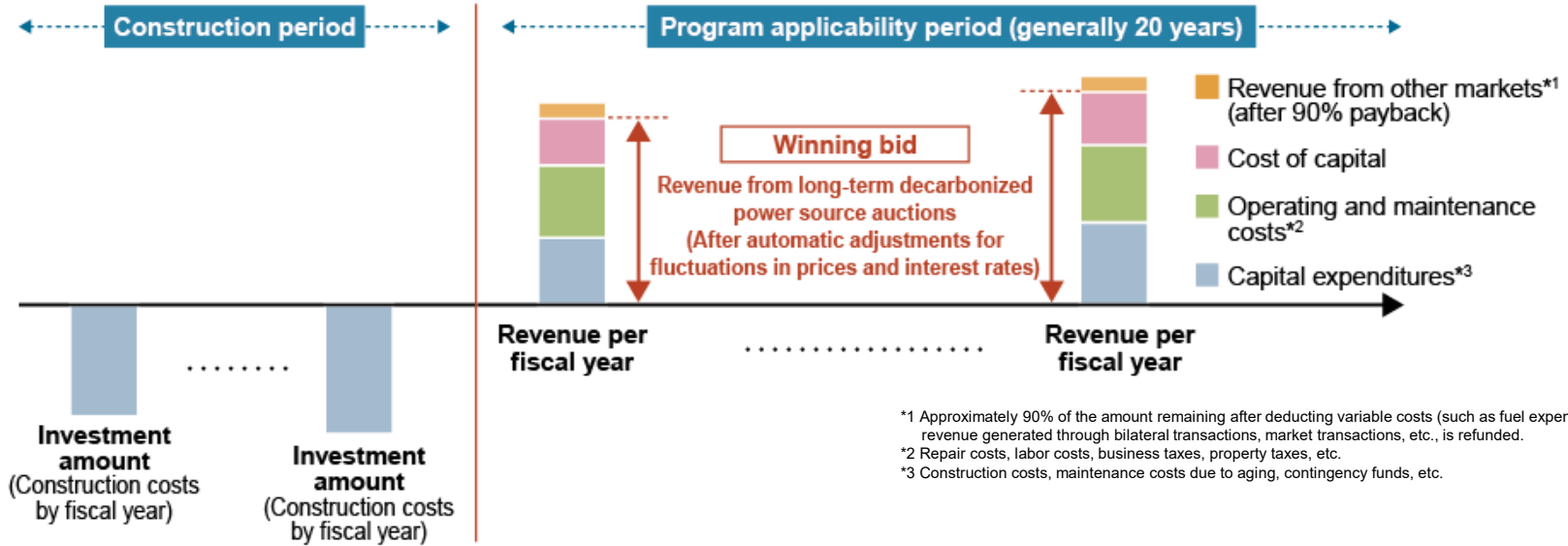
- As part of measures for spent fuel storage that will contribute to the long-term stable operation of the Shimane Nuclear Power Station, we are conducting studies on the establishment of a spent fuel interim storage facility at the Kaminoseki site.

■ The long-term decarbonized power source auction is a program established to stimulate development of decarbonized power sources and improve the predictability of long-term investment returns. In the auction held in FY 3/2024, we were awarded contracts for the Shimane Unit 3 and the new Yanai Unit 2.

### [Program Utilization Benefits]

- During the applicable period, though approximately 90% of revenue must be refunded during the program period, fixed costs—including construction expenses—can be reliably recovered.
- In addition, a mechanism is in place to automatically adjust the winning bid price based on price indices and other factors, enabling the program to account for changes in prices and interest rates following the award of the contract.

### Illustration of Return on Investment



\*1 Approximately 90% of the amount remaining after deducting variable costs (such as fuel expenses) from revenue generated through bilateral transactions, market transactions, etc., is refunded.  
 \*2 Repair costs, labor costs, business taxes, property taxes, etc.  
 \*3 Construction costs, maintenance costs due to aging, contingency funds, etc.

- Despite uncertainties such as the possibility that additional safety measures may be required, based on certain assumptions, we estimate that the operation of Shimane Unit 3 would result in an annual improvement of approximately 30 billion yen on our balance of revenues and expenses.



### Contribution to ordinary profit

- Ordinary profit: Approx. +30 billion yen per year

### Improvement in operating cash flow

- Increase in operating cash flow: Approx. 100 billion yen per year

### Improvement in ROIC

- (Consolidated) Approx. +0.5% point

### CO<sub>2</sub> reduction impact

- Emissions reduction: Approx. 3.6 million t per year

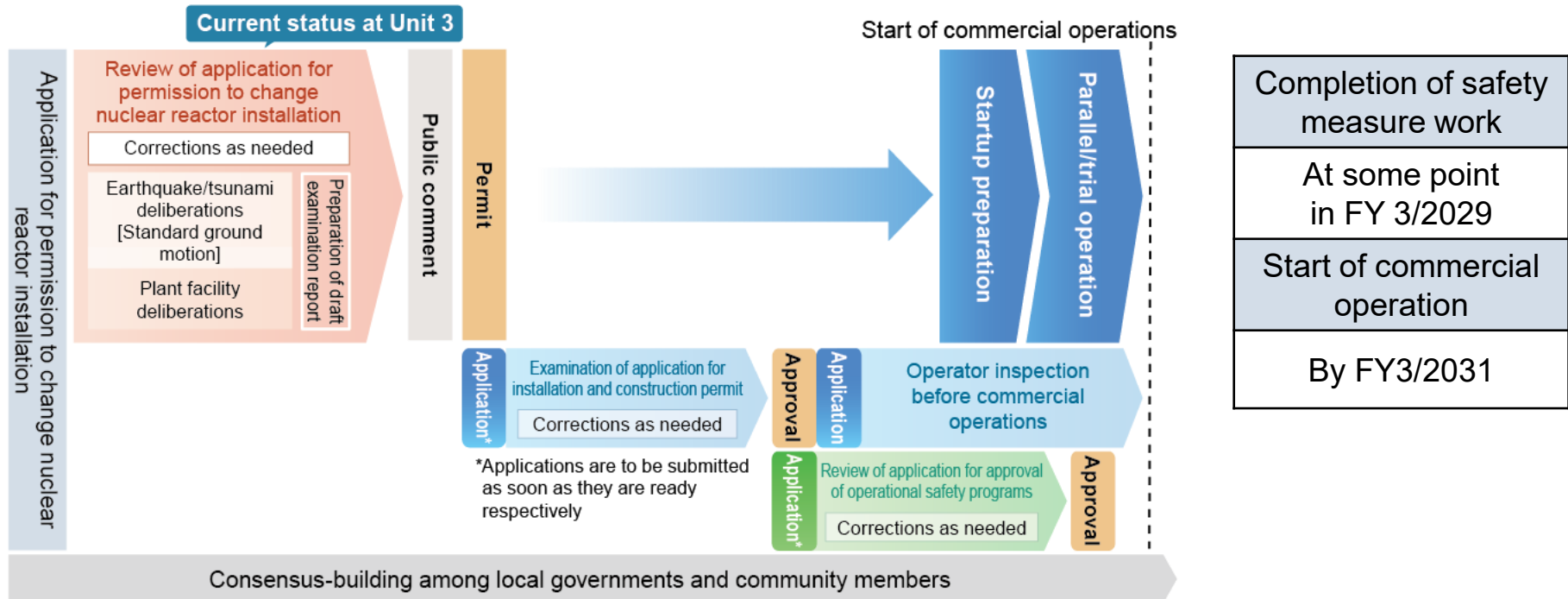
### Calculation assumptions

- Nuclear power facility utilization rate: 70%
- CO<sub>2</sub> emission factor: 0.472 kg-CO<sub>2</sub>/kWh (FY 3/2025 retail business results)

# 6-4. Processes and Safety Measures Leading Up to the Start of Operations 26 at Shimane Unit 3

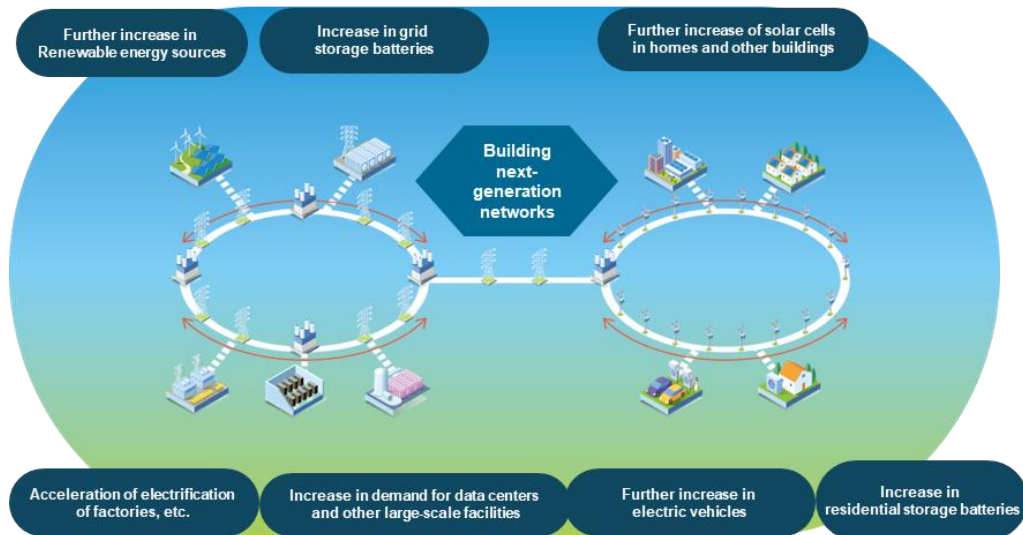
- To date, a total of 28 review meetings have been held for Shimane Unit 3. With the explanations provided at the review meeting on March 26, 2026, we have completed our explanations for all items that we had initially planned to address within FY 3/2026.
- Going forward, we will respond to comments raised to date, including those related to effectiveness evaluations (Probabilistic Risk Assessment (PRA) and sequence selection) and technical capability (storage locations and access routes), and will also present the results of our investigations into inferred active faults.
- In addition, in light of the case at Chubu Electric Power's Hamaoka Nuclear Power Plant, we will explain at the review meetings that our approach to seismic ground motion evaluation at the Shimane Nuclear Power Station is appropriate.
- We will continue with construction while prioritizing safety above all else, and work in collaboration with relevant local governments and agencies to strengthen and enhance our response capabilities in the event of a potential nuclear disaster.

