Energia

CHUGOKU ELECTRIC POWER GROUP

INTEGRATED REPORT 2026

Chugoku Electric Power Group Philosophical Framework



Key Concept
〔Purpose〕

Expression of the Group's Significance in Society

ENERGIA

With You, and With the Earth

Energia stands for a "new, bright, warm and dynamic society,"
and signifies Chugoku Electric's attitude
towards achieving such a society.

Management Philosophy
〔Values〕

Expression of the Group's Beliefs and Values to Cherish into the Future

Trust. Creation. Growth.

We take delight in earning the trust of our customers.
We create an abundant future through energy.
We will grow together with community.

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Message from the Executive Officer Responsible for Finance
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Practicing Sustainability Management
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About the Chugoku Electric Power Group Integrated Report 2026

Highlights of the Chugoku Electric Power Group Integrated Report 2026

Introduction

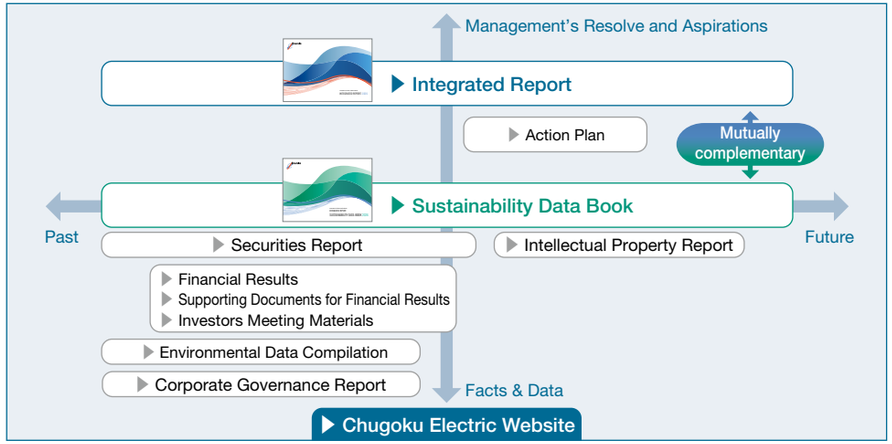
The Chugoku Electric Power Group Integrated Report 2026 explains how our initiatives lead to enhanced corporate value over the medium to long term. To do this, it creates a coherent story that takes into account our initiatives' timelines and interrelationships, helping shareholders, investors, and other stakeholders better understand the Group. Detailed measures and data are presented in the Chugoku Electric Power Group Sustainability Data Book 2026, which should be read together with this report.
We will use this report in dialogue with shareholders and investors and strive to feed the opinions and requests we receive back into management, creating a virtuous cycle toward enhancing corporate value.

Highlights of This Report

- This report sets out the specific initiatives and KPIs that the Group will implement to address the major issues connected to materiality.
- To provide a clearer picture of progress on the Group's value creation story, including conditions on the ground and how initiatives are being experienced, this report presents messages and comments conveying the perspectives and actions of the personnel—executives and employees—who drive corporate value creation.
- The Message from the President is presented visually as an introduction that provides an overview of the entire story explained in this report.

The Chugoku Electric Power Group uses a variety of disclosure channels to communicate information from multiple perspectives, with the aim of further promoting communication with stakeholders and deepening their understanding of the Group. Through these channels, we work to provide a broad range of financial and non-financial information.

Information Disclosure Framework



Reporting Period
April 1, 2025–March 31, 2026 (Some information outside the period shown at left is also included.)

Reporting Scope
The Chugoku Electric Power Co., Inc. and its group companies

Published
September 2026

Main Guidelines Referenced
METI: Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
IFRS: International Integrated Reporting Framework
GRI: GRI Standards
FSB: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
TNFD: Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations (version 1.0), etc.

Caution Regarding Forward-looking Statements
The forward-looking statements contained in this report are based on currently available information and certain assumptions, and include risks and uncertainties. As such, due to various factors, actual results may differ greatly to those in this report.
Note 1: The company's fiscal year begins on April 1 and ends on March 31 of the following year. FY 3/2026 is used to denote the year ended March 31, 2026.
Note 2: Throughout this report, "ton," or its abbreviation "t," refers to a metric ton, i.e. 1,000 kilograms.

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Capital Efficiency

	FY 3/2026 (Results)	FY 3/2031 (Target)	FY 3/2041 (Target)
ROIC*1	1.7%	3% or more	WACC +1% or more
ROE*2	8.3%	8% or more	10% or more

Financial Base

	FY 3/2026 (Results)	FY 3/2031 (Target)	FY 3/2036–FY 3/2041 (Target)
Equity ratio	16.8%	20% or more	Approximately 25% to 30%

Through FY 3/2031, even as we proceed with large-scale investments in power sources, we will steadily increase profit through various measures and carefully select other investments to the extent that they do not interfere with the stable provision of energy. From FY 3/2031 onward, we will aim to improve capital efficiency by reaping investment rewards and pursuing sustainable growth based on high capital profitability and a stable financial base.

Profitability

	FY 3/2026 (Results)	FY 3/2031 (KPI)	FY 3/2036 (KPI)	FY 3/2041 (KPI)
Ordinary income	80.2 billion yen	110.0 billion yen	130.0 billion yen	160.0 billion yen
Total electricity sales volume*3	56.8 billion kWh	60.0 billion kWh	65.0 billion kWh	70.0 billion kWh

Through FY 3/2031, even as we proceed with large-scale investments in power sources, we will steadily increase profit by enhancing customer services, increasing the value of power sources, and upgrading trading capabilities, among other measures. Toward FY 3/2041, we will reliably capture business opportunities arising from GX and DX to expand retail electricity sales volume, with the aim of reaping investment rewards through such developments as the start of commercial operation at Shimane Unit 3.

Shareholder Returns

	FY 3/2026 (Results)	Until the start of commercial operation at Shimane Unit 3	After the start of commercial operation at Shimane Unit 3
Dividends	27 yen per share	Determined based on a comprehensive consideration of factors such as the status of rebuilding our financial base, while aiming for a DOE of 2%	Further enhancing shareholder returns in light of the outlook for improved business performance and consistently positive free cash flow

We introduced the concept of dividend on equity (DOE) in determining dividends from FY 3/2027 to provide stable dividends to shareholders even as we rebuild our financial base.

*1 Figures for FY 3/2026 exclude the time lag effect of the fuel cost adjustment system. Invested capital is calculated based on the average of the amounts at the beginning and end of the fiscal year. Profit used in the calculation is business profit (after tax), which is operating income plus dividends received and other items. WACC for FY 3/2031 is assumed to be just under 3%. *2 Figures for FY 3/2026 exclude the time lag effect of the fuel cost adjustment system. Shareholders' equity is calculated based on the average of the amounts at the beginning and end of the fiscal year. *3 Figures show Chugoku Electric's total electricity sales volume. FY 3/2026 results exclude retail electricity sales volume for electricity used in the Company's own operations and electricity sales volume to other companies related to imbalances, balancing power sources, and other items.

Environment

	FY 3/2026 (Results)	FY 3/2031 (Target)	FY 3/2036 (Target)
Supply chain GHG emissions (Scope 1, 2, and 3)*4	31.48 million t-CO_2 (approx. 36% reduction)	50% reduction	60% reduction
CO_2 emissions from the retail business*5	20.98 million t-CO_2 (approx. 50% reduction)	50% reduction	—
CO_2 emissions from the power generation business*5	15.42 million t-CO_2 (approx. 38% reduction)	50% reduction	—

We will strive to reduce the environmental impact of our business activities, including through the decarbonization of energy, and contribute to the decarbonization of our customers and communities, aiming for integrated actions toward carbon neutrality, creation of a recycling-oriented society, and coexistence with nature.

Community and Society

	FY 3/2026 (Results)	FY 3/2031 (Target)	FY 3/2041 (Target)
Trust in Chugoku Electric*6	62.3%	75% or more	75% or more

Through two-way communication with a broad range of stakeholders, we will earn the trust of communities and society and translate that trust into further profit opportunities, thereby maximizing the Group's corporate value.

Personnel

	FY 3/2026 (Results)	FY 3/2031 (Target)	FY 3/2041 (Target)
Ratio of women at section chief level or higher*7	5.4%	10%	Equal to the ratio of female employees (20% or more)
Employee engagement*7 (positive response rate)	48.9%*8	60%	70% or more

To achieve sustainable growth in corporate value, we aim to empower diverse personnel and increase employee engagement by creating an environment in which each employee, with their diverse values, can maximize their abilities in their respective role.

Governance

	FY 3/2027*9	FY 3/2031 (Target)
Ratio of independent external directors*7	50%	50% or more
Ratio of female directors*7	33.3%	30% or more

We aim to build fair, transparent, and effective governance by incorporating diverse values to expand and improve discussions, thereby enhancing the Group's corporate value.

*4 Reduction rates are compared with FY 3/2014. *5 Figures are for Chugoku Electric. Reduction rates are compared with FY 3/2014. *6 Figure is for Chugoku Electric. Percentage of positive (top 2) responses to a "trustworthy" corporate image in a web survey of residents of the Chugoku region. *7 Figures are for Chugoku Electric. *8 April 2026 survey. *9 As of June 25, 2026.

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We will maximize corporate value by enhancing the Chugoku Electric Power Group's economic and social value through contributions to the revitalization and sustainable development of the Chugoku region in line with the Japanese government's green transformation (GX) strategy.

Under our new Action Plan 2030, viewing the increase in electricity demand accompanying the transformation of the energy supply-demand structure through GX and other developments as a growth opportunity, we will develop large-scale power sources and next-generation power transmission and distribution networks while also focusing on strengthening our earning power today.

中川賢剛

Nakagawa Kengo
Representative Director
President and Chief Executive Officer



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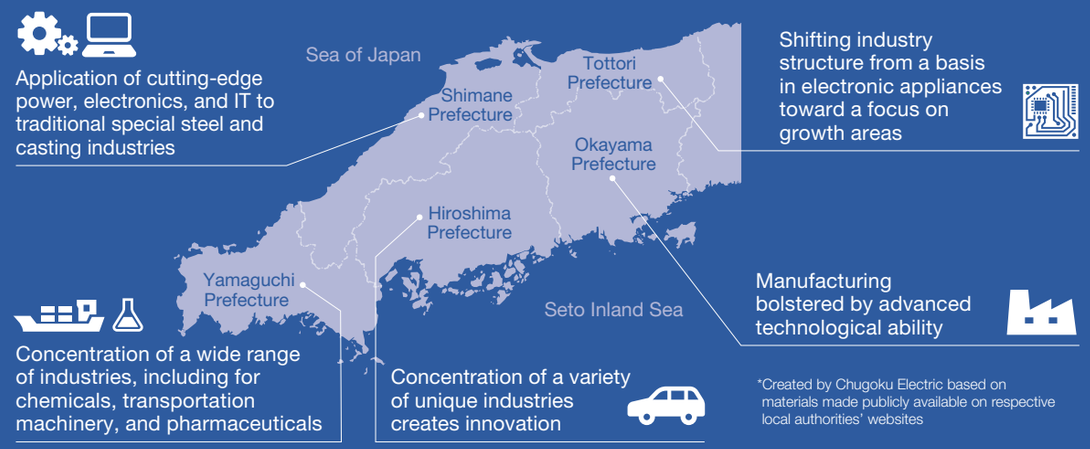
1. Achieving Growth Through the Transformation of the Chugoku Region's Energy Supply-Demand Structure

In this report, I will explain the Chugoku Electric Power Group's growth roadmap toward FY 3/2041 and its execution plan.
First, the Chugoku region, which forms our business base, is a major center of energy demand, with manufacturing bases concentrated along the Seto Inland Sea coast. In response to the Japanese government's GX strategy, however, both the way energy is consumed and the industrial structure are undergoing substantial change. For example, manufacturers with their own coal-fired power generation facilities are increasingly considering switching to grid-supplied electricity with a lower environmental impact or converting their fuel to liquefied natural gas (LNG), while steelmakers are also moving ahead with conversion to electric furnaces. Plans to expand semiconductor-related plants and efforts to attract data centers are also underway, and a substantial increase in electricity demand is expected over the medium to long term.
The region currently faces labor shortages associated with population decline and the outflow of younger people. By leading the transformation of the energy supply-demand structure that underpins a strong economy, however, we can revitalize the Chugoku region and enhance its competitiveness by strengthening existing industries and attracting new industries and investment. In turn, increased investment and energy demand will benefit the Group by expanding our sales and building a stable earnings base.
Through the development of large-scale power sources and next-generation power transmission and distribution networks, the Group will advance the Chugoku region's energy transition, expand supply capacity, and improve efficiency. By providing a stable supply of energy and better services to local communities, we will contribute to the region's sustainable growth itself and thereby enhance our economic and social value.
This is the Group's growth strategy set out in the Chugoku Electric Power Group Corporate Vision 2040.

2. The Timeline and Approach for Realizing the Chugoku Electric Power Group Corporate Vision 2040

The development of large-scale power sources, such as Shimane Nuclear Power Station Unit 3 and new Yanai Power Station Unit 2, will play an important role in strengthening the Chugoku region's energy supply-demand structure and, in turn, achieving the Group's growth. These power sources require substantial investment, but once they commence operation, they will significantly enhance the competitiveness of the Group's power generation portfolio and substantially improve free cash flow, enabling a major shift in cash allocation.
The Chugoku Electric Power Group Corporate Vision 2040 sets out our management roadmap for growth in two stages (time frames), with FY 3/2031, when these power sources are to commence operation, marking the transition between them.

Chugoku:
A Region Where
Manufacturing Excels



*Created by Chugoku Electric based on materials made publicly available on respective local authorities' websites



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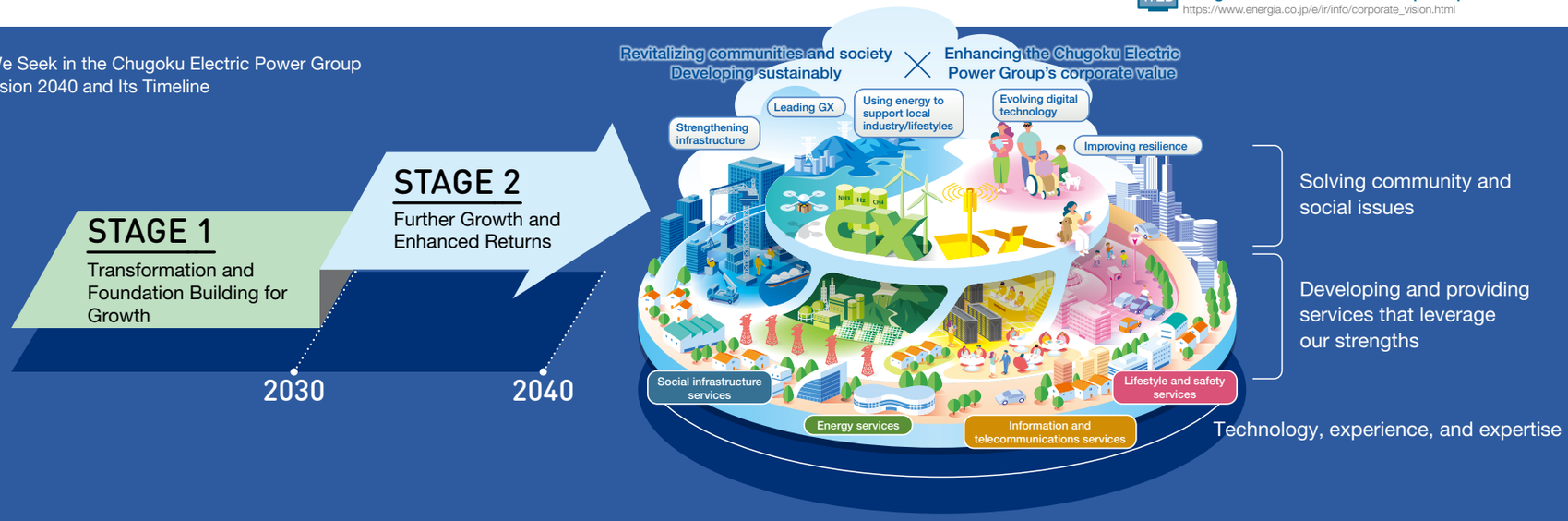
The period through FY 3/2031 is a stage of "Transformation and Foundation Building for Sustainable Growth." Shimane Nuclear Power Station Unit 2, which resumed commercial operation last year, has contributed substantially to reducing GHG emissions and improving our financial base. Bringing the large-scale power sources currently under construction into operation as planned and ensuring their stable operation will be the highest priority during this stage. We will also systematically build the foundation needed to realize our growth strategy, including upgrading power transmission and distribution networks, accelerating DX, and securing diverse human resources, while firmly strengthening our earning power today. For FY 3/2031, the final year of this stage, we have set financial targets of ROE of at least 8%, ROIC of at least 3%, and a consolidated equity ratio of at least 20%, with consolidated ordinary income of 110 billion yen set as a KPI for achieving these financial targets. We will improve both our equity ratio and returns on capital.

The period from FY 3/2031 onward is a stage of "Further Growth and Enhanced Returns to Stakeholders," when the investments accumulated during the preceding stage will begin producing results in earnest. As GX drives the Chugoku region's energy transition and demand growth into full swing, we will leverage the energy infrastructure we have built and reinforced, including large-scale power sources and power transmission and distribution networks, together with our established strength in our connections with customers and local communities. In this way, the region's economic growth will translate into greater economic and social value for the Group. We will also shift our cash allocation to place greater emphasis on debt repayment and shareholder returns. Our financial targets for FY 3/2041 are ROE of at least 10%, ROIC of at least 1% over WACC, and a consolidated equity ratio of around 25%-30%. While transforming our financial position to make it more robust, we will establish the earning power and financial base needed to allocate resources without delay to investment opportunities that offer adequate returns in light of the cost of capital, supporting sustainable growth.

We are now in the stage of transformation and foundation building for sustainable growth, and we formulated the Chugoku Electric Power Group Medium-term Management Plan (FY2026–FY2030) as the execution plan for this stage, publishing Action Plan 2030 as an outline. To ensure that growth investments aimed at capturing the emerging GX opportunities in the Chugoku region translate into enhanced corporate value while maintaining financial soundness, we will fully implement ROIC management with a strong focus on capital efficiency.

WEB Chugoku Electric Power Group Corporate Vision 2040
https://www.energia.co.jp/e/ir/info/corporate_vision.html

The World We Seek in the Chugoku Electric Power Group Corporate Vision 2040 and Its Timeline



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3. Action Plan 2030: An Execution Plan to Steadily Build an Earnings Base Over Five Years

Although we have positioned the period through FY 3/2031 as one of transformation and foundation building, setting long-term targets and accumulating investments alone will not earn the understanding and support of investors and other stakeholders for the Group's businesses. We recognize that we cannot improve our price-to-book ratio (PBR) without consistently securing stable profits in the short to medium term and meeting the expectations of our stakeholders.
Action Plan 2030 sets out what we will invest in through FY 3/2031 and how we will earn profits through three strategies: a growth strategy of steadily strengthening our earning power today while investing for growth; a financial strategy of securing a sound financial base to support these initiatives while aiming to achieve profitability above the cost of capital; and a Sustainability Strategy of turning ESG initiatives into a source of competitiveness that contributes to sustainable enhancement of corporate value. These strategies are not independent; they work together to enhance corporate value. We will implement the priority actions based on them.

Financial Targets in the Chugoku Electric Power Group Corporate Vision 2040

	FY 3/2031 Targets	FY 3/2041 Targets
ROE	8% or more	10% or more
ROIC	3% or more	WACC +1% or more
Equity ratio	20% or more	Approx. 25% to 30%*

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

Note 1: All financial targets are on a consolidated basis.
Note 2: WACC for FY 3/2031 is assumed to be just under 3%.

[Growth Strategy]
The centerpiece of Action Plan 2030 is the growth strategy. As noted at the outset, electricity demand in the Chugoku region is expected to increase over the medium to long term. To ensure that these changes in the business environment translate into our growth, we are constructing large-scale power sources and developing next-generation power transmission and distribution networks. With multiple large-scale construction projects proceeding concurrently through FY 3/2031, we have established a dedicated organization to manage budgets, schedules, and risks in an integrated manner.
Alongside these growth investments, we will accelerate efforts to strengthen our earning power today. Energy policies, including electric power market liberalization and the expansion of renewable energy, continue to reshape the earnings structure of the electric power business. To strengthen earning power in this environment, we must maximize the value of our power generation facilities by operating them optimally in light of electricity market prices and supply-demand conditions. Our electricity trading function is key to this effort. In addition to our strength in providing a flexible power

WEB Action Plan 2030
https://www.energia.co.jp/e/ir/info/pdf/action_plan_2030.pdf



Action Plan 2030 | Three Strategic Scenarios and Priority Actions

	Growth Strategy	Financial Strategy	Sustainability Strategy
Strategic Scenario	We see growing electricity demand and progress toward decarbonization as growth opportunities; investing in construction of large-scale decarbonized power sources and development of next-generation power transmission and distribution networks, while also working to strengthen the electricity value chain, will enhance the Group's overall profitability.	To support large-scale investments, we will ensure a steady supply of investment capital through the proactive use of transition finance, while also implementing ROIC management to rigorously prioritize capital efficiency more than ever before. This will enable us to maintain stable dividends even as we work to restore our financial base.	By integrating our environmental, social, and governance initiatives into our business operations, we will transform them into a source of competitive advantage and achieve sustainable growth in corporate value.
Priority Actions	(1) Securing large-scale power sources for decarbonization (2) Stimulating growth in regional electricity demand (3) Strengthening the electricity value chain	(1) Transition to ROIC management (2) Evolving our financing strategy (3) Dividend policy	(1) Promoting environmental management (2) Initiatives to secure human resources (3) Strengthening risk management (4) Enhancing governance effectiveness

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supply through in-house fuel procurement, we will strengthen our trading function by leveraging both spot and futures markets for fuel and electricity. This will enable us to draw out the full value of our power generation facilities while appropriately controlling price fluctuation risk and thereby build a stable earnings base.
In our retail electricity business, it is important to provide services and plans that meet increasingly diverse customer needs while procuring the power supply needed to support them at competitive prices. We will therefore establish a trading function dedicated to retail electricity and expand earnings opportunities by expanding demand response (DR), rate plans that encourage load shifting, off-site PPAs, and other initiatives.
In this way, we will maximize value across the entire electric power business value chain while deepening collaboration with Group companies, including by strengthening solutions businesses that integrate electricity and gas. These efforts will promote sustainable growth and strengthen the earnings base of the Group as a whole.

Long-term Decarbonized Power Source Auction Program and Its Benefits

This auction program was established to promote new investment in renewable energy and the introduction of fuels such as hydrogen and ammonia that emit no CO_2 during combustion, with the aim of ensuring a stable long-term electricity supply and achieving carbon neutrality. Under the program, power generators participate in auctions when constructing new power sources or making capital investments. As a rule, successful projects are guaranteed capacity revenue for 20 years, improving the predictability of fixed-cost recovery.

» Status of Chugoku Electric's Use of Long-term Decarbonized Power Source Auctions ····· P24

4. Improving PBR by Strengthening Each Business's Earning Power and Returning the Results Through Dividends

[Financial Strategy]
Building a stable earnings base through the realization of our growth strategy is a prerequisite for the Group's sustainable growth. It is also essential that capital markets appropriately assess our growth potential, capital efficiency, and ability to deliver that growth. In this respect, we recognize improving PBR as an important responsibility of management.
In addition to wholesale power generation and retail electricity, the Group operates a wide range of businesses that support the daily lives of local communities, including power transmission and distribution and information and telecommunications services. Each business faces different operating environments, issues, and investment recovery periods. Rather than assessing the entire Group against a single measure of profitability, we must make visible how much capital each business employs and how much value it creates, rigorously evaluate its profitability and capital efficiency in light of its characteristics, and optimize the allocation of management resources. To make clear both internally and externally that we will strengthen management focused on financial discipline and returns on capital to improve PBR, we have set ROIC targets for each business from FY 3/2027 and introduced management practices that foster awareness of how initiatives in each business and workplace contribute to improving ROIC.

[Message from the Executive Officer Responsible for Finance / Details of Financial Strategy]

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During the stage through FY 3/2031, multiple large-scale investments will proceed concurrently, making it important to strengthen our ability to secure funding for these growth investments and reduce uncertainty over investment recovery. The Group will actively use the long-term decarbonized power source auction program, which was established to improve the predictability of long-term investment recovery and can accommodate inflation and other changes, as well as funding mechanisms such as transition finance, which supports long-term efforts toward decarbonization. By ensuring both investment recovery and financial stability amid rising prices and interest rates, we will reduce business risk.
Above all, it is important that stakeholders recognize the Group's growth potential and ability to execute. We will continue to communicate the progress and results of Action Plan 2030 presented here and reflect stakeholders' views in management. By strengthening each business's earning power and returning the results through a higher share price and dividends, we aim to meet stakeholders' expectations.



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5. Investing in People Who Execute Strategy and Create Value, and Transforming Our Corporate Culture

[Sustainability Strategy]
The third strategy in Action Plan 2030 is the Sustainability Strategy. By integrating these initiatives into business activities, we aim to turn them into a source of competitiveness and achieve sustainable enhancement of corporate value. They span a wide range of areas, including the environment, society, human resources, compliance, and governance. Here, I would like to focus on human resources and corporate culture.
It goes without saying that people will put the initiatives I have described into practice. As changes in the business environment diversify the challenges we face and require us to address new issues, it is increasingly important to secure and develop people with the necessary skills, expertise, and willingness to take on challenges. The Group's basic approach has traditionally been to focus on hiring new graduates and developing the expertise needed for our business over an extended period. We will continue this approach in areas requiring advanced technologies and safety management, such as power generation and power transmission and distribution facilities. In areas of rapidly growing importance, however, such as electricity trading, DX, and integrated risk management, our traditional development approach alone cannot secure sufficient talent. Moreover, to translate GX initiatives in the Chugoku region into growth for the Group, we need to leverage our established connections with customers and local communities to turn plans to attract companies into concrete projects and develop new business models.
We are therefore actively recruiting experienced professionals with specialized expertise through a variety of channels and developing personnel and compensation systems that reflect their capabilities, creating an environment in which diverse talent can realize their full potential.

Alongside these strategies for securing talent, I place particular emphasis on transforming our corporate culture, also from the perspectives of compliance and governance.
Looking back on past inappropriate incidents, I believe that an underlying factor was a lack of open workplace communication, which made it difficult to speak up or take on challenges. To transform this culture, management has visited workplaces and actively engaged in dialogue with employees to encourage changes in mindsets and behavior. I have repeatedly visited frontline workplaces myself to exchange views directly with younger employees. In response to employees' views, I also carefully explain what management will implement and, where we cannot act, why not. A culture in which people candidly express their views and questions and take on new challenges cannot be created overnight. When employees offer their views, we must not simply listen and leave it at that; we must respond. By repeating this process, we can build trust that speaking up will bring a response and thereby increase organizational vitality.
I will continue to lead efforts to create an environment and corporate culture in which diverse talent can thrive, making the Group more attractive and ensuring that it is chosen not only by new graduates but also by people with highly specialized expertise.

[Practicing Sustainability Management]

» Environment ····· P51
» Community and Society ····· P52
» People ····· P53
» Strengthening engagement activities with investors ····· P49-P50

6. Toward Co-Creation of Value with Our Stakeholders

Through the Chugoku Electric Power Group Corporate Vision 2040 and Action Plan 2030, we have presented our desired outcomes and execution plan to stakeholders. Realizing them will be a major challenge, but we will steadily deliver more tangible results toward the financial and non-financial targets set out in the plan. I believe that accumulating these results will not only build trusting relationships with shareholders and investors but also give employees confidence and the motivation to take on their next challenge.
I continually tell employees, "Let us become a good company that fulfills aspirations." There is no single definition of a good company, and I believe it takes different forms for employees and for shareholders, investors, and other stakeholders. I want everyone to feel that we have become a good company, and I want us to deliver more results that make them genuinely feel this way.
We have now made a fresh start under the Chugoku Electric Power Group Corporate Vision 2040. By steadily realizing this vision and Action Plan 2030, we will show stakeholders our results and ongoing transformation so that they feel the Chugoku Electric Power Group has changed and look forward to its future.



Dialogue with Younger Employees

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Enhancing Corporate Value by Improving Capital Efficiency and Trust

Financial Strategy

1. Our Value Creation Story Toward Realizing the Chugoku Electric Power Group Corporate Vision 2040

In Action Plan 2024-2025, the Group positioned the recovery of its earnings and financial base as its highest priority and has worked to restart Shimane Nuclear Power Station Unit 2 and expand earnings from electricity retailing and wholesaling. As a result, we achieved our target of a consolidated equity ratio of at least 15% by the end of FY 3/2026 one year ahead of schedule, restoring the ratio to 16.8% by the end of that fiscal year. Meanwhile, in light of changes in the Group's business environment, including progress in GX and future growth in electricity demand, as well as future growth investment, we recognize that we are still in the process of strengthening our financial base to support sustainable value creation. In addition to addressing these challenges, the Group needed to clearly set out how it would create value over the long term and translate that value into growth while responding to future changes in the business environment.

Accordingly, in September 2025, we announced the Chugoku Electric Power Group Corporate Vision 2040 (hereinafter "Vision 2040"). Vision 2040 clarifies the value creation story embodied in the Group's Management Philosophy of "Trust. Creation. Growth.": using capital generated through the "Trust" of our stakeholders for the "Creation" of economic and social value, returning that value to stakeholders while connecting it to the next stage of "Growth."

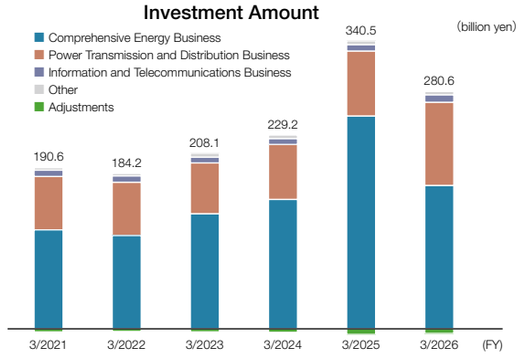
As milestones toward realizing Vision 2040, our financial targets for FY 3/2031 are a consolidated equity ratio of at least 20% and, in terms of capital efficiency, return on equity (ROE) of at least 8% and return on invested capital (ROIC) of at least 3%. For FY 3/2041, our ultimate target year, we aim for a consolidated equity ratio of approximately 25% to 30%, ROE of at least 10% and ROIC of at least weighted average cost of capital (WACC) + 1%.

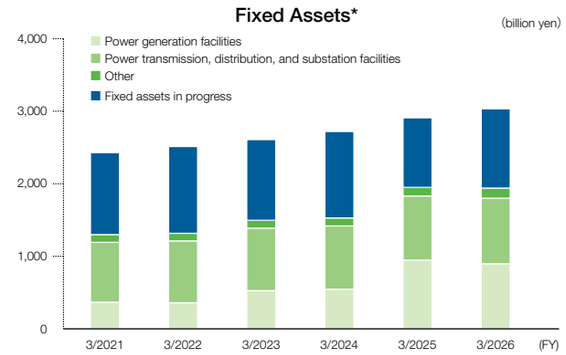
To achieve these targets for FY 3/2031, we announced Action Plan 2030 in April 2026, covering the five years from FY 3/2027 through FY 3/2031, defined by Vision 2040 as a period of transformation and foundation building for sustainable growth. We also disclosed the specific cash allocation for this plan; total investment of approximately 1.7 trillion yen, of which approximately 800 billion yen, or around half, will be invested in nuclear power, approximately 550 billion yen in power transmission and distribution, and approximately 130 billion yen in thermal power. We consider these strategic investments extremely important both for improving the competitiveness of our power sources and reducing carbon emissions, and for meeting the expected future growth in demand.

Action Plan 2030 also sets out our direction for translating the results of initiatives through FY 3/2031, including these strategic investments, into an improvement in price-to-book ratio (PBR), which currently remains low. We recognize that improving PBR requires simultaneous improvements in return on equity (ROE) and the price earnings ratio (PER). We intend to focus on ROIC management and management conscious of stock price.



Nakamura Kimitoshi
Director, Managing Executive Officer
Overseeing the Corporate Planning Division
and Corporate Management Division





*Figures are fiscal year-end balances on a consolidated basis. Compiled from electric utility fixed assets, other fixed assets, and fixed assets in progress. Fixed assets in progress include construction in progress. "Other" comprises other fixed assets and electric utility fixed assets excluding power generation facilities and power transmission and distribution facilities.

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2. Implementing ROIC Management

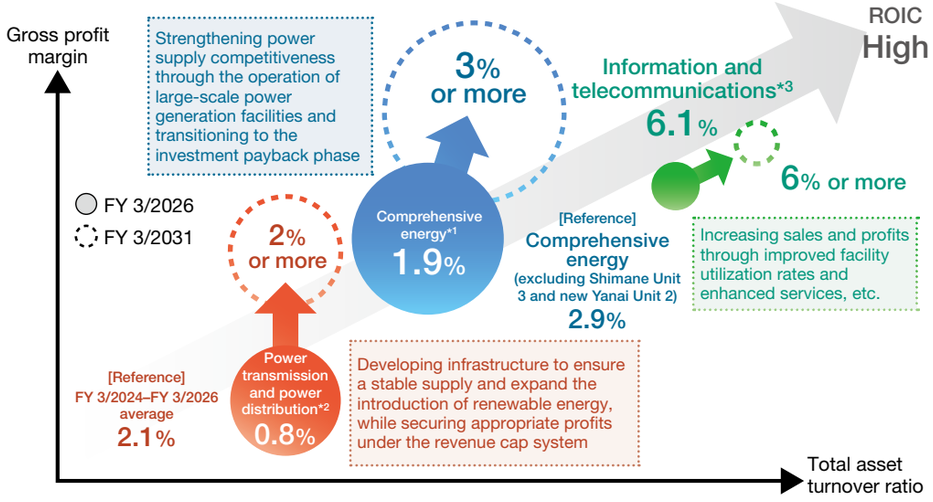
To achieve growth accompanied by capital efficiency, the Group is transitioning to management centered on ROIC. Shimane Unit 3 and the new Yanai Unit 2, which are under construction, are large-scale investments that will support future competitiveness. Just as Shimane Unit 2 became an earnings-generating asset when it resumed operation, the start of operation at these large-scale power sources will be a major driver of improvement in the Group's capital efficiency. At the same time, because the increase in invested capital precedes the start of operation, these new power sources will also depress capital efficiency in the short term. In these circumstances, we recognize that, to continuously generate returns exceeding the cost of capital, it becomes even more important to make invested capital and profitability visible for each business and allocate management resources to areas expected to create greater value.

