



# Value Creation Through Our Business Activities

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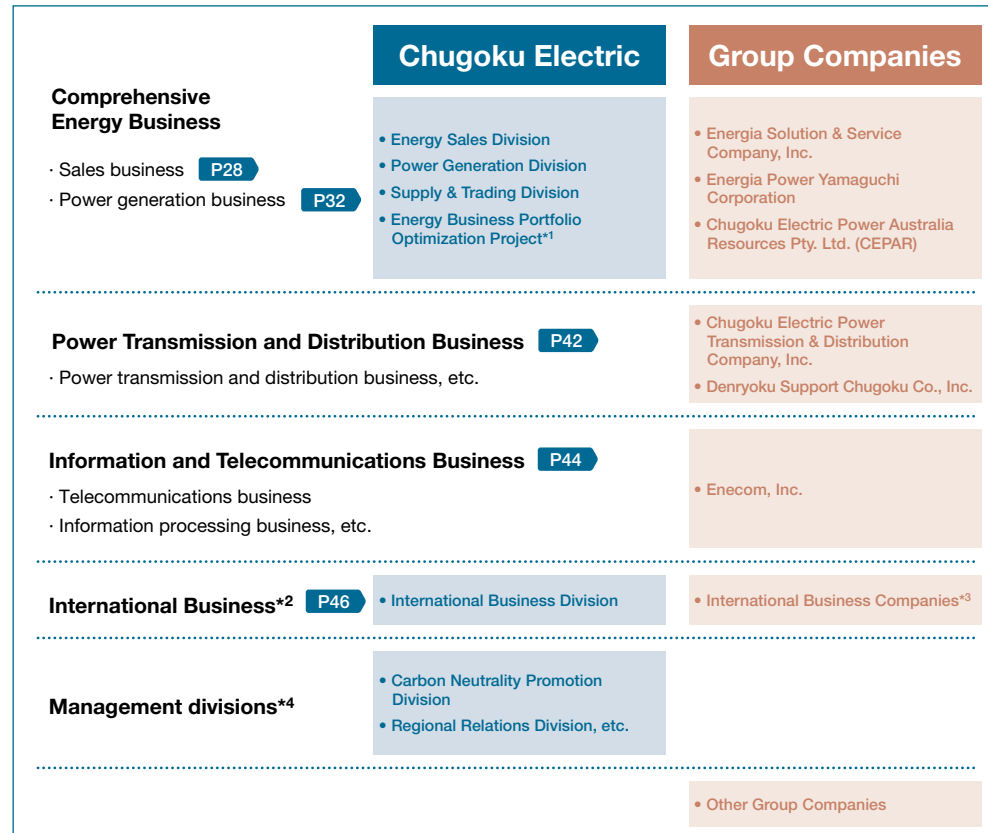
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# Business Management Framework

For the Chugoku Electric Power Group, we operate business management at the business level, i.e., Chugoku Electric or other group company.

Under the Group's medium-term management plans, we have set business revenue targets (which cover each business' profit and expenses for each fiscal year) and management targets (which are groupwide targets that aim to encourage progress in competitiveness, sustainable growth, or similar). We periodically monitor progress in these areas.

## Business level



Note: As of June 26, 2025

\*1 A temporary project team under the direct control of the President to intensively examine the development of a system and framework to optimize market transactions.

\*2 Included in the Comprehensive Energy Business reporting segment

\*3 Excluding CEPAR

\*4 Included in multiple business-level reporting segments

# Comprehensive Energy Business

In the Comprehensive Energy Business, the liberalization of the electricity sector has led to increased competition between companies in the industry. Against this background, we continue to respond to wholesale dealings with equal treatment of in-house and external sources, while also implementing various initiatives to increase revenue in the electricity business.

## Initiatives aimed at increasing revenue in the electricity business

Amid rapid changes in the business and competitive environment due to the strengthening of fair wholesale dealings both internally and externally, two project organizations under the direct control of the President were established from April to September 2024 to study and speedily formulate measures to increase earnings in our wholesaling and retail businesses.

In the retail business, the Profitability Reinforcement Project reviewed our standard rate plans, developing and expanding diverse rate plans that would be preferred by customers, and considering the enhancement of price competitiveness through optimal power source procurement.

### Strategy for retail business (Profitability Reinforcement Project)

| Main measures                           | Details   |
|---|---|
| <b>Review of standard rate plans</b>    | In principle, the unit price of electricity volume charges for the standard rate plans for high-voltage and extra high-voltage customers will be reduced uniformly by 0.3 yen per kWh. Reviewed the calculation basis of the fuel cost adjustment amount to ensure that fluctuations in fuel and market prices are properly reflected in rates. |
| <b>Development of new rate plans</b>    | Newly established and expanded rate plans to meet customer needs and to compete with various rate plan proposals by competitors (e.g., market-linked options).  |
| <b>Optimal power source procurement</b> | Formulated optimal power source procurement strategies to provide diverse rate plans and achieve the price competitiveness necessary to maintain and expand the volume of electricity sold.   |

For the wholesaling business, the Power Balancing Optimization Project established wholesale rate plans that will be preferred by retail electricity suppliers, and studied measures such as optimization of power source and fuel procurement necessary to achieve this goal.

### Strategy for wholesaling business (Power Balancing Optimization Project)

| Main measures                              | Details  |
|--|--|
| <b>Setting of new wholesale rate plans</b> | Based on the needs of retail electricity suppliers, we revised our system to allow customers to choose from a simple metered rate system and a two-tier rate system, in addition to newly established market-linked plans, plans with non-fossil certificates (premium option), etc. |
| <b>Power balancing optimization</b>        | Formulated optimal wholesale sales strategy and optimized fuel procurement based on the restart of the Shimane No. 2 Unit and prevailing market conditions.  |

By implementing the various measures studied in both projects, total electricity sales in FY 3/2026 are expected to increase from FY 3/2025.

To increase earnings in the electricity business, we will continue our efforts to optimize electricity and fuel procurement and provide diverse rates, plans, and services that meet customer needs.

# Sales Business

We aim to expand sales and profitability and sustainably increase corporate value based on the trust of our customers.



**Kawakami Isao**  
Managing Executive Officer  
Chief Operating Officer of  
Energy Sales Division

Looking back on FY 3/2025, in order to increase the profitability of the electricity business even in an increasingly competitive environment, we established the Profitability Reinforcement Project under the direct control of the President. In this project, we analyzed customer needs and conducted a short-term, intensive study on establishing rate plans that would be preferred by customers and how to achieve this, including power source procurement. Furthermore, we formulated a sales strategy policy for contract renewal in FY 3/2026. Based on this policy, we have announced a uniform price reduction of standard rate plans for high-voltage and extra high-voltage customers effective April 1, 2025, and have carried out aggressive activities to capture demand in and outside the

Chugoku region. As a result, we expect a significant recovery in electricity sales in FY 3/2026 and have felt some positive response to this. For us, the primary mission of the Energy Sales Division is to increase sales and profitability to sustainably enhance corporate value, but this would not be possible without the trust of our customers. In addition to low-cost, high quality, and stable supply, customers, especially mid-sized to large corporations, are increasingly seeking low-carbon energy sources as the 2050 carbon-neutral interim target year of FY 3/2031 approaches. By providing energy solutions that meet the diverse needs of these customers, we hope to contribute to solving their problems and revitalizing the local community.

## Environmental Awareness

### Opportunities In business operations

- Formulation of the 7th Strategic Energy Plan and GX2040 Vision
- Increased electricity demand due to DX progress and acceleration toward carbon neutrality (e.g., new/expanded data centers and semiconductor plants, conversion to electric furnaces)
- Requests to create demand during hours when renewable energy output is limited

### Risks In business operations

- Difficulty stimulating demand for electricity as Japan's population shrinks, advances are made in energy efficiency, and economic growth weakens
- Continued risk of fluctuations in fuel and electricity market prices due to geopolitical risks and the occurrence of extreme weather events
- Intensifying competitive environment due to increased power source liquidity resulting from fair wholesale dealings both internally and externally

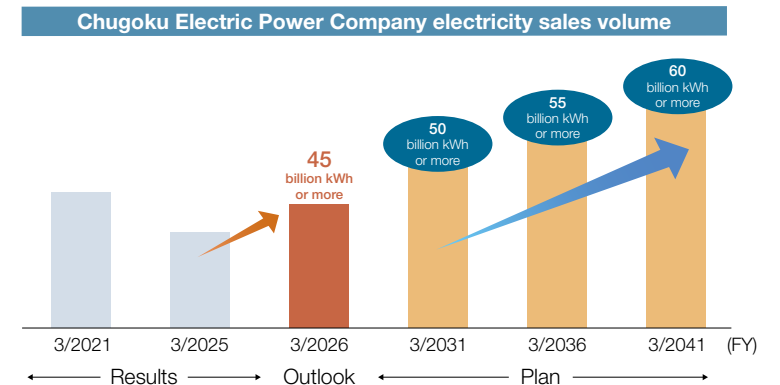
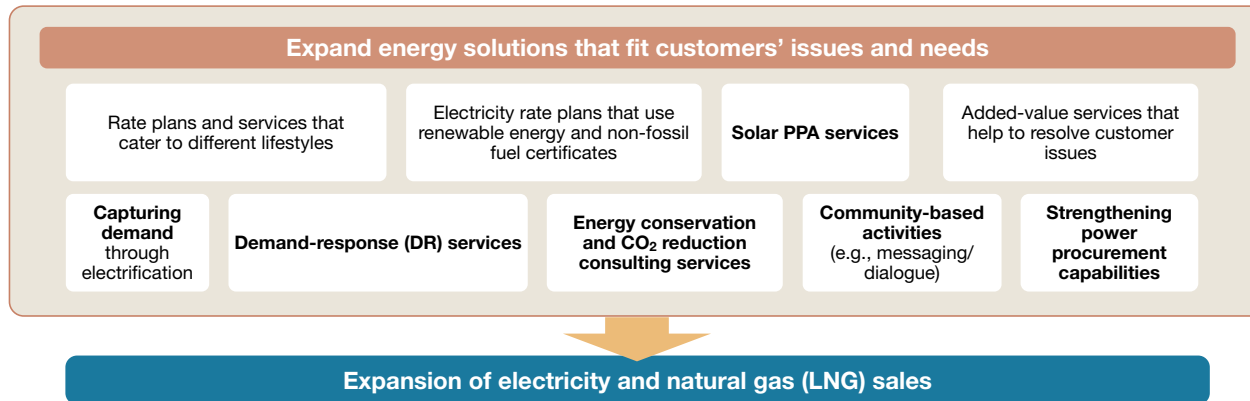
## Desired outcomes, major issues, and objectives

