

Message from the President



Issues society face include greater demand for electricity and for decarbonization; we recognize that these present opportunities for growth and aim to be a corporate group that continues growing together with its stakeholders

中川賢剛

Nakagawa Kengo

Representative Director
President and Chief Executive Officer

Message from the President

Looking back on the past two years

The two years since I was appointed president have flown by. At that time, our series of inappropriate incidents had shaken the trust of our stakeholders, and two consecutive fiscal years of significant losses also meant our consolidated shareholders' equity ratio hit an all-time low level. It was a very difficult situation and I think employees also felt that sense of anxiety for the future. To break out of that, I set out two priority issues—regaining trust and restoring our revenue and financial base—and I have done all I can to advance those efforts.

For the former, after carefully analyzed the underlying causes of the incidents, we have worked to strengthen internal controls that incorporate outside perspectives, enhance education and training for executives and other employees, and invigorate in-house communication. In these and other ways, our efforts to prevent recurrence extend even to reforming fundamental ways of thinking and acting, and we have worked steadily to implement these.

For the latter, I set up two project teams under my direct control with the goal of addressing increased volatility in fuel and wholesale power prices (a primary cause of our significant financial losses) and to expand profits in line with reforms to power systems. In a short space of time it has worked on formulating and then implementing strategies. Additionally, in terms of the safety measures at Shimane Nuclear Power Station Unit 2 that we have been enacting for many years, these likewise had the Group working together on the finishing touches, and on December 23 last year we were actually able to restart operations after a break of 13 years.

Through these initiatives, we recorded consolidated ordinary income of 194 billion yen in FY 3/2024 and 128.5 billion yen in FY 3/2025. We also achieved our target of a consolidated equity ratio of 15% or more 12 months early. While the journey to regain trust and restore our revenue and financial base is still ongoing, we are beginning to feel some of the results, with successes over these two years and building momentum in the Group toward reforms and growth.

Now, though, the environment surrounding the energy business is changing drastically. Progress in digital transformations (DX) and green transformations (GX) suggest that demand for electricity is

going to rise, and increasing geopolitical risks are drawing more attention to the importance of ensuring energy security. Taking this on board, in February this year a meeting of the Japanese cabinet decided on the Seventh Strategic Energy Plan, the country's fundamental energy policy. In addition to renewable energy, the plan sets forth a policy of continuing to utilize nuclear power. These reveal the direction of government measures to balance stable energy supplies with decarbonization.

In the Chugoku region, in addition to increases in demand, such as for data centers accompanying the progression of DX, electrification is predicted to become more common in the manufacturing industry as part of the GX. For the manufacturing industry in particular, the Chugoku region is one of only a few heartlands in Japan, and as such future demand for electricity and decarbonization needs—for example, switching private power generation equipment from coal to gas—is forecast to grow at a faster pace than the national average.

In response to this situation, meeting the Chugoku region's needs for stable energy supplies and decarbonization is our mission as a corporate group based in the area, but also a real opportunity for the Group to grow. Leveraging the results of our efforts so far to regain trust and restore our revenue and financial base, I would like us to further accelerate efforts aimed at reforms and growth, so as to make steady progress on this journey to future growth.

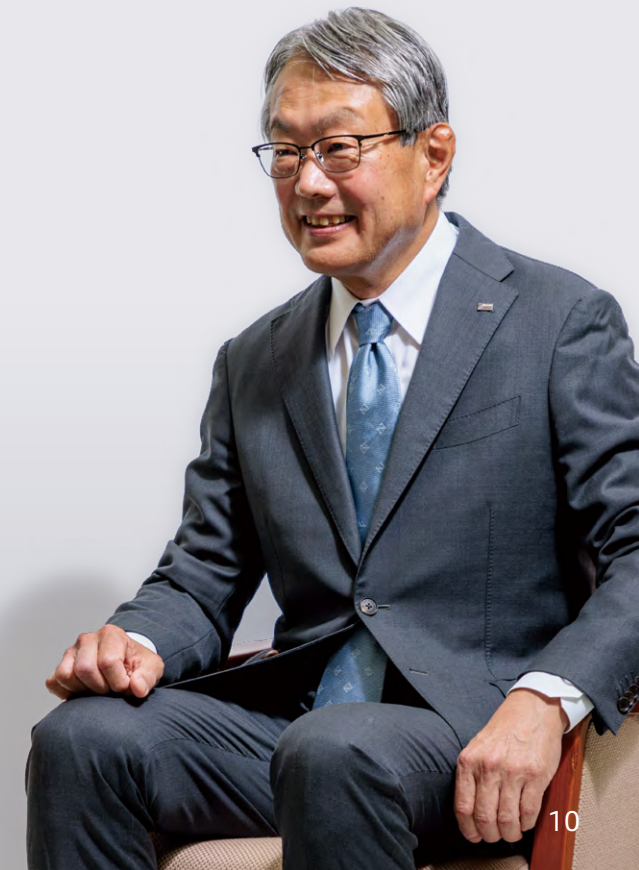
Continued stable operations at Shimane Unit 2 and an early start at Unit 3

Maintaining stable operations at Shimane Unit 2 and an early start to operations at the power station's Unit 3 are both the basis of our growth and a necessity. I was on-site to attend the restart at Unit 2, and amid the tense nervousness I felt, I watched the employees working to restart the power station and I was struck by their dependability, but also sobered by the fact that it marked a new start. With the consensus of the local community, we will continue to make utmost efforts to ensure stable operations with safety as our main premise.