To link the ROE and ROIC targets set in Vision 2040 to individual business operations and make them effective, we have broken them down into ROIC targets for each business in Action Plan 2030. For example, in the Comprehensive Energy Business segment, we have set a target of raising ROIC from 1.9% in FY 3/2026 to at least 3% in FY 3/2031. By deploying ROIC trees based on these business-specific targets and linking frontline initiatives with capital efficiency, we intend to create value throughout the Company. It is important to share how frontline initiatives affect not only profit but also invested capital, encouraging each business to take action to improve capital efficiency. By ensuring that each business takes responsibility for its own targets and builds on its achievements, we will thoroughly implement management practices that enhance capital efficiency across the entire business portfolio.

From this fiscal year, the Corporate Management Division is also holding study sessions and other activities across the Company to promote understanding of ROIC management. Through these initiatives, we aim to enable business divisions, as well as head office administrative divisions, to independently formulate business strategies conscious of the cost of capital and pursue frontline improvements.

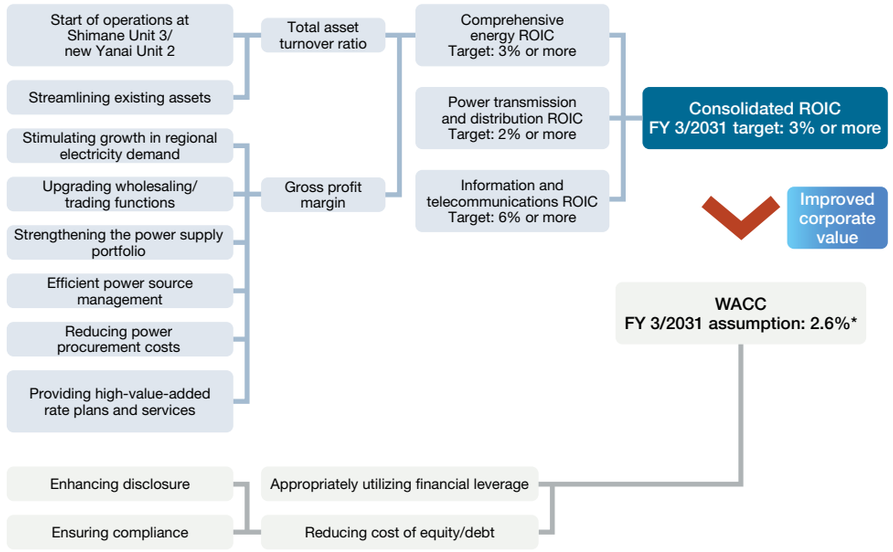
It is important to pursue capital efficiency while strengthening our financial base. In fundraising, we are diversifying procurement methods with the cooperation of financial institutions and investors, focusing on transition finance and using syndicated loans and loans backed by debt guarantees from the GX Acceleration Agency. In particular, the GX Acceleration Agency's debt guarantee scheme provides a means of continuously raising large amounts of funding and has been positively evaluated by credit rating agencies. We also use long-term decarbonized power source auctions for the development of Shimane Unit 3 and the new Yanai Unit 2 to improve the predictability of investment recovery. This scheme also allows us to recover costs arising from changes in prices and interest rates, contributing significantly to reducing business risk. Furthermore, we will appropriately manage our balance sheet by carefully selecting investment projects, reducing assets through measures such as selling cross shareholdings and low-profitability assets, and using project finance and off-balance-sheet financing for new investment projects.

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 3/2027, 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 3/2027, scope is expanded to include CHUDEN KOGYO CO., LTD. and CHUGOKU ELECTRICAL INSTRUMENTS CO., LTD.
*3: Scope: Enecom, Inc.

Roadmap for Initiatives to Improve ROIC (Comprehensive Energy Business)



* WACC for FY 3/2031 is calculated based on CAPM, assuming beta of 0.72, a market risk premium of 6.5%, and a risk-free rate of 3%.

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3. Management That Is Conscious of Stock Price

PER reflects capital markets' assessment of the Group's future prospects. To improve this indicator, the Group's business and financial strategies must earn the confidence of capital markets, and expectations for future earnings growth and cash generation must be reflected in the stock price. To this end, we recognize the importance of steadily executing our stated strategies, building a solid track record of progress, and clearly communicating these results to shareholders and investors to reinforce their expectations for the future. By also presenting the sustainability initiatives that underpin our management, including with respect to governance, the environment, local communities, and human resources, alongside our financial initiatives, we will better meet expectations for medium- to long-term growth in corporate value.

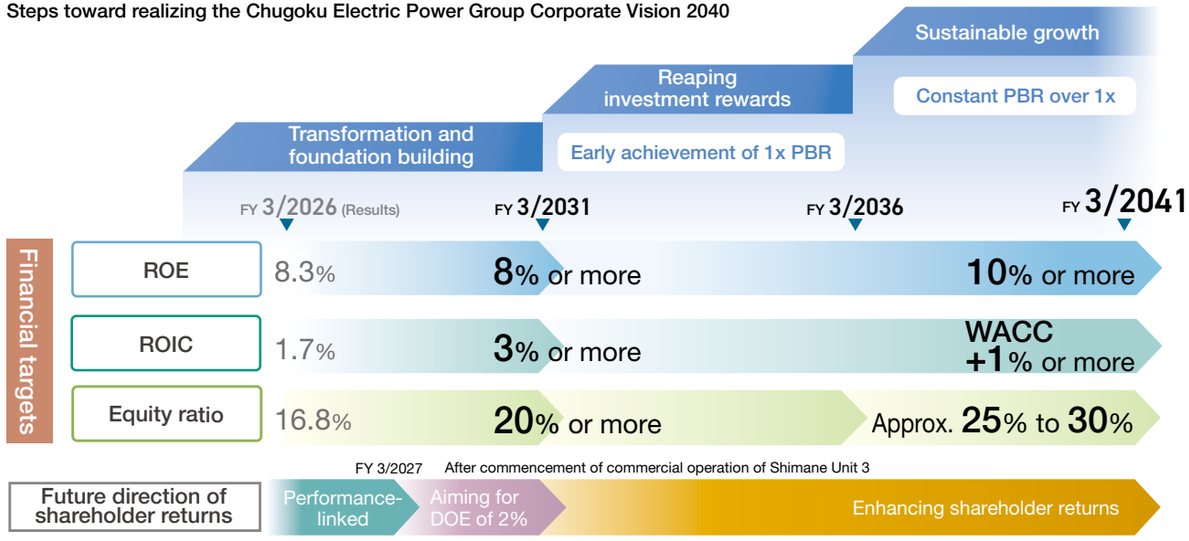
We also regard dialogue with shareholders and investors as both an opportunity to deepen their understanding of the Group's initiatives and an important opportunity to improve management. Specifically, we are implementing an engagement cycle in which we share the opinions and requests received through dialogue internally, use them to improve management and business operations, disclose the results, and provide feedback in subsequent dialogue. We provide various opportunities for dialogue, including financial results briefings at which the President explains business performance and small meetings at which the departments responsible engage individually with shareholders and investors. The results of these activities are reported monthly to management, including external directors.

With regard to shareholder returns, we introduced the concept of dividend on equity (DOE) from FY 3/2027 to provide stable dividends even as we rebuild our financial base. Until the start of commercial operation at Shimane Unit 3, our policy is to determine specific dividend levels based on a comprehensive consideration of factors such as the status of rebuilding our financial base, while aiming for a DOE of 2%. By steadily implementing Action Plan 2030 and pursuing sustainable earnings growth and improved capital efficiency, we intend to achieve a DOE of 2% at an early stage and improve PBR.

From FY 3/2031 onward, we will move to a stage of reliably reaping the benefits of our large-scale power source development and establishing sustainable growth based on high capital profitability and a stable financial base. Although the estimate is based on certain assumptions, the start of operation at Shimane Unit 3 is expected to improve operating cash flow by approximately 100 billion yen. We intend to use these funds to enhance shareholder returns.

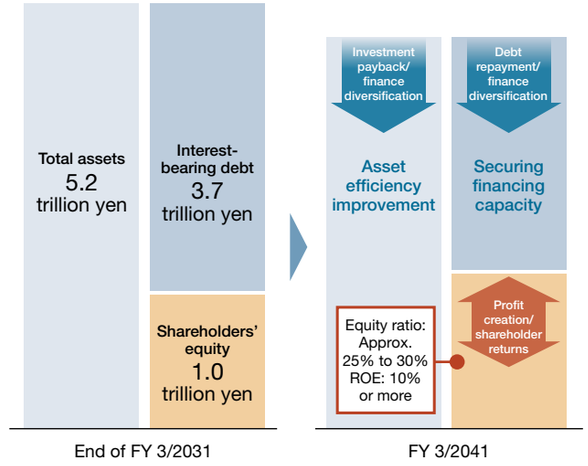
As the officer responsible for finance, I will support, from a financial perspective, the value creation story that realizes "Trust. Creation. Growth." by improving capital efficiency and strengthening our financial base. I will work to achieve sustainable growth in corporate value while sharing the results with our stakeholders.

Steps toward realizing the Chugoku Electric Power Group Corporate Vision 2040



Note: ROE and ROIC figures for FY 3/2026 (Results) exclude the time lag effect of the fuel cost adjustment system.

Cash allocation for FY 3/2031 and beyond



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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.

Further building trust from stakeholders and creating a virtuous cycle by linking trust to the next source of value creation

Management Philosophy **Trust. Creation. Growth.**

Trust (INPUT)

Utilizing human, financial, and other capital resources, which are the source of value creation based on the trust of our stakeholders, in the business activities of our Group.

Creation (ACTIVITY)

Working to build workplaces where employees can demonstrate their creativity, and creating economic and social value to be delivered to customers, the community, and other stakeholders through the Group's energy and other business activities.

Growth (OUTCOME)

Through the creation of economic and social value from our business activities, we will grow together with our stakeholders and return benefits to them in a balanced manner, while achieving the goals of the Group Corporate Vision.

Potential and issues in the Chugoku region × **The Chugoku Electric Power Group's strengths**

Source of value creation

Produced based on trust from stakeholders

Human capital
- Employees

Intellectual capital
- Technical capabilities/expertise
- Registered patents

Social capital
- Good relationships from our involvement with customers, the community, local governments, business partners, etc.
- Permits and licenses, etc.

Natural capital
- Local resources to generate hydro, solar, wind, and biomass power

Financial capital
- Total assets
- Interest-bearing debt
- Shareholders' equity

Manufacturing capital
- Power generation facilities
- Transmission, distribution, and substation facilities
- Information and telecommunications facilities, etc.

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

Chugoku Electric Power Group Medium-term Management Plan (Action Plan Toward Realization of the Group's Corporate Vision)

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

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

*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 and 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

Energia Group Corporate Charter of Conduct (foundation for sustainability management)

- Promotion of compliance management
- Promotion of environmental management
- Respect for human rights
- Enhancement of communication with society
- Provision of products and services useful to society
- Contributions to local community development
- Assurance of industrial safety and health
- Formation of a vibrant corporate culture
- Rigorous crisis management
- Duties of executives (governance)

Contributing to the creation of a sustainable society through energy-focused businesses

Achieving the Energia concept

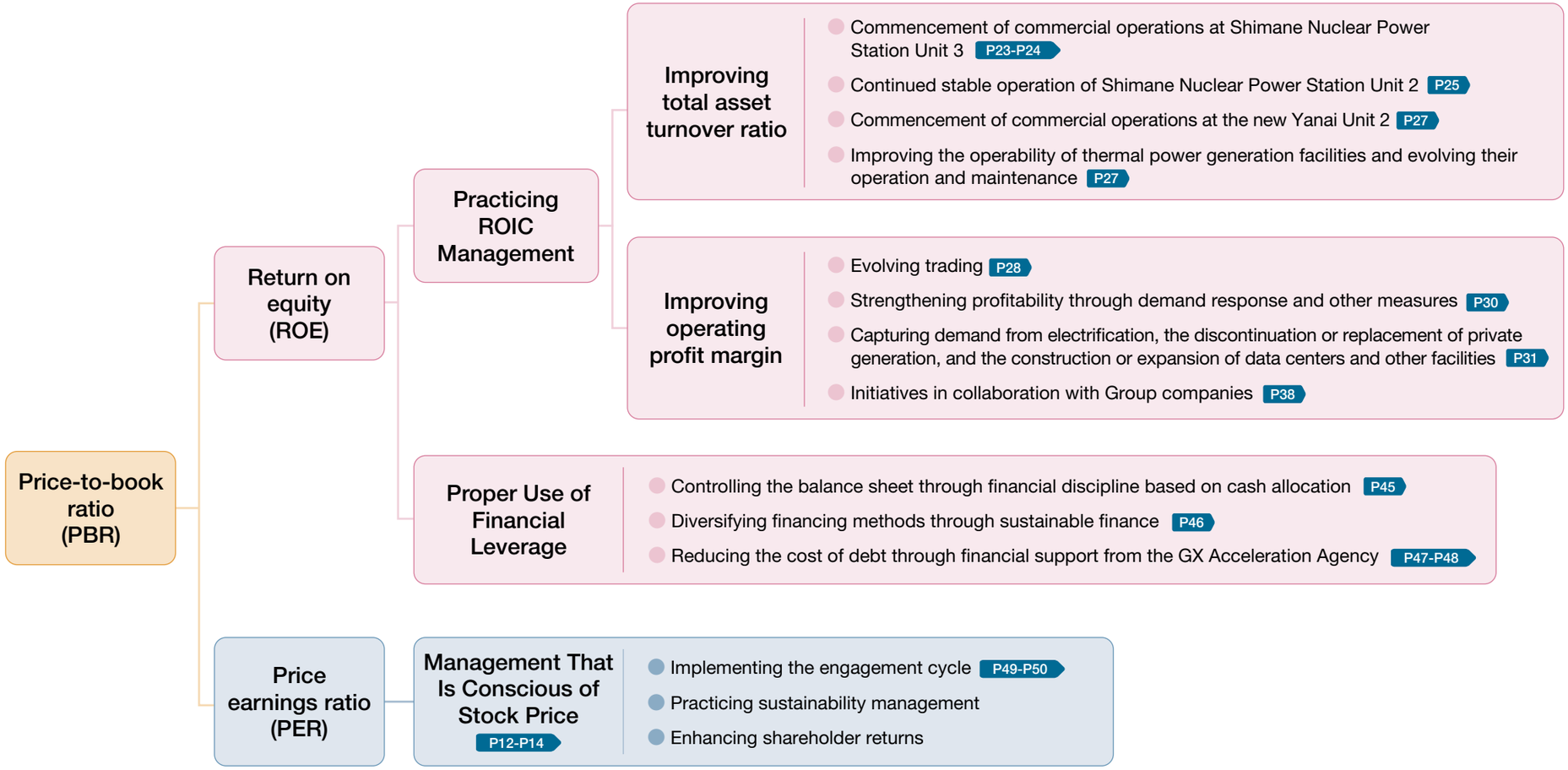
Note: Energia stands for a "new, bright, warm and dynamic society," and signifies Chugoku Electric's attitude towards achieving such a society.

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Toward Improving PBR

To achieve the targets set forth in the Chugoku Electric Power Group Corporate Vision 2040, the Group will advance ROIC management with an emphasis on financial discipline and returns on capital. We will also steadily work to improve PBR through the appropriate use of financial leverage and stronger engagement activities with stakeholders.



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Strengths Cultivated by the Chugoku Electric Power Group

Personnel, Expertise, and Technologies Supporting Value Creation

Over many years, the Chugoku Electric Power Group has accumulated a strong base of personnel rooted in the Chugoku region and advanced technological capabilities. Our operational and maintenance expertise and comprehensive technological capabilities that support a stable supply of electricity, together with our personnel base rooted in the Chugoku region, give us a deep understanding of regional characteristics and strong capabilities in responding to on-site needs.
Our strength lies in operational capabilities that integrate field operations with technological innovation, including the operation of a diverse range of power sources encompassing nuclear, thermal power, and renewable energy, as well as more sophisticated facility management through the use of DX. In addition to ensuring safety and stability, this expertise enables us to respond to decarbonization and changes in the structure of electricity demand.

Number of employees*1: 12,606 (as of March 31, 2026)
Newly registered patents: 116 (FY 3/2026, Group)

*1 The number of employees is the total number at consolidated companies and excludes loan employees and those on administrative leave.

Customer Base Founded on Trust

Through business operations rooted in the Chugoku region, we have built long-term relationships of trust with a broad range of customers across industry, local governments, and households.
Particularly given the region's concentration of manufacturing industries, we accurately identify customer needs and work to resolve their challenges by offering diverse rate plans and energy solutions. This foundation is an important strength that creates growth opportunities by capturing new demand arising from electrification, decarbonization, data centers, and other sources.

Total electricity sales volume: 56.8 billion kWh (FY 3/2026)

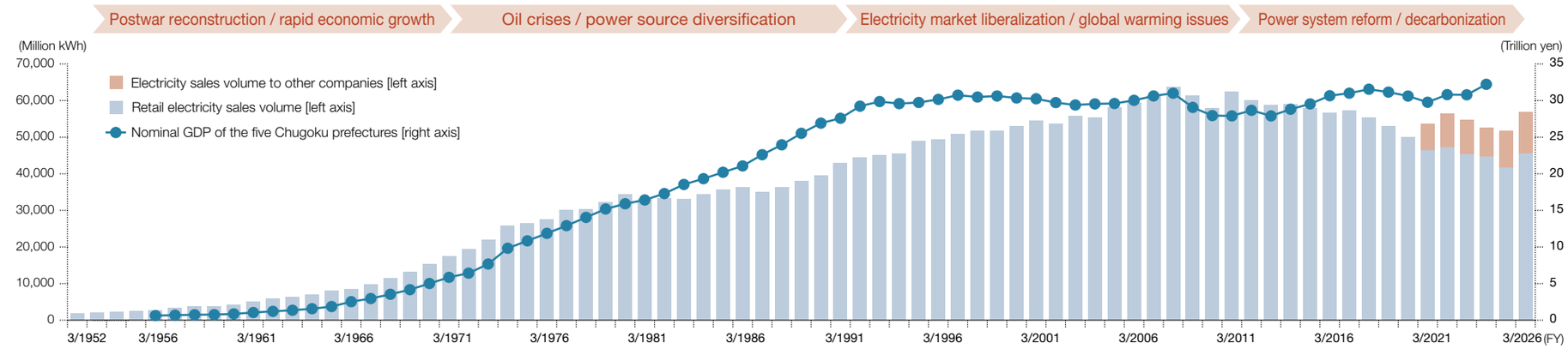
Infrastructure Supporting the Region's Energy Supply

The Chugoku Electric Power Group has a diverse power source portfolio combining thermal power, hydroelectric power, nuclear power, and renewable energy, as well as infrastructure that enables a stable supply of electricity throughout the Chugoku region. Furthermore, the Group has an infrastructure base capable of accommodating future growth in demand and decarbonization through expanded renewable energy deployment and power grid upgrades.

Capacity of power generation facilities: Approximately 10.36 million kW (end of FY 3/2026)
Total length of power transmission lines*2: Approximately 8,800 km (end of FY 3/2026)
Total length of power distribution lines*2: Approximately 85,100 km (end of FY 3/2026)

*2 Transmission and distribution line lengths are the combined route lengths of overhead and underground lines.

Trends in Electricity Sales Volume* and Nominal GDP of the Five Chugoku Region Prefectures



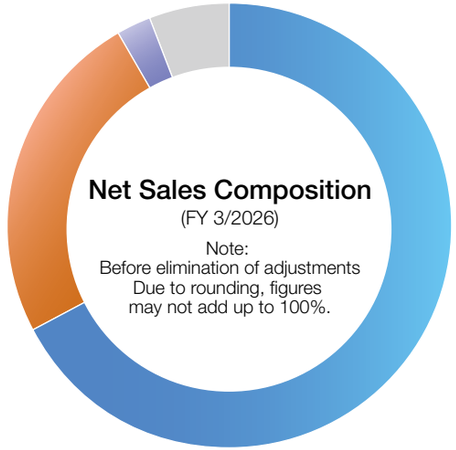
Note: Nominal GDP for the five Chugoku region prefectures was calculated based on the figures for the Chugoku regional block in the Cabinet Office's Prefectural Accounts.
*Total electricity sales volume from FY 3/2021 onward

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Business Overview

With the Comprehensive Energy Business and Power Transmission and Distribution Business at its core, the Chugoku Electric Power Group operates diverse businesses, including the Information and Telecommunications Business. With trust from society as its foundation, the Group creates value while pursuing the realization of a sustainable society together with local communities.



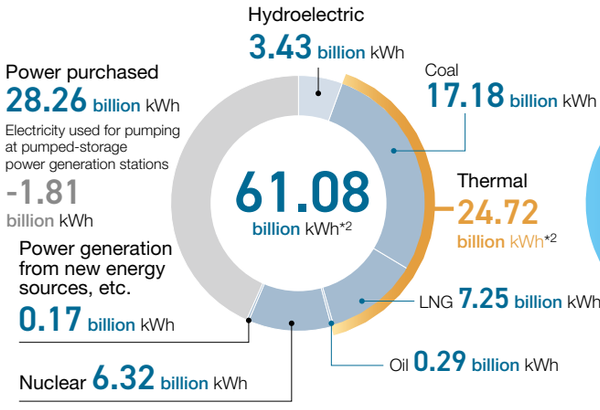
FY 3/2026 (Truncated to units of 100 million yen)

	Net sales	Operating income
Comprehensive Energy Business	13,143	702
Power Transmission and Distribution Business	4,738	120
Information and Telecommunications Business	498	48
Other	1,123	67
Adjustments	(-5,080)	(-38)
Total	**14,423**	**902**

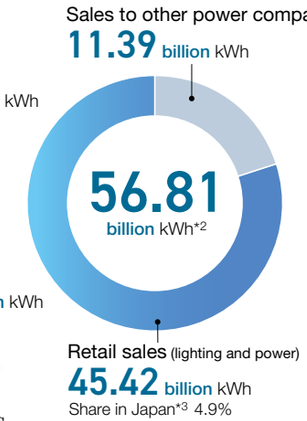
Comprehensive Energy Business

17 companies; share of net sales: **67.4%**

■ Generated and received electricity (FY 3/2026)



■ Total electricity sales*1 (FY 3/2026)



*1 Electricity sales are for Chugoku Electric. *2 Totals may not match due to rounding.
*3 Calculated based on the METI Agency for Natural Resources and Energy's Survey of Electric Power Statistics report (section on electricity demand results)

Retail Business

We are working as a group to offer a range of high-value-added services that cater to diverse energy-related needs, be it for the home or for industry, to ensure that we continue to be chosen by customers.

Power Generation and Wholesaling Business

We are working to build a power source mix that simultaneously addresses energy security, economic efficiency, and the environment, with safety as the top priority.

Power Transmission and Distribution Business

2 companies; share of net sales: **24.3%**

To ensure the electricity generated at power stations is provided to customers in a stable manner, we maintain and operate transmission, transformation, and distribution facilities while working to update our power network for the next generation.

Information and Telecommunications Business

1 company; share of net sales: **2.6%**

We engage in the telecommunications business and information processing business, including the development of high-quality, highly reliable communications networks, data centers, and DX solutions.

Other

20 companies; share of net sales: **5.8%**

We are also engaged in a wide range of other businesses, including real estate, building management, and construction consulting.

Note: From FY 3/2027, the classification of certain subsidiaries previously included in Other has been revised to include them in the Comprehensive Energy Business or the Power Transmission and Distribution Business.

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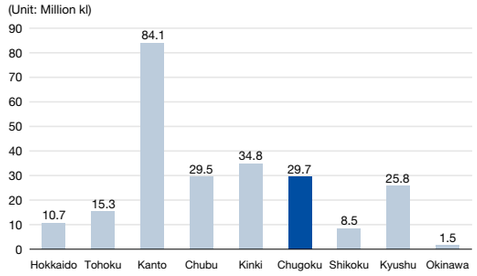
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Business Opportunities for the Chugoku Electric Power Group

Business Opportunities Created by the Chugoku Region's Energy Structure

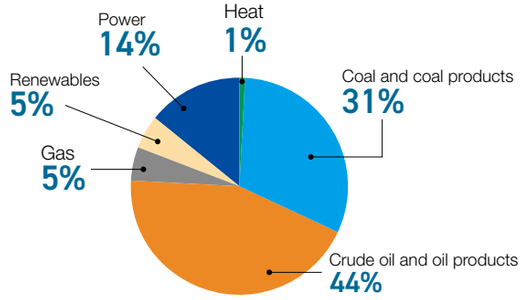
The Chugoku region has Japan's third-largest energy consumption after the Kanto and Kinki regions, with fossil energy sources such as coal and oil accounting for much of the total. Against this backdrop, as the energy transition toward decarbonization and changes in industrial structure progress, initiatives to promote more sophisticated energy use and electrification are becoming increasingly important.
For the Group, which is deeply rooted in the Chugoku region, responding to growing needs for decarbonization and electrification will contribute to resolving regional issues while creating new business opportunities. Through initiatives such as promoting electrification, expanding the use of renewable energy, and providing energy solutions, the Group will pursue sustainable growth together with the Chugoku region.

Comparison of total energy consumption by region (FY 3/2024)



Source: Prepared based on Energy Consumption Statistics by Prefecture (Agency for Natural Resources and Energy), aggregated by the jurisdiction of each Bureau of Economy, Trade and Industry

Breakdown of energy consumption in the five prefectures of the Chugoku region (FY 3/2024)



Source: Prepared based on Energy Consumption Statistics by Prefecture (Agency for Natural Resources and Energy), aggregated within the jurisdiction of the Chugoku Bureau of Economy, Trade and Industry

Business Opportunities from Growing Demand in the Chugoku Region

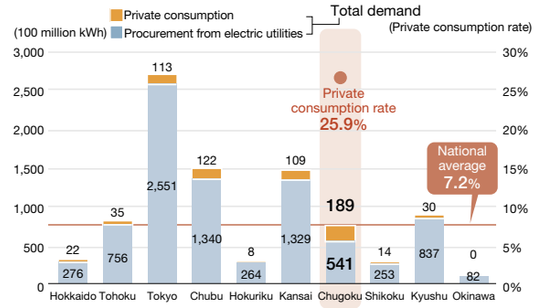
Growing Decarbonization Needs in the Chugoku Region

In the Chugoku region, many customers have large-scale in-house power generation facilities, mainly in industrial complexes along the Seto Inland Sea coast. As they pursue carbon neutrality, shifts to grid power and fuel conversion to natural gas are progressing.
We regard responding to progress in electrification and fuel conversion accompanying the decarbonization of industrial furnaces and in-house power generation facilities, as well as changes in the structure of industrial energy use, as business opportunities for the Group. We will contribute to regional decarbonization while translating these opportunities into sustainable growth for the 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



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.

New Construction and Expansion of Data Centers and Semiconductor Plants

Demand for data centers is expanding rapidly against a backdrop that includes advances in AI. Given their large-scale electricity requirements, stable power supply and access to renewable energy resources are emphasized as prerequisites for site selection. Furthermore, under the GX Strategic Zone program (data center cluster model), efforts are underway to develop large-scale data center clusters integrating power and telecommunications infrastructure. In the Chugoku region as well, the concentration of semiconductor-related industries and supply chains amid these trends is expected to drive growth in related demand as demand for data centers expands.

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Approach to Extracting and Identifying Materiality

We have identified four materiality themes as priorities for realizing the aspirations set forth in the Chugoku Electric Power Group Corporate Vision 2040. We will address the major issues associated with these materiality themes through the Group Medium-Term Management Plan.

Materiality assessment and identification process

Step 1 Identification of issues

To realize the concept of "Energia," which is our purpose, each organization examined the issues to be cleared to achieve our desired outcomes and management targets set in the Chugoku Electric Power Group Corporate Vision 2040. Over 100 issues were identified.

Step 2 Evaluation of importance

Issues identified were evaluated based on two axes: importance to stakeholders and importance to the Group.
Exchanges of opinions were held with a diverse range of employees within the head office and at operating institutions (42 offices, 16 meetings), as well as with group company presidents and employees, to identify issues of high importance as major issues. The original 10 major issues were revised to 18 through discussion. After categorizing these 18 items, a draft materiality was organized.

Step 3 Testing of validity

The validity of the organized draft materiality was tested through exchanges of opinions with financial market participants and discussions with external directors.

Step 4 Identification of materiality

The Management Committee and Board of Directors discussed the draft materiality, which had been determined valid through testing. Materiality was identified by resolution of the Board of Directors.

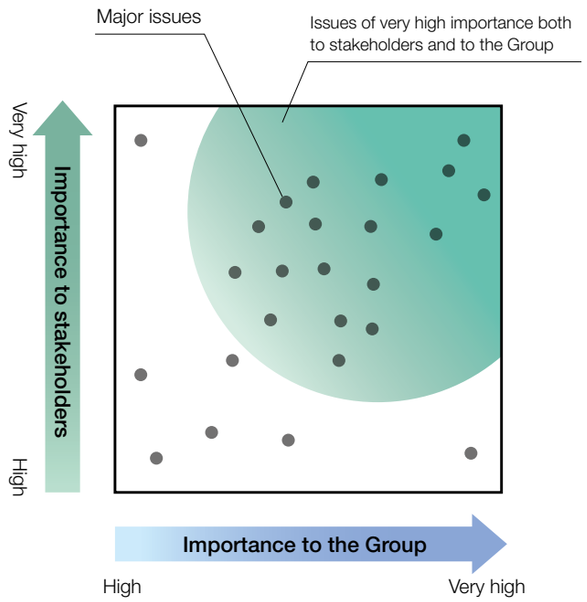
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Step 5 Implementation of PDCA cycle

Under the Group Medium-term Management Plan FY2026–FY2030, specific initiatives and KPIs have been established for the major issues associated with the identified materiality. Going forward, the Board of Directors will monitor progress and discuss the need for revisions in light of the Group's management conditions and stakeholder opinions.

Red text indicates progress since the 2025 Integrated Report.

Evaluation of importance



Importance to stakeholders

Evaluation based on the level of interest of stakeholders (customers, communities/society, business partners, financial institutions/creditors, shareholders/investors, young people/students who will lead the next generation, employees, and others) in the Group's business activities

Importance to the Group

Evaluation of economic value by taking into account the impact of risks and opportunities over time

*In assessing importance, consideration is also given to the perspectives of the Group's impact on society and the environment, and vice versa.

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Materiality Initiatives
Continuous Evolution of the Energy Business

Major Issues	Initiatives and Metrics	Scope*1	Impact		Results	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
	Supply chain GHG emissions (Scope 1+2+3) (vs. FY 3/2014)	Group	●	●	31.48 million t-CO_2	—	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	Total electricity sales volume	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 Chugoku Electric Power Group Corporate Vision 2040
*1 "Group" refers to Chugoku Electric and its consolidated subsidiaries.
*2 Result based on the new target scope.

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Mimura Hideyuki
Vice President & Senior Managing Executive Officer,
Chief Operating Officer of the Power Generation Division

Power generation and wholesaling business (Power Generation Division)

The Power Generation Division is responsible for the construction and operation of power generation facilities, primarily nuclear and renewable energy facilities. Its mission is to secure the supply capacity that supports sustainable growth in the Chugoku region and build a diverse and resilient power source portfolio.
One of its key initiatives is to bring Shimane Nuclear Power Station Unit 3 into operation in anticipation of future growth in electricity demand and increasing decarbonization needs. We are steadily advancing the conformity reviews for new regulatory requirements and safety measure construction, working toward the start of commercial operation by FY 3/2031.
Alongside ensuring the safe and stable operation of Shimane Unit 2, we are advancing several large-scale projects in parallel, including the construction of Facilities for Specific Severe Accidents and Other Accidents at Units 2 and 3. To ensure these projects are carried out successfully, we established a project management organization in April 2025 to centrally manage schedules, budgets, and other matters, integrating efforts across the Company.
To achieve the Group's renewable energy introduction target, we are also promoting power source development, primarily solar and wind power, alongside the repowering of existing hydroelectric power stations. As the expansion of renewable energy increases the importance of balancing capacity that can respond flexibly to fluctuations in electricity supply and demand, we will also take on the development and operation of energy storage facilities, including grid storage batteries.

Effects of bringing Shimane Unit 3 into operation

Contribution to ordinary income	Approx. +30 billion yen per year
Improvement in operating cash flow	Approx. +100 billion yen per year
Improvement in ROIC	(Consolidated) Approx. +0.5 percentage points
CO_2 reduction impact	Emissions reduction: Approx. 3.6 million t per year

Note: Estimates based on certain assumptions
[Assumptions] Nuclear power facility utilization rate: 70%;
CO_2 emission factor: 0.462 kg-CO_2/kWh (FY 3/2026 retail business results*)
*The CO_2 emission factor for FY 3/2026 is provisional pending official publication by the government.

Business environmental awareness

Strengths
- ○ Improving power source competitiveness and environmental value through the safe and stable operation of Shimane Unit 2 and the start of operation at Unit 3
- ○ Advanced technical capabilities relating to power generation facilities and a reliable safety and quality management framework
- ○ Robust business foundation built through relationships with Group companies, partner companies, and host communities

Challenges
- ○ Appropriate compliance with the new regulatory requirements, steady progress in safety measure construction, and rigorous investment and cost management

External environmental awareness

Opportunities	Risks	
●		Rising demand for electricity due to increase in data centers, etc.
●		Growing expectations for nuclear power, renewable energy, and other decarbonized power sources to achieve both stable electricity supply and decarbonization
●	●	Changes in nuclear energy policy and revisions to laws, regulations, and standards
●	●	Growing importance of securing balancing capacity as the introduction of renewable energy expands
	●	Higher capital investment and operating costs due to rising prices
	●	Higher costs of resilience measures in response to more severe natural disasters as climate change progresses

Capital inputs

Over the five years from FY 3/2027 through FY 3/2031, we plan to invest approximately 800 billion yen in nuclear power, including safety measure construction, and approximately 80 billion yen in renewable energy development.

