

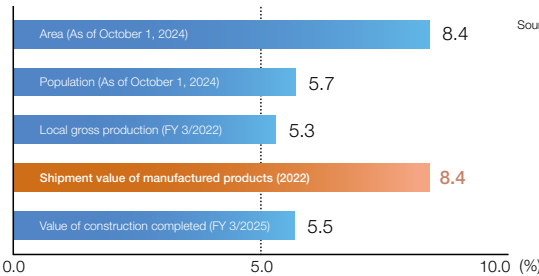
Overview of the Chugoku Region

A region where manufacturing excels

The Chugoku region has long been one of Japan's foremost manufacturing hubs, producing everything from iron and steel, to chemicals, cars, ships, industrial machinery, and oil and petroleum products. In 2022, the region manufactured and shipped goods worth around 30 trillion yen, boasting 8.4% of the national total; this is a true center of manufacturing.

Major economic indicators for the Chugoku region in proportion to the entire country

The total shipment value of manufactured products for the five prefectures of the Chugoku region is around 30 trillion yen, coming behind only the Kanto, Tokai, and Kansai regions.



Source: Created based on the MLIT Geospatial Information Authority's The Report of Statistical Reports on the Land Area by Prefectures and Municipalities in Japan; the MIC Statistics Bureau's Population Estimates; the Cabinet Office's Prefectural Accounts; MIC & METI's 2022 Economic Conditions Survey; and MLIT's Construction Statistics

Application of cutting-edge power, electronics, and IT to traditional special steel and casting industries
A diverse range of industries related to automobiles, electrical machinery, and electronics are located here, with special steel, agricultural machinery, and foundries in the eastern section, and ceramics, fishery processing, and wood products in the western area.

Shifting industry structure from a basis in electronic appliances toward a focus on developing fields
In addition to superior manufacturing technologies in areas such as electronics and machining, this area has also achieved steady results in advanced industrial fields such as pharmaceuticals and biotechnology through industry-academia-government collaboration.

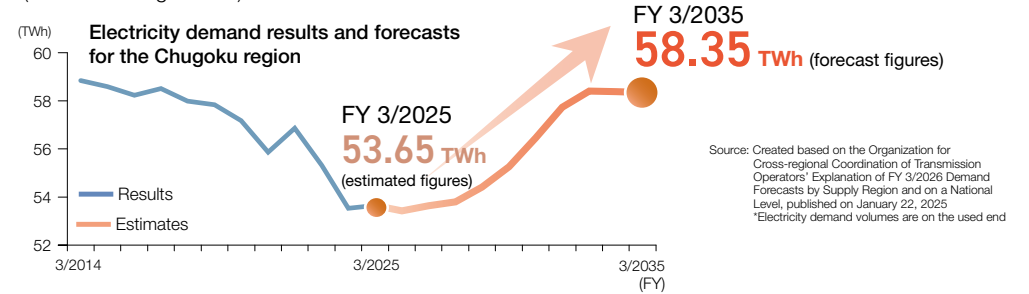
Manufacturing bolstered by advanced technological ability
The Mizushima Industrial Zone is located in the southern part of the prefecture and is home to leading Japanese materials, textile, and machining companies with advanced technological capabilities, including automobile and steel manufacturers.

Concentration of a wide range of industries, including for chemicals, transportation machinery, and pharmaceuticals
In addition to basic materials-based industries such as chemicals, petroleum, and steel, the region is also active in the manufacture of transportation machinery. In recent years, there has been a series of capital investments by pharmaceutical and medical equipment manufacturers.

Concentration of a variety of unique industries creates innovation
From heavy industries such as shipbuilding, steel, and automobiles to cutting-edge industries such as electronics and electrical equipment, this well-balanced and well-stratified group of industries has become a major driving force behind the prefecture's economy.

Potential for Increased Electricity Demand

As the world moves even faster toward digital transformation (DX) and green transformation (GX), investment in data centers and the semiconductor industry is expanding in the Chugoku region, and future electricity demand is expected to increase. The average growth rate between FY 3/2025 to FY 3/2035 is assumed to be 0.8%. (National average: 0.6%)



Growing Decarbonization Needs in the Chugoku Region

The Chugoku region is second only to the Tokyo metropolitan area in terms of CO₂ emissions from the industrial sector, and studies toward carbon neutrality are progressing mainly in industrial complexes where manufacturing industries are concentrated.