The restart of operations at Shimane Unit 2 took us a big step

closer to a stabilizing and restoring our revenue and financial base, and to decarbonizing our power sources. It was, however, just the start. Now, we are putting all of our energies into starting commercial operations at Shimane Unit 3 to moving into a further stage of growth.

Although it is a great challenge from a financial perspective to work on nuclear power plant projects in sequence, which require advance investments, However, we are seeing a national policy of promoting both stable energy supplies and decarbonization, and there are also the needs of customers, communities and society in front of us; with a strong will and the strengths of the Group behind us, we as management will do whatever it takes to start operations at Unit 3.



Message from the President

The thoughts behind the Chugoku Electric Power Group Corporate Vision 2040

We will achieve growth by responding to recent changes in the business environment, and meeting needs for stable energy supplies and decarbonization. We have formulated the Chugoku Electric Power Group Corporate Vision 2040 to share our unshakeable determination and vision for the future toward growth with our customers, local communities, society, shareholders, investors, and Group employees, and to achieve growth together.

This new Group Corporate Vision is categorized into two stages: the period to FY 3/2031, in which we will steadily continue with transformation and foundation building for growth, and then FY 3/2031 and beyond, in which we will aim for further growth and enhancement of corporate value while also giving more back to stakeholders.

In the stage taking us up to FY 3/2031, as we work for an early start at Shimane Unit 3, we will firmly manage the processes and investment amounts involved, while also harnessing the predictability of recovering investment secured through long-term decarbonized power resource auctions and other means, and make proactive use of sustainable finance to secure the funds we need.

In addition, we will continue to steadily improve profits during this period through measures such as enhancing our customer services, enhancing power source value, and evolving our trading. By doing so, we will continue to rebuild and strengthen our balance sheet and financial base, steadily advancing our creation of a base for growth with an eye on the stage in FY 3/2031 and beyond.

For trading in particular, it is no exaggeration to say that with advances in reforming power systems, the strength or weakness of our utilization of the electricity transactions market will determine the success of our energy business. As such, advancing market intelligence and risk management is essential. As a result, to advance trading in both our power generation and wholesaling business and retail power business, we will make progress in putting in place the right organizational structure and securing and developing specialist personnel. At the same time, by working flexibly on the timelines and products we handle and expanding our transaction areas, we aim to attain further profits.

The period in FY 3/2031 and beyond will be the stage in which we steadily take advantage of the results of prior investments and aspire to further growth. Leveraging a competitive energy mix—that balances economic viability and environmentalism—advanced trading technologies, sales capabilities built up over many years, and a financial base that boasts high capital profitability and stable financial base, we will accelerate our efforts to achieve carbon neutrality by 2050 while also expanding our initiatives in the international business and other new business fields to achieve sustainable growth.

Of these, in terms of our efforts to achieve carbon neutrality, this is an area in which the Chugoku region has massive potential. In addition to our Kaminoseki site, where we will build a new nuclear power station, there is significant development potential for floating offshore wind power in the seas on the San'in side with its favorable wind conditions. By advancing our initiatives with close consideration of the region's potential and technological development trends, I hope we will help society to decarbonize and make further improvements to our corporate value.

Corporate culture where diverse personnel can fulfill their potential and take on challenges

For us to lay out specific strategies for growth in this manner, and to steadily work to implement them, we must secure the people who will carry these tasks on their shoulders and it is imperative that each one can take on challenges, play active roles, and grow, and that we can bring together their individual strengths.

When I was first appointed president, employees were anxious about the future and seemed to have lost confidence. Through our efforts to regain trust and restore our revenue and financial base, though, they boldly tackled immediate issues and gained results. In this way, momentum for reform and challenges gradually grew. This is something I personally realized from taking opportunities to engage in dialogue with employees by visiting business sites. I will continue to ensure that management takes the lead in establishing a culture that encourages and supports each and every worker to challenge themselves, and lauds them for doing so.

Moreover, so that employees can fulfill their potential and tackle challenges with a positive mindset, it is essential that we promote diversity, equity, and inclusion (DE&I) so that everyone—regardless of gender, age, or background—can play an active role. In the future, we will roll out measures to ensure ease of working and job satisfaction, using employee engagement scores and other indicators to verify the results and make continuous improvements. Additionally, in areas such as trading, risk management, and DX that are new fields for us to tackle, I believe that there is a need



Message from the President

for us to proactively acquire and utilize specialist personnel with diverse backgrounds, including mid-career hires from different industries. We will make firm efforts to put in place the right environment, including through systems.

For our stakeholders

As I have explained, the path to growth laid out in the new Group Corporate Vision considers our future in two major stages: the period to FY 3/2031, in which we will move forward with investments in Shimane Unit 3 and the new Yanai Unit 2, and then FY 3/2031 and beyond, with its goal of further growth and improvements to corporate value. To quantitatively represent the level of success of these, we have set management targets for FY 3/2031 and FY 3/2041 for ROE, ROIC, and equity ratio.

In the period between now and FY 3/2031, we have placed emphasis on strengthening our financial base so that we can steadily procure the funds needed for large-scale investments in Shimane Unit 3 and similar, but the period in FY 3/2031 and beyond is fundamentally one of reaping the benefits of prior investments. In it, I would like to see more weight placed on repaying liabilities and improving shareholder returns.