Initiatives and KPIs for creating corporate value through materiality

Utilize nuclear power generation while making safety the top priority	Stable energy provision and decarbonization
Stable operation of Shimane Unit 2 Appropriate compliance with the New Regulatory Requirements toward commencing operation of Unit 3, and rigorous schedule management	Expansion of renewable energy power sources, including solar and wind power, and energy storage facilities, including grid storage batteries
Resumption of preparatory construction for the Kaminoseki Nuclear Power Station and initiatives toward siting an interim storage facility for spent fuel	

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Commencement of commercial operations at Shimane Nuclear Power Station Unit 3

Schedule leading to the startup of Shimane Unit 3

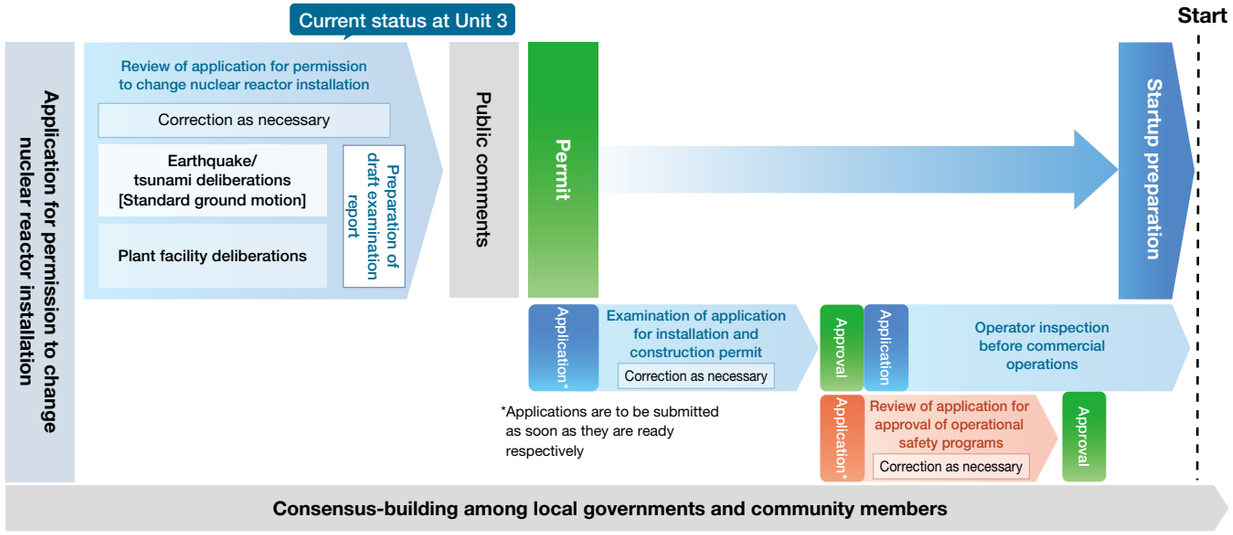
With the explanations provided at the review meeting on September 10, 2026, Chugoku Electric completed the full round of explanations including responses to comments received at previous review meetings. On September 11, 2026, we also submitted the fourth amendment to the application for permission to change nuclear reactor installation for Shimane Nuclear Power Station Unit 3 to the Nuclear Regulation Authority. We will continue to respond appropriately to the review of this application and prepare applications for design and construction plan approval and approval of operational safety programs.

We aim to commence operation of Shimane Unit 3 by FY 3/2031. Because the trial operation* required for a newly constructed plant is expected to take slightly more than one year, we have set around FY 3/2029 as the target for completing safety measure construction.

* A newly constructed plant must undergo trial operation between reactor startup and the commencement of operation (commercial operation).

In managing the schedule, we are working to secure resources by appropriately allocating personnel to the reviews of Shimane Unit 3's main facilities in parallel with responses to the design and construction plan approval review for the Facility for Specific Severe Accidents and Other Accidents at Shimane Unit 2. We are also promoting early orders and contracts with construction companies and establishing construction schedules that take balanced resource allocation into account.

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.



(As of September 2026)

Dialogue activities to promote understanding

To achieve the early startup of Shimane Unit 3, ensuring safety is essential, but earning the understanding and trust of local communities is equally important.

We hold power station tours for local residents to explain the safety and necessity of Shimane Unit 3 directly. We also actively listen to their views through door-to-door visits in communities surrounding the power station.



Explaining measures to improve safety at the Shimane Nuclear Power Exhibition Hall



Door-to-door visits

In addition to our website, we use briefings for relevant municipalities and opportunities to provide information to the media to communicate timely updates on progress in the conformity reviews for new regulatory requirements and safety measure construction.





Briefing for relevant municipalities

WEB Special website for Shimane Nuclear Power Station
https://www.energia.co.jp/atom_info/shimane/index.html

Through sustained dialogue and information-sharing activities, we are working to gain the understanding of as many people as possible regarding the operation of Shimane Unit 3.

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Commencement of commercial operations at Shimane Nuclear Power Station Unit 3

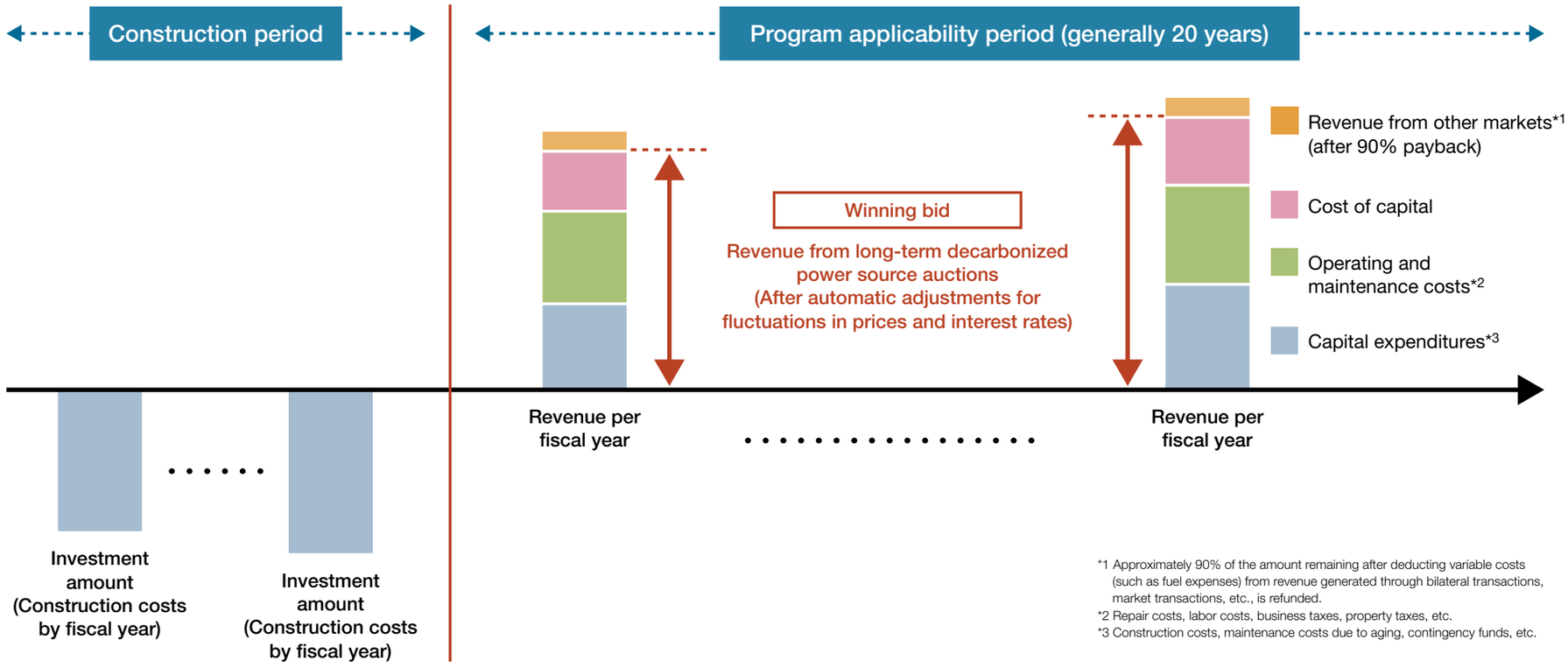
Long-term decarbonized power source auctions

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 program applicability period, although approximately 90% of revenue from other markets must be refunded, fixed costs, including construction expenses, can be recovered reliably.
- A mechanism is also 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.

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Continued stable operation of Shimane Nuclear Power Station Unit 2

Passing on techniques and skills

At Shimane Nuclear Power Station, we are working to improve each employee's technical capabilities in plant operation and equipment maintenance and inspection to accumulate and pass down the expertise required for safe operation.
Operators monitor and control the operating status of the power station 24 hours a day. Shimane Unit 2 employs a six-team, two-shift system, with two teams assigned to regular working hours. These periods are used to provide education and training systematically.
Using a simulator training facility configured almost identically to the central control room, operators repeatedly train in a variety of operating procedures and responses to problems. Each day, we work to maintain and improve their response capabilities to support the safe and stable operation of Shimane Unit 2 following its restart.
The operators of Shimane Unit 3 undertake the same training.
Employees other than operators also systematically undergo a variety of training programs at the technical training facility to acquire the knowledge and skills required for equipment maintenance and inspection.



Simulator training facility





Technical training facility

Initiatives to pass on technologies and skills
(Aspirations of Deputy Manager Kaneko of the Nuclear Human Resource Development Center)



To ensure the safe and stable operation of nuclear power stations over the long term, we are actively passing down technical expertise and skills through the use of an operation training simulator. In particular, we have established an instructional structure that draws on former shift supervisors with extensive operating experience, enabling them to pass on experience-based judgment and response capabilities to younger employees. Through emergency response drills, teamwork training, and thorough reviews, we seek to improve practical technical capabilities while enhancing training content through the analysis of training results and feedback.
We will continue to maintain and strengthen a robust safety culture and further enhance our frontline capabilities.

(Kaneko Manabu, Deputy Manager,
Nuclear Human Resource Development Center, Power Generation Division)

Initiatives supporting stable operation

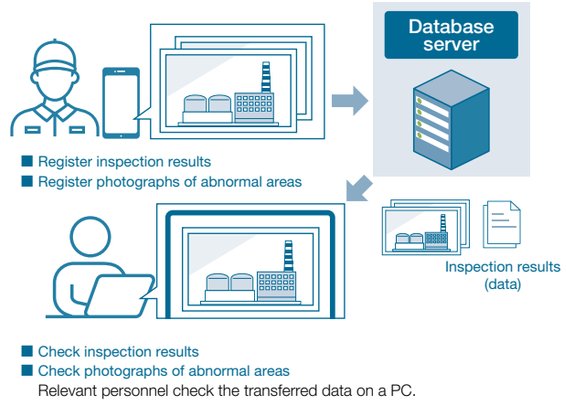
As a DX initiative that both enhances and streamlines frontline operations, Shimane Nuclear Power Station has introduced a Patrol Support System that uses dedicated terminals.
Previously, patrol inspections were conducted using paper forms. Preparing these forms was time-consuming, it was difficult to prevent careless errors when recording inspection results and collected data for the many pieces of equipment, and the effective use of collected data posed a challenge.
To address these issues, we digitized the forms and developed this system with functions for creating a database of patrol expertise, accumulating data, and monitoring trends.
During patrol inspections, personnel can use dedicated terminals to enter equipment conditions—including whether abnormalities are present—and instrument readings on site. The data can then be output as standardized record forms, improving operational efficiency and standardizing recording accuracy.
The terminals' camera function also allows photographs taken on site to be transferred to a server, enabling immediate sharing of site conditions with relevant personnel. A historical data reference function allows personnel to compare current and past data on site, helping identify signs of abnormalities earlier and improve the accuracy of judgments.
In addition to strengthening frontline capabilities that support safe and stable operation, the system contributes to greater operational efficiency.





Patrol inspection in progress

Illustration of data transfer



Relevant personnel check the transferred data on a PC.

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Kobu Hiroyuki
Managing Executive Officer
Chief Operating Officer of the Power Trading Division

Power generation and wholesaling business (Power Trading Division)

The Power Trading Division was established through the organizational restructuring in June 2026 to maximize profits in the power generation and wholesale business in response to changes in the business environment, including increasingly sophisticated electricity markets and progress in ensuring fair treatment of internal and external transactions.

Uncertainty in the electric power business is increasing as geopolitical risks materialize, including the current situation in the Middle East, and electricity liberalization progresses. Meanwhile, electricity futures markets have become more active in recent years as the need to hedge price fluctuations in fuel and wholesale electricity markets has grown.

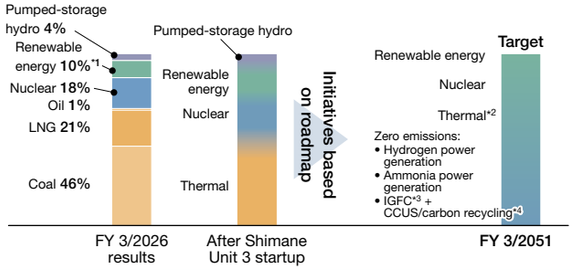
The Power Trading Division integrates the functions of thermal power and fuel with those of supply-demand operations and trading. By accurately identifying market changes and coordinating responses across departments, we will work to expand profits and hedge risks.

Our strength lies in our ability to supply electricity flexibly by combining diverse power generation facilities with agile fuel procurement. Building on this strength, we will enhance our trading capabilities under appropriate risk management and optimize our procurement and sales portfolio for the power generation and wholesale business. This will enable us to maximize the value of our own power sources and expand earnings opportunities in the power generation and wholesale business.

We will also seize growing electricity demand and decarbonization needs as opportunities for growth. To develop a competitive power source mix, we will work to decarbonize and replace thermal power facilities, which will continue to play a role in balancing fluctuations in renewable energy output.

By maximizing the value of these assets and enhancing our trading capabilities, we will strengthen our earning power and contribute to the execution of Action Plan 2030 and the enhancement of corporate value.

Proportion of generated electric power (generated ourselves)



*1 Hydropower, solar, thermal (co-firing with biomass)
*2 Measures to achieve zero emissions are for reference purposes, and may be revised based on the results of further studies from various economic and technological perspectives
*3 Integrated Coal Gasification Fuel Cell Combined Cycle Technology
*4 Technology to reuse separated and captured CO_2 or store underground or elsewhere

Business environmental awareness

Strengths

- ○ Competitive facility portfolio that leverages the characteristics of decarbonized power sources, including nuclear power generation, and various power sources with balancing capacity
- ○ Advanced technical capabilities relating to power generation facilities and a reliable safety and quality management framework
- ○ Robust business foundation built through relationships with Group companies, partner companies, and host communities

Challenges

- ○ Aging power generation facilities
- ○ Decarbonization toward carbon neutrality

External environmental awareness

Opportunities	Risks	
●		Rising demand for electricity due to increase in data centers, etc.
●		Growing decarbonization needs toward achieving carbon neutrality
●	●	Increasing activity in the electricity futures market
●	●	Diversification of electricity retailers' procurement sources and procurement timing
●	●	Fluctuations in wholesale electricity market prices
●	●	Increasing uncertainty in fuel markets due to geopolitical risks and other factors
	●	Higher capital investment and operating costs due to rising prices

Capital inputs

Over the five years from FY 3/2027 through FY 3/2031, we plan to invest approximately 130 billion yen in thermal power generation, including approximately 70 billion yen in decarbonization-related investment.

Initiatives and KPIs for creating corporate value through materiality

Stable energy provision and decarbonization	Evolving market trading and market risk management
Consideration of replacing LNG-fired thermal power facilities and introducing next-generation fuels such as hydrogen and ammonia, and preparations for implementation	Expanding profits through diverse wholesale sales, bilateral and market transactions, and upgraded trading
	Optimizing the supply-demand balance based on more sophisticated market analysis and enhancing profit-and-loss risk management

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Commencement of commercial operations at the new Yanai Unit 2

Progress of initiatives toward the start of operations at the New Yanai Unit 2

As announced in April 2024, the new Yanai Power Station Unit 2 (provisional name) secured a contract in the FY 3/2024 long-term decarbonized power source auction. In response, Chugoku Electric decided to replace the Yanai Power Station Unit 2 Series and is systematically proceeding with the various procedures related to the environmental impact assessment and construction work.
Regarding the environmental impact assessment procedures, the procedures for the Planning-Stage Environmental Consideration Document were completed in November 2023, followed by those for the Environmental Impact Assessment Methodology Document in January 2025. In May 2026, we submitted the Draft Environmental Impact Statement for the Yanai Power Station Unit 2 Series Replacement Plan to the Minister of Economy, Trade and Industry and sent it to the relevant local governments, and we are currently responding to the review process.
Regarding the construction plan, with the aim of commencing work in FY 3/2028, we are developing detailed specifications for the power generation facilities and plans for civil engineering, building construction, and equipment installation work.
We will continue to steadily address the environmental impact assessment review and advance construction planning for the power generation facilities.

Power station name	New Yanai Unit 2 (provisional name)
Fuel (power generation method)	LNG (High-efficiency GTCC*1)
Output	522 MW (+126 MW*2)
Scheduled start of preparatory work	July 2027
Scheduled start of main construction	September 2027
Scheduled commencement of commercial operations	July 2030



Artist's rendering of the completed New Yanai Unit 2

*1 GTCC: Gas turbine combined cycle
*2 Increased output resulting from the replacement of existing power sources

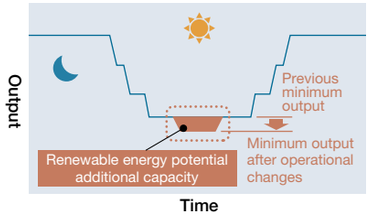
Sustainability Data Book Yanai Power Station (new Unit 2) replacements P13

Improving the operability of thermal power generation facilities and evolving their operation and maintenance

Reducing minimum outputs to expand the introduction of renewable energy and improve profitability

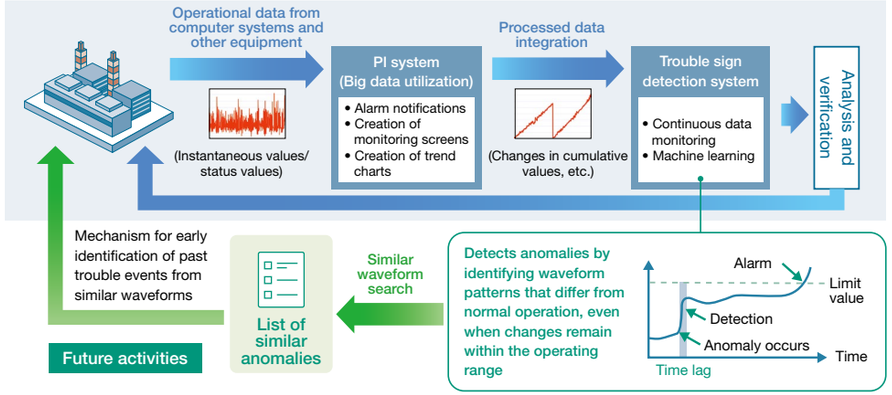
In the daily supply and demand of electricity, the amount of power generated from renewable energy sources, such as solar power, fluctuates widely in output depending on factors such as the weather and time of day. Thermal power generation therefore serves to adjust output.
In this situation, we have worked to expand the introduction of renewable energy by reducing the minimum output of thermal power generation facilities while enhancing their value in balancing capacity by improving output ramp rates and taking other measures.
We will continue to actively improve operability, further expand the introduction of renewable energy, and enhance profitability in electricity markets.

How minimizing output leads to greater use of renewable energy



Using AI and other technologies to detect signs of trouble

To detect problems at thermal power generation facilities at an early stage and contribute to stable operation, we use data management software to accumulate vast amounts of operational data. We also use AI analysis to detect data that differs from normal operating conditions at an early stage, without being affected by operators' experience or other factors, and work to resolve problems promptly. In addition, we are working to improve anomaly detection accuracy by applying machine learning to the accumulated data. This has produced results such as identifying pump malfunctions based on changes in boiler water quality and detecting boiler tube leaks at an early stage based on changes in boiler internal temperature and makeup water volume.
Going forward, we will also enhance functionality for inferring events based on data from past anomalies, aiming to further enhance operational sophistication.



Note: The PI System is software for collecting and managing plant operation data.

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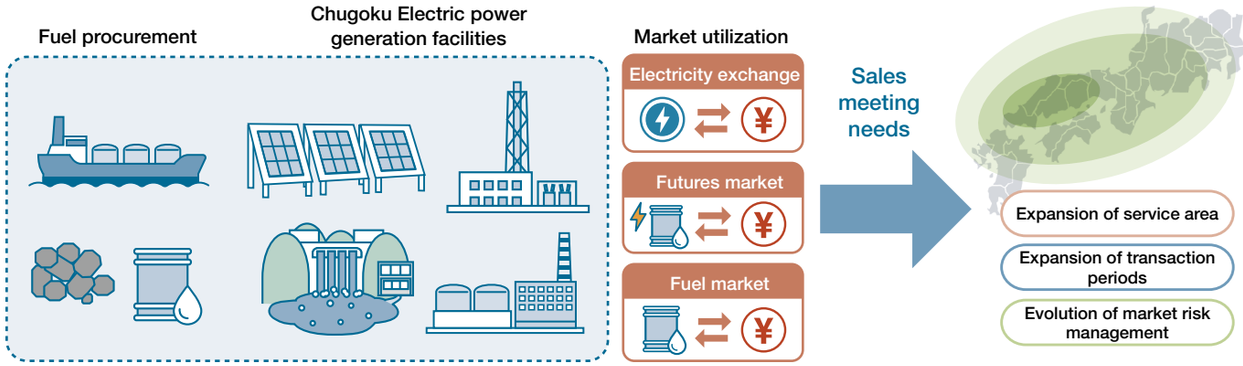
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Evolving trading

Strengthening trading capabilities to expand profit opportunities

In addition to our strength in providing a flexible power supply through our diverse portfolio of power generation facilities and our in-house fuel procurement, we are working to upgrade our trading function by leveraging both spot and futures markets for fuel and electricity, with the aim of expanding profit opportunities in our power generation and wholesaling business.
Furthermore, while we continue to recruit professional talent and strengthen our organizational structure to upgrade our trading function, we will establish a risk management framework for market and credit risks, and build our earnings capabilities based on sound risk management

Illustration of upgrading trading activities by leveraging in-house power generation facilities and market transactions



- ☑ Expanding service area and transaction periods by leveraging the supply capabilities and flexibility of in-house power generation facilities to provide high-value-added services tailored to the needs of electricity retailers
- ☑ Upgrading trading function and enhancing profitability while prioritizing risk management by combining spot and futures trading of fuel and electricity in the markets



Yamanami Yasutaka
Executive Specialist
Power Trading Division

For approximately 20 years, I have been engaged in trading, primarily commodity (financial) derivatives. Seeing strong potential in Chugoku Electric's clear commitment to strengthening its trading capabilities, I joined the Company in May 2025.
Japan's electricity futures market has continued to grow steadily, with trading volume reaching approximately 150 billion kWh in 2025, and the market is expected to expand further. As a result, foreign companies and financial institutions with strengths in trading are increasingly entering the market, making the competitive environment even more sophisticated. In this market environment, Chugoku Electric has a major advantage: rather than merely buying and selling wholesale electricity in the market, it owns power generation assets and can produce electricity itself. We aim to build an organization that can continuously enhance its competitiveness by combining the expertise of career employees well versed in operating power generation facilities with the experience gained by external personnel in finance and trading.
The concept of jointly optimizing power plant operations and market transactions is generally known as asset-backed trading, and we regard it as an extremely important strategy in today's rapidly changing energy market. By leveraging this strength in the wholesale electricity market, which is expected to continue growing, we intend to establish a competitive advantage over the medium to long term.

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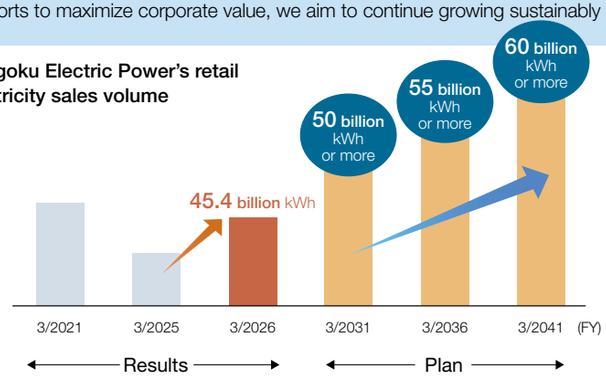


Kawakami Isao
Managing Executive Officer,
Chief Operating Officer of the Energy Sales Division

Retail business (Energy Sales Division)

Building on customer trust and a vibrant workplace, the Energy Sales Division aims to maximize the Group's corporate value by creating and providing energy solutions that help resolve customers' issues, thereby contributing to higher profits in the retail business and the development of local communities.
Through the organizational restructuring in June 2026, we integrated the power procurement function into the division and established a framework to maximize spreads by managing procurement and sales centrally.
In addition to strengthening our power procurement capabilities, we will improve our ability to propose solutions through free and active discussion and deepen dialogue with customers. By reliably capturing opportunities in the Chugoku region, including the electrification of production facilities, shifts from private power generation to grid power, and the construction or expansion of data centers and semiconductor plants, we will capture demand both within and outside the region and aim to achieve the Chugoku Electric Power Group Corporate Vision 2040 target of at least 50 billion kWh in retail electricity sales volume in FY 3/2031. In liquefied natural gas (LNG) sales, we will also leverage the strengths of our two-base structure comprising the Yanai LNG Base and Mizushima LNG Base, aiming for LNG sales volume of 600,000 tons in FY 3/2031.
By providing solutions to diverse needs such as decarbonization, energy conservation, and electrification, we will contribute to our customers' business growth and create growth opportunities for the Group. Through these efforts to maximize corporate value, we aim to continue growing sustainably together with the region.

Chugoku Electric Power's retail electricity sales volume



Business environmental awareness

Strengths
- ○ Stable power procurement and supply framework
- ○ Ability to make comprehensive proposals combining electricity, gas, and decarbonization solutions
- ○ Business foundation built on trust cultivated over many years in the Chugoku region

Challenges
- ○ Strengthening energy solutions in response to diversifying customer needs
- ○ Adapting to fair wholesale electricity trading both internally and externally and evolving market risk management

External environmental awareness

Opportunities	More opportunities to make proposals within and outside the Chugoku region as customer needs diversify
	More opportunities to provide energy solutions as decarbonization needs grow
	Increased electricity demand associated with the construction and expansion of data centers and semiconductor plants
Risks	Intensifying competition in the electricity retail market due to changes in the procurement environment arising from fair wholesale electricity trading both internally and externally, increased liquidity in the electricity market, and other factors
	Greater volatility in fuel and electricity market prices due to geopolitical risks, extreme weather, and other factors
	Declining electricity demand due to population decline and advances in energy conservation and electricity-saving measures

Capital inputs

Intellectual capital	Experience, knowledge, and expertise in electricity, gas, and decarbonization solutions
Human capital	Employees who create and provide energy solutions
Social capital	Relationships of trust with customers and local communities

Initiatives and KPIs for creating corporate value through materiality

Developing new rate plans and services	Evolving market trading and market risk management
In response to growing decarbonization needs, in April 2026 we introduced a new "CO_2-Free Special Contract" for extra-high-voltage and high-voltage customers that also utilizes non-fossil value from sources other than renewable energy, including nuclear power generation.	In response to changes in the procurement environment arising from fair wholesale electricity trading both internally and externally and increased liquidity in the electricity market, we established a framework for optimizing our power supply portfolio and market risk management.

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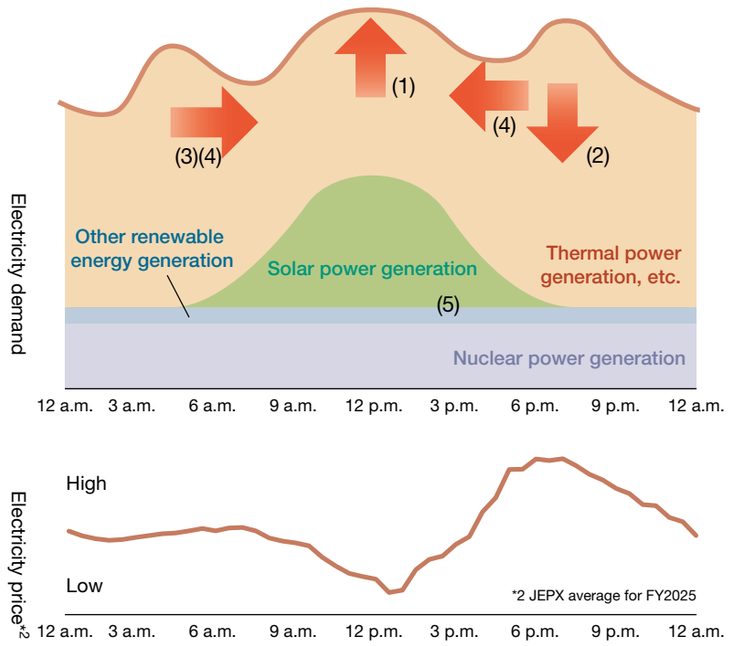
Strengthening profitability through demand response and other measures

Power procurement and optimization of retail rates and demand

Electricity market prices are also changing significantly with shifting demand patterns due to the growing adoption of solar power generation and equipment used for electrification. However, changing demand patterns to bring them closer to society's overall power supply portfolio would make it possible to curb social costs. Accordingly, by expanding demand response (DR)*1, rate plans that encourage load shifting, and other measures, we will simultaneously reduce power procurement costs and provide high-value-added rates and services, thereby building a win-win relationship between customers and Chugoku Electric.

*1 An initiative to adjust electricity consumption patterns by strategically planning usage and time slots to balance electricity demand and supply

Illustration of power procurement and optimization of retail rates and demand



Initiative details

(1) Stimulating demand during optimal times

- Demand Response Service
- Gutto Zutto. Time Service
- Gutto Zutto. Eco App (Hiru-Toku Challenge)

(2) Controlling demand by discouraging use during suboptimal times

- Demand Response Service
- Gutto Zutto. Eco App (Electricity-Saving Challenge)

(3) Load shifting via daytime heating with EcoCute

- Shifting water heating time via remote operation (Gutto Zutto. Eco Time Shift)

(4) Load shifting with rate plans

- Hiru eco Denka Course*3 (for households)

*3 Formerly the Ohisama Shift Course. Renamed effective October 1, 2026

- Seasonal/time-based rate plans (for companies)

(5) Supply of renewable energy, etc. via off-site PPAs

Load shifting through daytime water heating with EcoCute (Gutto Zutto. Eco Time Shift)

"Gutto Zutto. Eco Time Shift" is a service under which we remotely control customers' EcoCute water heaters and shift some of the water heating normally performed at night to daytime, thereby promoting the effective use of renewable energy such as solar power generation.
In the Chugoku region, as the adoption of solar power generation expands, electricity supply tends to exceed demand, particularly during the daytime in spring and autumn. Consequently, output curtailment of solar power generation and other sources is increasing in order to maintain the balance between electricity supply and demand.
By having customers subscribe to this service, we seek to encourage them to shift the times at which they use electricity, thereby reducing output curtailment of solar power generation and other sources. We also award points based on the number of times remote control is performed so that customers can benefit from the service.
In designing this service, we took care to ensure that many customers could participate with peace of mind. Specifically, to prevent an increase in electricity bills, remote control is limited to weekends, public holidays, and other days when the per-kWh rate is the same throughout the day. We also ensure that comfort is not compromised by maintaining the EcoCute unit's function for preventing hot water from running out during remote control.
Going forward, we will continue promoting the service to customers with eligible equipment and expand the range of eligible EcoCute manufacturers. Through these efforts, we aim to increase subscriptions to the service, improve profitability by optimizing electricity supply and demand, and contribute to realizing a decarbonized society.



Onishi Hyoga
Consumer II Group
Energy Sales Division

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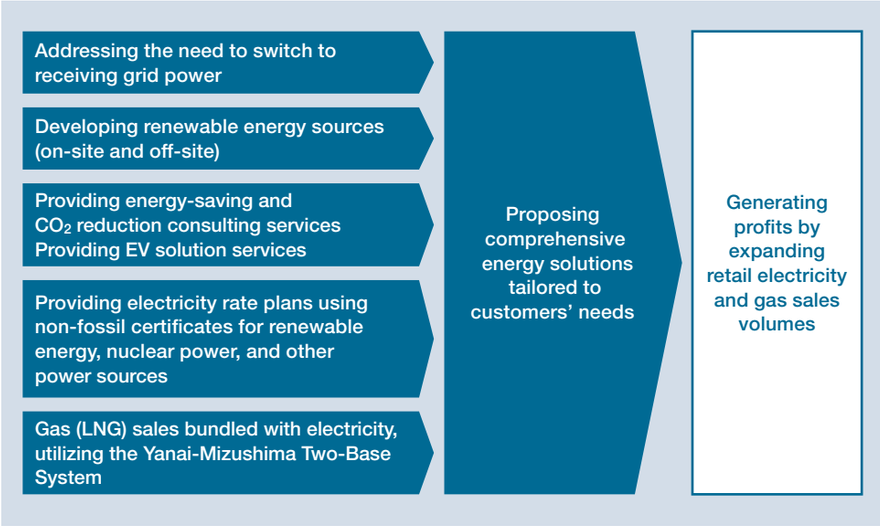
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Capturing demand from electrification, the discontinuation or replacement of private generation, and the construction or expansion of data centers and other facilities

Strategies for capturing electricity and gas demand

The Chugoku Electric Power Group has a business foundation built on trust cultivated over many years in the Chugoku region.
To realize the vision for FY 3/2041 set out in our Group Corporate Vision, we will leverage this business foundation to provide comprehensive energy solutions combining electricity, gas, and decarbonization solutions in line with increasingly diverse customer needs. Through these efforts, we will reliably capture business opportunities in the Chugoku region, which is home to the Setouchi Industrial Complex, including the electrification of production facilities, shifts from private power generation to receiving grid power, and the construction or expansion of data centers and semiconductor plants.
We will also attract demand to the Chugoku region by encouraging companies to establish operations there, while proactively capturing demand outside the region, thereby expanding retail electricity and gas sales volume.