Expand sales and profitability and sustainably increase corporate value based on the trust of our customers  
Contribute to solving customers' issues and revitalizing the community by providing energy solutions that meet diverse needs

### Issues

- Maintain customer base in the Chugoku region and strengthen regional support functions
- Establish an optimal retail business environment, including adaptation to fair wholesale trading both internally and externally, and upgrading market risk management

## Efforts to increase electricity sales volume and other related metrics



## Sales Business

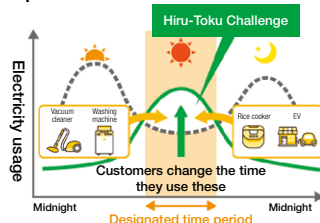
### Rate Plans and Services in Line with Customers' Needs and Supply-demand Situation

#### Power rate plans and demand-response (DR) services that contribute to effective use of renewable energy

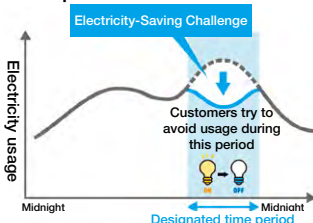
Expectations are rising for our DR initiatives to create daytime electricity demand when renewable energy output must be frequently curbed, and adapt electricity usage to match the constantly changing supply caused by weather and other factors, so as to further increase renewable energy use and ensure that electricity is used effectively. As an initiative to create demand during daytimes and so encourage more effective use of renewable energy, we are providing household customers with a rate plan called "Gutto Zutto. Ohisama Shift Course" that offers a cheaper unit cost during the daytime, compared to the evening, in seasons where there are more limits to renewable energy output (i.e., not summer).

As efforts to encourage customers to move to using electricity at optimal times, for household customers we offer the designated period DR service "Gutto Zutto. Eco App" to inform them when they should move their electricity usage; the Hiru-Toku Challenge and Electricity-Saving Challenge services that reward customers who successfully hit targets with points; and the "Gutto Zutto. Time Service," which encourages customers to shift their electricity usage to certain designated times.

#### Encouraging use during optimal times



#### Discouraging use during suboptimal times



For more details about these services, please refer to the website.

**WEB** [Gutto Zutto. Ohisama Shift Course](https://www.energia-support.com/pricemenu/ohisama.html)  
https://www.energia-support.com/pricemenu/ohisama.html

**WEB** ["Gutto Zutto. Eco App," an online designated-time DR service](https://www.energia-support.com/ecoapp/index.html)  
https://www.energia-support.com/ecoapp/index.html

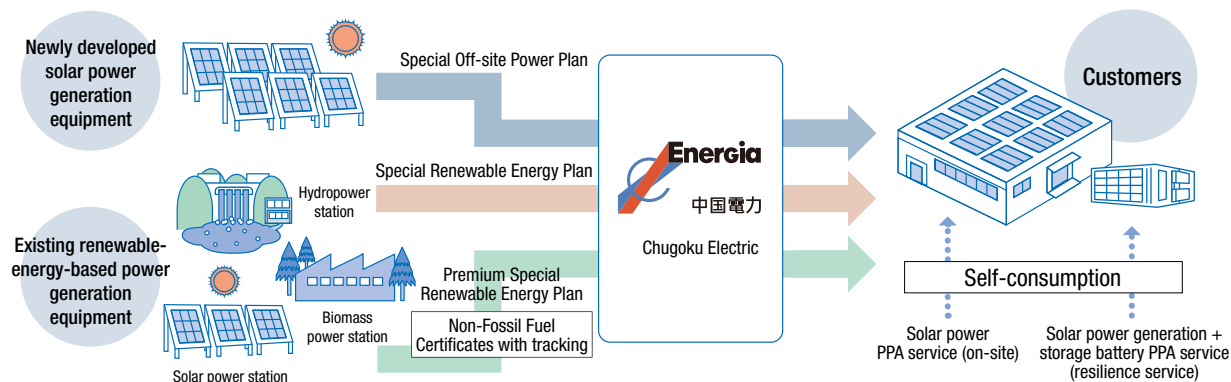
**WEB** [Gutto Zutto. Time Service](https://www.energia-support.com/point/timeservice.html)  
https://www.energia-support.com/point/timeservice.html

#### Electricity rate plans using renewable energy and non-fossil fuel certificates

These are electricity rate plans with low CO<sub>2</sub> emissions for electricity we provide to customers.

Household: Gutto Zutto. Renewable Energy Green Plan\*<sup>1</sup>

Corporate customers: Special Renewable Energy Plan,\*<sup>2</sup> Premium Special Renewable Energy Plan,\*<sup>2</sup> Special Off-site Power Plan



\*<sup>1</sup> In FY 3/2026, we plan to offer an electricity supply that combines electricity generated from solar power and electricity with Non-Fossil Fuel Certificates. For more details about the composition of our power sources, etc., please refer to the website.

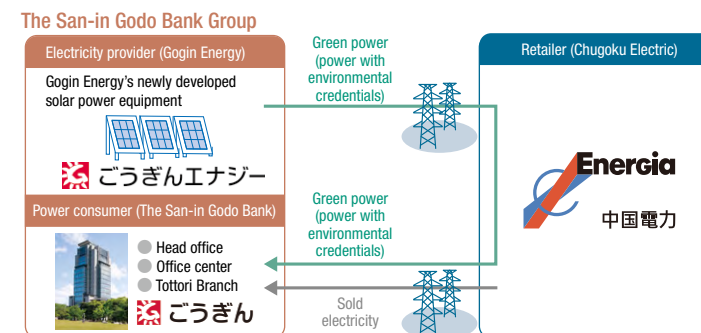
\*<sup>2</sup> In FY 3/2026, we plan to offer an electricity supply that combines electricity purchased under a feed-in-tariff ("FIT electricity") and electricity for which we have purchased electricity with non-fossil fuel certificates. Part of our FIT electricity procurement costs are funded by a levy on electricity users, including those who are not our customers. For more details about the composition of our power sources, etc., please refer to the website.

**WEB** [Gutto Zutto. Renewable Energy Green Plan](https://www.energia-support.com/pricemenu/greenplan.html)  
https://www.energia-support.com/pricemenu/greenplan.html

**WEB** [Special Renewable Energy Plan & Premium Special Renewable Energy Plan](https://www.energia.co.jp/elec/b_menu/co2_free/index.html)  
https://www.energia.co.jp/elec/b\_menu/co2\_free/index.html

#### TOPICS Signing of an MOU with The San-in Godo Bank and Gogin Energy for an Off-site Corporate PPA (March 2025 press release)

We have signed a memorandum of understanding related to an off-site corporate PPA for solar power with The San-in Godo Bank, Ltd. and Gogin Energy Co., Ltd. Based on this memorandum, we will purchase green power (power with environmental credentials) that Gogin Energy generates through its newly developed solar power equipment in the Chugoku area that create around a megawatt of solar power, and supply it to The San-in Godo Bank.



## Sales Business


### Rate plans and services in line with customers' lifestyles

We have developed "Gutto Zutto. Plan," a rate plan that customers can select to match their lifestyles, and the "Gutto Zutto. Club" members' website. For the latter, we offer the Energia Loyalty Point service, as well as various special offers such as collaborative plans that we have created alongside companies with bases in the Chugoku region.

As of the end of FY 3/2025, there were 1.7 million accounts for rate plans brought in after the full liberalization of electricity retail, and approximately 1.45 million customers had favored us by becoming subscribers on our members' websites.

We are also working on expanding our range of services that meet customers' needs, such as a service where customers can receive discounts by purchasing electricity alongside regional cable television or U-NEXT video streaming subscriptions.

### Chugoku Electric members' website



"Gutto Zutto. Club"

**The following rate plans and services are available**


**ぐっとずっと。プラン**  
"Gutto Zutto. Plan"

Customers can select one of five courses to match their lifestyles

- ぐっとずっと。プラン **スマートコース** Smart course
- ぐっとずっと。プラン **シンプルコース** Simple course
- ぐっとずっと。プラン **ナイトホリデーコース** Nights/holidays course
- ぐっとずっと。プラン **電化Styleコース** Electrification course
- ぐっとずっと。プラン **おひさまシフトコース** Ohisama Shift Course


**Energia Point Service**

A Chugoku-specific points service that lets you have fun collecting points and exchanging them for products and services, all while boosting the local area.