Speaking of which, as we exceeded our target of achieving a consolidated equity ratio of 15% or more—the condition we set for reviewing our existing dividend policy—in April this year we announced our dividend forecasts, based on a review of dividend policy for FY 3/2026 and beyond and performance forecasts. However, this forecast suggested a lower dividend than in FY 3/2025, causing a drop in our share value.

We in management firmly took this on board and undertook repeated discussions on how we can meet the expectations of shareholders and investors, and what shareholder returns should look like to match our policy of advancing business management that considers asset efficiency and capital profitability. As a result, we decided to revise our dividend policy for FY 3/2027, which marks the start of initiatives based on our Group Corporate Vision, and beyond.

Under our new dividend policy, in order to provide shareholders with stable dividends even during the process of rebuilding our

financial base, we will introduce the concept of dividend on equity (DOE).

Specific dividend levels will be determined based on a comprehensive consideration of factors such as the status of rebuilding our financial base, while aiming for a DOE of 2% until the start of commercial operation at Shimane Nuclear Power Station Unit 3.

After the commencement of commercial operation of Shimane Nuclear Power Station Unit 3, we plan to further enhance shareholder returns in light of improved business performance and stable positive free cash flow expected.

We also aim to achieve a price-to-book ratio (PBR) of 1 or more in the early 2030s, and seek to stabilize it at that level or higher into the future.

These are all challenging targets, but we are prepared to forge ahead and achieve these goals.

At the Chugoku Electric Power Group, we have set out our management philosophy in the words “Trust. Creation. Growth.” These words embody our value creation story, which we have clarified in our new Group Corporate Vision: “We will create economic and social value based on the capital generated from the trust of our stakeholders, and return that value to our stakeholders, leading to the next stage of growth.”

By making this story a reality, we will meet the expectations of stakeholders while also steadily contributing to the development of a more sustainable society. We will aim to continue disclosing our progress to everyone and take on board feedback on our journey to growth. I hope we can count on your continued understanding and support.



Chugoku Electric Power Group Corporate Vision 2040

The Chugoku Electric Power Group Corporate Vision 2040 was formulated with the desire to grow together with all our stakeholders, with a focus on our energy business that has our domestic electricity business as a growth pillar, and by viewing major changes in the business environment and regional challenges, such as increased demand for electricity and growing needs for decarbonization, as opportunities for significant growth for the Chugoku Electric Power Group.

In the Chugoku Electric Power Group Corporate Vision 2040, we have established our desired outcomes for FY 3/2041, and have set management targets and materiality (priority initiative themes) to bring these outcomes to fruition. 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.

Our Desired Outcomes

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

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

Leading the region with energy solutions

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

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

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

Becoming the best partner for prosperous lifestyles and community development

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

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

All employees take on challenges and shine in their positions

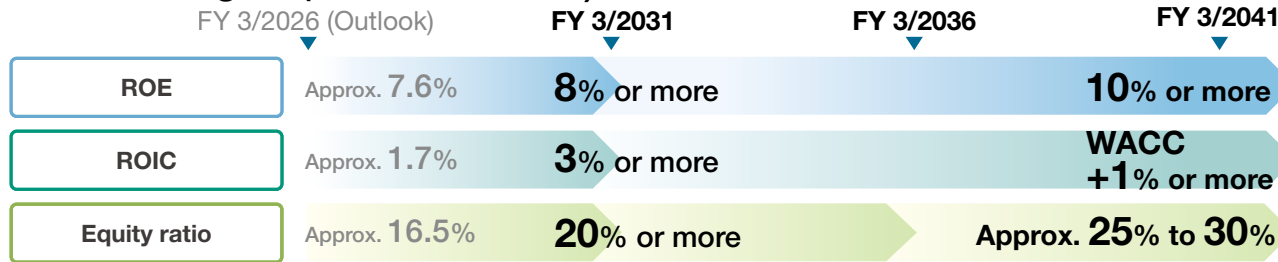
We will provide new value by combining the strengths of employees with diverse experiences and values.

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

Chugoku Electric Power Group Corporate Vision 2040

Management Targets

Financial targets (Economic value)



KPIs to achieve financial targets



Note 1: All financial targets are on a consolidated basis.
 Note 2: WACC for FY 3/2026 is expected to be approximately 1.6%. WACC for FY 3/2031 is assumed to be just under 3%.

Sustainability targets (Social value)

E	Environment	Group Target	Integrated actions toward carbon neutrality, creation of a recycling-oriented society, and coexistence with nature
		Target for Chugoku Electric Power Company	Supply chain GHG emissions (Scope 1, 2, and 3) 50% reduction by FY 3/2031 and 60% reduction by FY 3/2036 (vs. FY 3/2014)
S	Community/society	Group Target	Earning the trust of our community and society
		Target for Chugoku Electric Power Company	Trust in Chugoku Electric: 75% or more (percentage of positive responses to a "trustworthy" corporate image in our web survey) Promoting co-creation activities to solve community issues and enhancing communication with the community and society
	Personnel	Group Target	Diverse personnel achieve empowerment and greater engagement
G	Governance	Group Target	Build fair, transparent, and effective governance
		Target for Chugoku Electric Power Company	Ratio of external directors: 50% or more Ratio of female directors: 30% or more

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 Corporate Vision 2040

Ensuring Management That Is Conscious of Capital Cost and Stock Price

Improving PBR (price-to-book ratio)

Our PBR remains below 1x, and we recognize the need to continue our efforts to improve profitability and asset efficiency. We believe that the main reasons for our low PBR have been low profit margins due to higher unit costs of power generation resulting from the shutdown of nuclear power plants and deteriorating business performance due to intensifying competition in the retail market and soaring fuel and market prices, as well as low asset efficiency due to an increase in long-term inactive assets.