Proposing comprehensive energy solutions



Sustainability Data Book
Example of an off-site corporate PPA P15

Sustainability Data Book
Energy-saving and CO_2-reduction proposals P16

Sustainability Data Book
Energy rate plans that use renewable energy and non-fossil fuel certificates P15

Strengthening Solution Proposals Integrating Electricity and Gas P32

Support for companies setting up in the region

As part of efforts to create new business opportunities and address business continuity planning (BCP), the Chugoku Electric Power Group provides both tangible and intangible support to companies, organizations, and other customers considering establishing head offices, factories, data centers, or other facilities in the Chugoku region, thereby contributing to regional development.
In light of national policies such as the GX Strategy and regional revitalization, our offices in each prefecture will work with the head office to contribute to realizing a decarbonized society, promoting industrial clusters, and revitalizing the regional economy in the Chugoku region through the use of decarbonized power sources and the development of energy infrastructure.

[Collaboration with local governments and other external stakeholders]

Through visits to local governments and exchanges of information with local companies and other external stakeholders, we aim to identify corporate location trends at an early stage and create opportunities to expand electricity demand and achieve other benefits by providing consultations and other support for establishing facilities, including data centers.

[Support from the Chugoku Electric Power Group]

We provide customers considering establishing locations in the Chugoku region with a broad range of support from across the Group, including after they have established their locations, covering everything from assistance with energy supply and equipment-related issues to GX and DX solutions.

Energy and decarbonization	DX and IT infrastructure	Electrical and peripheral facilities
• Proposals for optimal electricity rate plans Energia 中国電力 • Early construction of power supply facilities 中国電力ネットワーク • Installation, operation, and maintenance of equipment for electricity and thermal energy supply services, including cogeneration systems • Provision of decarbonization solutions, including solar power generation PPA services and energy-efficiency assessments 株式会社エネルギア・ソリューション・アンド・サービス	• Provision of communications networks for corporate customers • Provision of data center and cloud services • Support for operational DX and the use of data and AI エネコム	• Design and construction of electrical, information and communications, air-conditioning, water supply and drainage, and sanitation facilities • Comprehensive support for power receiving and transformation facilities, including design, construction, maintenance, and equipment leasing CPC 中電プラント株式会社 エネルギアL&Bパートナーズ 株式会社エネルギア・ソリューション・アンド・サービス 中電工 中国電機製造株式会社

Note: 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.

Sustainability Data Book Support for companies setting up in the region P42

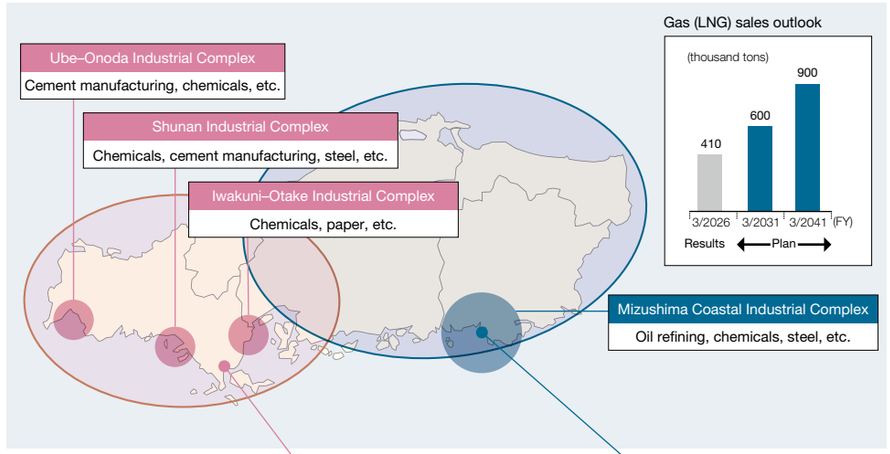
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Strengthening Solution Proposals Integrating Electricity and Gas

Through our Group company Energia Solution & Service Company, Inc., we deliver natural gas (LNG) to city gas companies, factories, and other corporate customers in the Chugoku region.
To address customers' electrification and fuel conversion needs as they pursue GX, we will leverage the strengths of our Yanai-Mizushima Two-Base System and strengthen integrated electricity and gas solution proposals to expand gas sales volumes.

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




Tanker truck transporting LNG

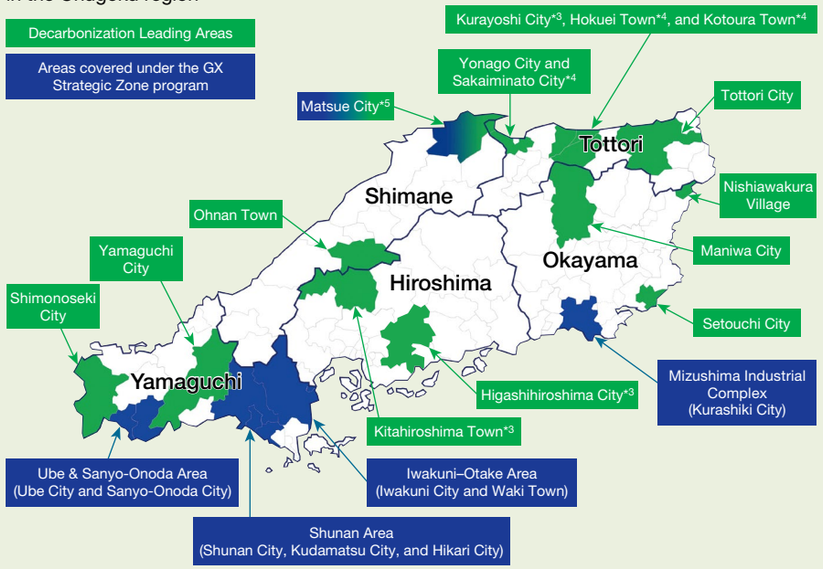

Yanai LNG Base


Mizushima LNG Base

GX initiatives in the Chugoku region

In the Chugoku region, 12 proposals covering two prefectures and 15 municipalities have been selected as Decarbonization Leading Areas*1 (across Japan: 102 proposals covering 45 prefectures and 133 municipalities, as of February 13, 2026).
Under the GX Strategic Zone program*2, Matsue City, Shimane Prefecture, was designated in September 2026 as a Decarbonized Power Utilization area, an initiative to create models for industrial siting in regions where decarbonized power sources are located. In April 2026, Okayama Prefecture and Yamaguchi Prefecture were selected as promising Industrial Complex Revitalization areas, an initiative to form new clusters of GX-related industries by utilizing industrial complexes.

Decarbonization Leading Areas and areas covered under the GX Strategic Zone program in the Chugoku region



*1 An area that achieves virtually zero CO_2 emissions from electricity consumption in the private sector toward carbon neutrality by 2050, and that takes the lead in reducing greenhouse gas emissions through the introduction of renewable energy sources and energy conservation in accordance with regional characteristics
*2 A program aimed at creating new industrial clusters centered on industrial resources such as industrial complexes and decarbonized power sources
*3 The prefecture is included among the joint applicants.
*4 Joint applicant
*5 Matsue City, Shimane Prefecture, qualifies both as a Decarbonization Leading Area and as one of the first GX Strategic Zones under the GX Strategic Zone program.
(Source) Prepared by Chugoku Electric based on the Ministry of the Environment's Decarbonization Leading Area Development Support Website and the Ministry of Economy, Trade and Industry's "Promising Areas under the GX Strategic Zone Program (Areas That Passed the Initial Screening) Selected" announcement (April 24, 2026) and "First GX Strategic Zones Designated" announcement (September 11, 2026)

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

Major Issues	Initiatives and Metrics	Scope*1	Impact		Results	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	●	●	96.4%	Recycling rate of 95%	
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	Chugoku Electric Power Transmission & Distribution	●		–	–	–

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

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Power transmission and distribution business

Chugoku Electric Power Transmission & Distribution, which is responsible for the power transmission and distribution business, has steadily addressed aging facilities, enhanced facility maintenance, and improved management efficiency. Through these efforts, it has maintained world-class power quality and supported the region's essential infrastructure.
Meanwhile, the business environment is changing significantly, with shifts in demand structure as GX progresses, the expansion of renewable energy, inflation and rising costs of materials, equipment, and labor, increasing difficulty in securing personnel, and accelerating digitalization.
In light of these circumstances, in January 2026 the Chugoku Electric Power Transmission & Distribution Group formulated a new management philosophy and Corporate Vision 2040. By applying new technologies and optimizing facility development, we will build an efficient, resilient network and pursue both a stable supply of electricity and low wheeling charges. Furthermore, as a power transmission and distribution network supporting GX and industrial activity in the region, we will provide new value that exceeds local customers' expectations and predictions.



Hasegawa Hiroyuki
Representative Director and President
Chugoku Electric Power Transmission & Distribution Company, Incorporated

Business environmental awareness

Strengths

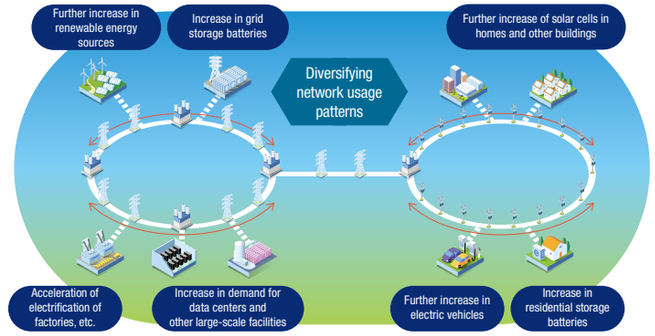
- ○ Numerous facilities throughout the Chugoku region (towers, substations, utility poles, smart meters, etc.)
- ○ Diverse data (supply and demand, facilities, customer service, etc.)
- ○ Employees' sense of mission, technical expertise, and skills (maintenance and construction expertise)
- ○ Relationships with local governments and companies in the Chugoku region

Challenges

- ○ Increase in aging facilities
- ○ Significant impact on earnings from changes in the external environment, including declining demand
- ○ Reliable transfer of technical expertise, skills, and knowledge

External environmental awareness

Opportunities	Risks	
●		Advances in digital technologies (data, AI, robotics, etc.)
●		Growth in large-scale demand from data centers (DCs), semiconductor plants, electric furnaces, and other sources
●	●	Expanded adoption of demand response resources such as EVs, storage batteries, and heat pumps, and increasingly complex grid operations
	●	Declining demand and labor shortages due to population decline
	●	Further increases in material, equipment, and labor costs amid higher prices



Capital inputs

- ○ Manufacturing capital: Total assets (end of FY 3/2026): 1,239 billion yen
- ○ Financial capital: Capital investment (past five years)

(100 million yen)

Fiscal year	2021	2022	2023	2024	2025
Capital investment	643	615	664	786	1,006

- ○ Human capital: Number of employees: 4,614*

* The number of employees excludes loan employees and those on administrative leave.

Initiatives and KPIs for creating corporate value through materiality

Building next-generation networks

We are promoting optimal infrastructure development in response to expanding localized large-scale demand from data centers and other facilities and changes in the power source mix. At the same time, we are advancing grid monitoring and control technologies to ensure stable supply-demand operations and power quality, while disclosing information on available grid capacity and other matters to facilitate smooth grid access.

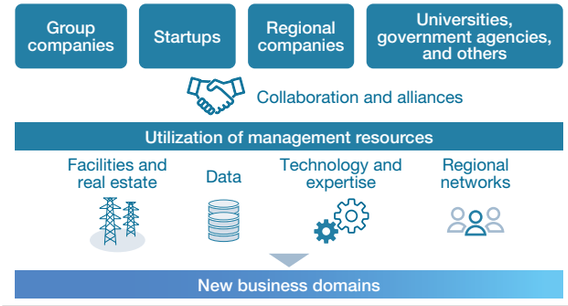
Enhancing communication with stakeholders

○ Customer satisfaction (FY 3/2026 results): 91.8%

We strive to improve customer convenience by enhancing power outage information and responses to inquiries. Going forward, we will continue using the feedback we receive to improve our operations and service quality.

Expanding business domains by leveraging management resources

In addition to strengthening collaboration within the Group and promoting alliances, we will expand into new business domains by leveraging management resources such as data utilization platforms.



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Information and telecommunications business

To embody its new corporate vision for 2035, "fromEnecom," Enecom, Inc. has positioned the three-year period from FY 3/2027 through FY 3/2029 as a phase for building a foundation for growth, and will steadily implement the measures required for future growth.
Enecom will address five priority issues: "securing, developing, and enabling personnel to thrive in line with the Human Resource Value Strategy"; "making effective capital investments with an eye to the future;" "building highly reliable, scalable, and profitable facilities;" "enhancing and streamlining internal operations and extending services to customers by promoting DX using AI and other technologies;" and "launching a service brand for corporate customers."
To realize the vision, Enecom aims to achieve both co-creation with local communities and corporate growth, becoming a company where employees find their work rewarding and that continues to be preferred by all those involved with it.



Omoto Hiroaki
Director and President
Enecom, Inc.

Business environmental awareness

Strengths

- ○ Chugoku Electric Power Group's customer base and facility infrastructure
- ○ Provision of telecommunications network lines built with our own fiber-optic lines
- ○ Provision of comprehensive information and telecommunications solutions
- ○ IT personnel (AI, DX, consulting, system development, etc.)

Challenges

- ○ Embodying the corporate vision "from Enecom"
- ○ Promoting the securing and development of personnel and enabling them to thrive in line with the Human Resource Value Strategy
- ○ Making effective investments with an eye to the future
- ○ Enhancing and streamlining internal operations and extending services to customers by promoting DX using AI

WEB **Enecom: Corporate Vision**
https://www.enecom.co.jp/about/vision/

WEB **Enecom: Human Resource Value Strategy**
https://www.enecom.co.jp/about/human/

External environmental awareness

Opportunities	Risks	
●		Changes to lifestyles and business environments
●		Acceleration of corporate DX, AI, and GX initiatives
●		Rapid advances in AI and next-generation telecommunications technology
●		Growing need to develop digital infrastructure supporting the digital society
	●	Intensifying competition in the information and telecommunications business
	●	Damage to company facilities or information leakage due to natural disasters
	●	Increasingly sophisticated cyberattacks interrupting services or causing information leaks
	●	Increase in procurement costs due to rising prices

Capital inputs

Based on the Human Resource Value Strategy formulated in November 2025, Enecom will strategically invest capital, primarily in the human capital that creates corporate value, to drive sustainable growth and enhance competitiveness, thereby increasing corporate value.

- ○ Human capital: Number of employees: 1,011 (end of FY 3/2026)*
- ○ Intellectual capital: Technical capabilities and expertise relating to telecommunications networks, data centers, cloud services, security, system construction, maintenance and operation, DX consulting, and AI environment development
- ○ Manufacturing capital: Information and telecommunications facilities (fixed assets of 61.0 billion yen as of the end of FY 3/2026)

*The number of employees excludes loan employees and those on administrative leave.

Initiatives and KPIs for creating corporate value through materiality

Building highly reliable, scalable, and profitable facilities

Aiming to enhance added value as digital infrastructure supporting an AI-driven society and as a next-generation information and telecommunications platform offering low latency, high reliability, and low power consumption

Enhancing service monitoring and operations, including automating operations using AI and other technologies, to maintain and improve quality

Launching a service brand for corporate customers

Plan to launch the new "Enecom Biz" service brand for corporate customers on October 1, 2026

エネコムBiz

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Global business development businesses
(International business and domestic co-creation business)

The mission of the Global Business Development Division is to contribute to enhancing the Chugoku Electric Power Group's corporate value by identifying and developing growth businesses for future sustainable growth.
In the international business, we are working to improve the profitability of our investments and enhance project management while leveraging the technical capabilities and operational expertise we have cultivated and our relationships of trust with partners. We are also strengthening our information-gathering and analytical capabilities in the countries where we operate and promoting project development to support future growth.
Meanwhile, in the domestic co-creation business, we will leverage the relationships of trust and networks with local communities cultivated through the electric power business to create new value that helps resolve regional and social issues, including regional revitalization and community development, through co-creation with diverse partners.
Going forward, we will continue to manage our businesses with an emphasis on capital efficiency and profitability while contributing to realizing the Chugoku Electric Power Group Corporate Vision 2040 by creating value through the Group's collective capabilities.



Kanetsuki Hitoshi
Executive Officer,
Chief Operating Officer of the Global Business Development Division

Business environmental awareness

International business

Overseas, we operate businesses based on the technical capabilities and operational expertise cultivated through our energy businesses in Japan and overseas, as well as relationships of trust built through collaboration with partners. Meanwhile, the business environment is becoming increasingly uncertain due to factors including heightened geopolitical risks and the impact of inflation and rising interest rates on investment profitability. We therefore recognize improving the profitability of our investments, enhancing project management, and strengthening information-gathering and analytical capabilities as key issues.

Domestic co-creation business

In the Chugoku region, regional issues are becoming more serious as population decline accelerates, increasing the need for regional revitalization. At the same time, rapid advances in open innovation and the use of AI are significantly changing the business environment. Under these circumstances, we recognize that a key issue is for the Chugoku Electric Power Group, with its broad range of business domains, to harness its collective capabilities, accurately identify the diverse needs of local communities and customers while leveraging co-creation with partners and new resources such as AI, and simultaneously resolve social issues and create new business opportunities.

External environmental awareness

International business

Opportunities	Risks	
●		Growing energy demand driven by economic growth in emerging countries and other factors
●		Growing demand for renewable energy and low-carbon power sources as decarbonization progresses
	●	Changes in the business environment due to geopolitical risks
	●	Impact of inflation, rising interest rates, and other factors on investment profitability

Domestic co-creation business

Opportunities	Risks	
●		Growing importance of resolving regional and social issues
●		Promotion of open innovation policies
●		Diversifying customer needs
	●	Accelerating changes in business models

Capital inputs

Personnel with diverse backgrounds and specializations will pool their expertise and ideas and pursue growth overseas and in Japan through collaboration with partners.

Human capital	○ Personnel with diverse experience and specializations ○ Personnel who work to resolve regional and social issues through co-creation within and outside the Group
Intellectual capital	○ Knowledge cultivated through overseas electric power and consulting projects ○ Knowledge cultivated through open innovation activities with startups and other companies ○ Knowledge of the region's society, economy, and industries
Social capital	○ Relationships of trust built through collaboration with partners ○ Networks established through overseas consulting projects ○ Relationships of trust with local governments, regional companies, and other organizations
Manufacturing capital	○ International electricity business investment (10 projects in 8 countries) ○ Overseas consulting business (148 projects in 35 countries) ○ Land, buildings, and other assets owned within the service area

Initiatives and KPIs for creating corporate value through materiality

Expanding business domains and areas by leveraging technology and expertise

We will promote optimal business development by deepening our knowledge of international business and strengthening relationships of trust with partners.

Through collaboration within and outside the Group and partnerships with startups and other companies, we will work both to resolve regional and social issues and enhance the Group's corporate value, aiming for sustainable growth.

Solidifying our financial base and improving capital profitability

In the international business, we will work to improve the profitability of our investments and capital profitability by optimizing our asset holdings, while striving to establish a stable financial base.

Regional co-creation activities

Through relationships of trust with local communities and co-creation with local governments, regional companies, and other organizations, we aim to create value in new domains such as regional revitalization and community development while strengthening existing businesses.

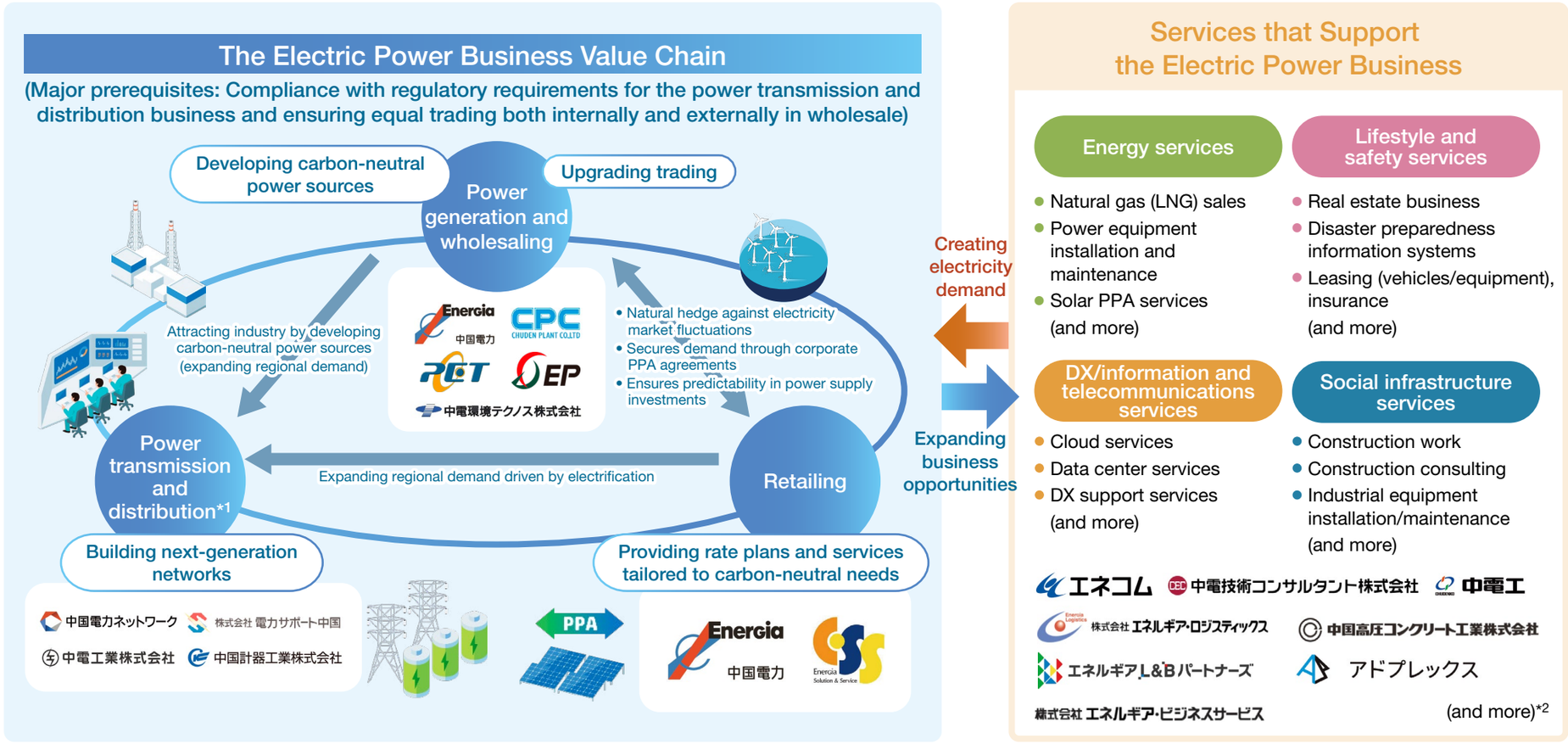
Sustainability Data Book New Business Creation P69

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Value Creation with the Group's Collective Capabilities

We view growing electricity demand and progress toward decarbonization as growth opportunities. We will invest in constructing large-scale power sources for decarbonization and developing next-generation transmission and distribution networks, thereby strengthening the electric power business value chain.
Using these proactive investments as a starting point, we will maximize value across the entire electric power value chain. We will also expand services aligned with the needs of customers and communities beyond the electric power business, leveraging the Group's collective capabilities to create value and thereby achieve sustainable growth and strengthen our earnings base.



*1 Chugoku Electric Power Transmission & Distribution Company, Inc. will conduct its operations on the fundamental premise 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 together with our equity-method subsidiary 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.

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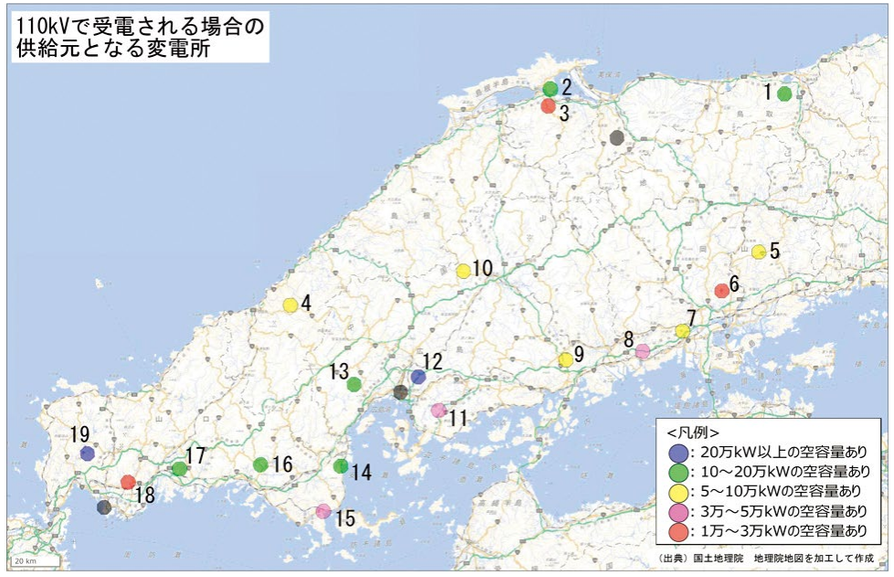
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Initiatives to address growing electricity demand in the Chugoku region

To accommodate growth in large-scale electricity demand from data centers, semiconductor plants, and other facilities, Chugoku Electric Power Transmission & Distribution Company, Inc. will work to develop optimal facilities in anticipation of changes in demand trends and other factors.
For customers considering establishing data centers or factories, the company publishes an Available Grid Capacity Map showing available capacity in network equipment and areas where electricity can be supplied at an early stage. This is published together with information on major industrial sites in the Chugoku region as the Welcome Zone Map. In addition to continuing to expand the Available Grid Capacity Map, we will promote initiatives to share information at an early stage and propose phased electricity supply so that we can respond promptly to business operators' needs.

Available Grid Capacity Map

WEB Welcome Zone Map
https://www.energia.co.jp/nw/service/supply/zonemap/index.html



As of November 2025

Note1: Substations serving as supply sources when receiving electricity at 110 kV

Available grid capacity
: 200,000 kW or more
: 100,000–200,000 kW
: 50,000–100,000 kW
: 30,000–50,000 kW
: 10,000–30,000 kW

Source: Prepared using a modified map from the GSI Maps service (Geospatial Information Authority of Japan)

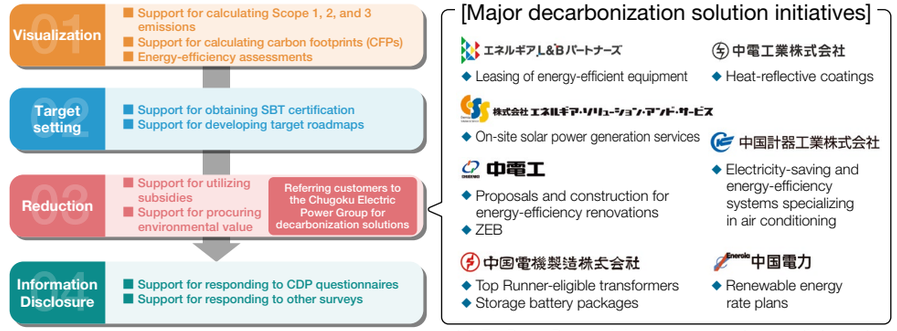
Initiatives in collaboration with Group companies

Expanding decarbonized energy solutions

The Chugoku Electric Power Group provides a broad range of energy solutions for decarbonization, from visualizing CO_2 emissions and promoting energy conservation to creating and utilizing renewable energy. By remaining attentive to the challenges and concerns of local communities and collaborating across Group companies while leveraging their respective strengths, we aim to contribute to regional decarbonization and sustainable growth.

[Initiative example] Decarbonization consulting services by CHUDEN KANKYO TECHNOS CO., LTD.

Amid growing global attention to decarbonized management and the accelerating trend toward GX, CHUDEN KANKYO TECHNOS CO., LTD. launched a consulting service in 2023 to visualize CO_2 emissions—the first step toward decarbonization. The company provides integrated support encompassing assessment of current conditions and identification of issues, target setting, proposals for reduction measures primarily involving the Chugoku Electric Power Group, and information disclosure, thereby contributing to the decarbonization of companies and communities.



Note2: Top Runner Program: A Japanese government program that promotes energy efficiency by setting product efficiency standards at or above the performance of the most efficient models available on the market.

Comments from the team
(CHUDEN KANKYO TECHNOS CO., LTD.)

We support local customers in their efforts to decarbonize and promote energy conservation. Because each customer has different objectives and challenges, we take care to understand their circumstances and needs thoroughly and accurately. When our support helps customers advance their decarbonized management, we see firsthand how proposals developed through Group collaboration create value, giving us a strong sense of fulfillment and satisfaction as consultants.



Business Development Dept.
Carbon Neutral Group
CHUDEN KANKYO TECHNOS CO., LTD.

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Materiality Initiatives
Creating an Environment Where Diverse Human Resources Can Demonstrate Their Abilities

Major Issues	Initiatives and Metrics	Scope	Impact		Results	Target	
			ROIC	WACC	FY 3/2026	FY 3/2027	FY 3/2031
Retaining and growing diverse personnel*1	Ratio of women at section chief level or higher	Chugoku Electric	●	●	5.4%	6%	10%
	Number of female managers	Chugoku Electric Power Transmission & Distribution	●	●	7	7 or more	9 or more
	Childcare leave acquisition rate among male employees	Chugoku Electric	●	●	89.0%	100%	100%
		Chugoku Electric Power Transmission & Distribution			74.6%	85%	100%
Creating an open workplace that facilitates ambitious challenges*1	Employee engagement (positive response rate)	Chugoku Electric	●	●	48.9%*3	51%*4	60%
		Chugoku Electric Power Transmission & Distribution			48.9%*3	52%*4	60%
	Uptake rate for workplace human rights training	Chugoku Electric		●	100%	100%	100%
		Chugoku Electric Power Transmission & Distribution			100%	100%	100%
Preventing industrial accidents and maintaining/promoting health	Accident frequency rate*2	Chugoku Electric	●	●	0.29	0.28	0.28
	Reducing electrical/fall-related accidents	Chugoku Electric Power Transmission & Distribution	●	●	6	3.6 or less	—
	Rate of absenteeism*2	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 Chugoku Electric Power Group Corporate Vision 2040
*1 Each Group company sets metrics tailored to its specific circumstances and implements initiatives aimed at achieving its goals
*2 Excluding cases caused by COVID-19
*3 April 2026 survey
*4 April 2027 survey

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Message from the Executive Officer Responsible for Corporate Culture Reform

Helping people shine brighter through support for taking on challenges

In an era of rapid change, transforming the corporate culture that underpins management is essential if we are to embody our value creation story. It is our people that are the very core drivers of that transformation.

To transform our corporate culture, we have implemented a range of initiatives toward both changing awareness and improving the work environment. In terms of changing awareness, members of management, including myself, presented employees with our own commitment and direction for realizing our vision and transforming our corporate culture in the form of action declarations. We have also created various opportunities for people to speak candidly across ranks and organizational boundaries. These include a dialogue between employees in their 30s and Director Shobuda, who also currently serves as Representative Director and Chairman of the Board of Mazda Motor Corporation, aimed at increasing the motivation for growth among employees in their 30s who will shape the company's future. In terms of the work environment, we are introducing free seating at the head office as an opportunity to transform ways of thinking and acting. In response to proposals from young volunteer employees participating in Part 1 of the Chugoku Electric "Motto Kawarou" Project, we are also enhancing opportunities for internal secondary assignments and trialing a mechanism that allows employees to readily propose improvement ideas for work outside their own organizations.

Above all, as we advance these initiatives, we place the greatest importance on first listening carefully to employees. A workplace that is open and encourages challenges depends greatly on people recognizing and supporting one another's ideas. Through repeated dialogue, each employee must understand transformation initiatives, identify with them, and internalize them as personally relevant, while each organization must think for itself and take action through trial and error. I believe that the virtuous cycle in which these specific initiatives by individual organizations are shared throughout the company and spread more widely will be the driving force that transforms our corporate culture.

I now feel that the circle of transformation is steadily expanding. In FY 3/2027, we are pursuing initiatives centered on four key elements: dialogue across divisions, sharing and embracing goals, support for challenges, and gratitude and recognition.

Corporate culture reform begins with the daily actions of each employee. We must value small insights in our daily work and take the first step. I am convinced that steadily accumulating these small steps will become the power to generate major transformation. Envisioning a company where "all employees take on challenges and shine in their positions," we will further accelerate our transformation initiatives.