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

Furthermore, in the Chugoku region, 12 proposals in 15 municipalities across 2 prefectures have been selected as Decarbonization Leading Areas* (across Japan: 88 proposals in 117 municipalities across 40 prefectures, as of May 9, 2025).

*An area that achieves virtually zero CO₂ 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

CO₂ emissions by sector by region

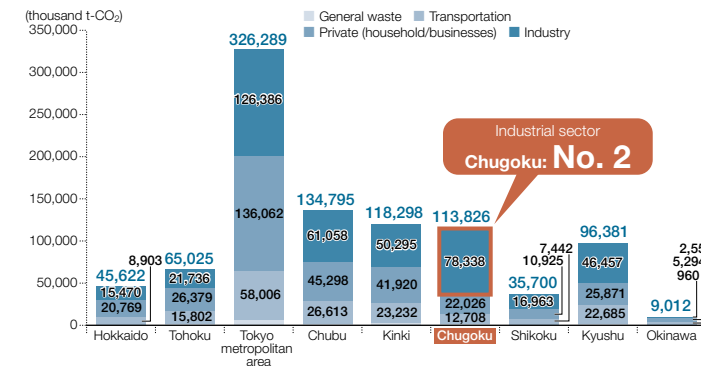
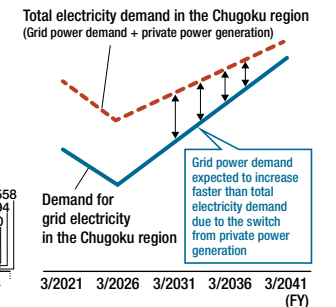


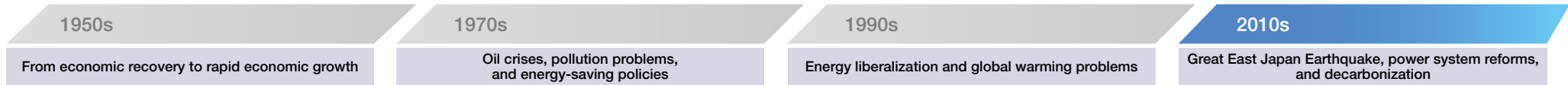
Illustration of electricity demand in the Chugoku region



*Drafted based on the Ministry of the Environment, Current Estimates of CO₂ Emissions by Sector, Data by Prefecture (FY 3/2022)

History of the Chugoku Electric Power Group

Since its establishment in May 1951, the Chugoku Electric Group has provided a stable supply of electricity to support the foundations of people's lives and of industry, and while responding to the needs of the times—including developing electricity sources, responding to environmental issues, and enhancing competitiveness—it has continued to grow alongside the Chugoku region. Going forward, it will continue to respond to the changes and demands of the times and to accompany the region on the path to growth.



To respond to growing electricity demand in line with economic development, the Group prioritized the development of electricity with a focus on the construction of large-capacity thermal power plants. At the same time, it moved forward with the development of network equipment, including transmission lines and substations.

After two oil crises, the Group moved steadily ahead with efforts to diversify energy sources with the aim of achieving an optimal mix of fuels, while also making an early start on environmental measures to address deepening pollution issues, including eliminating atmospheric pollutants like sulfur oxides and nitrogen oxides.

With competition in the electricity industry in full swing, the Group worked to enhance its power and distribution facilities to maintain stable supplies even amid a changing management environment. Moreover, efforts by electricity businesses to counter environmental issues grew in importance in line with the increasing severity of global warming.

Following the Great East Japan Earthquake, power system reforms progressed with the full liberalization of electricity retail, the spinning off of power transmission and distribution businesses, and thorough efforts to ensure no preferential treatment between dealings inside and outside the Group, ushering in a new era for the electricity industry. Further, decarbonization movements gained momentum and electricity businesses' duty to reduce carbon emissions grew in importance.