Most recently, ROE and ROIC have been improving as a result of the restart of Shimane Unit 2 to improve profitability, as well as the decommissioning of aging thermal power plants and streamlining of assets through asset sales and other measures. In the retail business and the power generation and wholesaling business, although the environment has been difficult due to declining market prices and intensifying competition, we are implementing measures based on the strategies formulated in the project established in FY 3/2025 to enhance profitability and optimize power balancing, and we are beginning to see positive results.

Going forward, we will accelerate efforts to improve profitability and asset efficiency under the Chugoku Electric Power Group Corporate Vision 2040.

	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026* (Outlook)
PBR (Price-to-book ratio)	0.7x	0.5x	0.5x	0.7x	0.4x	—
ROE (Return on equity)	2.2% [0.9%]	-6.3% [2.3%]	-29.5% [-12.2%]	25.4% [13.5%]	15.0% [14.4%]	Approx. 8.7% [Approx. 7.6%]
PER (Price earnings ratio)	33.6x	—	—	3.1x	3.1x	—
ROIC (Return on invested capital)	1.2% [0.8%]	-1.2% [0.6%]	-1.7% [0.4%]	4.4% [2.5%]	3.0% [2.5%]	Approx. 2.0% [Approx. 1.7%]

*As of April 30, 2025

Note: Figures in brackets for ROE and ROIC exclude the time lag effect of the fuel cost adjustment system. Shareholders' equity for ROE and invested capital for ROIC have been calculated based on averages at the beginning and end of the period. Profit used for ROIC calculation is business profit (net of tax), which is operating income plus dividends received, etc.

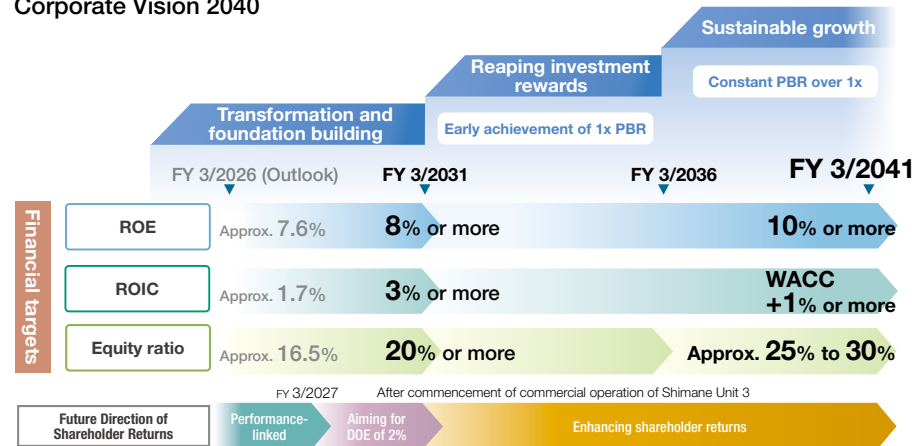
Initiatives in the Chugoku Electric Power Group Corporate Vision 2040

In the Chugoku Electric Power Group Corporate Vision 2040, we have set financial targets through FY 3/2041 with the aim of achieving sustainable growth based on high capital profitability and a stable financial base. We have also set ROE and ROIC targets from the perspective of advancing management that is more conscious of cost of capital and stock price.

Through FY 3/2031, we will steadily increase profits while controlling asset and liability growth even as we invest in Shimane Unit 3 and the new Yanai Power Station Unit 2 for future growth, transforming to a sound financial structure. From FY 3/2031 onward, we aim to reap the rewards of our investment and continue to grow sustainably with a high capital profitability and a stable financial base, and to achieve a PBR consistently over 1.0.

In order to realize the Chugoku Electric Power Group Corporate Vision 2040, we will work to enhance profitability and asset efficiency in each business, with the domestic electricity business as a pillar of our business portfolio. Meanwhile, we will also enhance shareholder returns.