**Collaborations**

Through cooperation with companies with business in the Chugoku region, we are able to offer you a range of services for which you can use your points easily to save money.



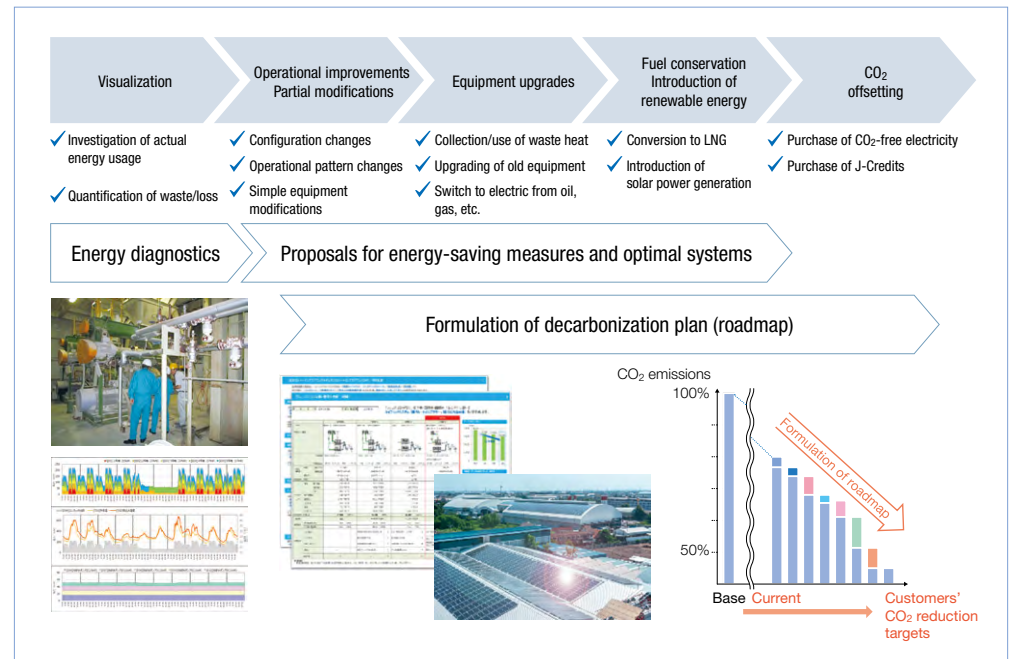
### Electricity bundle discounts service

These services allow you to get a discount for buying them as a set with an electricity rate plan, or for paying for them together.



## Energy-saving and CO<sub>2</sub>-reduction Proposals

To cater to customers' decarbonization needs, we are offering a package consulting service for energy-saving and CO<sub>2</sub> reduction measures. Specifically, we help customers formulate a roadmap that covers everything from the investigation and analysis of their energy usage to the implementation of decarbonization measures.

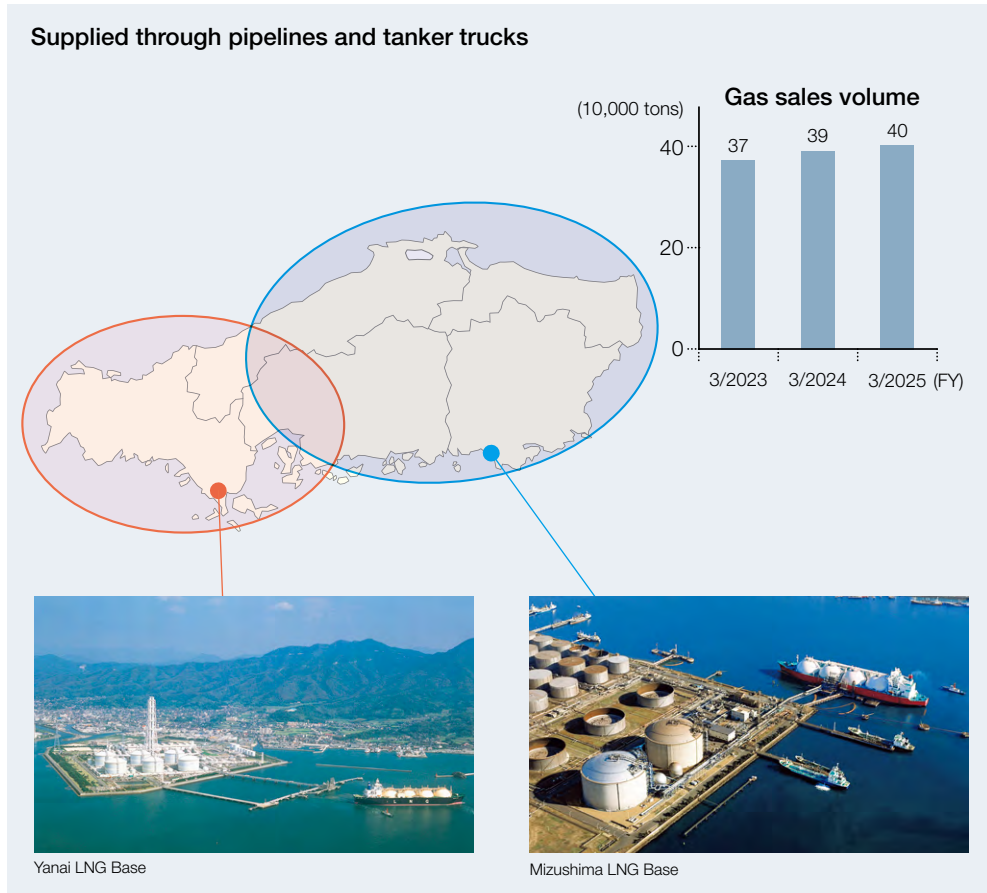


## Sales Business

### Sales of Natural Gas (LNG)

Through our group company, Energia Solution & Service Company, we deliver natural gas (LNG) to city gas companies, factories, and other corporate customers in the Chugoku region.

There is growing demand for a switch to LNG because it is seen as a transitional energy source on the path to a carbon neutral society. While exploiting the strengths of our Yanai-Mizushima Two-Base System, we are working to respond to customers' carbon neutrality needs.



### Task Efficiency Boosts

By using the internet or text messages to inform customers of their monthly electricity usage and provide them with rate plan payment slips, we have reduced postage and other costs.

At our customer service center, in response to customer queries, in addition to the conventional operator response, to improve customer convenience we now allow 24-hour submission of notifications of moving home online, and have developed AI-powered automated voice responses.

#### Get rate plan payment slips on your phone!

We can send customers their payment slips (electronic barcodes) straight to their smartphones. Customers are then able to take the barcode on their phone to a convenience store to pay their bill.

**Key point 1**

Customers **can easily check** their month rates and payment history on their smartphones.

**Key point 2**

This helps **reduce paper usage** and **CO<sub>2</sub> emissions**, which all helps protect the natural environment!



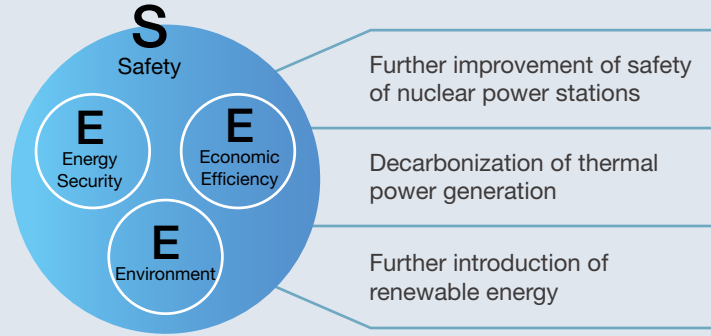
電気の  
**お引越し** 受付サービス  
24時間WEBで受付中  
**手続き簡単!**

# Power Generation Business

Through a power source mix in line with the S + 3E policy (Safety + Energy Security, Economic Efficiency and Environment), we will engage in efforts aimed at decarbonization and enhanced competitiveness.



**Kitano Tatsuo**  
Representative Director,  
Vice President & Senior Managing  
Executive Officer  
Chief Operating Officer of Power  
Generation Division



In nuclear power generation, which is a pillar of our efforts to combat global warming, we will work toward the stable operation of Shimane Nuclear Power Station Unit 2, which resumed commercial operation in January 2025, and the operation of Unit 3, on the premise that safety will be ensured. Furthermore, we will work toward the construction of the Kaminoseki Nuclear Power Station as an important power source for the future.

In addition, we will steadily make transitions toward decarbonization of thermal power generation, and will actively work to achieve the Group's goal of introducing new renewable energy sources.

In addition, we will reinforce our resistance to fuel price fluctuation risks, while also aiming to secure revenue using a variety of different electricity markets.

## Environmental Awareness

Opportunities  
In business operations

- Rising demand for electricity due to increase in data centers, etc.
- Needs for carbon-free electricity rise with moves toward carbon neutrality
- Diversification of opportunities for securing revenue as more electricity markets open up
- Further innovation in DX technologies such as AI and IoT

Risks  
In business operations

- Intense competition with electricity providers due to the expansion of wholesale trading to a wider area
- Fluctuation of fuel and wholesale electricity market prices
- Greater capital investment required for moves toward carbon neutrality
- Electricity accidents or breakdowns leading to unexpected shutdowns
- Increase in operating costs due to rising prices

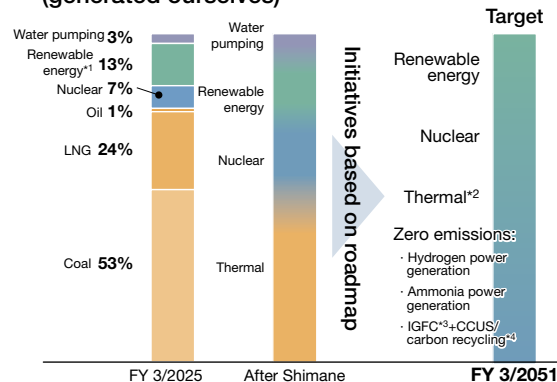
## Desired outcomes, major issues, and objectives

We aim to achieve both profitability and environmental friendliness by building an optimal power supply portfolio and increasing the value of electricity through initiatives aimed at carbon neutrality in addition to the safe and stable supply of electricity.