## Shimane Unit 3 Compliance Status With New Regulatory Requirements (as of March 2026)



- To address significant growth in electricity demand, we will work to develop rational infrastructure and advance grid monitoring and control technologies.
- We will steadily implement measures related to the stable supply of electricity, such as addressing aging infrastructure and strengthening cyber security. At the same time, we will work to enhance regional resilience by leveraging digital technology to accelerate restoration efforts and advance remote monitoring capabilities.
- To ensure steady progress on these initiatives, revisions to the revenue cap system to stabilize the earnings of general power transmission and distribution operators are being discussed at national advisory councils. Chugoku Electric Power Transmission & Distribution is actively participating in the review of issues that became apparent in the first regulatory period from FY 3/2024 and will continue to voice its opinions proactively.

## Adapting to Diversifying Network Usage Patterns



## Specific Initiatives Through FY 3/2031

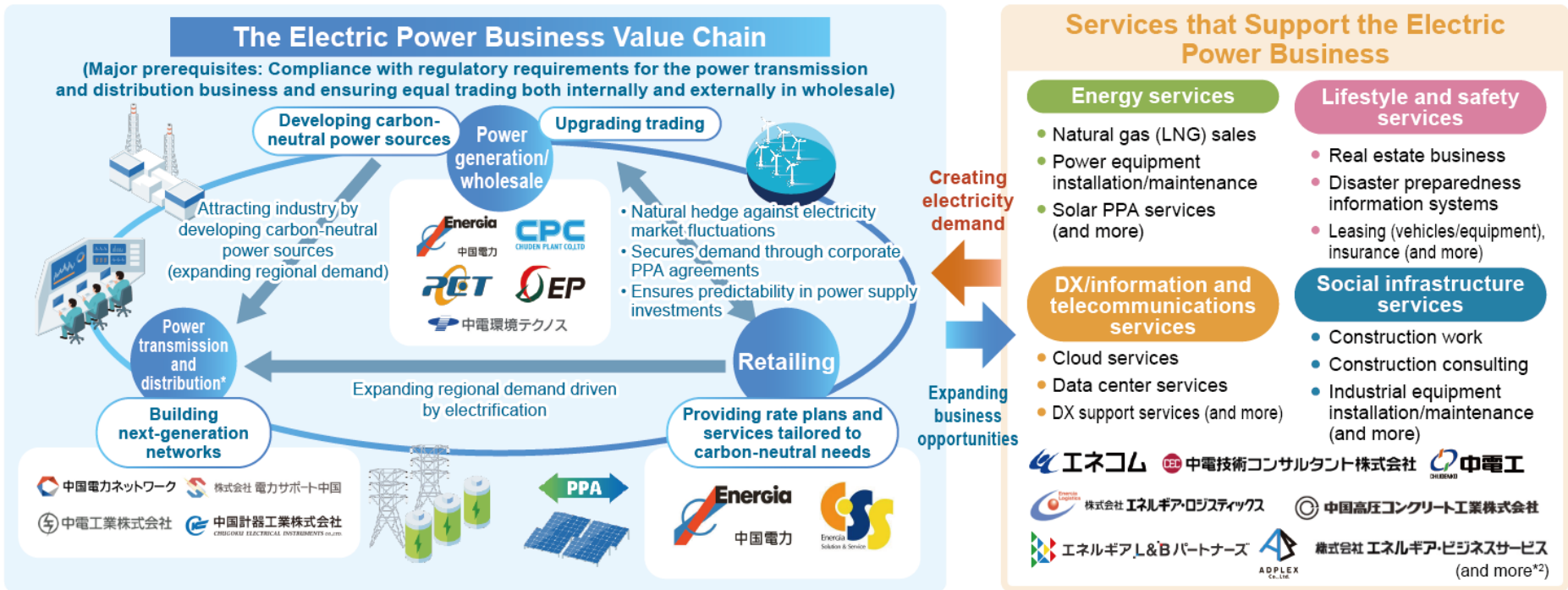
Building next-generation networks	Optimal facility planning given changes in demand trends and power generation mix	Examining infrastructure planning based on regional demand and forecasts for DER <sup>*1</sup> introduction—including solar power, electric vehicles, storage batteries, and heat pumps
	Enhancement of grid monitoring and control technology	Conducting demonstrations and tests to expand the operational capacity of power transmission and distribution facilities and manage grid congestion through dynamic rating <sup>*2</sup>
	Release of grid information to meet growing demand for electricity	In addition to expanding the welcome zone <sup>*3</sup> map, proposing rapid information sharing and phased power supply to respond promptly to business needs
	Strengthening resilience to support next-generation networks	Examining methods for immediately assessing damage using drones and IoT during accidents and disasters
	Initiatives to better stabilize revenue/expenses	Participating the development of systems that comprehensively take into account business risks, the funding environment, and other relevant factors

<sup>\*1</sup> Distributed energy resources. Refers collectively to power generation and energy storage facilities connected directly to the grid, in addition to demand-side energy resources

<sup>\*2</sup> An operational technique that dynamically monitors equipment temperature to maximize the use of potential equipment capacity

<sup>\*3</sup> Areas where the construction of new large-scale power transmission lines is not required and where power supply can be initiated in the short term

■ Starting with proactive investment in power generation, transmission, and distribution, we will grow our services tailored to the needs of our customers and local communities beyond our electric power-related businesses, while leveraging the Group's collective strengths to create value.

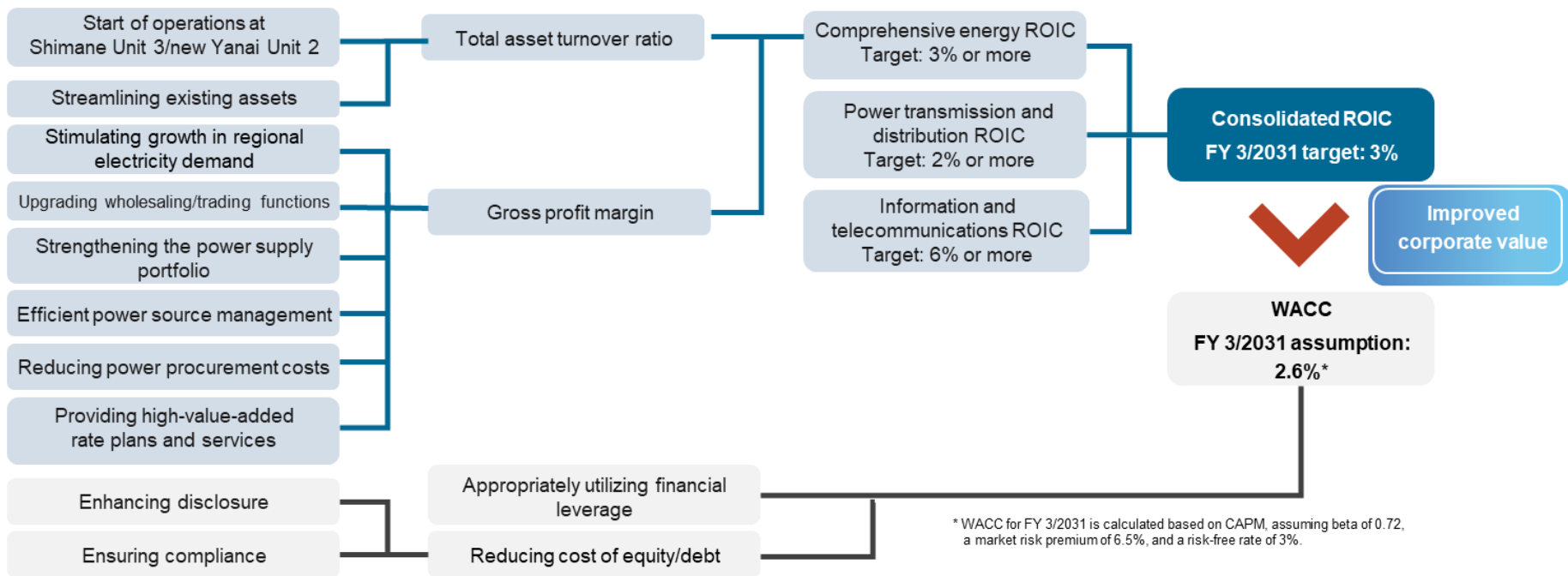


\*1 Chugoku Electric Power Transmission & Distribution Company, Inc. will conduct its operations with the fundamental principle of maintaining neutrality toward all power generators and retailers operating within its service area.  
 \*2 In addition to the above, we will work to create value in collaboration with equity-method subsidiaries such as EnerGia Smile CO., INC., and equity-method affiliates such as Setouchi Joint Thermal Power Co., LTD., CHUGOKU HEALTH AND WELFARE CLUB CO., INC., MIZUSHIMA LNG COMPANY, LIMITED, Osaki CoolGen Corporation, KAITA BIOMASS POWER CO., LTD., and The Chugoku Electric Manufacturing Company, Incorporated.

## IV. Initiatives to Improve PBR

- From FY 3/2027, we are practicing ROIC (return on invested capital) management and set ROIC targets for each business. We will also work to foster a greater awareness among employees that initiatives at each business location contribute to improving ROIC.
- This will enable us to accelerate efforts to replace low-return assets and streamline our asset portfolio, while also working to enhance corporate value by managing our business with a focus on weighted average cost of capital (WACC).