- 1951 Established Chugoku Electric
- 1959 Thermal power capacity exceeds that of hydropower (shift from reliance on hydropower to thermal power)
- 1960 Maximum power capacity for all sources controlled by Chugoku Electric exceeds 1 GW
- 1961 Commenced operations at Mizushima Power Station
- 1969 Approved inclusion of Shimane Nuclear Power Station Unit 1's basic electricity development plans
- 1969 Commenced full-scale operations at the Shin-Nariwagawa Power Station, the company's first pumped-storage hydroelectric power station

- 1974 Commenced operations at Shimane Nuclear Power Station Unit 1 (Japan-first)
- 1974 Installed desulfurization equipment at Mizushima Unit 2 (Japan-first for an oil-fired thermal power station)
- 1979 Installed denitrification equipment at Kudamatsu Unit 2 (world-first for an oil-fired thermal power station)
- 1980 Installed denitrification equipment at Shimonoseki Unit 1 (world-first for a coal-fired thermal power station)
- 1980 Commenced commercial operations of 500 kV substation and power line
- 1980 Commenced operations at Shimane Nuclear Power Station Unit 2
- 1989 Commenced operations at Yanai Power Station Unit 1 series (1-1) (combined cycle), the company's first LNG-fired thermal power station
- 1990

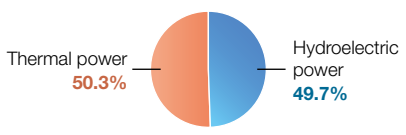
- 1991 Created new Corporate Philosophy and logo
- 1991 Typhoon Mireille caused 1.55 million power outages. Further reinforced disaster countermeasures as a result
- 1993 Formulated the Chugoku Electric Environmental Action Plan
- 1994 Maximum power capacity for all sources controlled by Chugoku Electric exceeds 10 GW
- 1998 Commenced operations at Misumi Power Station Unit 1
- 2000 Partial liberalization of retail electric power sales began
- 2001 Approved inclusion of Kaminoseki Nuclear Power Station Unit 1 & 2's basic electricity development plans
- 2001 Commenced commercial operations of Route 2, a 500 kV power line
- 2009 Established Osaki CoolGen Corporation as a joint venture with J-Power to achieve innovative, low-carbon thermal power

- 2011 Commenced operations at the Fukuyama Photovoltaic Power Station (the company's first foray into mega solar)
- 2015 Ended operations at Shimane Nuclear Power Station Unit 1
- 2016 Formulated new Corporate Philosophy
- 2016 Full liberalization of retail electric power sales began
- Developed new electricity rate plan and members-only website
- 2019 Commenced operation of a biomass power station (now Energia Power Yamaguchi Corporation)
- 2020 Launched Chugoku Electric Power Transmission & Distribution Co., Inc.
- 2021 Announced Chugoku Electric Power Group Carbon Neutral 2050
- 2022 Commenced operations at Misumi Power Station Unit 2
- 2025 Resumed commercial operations at Shimane Nuclear Power Station Unit 2
- Established Chugoku Electric Power Group Corporate Vision 2040

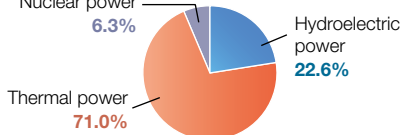


Chugoku Electric's head office at the time of the company's founding | Shin-Nariwagawa Power Station (hydro) | Shimane Nuclear Power Station Unit 1 | Denitrification equipment at Kudamatsu Unit 2 | 500 kV power line | Yanai Power Station (LNG-fired thermal) | Misumi Power Station (coal-fired thermal) | Fukuyama Photovoltaic Power Station

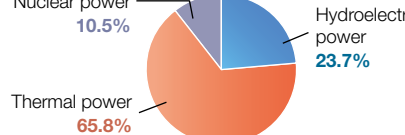
FY 3/1961 Power generation facilities: 1,182 MW



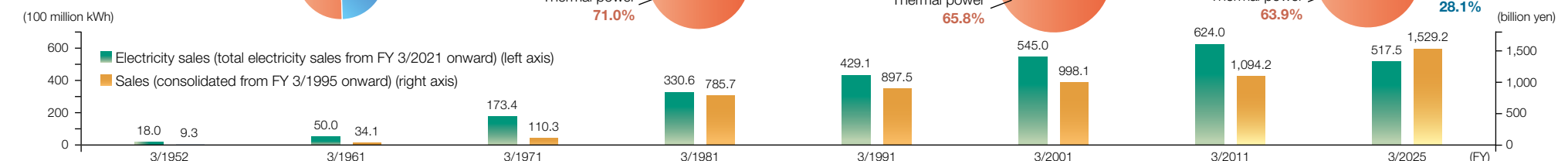
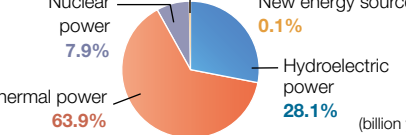
FY 3/1981 Power generation facilities: 7,264 MW



FY 3/2001 Power generation facilities: 12,188 MW



FY 3/2025 Power generation facilities: 10,359 MW



Note: Due to rounding up, breakdown figures do not total exactly 100%.