### Major issues toward achieving our desired outcomes

- Nuclear**
- Stable operation of Shimane Unit 2
  - Early start of operations at Shimane Unit 3
  - Ensuring the installation of Facility for Specific Severe Accidents and Other Accidents
  - Initiatives toward the construction of Kaminoseki Nuclear Power Station
- Renewable energy**
- Maximum introduction and utilization of renewable energy, taking into account the environment and other factors
  - Effective utilization of hydroelectric power through replacement of aging facilities
  - Securing regulation capability for maximum utilization of renewable energy
- Thermal**
- Reliable process control for the start of operation at the new Yanai Unit 2
  - Efforts to improve efficiency and achieve lower carbon emissions through technology development and introduction of cutting-edge technology
  - Effectively utilizing and operationally improving power generation facilities to increase revenues in the electric power market, etc.

### Proportion of generated electric power (generated ourselves)



<sup>\*1</sup> Hydropower, solar, thermal (co-combustion with biomass)  
<sup>\*2</sup> 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  
<sup>\*3</sup> Integrated Coal Gasification Fuel Cell Combined Cycle Technology  
<sup>\*4</sup> Technology to separate and capture CO<sub>2</sub> for reuse, underground storage, or the like

## Main initiatives and measures to resolve issues

- Use of nuclear power generation, provided safety is assured
  - Stable operation of Shimane Unit 2 and reliable process management of Unit 3 through appropriate compliance with new regulatory standards (Operation to commence by FY 3/2031 for Unit 3)
  - Initiatives at Kaminoseki Nuclear Power Station to restart preparations and survey and investigate a site for an interim storage facility for used fuel
- Further introduction of renewable energy
  - Further expansion of renewable energy sources such as solar and wind power
  - Investigation of the effects of introducing grid storage batteries and synchronous condensers
- Transition toward the decarbonization of thermal power stations
  - Study and preparation for implementation of expanded biomass co-firing, ammonia co-firing, and CCUS in coal-fired power plants
  - Replacement of LNG-fired power plants (new Unit 2 at Yanai Power Station) and study on introduction of hydrogen co-firing and preparation for implementation
- Optimization of fuel procurement
  - Studies into how to pursue stable and flexible fuel procurement that considers supply, demand, and market trends, and into procurement of carbon-neutral fuels
- Securing of revenue using a variety of electricity markets
  - Improvement of revenue-earning capability in electricity transactions markets by enhancing operations, such as by reducing minimum output at thermal power stations
- Further cost reductions and operational efficiency
  - Cost reductions through competitive ordering and increased upstream purchasing, etc.
  - Enhancement and efficiency of operations and maintenance management through DX

## Power Generation Business

### Further Improvement of Safety of Nuclear Power Stations

#### Response to conformity reviews for new regulatory requirements at Shimane Nuclear Power Station

Safety measure work at Shimane Nuclear Power Station Unit 2 was completed in October 2024, and that December the unit was restarted (with the paralleling of its generators).

Then, in January 2025 the unit underwent an integrated load performance test.\* After receiving written confirmation from the Nuclear Regulation Authority (NRA) connected to the operator pre-operational inspections, we were able to restart commercial operations at the unit. At Unit 3, meanwhile, we are currently responding to conformity reviews for new regulatory requirements and provided we can ensure safety, we aim to have safety measure work completed at some point in FY 3/2029, and to start commercial operation by FY 3/2031.

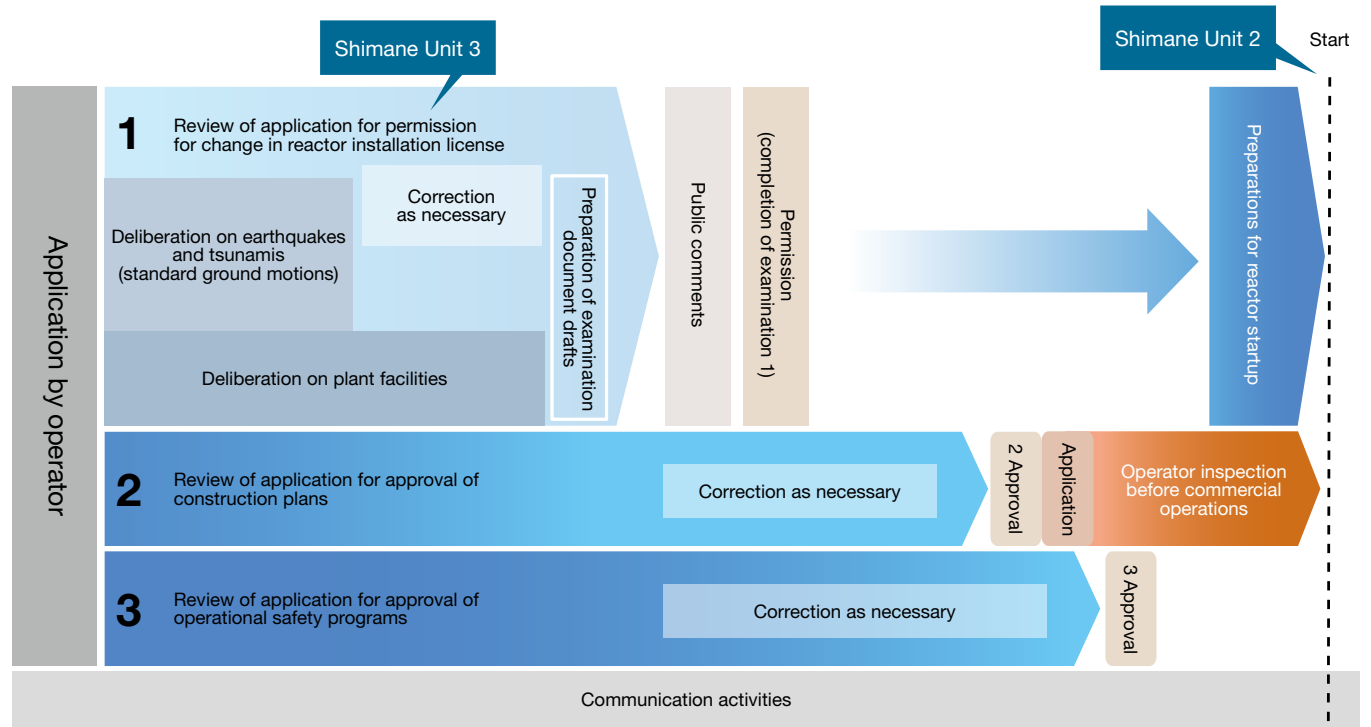
The main preparatory projects for Facility for Specific Severe Accidents and Other Accidents at Unit 2 were completed by the end of FY 3/2025, and we are continuing with the remaining preparatory projects and part of the main construction work.

Moving forward, we will continue to make all possible efforts to ensure Unit 2's stable operation and Unit 3's early start, while providing thorough explanations as to the nature of our measures to gain the understanding of our local communities.

#### Power generation

|          |   |
|----------|---|
| Unit     | Shimane Nuclear Power Station Unit 2<br>Unit 3 (under construction) |
| Output   | Unit 2: 820 MW<br>Unit 3: 1,373 MW                                  |
| Location | Matsue City, Shimane Prefecture                                     |

\*Final inspection of the periodic operator inspection and operator inspection before commercial operations process for facilities to verify overall whether the operation status of each facility is normal according to parameters such as temperature, pressure, etc.



As of the end of July 2025

#### Approval history for Shimane Nuclear Power Station

|                    |  |
|--------------------|--|
| December 25, 2013  | Unit 2: Applied for permission for change to our reactor installation license, approval for construction plans, approval for changes to operational safety programs                  |
| July 4, 2016       | Applied for permission for change in reactor installation for Facility for Specific Severe Accidents and Other Accidents and on-site permanent DC power facilities (tertiary system) |
| August 10, 2018    | Unit 3: Applied for permission for change to our reactor installation license  |
| September 15, 2021 | Unit 2: Received permission for change to our reactor installation license   |
| August 30, 2023    | Unit 2: Received approval for construction plans   |
| May 30, 2024       | Unit 2: Received approval for changes to operational safety programs   |
| October 23, 2024   | Received permission for change in reactor installation for Facility for Specific Severe Accidents and Other Accidents and on-site permanent DC power facilities (tertiary system)    |

#### Shimane Unit 2: Steps to the resumption of commercial operation

|               |                                    |
|---------------|------------------------------------|
| October 2024  | Start of fuel loading              |
| December 2024 | Reactor startup                    |
| December 2024 | Generator paralleling (restart)    |
| January 2025  | Resumption of commercial operation |



January 10, 2025  
Received written confirmation connected to pre-operational confirmation