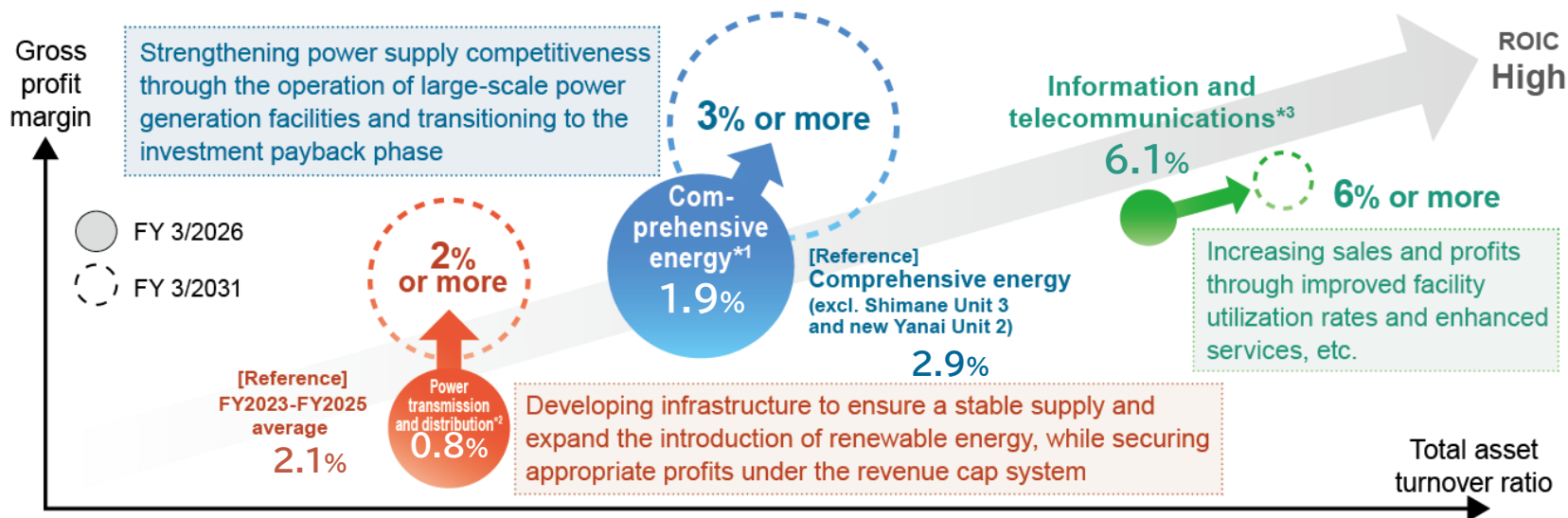
## Roadmap for Initiatives to Improve ROIC (Comprehensive Energy Business)



## 2. Policy to Improve ROIC by Business

- During the Action Plan period (FY 3/2027-FY 3/2031), we will focus our investments on our comprehensive energy business and power transmission and distribution business, and work toward achieving our FY 3/2031 ROIC target (3% or more) by enhancing the profitability and efficiency of each business.

### ROIC by Business and Improvement Initiatives



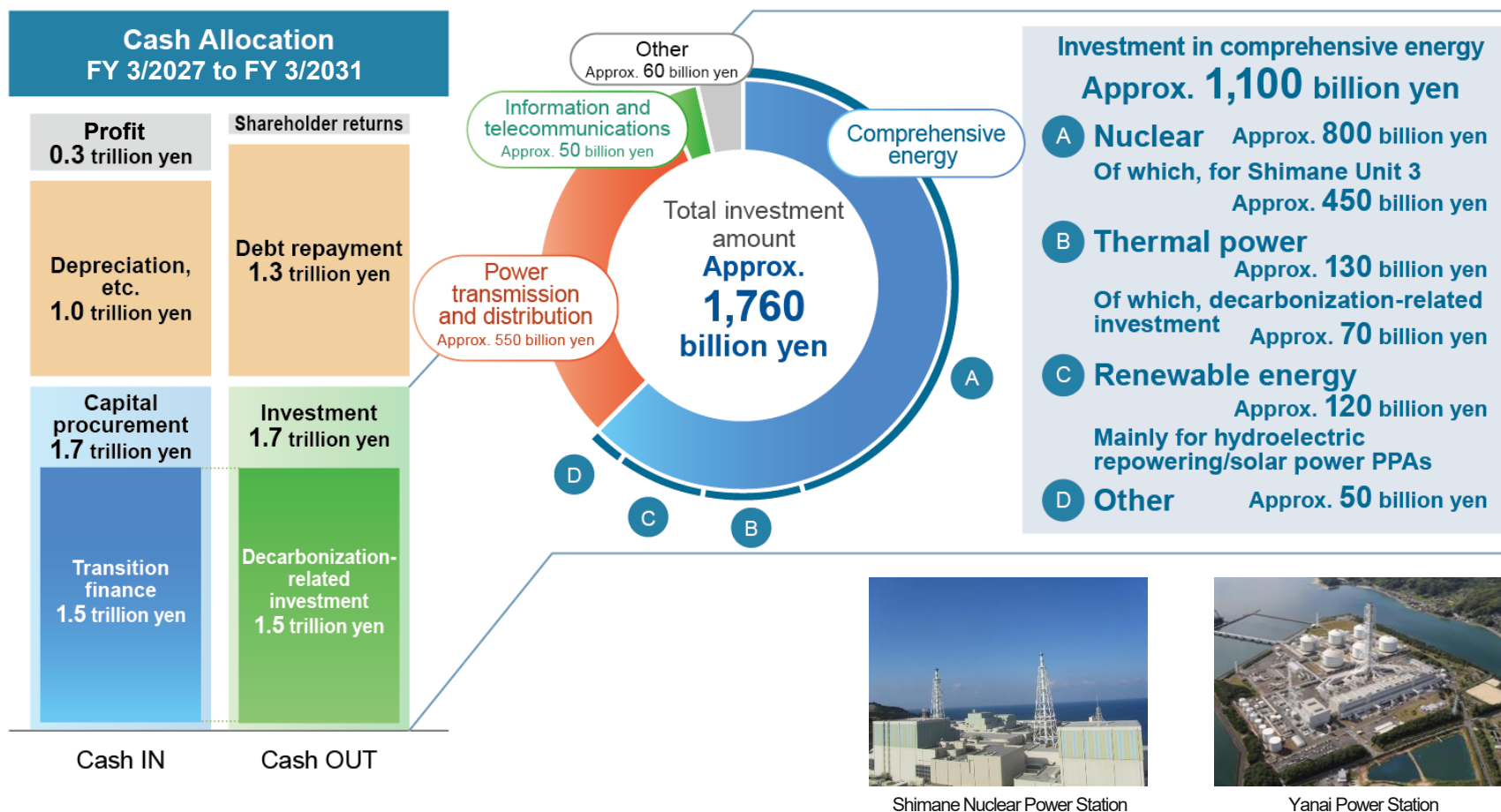
\*1: Scope: The Chugoku Electric Power Co., Inc., Energia Solution & Service Company, Incorporated, ENERGIA POWER YAMAGUCHI CORPORATION, and overseas subsidiaries. From FY 2026, scope is expanded to include CHUDEN PLANT CO., LTD., CHUDEN KANKYO TECHNOS CO., LTD., and Power Engineering and Training Services, Incorporated.

\*2: Scope: Chugoku Electric Power Transmission & Distribution Company, Incorporated and Denryoku Support Chugoku Co., Inc. From FY 2026, scope is expanded to include CHUDEN KOGYO CO., LTD. and CHUGOKU INSTRUMENTS CO., INC.

\*3: Scope: Enecom, Inc.

# 3. Investment Allocation Breakdown

- We plan to invest approximately 1.7 trillion yen during the Action Plan period (FY 3/2027-FY 3/2031), focusing primarily on large-scale power generation facilities (Shimane Unit 3 and the new Yanai Unit 2) and the power transmission and distribution business.
- At the same time, we will manage the expansion of our balance sheet by streamlining our assets through measures such as the sale of cross-shareholdings and low-return assets.



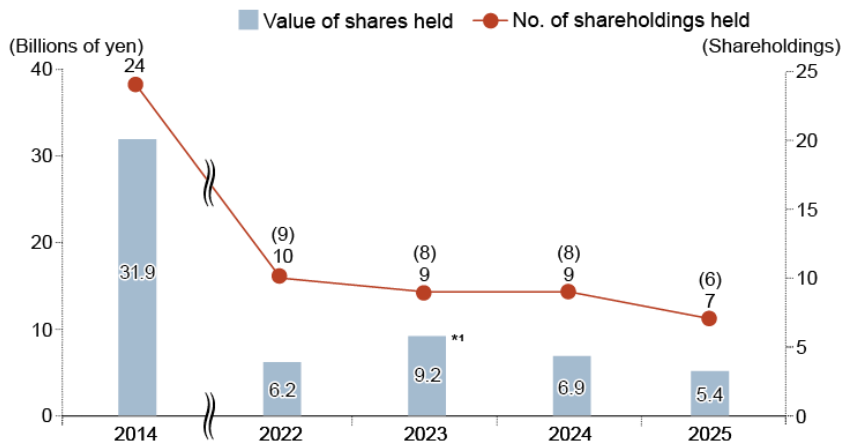
- We have been working to streamline our assets through measures such as the decommissioning of aging thermal power plants and the disposal of cross shareholdings and nuclear fuel.
- Going forward, in addition to our existing efforts, we will also explore moving new investment projects off the balance sheet through project financing. We are also considering the use of project finance for the grid storage battery facility\* under development at the former Kudamatsu Power Station site.

\* Output: 16,000 kW; storage capacity: 48,000 kW; scheduled to begin commercial operation in FY 3/2029

## Trends in Balance of Cross Shareholdings

- We regularly and continuously review the rationale for holding non-listed shares we own and proceed to sell those whose justification for holding is no longer recognized.

Cross Shareholding Trends (market value)

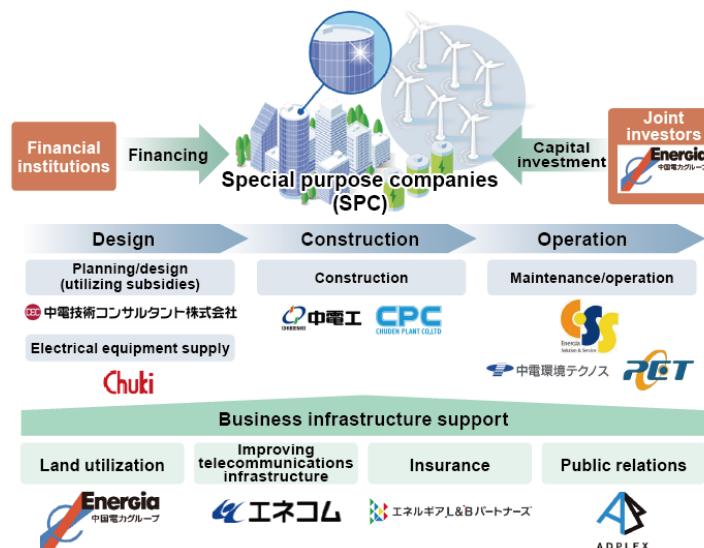


\*1 The increase in the market value of shares held in FY 3/2024 is the result of rising stock prices.