At a Glance

(FY 3/2025)

Comprehensive Energy Business

17 companies

Sales (operating revenue)

1,408.0 billion yen

Sales 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 Business

We are working to build a composition of power sources that is first and foremost safe, but also one that is stable, economically efficient, and environmentally friendly.

Power Transmission and Distribution Business

2 companies

Sales (operating revenue)

511.5 billion yen

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

Sales (operating revenue)

49.4 billion yen

We are engaged in the telecommunications and information processing businesses through which we build high-quality, high-reliability communications networks, operate data centers, and provide DX solutions.

Other

19 companies

Sales (operating revenue)

110.5 billion yen

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

Fuel procurement

Fuel procurement (FY 3/2025)

Heavy oil*1	Coal*2	LNG*2	Biomass
90 thousand kl	5.96 million t	1.57 million t	0.59 million t
	Main sources Australia, Indonesia, etc.	Main sources Australia, Malaysia, etc.	

*1 Excludes heavy oil used in internal combustion, but includes heavy oil used as a combustion aid.
*2 Includes sold amount

Power generation

Chugoku Electric power generation facilities (As of March 31, 2025)

Thermal power (steam)	Hydroelectric power	Nuclear power	New energy sources
6,623 MW (63.9%)	2,910 MW (28.1%)	820 MW (7.9%)	6 MW (0.1%)
Coal: 3,259 MW LNG: 2,514 MW Oil: 850 MW			
6 sites	90 sites	1 site	2 sites

Transmission and distribution

Transmission, transformation, and distribution facilities (As of March 31, 2025)

Transmission	Transmission line length	Overhead	8,132 km
		Underground	692 km
Transformation	No. of substations	Capacity	61,786 million kVA
			554
Distribution	Distribution line length	Overhead	81,534 km
		Underground	3,291 km

Sales

No. of customer accounts (As of March 31, 2025)

4.75 million homes

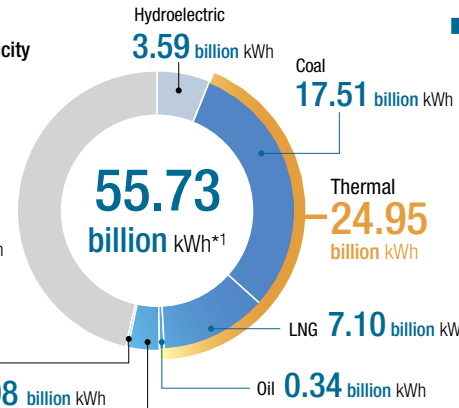
Lighting: 4.41 million homes
Power: 330,000 homes

Generated and received electricity (FY 3/2025)

Power purchased 26.49 billion kWh
Used for pumping -1.39 billion kWh

New energy sources 0.11 billion kWh

Nuclear power 1.98 billion kWh



Total electricity sales (FY 3/2025)

51.75 billion kWh*1

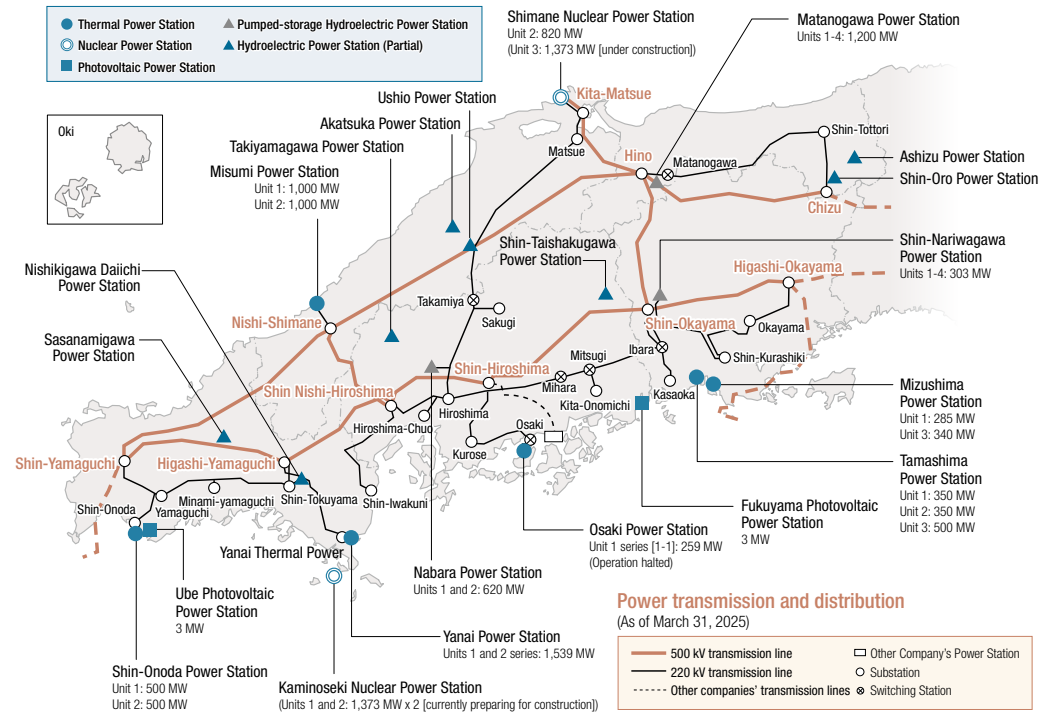
Sales to other power companies 10.02 billion kWh