Financial targets in the Chugoku Electric Power Group Corporate Vision 2040



Initiatives in each business

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

Chugoku Electric Power Group Corporate Vision 2040

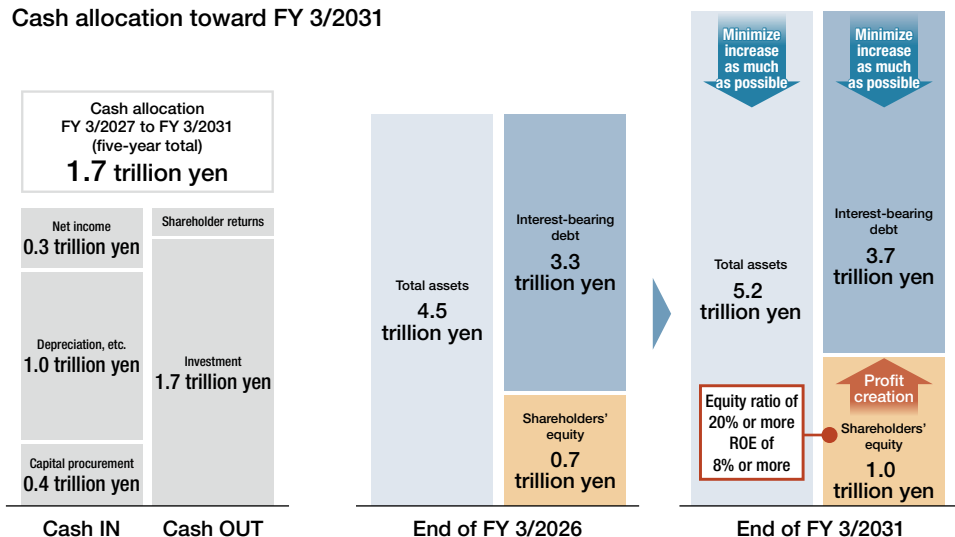
Cash allocation

To realize the Chugoku Electric Power Group Corporate Vision 2040, through FY 3/2031, we will use debt financing to invest in the Shimane Unit 3 and New Yanai Power Station Unit 2, which are essential for the Group's future growth, including stabilized management and greater competitiveness, decarbonization, and more.

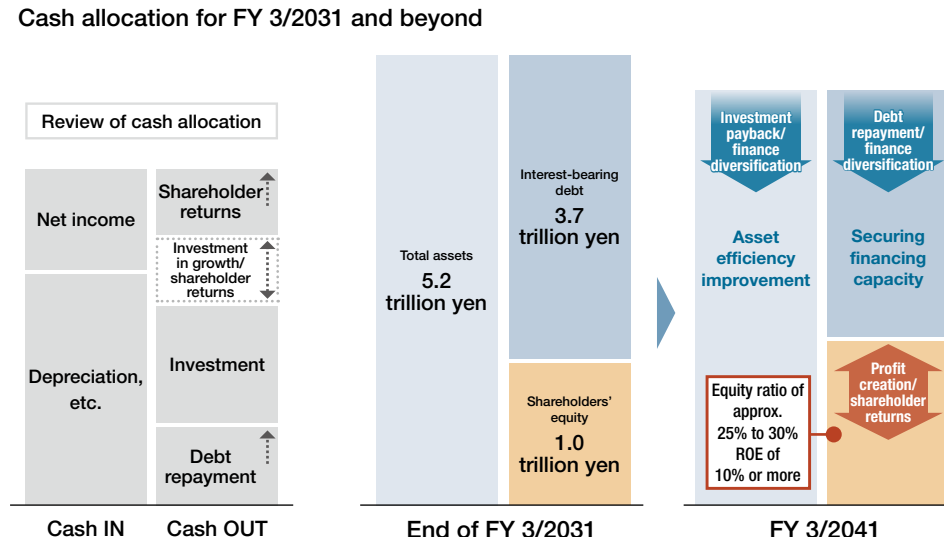
In our efforts to curb an increase in liabilities, we will steadily increase profits by enhancing customer services, increasing the value of power sources, evolving trading, and more, while carefully selecting investments outside of Shimane Unit 3 and the new Yanai Unit 2 to the extent that they do not interfere with a stable supply of energy, among other efforts.

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

Cash allocation toward FY 3/2031



Cash allocation for FY 3/2031 and beyond



Note 1: Values in the chart are rounded to the nearest whole number. Information on liabilities other than interest-bearing liabilities has been omitted.
 Note 2: Graph values are assumptions made at the time the Group Corporate Vision was formulated, and do not constitute a guarantee.

Chugoku Electric Power Group Corporate Vision 2040

Shareholder Return and Dividend Policy

Dividend policy for FY 3/2026

- Taking into consideration our current financial situation and the risk of future fluctuations in business performance, we will continue to pay dividends based on performance in accordance with our dividend ratio.
- Regarding the level of our dividend ratio, we are still in the process of restoring our financial base and will therefore aim for a basic dividend ratio of 12%.
- Going forward, we will strive to pay an annual dividend of at least 10 yen per share, assuming we keep increasing management stability.
- Based on the above policies, we will pay dividends following the standard of dividend according to the profit attributable to owners of parent.
- However, in the event that profit attributable to owners of parent fluctuates significantly due to extraordinary gains or losses or other special factors, dividend will be set in light of the impact of such fluctuations without relying on the standard of dividend.
- We will consider revising this dividend policy when the consolidated shareholders' equity ratio is expected to return to 20%.

Standard of dividend

Profit attributable to owners of parent (Billions of yen)	Annual dividend per share (Yen)
to less than 33.0	10
From 33.0 to less than 36.0	11
As follows, the annual dividend per share will increase by ¥1 for every ¥3.0 billion increase in profit attributable to owners of parent.	
From 36.0 to less than 39.0	12
From 45.0 to less than 48.0	15
From 60.0 to less than 63.0	20
From 75.0 to less than 78.0	25
From 90.0 to less than 93.0	30
From 105.0 to less than 108.0	35
From 120.0 to less than 123.0	40
From 135.0 to less than 138.0	45

Note: Dividend will be determined based on the above standard even when profit attributable to owners of parent is equal to or exceeds 138.0 billion yen.