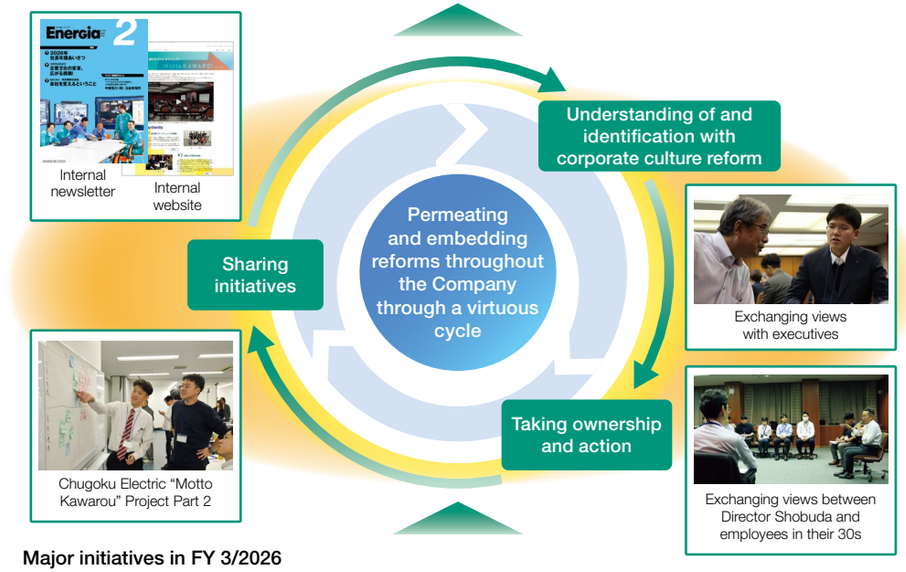


Minamoto Kyosuke
Representative Director, Vice President & Senior Managing Executive Officer
Responsible for Corporate Culture Reform

Sustainability Data Book Corporate Culture Reforms P50

Direction of corporate culture reform

Desired outcomes	All employees take on challenges and shine in their positions
Major issues	Creating an open workplace that facilitates ambitious challenges
Approach	Take the first steps by valuing the little things we notice or hear from others



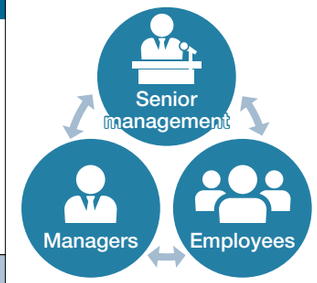
Major initiatives in FY 3/2026

Changing awareness

Initiatives to foster understanding and empathy and encourage personal ownership and action
- Action declarations by senior management, head office general managers, office heads, and others
- Lectures for senior management and managers
- Chugoku Electric "Motto Kawarou" Project Part 2

Initiatives to create an open workplace
- Exchanges of views between executives and head office employees at the deputy manager level
- Exchanges of views between executives and employees in their 30s
- Exchanges of views between executives and mid-career hires
- Lectures aimed at stimulating communication between supervisors and subordinates

Work environment improvements
- Adopting a free seating system at the head office
- Promoting use of the business improvement proposal system
- Enhancing opportunities for additional internal roles



Initiatives designed to stimulate communication at each level

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Corporate Culture Reform Initiatives

—Chugoku Electric “Motto Kawarou” Project Part 2—

We implemented the Chugoku Electric “Motto Kawarou” Project Part 2 to further expand understanding of corporate culture reform and help employees identify with it, while encouraging personal ownership and action.
We invited applications from all employees, and 60 volunteers, ranging from new hires to veterans, participated in a two-day workshop.
At the workshop, participants exchanged views across generational and divisional boundaries on such topics as Chugoku Electric’s purpose and what they wanted their organizations and teams to become. Every participant also made an “action declaration” stating what they would begin doing the next day to take their own first step.



During an exchange of views with executives, the members proposed four elements that “should be added” to realize the Group Corporate Vision: dialogue across divisions, sharing and embracing goals, support for challenges, and gratitude and recognition.
In FY 3/2027, we are advancing corporate culture reform initiatives based on these four elements.



At the conclusion of a candid senior management and employee discussion

Feedback from participants

Onoda Kaede
Transfers and Performance Evaluations Group, Human Resources Development Division

I joined Chugoku Electric as a mid-career hire in July 2025 and participated in the project because I wanted to learn about the values of the employees I work with and deepen my understanding of the Company. Through the workshop, I was able to take a fresh look at what matters to me and what I find rewarding. This enabled me to form a concrete picture of the value I want to contribute within the company going forward.
In addition, an exchange of views between senior management and mid-career hires gave me a great sense of reassurance by allowing me to share concerns and worries with colleagues in the same position. I was also greatly encouraged when management asked how my experience at my previous employer could be applied at this company. This initiative led to the implementation of follow-up measures for mid-career hires. I am sincerely grateful that the Company listened to employees and quickly translated their views into concrete action. Going forward, I want to continue speaking up proactively rather than leaving unaddressed any questions or sense that something is not right in my daily work.



Kirihara Ryu
Tsuyama Sales Office, Energy Sales Division*
*Affiliation changed since participation

Two years after joining the Company, I have become accustomed to my duties but sometimes struggled with how to approach my daily work. This project attracted me because I wanted to broaden my perspective and find an opportunity to change my behavior. As I exchanged candid views with people from different departments and generations, I directly experienced the enthusiasm of members who shared the desire to make the Company better, which greatly inspired me. I also exchanged views directly with management and realized that the desire for transformation and sense of urgency were shared throughout the Company. This significantly changed how I viewed the company and increased my motivation in my daily work.
Wanting to apply this experience in my own workplace, and with the encouragement of my supervisor, I implemented the Tsuyama: Let’s Change Together Project, led mainly by young employees who had participated in the project. Everyone at the Tsuyama Sales Office shared their candid views about the company and their work, and each person made their own action declaration. This fostered an awareness that we should change our own behavior and helped create a sense of unity.



Exchange of views with executives

Of the project’s 60 participants, 23 further volunteers gathered for an exchange of views with executives. Participants commented, “The positive feedback from executives on our organization’s initiatives was encouraging,” and “I was impressed by how sincerely the executives listened to frontline issues, and I felt that management and the frontline had grown closer.”
By enabling management and frontline employees to speak candidly from the same perspective, the dialogue provided an opportunity for them to acknowledge one another’s views and deepen both their confidence to take on challenges and their attachment to the Company.



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Corporate Culture Reform as Seen through Employees' Voices

Internal Additional Assignments Through Open Recruitment

Chugoku Electric's internal additional assignment program, offered through open recruitment, enables employees to take on work across organizational boundaries while fulfilling their roles in their primary organizations, applying their experience and strengths in new fields. Through this program, since April 2026 I have been working in the power generation section at Mizushima Power Station while concurrently serving in the Business Operations & Transformation Division (DX Support Group).

In my additional role, I am working to create use cases and conduct awareness-raising activities to promote the use of AI and data, as set out in the Energia Group DX Strategy. In particular, I planned a workshop about giving generative AI a try, and have found it highly rewarding to serve as an instructor who helps each participant take the first step toward applying it in their work. I use familiar work tasks to help participants view generative AI in a more practical way. Speaking directly with many employees and exploring how it could be used in their respective work also provides me with valuable learning opportunities. When sharing my own experience and ideas inspires someone to take the first step and say that they will give it a try, I truly appreciate the significance of this initiative.

Going forward, I will continue drawing on the perspective I have developed in the workplace to make digital technologies more accessible and practical, thereby contributing to business transformation and enhanced corporate value.

(Mizuta Yudai, Mizushima Power Station, Power Generation Division)



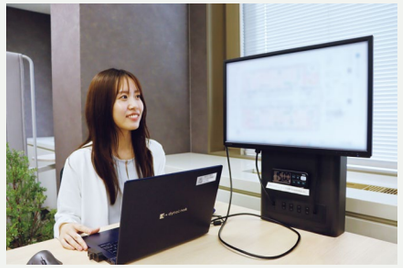
Free seating at the head office

As one initiative toward realizing the Chugoku Electric Power Group Corporate Vision 2040, we are introducing free seating in the head office workspace to transform each employee's mindset, behavior, and approach to work. As a member of the working group considering the introduction of free seating, I am helping to develop the initiative in concrete terms.

The conventional environment centered on assigned desks imposed certain constraints on cross-organizational collaboration and flexible workstyles. By introducing free seating, we are transitioning to an environment in which employees can select the workspace best suited to their tasks. Through this change, we will reassess how we work by stimulating communication, promoting collaboration, and advancing paperless operations.

Corporate culture is shaped by the interaction of diverse elements, including employees' thinking and behavior, business processes and IT, and organizational and workplace environments. This initiative is positioned as a measure that directly addresses the workplace environment. Free seating is more than simply an improvement to the physical environment; it is a starting point for transforming how and where we work. Through the proactive participation of every employee, we will steadily transform our corporate culture to support value creation.

(Murakami Moe, Organizational Strategy Group, Corporate Planning Division)



Internal internship in the Energy Sales Division

The Energy Sales Division has identified creating a vibrant workplace as one of its key issues and is advancing various initiatives. As part of these efforts, I participated in an internal internship at the head office from a local office.

This internal internship is a new initiative launched in FY 3/2026 for young employees at local offices. It allows them to experience head office operations for approximately one week, with the aim of supporting career planning and maintaining and improving motivation.

I interned in the head office department responsible for decarbonization solutions, where I experienced tasks such as promoting "eeV," Chugoku Electric's electric-vehicle car-sharing service, preparing contracts, and developing low-voltage solar power generation facilities.

Frankly speaking, before participating in the internship, I felt that I could not imagine what the head office did and that there was a barrier between the head office and local offices. After actually working there, however, I gained a real sense of the broad scope of head office work and the connection between head-office-led measures and initiatives at local offices. This enabled me to form a concrete picture of working at the head office as part of my future career plan.

The experience also increased my motivation in my current role. By serving as a bridge between the head office and local offices, I hope to contribute, even in a small way, to strengthening the organization.

(Okamoto Aoi,
Okayama East Sales Office,*
Energy Sales Division)

*Affiliation changed since participation



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Promotion of Digital Transformation

Toward realizing the Energia Group DX Strategy

In October 2025, the Group formulated the Energia Group DX Strategy. Under the key phrase “Double-Speed Energia,” we aim not only to reduce the time required for business tasks but also to use a data-driven approach to accelerate processes from strategy formulation through execution, as well as management decision-making. We have positioned the establishment of a management and operational framework built on the use of data and AI as one of the foundations for realizing the Chugoku Electric Power Group Corporate Vision 2040, and defined our desired outcomes and three priority issues for achieving them. While regularly updating our roadmap and KPIs to reflect technological advances, we are enhancing management and operations to support sustainable growth and greater corporate value.

Transforming business processes around data and AI

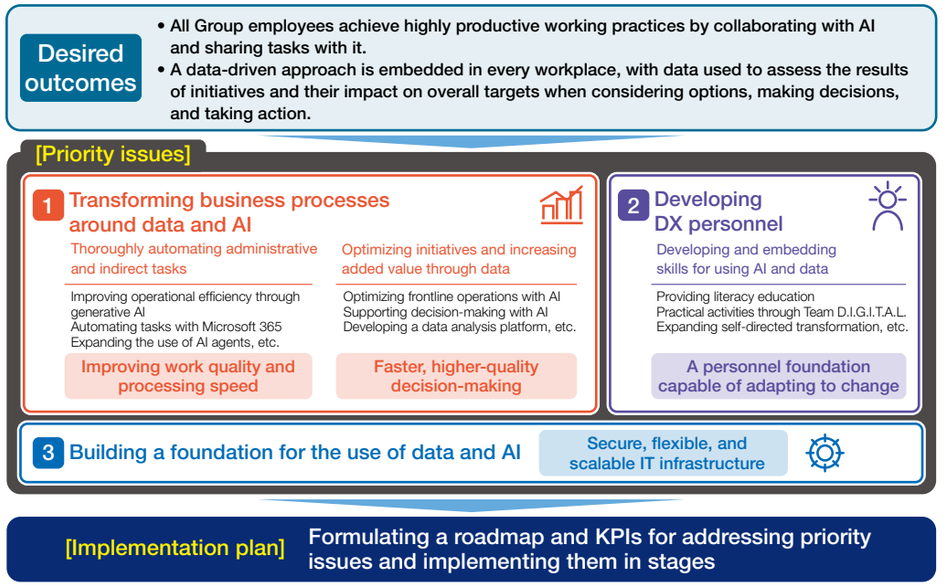
We are fundamentally reviewing our business processes with the use of data and AI as the basis for management and operations. In each area of work, including thorough automation of administrative and indirect functions and the use of data to optimize initiatives and increase added value, we are clarifying which decisions and creative tasks should be performed by people and which tasks AI can support or replace. We are progressively preparing data, standardizing operations, and connecting systems to enable the use of AI. This will create a working environment in which AI can fulfill its potential, improving work quality and processing speed and enabling faster, higher-quality decision-making.
Looking ahead, we aim to establish a framework in which AI works with multiple systems and datasets to support and execute tasks autonomously, enabling people to focus on advanced judgment, value creation, and risk management.

Developing DX personnel

Rather than limiting the promotion of DX and AI to specific personnel, we are strengthening organizational capabilities so that all employees can properly understand AI and data and apply them in their work.
To enable each employee to correctly understand the characteristics and risks of AI and apply it to solving operational issues and creating new value, we clarify individual growth goals through the DX Personnel Ranking System and continuously provide digital literacy education and practical training. We also operate Team D.I.G.I.T.A.L., which supports the self-directed challenges and growth of DX personnel, to embed new working practices that use digital technologies.
Through these initiatives, we will develop and secure personnel who can lead DX in each workplace and strengthen a personnel foundation capable of adapting to change into the future.

Building a foundation for the use of data and AI

To create an environment in which AI can operate effectively, we are building a data platform that connects data previously managed separately by individual divisions and Group companies, allows the data to be used across these boundaries, and enables AI to access it in real time. We are also progressively developing an AI platform that connects AI with this data platform, business systems, and users. In addition, we are systematically developing the IT infrastructure, including networks and security, needed to expand the use of data and AI. By building and operating secure, flexible, and scalable systems, including upgrading existing systems, we aim to become a highly competitive corporate group.



Comments from a Team D.I.G.I.T.A.L. participant



Noro Kasumi, Power Generation Division (Architecture Administration Group)

I joined Team D.I.G.I.T.A.L. because I wanted to create an environment that would enable accurate and prompt reporting when accidents or disasters occur. Using Microsoft Power Apps and Power Automate, I developed the Accident and Disaster Reporting App. Although this was my first time developing an app, through repeated trial and error with support from the Digital Innovation Division, I created an app that both users and administrators can use intuitively.
The app was selected under the Company’s internal idea proposal program, and studies are currently underway toward its practical implementation.
This initiative has inspired me to continue developing new apps, and I intend to further promote the use of digital technologies to address issues faced in the workplace.
I also hope to share the knowledge and experience gained through development within the company and help foster a culture in which insights from day-to-day work lead to operational improvements and DX.

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Strengthening the Management Foundation to Achieve Higher Corporate Value

Major Issues	Initiatives and Metrics	Scope*1	Impact		Results	Target	
			ROIC	WACC	FY 3/2026	FY 3/2027	FY 3/2031
Solidifying our financial base and improving capital profitability	ROE	Group	●		8.3%*2	Approx. 3.9%	8% or more
	ROIC	Group	●		1.7%*2	Approx. 1.1%	3% or more
	Equity ratio	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 through social media to secure power transmission and distribution construction capacity	Chugoku Electric Power Transmission & Distribution	●		—	—	—
Ensure compliance	Fostering compliance awareness among executives and employees	Chugoku Electric / Chugoku Electric Power Transmission & Distribution		●	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	
	Trust in Chugoku Electric	Chugoku Electric	●		62.3%	64.8%	75% or more
	Customer satisfaction*3	Chugoku Electric Power Transmission & Distribution	●		91.8%	90% or more	—

Note: Underlined initiatives and metrics indicate those that have been disclosed as targets in the Chugoku Electric Power Group Corporate Vision 2040
*1 "Group" refers to Chugoku Electric and its consolidated subsidiaries.
*2 Figures exclude the time lag effect of the fuel cost adjustment system
*3 "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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Solidifying our financial base and improving capital profitability

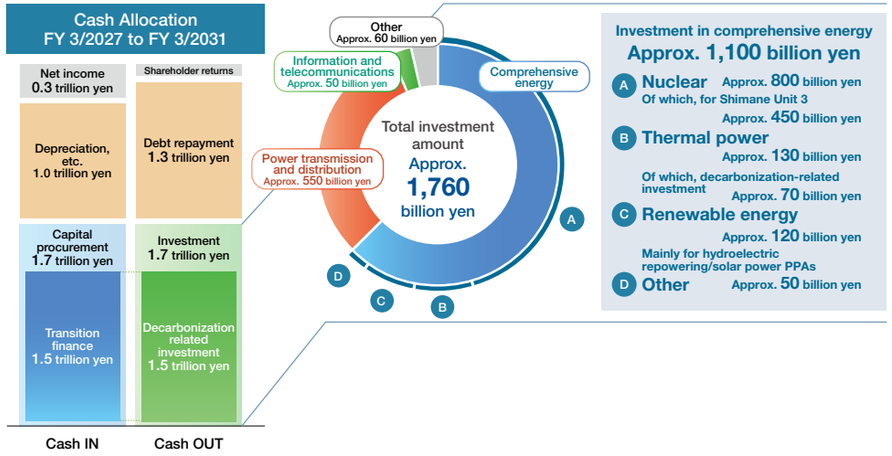
Cash Allocation FY 3/2027 to FY 3/2031

Chugoku Electric establishes and discloses a cash allocation policy to guide the allocation of funds in pursuit of both sustainable growth and a sound financial base. Through FY 3/2031, we will steadily advance large-scale investment for future growth while curbing increases in assets and liabilities and strengthening profitability and financial soundness.

For cash outflows, we will pursue large-scale capital investments that support future earnings growth and decarbonization, including Shimane Nuclear Power Station Unit 3, new Yanai Power Station Unit 2, and next-generation power transmission and distribution networks. In addition, we will strengthen our financial base by steadily repaying interest-bearing debt. With regard to shareholder returns, we will provide stable dividends even as we rebuild our financial base and share the results of medium- to long-term growth in corporate value with our shareholders.

Cash inflows, meanwhile, will consist mainly of net income generated through business activities and depreciation, which is a source of stable cash generation. We will also utilize external funding to support growth investment. For decarbonization-related investment in particular, we will use diverse funding methods, including transition finance, to achieve growth while balancing capital efficiency with financial discipline.

Through this circulation of funds, we aim to achieve our financial targets for FY 3/2031 and further increase corporate value toward FY 3/2041.



Investment Management

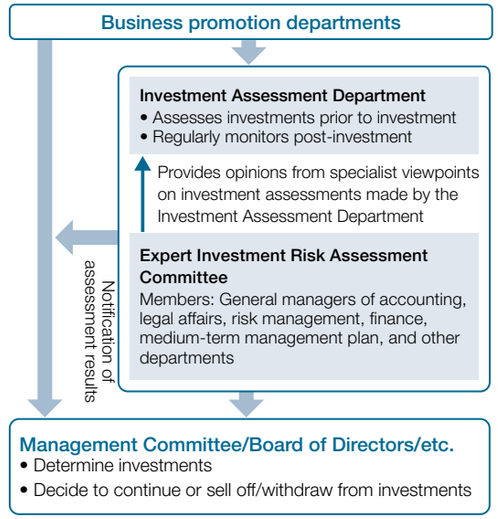
Investment Assessment Framework

While strategically pursuing investment for future growth as opportunities arise, we have established a framework under which the investment assessment department, which is responsible for risk management and independent of the business promotion departments that execute investments, conducts pre-assessments when investment decisions are made and monitoring after investments are approved. This framework is designed to maximize investment returns and ensure appropriate management of investment risks.

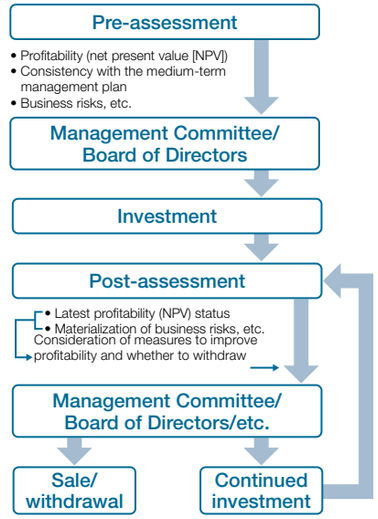
For pre-assessments, we set hurdle rates—the rates of return that must be secured—that reflect the risks of each business, rigorously examine the profitability of each investment, and confirm its contribution to the financial targets set out in the Group Corporate Vision. During post-investment monitoring, we periodically assess profitability, investment efficiency, whether risks have materialized, and other factors based on predetermined criteria and use the findings to take action, including measures to improve profitability or withdrawal.

The investment assessment department develops and operates this investment assessment framework. The Expert Investment Risk Assessment Committee, comprising the general managers of accounting, legal affairs, risk management, finance, medium-term management plan, and other departments, provides opinions from specialist viewpoints.

Structure



Process

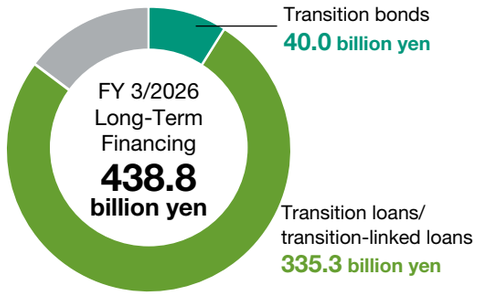


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Promotion of Sustainable Finance

Track record of raising capital via sustainable finance



Securing Investment Funding through Financial Support from the GX Acceleration Agency

To realize its challenge to achieve carbon neutrality by 2050, the Group is strategically promoting investment in decarbonized power sources, primarily nuclear and renewable energy. Among these, Shimane Nuclear Power Station Unit 3 is a core power source that will help achieve both decarbonization and a stable energy supply. Establishing a long-term, stable funding base is therefore essential to achieve the goal of completing safety measure construction.
Against this backdrop, in March 2026, Chugoku Electric raised funds through a transition loan—a financing method that supports the transition to a decarbonized society—using the GX Acceleration Agency's debt guarantee program. The funds raised have been allocated to safety measure construction at Shimane Nuclear Power Station Unit 3 and the repowering of hydroelectric power stations—the renewal of existing facilities and enhancement of their output. This scheme can be used on an ongoing basis, and we raised an additional 149 billion yen in a second round of financing in September 2026.
By combining greater predictability of future earnings resulting from its winning bid in the long-term decarbonized power source auction with stable funding and lower costs through the GX Acceleration Agency's debt guarantee, the Group will seek to improve ROIC and reduce its cost of capital, thereby enhancing PBR.

Sustainable finance reporting

(1) Transition bonds: Overview and allocation status of funds procured

Name	467th corporate bond (five-year bond)	468th corporate bond (ten-year bond)
Amount and date of issue	20.0 billion yen (May 29, 2025)	20.0 billion yen (May 29, 2025)
Use of proceeds	New investment and refinancing related to safety measure work and other projects at Shimane Nuclear Power Station Unit 3	
Allocated amounts (of which, refinancing)	20.0 billion yen (10.0 billion yen)	20.0 billion yen (10.0 billion yen)
Unallocated balance	Allocation completed	

(2) Transition loans: Overview

Execution date/ contract period	October 31, 2025/ 13 years	March 31, 2026/ Not disclosed
Lender	Nippon Life Insurance Company	Mizuho Bank Development Bank of Japan Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank MUFG Bank
Amount raised	5.0 billion yen	Not disclosed
Use of proceeds	Capital investment in Shimane Nuclear Power Station Unit 3 and new Unit 2 at Yanai Power Station	Safety measure work and other projects at Shimane Nuclear Power Station Unit 3/ Repowering work at Toyokawa Power Station (replacement of water turbines, generators, and other equipment)
Guarantor	—	GX Acceleration Agency

(3) Transition-linked loans (syndication method): Overview

Execution date/ contract period	September 30, 2025/10 years
Lender	46 regional banks throughout Japan, with five regional banks in the Chugoku region serving as joint lead arrangers
Amount raised	109.5 billion yen
Use of proceeds	Measures aimed at bringing about carbon neutrality, including strengthening and advancing carbon-free power sources, such as renewable energy and nuclear power, and electricity networks
SPT*1	Halve CO_2 emissions from the retail electricity business by FY 3/2031 compared with FY 3/2014 (according to achievement status, future interest rate conditions may fluctuate)

*1 Sustainability Performance Targets are targets to achieve for key performance indicators in transition-linked bonds/loans.

WEB Fundraising through transition-linked loans
https://www.energia.co.jp/assets/press/2025/20250925-2a.pdf

Transition Bonds: Environmental Benefits (Safety measure work and other projects at Shimane Nuclear Power Station Unit 3)

Equipment capacity*2	1,373 MW
Reduction in CO_2 emissions in the electricity retail business*3	Approx. 3.6 million t-CO_2/year

*2 Not yet in operation.
*3 Estimated based on a nuclear power facility utilization rate of 70% and a CO_2 emission factor (adjusted) of 0.462 kg-CO_2/kWh.

WEB Promotion of Sustainable Finance
https://www.energia.co.jp/ir/irzaimu/finance.html

WEB Raising capital via transition loans
https://www.energia.co.jp/press/2025/16192.html

WEB Raising capital via transition loans utilizing financial support from the GX Acceleration Agency
https://www.energia.co.jp/press/2026/16402.html

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Public-Private Financing to Promote GX

Securing stable funding is an immediate management priority as we seek to carry out in full the 1.5 trillion yen in decarbonization investment planned for the five years from FY 3/2027 through FY 3/2031, which is essential to executing our growth strategy. One initiative toward this objective is fundraising through the GX Acceleration Agency's financial support program. Following the structuring of the first transaction in March 2026, we are considering continued use of this structure to raise substantial funds for decarbonization investment. (Following the roundtable discussion, a second round of financing totaling 149 billion yen was completed under this scheme on September 30, 2026.) We recently held a roundtable discussion with Mizuho Bank, Ltd., which served as the arranger for the structure, and the GX Acceleration Agency, the guarantor. Each participant in this tripartite discussion shared their respective thoughts on the structure.



(From left)
Mizuho Bank, Ltd.
Ikeda Shuhei, General Manager, Sustainable Business Promotion Department
Hirano Yuko, General Manager, Sustainable Products Promotion Department
The Chugoku Electric Power Co., Inc.
Meshizuka Sei, General Manager, Corporate Planning Department, Corporate Management Division
Ichida Masahiro, Finance Group, Corporate Planning Department, Corporate Management Division
GX Acceleration Agency (GXA)
Okuhira Fumio, General Manager, Finance Acceleration Department
Tsuchiya Katsutoshi, Deputy General Manager, Finance Acceleration Department

—First, could you tell us why the GX Acceleration Agency was established and what it aims to achieve, and share Mizuho Bank's view of the current state of GX investment?

Okuhira The GX Acceleration Agency (GXA) is an authorized corporation established in May 2024 under the Act on Promoting a Smooth Transition to a Decarbonized Growth-Oriented Economic Structure (GX Promotion Act). To help reduce greenhouse gas (GHG) emissions, strengthen industrial competitiveness, drive economic growth, and enhance energy security, we conduct our activities through three pillars: financial support, carbon pricing, and the green transformation (GX) hub function. The government aims to mobilize a total of 150 trillion yen in public- and private-sector investment toward achieving carbon neutrality by 2050. However, new technologies, uncertainty over future returns, and substantial investment costs create risks that private companies cannot bear alone. GXA therefore complements coverage of risks that the private sector cannot fully assume through debt guarantees and equity investments, helping to mobilize private capital and develop markets. In FY2025, we provided support for four debt guarantees and one equity investment. By expanding our financial support, we will continue accelerating GX investment that seeks to achieve economic growth and decarbonization simultaneously, with energy security as a prerequisite.

Ikeda Achieving carbon neutrality by 2050 will require enormous funding and represents a major challenge for financial institutions as well. Decarbonizing the materials and other core industries that have supported Japan's economy, including steel, chemicals, and cement, is both a business opportunity and a highly challenging task. Electricity, in particular, underpins industrial activity and people's lives, and achieving both its decarbonization and stable supply is indispensable to advancing GX across Japan. Against this backdrop, Mizuho Bank, with pride in its role as an "energy bank," built through sustained dialogue and financial support for customers in the power and energy sectors, intends to engage seriously on the financing side with the GX initiatives that Chugoku Electric is pursuing with firm resolve, maintaining dialogue from a medium- to long-term perspective.

Hirano Mizuho Bank has set a sustainable finance target of 100 trillion yen by fiscal 2030. Within this, transition finance is positioned as an important means for hard-to-abate industries—industries in which it is difficult to reduce emissions of CO_2 and other greenhouse gases using existing technologies—to make planned medium- to long-term transitions.



—Next, please tell us about the approaches you devised while advancing this transaction and the commitment you brought to it.

Meshizuka A key feature of this transaction, which uses credit enhancement from the GX Acceleration Agency, is the ability to receive continuous support for substantial funding over multiple years through public-private collaboration. This aspect has been highly regarded by rating agencies and financial institutions. For Chugoku Electric, which is seeking to strengthen its financial base and undertake GX investment at the same time, the transaction not only enhances our fundraising capabilities; recognition of our investment in power sources as an initiative of high social value also greatly encourages employees and provides an opportunity to strengthen our sense of mission to contribute to advancing GX in the region. We see this as support that goes beyond credit enhancement to give powerful momentum to our challenge.

Ichida This was a transition loan on a scale and under a structure that Chugoku Electric had never experienced before. Ordinary loan discussions focus mainly on financial and earnings matters, but this transaction also placed considerable emphasis on environmental and social impacts, including CO_2 reduction and regional economic effects. Consequently, not only the Power Generation Division, which is responsible for nuclear and hydroelectric power generation, but also numerous administrative departments involved in environmental, social, and governance (ESG) matters worked together. We advanced the transaction through an unprecedentedly broad framework for internal collaboration. I felt it was a symbolic financing transaction undertaken with a sense of unity across the entire Group, rather than by the finance function alone.

Okuhira Because this was a large-scale transaction, close coordination among a wide range of stakeholders, including financial institutions and relevant government ministries and agencies, was indispensable. In addition to reviewing the financial and business strategies, we conducted extensive checks covering environmental and social impact assessments, site visits, and other matters. The cooperation and strong commitment of Chugoku Electric and the participating financial institutions made execution of the debt guarantee in March possible. The transaction has raised awareness of the program and led to introductions of new projects. We hope broader use of the program will mobilize private capital and promote GX investment, advancing initiatives toward the realization of GX.

Tsuchiya This transaction has considerable policy significance from the perspectives of CO_2 reduction, stronger industrial

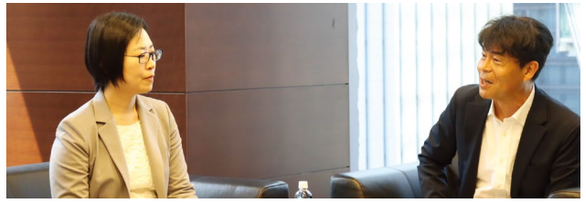
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competitiveness, and energy security. The energy transformation sector, including power generation and heat supply, accounts for around 40% of Japan's CO_2 emissions. Decarbonizing Chugoku Electric's energy sources will contribute not only to achieving the Group's GHG reduction targets and carbon neutrality by 2050, but also to responding to growing electricity demand from increased electrification at industrial complexes in the Setouchi region and the construction of new data centers. Through the stable supply of decarbonized electricity, it will also help advance GX and DX (digital transformation) and strengthen industrial competitiveness. The use of renewable energy and nuclear power is also expected to improve energy self-sufficiency and energy security, and I believe it is highly significant that we were able to collaborate with Mizuho Bank on this initiative.

Ichida I originally come from Okayama Prefecture, which has given me a closeness to the Setouchi Industrial Complex since my childhood. These industrial foundations play an important role in supporting the regional economy; if they were to lose their vitality, the region as a whole could also lose momentum. This transaction renewed my strong conviction that Chugoku Electric must steadily decarbonize its power sources in response to GXA's expectations and support. I hope these efforts will spread to the decarbonization of many companies, beginning with the region's manufacturers, and lead to sustainable growth and revitalization for both the Chugoku region as a whole and Chugoku Electric.

Hirano Steadily decarbonizing society as a whole requires large-scale, long-term financing not only for green fields but also for hard-to-abate industries such as steel, chemicals, and cement. Stable funding based on lasting relationships with financial institutions is indispensable for this. Chugoku Electric regards decarbonization as a growth strategy and plans approximately 1.5 trillion yen in decarbonization investment over five years, demonstrating a strong commitment. At the same time, considerable uncertainty surrounds technological innovation, electricity supply and demand, and carbon pricing—the mechanism for placing a price on carbon emissions, and there are limits to the risks private financial institutions can bear alone. By sharing these uncertainties between the public and private sectors and reducing private-sector risks, GXA's debt guarantee plays a highly significant role in supporting the provision of funds. I believe this public-private partnership will become a model case for transition finance that attracts large-scale, long-term funding.



—Finally, please tell us about your aspirations for the future.

Meshizuka Chugoku Electric has worked to implement various forms of transition finance. This transaction is a model case for advancing GX, realized by bringing together the respective roles and strengths of a government institution, financial institutions, and a business operator. It is significant in demonstrating a new framework for collaboration to create social value. Going forward, we will communicate the significance of this structure through our dialogue with financial institutions and investors so that it becomes a powerful tailwind for advancing GX in Japan. By broadening both the fields in which the framework is used and the organizations that use it, we hope ultimately to contribute to advancing GX across Japan as well.

Ichida To date, I have held around 50 internal study sessions (engagement activities) on finance at operational units such as sales offices and power stations, as well as administrative departments. As I conveyed the views of financial institutions and investors directly to employees, many said they had come to appreciate that frontline initiatives lead to social value and that their pride and motivation in their work had increased. The response from younger and mid-career employees was particularly striking. I believe this transaction will further strengthen the role of connecting frontline initiatives with social value. I will continue dialogue both inside and outside the Group, foster Group-wide awareness, and pursue finance that makes Chugoku Electric stronger.

Okuhira Against changes in the business environment, including accelerating global inflation, we recognize that companies face higher financial hurdles to investment toward achieving carbon neutrality. That is precisely why we want to expand the structure supported in this transaction as a model case and further accelerate GX investment.

Tsuchiya Apollo 11 commander Neil Armstrong's famous words when he became the first human to set foot on the Moon were, "That's one small step for a man, one giant leap for mankind." Through financial support for a single company, Chugoku Electric, this structure has taken its first step. We hope that step will become a giant leap for GX across Japan, and we will continue supporting many companies and projects.

Ikeda We regard this transaction as an "investment in Japan's future" that supports decarbonization and economic growth across Japan through the advancement of GX in the Chugoku region. The Chugoku region is home to concentrations of materials and other core industries, including pulp and paper, steel, chemicals, and cement. Decarbonizing the power sources of Chugoku Electric, which supports these industries, holds the key not only to regional industrial development but also to the sustainable growth of the entire domestic supply chain. Chugoku Electric therefore has a significant role to play. Mizuho Bank will continue accompanying Chugoku Electric as its long-term financial partner and contributing to the advancement of GX and economic growth in the Chugoku region and, ultimately, throughout Japan.

Hirano Chugoku Electric's stance of positioning decarbonization as a growth strategy and transforming its business model while staying close to the challenges facing customers and communities strongly resonates with Mizuho Bank's commitment to "working with customers and stakeholders to take on the challenge of realizing a sustainable society." We will continue providing support through ongoing dialogue toward realizing Chugoku Electric's Action Plan 2030 and its Group Corporate Vision 2040. To develop this transaction into a model case for GX, participation by other financial institutions and expansion into additional project fields will also be important. We will work with GXA to promote and develop this structure.