Retail sales (lighting and power) 41.72 billion kWh
Domestic share*2 5.1%

*1 Due to rounding up, figures may not add up exactly.

*2 Calculated based on the METI Agency for Natural Resources and Energy's Survey of Electric Power Statistics report (section on electricity demand results)

Chugoku Electric power generation facilities (As of March 31, 2025)



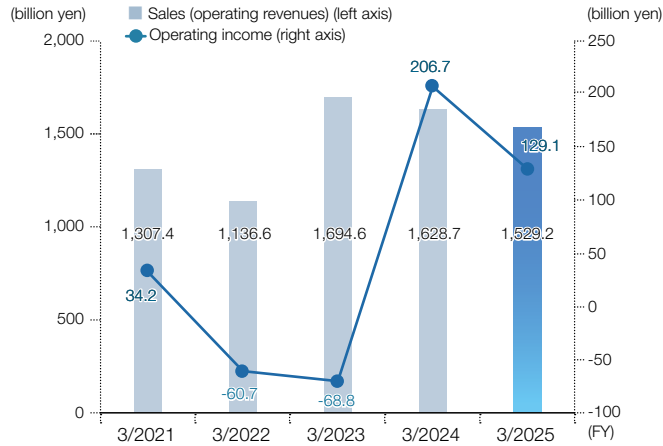
Power transmission and distribution (As of March 31, 2025)

Legend: 500 kV transmission line, 220 kV transmission line, Other Company's Power Station, Substation, Other companies' transmission lines, Switching Station

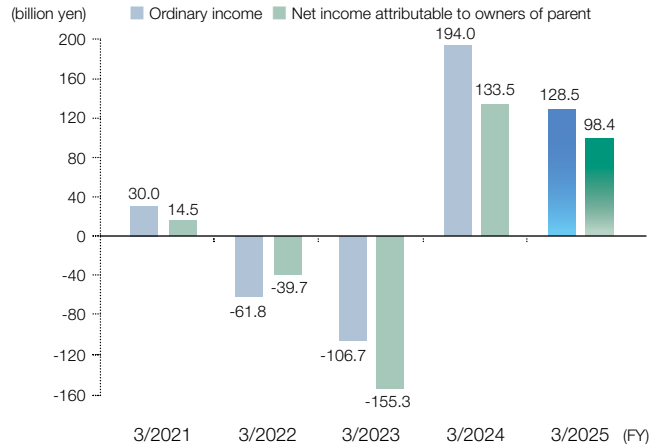
Financial/Non-financial Highlights

Financial (Consolidated)

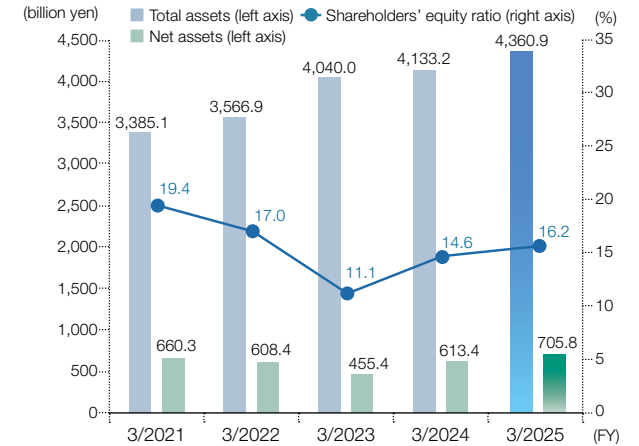
Sales (operating revenues)/Operating income