## Power Generation Business

### Efforts to Restart Shimane Nuclear Power Station Unit 2

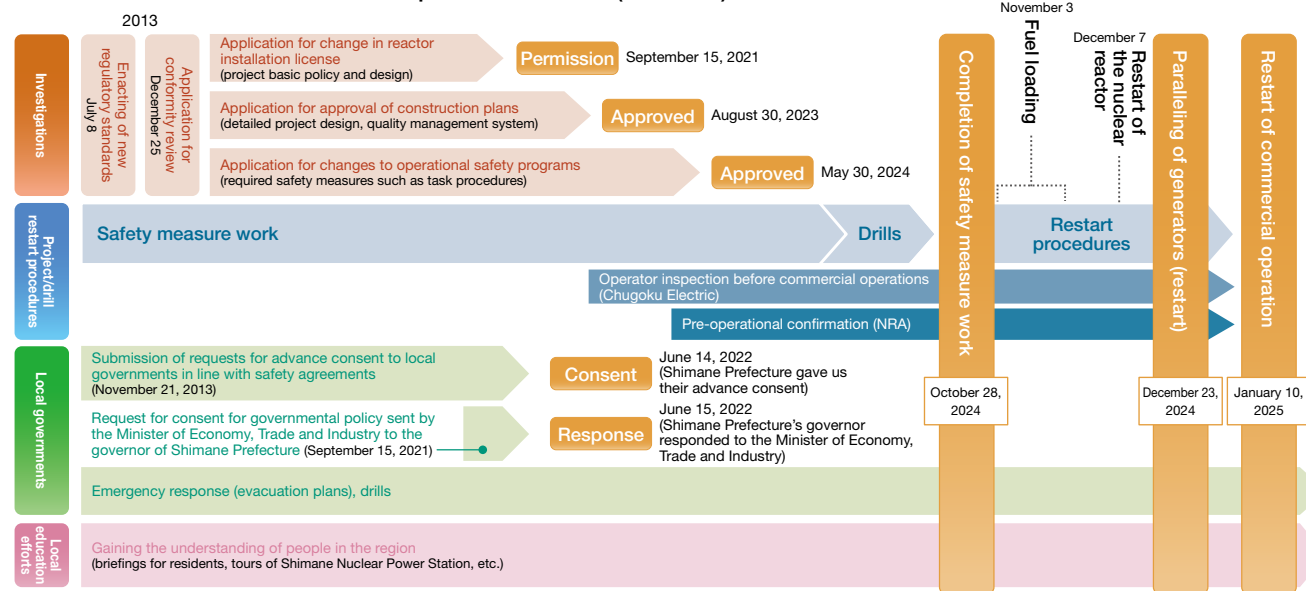
Over the 13 years since the disaster at Fukushima No. 1 Reactor, Shimane Unit 2 has continued to work toward greater power station safety, implementing initiatives to both enhance safety measures and the adaptability of the personnel who enact them.





In terms of the former, and learning the lessons of the incident in Fukushima, we have been running various activities to enhance our safety measures by preventing issues with reactor fuel or used fuel, such as to prevent water ingress, secure power sources, and guarantee cooling functions.



For the latter, to strengthen the adaptability of our personnel to react to problems, we have run drills and similar that imagine various nuclear power generation issues such as a total loss of power due to a large-scale earthquake or tsunami. In this way we have striven to maintain and improve our site capabilities.

As a result, we believe we have made great strides in improving power generation safety, but with new insights to take on board, we will not be letting up on our safety efforts. Instead, we hope to enact a number of initiatives that go even further for power generation that offers everyone peace of mind.

#### Efforts to the restart of commercial operation at Unit 2 (overview)



| Enhanced safety measures   |  |
|--|--|
| <b>Preparing for major earthquakes</b><br><br>Seismic reinforcement for equipment and pipes | <b>Preventing water ingress from tsunamis</b><br><br>Strengthened seawall (reaching 15 m above sea level) |
| <b>Securing power sources</b><br><br>Installation of gas turbine generators                 | <b>Preparing for large-scale incidents</b><br><br>Installation of filtered venting systems                |

| Strengthening personnel adaptability   |   |
|--|---|
| <b>Improvement of emergency response capability</b><br>Emergency response drills are repeatedly carried out in preparation for a nuclear emergency such as loss of all power due to a large earthquake or tsunami. Furthermore, as an effort to ensure smooth evacuation support for community members, we participate in nuclear power disaster response drills held by relevant municipalities as we aim to strengthen our collaboration with such municipalities and organizations.<br><br>Command center drill | <b>Maintaining and improving site capabilities</b><br>To enhance the technical capabilities of younger workers, we have worked to provide them with technical skills through our own simulation facilities and by sending them to work at other companies' currently operating nuclear power stations. Moreover, with the aim of further improving site capabilities, we have invited retired employees that have worked as technicians for many years at Shimane Nuclear Power Station to come back and by supporting younger workers in their tasks they are passing down their skills.<br><br>Task support from retired employees |

| Work procedures related to the restart   |
|--|
| <b>October 2024: Fuel loading of the reactor</b><br>                                   |
| <b>December 2024: Generation restart operations in the Central Control Office</b><br> |

# Power Generation Business

## Decommissioning of Shimane Nuclear Power Station Unit 1

The decommissioning plan for Unit 1 was approved in April 2017, after which we made preparations for the dismantling work—the first stage of the decommissioning. For equipment no longer offered for use, that does not impact transfers to companies that process new fuels or safety functions (such as for major transformers), we dismantled and removed those pieces that are not in the radiation-controlled area.

In May 2024, we entered the second stage of decommissioning. As part of this, we have begun to dismantle and remove equipment no longer in use within the radiation-controlled area (excluding the reactor body itself), and we will continue to prioritize safety above all else in our efforts to decommission the unit.

| Decommissioning implementation breakdown | Date of approval of decommissioning plan—FY 3/2024  | FY 3/2025–FY 3/2036   | FY 3/2037–FY 3/2044   | FY 3/2045–FY 3/2050  |
|--|---|---|---|--|
|  | Period of preparation for dismantling work (1st stage)  | Period of dismantling and removal of peripheral equipment around reactor body, etc. (2nd stage) | Period of dismantling and removal of the reactor body, etc. (3rd stage) | Period of dismantling and removal of buildings, etc. (4th stage) |
|  |   |   |   |  |
| Main work                                | Safe storage  |   | Dismantling and removal of reactor body                                 |  |
|  | Dismantling and removal of equipment inside radiation-controlled area (other than reactor body) |   |   |  |
|  | Carrying out and transfer of fuel   |   |   | Dismantling and removal of buildings, etc.                       |
|  | Investigation of contamination situation  |   |   |  |
|  | Removal of contamination  |   |   |  |
|  | Dismantling and removal of equipment outside the radiation-controlled area                      |   |   |  |
|  | Treatment and disposal of radioactive waste   |   |   |  |

Completed (orange bar) Planned (blue bar)

## New site in Kaminoseki

From the perspective of S + 3E, we aim for a well-balanced energy mix, and so we recognize that Kaminoseki Nuclear Power Station is an important energy source. As such, we are working on construction plans for a new power station, although this is predicated on safety. The measures we have in place for storing used fuel have contributed to the long-term stable operation of Shimane Nuclear Power Station, and so we are currently running investigations into installing interim storage facilities for used fuel at our Kaminoseki site.

### Surveys and investigations into interim storage facilities for used fuel

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

**WEB** Press release from August 29, 2025  
[https://www.energia.co.jp/atom\\_info/press/2025/16080.html](https://www.energia.co.jp/atom_info/press/2025/16080.html)

**WEB** Full text of the site viability survey  
[https://www.energia.co.jp/atom/interim\\_storage/pdf/interim\\_storage\\_202508.pdf](https://www.energia.co.jp/atom/interim_storage/pdf/interim_storage_202508.pdf)



Organizing a temporary storage area for dismantled equipment (second stage preparatory work)



Work to dismantle and dispose of equipment related to toxic liquids (second stage work)

**WEB** Decommissioning Plan for Unit 1  
[https://www.energia.co.jp/atom\\_haishi/index.html](https://www.energia.co.jp/atom_haishi/index.html)



Submitted a written report laying out the above to Kaminoseki's mayor. (August 29, 2025)