Meshizuka Thank you very much for your valuable time today. In internal study sessions, I tell employees that transition finance is not simply about raising funds; it is about gathering society's expectations for Chugoku Electric's initiatives. Through the significance of transition finance, we can also feel that our own work is directly connected to social value. We will continue embracing society's expectations and taking on challenges so that we can keep contributing to the sustainable development of the region and society.



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Strengthening engagement activities with investors

Dialogue with shareholders and investors

The Chugoku Electric Power Group regards shareholders and investors* as important partners in enhancing corporate value and positions dialogue as an important opportunity to improve management. We share the opinions and requests received through dialogue internally and use them to drive improvements and reforms. We then provide feedback in the next dialogue as an outcome of engagement (constructive dialogue). By maintaining this engagement cycle (dialogue → internal coordination → improvements and reforms → disclosure), we are working to sustainably enhance corporate value.

* Including shareholders, equity investors, bond investors, financial institutions, and analysts

External engagement

❶ Dialogue with shareholders and investors

In addition to one-on-one dialogues, we maintain dialogue through small meetings, group roundtable discussions, facility tours, and other opportunities. For ESG engagement, the various major administrative bodies hear objective external opinions directly and tie them to their respective initiatives to enhance corporate value, thereby contributing to practicing sustainability management.
We share and consider the opinions received through dialogue internally and provide shareholders and investors with feedback on progress and matters that have led to revisions as outcomes of engagement.

❹ Reflection in disclosure

Improvements and reforms within the Group are reflected in our disclosure. By supplementing this with engagement activities, we work to deepen understanding of our business.

Engagement cycle



Internal engagement

❷ Internal cooperation over engagement feedback

We coordinate internally on opinions received through engagement and translate them into actions for use in business operations.
We also conduct cross-organizational engagement from a finance perspective, including at front-line workplaces such as power stations and sales offices, to communicate opinions received from external parties. By promoting and achieving the transition throughout the Group, we aim both to enhance corporate value and to transform employee mindsets.
(**52 sessions** and approximately **1,800 participants** so far)

❸ Ties to internal improvements and reform

We consider how the opinions received can lead to improvements and reforms and implement those that are feasible.
We work to strengthen internal cooperation by communicating with the Group's major administrative bodies and cooperating to respond so as to raise corporate value.

〈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.


Roundtable with bond investors on disclosure (December 2025)


Study session at Shimane Nuclear Power Station (June 2025)

〈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 importance on carbon neutrality has highlighted the importance of our own power station, which has boosted employee morale (thermal power station).

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Strengthening engagement activities with investors

Status of dialogue activities

We will continue to strengthen dialogue with investors and others and provide management with feedback on the opinions received through dialogue, thereby contributing to the sustainable enhancement of corporate value.

Initiatives [Indicator]	Results	Target	
	FY 3/2026	FY 3/2027	FY 3/2031
Strengthening engagement activities with investors, etc. [Number of dialogues]	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	

Main dialogue activities in FY 3/2026

Scope	Details	Number	Main Group representatives
Shareholders and investors in Japan and overseas [Fund managers, analysts, ESG personnel, proxy voting personnel, etc.]	Financial briefings (full-year and second quarter)	2	President, executives
	Group Corporate Vision briefings	1	President, executives
	Individual meetings [Of which, meetings with bond investors]	164 [56]	Executives, IR-, SR-, and ESG-related departments
	Small meetings [Of which, meetings with bond investors]	2 [2]	IR- and ESG-related departments
	ESG meetings	3	Executives, IR- and ESG-related departments
	Facility tours	4	Executives, IR-related departments

*No small meetings with the President or external directors were held in FY 3/2026, but one such meeting was held in the first half of FY 3/2027.



Chugoku Electric Power Group Corporate Vision 2040 briefing (October 2025)



FY 3/2026 ESG meeting (December 2025)

Main topics in FY 3/2026

Main dialogue topics	Main points of discussion
Management and finance	● Financial results and earnings forecasts, competitive environment, business strategies, and the Group Corporate Vision ● Operation schedule for Shimane Nuclear Power Station and progress with reviews and construction ● Power Transmission and Distribution Business ● Dividends and capital policy, and financing
ESG	● Decarbonization, climate change, the GX emissions trading system (GX-ETS), formation of a circular society, and coexistence with nature ● Human resources strategy, human rights, and occupational safety ● Relationships with local communities ● Board of Directors and governance, and corporate ethics

Feedback to senior management

Shareholders' and investors' opinions and requests are reported to the Board of Directors (three times in FY 3/2026). Monthly reports are also provided to senior management, including external directors, to ensure timely feedback on discussions at investor relations (IR) briefings and individual meetings, as well as analyses of the market and share price.

Improvements made through dialogue

- ○ Formulated the Group Corporate Vision with due consideration for matters of interest to shareholders and investors (including the establishment of new financial targets and sustainability targets, identification of materiality, disclosure of initiatives to improve PBR, and disclosure of our approach to the business portfolio and cash allocation)
- ○ Presented the President's aspirations embodied in the Group Corporate Vision, the value creation story, and other information in the integrated report, while expanding and enhancing the disclosure of ESG and other non-financial information
- ○ Disclosed information in Action Plan 2030 to support evaluation and analysis by shareholders and investors
  (New ROIC targets by business; disclosure of projected WACC and measures to reduce WACC; disclosure of the cash allocation breakdown and the effects of Shimane Unit 3 commencing operation; etc.)

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Practicing Sustainability Management

Environment

Through environmental management initiatives, we aim to grow together with local communities and enhance corporate value.

Environmental management aimed at enhancing corporate value

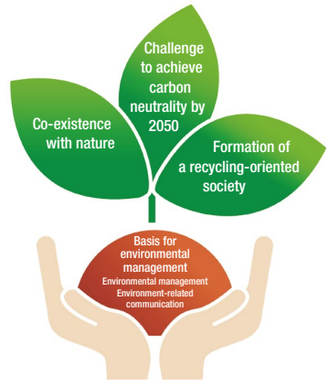
As environmental challenges become increasingly serious and complex, the Japanese government has set out a direction in the Sixth Basic Environment Plan for transforming economic and social systems to integrate decarbonization, circularity, and nature restoration. It has also established greenhouse gas reduction targets for decarbonization based on the 7th Strategic Energy Plan and the GX2040 Vision. In light of these national environmental policies and other developments, the Chugoku Electric Power Group formulated the new Chugoku Electric Power Group Environmental Management Policy in September 2025, under which we will pursue the challenge to achieve carbon neutrality by 2050, formation of a recycling-oriented society, and co-existence with nature in an integrated manner. In particular, as part of the challenge to achieve carbon neutrality, we have set a target to reduce greenhouse gas emissions across the entire supply chain by 60% in FY 3/2036 compared with FY 3/2014, at the same level as Japan's nationally determined contribution (NDC). Addressing environmental issues goes beyond fulfilling corporate social responsibility. It is important to translate our customers' growing decarbonization needs into earning power for the Group. By expanding investment opportunities in growth areas, reducing future carbon costs, and providing electricity and solutions with environmental value, we will create both economic and social value and seek to enhance corporate value.



Takakura Hidekazu
Executive Officer,
Chief Operating Officer of the Carbon Neutrality Promotion Division

Initiatives to promote environmental management

■ Challenge to achieve carbon neutrality by 2050



To achieve carbon neutrality by 2050, we are advancing initiatives from two perspectives: the decarbonization of energy and the decarbonization of the customer and community.
To decarbonize energy, we are working to expand the use of carbon-neutral electricity and advance the transition of thermal power generation. Recognizing nuclear power as an important decarbonized power source, we will advance preparations to bring Shimane Nuclear Power Station Unit 3 into operation, with safety as the top priority. For renewable energy, we aim to introduce an additional 700,000 kW of capacity by FY 3/2031 and an additional 1 million kW by FY 3/2036, using FY 3/2020 as the base year. Given the role of thermal power generation in providing balancing capacity to maximize the use of renewable energy, we will examine all options, including switching to high-efficiency LNG power generation, introducing next-generation fuels such as hydrogen and ammonia, and implementing CCS.
We believe these initiatives will not only reduce our own CO_2 emissions but also serve as an important source of competitiveness that will help us remain a company of choice for customers. Although technological and economic uncertainties remain, we will progressively introduce measures as we determine their feasibility, maintaining supply capacity while balancing profitability and environmental performance.
To help our customers and communities decarbonize, we are providing solar power PPA services and other services to meet needs such as lower-carbon energy, energy conservation, and support for introducing renewable energy. Looking ahead, we expect the optimization of the supply-demand balance to become increasingly important alongside further expansion of renewable energy. We are therefore pursuing the use of new technologies, including next-generation solar cells, as well as technical demonstrations and commercialization of energy management.

■ Formation of a recycling-oriented society and co-existence with nature

The Group's businesses are supported by natural capital and natural resources, including water resources, forests, and ecosystems. Maintaining and restoring natural capital and reducing the consumption of natural resources are important to enhancing the sustainability of our businesses, and we need to conduct our business activities while striving to reduce our environmental impact.
Based on this approach, we will work toward the formation of a recycling-oriented society by promoting the effective use and reduction of waste generated through power generation and the efficient use of resources, thereby reducing environmental impact across the entire supply chain.
To achieve co-existence with nature, we are also working to reduce the impact of our business activities on the natural environment and conserve biodiversity, while pursuing initiatives that take account of local natural environments and characteristics.

Achieving sustainable growth together with local communities

The Chugoku region includes both areas with concentrations of manufacturing industries and mountainous and rural areas, each of which we recognize as having its own challenges extending beyond decarbonization. To remain a corporate group that local communities need and trust, we aim to contribute to resolving regional and industrial issues through initiatives to achieve carbon neutrality, form a recycling-oriented society, and co-exist with nature, growing and developing together with local communities.

Sustainability Data Book Environment P07-P33

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Practicing Sustainability Management

Community and Society

Building on a foundation of trust with the community, the entire Group is united in its commitment to creating new value and fostering the region's sustainable growth

Trust accumulated over the years is our most important management foundation

On August 6, 1945, the atomic bomb dropped on Hiroshima devastated the city. Many lives were lost in an instant, urban functions ceased, and the entire city suffered wounds so deep that healing was said to require an unimaginable amount of time. Nevertheless, just three days later, on August 9, streetcar services resumed on part of the network.

The sight brought tangible hope to people amid the burned-out ruins. The restoration of electricity supply made this possible. Power transmission resumed in some areas the day after the bombing, and electricity had returned to a large part of the city by August 11, five days later. Although they themselves had suffered in the bombing, our predecessors worked at the front lines day and night without rest to restore lights to the city as quickly as possible. Their sense of mission supported people's lives and became a beacon of recovery.

This strong sense of mission has been reflected in our commitment to ensuring a stable supply of electricity. Beginning with postwar reconstruction, it supported Japan's period of rapid economic growth in the Showa era and has been passed down through the Heisei and Reiwa eras to the present day, becoming deeply embedded in our DNA. This earnest approach rooted in a strong sense of mission continues to be inherited not only by those directly involved in the stable supply of electricity but also by those performing supporting duties. This sincerity has earned the trust of local communities, and the trust accumulated over the years has now become the Chugoku Electric Power Group's most important management foundation.



Fukutani Shinji
Executive Officer,
Chief Operating Officer of the Regional Relations Division

However, reforms to the electricity system following the Great East Japan Earthquake in 2011 and other developments have dramatically changed the environment surrounding the electric power business. The Chugoku region also faces such challenges as population decline and aging, sustaining mountainous and rural communities, the net outflow of younger generations, and changes in its industrial structure, along with growing uncertainty surrounding energy security and decarbonization. We have entered an era in which our traditional sense of mission and dedication alone are no longer sufficient.

The pioneering spirit needed for the years ahead

Two years ago, the Chugoku Electric "Motto Kawarou" Project, made up of younger employees, voiced the powerful questions, "Can we really continue as we are?" and "Will we change, or just fade away?" We received their message urging us to take the first step toward becoming a new Chugoku Electric. In an era of change, we must do more than respond to change—we must anticipate it. We need the ability to tackle issues for which no one knows the correct answer and create new value. Chugoku Electric, however, also has a history of boldly addressing unprecedented challenges.

One symbol of this history is Unit 1 of the Shimane Nuclear Power Station, Japan's first domestically produced nuclear reactor. Chugoku Electric embarked on the challenge of bringing together Japanese technologies to build the reactor itself. With safety as the highest priority, we established its design, construction, and operation while broadening the industrial base and building trust through dialogue with the local community. As a result, the power station became a symbol of technological self-reliance and has continued supporting regional industries and people's lives.

At our thermal power stations, the need to address pollution also prompted us to rapidly implement advanced environmental technologies, including the world's first installation of a flue-gas denitrification system and Japan's first installation of a flue-gas desulfurization system. In doing so, we have played a pioneering role in reducing environmental impact. This pioneering spirit is also embedded in our DNA. Precisely because we live in a time of rapid change and an uncertain outlook, we believe that by bringing forth this other quality embedded in our DNA, we can open new paths, just as many of our predecessors did.

Developing a value creation story built on trust

This is the Chugoku Electric Power Group's Management Philosophy of "Trust. Creation. Growth." In our work with local communities, we must also develop a Value Creation Story aligned with this Management Philosophy. In other words, the "Trust" accumulated through our longstanding earnest commitment to our work provides a foundation from which local communities invite us to collaborate in resolving regional issues. To resolve these issues, we boldly confront even unprecedented difficulties without shrinking back for the "Creation" of new value for local communities and connecting it to "Growth" in the form of regional revitalization and development. At the same time, these initiatives generate new "Trust," leading to the next cycle of "Creation" and "Growth."

Regional co-creation also plays an important role in executing Action Plan 2030. It is we, the employees, who will develop this value creation story of balancing social and economic value for local communities and sustainably enhancing corporate value. United by the passion inherited from our predecessors, we intend to write a truly exceptional story.

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Sustainability Data Book Energy Security P44-P47

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Practicing Sustainability Management

People

Through total employee empowerment, we will fulfill our enduring mission and create new value.

Human capital as the driving force behind our growth strategy

The Chugoku Electric Power Group's Management Philosophy, "Trust. Creation. Growth.," is itself the Group's value creation story. Human capital provides the foundation for realizing this story and is the driving force behind the execution of the growth strategies set out in the Group Corporate Vision 2040 and Action Plan 2030.

Under its policy on human capital, which is based on the Energia Group Corporate Charter of Conduct that underpins sustainability management, the Group places respect for human rights, promotion of safety and health, and promotion of DE&I at the foundation of all business activities. From an ultra-long-term perspective, we continuously engage in human resources management—including maintaining stable recruitment, limiting turnover, and developing employee welfare systems that encourage employees to enhance and exercise their capabilities—to build a personnel foundation capable of earning stakeholder trust and creating economic and social value into the future.



Yoshinaga Hiroyuki
Managing Executive Officer,
Chief Operating Officer of the Human Resources Development Division

Toward an organization where diverse personnel take on challenges and create value

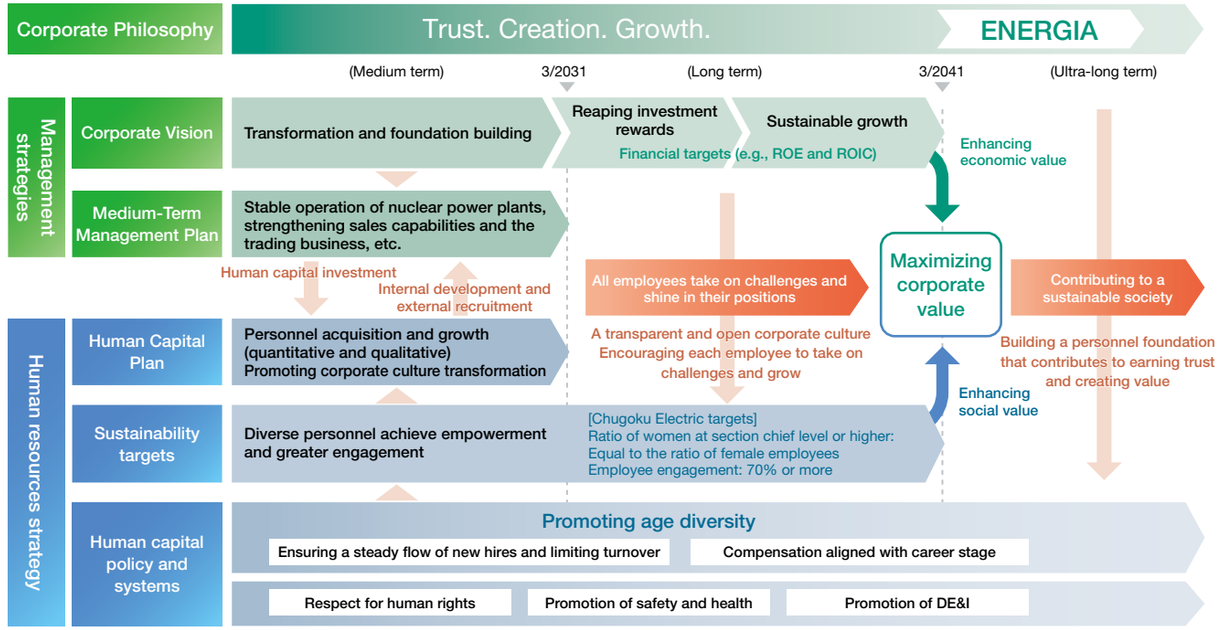
In the Group Corporate Vision looking ahead to FY 3/2041, we aim to achieve our financial targets to meet stakeholder expectations. To share our commitment to total employee empowerment across the Group, we have established "all employees take on challenges and shine in their positions" as our aspiration for personnel. To realize this aspiration, we have set "diverse personnel achieve empowerment and greater engagement" as one of our sustainability targets, and the entire Group is working together on the materiality of "creating an environment where diverse human resources can demonstrate their abilities."

Executing Action Plan 2030 requires personnel capable of taking responsibility for priority areas such as investment in large-scale decarbonized power sources, strengthening the electricity value chain, promoting DX, enhancing electricity trading capabilities, and supporting GX in the region. We therefore prioritize the allocation of human resources to these key issues and are strengthening human resources management to execute our business strategies. We are also working across the Group to achieve our human capital targets.

While personnel initiatives require sustained efforts, we will continue looking closely at the Group's present and future. By encouraging diverse personnel to take on challenges and grow, and transforming our corporate culture to support them, we will fulfill our unchanging mission and create new value.

Sustainability Data Book Human Capital P49
Sustainability Data Book Corporate Culture Reforms P50
Sustainability Data Book DE&I P51-P58
Sustainability Data Book Human Rights P59
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Overview of the human resources strategy linked to management strategies



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Message from the Chairperson of the Board

Group-wide optimization for higher-quality management decisions

Translating discussions focused on total optimization into effective management execution

As Chairperson of the Board, my highest priority is to draw out diverse opinions while guiding discussions toward Group-wide optimization and improving the quality of management decisions. In recent years, the business environment surrounding the Group has changed significantly, and the themes requiring discussion by the Board of Directors have become more complex. By clarifying which matters should be delegated to the executive side, Chugoku Electric has shifted the focus of Board discussions toward substantive themes linked to enhancing corporate value, including the allocation of management resources, growth investment, capital efficiency, and risk management.

The more important the theme, the more likely opinions are to diverge and discussions to become prolonged. Nevertheless, I place greater importance on reaching a conclusion that everyone fully understands and accepts than on reaching one quickly. The chairperson's role is not merely to facilitate proceedings. I believe it is to make points of disagreement and differences in underlying assumptions visible and guide the Board toward higher-quality decision-making by bringing together the perspectives of the executive side and external directors. Our external directors bring diverse expertise in areas such as legal affairs and auditing, finance, strategy consulting, business development, marketing, technology and new business, and risk management. An important responsibility I have as chairperson is to ensure that this expertise goes beyond individual advice to enrich the Board's discussions as a whole and strengthen its ability to translate them into action.

To ensure that Board discussions are reflected in management in ways that produce results, we have established a mechanism for reliably feeding the opinions and observations of external directors back to the executive side and sharing them at meetings of the Management Committee and other forums.

This is beginning to create a cycle in which discussions lead to management improvements and changes in awareness and behavior throughout the organization.

Although the observations of external directors can at times be critical, they provide valuable opportunities to examine assumptions and risks that may be overlooked internally and to assess whether our explanations are clear from a capital market perspective. Furthermore, by introducing a system of executives in charge of overseeing organizations from a Group-wide perspective, we are promoting cross-organizational discussions and enabling decision-making that is both comprehensive and in-depth.

Making decisions with an awareness of capital markets and a view to long-term corporate value

The Group is focusing on strengthening its financial base and improving capital profitability as priorities through FY 3/2031. For Chugoku Electric today, it is extremely important to manage the business in a way that is rational and can be clearly explained to capital markets, including our path toward improving PBR based on the introduction of ROIC management and discipline in growth investment. External directors offer candid opinions from diverse perspectives, including the recoverability of long-term investments, dialogue with markets, our business portfolio, risk management, human capital, and the creation of social value. Drawing on these insights, the Board of Directors examines the soundness of investments and strategies from multiple perspectives, considering not only short-term earnings and indicators but also the value we will create over the medium to long term.

The environment surrounding the Group is changing significantly. The electric power business fundamentally requires long-term capital investment and decisions that factor in future uncertainty. At the same time, international energy conditions are changing daily, making the future difficult to predict. Under these circumstances, strategic decisions must consider not only short-term earnings and indicators but also the value the Group will create over the medium to long term. Rather than favoring either the short term or the long term, the Group regards balancing both as its important decision-making criterion. While securing immediate results, the Board of Directors continues to discuss the soundness of investments and strategies from multiple perspectives and with a healthy sense of tension, to ensure that they do not undermine future growth potential or business sustainability.

The Group must also systematically disclose to capital markets, through the integrated report and other means, the principles underlying its decision-making and the value creation it seeks over the medium to long term, while communicating this information continuously through financial results briefings and dialogue with investors. The Board of Directors believes it is important in itself to clearly indicate the direction of management in light of changes in the external environment and share its decision-making criteria with capital markets. We will further enhance the quality of management through dialogue with capital markets while fulfilling our accountability.

The meaning of governance for a company that exists among its community

A distinctive consideration in the Group's governance is its relationship with the Chugoku region, which forms its business foundation. As companies that exist together with their local communities, electric power providers must make decisions that take account of underlying business conditions and local acceptance that cannot be fully captured by figures in financial statements. Their business therefore has characteristics that are difficult to assess solely in terms of economic rationality. Every management decision, including capital investment and power source development, rests on long-term relationships of trust with the region.

Given these business characteristics, a deep understanding of frontline realities and relationships with local communities is essential and constitutes an important element of appropriate decision-making.

At the same time, the importance of incorporating outside perspectives goes without saying. Capital markets also demand economic rationality and short-term results, and reflecting that perspective in management is essential. What matters in the Group's governance, therefore, is not choosing between locally rooted values and market discipline, but balancing both with a healthy sense of tension.

As Chairperson of the Board of Directors, my role is to bridge local communities and capital markets and balance the creation of social value and economic value. By bringing together the diverse expertise of our directors, I will enable decisions befitting a company that grows sustainably together with the region.



Ashitani Shigeru
Representative Director, Chairperson of the Board

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Demonstrating our purpose in an era of change

Shobuda Kiyotaka
Director (External),
Chairperson of the Nomination Committee,
Chairperson of the Compensation Committee

To enhance corporate value, management systems need both the “brake” of governance and the “accelerator” of stronger competitiveness and earning power. Chugoku Electric has steadily advanced initiatives to regain trust and improve the brake; since 2025, it has entered the stage of pressing the accelerator for growth, making management from this point forward especially important. The newly formulated Corporate Vision 2040 and Action Plan 2030 provide a clear roadmap for shifting from a conservative stance to a stance toward sustainable growth. The plans call for the Group to steadily execute each initiative: (1) a financial strategy that introduces ROIC management and sets out a path to a PBR of 1.0; (2) a growth strategy for securing large-scale decarbonized power sources and achieving sustainable growth; and (3) approaches to regional issues that create new demand. These five years will truly test the execution capabilities of the Chugoku Electric Power Group, and the Board of Directors is committed to strongly supporting management in carrying out these plans.

Like the automotive industry, the electric power industry is currently undergoing sweeping change as a result of power system reforms, which it must turn into an opportunity for growth. Precisely because we are living through an era of change, I believe it is important not to resist the currents of the times, but not to be swept along by them either. No two companies are exactly alike. Merely changing with the times, however, can cause a company to lose its identity and value along the way. Chugoku Electric must steer its management so that it can clearly identify its purpose and play to its strengths. As a provider of essential infrastructure for regional industry and society, the Company must keep considering how to fulfill its purpose even amid change. Our Nomination and Compensation Committees are responsible for vigorously supporting management’s growth posture (the accelerator), through institutional design and personnel decisions, so that executives can make bold medium- to long-term decisions without fear of risk. We will continue discussing how to build genuine incentives that encourage executives to take an offensive approach to medium- and long-term business transformation, by appropriately incorporating into stock-based compensation both financial indicators tied to capital efficiency (earning power) and non-financial indicators covering human resources, customer value, and the environment—investments in the future. Personally, as someone who makes decisions to navigate periods of transformation amid global competition, I will actively question and offer opinions on matters Chugoku Electric takes for granted, with the aim of raising issues that lead to constructive debate.



What matters for an external director is having genuine affection for the Company and never losing an outside perspective.

Tanaka Hiroki
Director (External)

The electric power industry and the financial industry, where I spent many years, have several things in common. Most importantly, after decades of postwar excess demand, social systems and industry structures sustained through regulation and oversight have undergone major transformation, and management must change in a business environment where liberalization and marketization have advanced. The history of the financial industry shows that this is no easy transition. Changing a corporate culture and patterns of behavior formed in a previous era requires considerable time and energy. One feature—and challenge—of managing an electric power company is the extraordinarily long time horizon of the business. Both constructing power business facilities such as power stations and, after those facilities start operating, recovering the initial investment and seeing an actual contribution to profit generally take more than ten years. In such circumstances, Chugoku Electric can develop its business only by carefully explaining the basis of its management decisions and gaining the understanding and support of shareholders and other stakeholders for its management at each point in time. The Group Corporate Vision 2040 and Action Plan 2030 formulated last year should serve as effective communication tools between Chugoku Electric and its stakeholders. By showing that it has sound improvement plans for the short term as well as the long term, and explaining at every stage that those plans are being steadily implemented, the Company should earn trust and build stronger engagement.

As an external director, I consider two things important: (1) having genuine affection for the Company, and (2) never losing my outside perspective. An external director participates in corporate management on behalf of shareholders, bringing perspectives, experience, knowledge, and values that differ from those of executive officers and employees. I must do everything I can toward that end. In the year since my appointment, I believe I have developed such affection for the Company. I was also involved in designing and operating the organizational system at the Bank of Japan, which could be described as the first Japanese organization to introduce a full-fledged external officer system, and I served as a full-time non-executive chairperson at a private-sector financial institution, a role still rare in Japan. These experiences have given me a thorough understanding of the importance of maintaining an outside perspective. I will continue to emphasize these two points, engage fully in management decisions from an external perspective through discussions at the Board of Directors, and contribute to the long-term development of Chugoku Electric as an infrastructure company that supports people’s lives.

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Continuing dialogue that demonstrates both the social value and feasibility of realizing Chugoku Electric's vision

Okajima Rena
Director (External)

The most significant element of Chugoku Electric's foundation is surely its history of safely and reliably supporting life and industry in the Chugoku Region without interruption. Whenever I see the daily efforts of the people who make this possible in the field, I feel deep respect. In view of recent social conditions, with economic fragmentation and geopolitical risks mounting alongside natural disasters, the importance of an energy supply chain capable of sustainably supporting countries and regions is growing. Moreover, rapid advances in AI have made the energy systems that power information infrastructure scarce and strategic resources. It is no exaggeration to say that those who control energy systems will shape the next era of economic and technological leadership. Electric power companies are no longer merely energy infrastructure providers. I believe the potential of energy companies lies in using their energy foundations to co-create new industries and social value with local communities. It seems Chugoku Electric has not yet fully communicated that potential to society and the market.

At first glance, my work in the space business may seem far removed from this Company, but the two are actually closely related. Space is a world with an exceptionally long time horizon: resources are committed over the long term to something that does not yet exist, and returns begin only after many years. That time horizon closely resembles investment in electric power infrastructure. I know firsthand both the weight of investments that take years to bear fruit and how acting very early can pay off precisely because the wait is so long.
Markets move only when a company goes beyond talking about possibility and demonstrates that it can turn that possibility into reality, the beginning of gaining broad support. Chugoku Electric's Action Plan 2030 indicates that the Group will begin reaping investment rewards in FY 3/2031, but laying the groundwork can start now to ensure opportunities ahead are captured. I intend to bring that perspective to discussions about the Group's long-term vision. I may be an unconventional presence on the Board, but when the Chugoku Electric Power Group's vision describes the future of the Company and society over the long time horizon to 2040, I believe the perspective of someone who has sought to create what does not yet exist from the ground up is needed. What I value is not merely the grandeur of a concept, but whether it can be implemented in society and translated into milestones whose progress can be verified. My role on this Board is to translate the electric power company's enormous potential into a realistic strategy that investors can evaluate rather than a pipe dream—to bridge the logic of technology and the capital markets and give the Company the language to articulate its future.



Fostering a culture that empowers the front lines and pursuing growth across the Group

Kuga Eiichi
Director
Audit and Supervisory Committee Member (External)

I began my career at the National Police Agency. After retiring, I spent six years at another listed company as a full-time Audit & Supervisory Board member and an Audit and Supervisory Committee member (four years as chairperson). I also researched sustainability management as a director of the Japan Audit & Supervisory Board Members Association and helped prepare a report on the subject. Drawing on the knowledge and experience I gained during that time, I make a point of speaking actively, particularly on governance, compliance, risk management, and related matters, at meetings of the Board of Directors and the Audit and Supervisory Committee. When I joined four years ago, Chugoku Electric was occupied with responding to inappropriate incidents. In recent years, however, the Company has not only thoroughly implemented recurrence prevention measures, but has also identified organizational issues underlying the incidents and advanced efforts to create a new corporate culture. The Board of Directors now includes more external members and engages in lively discussion from the perspectives of shareholders and investors, local communities, employees, and other stakeholders. I also sense that this has encouraged internal directors to express their views more actively.

Last year, the Company incorporated the views of external directors when formulating its Corporate Vision, which emphasizes ROIC and other measures. The next step is to thoroughly audit and supervise whether the medium-term management plan (Action Plan) based on that Corporate Vision is taking root at workplaces and Group companies, and whether the Group as a whole is taking action to enhance corporate value.
I have upheld a hands-on approach since my time at the National Police Agency, and each year the Company provides opportunities for me to conduct on-site audits at more than a dozen locations and engage in dialogue with Group companies. Creating such forums is an excellent initiative that helps external Audit and Supervisory Committee members understand workplaces and the organization. When I take part, I also exchange views with employees to understand the issues, opinions, and requests of workplaces and Group companies, and to see whether head-office policies reflect actual conditions in the field and have taken root there.
I feel that communication within the Group has become more open. Nonetheless, ensuring thorough compliance and risk management requires continuous efforts. There are also differences among Group companies in the level of commitment to sustainability and cybersecurity measures. As a director and Audit and Supervisory Committee member, I will continue to closely monitor initiatives to strengthen Group governance.

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Linking financial and non-financial perspectives through both growth and conservative governance to achieve sustainable growth

Fujimoto Keiko
Director
Audit and Supervisory Committee Member (External)

To enhance the corporate value of the Chugoku Electric Power Group, I believe it is important to integrate, from a holistic perspective, the value created for its various stakeholders—including shareholders, employees, customers, business partners, and local communities—balance growth-focused and conservative governance at a high level, and pursue medium- to long-term enhancement of corporate value. Precisely because the Group has many business divisions, it must consider the allocation of growth investment and its business portfolio from the perspective of optimizing the Group as a whole. To improve capital efficiency and create synergies across the Group, we need more open and constructive discussions that transcend organizational boundaries than ever before.
Electric power is a regulated business, and the Group has a public-service mission to ensure a stable supply of electricity. At the same time, amid structural changes surrounding the electric power business—including demands for decarbonization, distributed energy resources, and resilience investment—I believe there is considerable room to improve capital efficiency. Investment in electric power infrastructure takes a long time to recover. It is therefore vital to incorporate sustainability initiatives into management from the dual perspectives of public responsibility and business growth, and to take a multifaceted approach to improving PBR in response to social expectations while maintaining dialogue with stakeholders.

As an external director and Audit and Supervisory Committee member, I will identify and monitor material risks based on the characteristics of the Group's businesses, evaluate the functioning of the internal control system, and strengthen the "three-way audit" framework through close coordination with the Internal Audit Division and accounting auditors, in order to fulfill my responsibilities for auditing and supervising the appropriateness and legality of business execution in addition to providing oversight and advice on business execution. I will also need to watch closely whether the newly established risk management function is operating effectively. I intend to apply my expertise to detect at an early stage non-financial signs and risks hidden behind financial figures—including corporate culture and the working environment—that could damage corporate value in the future, and to understand them structurally.
To fulfill these responsibilities, I value a relationship of trust with management but also make a point of maintaining independence as an objective third party and a representative of stakeholders. This is also why I go to sites whenever possible rather than confining myself to reviewing reports and data. I regularly arrange opportunities for dialogue with people across a wide range of organizations—including power stations such as Shimane Nuclear Power Station, sales offices, customer centers, and Group companies—to ask about difficulties and areas for improvement.
Drawing on this dialogue, I will provide oversight and advice from legal and governance perspectives, help improve the quality of management's decision-making, and support the sustainable growth of the Group.