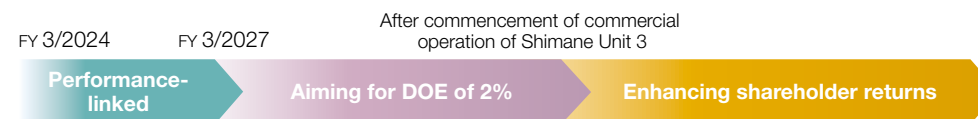
Future direction of shareholder returns

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

Direction of shareholder returns

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

Illustration of the direction of shareholder returns



Chugoku Electric Power Group Corporate Vision 2040

Enhancing Communication with Shareholders and Investors

The Chugoku Electric Power Group understands that shareholders and investors are important partners in developing our business with an eye on raising our corporate value. Through our IR activities, we punctually and accurately relay information—on topics such as the status of our management environment and finances, and our management strategies toward the future—and work to enhance engagement (i.e., constructive dialogue). We make use of the opinions and requests we receive in our business operations, and we will tie this all in to gaining further understanding and trust from shareholders and investors and improving corporate value.

Proactive engagement promotion

Through financial briefings and other methods, we regularly create chances to exchange ideas between the President and other executives and institutional investors, securities analysts, and others. In such ways, we are proactively implementing dialogue activities.

Major dialogue opportunities in FY 3/2025

Financial briefings (in the second quarter, and for the full-year)	Twice	President, executives
Small meetings with the President	Once	President
Small meetings with external directors	Once	External directors
ESG briefings*	Once	Executives, IR- and ESG-related departments
Facility tours*	Once	Executives, IR-related departments
Individual meetings	117	Executives, IR- and ESG-related departments

*Held with corporate bond investors and stock investors

Corporate information sessions

These are held twice a year, once for the second quarter and once after the full-year results are announced. By holding these in a hybrid format that combines a face-to-face briefing with video conferencing, we work to improve ease of participation. In FY 3/2025, institutional investors, securities analysts, and others from around 100 companies took part.

Both presentation materials and on-the-day Q&A session information are provided in English as well as Japanese on our website.



FY 3/2025 financial results briefing

Small meetings

As well as annual small meetings with the President, since FY 3/2023 external directors also hold small meetings. In FY 3/2025, the small meeting with the President focused on the medium- to long-term financial situation and dividend measures. The small meeting with external directors, meanwhile, centered on the status of initiatives to improve corporate value and issues and expectations related to business operations. At both types of meeting, there were lively exchanges.

ESG meetings

To deepen understanding of our sustainability management initiatives, we hold ESG meetings and work proactively on our communication. In FY 3/2025, the theme was carbon neutrality for the meeting, which was held jointly for stock investors and corporate bond investors. We were able to receive feedback and deepen participants' understanding on a wide range of initiatives and we will continue to hold these meetings.

Individual meetings

We are also proactive in our holding of individual meetings. In FY 3/2025, between meetings after financial results announcements and those on ESG topics, we held 117 meetings with institutional investors and others from inside and outside Japan. These are valuable opportunities to deepen understanding of the Chugoku Electric Power Group, and depending on the dialogue theme, we have individuals in management positions attend, such as those from the Carbon Neutrality Promotion Division or similar, and we strive to provide detailed explanations.

WEB Basic Policy of IR
<https://www.energia.co.jp/e/ir/info/policy.html>

Engagement matters of concern

On the management and financial front, interest is growing in business strategies that take the changing business environment into account and in our initiatives aimed at operating Shimane Nuclear Power Station Unit 3. We also received feedback and details about expectations related to our new Group Corporate Vision.

In ESG-related topics, there is increased interest in our initiatives toward carbon neutrality.

Main matters of concern in FY 3/2025

Management/ finances	Recovery in performance and financial base, competitive environment, dividend policy, operation schedule at Shimane Nuclear Power Station
Environment	Checks and measures related to achieving CO ₂ reduction targets, decarbonization-related investment, transition in thermal power generation, TCFD, TNFD
Social	Link between contributing to local communities and raising corporate value, personnel strategies
Governance	Effectiveness of the Board of Directors, group governance

Timely feedback to management

The ideas and wishes we receive via IR and other dialogue activities are valuable feedback for our Group and are reported to the Board of Directors twice a year.

Also, from the perspective of sharing information in a timely manner and applying it to business operations, management—including directors—and our relevant departments receive feedback as necessary from each IR event (financial briefings, small meetings, etc.) and once a month on topics such as dialogue at individual meetings and on market trends.

Improvements to business operations and disclosure courtesy of engagement activities

In FY 3/2025, taking into account the opinions and requests we receive as part of dialogue activities, we worked to enhance disclosure of management indicators (segment-specific ROIC, etc.) and ESG information (decarbonization-related investments, TNFD, etc.), and worked on measures such as holding ESG briefings. In the future, we will continue to share with shareholders and investors inside and outside Japan data on our performance and finances, as well as sustainability-related information, such as our initiatives to raise corporate value. At the same time, we will use this information as a tool to promote proactive engagement.

Regaining Trust

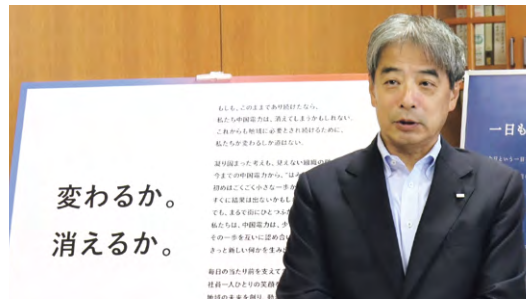
Aiming for Reforms to the Corporate Culture

Taking into consideration our series of cases of inappropriate conduct, we have implemented a number of direct initiatives to prevent recurrence, with the exception of ending system-sharing with Chugoku Electric Power Transmission & Distribution, which is scheduled to be completed in June 2026. Alongside this, we have taken on board assessments and advice about the nature and status of our internal control systems—including recurrence prevention measure proposals from the Corporate Ethics Committee and Internal Control Enhancement Committee, which include external experts—and we will use this to confirm the effectiveness of these initiatives going forward and to strengthen our internal controls.