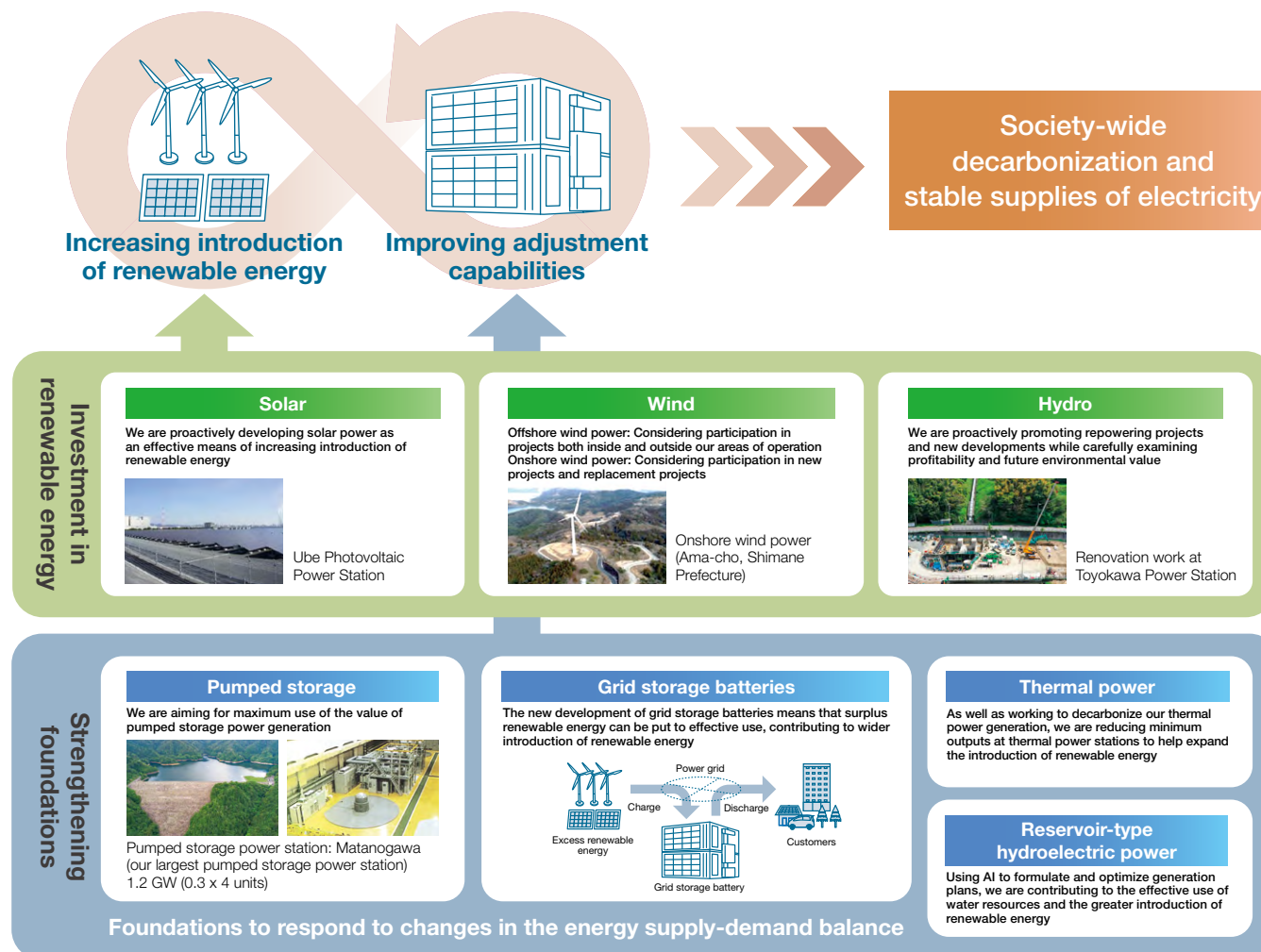


Site viability survey (August 2025)

## Power Generation Business

### Further Introduction of Renewable Energy

In line with the expansion of renewable energy, adjustment capabilities using pumped storage plants, grid storage batteries, thermal power, and other sources are growing in importance. We will therefore work to both expand introduction of renewable energy and improve our adjustment capabilities.



### Renewable energy initiatives

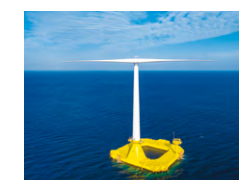
From the twin perspectives of improving energy self-sufficiency and lessening environmental impact, we are working proactively to further expand the introduction of solar and wind power and increase output for existing hydropower to achieve carbon neutrality by 2050. Looking ahead, we will proactively seek to develop offshore wind power—which we believe has particular potential for growth—and continue to maximize introduction of renewable energy.

#### Introduction of renewable energy since FY 3/2021 (Japan)

|         |  |
|---------|--|
| Hydro   | <ul style="list-style-type: none"> <li>Repowering of existing hydroelectric power<br/>Enacted: [Kitahara: March 2024; and 5 other power plants]<br/>To be enacted: [Toyokawa: March 2026; and 7 other power plants]</li> </ul>   |
| Solar   | <ul style="list-style-type: none"> <li>On-site and offsite solar power stations</li> </ul>   |
| Wind    | <ul style="list-style-type: none"> <li>Kitakyushu Hibikinada Offshore Wind Farm<br/>[Began participating in November 2024, start to operations in April 2025]</li> </ul>   |
| Biomass | <ul style="list-style-type: none"> <li>Mixed-fuel generation with woody biomass<br/>[Shin-Onoda Units 1 and 2: Expansion of mixed-fuel combustion from August 2020 onward]<br/>[Misumi Unit 2: November 2022]</li> <li>Biomass power generation business<br/>[Kaita Biomass Power Co., Ltd.: April 2021, expansion of mixed-fuel combustion from April 2024]<br/>[ENERGIA POWER YAMAGUCHI CORPORATION: Expansion of mixed-fuel combustion from September 2021 onward]</li> </ul> |

#### Initiatives to develop floating offshore wind power

The San'in coast of the Chugoku region has many deep waters, holding great potential for developing floating offshore wind turbines. In order to improve our technical abilities to develop floating offshore wind power generation, we joined the Floating Offshore Wind Technology Research Association (FLOWRA) in June 2024. In November 2024, with the goal of gaining expertise related to running floating offshore wind operations, and to tie this in to our own future development, we became an investment partner in Kitakyushu Hibikinada Offshore Wind Farm, which began commercial operation in April 2025.



|  |  |
|--|--|
| Kitakyushu Hibikinada Offshore Wind Farm |  |
| Location                                 | Offshore at Hibikinada, Kitakyushu City, Fukuoka Pref. |
| Output                                   | 3,000 kW   |
| Commercial operation start               | April 22, 2025   |

## Power Generation Business

### Decarbonization of Thermal Power Generation

Through our transition plan for thermal power generation, we are working on decarbonization. Coal-fired thermal power has advantages in terms of fuel supply stability and economy, however its CO<sub>2</sub> emissions are a major issue. To reduce these CO<sub>2</sub> emissions, we are working to introduce cutting-edge technology and expand use of mixed-fuel combustion using biomass. For our LNG-fired thermal power facilities, meanwhile, we are making progress on their replacement using the latest, ultra-high-efficiency gas turbine combined cycle generation method.

Moreover, we will proactively move forward to realize Carbon Neutral 2050 by studying, and preparing to introduce next-generation fuels like hydrogen and ammonia, or to adopt CCS technologies. In these ways, we are enacting efforts toward decarbonization.

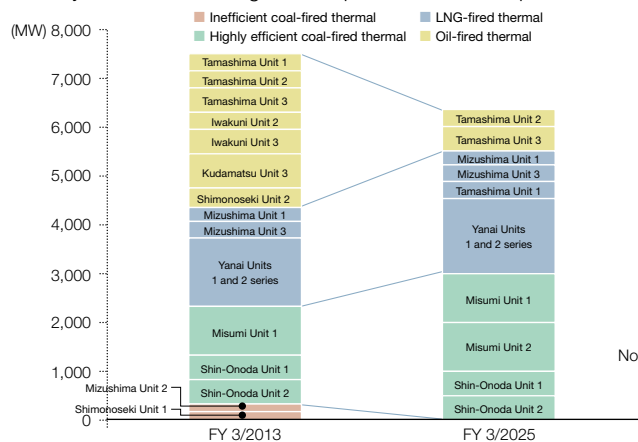
#### Major decarbonization initiatives

Transitioning of thermal power generation P20

- (1) Closing aging thermal power facilities
- (2) Efficiency enhancements for thermal power facilities
- (3) Studies into introduction of decarbonization technologies

#### Closing aging thermal power facilities

As well as developing highly efficient power facilities, we are ending operations at aging thermal power facilities. By doing so, we are further reducing our environmental impact as we work toward carbon neutrality, and further strengthen our power source competitiveness.



Note: The Osaka 1-1 series is excluded as it halted operations in December 2011. Also, Shin-Onoda Units 1 and 2 are supercritical generators, but are used for co-combustion with woody biomass so are classified as highly efficient coal-fired thermal energy facilities.

### TOPICS Yanai Power Station (new Unit 2) Replacements

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

Investigation into future hydrogen co-firing

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

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

### Operation of highly efficient thermal power plants and increased use of mixed-fuel combustion

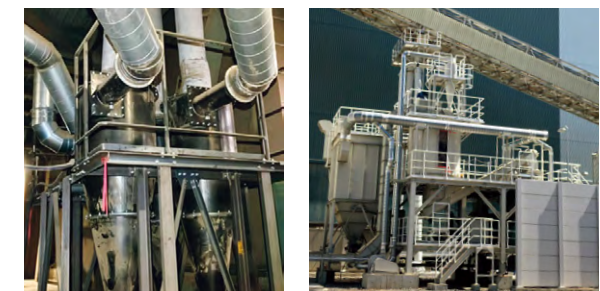
At Misumi Power Station Unit 2, which began commercial operations in November 2022, we have installed ultra-supercritical generation equipment, which is the best available power generation method, with the goal of enhancing our economic and environmental performance. Further, through mixed-fuel combustion at Misumi Unit 2 and Shin-Onoda Units 1 and 2, we are working to achieve further reductions in CO<sub>2</sub> emissions.

|                          |                           |  |
|--------------------------|---------------------------|--|
| Misumi Unit 2            | Biomass percentage        | Approx. 10%                                |
|                          | CO <sub>2</sub> reduction | Approx. 500,000 t-CO <sub>2</sub> per year |
| Shin-Onoda Units 1 and 2 | Biomass percentage        | Approx. 8%                                 |
|                          | CO <sub>2</sub> reduction | Approx. 400,000 t-CO <sub>2</sub> per year |

### TOPICS Safety Measures for Biomass Mixed-fuel Combustion

To prevent spontaneous combustion or fires starting in wood pellets, we have put in place a range of measures, including optimizing storage silo operations and installing equipment to monitor and prevent such incidents. We also implement measures to prevent particulate matter being released, including cleaning and dust collectors.