\*2 Figures in parentheses are stocks that are being sold as there is no value in holding them

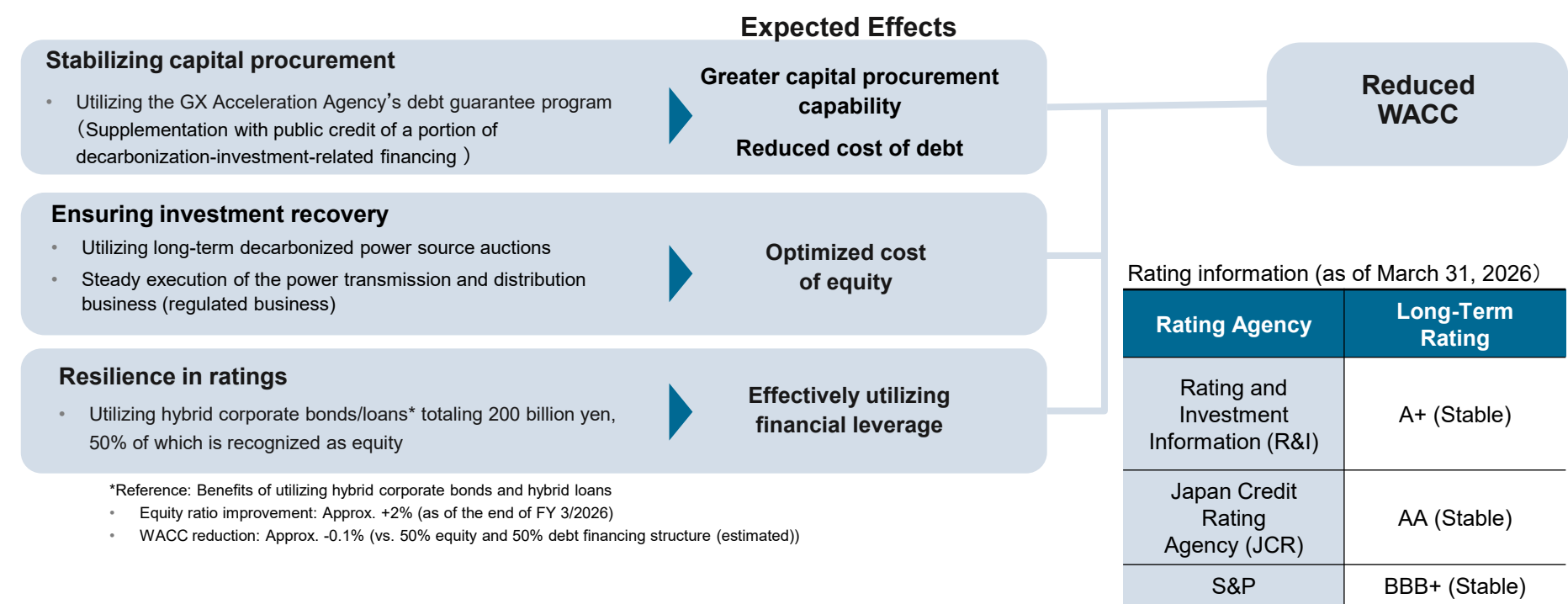
## Future Leveraging of Project Finance

- Moving forward, with a view to leveraging project finance, we aim to leverage the comprehensive strengths of the Chugoku Electric Power Group within our business framework to achieve both capital efficiency and the maximization of revenue opportunities.



- We have consistently managed our business with WACC in mind and worked to reduce this figure.
- While we anticipate that WACC will rise going forward due to further interest rate hikes and improvements in our equity ratio, we will work to keep the increase in the WACC to a minimum.

## Initiatives to Reduce WACC



\*Reference: Benefits of utilizing hybrid corporate bonds and hybrid loans  
 • Equity ratio improvement: Approx. +2% (as of the end of FY 3/2026)  
 • WACC reduction: Approx. -0.1% (vs. 50% equity and 50% debt financing structure (estimated))

■ To raise 1.7 trillion yen (0.4 trillion yen net increase in interest-bearing debt) during the Action Plan period (FY 3/2027-FY 3/2031), we will actively utilize transition finance—including loans backed by debt guarantees from the GX Acceleration Agency, as well as corporate bonds and syndicated loans—in accordance with the Sustainable Finance Framework, most recently revised in April 2026.

## Capital Procurement Methods (Examples)

- Transition bonds, transition-linked bonds
- Syndicated loans provided by regional banks across Japan
- **Transition loans using debt guarantees from the GX Acceleration Agency**  
 — Utilizing this scheme, we procured funds in March 2026 (debt guarantee amount: 50.4 billion yen). We will continue to explore ways to utilize this.



\*GX Acceleration Agency (authorized corporation established under the GX Promotion Act)  
 To advance the government's GX policies and achieve over 150 trillion yen in GX investment through public-private collaboration, this organization provides financial support for corporate decarbonization investments.

## Cash Allocation FY 3/2027 to FY 3/2031

Profit 0.3 trillion yen	Shareholder returns
Depreciation, etc. 1.0 trillion yen	Debt repayment 1.3 trillion yen
Capital procurement 1.7 trillion yen	Investment 1.7 trillion yen
Transition finance 1.5 trillion yen	Decarbonization-related investment 1.5 trillion yen

Cash IN      Cash OUT

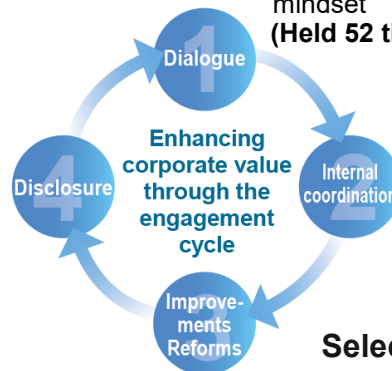
- We are implementing an engagement cycle to incorporate investor feedback into internal improvements and reforms, while also leveraging this feedback to enhance our disclosures and thereby increase corporate value.
- In addition to maintaining and evolving our external engagement, we will work to develop and strengthen internal engagement in order to drive internal reforms, such as the widespread adoption of ROIC management, where field staff and Group companies work together to engage with the capital markets.

## External Engagement

- Engaging in active dialogue and exchanging views with investors and other stakeholders (**FY 3/2026: 164 dialogues in total**)
- Investors and Chugoku Electric section chiefs gather to exchange views on human capital, carbon neutrality disclosures, and enhancing IR activities



ESG roundtable discussion (December 2025)



## Internal Engagement

- Sharing information with upper management on a monthly basis and reporting to the Board of Directors twice a year
- By adopting a finance-driven approach to convey the perspectives of investors and financial institutions to internal stakeholders—including field staff at power stations and sales offices—we aim to enhance corporate value across the entire Group while also fostering a shift in employee mindset  
(Held 52 times to date, with approximately 1,800 participants)



Study session at Shimane Nuclear Power Station (June 2025)

## Selected Investor Comments

- ✓ While many disclosures are simply lists of items that are difficult to understand, the carbon neutrality initiatives are investor-focused and serve as a valuable tool for dialogue.
- ✓ Though disclosure of initiatives unique to the Chugoku region has improved, we expect stronger communication and emphasis.

## Selected Participant Comments

- ✓ We now clearly understand the financial expectations for nuclear power utilization. This provided me motivation for my daily efforts (nuclear power station).
- ✓ Understanding that financial institutions and investors place a high priority on carbon neutrality has highlighted the importance of our own power station, which has boosted employee morale (thermal power station).

# Supplemental Data

Management status and major financial data for the past 10 years can be downloaded in Excel format on our website.

<At a Glance> <https://www.energia.co.jp/e/ir/info/glance.html>

<Major Financial Data> [https://www.energia.co.jp/e/ir/info/financial\\_data.html](https://www.energia.co.jp/e/ir/info/financial_data.html)

## ■ Consolidated Statements of Operations

(Billions of yen)

	FY 3/2026	FY 3/2025
Overview of financial results	Decrease in revenue (-86.9) Decrease in profit (-48.3) for 2 consecutive years	Decrease in revenue (-99.5) Decrease in profit (-65.5) for the first time in 3 years
Operating revenues	1,442.3	1,529.2
Operating profit	90.2	129.1
Ordinary profit	80.2	128.5
Profit attributable to owners of parent	68.5	98.4

## ■ Consolidated Balance Sheets

(Billions of yen)

	FY 3/2026	FY 3/2025
Total assets	4,620.5	4,360.9
Net assets	775.2	705.8
Shareholders' equity ratio	16.8% (19.0% <sup>(Note 2)</sup> )	16.2% (18.5% <sup>(Note 2)</sup> )
Interest-bearing debts	3,332.5	3,181.3

Note 1: Increases/decreases in profit in the overview of financial results are based on ordinary profit.

Note 2: This indicates the shareholders' equity ratio if the ¥50.0 billion of the hybrid corporate bonds already raised (announced on December 3, 2021) and ¥50.0 billion of transition-linked hybrid loans already raised (announced on September 29, 2022) are both treated as equity capital.

(Billions of yen)

	FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)
Cash flows from operating activities	237.2	186.0	51.2
Cash flows from investing activities	-236.2	-358.8	122.5
Free Cash Flow	1.0	-172.8	173.8
Cash flows from financing activities	135.3	161.1	-25.7
Cash and cash equivalents (increase and decrease)	136.6	-11.7	

# Income Statement <Non-Consolidated>

(Billions of yen)

	FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)
Ordinary revenues	1,310.4	1,382.1	-71.6
Operating revenues	1,266.7	1,342.2	-75.4
Electricity sales revenue	933.5	950.0	-16.4
Others	333.1	392.2	-59.0
Non-operating income	43.6	39.8	3.8
Ordinary expenses	1,242.9	1,286.8	-43.8
Operating expenses	1,200.6	1,258.3	-57.6
Personnel	42.6	42.6	-0.0
Retirement allowances	0.2	1.0	-0.7
Material	572.5	670.1	-97.6
Fuel	232.1	261.5	-29.4
Purchased power	340.3	408.6	-68.2
Maintenance	67.2	58.9	8.3
Depreciation	80.8	59.5	21.3
Back-end of nuclear power	15.9	5.6	10.3
Transmission fees of connected supply	271.2	267.5	3.7
Others	150.0	153.7	-3.6
Non-operating expenses	42.3	28.5	13.8
Ordinary profit (Operating profit)	67.4 (66.1)	95.2 (83.9)	-27.7 (-17.8)
Provision or reversal of reserve for water shortage	—	—	—
Extraordinary income	10.5	12.1	-1.6
Extraordinary losses	—	7.0	-7.0
Income taxes, etc.	18.1	17.5	0.6
Profit	59.8	82.9	-23.1

# Income Statement <Chugoku Electric Power Transmission & Distribution Company, Incorporated.> 39

(Billions of yen)

	FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)
Ordinary revenues	472.9	511.3	-38.3
Operating revenues	471.5	509.7	-38.2
Transmission revenue	336.2	349.8	-13.6
Others	135.2	159.8	-24.6
Non-operating income	1.4	1.5	-0.1
Ordinary expenses	468.0	491.2	-23.2
Operating expenses	459.6	484.7	-25.1
Personnel	44.1	43.7	0.4
Retirement allowances	0.6	1.1	-0.5
Material	167.2	207.2	-40.0
Fuel	2.9	3.3	-0.4
Purchased power, etc.	164.2	203.8	-39.5
Maintenance	75.3	67.8	7.5
Depreciation	43.5	41.8	1.7
Others	129.3	124.1	5.2
Non-operating expenses	8.4	6.5	1.8
Ordinary profit (Operating profit)	4.8 (11.8)	20.0 (25.0)	-15.1 (-13.1)
Income taxes, etc.	0.9	5.0	-4.1
Profit	3.9	14.9	-11.0

<Reference> Electricity demand in the Chugoku region (Billions of kWh)

FY 3/2026	FY 3/2025	Difference
54.67	55.32	-0.65

# Monthly Change in Total Electricity Sales Volume

40

(Billions of kWh)

■ FY 3/2026

		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total
Total electricity sales volume		4.21 (5.9%)	3.94 (9.8%)	4.44 (22.4%)	5.13 (22.4%)	5.50 (14.1%)	5.33 (16.9%)	4.54 (12.2%)	4.11 (12.6%)	4.62 (10.8%)	5.27 (-1.0%)	4.99 (-1.0%)	4.73 (-0.4%)	56.81 (9.8%)
Retail electricity sales volume	Lighting	1.19 (-1.9%)	0.95 (-4.5%)	0.90 (-1.1%)	1.11 (11.3%)	1.38 (-3.6%)	1.28 (-6.1%)	0.99 (-5.5%)	1.01 (3.1%)	1.21 (-6.3%)	1.83 (-3.8%)	1.71 (-7.0%)	1.35 (-13.7%)	14.91 (-4.0%)
	Power	2.28 (6.8%)	2.24 (13.5%)	2.41 (17.7%)	2.79 (19.9%)	2.83 (15.6%)	2.83 (16.4%)	2.67 (18.9%)	2.40 (19.9%)	2.43 (19.1%)	2.58 (17.0%)	2.52 (15.4%)	2.54 (17.8%)	30.52 (16.5%)
	Subtotal	3.47 (3.7%)	3.19 (7.5%)	3.31 (12.0%)	3.90 (17.3%)	4.21 (8.5%)	4.11 (8.3%)	3.67 (11.1%)	3.41 (14.4%)	3.63 (9.3%)	4.41 (7.4%)	4.23 (5.1%)	3.89 (4.5%)	45.42 (8.9%)
Electricity sales volume to other power companies		0.74 (18.1%)	0.75 (20.8%)	1.13 (68.5%)	1.24 (41.6%)	1.29 (37.0%)	1.22 (59.5%)	0.87 (17.1%)	0.71 (4.3%)	0.99 (16.6%)	0.86 (-29.3%)	0.76 (-25.2%)	0.84 (-18.4%)	11.39 (13.6%)

Note 1: The amounts indicated are the total electricity sales volume by Chugoku Electric Power.

Note 2: Amounts do not include the amount of retail power used in-house or the amount of electricity sales volume to other power companies in relation to imbalances/adjusted power supply, etc.

Note3: Figures in parentheses indicate the percentage change from the previous fiscal year.

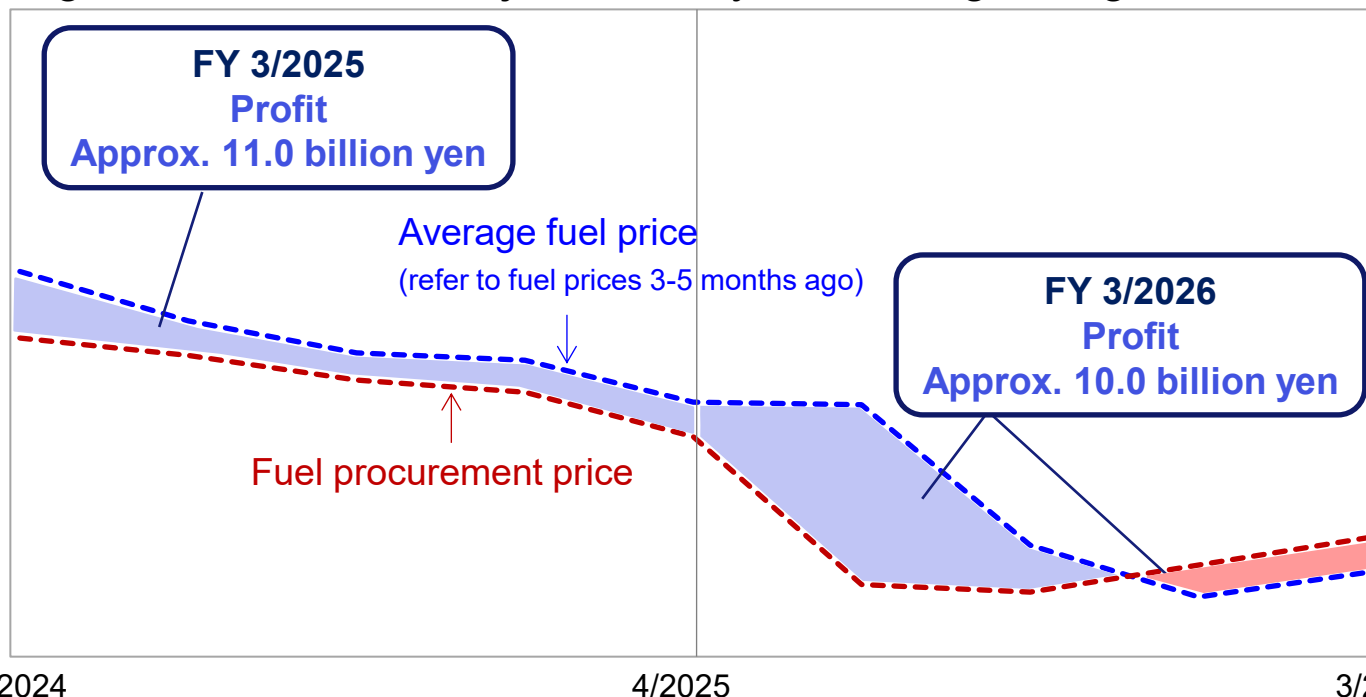
Note4: There may be discrepancies in totals due to rounding.

## <Reference> Average monthly temperature (Hiroshima city)

(°C)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY 3/2026	15.5	19.6	24.7	29.8	29.7	27.0	21.0	13.3	8.3	5.4	7.9	10.8
Difference from average year	0.7	0.0	1.5	2.6	1.2	2.3	2.2	0.4	0.8	0.0	1.7	1.3
Difference from previous year	-2.0	0.0	1.2	0.9	-1.0	-1.8	-0.3	-1.0	0.9	-0.3	3.8	0.2

## (1) Time Lag of the Fuel Cost Adjustment System (Image Diagram)



Note: Time lag of the fuel cost adjustment system is caused by the time lag of reflecting fuel prices in electricity rates (average fuel price).

## (2) Consumption of Fuel <Non-Consolidated>

	Unit	FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)
Fuel oil	million liters	90	100	-10
Coal	thousand tons	5,200	5,290	-90
LNG	thousand tons	1,100	1,080	20

(Billions of yen)

	Non-Consolidated			Chugoku Electric Power Transmission & Distribution Co., Inc.		
	FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)	FY 3/2026 (A)	FY 3/2025 (B)	Difference (A-B)
Capital expenditure	170.2 (148.7)	249.7 (220.9)	-79.5 (-72.2)	100.6	78.7	21.9

Note: Figures in ( ) reiterate costs related to power sources.

## (1) Breakdown of Interest-bearing debts &lt;Consolidated&gt;

(Billions of yen)

	End of FY 3/2026 (A)	End of FY 3/2025 (B)	Difference (A-B)
Interest-bearing debts	3,332.5	3,181.3	151.2
Bonds	1,281.6	1,326.2	-44.6
Long-term borrowings	2,016.5	1,752.5	263.9
Short-term borrowings	10.3	78.8	-68.4
Commercial paper	—	—	—
Lease obligations	24.0	23.6	0.3

## (2) Interest rate &lt;Non-Consolidated&gt;

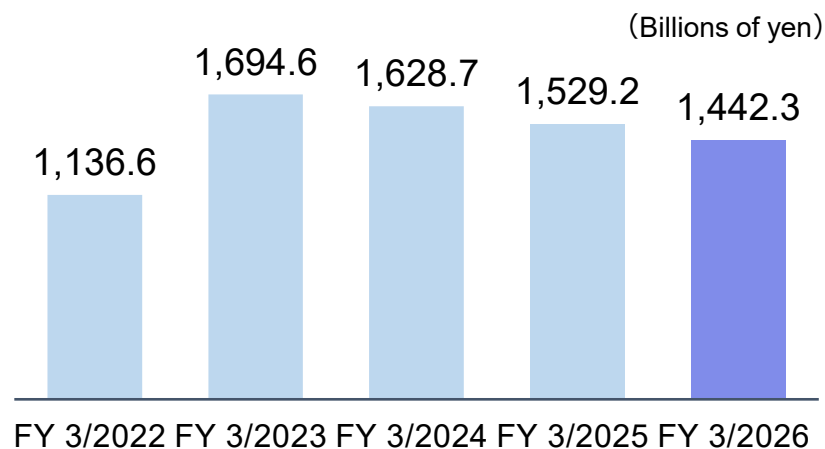
	FY 3/2026	FY 3/2025
Average	0.94%	0.72%