When we are making steady progress with our recurrence prevention measures, if we consider the underlying causes of the inappropriate conduct, we see the importance of continually working to reform our corporate culture. Such reforms are already underway, but there is more to be done to ensure that this development takes hold; to ensure that these measures are implemented quickly and effectively, we have made an executive directly responsible for such reforms and established the Corporate Culture Reform Promotion Committee, with a membership comprising heads of relevant organizations. With an executive officer involved and taking responsibility, we have established a system that encourages cross-organizational cooperation in this area. To gain the trust of the region, enhance our corporate value, and achieve sustainable growth, we will continue to work together to drive forward reforms to our corporate culture.

Message from the Executive Officer Responsible for Corporate Culture Reform

Our business activities are founded in the trust of people from our region. Moreover, to fulfill our goals of enhanced corporate value and sustainable growth for the region, we believe that alongside business strategy and personnel strategy, a positive corporate culture is absolutely essential. Of course, it is people that carry forward reforms. Our aim is to develop open workplaces that provide motivation and ease of work, with respect paid to free and open discussion that goes beyond organizations or job positions, so that our diverse employees can, regardless of age or gender, display their personal strengths without hesitation. There is no silver bullet to reform corporate culture, nor is it something that happens overnight. Instead, I believe that we all have to work together to build a corporate culture that maintains our heritage as a company of looking to the people of our region and fulfills our mission of supporting their lives and the regional economy. At the same time, we should not fear change, but continue to take on new challenges.



Minamoto Kyosuke

Executive Officer, Supervisor of Corporate Culture Reform

Corporate Culture Reform Promotion Committee

President and CEO

Executive Officer, Supervisor of Corporate Culture Reform

Corporate Culture Reform Promotion Committee

Roles

To study the basic policy behind our efforts and major measures, and to monitor the status of initiatives

Composition

Chairperson Executive Officer, Supervisor of Corporate Culture Reform

Members Head of the Regional Relations Division, Head of Human Resources Development Division, Head of Corporate Planning Division, Head of Compliance Promotion Division, and any others designated by the chairperson

Secretariat Regional Relations Division (Communications Promotion)

Corporate Culture Reform Promotion Working Group

Roles

To investigate and implement measures formed through cooperation between relevant organizations, share the status of specific initiatives, etc.

TOPICS

Chugoku Electric “Motto Kwarou” Project

Over the course of around four months, 30 younger employees from different departments put themselves forwards to take part in workshops and repeated discussions to consider how we should change how we think and act, and to encourage employees to put their ideas into action.

Project members presented the findings of these discussions to executive officers, and announced a call to action to employees, as well as a guiding ideal and the actions needed to attain it.

Now, taking on board the project team’s suggestions, we are moving forward with companywide initiatives in areas such as creating a sense of growth among employees (support for personal career development, etc.) and exchanges between those from different organizations and backgrounds (in-house internships, etc.)



Executive officers heard a report of the project team’s findings on October 16, 2024

変わるか。消えるか。

もしも、このままであり続けたなら、
私たち中国電力は、消えてしまいかもしれない。
これからも地域に必要とされ続けるために、
私たちが変わるしか道はない。

凝り固まった考えも、見えない組織の壁も取り払い
今までの中国電力から、“はみ出す”勇気を持とう。
初めはごくごく小さな一歩かもしれない。
すぐに結果は出ないかもしれない。
でも、まるで街にひとつふたつと明かりが灯っていくように
私たちは、中国電力は、少しずつ変わっていく。
その一歩を互いに認め合い、助け合うことで
きっと新しい何かを生み出せるはずだ。

毎日の当たり前を支えてきたプライドと
社員一人ひとりの笑顔を原動力に
地域の未来を削り、動かす、
新しい中国電力へ変わっていくよう。

中国電力はもっと変わろう！ PROJECT

Call to action from project members to all employees

Carbon Neutral 2050 Initiatives

In February 2021, we announced our determination to tackle the challenge of Carbon Neutral 2050—Shifting gears as we aim to achieve a decarbonized society. To do so, we are advancing initiatives in two key areas: decarbonization of energy and decarbonization for the customer and community.