In the future, we will enact continuous safety measures and use biomass fuel effectively to continue to reduce our CO<sub>2</sub> emissions.



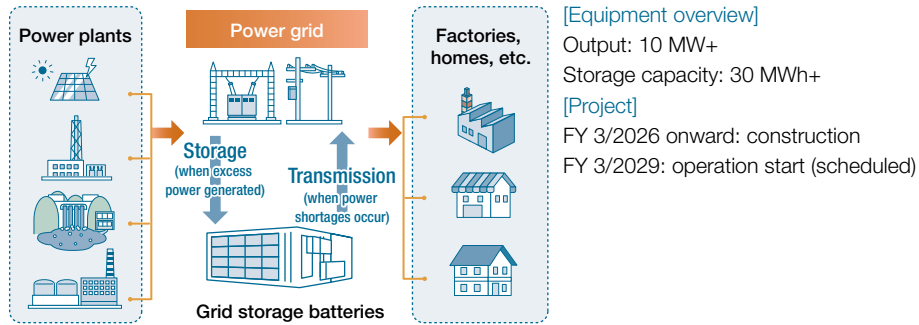
Dust collection equipment designed and manufactured via tie-ups with group and local companies

Pelletizing equipment turns collected particulate matter into pellets that can be reused as fuel

## Power Generation Business

### TOPICS Introduction of a Grid Storage System

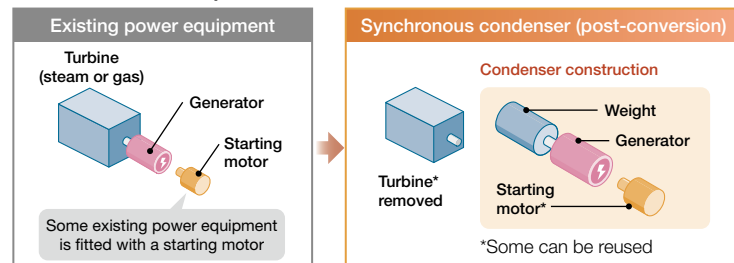
Taking advantage of a FY 3/2025 Ministry of Economy, Trade and Industry subsidy program that supports the introduction and expansion of renewable energy, including the introduction of power storage systems, such as those that use grid storage batteries, we are moving forward with efforts to introduce a grid storage system on the site of the Kudamatsu Power Station.



### TOPICS Investigations into Using Synchronous Condensers for Existing Equipment

Our efforts to respond to drops in stability for power grids that result from the increase in non-synchronous power sources such as solar power generation were selected for inclusion in an investigation into converting existing power equipment to use synchronous condensers by the New Energy and Industrial Technology Development Organization (NEDO). We have started a study to research issues with the conversion of decommissioned synchronous generators to synchronous condensers and the grid stability benefits and cost-savings of doing so.

#### Conversion concept



### TOPICS Investigation of Supply Chains for Rollout of Next-generation Fuels

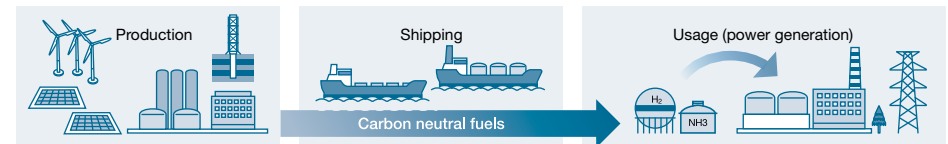
We will continue with examinations to quickly build an economically rational supply chain for next-generation fuels.

#### Procurement (production, shipping)

We will examine specific procurement methods, including carrier selection.

#### Usage (power generation)

We will examine introducing and expanding use of ammonia in coal-fired thermal power, and hydrogen in LNG-fired thermal power.

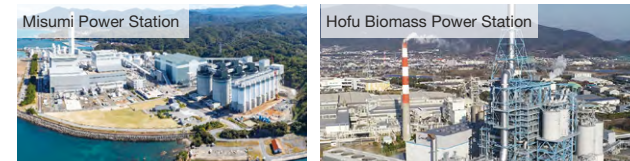


### TOPICS Studies into the Introduction of CCS at Thermal Power Plants

We have been commissioned by the Japan Organization for Metals and Energy Security (JOGMEC) for two "Engineering Design Work for Advanced CCS\* Projects", and working toward CO<sub>2</sub> storage overseas, we are investigating introducing CCS equipment to our Misumi Power Station and Energia Power Yamaguchi Corporation's Hofu Biomass Power Station and evaluating its business viability. Through this study, we are constructing a CCS value chain that goes from capturing CO<sub>2</sub> at power plants to transporting it and storing it, and we aim to launch a CCS business by FY 3/2031 at the soonest.

\*Carbon dioxide Capture and Storage

#### Power plants used for the advanced CCS business



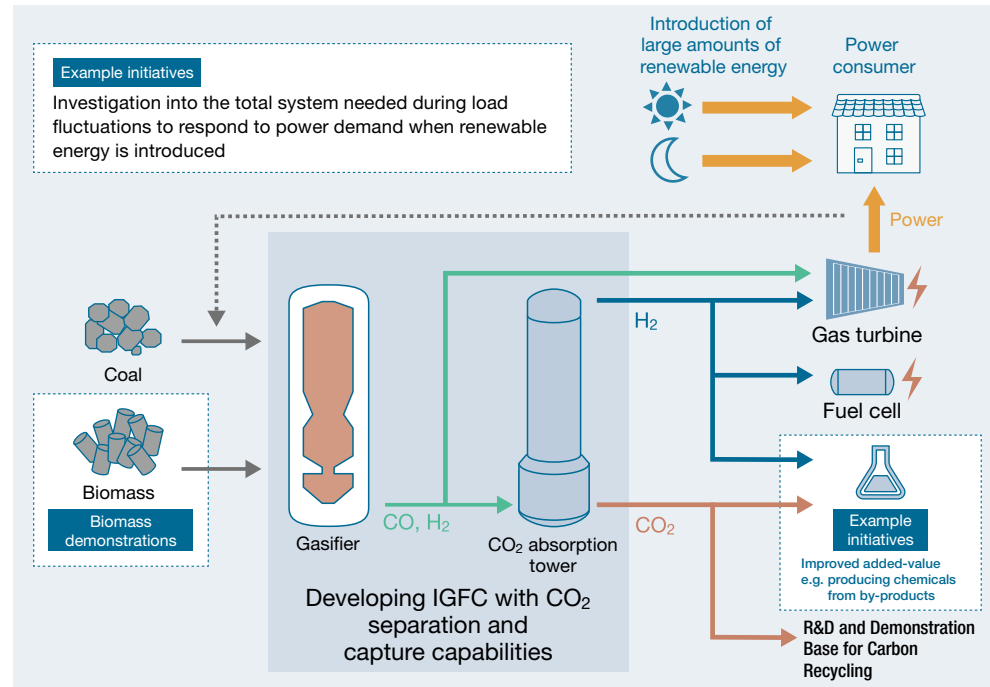
| Project                        | Malaysia Southern Malay Peninsula CCS Project | Project                        | Malaysia Sarawak CCS Project |
|--------------------------------|---|--------------------------------|------------------------------|
| CO <sub>2</sub> capture amount | Approx. 1 million tons/year                   | CO <sub>2</sub> capture amount | Approx. 500,000 tons/year    |

## Power Generation Business

### Promotion of the Osaki CoolGen Project as a trial of technologies that produce virtually zero CO<sub>2</sub> emissions during generation

Through the demonstration projects undertaken by Osaki CoolGen Corporation, a company we established jointly with Electric Power Development Co., Ltd., we worked to develop an integrated coal gasification fuel cell combined cycle (IGFC)\*<sup>1</sup> with CO<sub>2</sub> separation and capture capabilities. The demonstrations were completed in FY 3/2023, and we achieved the targets in all tests, including plant performance and reliability. In FY 3/2024 and FY 3/2025, we worked to develop the technology for the gasification of biomass-mixed fuel for use in an integrated coal gasification combined cycle (IGCC)\*<sup>2</sup> with CO<sub>2</sub> separation and capture capabilities. As well as achieving a biomass fuel mix ratio of 50%, we were also able to make forecasts toward commercialization by confirming equipment specifications and operating methods.

From August 2025, we will be researching ways to improve our ability to adjust loads, with an eye on a decarbonized society that has introduced large amounts of renewable energy.



\*1 Triple combined cycle coal-fired thermal power generation that combines fuel cells with IGCC.

\*2 Coal is gasified, and the product gas is used to drive gas turbines alongside steam turbines to achieve combined cycle coal-fired thermal power generation.

The Osaki CoolGen Project and development of carbon recycling technologies that are underway are assisted and commissioned by the New Energy and Industrial Technology Development Organization (NEDO).

### Development of carbon recycling technologies

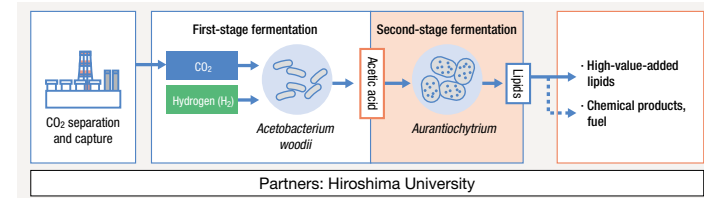
We are working on the development of technologies for the effective utilization of CO<sub>2</sub> in chemical products, civil engineering materials, and more.