## (3) Interest expense &lt;Non-Consolidated&gt;

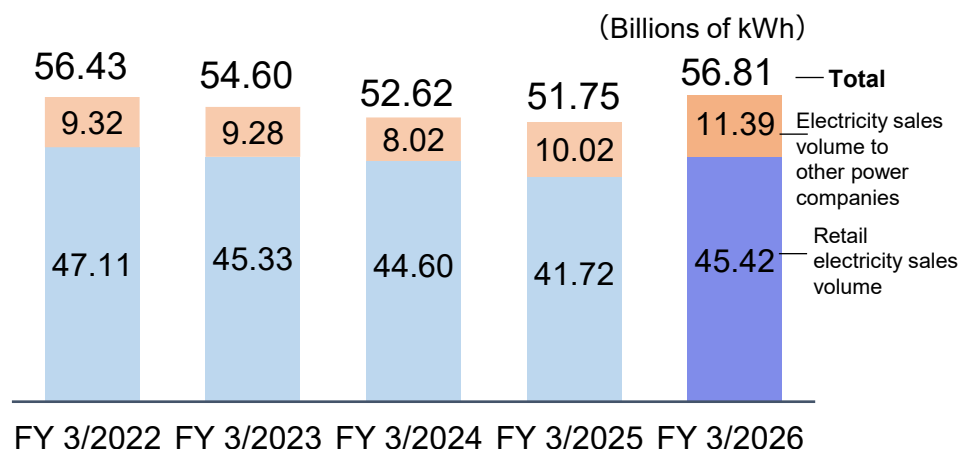
(Billions of yen)

	FY 3/2026	FY 3/2025
Interest expense	25.8	14.2

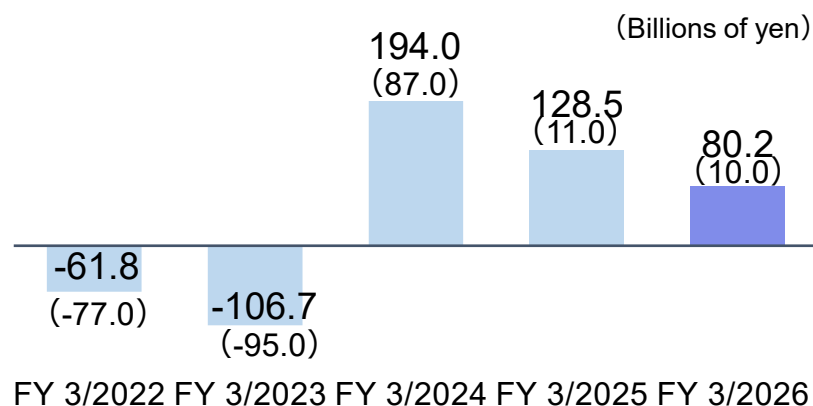
## Operating revenues (Consolidated)



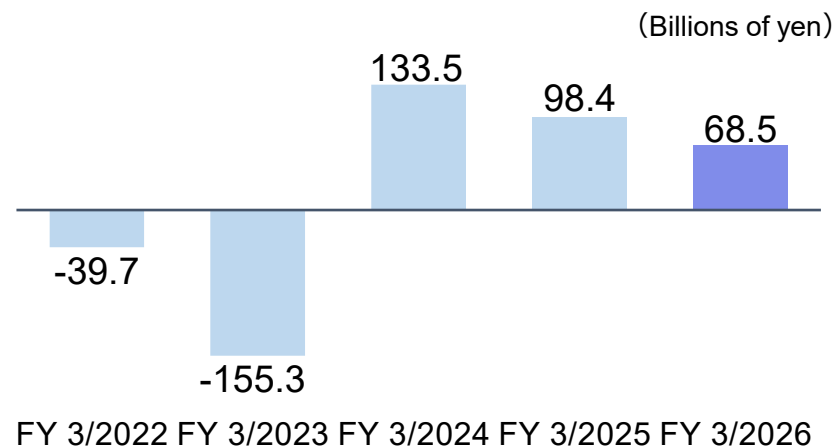
## Electricity sales volume



## Ordinary profit (Consolidated)



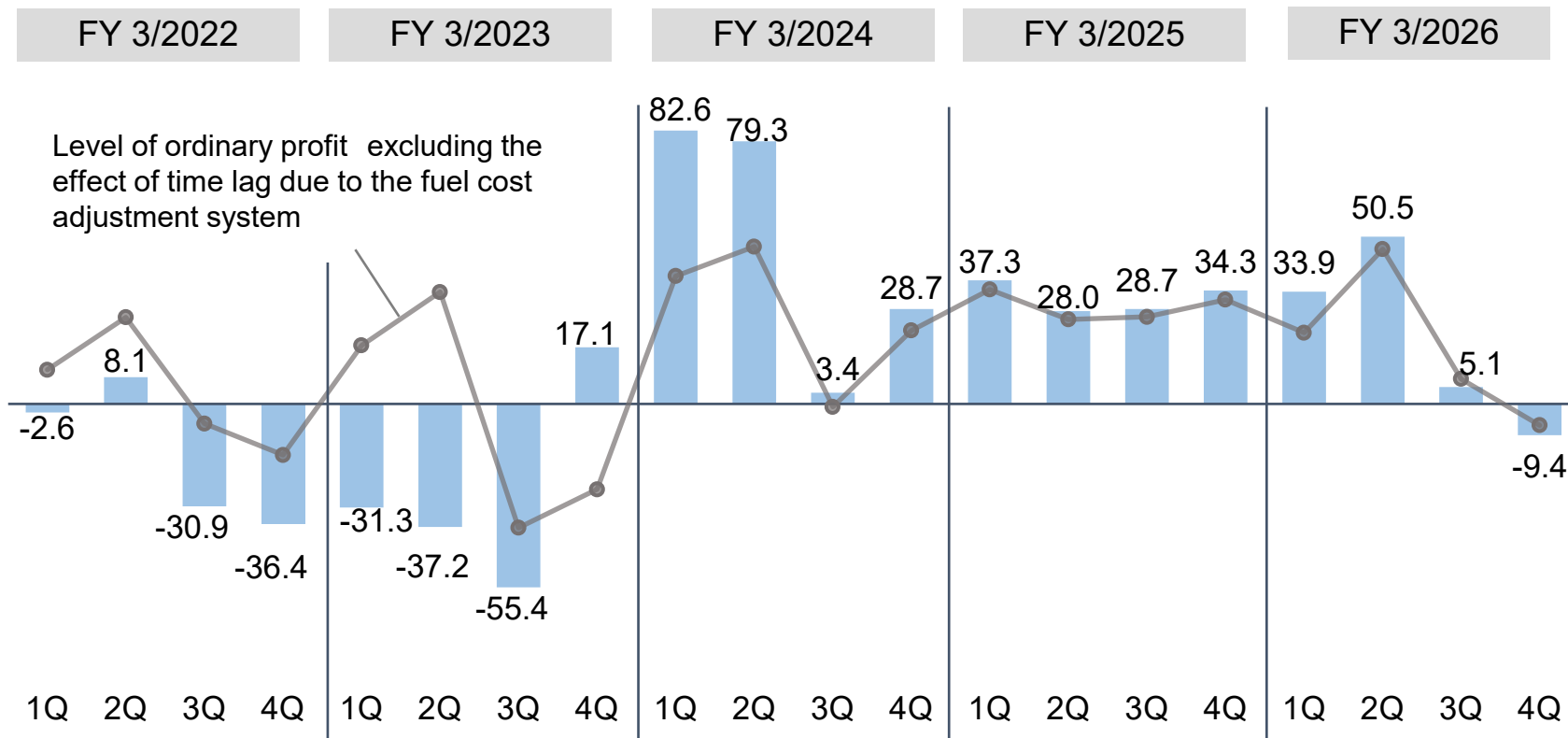
## Profit (Consolidated)



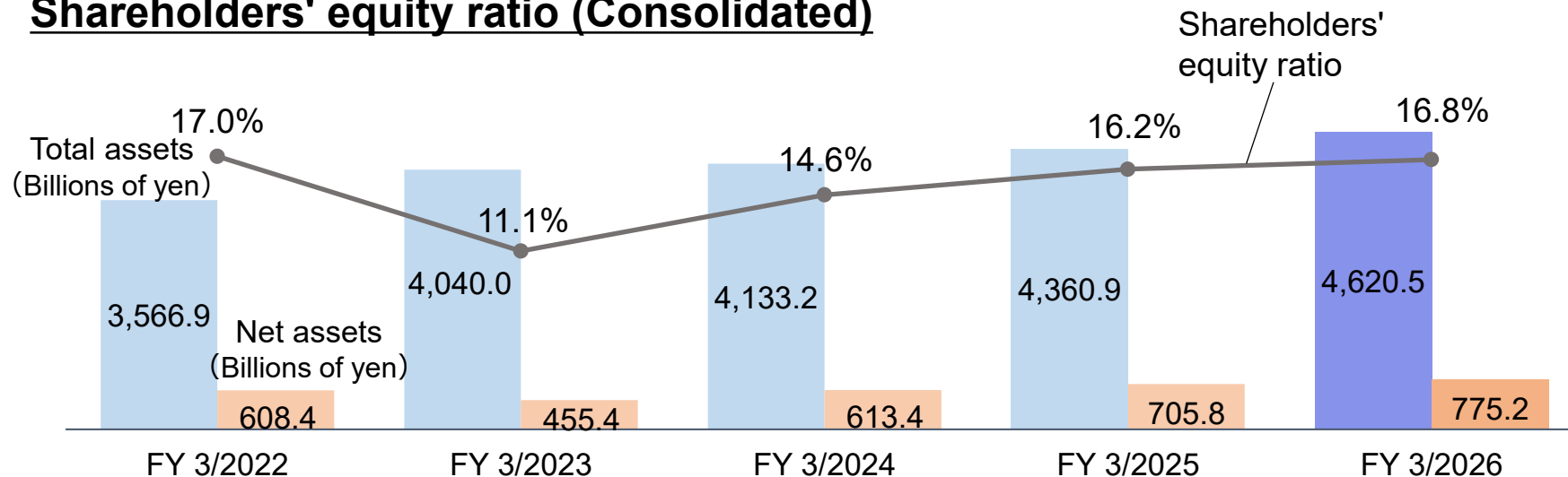
Note: Values in parentheses ( ) denote the impact of the time lag due to the fuel cost adjustment amounts.