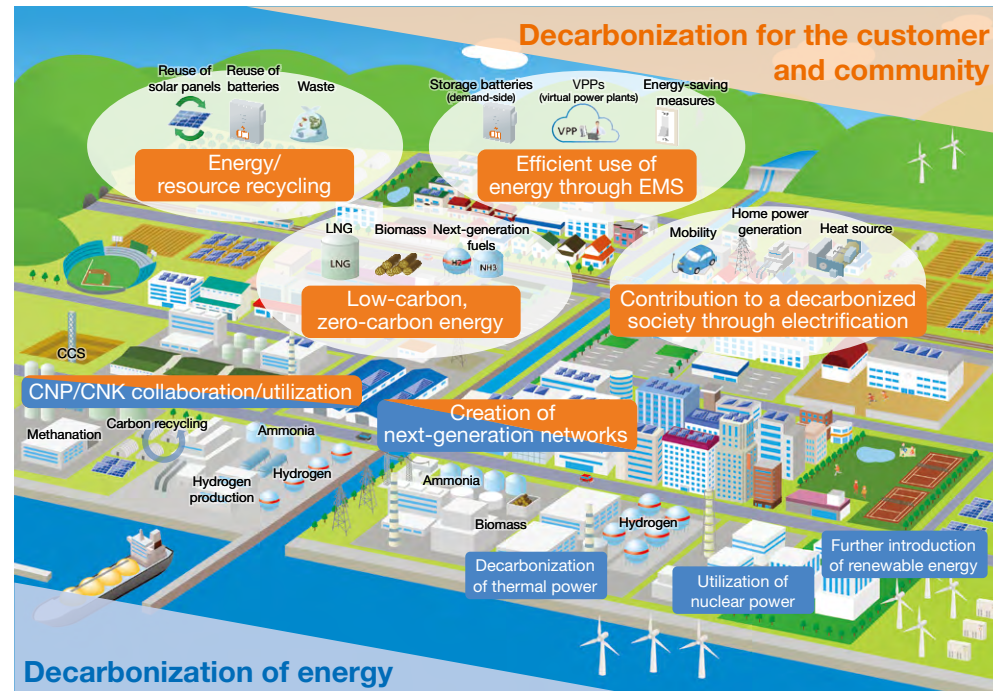
As a new goal for this, we will aim to reduce our overall supply chain emissions (Scopes 1-3) compared to FY 3/2014 levels by 60% by FY 3/2036.

As the first step towards this, we will continue with our CO₂ emissions reduction goal for FY 3/2031, and promote priority measures to achieve this.

We will strive to be carbon neutral by 2050

- ◆ We will proceed with the decarbonization of energy.
- ◆ We will contribute to community development through activities aimed at carbon neutrality.
- ◆ We will develop technologies that contribute to carbon neutrality.

The Chugoku Electric Power Group's Vision for Carbon Neutral 2050



Note:
 CNP: Carbon neutral port CNK: Carbon neutral complex EMS: Energy management system
 CCS: The storage of separated and captured CO₂ underground, etc.
 Carbon recycling: Reuse of separated and captured CO₂ Methanation: The synthesis of methane from hydrogen and CO₂

Supply chain GHG emissions (including for group companies)

FY 3/2014	FY 3/2031	FY 3/2036
Reference year (49.55 million t)	-50% (24.8 million t)	-60% (19.8 million t)

Decarbonization of energy

Direction of initiatives
Achieving the decarbonization of energy through expanded use of carbon-neutral power and the transitioning of thermal power generation

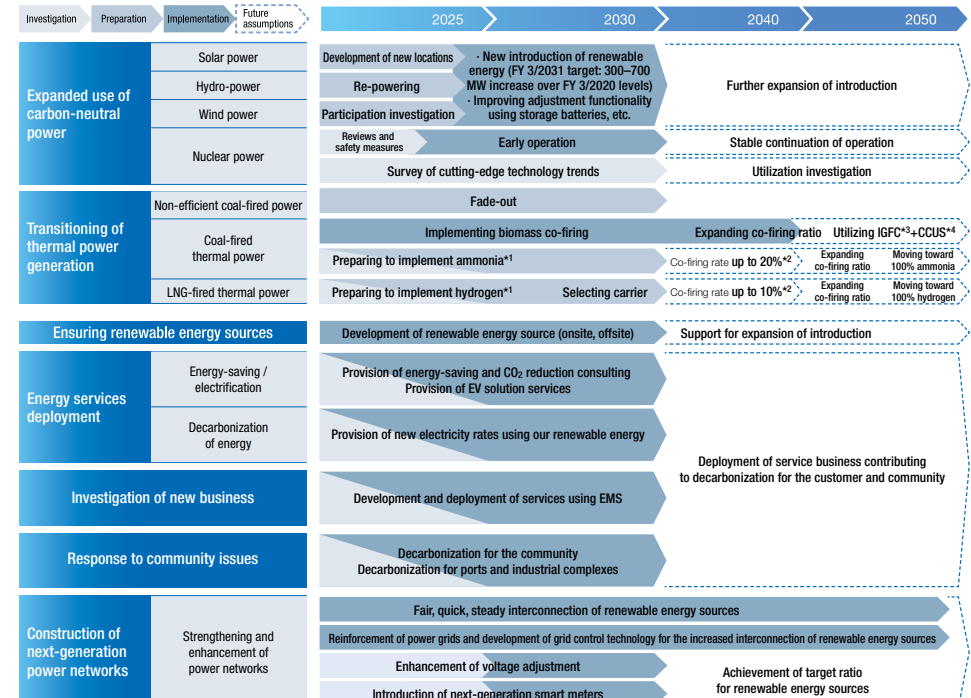
Decarbonization for the customer and community

Direction of initiatives
Develop services and deploy business contributing to decarbonization for the customer and community

CO₂ emissions reduction targets for FY 3/2031

CO ₂ emissions	Halve CO ₂ emissions by FY 3/2031 for both retail and power generation businesses (compared to FY 3/2014)
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Priority measures



*1 We will proceed toward full-scale operation once the various conditions are in place *2 Co-firing rates indicated based on the calorific value
 *3 Integrated Coal Gasification Fuel Cell Combined Cycle Technology *4 Use of CO₂ that has been separated and stored
 Note: We are currently focusing on the measures above, for which we expect to see technical progress toward practical application.
 The measures will be evaluated and reviewed as appropriate based on future trends in technology development.