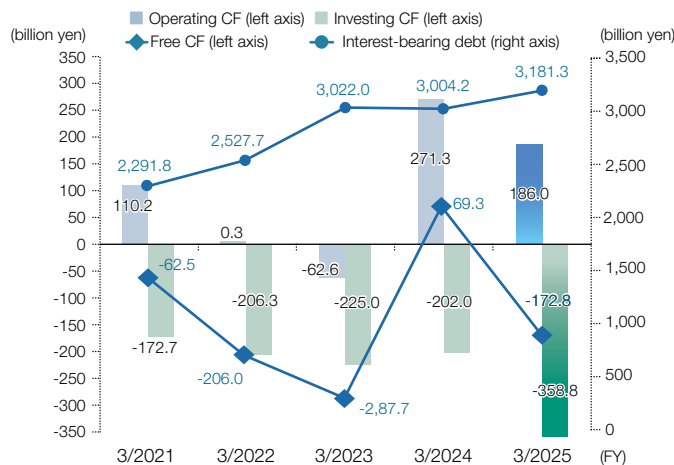
Ordinary income/Net income attributable to owners of parent



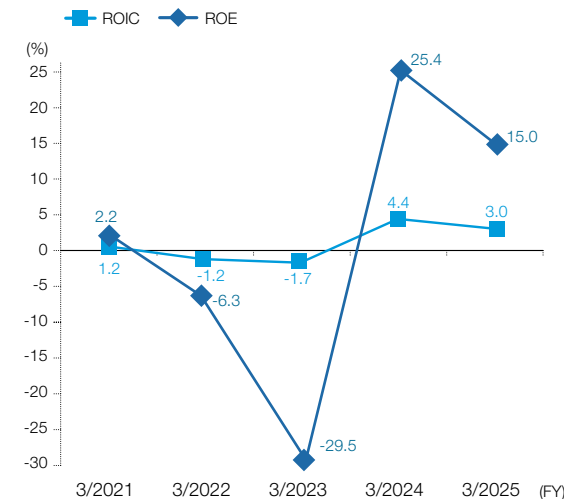
Total assets/Net assets/Shareholders' equity ratio



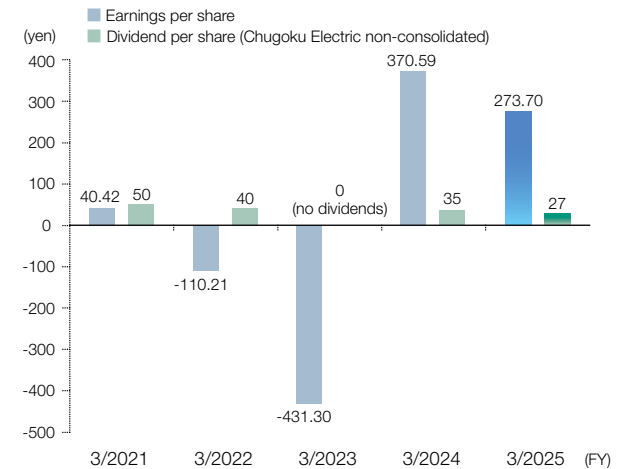
Cash flow (operating CF/investing CF/free CF)/Interest-bearing debt



ROIC/ROE



Earnings per share/Dividend per share (Chugoku Electric non-consolidated)

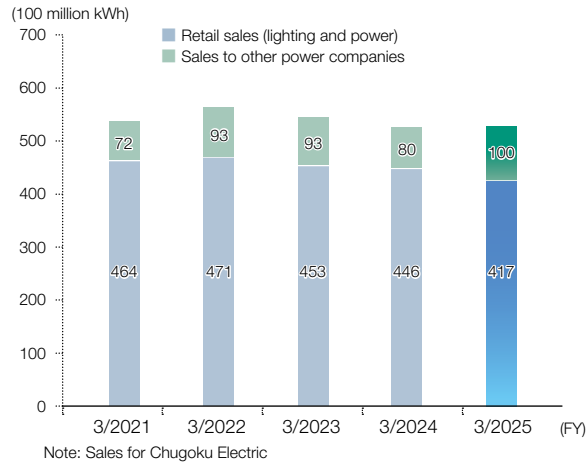


Notes: · Invested capital for ROIC has been calculated based on averages at the beginning and end of the period.
· The profit used for ROIC calculation is business profit (after tax), which is operating profit plus dividend income, etc.