Enabling dialogue with the market through clear explanations of our business

Kobayashi Nobuko
Director
Audit and Supervisory Committee Member (External)

The Japanese electric power industry is now in a period of upheaval. In addition to the global response to climate change, it must meet rapidly growing AI-driven demand and address today's geopolitical risks. Moreover, Japanese electric utilities face important agenda items: restarting nuclear power stations 15 years after the Great East Japan Earthquake and ensuring appropriate corporate management in the post-liberalization market. Against the backdrop of these major demands in the operating environment, the Chugoku Electric Power Group must ensure a safe and secure power supply, as well as build engagement with stakeholders—including consumers, investors, and local communities—to sustainably enhance corporate value. Public interest in energy policy is especially high today, and I believe transparent disclosure and sincere dialogue are the foundation for building long-term trust with stakeholders. Consumers and investors, however, hold many different perspectives and views. With that diversity in mind, how can the Chugoku Electric Power Group explain its thinking on its business in a readily understandable way? Electric utilities operate under long-term plans and their businesses can be difficult for non-specialists to understand, so it is crucial to make this dialogue work.

As a strategy consultant, I have helped major companies in Japan and overseas enhance corporate value. My work spans fields from responding to geopolitical risks, digital transformation, and organizational reform to developing new businesses. Although I advised from outside, I became deeply familiar with the internal circumstances of client companies. Throughout that work, I have always kept in mind the maxim, "Stay outside of matters; do not be constrained by them." These are the words of Yamada Hokoku, a scholar of the Wang Yangming school of Neo-Confucianism in the closing years of the Edo period. I interpret them to mean that one must always judge matters from a broad perspective and never become captive to an organization's internal logic. If our perspective narrows because we fall into internal logic, sound judgment becomes impossible; bringing an outside viewpoint into decision-making is therefore important. External directors are called upon to embody precisely this maxim—to "stay outside of matters." While valuing my outside perspective on this industry, I will objectively assess the progress of the medium-term strategy under the Chugoku Electric Power Group Corporate Vision 2040, drawing also on the global perspective and cross-industry experience I have developed. By serving as a translator myself, I will help provide shareholders and other stakeholders with clear explanations of the business and contribute to greater management transparency and sustainable enhancement of corporate value.

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Strengthening Corporate Governance

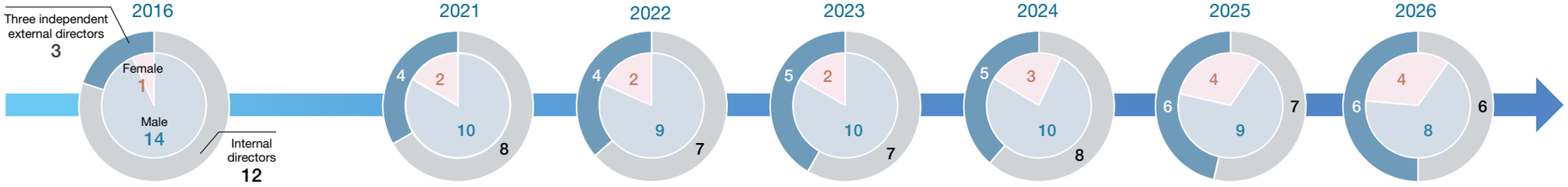
Progress in strengthening governance

Chugoku Electric has continuously strengthened its corporate governance framework to enhance management transparency and objectivity and achieve sustainable growth in corporate value. We have progressively strengthened remuneration and nomination functions, enhanced the audit and supervisory framework, clarified the skills and other attributes required of the Board of Directors, and reviewed the executive remuneration system. We have also worked to ensure the Board's objectivity and diversity by increasing the ratios of independent external directors and female directors. Going forward, we will seek to build governance that earns the trust of all stakeholders by further enhancing the effectiveness of the Board of Directors in light of changes in the business environment and societal expectations.



Note: The Compensation Committee was established in 2008.

Changes in the Composition of Directors
(Since the Transition to a Company with an Audit & Supervisory Committee)



	2016	2021	2022	2023	2024	2025	2026
Ratio of independent external directors		33% (4 of 12)	36% (4 of 11)	42% (5 of 12)	38% (5 of 13)	46% (6 of 13)	50% (6 of 12)
Ratio of female directors		17% (2 of 12)	18% (2 of 11)	17% (2 of 12)	23% (3 of 13)	31% (4 of 13)	33% (4 of 12)

Note: Figures are as of the end of June each year.

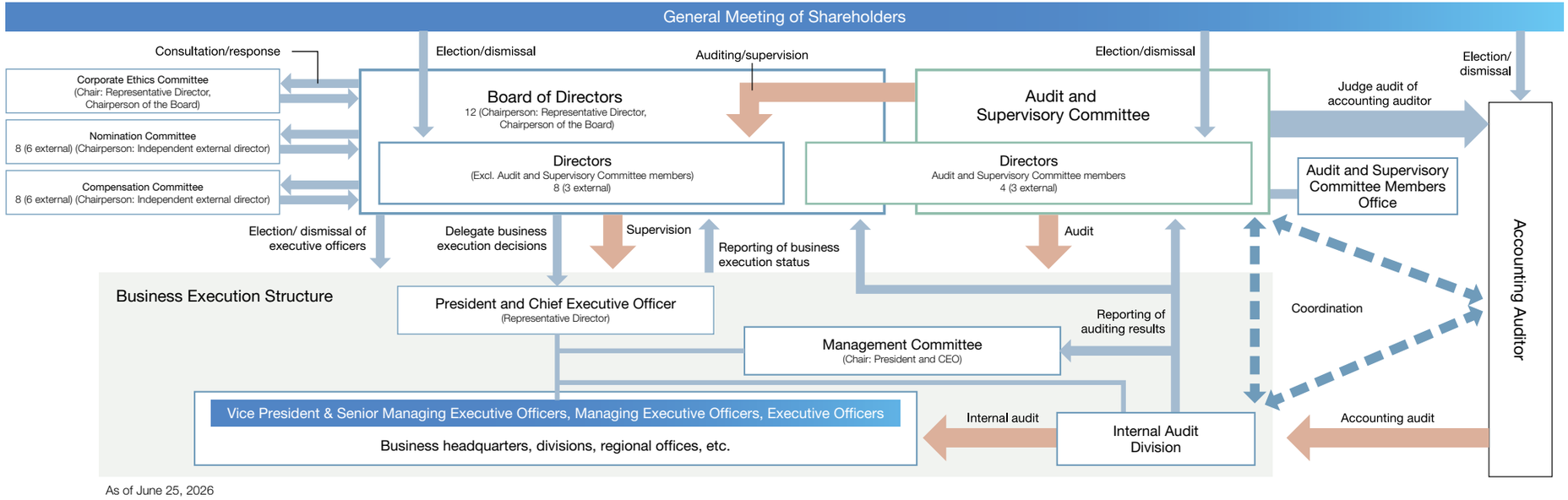
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Corporate Governance Framework

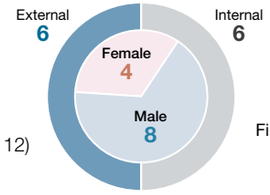
To develop an energy business centered on electricity while responding flexibly and swiftly to changes in the business environment, Chugoku Electric has adopted an organizational structure with an audit and supervisory committee, enabling both swift and decisive decision-making and effective management supervision.



As of June 25, 2026

Board of Directors

- Members: 12
- Chair: Ashitani Shigeru
  Representative Director and Chairperson of the Board
- Meetings held: 15 (FY 3/2026)
- Director attendance rate: 99% (FY 3/2026)
- Ratio of independent external directors: **50**% (6 of 12)
- Ratio of female directors: **33**% (4 of 12)



Usually, the board meets once a month to make decisions on basic management policies and plans, as well as on the execution of important business matters. In addition, through reports from directors and executive officers regarding the execution of business, the board monitors the execution of their duties.



Main points of discussion

- **Governance**
  - Review of the skills and other attributes required of the Board of Directors
  - Development and operation of internal control and compliance systems
- **Management Strategies**
  - Formulation of the Group Corporate Vision and medium-term management plan
  - Initiatives to promote carbon neutrality
  - Strengthening the business foundation, including human capital strategy, DX strategy, and development of the risk management framework
- **Financial Affairs**
  - Financial results and earnings forecasts
- **Other, Individual Matters**
  - Response to community issues, sale of cross-shareholdings, etc.

Priority deliberation topics

- **Main direction of corporate strategies**
  - State of Group management
  - Promotion of DX
- **Risk management**
  - Status of management of and responses to risks that require priority supervision by management
- **Personnel strategies**
  - Recruitment of personnel aligned with management strategy
  - Policies on development and related matters

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Audit and Supervisory Committee

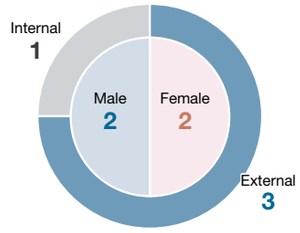
The Audit and Supervisory Committee consists of four directors, of which three are external and one is internal. Usually, the committee meets once or twice a month and listens to reports from directors regarding the execution of duties. Moreover, through attendance at the Management Committee and other important meetings, the committee conducts careful audits of directors' execution of duties, and exchanges opinions with representative directors and with external directors who are not Audit and Supervisory Committee members.
In addition, through their right to express opinions at the General Meeting of Shareholders regarding the nomination and compensation of directors (excluding Audit and Supervisory Committee directors), the committee is also responsible for supervising the work of executives, while also confirming the appropriateness of deliberations at the Nomination Committee and Compensation Committee.
Nine dedicated staff members reporting directly to the Audit and Supervisory Committee support all audit activities. Drawing on their business experience in various internal fields and broader societal perspectives, they review materials from internal meetings and ascertain actual conditions at business sites and other locations, then report to the Audit and Supervisory Committee members on matters requiring confirmation from an audit perspective.

Committee composition (As of June 25, 2026)

- Members: 4
- Chair: Watanabe Yoshihiro
  Director (internal)
- Ratio of independent external directors: **75**% (3 of 4)
- Ratio of female directors: **50**% (2 of 4)

Meetings held in FY 3/2026

- Meetings held: 23
- Member attendance rate: 100%



Main points of discussion	**Resolutions** Audit reports, audit policies/plans, formulation of opinions on the nomination and compensation of directors (excluding Audit and Supervisory Committee directors), reappointment of accounting auditors, agreements on accounting auditor compensation, etc.	**Reports** Details of key matters referred for discussion at the Board of Directors, basic internal audit plans, internal audit results, audit plans for accounting auditors, status of implementation of monthly audits, etc.

Management Committee

Management Committee meetings are attended by the President and CEO, heads of divisions, and others. To ensure thorough deliberation of key management matters such as those related to the Board of Directors, in principle these meetings are held every week.
On occasion, the Representative Director and Chairperson of the Board, as well as Audit and Supervisory Committee directors, may attend Management Committee meetings.

Nomination Committee and Compensation Committee

Chugoku Electric has established the Nomination Committee and Compensation Committee as advisory bodies to the Board of Directors, enhancing the objectivity and transparency of decision-making processes concerning the appointment and dismissal of directors, director remuneration, and other matters.
Both the Nomination Committee and Compensation Committee consist of independent external directors; the Representative Director and Chairperson of the Board; and the Representative Director, President & Chief Executive Officer. The majority of committee members are independent external directors to ensure the committee's independence and objectivity, while an independent external director serves as chair of both committees.
In FY 3/2026, in addition to regular agenda items and in light of the Chugoku Electric Power Group Corporate Vision 2040, the Nomination Committee deliberated a review of the skills and other attributes required of the Board of Directors, while the Compensation Committee deliberated a review of the indicators used for performance-linked remuneration (bonuses and stock-based remuneration). The committees reported the results to the Board of Directors.

Committee composition (As of June 25, 2026)

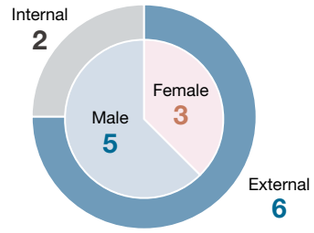
Members: 8*

- Chair: Shobuda Kiyotaka Director (external)*
- Ratio of independent external directors: **75**% (6 of 8)
- Ratio of female directors: **38**% (3 of 8)

Meetings held in FY 3/2026

- Meetings held: Nomination Committee: 4 meetings;
  Compensation Committee: 5 meetings
- Member attendance rate: Nomination Committee: 100%;
  Compensation Committee: 100%

* Applies to both committees



Main points of discussion	**Nomination Committee** • Selection of directors (excluding Audit and Supervisory Committee directors) • Selection of representative directors • Approach to selection of director candidates • Review of the skills and other attributes required of the Board of Directors	**Compensation Committee** • Performance targets for FY 3/2026 bonuses • Review of performance metrics for performance-linked remuneration from FY 3/2027 onward • Remuneration levels for directors (excluding directors who are Audit and Supervisory Committee members)

Corporate Ethics Committee

As part of strengthening its management foundation to enhance corporate value, Chugoku Electric is working to ensure thorough compliance. The Corporate Ethics Committee, an advisory committee to the Board of Directors, discusses policies and various measures concerning compliance and verifies the appropriateness of responses to whistleblowing reports. The results of deliberations are reported to the Board of Directors, together with any necessary recommendations, while opinions from committee members are used to improve compliance initiatives. To respond broadly to the needs of customers and local communities and ensure impartial and fair discussion from an objective standpoint, the Committee includes three external experts. In principle, the committee meets quarterly (in March, June, September, and December) and publicizes an outline of its proceedings on our website.

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Internal Audit Division

As an organization independent from the Company's lines of business execution, the Internal Audit Division conducts internal audits, and inspects the appropriateness and effectiveness of the internal control system. The division also reports its findings to the President and Chief Executive Officer, the Board of Directors, and the Audit and Supervisory Committee, and proposes the necessary improvements to the relevant departments.

Internal Audits

The Internal Audit Division has been set up to be independent from the Company's lines of business execution. The fundamentals of internal audits are established in internal audit regulations. The goal of the audits, which cover the entirety of management activities, is to help ensure improved management efficiency, enhanced business operations, and suitable business practice. The division also inspects the appropriateness and effectiveness of the internal control system.
Specifically, the division is working on the safety audits and compliance audit that form the basis of its operations, as well as on selected major themes determined to be high priority from its evaluations of risks that could impact management, and issues affecting business operations. From the perspective of reinforcing the overall strength of the Chugoku Electric Power Group, it also conducts internal audits for group companies with their cooperation. The division reports its findings to the President and Chief Executive Officer, the Board of Directors, and the Audit and Supervisory Committee, and proposes necessary improvements to relevant departments and checks the status of these improvements.
The three bodies of the Audit and Supervisory Committee, accounting auditors, and the Internal Audit Division share the information discovered during audits with one another.

Specific internal audit activities

Audit type	Overview	Methodology
Management audit	Identifies management issues and offers advice for reforms/improvements	• Annual site visits to the necessary business headquarters, divisions, business offices, and other locations
Information systems audit	Verifies system development, maintenance, and operation processes to reduce the risk of system failures	
Operational processes audit	Reviews the appropriateness and efficiency of business processes (incl. initiatives to comply with the Antimonopoly Act, consumer protection laws, etc.)	
Conduct regulations audit	Investigates the status of compliance with conduct regulations in line with the Electricity Business Act	
Safety audit	Ascertains the status of construction, maintenance, and operation of electrical facilities in line with safety regulations	• In principle, business offices and other locations are visited once every three to four years • Site visits to the necessary business headquarters, divisions, business offices, and other locations, depending on themes relating to facility safety and technical matters
Compliance audit	Confirms the compliance status of laws and regulations (status of compliance promotion, compliance with environmental laws and regulations such as those regulating harmful substances or waste, and health and safety management based on the Industrial Safety and Health Act, etc.)	• In principle, business offices and other locations are visited once every three to four years • Business headquarters, divisions, and others are visited once every three years at the headquarters/division/department head organizational level
Group company audit	Reviews the status of internal controls at Group companies	• Internal Audit Division staff conduct site visits annually

In addition to the above, internal audits of nuclear quality management systems are carried out for nuclear-related departments.

Specific nuclear audit activities

Audit type	Overview	Methodology
Major operations audit	Scrutinizes the status of operational initiatives related to safety at Shimane Nuclear Power Station	• Annual audits
Management systems audit	Investigates the status of initiatives for shared operational processes in quality management systems	• Annual audits
Priority audit	Reviews initiatives to foster and maintain a nuclear safety culture, the implementation of monitoring and evaluation activities, and the implementation of safety operations following the restart of Shimane Nuclear Power Station Unit 2	• Annual audits according to selected themes

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Company Executives (As of June 25, 2026)



Ashitani Shigeru
Representative Director and Chairperson of the Board

April 1979	Joined Chugoku Electric
June 2013	Executive Officer, Head of Tottori Regional Office, and Deputy Head of Shimane Nuclear Power Headquarters
June 2016	Managing Executive Officer, and Deputy Head of Power Generation Division
June 2017	Director, Managing Executive Officer, and Deputy Head of Power Generation Division
June 2018	Director, Managing Executive Officer, Deputy Head of Power Generation Division, and Head of International Business Division
June 2020	Representative Director, Vice President & Senior Managing Executive Officer, Head of Power Generation Division and Information System & Telecommunications Division
June 2022	Representative Director, Vice President & Senior Managing Executive Officer, Head of Power Generation Division
June 2023	Representative Director, Chairperson of the Board (incumbent)



Nakagawa Kengo
Representative Director, President & Chief Executive Officer

April 1985	Joined Chugoku Electric
June 2017	Executive Officer, General Manager of Corporate Planning Division (Equipment and Technology), and Associate General Manager of Nuclear Power Reinforcement Project
October 2017	Executive Officer and Deputy Head of Energy Sales Division
June 2020	Executive Officer and Head of Supply & Trading Division
June 2021	Managing Executive Officer and Head of Supply & Trading Division
June 2023	Representative Director, President & Chief Executive Officer
April 2024	Representative Director, President & Chief Executive Officer Head of Power Balancing Optimization Project
October 2024	Representative Director, President & Chief Executive Officer (incumbent)



Minamoto Kyosuke
Representative Director Vice President & Senior Managing Executive Officer

April 1982	Joined Chugoku Electric
June 2016	Executive Officer, General Manager of Public Relations Division (Public Relations) and General Manager of Kaminoseki Nuclear Power Plant Siting Project (Public Relations)
October 2017	Executive Officer, General Manager of Regional Relations Division (Public Relations) and General Manager of Kaminoseki Nuclear Power Plant Siting Project (Public Relations)
January 2020	Executive Officer and General Manager of Regional Relations Division (Regional Relations Supervisor)
June 2020	Managing Executive Officer and Head of Regional Relations Division
June 2023	Director, Managing Executive Officer and Head of Regional Relations Division
April 2024	Director, Managing Executive Officer, Head of Profitability Reinforcement Project, Head of Regional Relations Division
October 2024	Director, Managing Executive Officer and Head of Regional Relations Division
June 2025	Representative Director, Vice President & Senior Managing Executive Officer, Supervisor of Regional Collaboration and Co-Creation, Supervisor of Governance Enhancement, Supervisor of Corporate Culture Reform, Supervisor of Human Resources Development
June 2026	Representative Director, Vice President & Senior Managing Executive Officer, In charge of Regional Relations Division, Human Resources Development Division, and Compliance & Risk Management Division, Supervisor of Corporate Culture Reform, Supervisor of Human Resources Development (incumbent)



Sotobayashi Hiroko
Director
Managing Executive Officer

April 2004	Joined Chugoku Electric
June 2020	Executive Officer and General Manager of Corporate Planning Division (Group Management)
June 2023	Managing Executive Officer and General Manager of Corporate Planning Division (Group Management)
February 2024	Managing Executive Officer and Head of Internal Audit Division
June 2024	Director, Managing Executive Officer, Supervisor of Female Empowerment, Head of Internal Audit Division
June 2026	Director, Managing Executive Officer, In charge of Global Business Development Division and Business Operations & Transformation Division, Supervisor of Female Empowerment (incumbent)



Nakamura Kimitoshi
Director
Managing Executive Officer

April 1983	Joined Chugoku Electric
June 2017	Acting Executive Officer and Audit and Supervisory Committee Member
June 2019	Executive Officer and General Manager of Corporate Finance and Procurement Division (Accounting)
June 2022	Managing Executive Officer and General Manager of Corporate Finance and Procurement Division (Accounting)
June 2024	Managing Executive Officer and Head of Corporate Planning Division
June 2025	Director, Managing Executive Officer, Head of Corporate Management Division
October 2025	Director, Managing Executive Officer, Chief Operating Officer of Corporate Finance and Procurement Division, Chief Operating Officer of the Corporate Management Division Director
June 2026	Director, Managing Executive Officer, In charge of Corporate Planning Division and Corporate Management Division, Supervisor of Digital Transformation Promotion (incumbent)

External Directors



Shobuda Kiyotaka
Director (External)

June 2016	Director, Senior Managing Executive Officer of Mazda Motor Corporation Oversight of Quality, Brand Enhancement, Production and Business Logistics
April 2017	Director and Senior Managing Executive Officer of Mazda Motor Corporation Oversight of Quality, Brand Enhancement, Purchasing, Production and Business Logistics
June 2021	Representative Director and Chairman of the Board of Mazda Motor Corporation
June 2023	External Director of Chugoku Electric (incumbent)



Tanaka Hiroki
Director (External)

May 2008	Director-General of the Financial System and Bank Examination Department, Bank of Japan
May 2010	Executive Director, Bank of Japan (resigned May 2014)
October 2018	Director and Chairman, JTC Holdings, Ltd.; Director, Japan Trustee Services Bank, Ltd.; Director, Trust & Custody Services Bank, Ltd. (these three companies to become the present Custody Bank of Japan, Ltd.)
July 2020	Director and Chairman, Custody Bank of Japan, Ltd. (resigned June 2024)
June 2024	Chairman, Tanshi Kyokai
June 2025	External Director of Chugoku Electric (incumbent)



Okajima Rena
Director (External)

April 2008	Joined Goldman Sachs Japan (resigned March 2009)
July 2009	COO, LS-Partners Co., Ltd. (resigned December 2011)
September 2011	Founder and CEO, ALE Co., Ltd.
June 2025	External Director of Chugoku Electric (incumbent)

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Director & Audit and Supervisory Committee Member



Watanabe Yoshihiro
Director
Audit and Supervisory Committee Member

April 1985	Joined Chugoku Electric
June 2019	Executive Officer, General Manager of Corporate Planning Division (Corporate Planning)
June 2021	Acting Executive Officer, General Manager of the Audit and Supervisory Committee Members Office, Chugoku Electric
June 2024	Managing Executive Officer, General Manager of the Corporate Finance and Procurement Division (Accounting)
June 2025	Managing Executive Officer, Senior General Manager of the Risk Management Division
June 2026	Director and Full-time Audit and Supervisory Committee Member (incumbent)

Director & Audit and Supervisory Committee Members (External)



Kuga Eiichi
Director
Audit and Supervisory Committee Member (External)

April 2006	Head of Police Headquarters, Kagoshima Prefecture
September 2007	Director-General of Tokyo Metropolitan Government Office for Youth Affairs and Public Safety
September 2009	Director-General of Security Dept. of Tokyo Metropolitan Police Department
February 2011	Head of Police Headquarters, Kanagawa Prefecture
April 2013	Director of Imperial Guard Headquarters
August 2015	Resigned from National Police Agency
December 2015	Advisor of Nippon Life Insurance Company (Resigned: May 2016)
June 2016	Full-time External Audit & Supervisory Board Member of Kyushu Railway Company
June 2018	External Director and Full-time Audit and Supervisory Committee Member of Kyushu Railway Company (Resigned: June 2022)
June 2022	Auditor of JR Kyushu Ekibiru Holdings Inc. (Resigned: June 2024)
June 2022	External Director and Audit and Supervisory Committee Member of Chugoku Electric (incumbent)



Fujimoto Keiko
Director
Audit and Supervisory Committee Members (External)

October 2000	Registered as an attorney
October 2017	Guest Researcher at Essex Law School at the University of Essex in the UK (Resigned: July 2018)
June 2020	Joined Iwamoto Law Office
April 2021	Governor at Japan Federation of Bar Associations (Resigned: March 2022)
June 2021	Outside Auditor at DaikyoNishikawa Corporation
June 2024	External Director and Audit and Supervisory Committee Member of Chugoku Electric (incumbent)



Kobayashi Nobuko
Director
Audit and Supervisory Committee Member (External)

January 2015	Partner, A.T. Kearney K.K. (resigned October 2018)
October 2018	Managing Director & Partner, Ernst & Young Transaction Advisory Services Co., Ltd. (now EY Strategy and Consulting Co., Ltd.) (resigned March 2026)
February 2026	Representative Director, Miporta Inc.
June 2026	Outside Director, Sumitomo Mitsui Trust Bank, Limited External Director and Audit and Supervisory Committee Member, Chugoku Electric (incumbent)

Election of director candidates, etc.

Candidates for director are selected from those who can offer accurate and strategic guidance and who can contribute to strengthening management supervision, in order to develop the Chugoku Electric Power Group and enhance its management capabilities, taking into account the balance and scale of the Board of Directors. We then make a decision following necessary procedures.

Procedure

Director candidates (excluding Audit and Supervisory Committee members)	Director candidates who are Audit and Supervisory Committee members
Consults the Management Personnel Development Meeting	
Consultation with the Nomination Committee	Agreement from Audit and Supervisory Committee

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Decisions by the Board of Directors

Approach to the balance and size of the Board of Directors

- To promote active deliberations and highly effective supervision by the Board of Directors, its size and composition are determined by comprehensively considering Chugoku Electric's management environment and business conditions at the relevant time, while taking into account each individual's character, capabilities, insight, performance, expertise, experience, and other attributes.
- Independent external directors are appointed to strengthen the supervisory function of the Board of Directors and incorporate external expertise.
- At least three members of the Board of Directors must be directors who are Audit and Supervisory Committee members. A full-time member is also appointed to strengthen the audit function.

[Expertise and experience required of directors]
Corporate management/management strategies; financial affairs/accounting; legal affairs/governance; risk management; business development/marketing; technology/digital/innovation, environment/society/regional co-creation, human resources strategy

[FY 3/2031 targets]
Ratio of independent external directors: 50% or more Ratio of female directors: 30% or more

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Director skills matrix and activity status

Name	Position at Chugoku Electric	Committee		Areas of expertise and experience required of directors								Attendance (FY 3/2026)			
		Nomination	Compensation	Corporate management/ Management strategies	Financial affairs/ Accounting	Legal affairs/ Governance	Risk management	Business development/ Marketing	Technology/ Digital/ Innovation	Environment/ Society/ Regional co-creation	Human resources strategy	Board of Directors (Total 15)	Audit & Supervisory Committee (Total 23)	Nomination Committee (Total 4)	Compensation Committee (Total 5)
Ashitani Shigeru	Representative Director Chairperson of the Board	○	○	●		●			●	●		15	—	4	5
Nakagawa Kengo	Representative Director President & Chief Executive Officer	○	○	●				●	●	●		15	—	4	5
Minamoto Kyosuke	Representative Director Vice President & Senior Managing Executive Officer					●				●	●	15	—	—	—
Sotobayashi Hiroko	Director Managing Executive Officer			●		●					●	15	—	—	—
Nakamura Kimitoshi	Director Managing Executive Officer			●	●	●						12	—	—	—
Shobuda Kiyotaka	Director (External)	○	○	●		●		●				15	—	4	5
Tanaka Hiroki	Director (External)	○	○	●	●	●	●					12	—	3	4
Okajima Rena	Director (External)	○	○	●	●				●	●		12	—	3	4
Watanabe Yoshihiro	Director Audit & Supervisory Committee Member			●	●	●	●					—	—	—	—
Kuga Eiichi	Director Audit & Supervisory Committee Member (External)	○	○			●	●					15	23	4	5
Fujimoto Keiko	Director Audit & Supervisory Committee Member (External)	○	○			●					●	15	23	4	5
Kobayashi Nobuko	Director Audit & Supervisory Committee Member (External)	○	○	●	●		●	●				—	—	—	—

Notes
1. Nakamura Kimitoshi, Tanaka Hiroki, and Okajima Rena were appointed as directors at the Annual General Meeting of Shareholders held on June 26, 2025, and attended all twelve meetings of the Board of Directors held after their appointment.
2. Tanaka Hiroki and Okajima Rena attended all three meetings of the Nomination Committee and all four meetings of the Compensation Committee held after their appointment as members of those committees.
3. Watanabe Yoshihiro and Kobayashi Nobuko were appointed as directors at the Annual General Meeting of Shareholders held on June 25, 2026.
4. For the areas of expertise and experience required of directors, we have marked up to four main areas of expertise and experience with a ● for each director. Note that this table does not show the expertise and experience of each director in its entirety.

Approach to skill selection

We selected skills required for the Board of Directors to fulfill its decision-making and supervisory functions, as well as those required to address the materialities (priority themes) established to realize our desired outcomes set forth in the Chugoku Electric Power Group Corporate Vision 2040 and the corresponding major issues.

Corporate management/Management strategies	Knowledge and experience in corporate management and the formulation of management strategies are necessary to maximize corporate value by enhancing both economic value and social value
Financial affairs/Accounting	Knowledge and experience in financial strategy and related areas are needed to achieve high returns on capital and build a stable financial base
Legal affairs/Governance	Knowledge and experience in legal affairs and governance are needed to build fair, transparent, and effective governance as a management foundation and achieve appropriate and fair business operations
Risk management	Knowledge and experience in integrated and strategic risk management from an organization-wide perspective are needed to optimize risks across the Group and achieve stable business operations
Business development/Marketing	Knowledge and experience in sales, international business, and marketing are needed to increase earnings by transforming the conventional business model of supplying electricity into one that provides solutions and maximizing the value of power sources through the use of electricity trading markets and other means, while also raising profits from existing businesses, including international business
Technology/Digital/Innovation	Knowledge and experience in areas such as technologies, including power generation; advanced digital technologies such as AI; research and development; and intellectual property are needed to promote the use of the Group's core value, innovation for value creation, and improvements in added value and productivity through DX
Environment/Society/Regional co-creation	Knowledge and experience in areas such as carbon neutrality, environmental conservation, and collaboration and co-creation with local communities and society are needed as the Group seeks to maximize corporate value by achieving carbon neutrality and helping local communities and society revitalize and develop sustainably through its business activities
Human resources strategy	Knowledge and experience in human resources strategy and development are needed to enable each employee with diverse experiences and values to fully demonstrate their capabilities in their respective roles

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Director Training

To enhance the quality of the Board of Directors' decision-making and supervisory functions, directors attend external seminars at the time of their appointment and continue to acquire the expertise they require as managers by participating in external seminars and lectures after their appointment. They also work to improve their knowledge through interactions with managers and auditors from other companies at various economic organizations, the Japan Audit & Supervisory Board Members Association, and others.
The most recent examples include training led by external instructors on topics such as the Antimonopoly Act and compliance for internal directors and other members of management. Additionally, we have introduced on-demand lectures for internal directors and others, creating an environment in which they can continuously acquire and refine the knowledge and insight required of directors.
For external directors, we continue to hold briefings and study sessions led by each business execution unit and provide tours of Chugoku Electric facilities to deepen their understanding of the Group's business environment and management issues. Topics for briefings and study sessions are selected in light of changes in the business environment and the status of responses to key issues.

Main briefing and study session topics (FY 3/2026)

- Deepening understanding of electricity markets and supply-demand operations
- Optimizing portfolios and evolving the trading function
- Enhancing the risk management framework

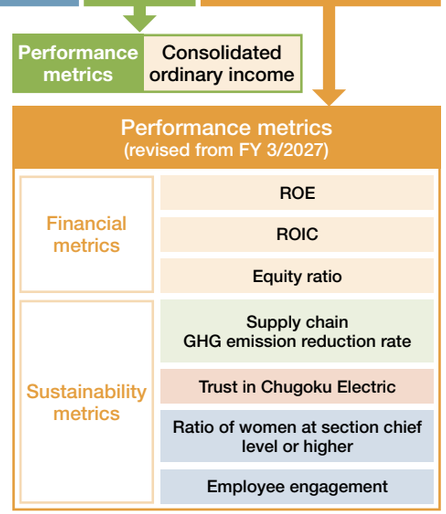
Policy on Director Compensation

Executive compensation

Director compensation (excluding that for external directors and Audit and Supervisory Committee directors) comprises a monthly salary, performance-linked bonuses, and performance-linked, stock-based remuneration. From FY 3/2027 onward, we will revise the performance metrics for performance-linked stock-based remuneration to align them with the management targets set forth in the Chugoku Electric Power Group Corporate Vision 2040, thereby strengthening incentives to achieve these targets.
Compensation for external directors and Audit and Supervisory Committee directors takes into consideration their duties and comprises only a monthly salary.



Position	Compensation type	Upper limit	Overview
Directors who are not members of the Audit and Supervisory Committee	Monthly salary	Up to 45 million yen each month	• Paid at a level corresponding to each individual's position
External directors	Performance-linked bonuses	Up to 120 million yen per year	• Standard payment amounts are set based on indicators such as consolidated ordinary income, and determined from a range of 0% to 200% of that amount depending on actual results
External directors	Performance-linked, stock-based remuneration	Up to 143,000 points (equivalent to 143,000 shares) per business year	• Comprises points determined by two factors: the individual's position, and level of achievement of management targets set forth in the Chugoku Electric Power Group Corporate Vision 2040 • When the individual steps down from their position, they receive common shares in the company and a monetary amount for a part of those shares based on share prices at the time determined by the cumulative total points they have accrued
Audit and Supervisory Committee directors	Monthly salary	Up to 10 million yen each month	• Determined by the Audit and Supervisory Committee, and discussed by Audit and Supervisory Committee directors



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Evaluating the Effectiveness of the Board of Directors

Effectiveness evaluation process

Each year, from October through January of the following year, Chugoku Electric conducts a questionnaire of all directors. Based on the results, all directors hold discussions and evaluate the effectiveness of the Board of Directors. The Board of Directors deliberates and passes resolutions on opinions raised during the discussions regarding matters to be addressed and the initiatives to be undertaken in response. We then implement these initiatives to further improve effectiveness.

Subject	Questionnaire content
Directors	Questions regarding the composition of the Board of Directors and its operation, support structure, etc. Questions regarding the composition of the Nomination Committee and Compensation Committee and their agenda, operation, etc. Questions regarding initiatives based on the evaluation results for the previous year
External directors	Self-evaluation



Initiatives in FY 3/2026

The questionnaire of all directors received a positive response rate exceeding 80%, leading to an assessment that the Board of Directors was functioning effectively overall and that its effectiveness was ensured.
Based on the shared understanding of the issues, it was also decided to implement the following measures to further improve effectiveness. The implementation results and initiatives in FY 3/2026 were shared with the directors and the heads of each business execution unit.