# Trends in Ordinary Profit by Quarter<Consolidated>

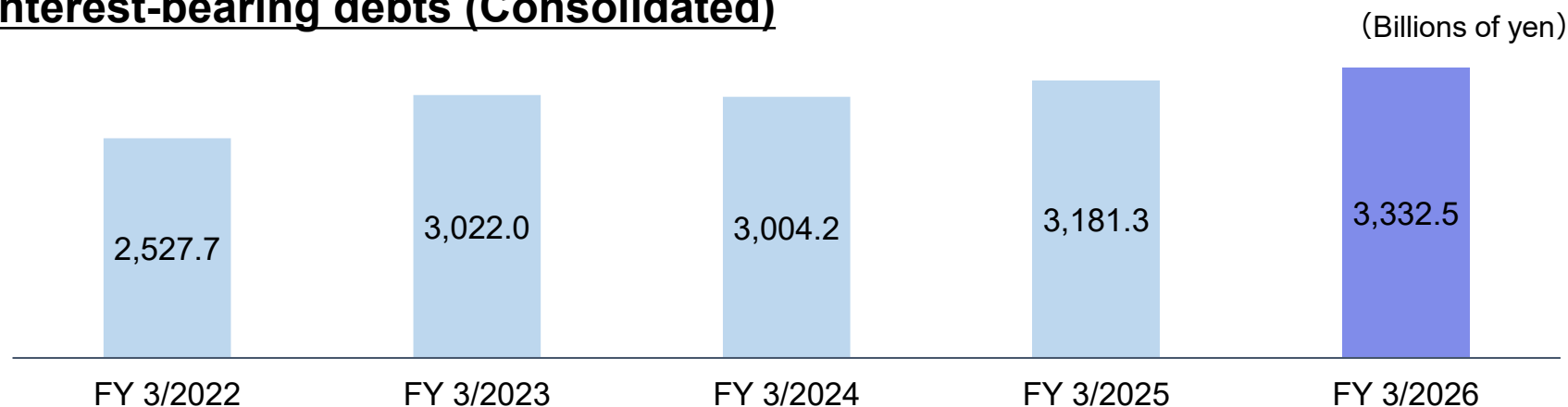
(Billions of yen)



## Shareholders' equity ratio (Consolidated)



## Interest-bearing debts (Consolidated)

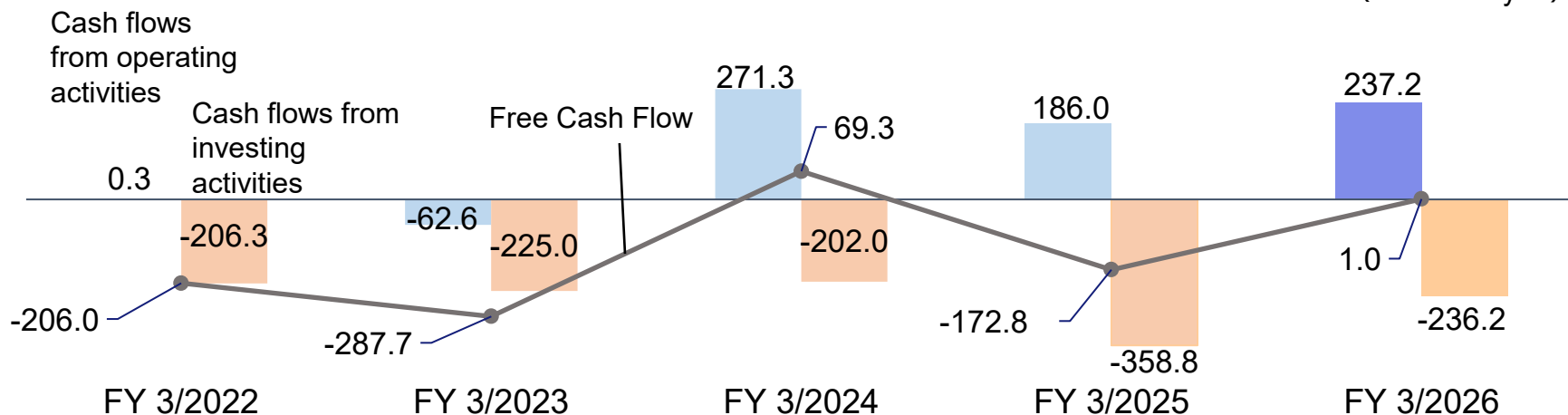


Average interest rate during term (Non-Consolidated)

0.48%	0.49%	0.59%	0.72%	0.94%
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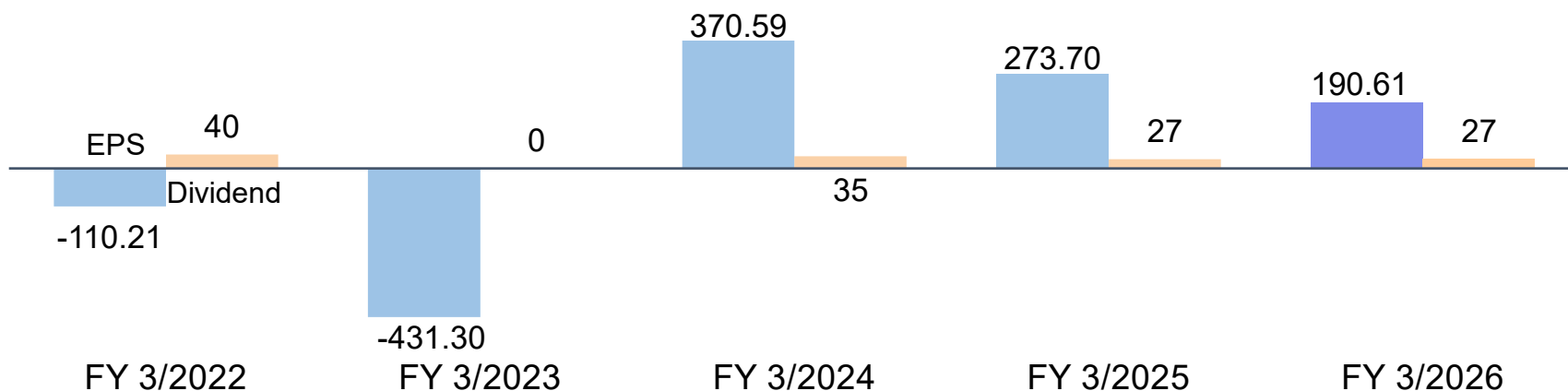
## Cash flows (Consolidated)

(Billions of yen)



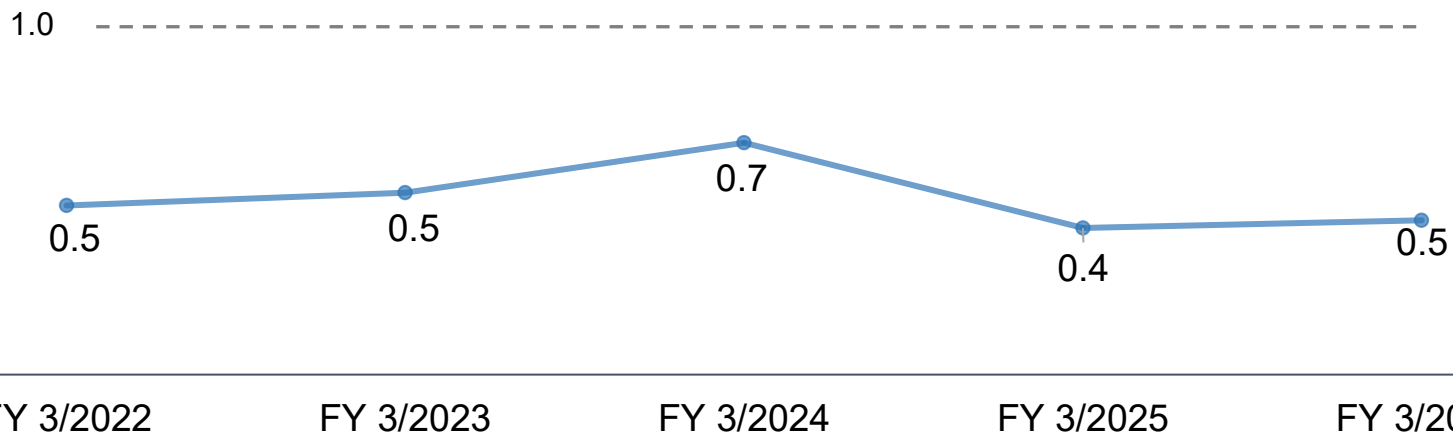
## EPS (Consolidated)/Dividends

(Yen/share)



## PBR (Price book-value ratio)

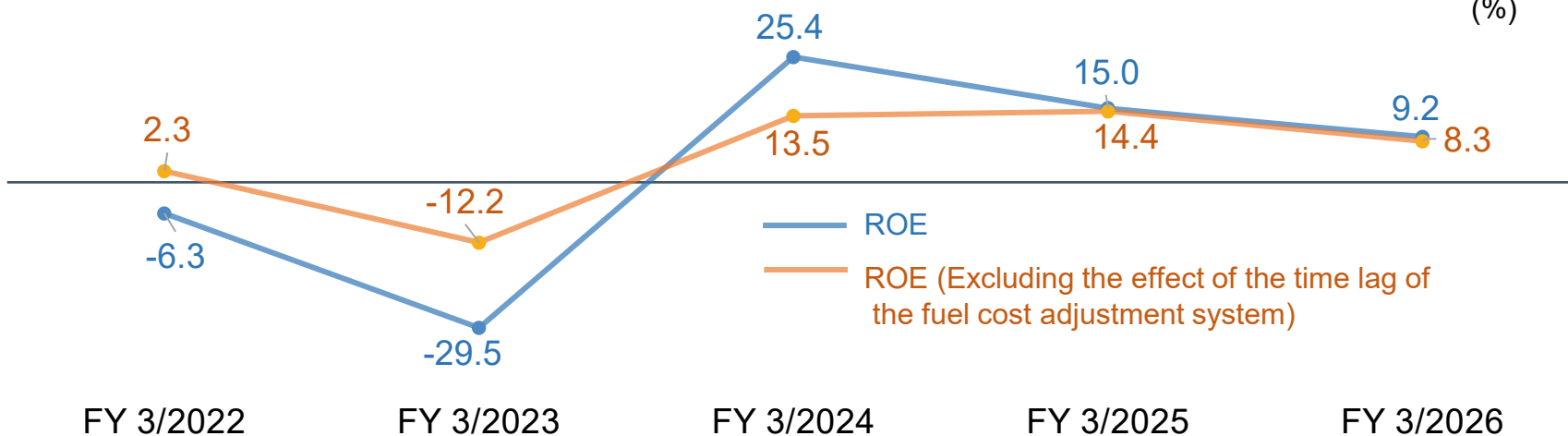
(Multiple)



Note: Figures are as of the end of the fiscal year (as of the end of March).