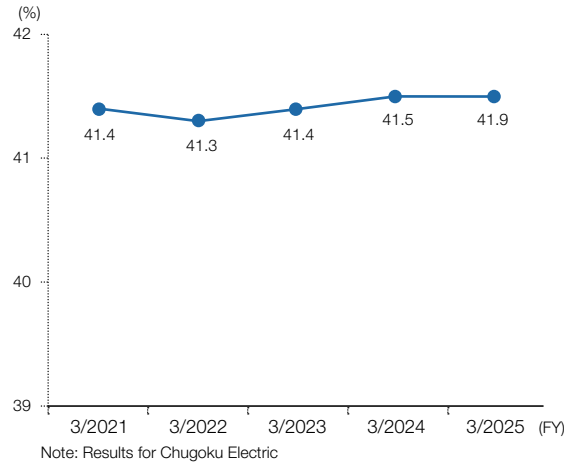
Financial/Non-financial Highlights

Non-financial

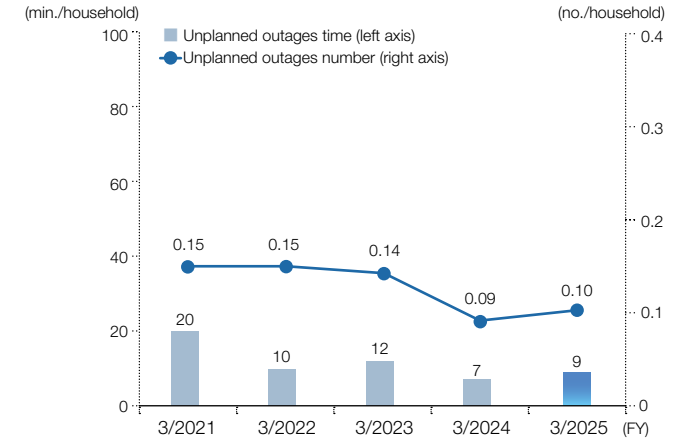
Electricity sales



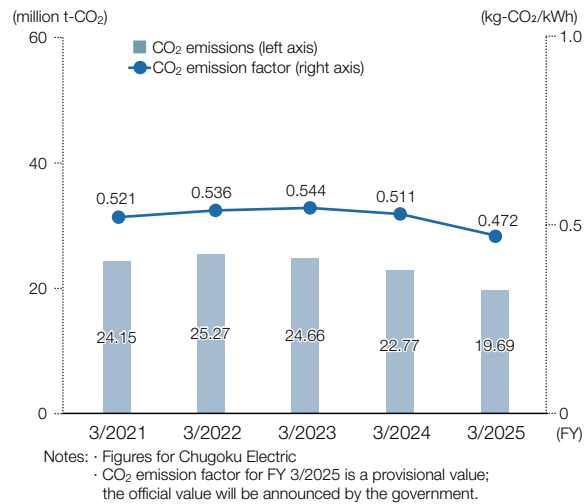
Thermal efficiency of thermal power stations (generator output, HHV)



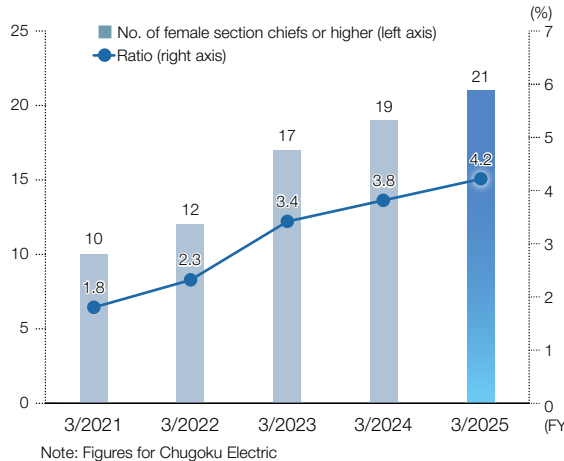
Annual number and time of unplanned outages per customer household (Chugoku Electric Power Transmission & Distribution)



CO₂ emissions/CO₂ emission factor



No. and ratio of female section chiefs or higher



No. and ratio of external directors/ No. and ratio of female directors