Major identified issues		Initiatives
Enhancing information showing how the direction of agenda items relates to the overall Company direction	New	Revised the format of Board of Directors materials (clarifying the purpose of agenda items, reasons for submission, and background to discussions)
Enhancing discussions of priority discussion matters (corporate strategy, risk management, and human resources strategy)	Existing	Added “DX promotion” as an essential perspective for discussing corporate strategy, one of the priority discussion matters
Reflecting external directors’ opinions at an early stage on important matters, including priority discussion matters	New	Used opportunities outside the Board of Directors for the free exchange of opinions (director roundtables)

Direction for FY 3/2027

In line with the initiatives mentioned above, we will review our analyses and assessment methods and implement improvements during FY 3/2027 to improve the functionality of the Board of Directors and maintain and reinforce our governance structure.

Selected director opinions on the effectiveness evaluation

○ External directors

- Board of Directors materials should more clearly indicate the purpose of submission, risks, and other relevant matters.
- It is important to deepen discussions on DX and IT, human resources strategy, organizational development, and other topics to realize the Chugoku Electric Power Group Corporate Vision 2040.
- Further mutual understanding and more active discussion are expected through candid exchanges of opinions between internal and external directors.

○ Internal directors

- Advance briefings and the omission of presentations where appropriate have helped secure more time for deliberation.
- Discussions on management strategy, human resources strategy, and other topics must be further enhanced to realize the Chugoku Electric Power Group Corporate Vision 2040.
- The addition of more external directors and other measures have made discussions more diverse and active. We would also like to enhance opportunities for exchanging opinions outside the Board of Directors to further strengthen its functions.

Status of discussions on priority matters

Corporate strategy	Following multiple rounds of discussion, we formulated the Chugoku Electric Power Group Corporate Vision 2040 and the Chugoku Electric Power Group Medium-term Management Plan (FY2026–FY2030) based on that vision.
Risk management	We examined the Group’s risk map and the risks to be monitored as management priorities from various perspectives, including the perceptions of each organization and Group company and the views of society at large. Following discussion by the Risk Management Committee, the Board of Directors discussed the matters and prepared the risk map and selected the priority risks.
Human resources strategy	We discussed newly establishing a Human Capital Plan, an action plan for implementing a human resources strategy linked to management and business strategies, as one of the individual plans under the Chugoku Electric Power Group Medium-term Management Plan.

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Small Meeting with External Directors

To promote constructive dialogue with securities analysts and institutional investors, we held a small meeting with three external directors in Tokyo on May 29, 2026.
The following are excerpts and summaries of the discussions held that day.

Q How have discussions at meetings of the Board of Directors changed since you took office?

Shobuda: I believe the greatest change has been in discussions of executive compensation. I also chair the Nomination and Compensation Committees. Initially, the ratio of monthly salary to performance-linked remuneration was 9:1, meaning that the fixed component was quite large. This seemed inappropriate from an external perspective and was also recognized internally as an issue, so we repeatedly discussed how to raise the proportion linked to performance. As a result, although the ratio is still 7:3, revisions have progressed, and we are further enhancing the system by incorporating not only short-term but also medium- to long-term performance-linked components. Nomination and compensation systems are extremely important to advancing management strategy because they concern the personnel who form the backbone of a company and how they are motivated. I hope to continue improving these systems through deeper discussion.



Q From the perspective of your first year in office, what points have you particularly emphasized at meetings of the Board of Directors, and how do you view the gaps you have observed from an external perspective?

Okajima: From my position at a startup in the space industry, I am acutely aware of the tremendous weight carried by a company that has steadily built up safety and security. Although this represents a gap, I also recognize it as something that deserves great respect.
Moreover, as global competition over energy intensifies, I believe electric power companies have potential extending beyond their role as mere regional infrastructure providers. The important question is how we can approach the future competitive environment for energy supply and demand.

Q To what extent do the Board of Directors and administrative staff manage the Company with an awareness of the share price? Does the Board of Directors conduct management and discussions in a way conscious of share price?

Shobuda: Regarding the share price, I believe the Board of Directors shares the view that the option value of Units 2 and 3 at the Shimane Nuclear Power Station has not been fully factored into the market valuation, which may account for the current share price level. With that in mind, I believe that, during the period through FY 3/2031, it will be important to thoroughly reduce costs when enhancing value in areas under the Company's control. I have recommended reviewing operations and functions across organizational boundaries rather than by individual unit to strengthen the corporate structure. This awareness of the issue has long been shared, and I understand that improvement initiatives are currently moving forward while also incorporating digitalization.



Tanaka: Through discussions at meetings of the Board of Directors, I have clearly sensed that executive management is highly conscious of the share price. At the same time, I have pointed out during these discussions that this awareness should not become overly focused on short-term measures to support the share price. A low PBR is a shared issue throughout the industry, but I have observed a change in internal management awareness toward improving PBR, including specific initiatives such as formulating an action plan with PBR improvement in mind and revising the dividend policy through the introduction of DOE.



Okajima: I also recognize that awareness of the share price is firmly shared across executive management. In addition, while there are certain constraints on new investment until Shimane Unit 3 commences operation by FY 3/2031, placing the company in a phase where it must focus on strengthening its corporate structure for the time being, internal discussions are under way on what can still be done. In light of these circumstances, I personally feel that Chugoku Electric's shares are somewhat undervalued compared with those of other electric power companies, and I believe there remains considerable scope to enhance corporate value.

Q Do you think electric power companies can differentiate themselves? If Chugoku Electric can, in what areas could it do so?

Tanaka: From a management perspective, I believe the Company has clearly demonstrated its commitment to engaging sincerely with the stock market, including through management that takes PBR and ROIC into account. I am also impressed by its efforts to directly address the market-based electricity business, including transactions that reflect market price fluctuations. The Company is also pursuing transformation through dialogue with the market while newly disclosing information that it had not previously made public. Although it is still only partway through this process, I believe it has ample potential, comparable to that of larger companies, in terms of its corporate management and approach to engaging with the market.



(From left: Director Tanaka, Director Shobuda, and Director Okajima)

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Risk Management

Establishing a structure to strengthen risk management

The environment surrounding the electric power business is becoming increasingly complex due to factors such as electricity system reform and the impact of recent developments in the Middle East on fuel procurement. We recognize that the need to respond appropriately to the various associated risks is greater than ever.

Against this backdrop, we further strengthened the framework established through the Market Risk Management Enhancement Project for electricity trading, which was launched in FY 3/2025. In June 2025, we established the Risk Management Division as an organization responsible for integrated, ongoing risk management.

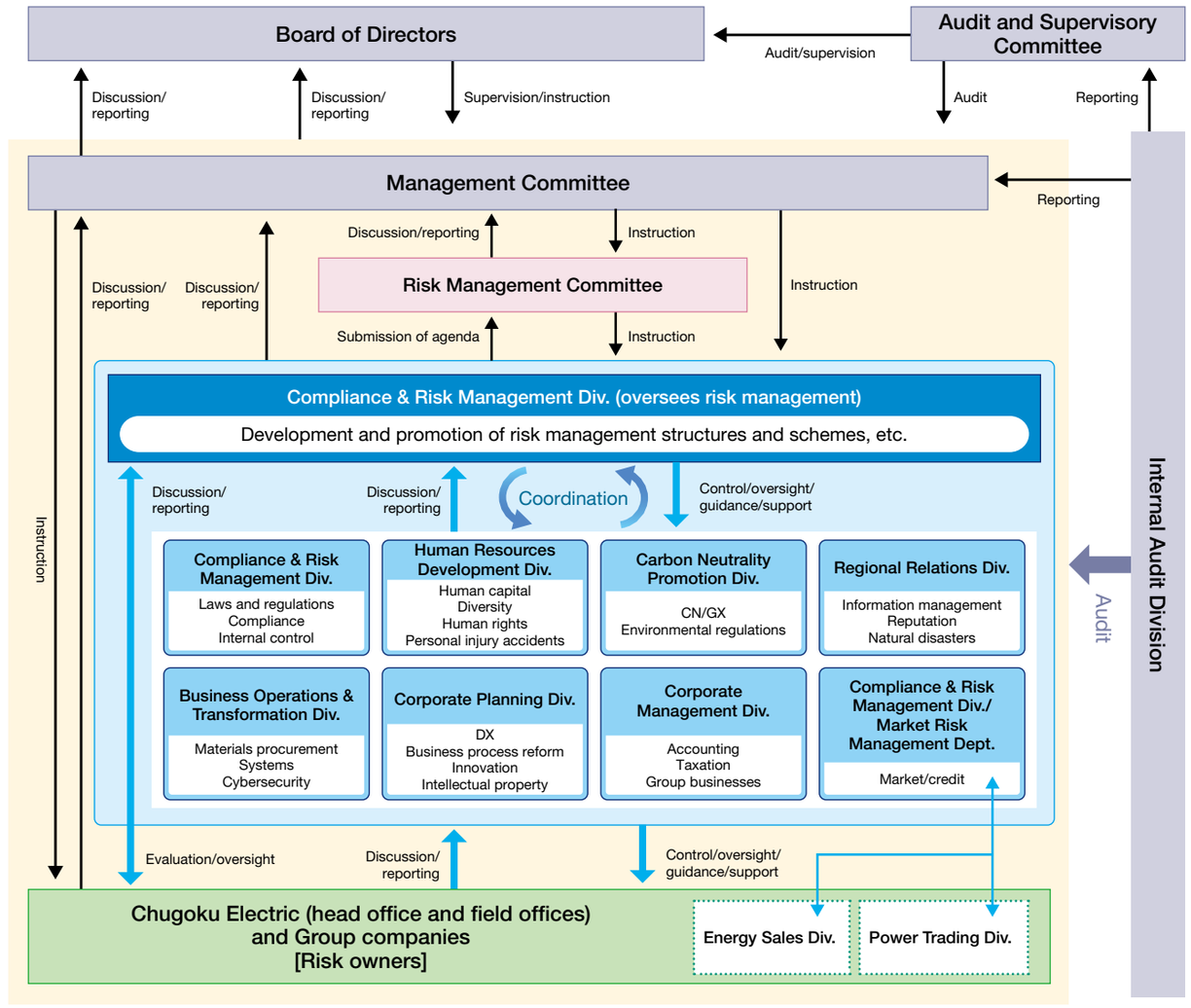
Under this new organizational structure, we have redefined “risk” as a concept encompassing uncertainty in terms of both opportunities and losses. To conduct electricity trading aimed at generating earnings through risk-taking, we are strengthening our trading function while also developing our market risk management function.

To strategically control and utilize the diverse risks associated with the Group’s business activities, we also reviewed the approach to risk management at Chugoku Electric. Following deliberations by the Risk Management Committee, which comprises members of management, including the President, and repeated discussions by the Management Committee and the Board of Directors, we decided to pursue integrated risk management.

Specifically, in addition to reorganizing risk categories, designating an organization to oversee each risk category, and strengthening second-line functions under the three-lines model, we are introducing schemes for assessing individual key management risks and calculating and managing aggregate risk exposure to more closely link the formulation and execution of management strategy with risk management.

Recognizing that appropriate risk management provides the foundation for sound business activities and helps prevent the erosion of corporate value while enhancing that value, the Compliance & Risk Management Division, established in June 2026, will continue to lead efforts to develop specific integrated risk management structures and schemes and implement them in business activities.

Structure diagram



Note: CN = Carbon Neutrality

Sustainability Data Book Risk Management P71-P74

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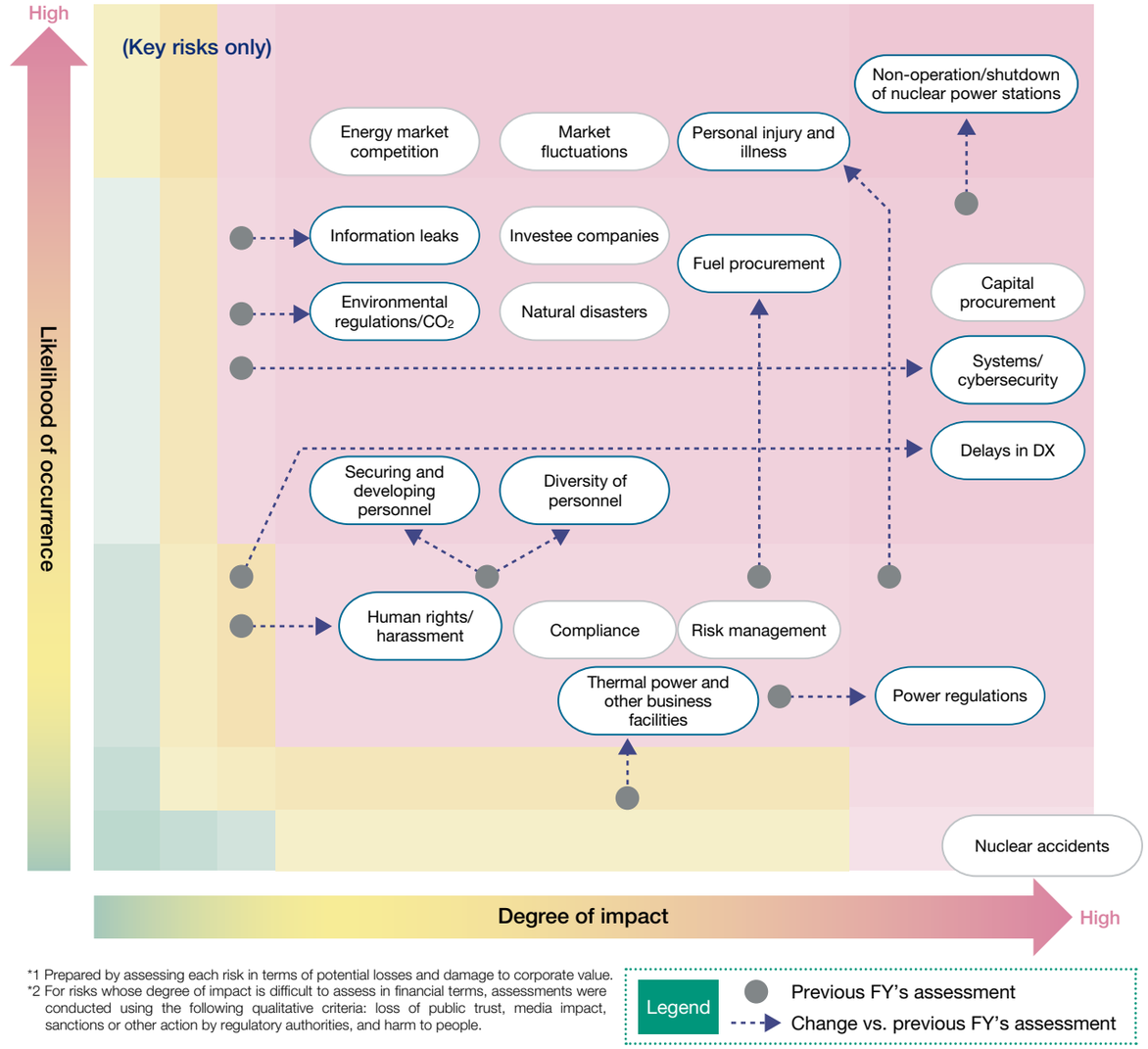
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Risk Management

Selection and Monitoring of Key Risks (Priority monitoring risk scenarios)

Chugoku Electric identifies risks that could arise in the business activities of the Company and Group companies as risk scenarios. For key risk scenarios designated as priority monitoring risk scenarios, we incorporate countermeasures into our medium-term management plan, which serves as our business strategy, allocate the management resources required to implement those countermeasures, and respond to the risks. Throughout the plan period, we also monitor the implementation status of the countermeasures and changes in risk levels and periodically report the results to the Board of Directors.
In FY 3/2026, the Risk Management Committee compared and analyzed the risk assessments of scenarios identified by each Chugoku Electric organization using a bottom-up approach against assessments of risks identified by Group companies. Taking societal perceptions of risk into account, the committee then reassessed them from the perspective of their importance to management using a top-down approach.
Based on the Risk Management Committee's deliberations, the Board of Directors ultimately designated risk scenarios with a significant potential impact on Chugoku Electric's management as priority monitoring risk scenarios. It also prepared the Group's risk map, which is used as fundamental information when formulating business strategies.

Chugoku Electric Power Group Risk Map



*1 Prepared by assessing each risk in terms of potential losses and damage to corporate value.
*2 For risks whose degree of impact is difficult to assess in financial terms, assessments were conducted using the following qualitative criteria: loss of public trust, media impact, sanctions or other action by regulatory authorities, and harm to people.

Legend
Previous FY's assessment
Change vs. previous FY's assessment

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Main Financial Data

■ Consolidated

	Units	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026
Sales (operating revenues)	¥1 million	1,136,646	1,694,602	1,628,785	1,529,218	1,442,302
Operating income	¥1 million	(60,744)	(68,892)	206,777	129,148	90,216
Ordinary income	¥1 million	(61,879)	(106,780)	194,076	128,543	80,225
Net income attributable to owners of parent	¥1 million	(39,705)	(155,378)	133,501	98,474	68,539
Shareholders' equity	¥1 million	605,777	447,487	604,874	707,535	777,243
Total assets	¥1 million	3,566,947	4,040,048	4,133,265	4,360,959	4,620,500
Free cash flows	¥1 million	(206,077)	(287,720)	69,370	(172,817)	1,044
Cash flow from operating activities	¥1 million	310	(62,696)	271,393	186,022	237,289
Cash flow from investing activities	¥1 million	(206,387)	(225,024)	(202,022)	(358,839)	(236,245)
Cash flow from financing activities	¥1 million	212,581	464,958	(17,126)	161,182	135,389
Ratio of ordinary income to sales	%	(5.4)	(6.3)	11.9	8.4	5.6
Capital investment	¥1 million	184,213	208,157	229,234	340,511	280,688
Depreciation	¥1 million	79,621	92,584	106,488	114,837	139,139
Number of employees	People	12,949	12,885	12,776	12,526	12,606

■ Non-consolidated

	Units	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026
Sales (operating revenues)	¥1 million	994,992	1,502,494	1,448,151	1,342,283	1,266,788
Operating income	¥1 million	(89,693)	(96,853)	135,822	83,975	66,160
Ordinary income	¥1 million	(75,889)	(98,413)	145,625	95,280	67,491
Net income	¥1 million	(46,336)	(153,523)	112,069	82,944	59,828
Paid-in capital	¥1 million	197,024	197,024	197,024	197,024	197,024
Number of shares issued	Shares	387,154,692	387,154,692	387,154,692	387,154,692	387,154,692
Shareholders' equity	¥1 million	408,437	243,107	361,844	430,364	480,676
Total assets	¥1 million	3,263,400	3,703,393	3,784,085	3,961,765	4,205,762
Ratio of ordinary income to sales	%	(7.6)	(6.5)	10.1	7.1	5.3
Capital investment	¥1 million	110,547	133,550	147,883	249,741	170,219
Deprecation	¥1 million	30,245	40,075	50,605	59,529	80,864

Note 1: The number of employees excludes loan employees and those on administrative leave.
Note 2: Depreciation for Chugoku Electric Power (non-consolidated) does not include non-business expenses.

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	Units	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026
Interest-bearing debt	¥1 million	2,527,706	3,022,051	3,004,209	3,181,311	3,332,596
Shareholders' equity ratio	%	17.0	11.1	14.6	16.2	16.8
Return on equity (ROE)	%	(6.3)	(29.5)	25.4	15.0	9.2
Return on invested capital (ROIC)	%	(1.2)	(1.7)	4.4	3.0	1.9
Weighted average cost of capital (WACC)	%	–	–	1.1	1.1	1.2
Ordinary income to total assets ratio (ROA)	%	(1.8)	(2.8)	4.7	3.0	1.8
Book value per share (BPS)	Yen	1,681.51	1,242.16	1,679.11	1,967.75	2,161.55
Earnings per share (EPS)	Yen	(110.21)	(431.30)	370.59	273.70	190.61
Price-to-book ratio (PBR)	Multiple	0.5	0.5	0.7	0.4	0.5
Price earnings ratio (PER)	Multiple	–	–	3.1	3.1	5.2
EBITDA	¥1 million	18,877	23,692	313,265	243,985	229,355
Debt equity ratio (D/E ratio)	Multiple	4.2	6.8	5.0	4.5	4.3
Payout ratio	%	–	–	9.4	9.9	14.2

Note 1: · Invested capital for ROIC has been calculated based on averages at the beginning and end of the period.
· The profit used for ROIC calculation is business profit (after tax), which is operating profit plus dividend income, etc.
Note 2: · Weighted average cost of capital (WACC) is calculated based on CAPM.
· In calculating WACC, shareholders' equity is measured at market value.
· Beta values are for Chugoku Electric for the respective fiscal years. (FY 3/2024: 0.96; FY 3/2025: 0.81; FY 3/2026: 0.66).
· The market risk premium is 6.5%.

■ Non-consolidated

	Units	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026
Interest-bearing debt	¥1 million	2,528,445	3,008,234	3,020,247	3,193,568	3,354,007
Shareholders' equity ratio	%	12.5	6.6	9.6	10.9	11.4
Return on equity (ROE)	%	(10.5)	(47.1)	37.1	20.9	13.1
Ordinary income to total assets ratio (ROA)	%	(2.4)	(2.8)	3.9	2.5	3.4
Dividends per share	Yen	40	0	35	27	27
Book value per share (BPS)	Yen	1,132.90	674.33	1,003.72	1,196.00	1,335.76
Earnings per share (EPS)	Yen	(128.52)	(425.84)	310.86	230.36	166.26
Price-to-book ratio (PBR)	Multiple	0.7	1.0	1.2	0.7	0.7
Price earnings ratio (PER)	Multiple	–	–	3.7	3.7	6.0
EBITDA	¥1 million	(59,448)	(56,778)	186,427	143,504	147,024
Debt equity ratio (D/E ratio)	Multiple	6.2	12.4	8.3	7.4	7.0
Payout ratio	%	–	–	11.3	11.7	16.2
Dividend yield	%	4.7	–	3.0	3.1	2.7

Note 1: The price-to-book ratio (PBR), price earnings ratio (PER), and dividend yield are calculated using the stock price at the end of the fiscal year.
Note 2: EBITDA is calculated by adding depreciation to operating income.

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Key Data (Sales, Generated & Received Electricity, and Power Transmission and Distribution)

■ Electricity sales results (Chugoku Electric)

	Units	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026
Retail sales	1 million kWh	47,106	45,328	44,605	41,721	45,423
Sales to other power companies	1 million kWh	9,323	9,275	8,018	10,024	11,385
Total electricity sales	1 million kWh	56,429	54,603	52,623	51,745	56,808
Retail sales (Lighting)	1 million kWh	16,444	15,507	15,048	15,529	14,905
Retail sales (Power)	1 million kWh	30,663	29,821	29,557	26,192	30,518

Note: Electricity sales are for Chugoku Electric.

■ Power generated and received (Chugoku Electric)

	Units	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026
Own power generation (Hydroelectric)	1 million kWh	3,515	3,086	3,379	3,592	3,427
Own power generation (Thermal)	1 million kWh	29,775	30,401	28,249	24,947	24,724
Own power generation (Nuclear)	1 million kWh	–	–	–	1,980	6,315
Own power generation (New energy sources)	1 million kWh	9	16	49	105	173
Power purchased	1 million kWh	28,849	26,372	26,493	26,452	28,255
Electricity used for pumping	1 million kWh	(1,163)	(1,392)	(1,153)	(1,385)	(1,809)
Total power generated and purchased	1 million kWh	60,985	58,483	57,018	55,692	61,085
Water flow rate	%	96.7	76.1	93.6	101.1	86.5
Thermal efficiency (generator output, higher heating value standard)	%	41.3	41.4	41.5	41.9	42.3
Utilization rate of nuclear power facilities	%	–	–	–	27.6	87.9

Note: Power generated and received are for Chugoku Electric.

■ Own power generation facilities (Chugoku Electric)

	Units	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026
Hydroelectric	1 MW	2,906	2,907	2,910	2,910	2,910
Thermal	1 MW	7,054	7,354	6,623	6,623	6,623
Nuclear	1 MW	820	820	820	820	820
New energy sources	1 MW	6	6	6	6	6
Total	1 MW	10,786	11,087	10,359	10,359	10,359

Note: Facility capacities for Chugoku Electric are indicated for the end of the fiscal year.

■ Power transmission and distribution loss rate (Chugoku Electric Power Transmission & Distribution)

	Units	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026
Low voltage	%	7.4	7.3	8.0	7.7	7.7
High voltage	%	4.5	4.0	4.8	4.4	4.4
Extra-high voltage	%	2.7	2.1	2.7	2.5	2.5

Note: Rates for FY 3/2024 through FY 3/2026 are those applied to the respective fiscal years in our agreements on consignment supplies, etc.

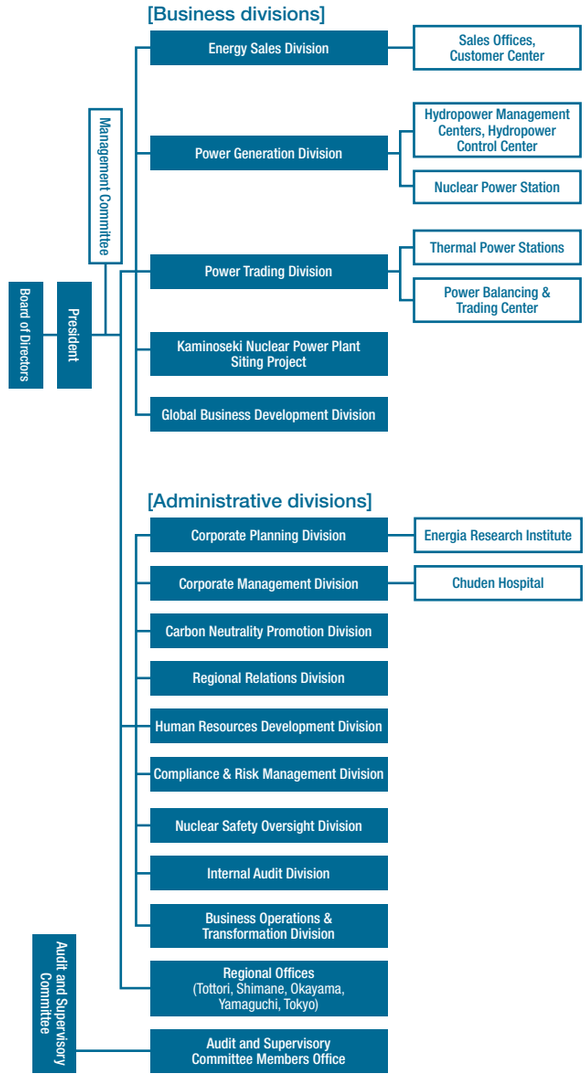
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Corporate Data (as of April 1, 2026)

Corporate name	The Chugoku Electric Power Company, Incorporated
Head office	4-33 Komachi, Naka-ku, Hiroshima-shi, Hiroshima 730-8701 Japan
Representatives	Ashitani Shigeru, Representative Director, Chairperson of the Board Nakagawa Kengo, Representative Director, President & Chief Executive Officer
Date of establishment	May 1, 1951
Paid-in capital	¥197,024 million

Organization Chart (as of June 25, 2026)



Group Companies (as of March 31, 2026)
(consolidated subsidiaries and affiliated companies accounted for by the equity method)

◎ Consolidated subsidiaries (20 companies)
■ Unconsolidated subsidiaries accounted for by the equity method (6 companies)
○ Affiliated companies accounted for by the equity method (13 companies)

Comprehensive Energy Business

◎ Energia Solution & Service Company, Incorporated
◎ Chugoku Electric Power Australia Resources Pty. Ltd.
◎ Chugoku Electric Power International Netherlands B.V.
◎ ENERGIA POWER YAMAGUCHI CORPORATION
◎ Chugoku Electric Power America, LLC
◎ Chugoku Electric Power Singapore Pte. Ltd.
■ Sevens Pacific Pte. Ltd.
○ Setouchi Joint Thermal Power Co., LTD.
○ MIZUSHIMA LNG COMPANY, LIMITED
○ KAITA BIOMASS POWER CO., LTD.
○ 3B Power Sdn.Bhd.
○ Dakpsi Investment and Develop Hydroelectric Joint Stock Company
○ Energy Fiji Limited ○ Jimah East Power Sdn.Bhd.
○ Vung Ang II Thermal Power LLC
○ Toyo Thai Power Myanmar Co., Ltd.

Power Transmission and Distribution Business

◎ Chugoku Electric Power Transmission & Distribution Company, Incorporated
◎ Denryoku Support Chugoku Co., Inc.

Information and Telecommunications Business

◎ Enecom, Inc.

Other

◎ CHUDEN PLANT CO., LTD.
◎ Energia L&B Partners Co., Inc.
◎ CHUDEN KANKYO TECHNOS CO., LTD.
◎ EnerGia Business Service Co., Inc.
◎ Power Engineering and Training Services, Incorporated
◎ ADPLEX Co., Ltd. ◎ CHUDEN ENGINEERING CONSULTANTS CO., LTD.
◎ The Energia Logistics Co., Inc.
◎ CHUGOKU KOATSU CONCRETE INDUSTRIES CO., LTD.
◎ CHUDEN KOGYO CO., LTD.
◎ CHUGOKU ELECTRICAL INSTRUMENTS CO., LTD.
■ EnerGia Smile CO., INC.
■ NichiDenKogyo Co., LTD. ■ CHUGOKU BEND CO., LTD.
■ Chugoku Record Management Inc. ■ WinSystemz Co., Ltd.
○ CHUGOKU HEALTH AND WELFARE CLUB CO., INC.
○ Osaki CoolGen Corporation ○ CHUDENKO CORPORATION
○ The Chugoku Electric Manufacturing Company, Incorporated

Note: From FY 3/2027, the segment classification of certain subsidiaries previously classified under Other has been revised to classify them under the Comprehensive Energy Business or the Power Transmission and Distribution Business.

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Message from the Executive Officer Responsible for Finance
Overview of Value Creation
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
Practicing Sustainability Management
Corporate Governance
Financial and Corporate Data

Stock and Other Information

Stock Information (as of March 31, 2026)

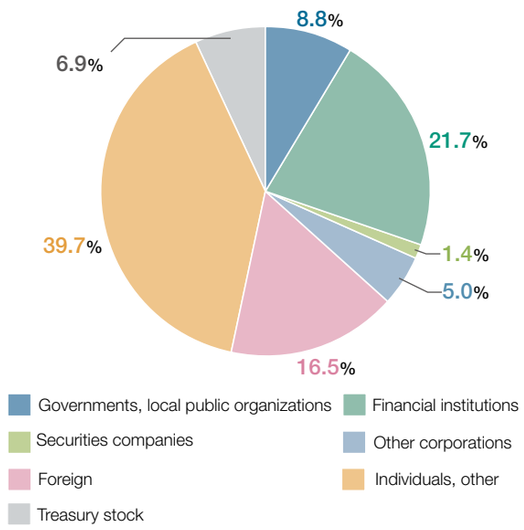
Number of shares issued	387,154,692 shares
Number of shareholders	122,323
Accounting auditor	KPMG AZSA LLC
Listed financial instruments exchange	Tokyo Stock Exchange, Inc. (Prime Market)
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233

Major Shareholders (top 10)

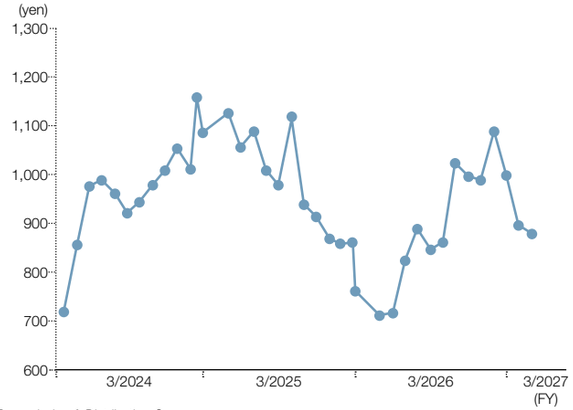
Name	Number of shares held (thousands)	Shareholding (%)*1
The Master Trust Bank of Japan, Ltd. (trust account)	42,568	11.8
Yamaguchi Prefecture	34,005	9.4
Custody Bank of Japan, Ltd. (trust account)	15,270	4.2
Nippon Life Insurance Company	10,373	2.9
Chugoku Electric Power Employee Shareholding Association*2	7,213	2.0
THE BANK OF NEW YORK MELLON 140044	6,713	1.9
The Hiroshima Bank, Ltd.	5,000	1.4
BROWN BROTHERS HARRIMAN (LUXEMBOURG) SCA CUSTODIAN FOR ARCUS FUND SICAV - ARCUS JAPAN FUND	4,657	1.3
JP MORGAN CHASE BANK 385781	4,550	1.3
STATE STREET BANK AND TRUST COMPANY 505001	4,256	1.2

*1 Shareholding is calculated after deducting 26,669,930 shares of treasury stock from the total number of shares issued.
*2 The employee shareholding association of Chugoku Electric Power Company and Chugoku Electric Power Transmission & Distribution Company
Purpose and aims of the shareholding association: To help employees with asset formation
Scope: Employees of Chugoku Electric and Chugoku Electric Power Transmission & Distribution Company, Inc. (with some exclusions)
Percentage of employees who are members: Approx. 77.4% as of March 31, 2026

Composition of shareholders



Stock price



External Evaluations

(Member ESG investment indices adopted by GPIF)

Of the six ESG indices adopted by the Government Pension Investment Fund (GPIF), Chugoku Electric has been selected as a constituent of the following 3 indices.

- MSCI Japan ESG Select Leaders Index (As of November 2025)
- S&P/JPX Carbon Efficient Index (As of June 2026)
- Morningstar Japan ex-REIT Gender Diversity Tilt Index (As of June 2026)

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

THE INCLUSION THE CHUGOKU ELECTRIC POWER CO., INC. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF THE CHUGOKU ELECTRIC POWER CO., INC. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index

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