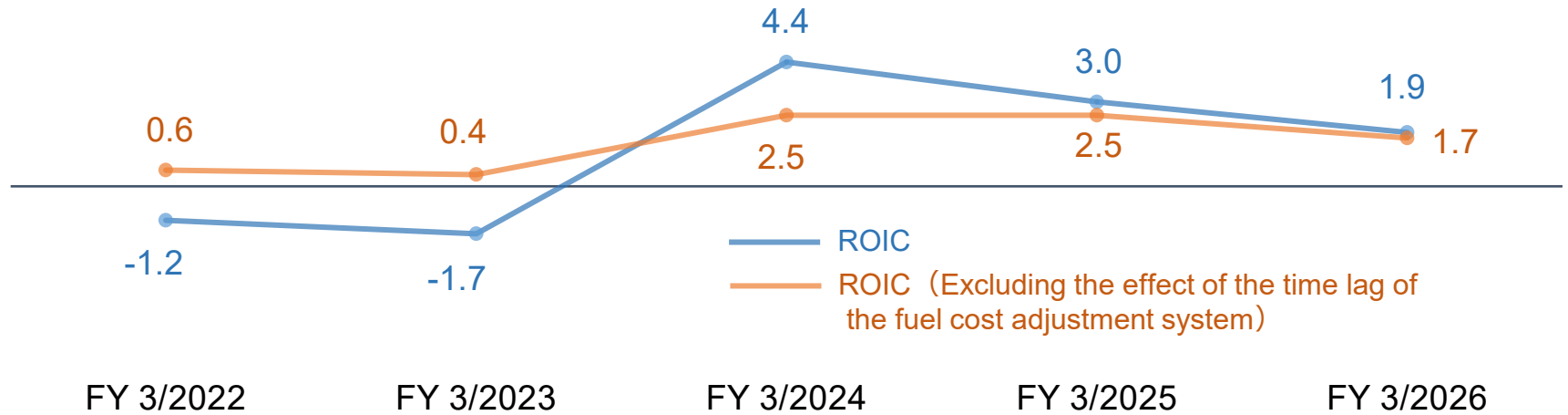
## ROE (Return on equity)

(%)



**ROIC (Return on invested capital)**

(%)





## Continuous Evolution of the Energy Business

Major issues	Initiatives and metrics	Scope*1	Impact		Results/Outlook	Target	
			ROIC	WACC	FY 3/2026	FY 3/2027	FY 3/2031
Stable energy provision and decarbonization	Commencement of commercial operations at the new Yanai Unit 2	Chugoku Electric	●	●	Steady execution of construction preparation and environmental assessment actions		Commencement of commercial operations
	<b><u>Supply chain GHG emissions (Scope 1, 2, and 3) (vs. FY 3/2014)</u></b>	Group	●	●	32.05 million t-CO <sub>2</sub> (FY 3/2025 results)	—	50% reduction
	Volume of newly-installed renewable energy capacity (vs. FY 3/2020)	Group	●	●	+0.42 million kW (+0.56 million kW*2)	—	+0.7 million kW
Utilize nuclear power generation while making safety the top priority	Commencement of commercial operations at Shimane Unit 3	Chugoku Electric	●	●	Steadily obtaining necessary permits/licenses for construction/safety measure work and addressing local community concerns regarding site selection		Commencement of commercial operations
	Rapid installation of Facilities for Specific Severe Accidents and Other Accidents, etc.	Chugoku Electric	●	●	Steadily obtaining necessary permits/licenses for construction work and addressing local community concerns regarding site selection		
Developing new rate plans and services	<b><u>Total electricity sales volume</u></b>	Chugoku Electric	●		56.8 billion kWh	60.4 billion kWh	60.0 billion kWh
	Developing and expanding attractive pricing plans and services based on customer needs	Chugoku Electric	●		—	—	—
Evolving market trading and market risk management	Building an optimal power procurement portfolio, including procurement from the wholesale electricity market	Chugoku Electric	●	●	—	—	—

Note: Underlined initiatives and metrics indicate those that have been disclosed as targets in the Group Corporate Vision

\*1 "Group" refers to Chugoku Electric and its consolidated subsidiaries.

\*2 Results within the scope of new initiatives



## Expanding the Value Provided by the Group's Collective Capabilities to Solve Community and Social Issues

Major issues	Initiatives and metrics	Scope <sup>*1</sup>	Impact		Results/Outlook	Target	
			ROIC	WACC	FY 3/2026	FY 3/2027	FY 3/2031
Leading community GX	Development of services and businesses that contribute to customer/regional decarbonization	Group	●	●	—	—	—
Strengthening efforts for regional co-creation and attracting companies	Number of regional collaborations/co-creations	Chugoku Electric	●	●	—	40	200 or more (cumulative)
	Promoting waste recycling rates and utilizing products made from coal ash	Group	●	●	95.2% (FY 3/2025 results)	Recycling rate of 95% or higher	
Improving resilience through community partnerships	Ensuring reliable implementation of regular meetings and drills aimed at further strengthening cooperation with disaster preparedness agencies (existing partners)	Chugoku Electric		●	24 per year	24 or more per year	24 or more per year
Business development for stronger local infrastructure and digital evolution	Building highly reliable/scalable/profitable facilities	Enecom	●		—	—	—
Expanding business domains and areas by leveraging technology and expertise	Developing new projects that lead to business expansion through innovation (utilizing existing patents and core technologies)	Group	●		2	Increased utilization rate	Generation of new business opportunities
	Expanding into new business domains through strengthened inter-Group collaboration and the promotion of alliances (tentative)	Chugoku Electric NW	●		—	—	—

\*1 "Group" refers to Chugoku Electric and its consolidated subsidiaries. "Chugoku Electric NW" refers to Chugoku Electric Power Transmission & Distribution.



## Creating an Environment Where Diverse Human Resources Can Demonstrate Their Abilities

Major issues	Initiatives and metrics	Scope <sup>*1</sup>	Impact		Results/Outlook	Target	
			ROIC	WACC	FY 3/2026	FY 3/2027	FY 3/2031
Retaining and growing diverse personnel <sup>*2</sup>	<u>Ratio of female section chiefs and above</u>	Chugoku Electric	●	●	5.4%	6%	10%
	Number of female managers	Chugoku Electric NW	●	●	7	7 or more	9 or more
	Childcare leave acquisition rate among male employees	Chugoku Electric	●	●	89.0%	100%	100%
		Chugoku Electric NW			74.6%	85%	100%
Creating an open workplace that facilitates ambitious challenges <sup>*2</sup>	<u>Employee engagement (positive response rate)</u>	Chugoku Electric	●	●	46.7%	48%	60%
		Chugoku Electric NW			46.2%	49%	60%
	Uptake rate for workplace human rights training	Chugoku Electric	●	●	100%	100%	100%
		Chugoku Electric NW			100%	100%	100%
Preventing industrial accidents and maintaining/promoting health	Accident frequency rate <sup>*3</sup>	Chugoku Electric	●	●	0.29	0.28	0.28
	Reducing electrical/fall-related accidents	Chugoku Electric NW	●	●	6	3.6 or less	—
	Rate of absenteeism <sup>*3</sup>	Chugoku Electric	●	●	1.45%	1.04%	1.00%
	Rate of presenteeism	Chugoku Electric	●	●	0.92%	1.35%	1.30%
Promoting DX and other methods to increase added value and productivity	Time saved through improved operational productivity (cumulative, vs. FY 3/2025 results)	Chugoku Electric	●		—	335,000 hours	720,000 hours

Note: Underlined initiatives and metrics indicate those that have been disclosed as targets in the Group Corporate Vision

\*1 “Chugoku Electric NW” refers to Chugoku Electric Power Transmission & Distribution

\*2 Each group company sets metrics tailored to its specific circumstances and implements initiatives aimed at achieving its goals

\*3 Excluding cases caused by COVID-19



## Strengthening the Management Foundation to Achieve Higher Corporate Value

Major issues	Initiatives and metrics	Scope*1	Impact		Results/Outlook	Target	
			ROIC	WACC	FY 3/2026	FY 3/2027	FY 3/2031
Solidifying our financial base and improving capital profitability	<u>ROE</u>	Group	●		9.2%	Approx. 3.9%	8% or more
	<u>ROIC</u>	Group	●		1.9%	Approx. 1.1%	3% or more
	<u>Equity ratio</u>	Group		●	16.8%	Approx. 16.9%	20% or more
	Management efficiency improvement	Chugoku Electric	●		27.6 billion yen	Approx. 26.0 billion yen	—
Transfer technology (including with suppliers) and maintain the supply chain	Holding briefing sessions for suppliers regarding procurement of materials and equipment	Chugoku Electric	●		90 companies	100 companies or more	Expanding eligible participant scope
	Promoting the industry using social media to secure power transmission and distribution construction capacity	Chugoku Electric NW	●		—	—	—
Ensure compliance	Fostering compliance awareness among executives and employees	Chugoku Electric/ Chugoku Electric NW		●	Conducting compliance training for executives and employees		
Evolving governance and risk management for the Group's growth	Enhancing the Board of Directors' role in strengthening earning power	Group	●	●	Increased number of external directors (from 5 to 6)	Reviewing the performance-linked remuneration system given management targets	Continuously evaluating/making improvements to enhance effectiveness
	Developing/advancing integrated risk management structures/schemes	Group		●	—	Improving structures	Enhancing risk management through ongoing improvement initiatives
Enhancing communication with stakeholders	Strengthening engagement activities with investors, etc. (number of dialogues)	Chugoku Electric		●	164	Ongoing dialogues and enriching dialogue content	
	Providing feedback to management from dialogue (number of reports to directors/upper management)		15		Providing timely and appropriate feedback		
	<u>Trust in Chugoku Electric</u>	Chugoku Electric	●		62.3%	64.8%	75% or more
	Customer satisfaction (90% or more)*2	Chugoku Electric NW	●		91.8%	90% or more	—

Note: Underlined initiatives and metrics indicate those that have been disclosed as targets in the Group Corporate Vision

\*1 "Group" refers to Chugoku Electric and its consolidated subsidiaries. "Chugoku Electric NW" refers to Chugoku Electric Power Transmission & Distribution

\*2 "Customers" are defined to include not only retailers, power generators, and consumers, but also stakeholders such as suppliers and partner companies

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For Questions or Comments,  
Please Contact the Investor Relations Section  
at the Address Below :

4-33 , Komachi, Naka-ku,  
Hiroshima 730-8701  
Japan

The Chugoku Electric Power Co., Inc.  
Corporate Management Division  
E-mail: [info.ir.cg@hd.energia.co.jp](mailto:info.ir.cg@hd.energia.co.jp)