#### Development of a Gas-to-Lipids bioprocess (Commercialization target: around 2030)

Aiming to develop a bioprocess for CO<sub>2</sub> recycling, we have been working with Hiroshima University to research and develop technologies to make use of the fermentation functions of two microorganisms to develop a technology that can use hydrogen and CO<sub>2</sub> emitted from power plants to manufacture high-value-added lipids that are ingredients in health foods, chemicals, and other products.

In a NEDO project that stretched from FY 3/2021 to FY 3/2025, we used experimental equipment at our carbon recycling trial and research site in Osakikamijima to trial the production of lipids made from CO<sub>2</sub> captured as part of the Osaki CoolGen Project.

Going forward, as we work toward practical applications for this technology, we hope to address the issues in terms of performance and cost that research has highlighted. Our plan for the two years from FY 3/2026 is to continue to use the aforementioned experimental equipment to make progress with research, including studies into improving equipment and reducing costs.

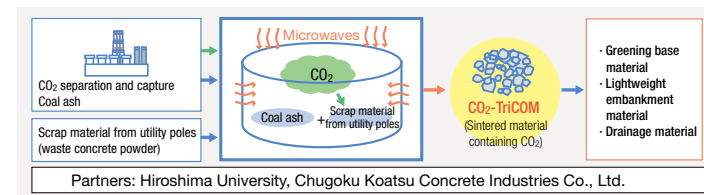


#### Development of "Triple C" recycling technology (CO<sub>2</sub>-TriCOM) (Commercialization target: 2030 onwards)

We are currently developing technologies to create sintered material that can be used in civil engineering work. The process first involves mixing CO<sub>2</sub> and coal ash from power plants, as well as scrap materials from utility poles. The CO<sub>2</sub> is then solidified through a sintering process using microwaves.

In another FY 3/2021 to FY 3/2025 NEDO project, we advanced our efforts to reduce the amount of CO<sub>2</sub> emitted when producing one ton of sintered material containing CO<sub>2</sub> by around 100 kg compared to creating other civil engineering materials.

We will continue to move ahead with studies aimed at accomplishing our targets and we aim to achieve commercialization in or after 2030.



## Power Generation Business

### Enhancing Thermal Power Facility Operations and Maintenance, and Improving Operational Efficiency

By utilizing digital transformation (DX) and other technologies at thermal power plants, we aim to smartify operational safety, to achieve goals such as enhancing operational safety capabilities and improving productivity.

Moreover, to ensure stable operations during the peak demand periods during summer and winter, which require the heaviest energy loads, we carry out systematic repair work during the low-load periods of spring and autumn. To expand our introduction of renewable energy further, we are working to make improvements to operational efficiency, such as by lowering minimum outputs at thermal power plants.

**Enhancing thermal power facility operations and maintenance**

- Using AI and IoT to detect trouble signs
- Adopting robots, drones, etc., for patrols and inspections

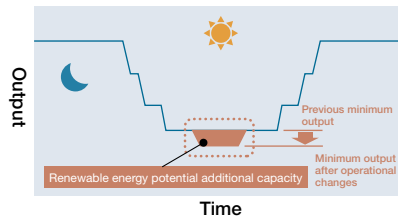
**Improving thermal power facility operational efficiency**

- Undertaking systematic maintenance during low-load periods
- Lowering minimum outputs
- Improving output fluctuation levels

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

In the daily supply and demand of electricity, the amount generated from renewable energy sources like solar power fluctuates widely in output depending on factors such as the weather and time of day, and thermal power is responsible for adjustable output to cover this. Through measures such as minimizing output at thermal power facilities and improving output fluctuation levels, we are actively implementing original initiatives to improve operational efficiency. As well as aiming to further expand the introduction of renewable energy, we are enhancing the value of the flexible capacity that thermal power facilities offer. Through these, our goal is to further raise profitability in the electricity transactions markets.

**How minimizing output leads to greater use of renewable energy**



### Advanced Safety Implementer Accreditation System

Our thermal power operations were recognized by the Minister of Economy, Trade and Industry in September 2024 for their use of technology and independent efforts to secure an advanced level of safety. This certification will allow us greater flexibility in determining when to conduct voluntary checks and other details. As a result, optimization during repairs will further enhance the reliability of our equipment and ensure more standardized installation capabilities. By doing so, we will work towards more economical power generation operations.

| Accredited Advanced Safety Implementer Requirements  |  |
|--|--|
| <b>Commitment by Top Management</b><br>Responsibility by representatives, clear policies, established compliance systems, etc. | <b>Advanced Risk Management System</b><br>Systems, etc., to evaluate risks and implement measures based on these                   |
| <b>Application of Technologies</b><br>Use of IoT, big data, AI, drones, and other cutting-edge technologies                    | <b>Response to Cybersecurity and Related Risks</b><br>Cyberattack countermeasures based on safety tasks that utilize the IoT, etc. |

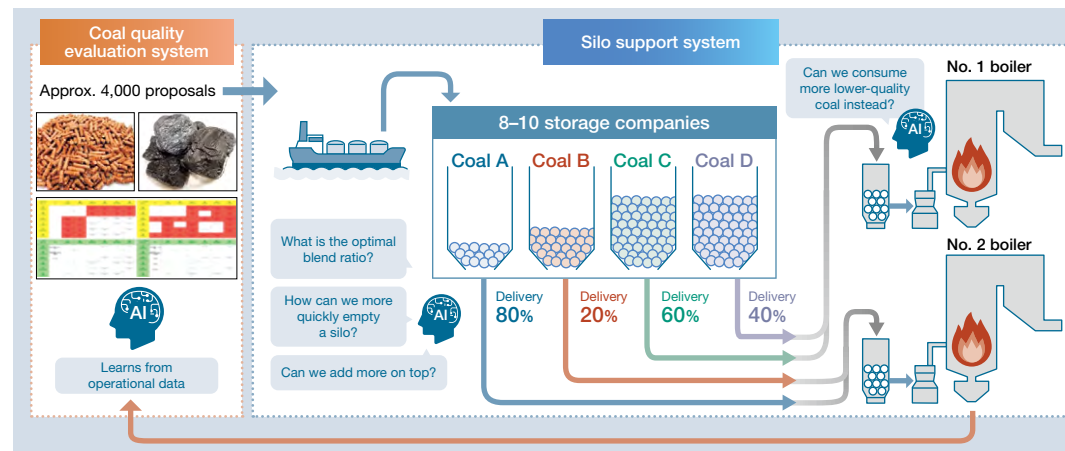
| Inspection item | Frequency  |           |
|-----------------|------------|-----------|
|                 | Previously | In future |
| Boiler          | 6 years    | Flexible  |
| Steam turbine   | 6 years    |           |

### Development of a fuel operation AI and use of robots, drones, etc., for patrols

Coal-fired thermal power involves a high degree of fuel consumption and a need to store lots of coal, and coal mixing, ship freight operations, and other tasks are increasingly complex. Taking into account aspects such as daily income/expenditures, the storage situation, and the properties of coal and biomass fuels, we are carrying out these complicated tasks based on the expertise of a limited number of seasoned employees.

As such, our aim is to calculate the optimal blend ratios for lower-grade coal, for which we do not have much of a track record of use, for further optimization, task efficiency improvements, and greater competitiveness. To do so, we are developing coal quality evaluation systems and coal silo operation support systems, and have started trial operations at Misumi Power Station.

Within power stations, we are also considering having robots and drones conduct patrols and inspections in place of workers, and investigating initiatives to introduce smart technologies to these checks. This enables qualitative patrols and investigations that are not influenced by factors such as operators' levels of experience, and the operational data that robots and drones collect is analyzed by AI, which we will use to make judgments on abnormalities and quickly eliminate trouble.



Drone independent flights trial

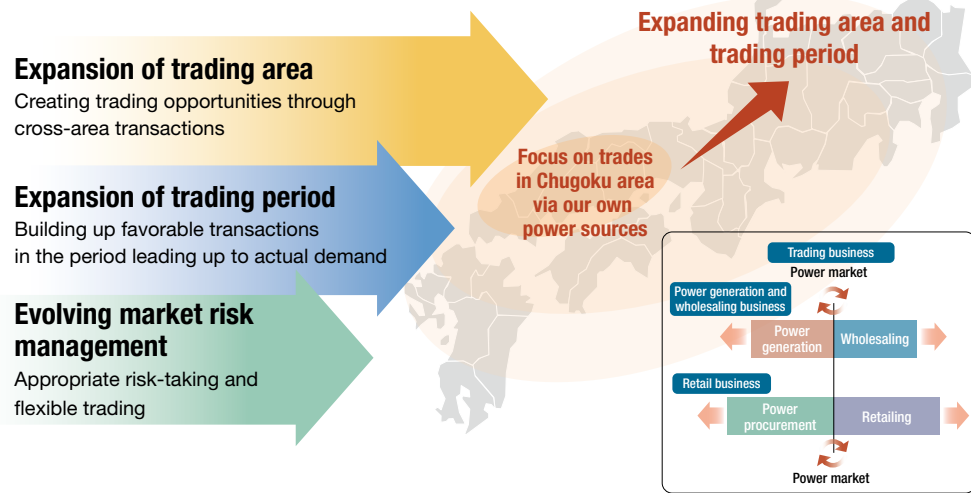


Robot patrols/investigations trial

# Evolving Trading/Risk Management

With the expansion of electricity trading across areas due to deregulation and the advancement of equal trading both internally and externally, the development of electricity futures markets, etc., and the entry of a wide variety of players, the liquidity of the electricity trading market is rapidly increasing, and we expect this to be a new business opportunity.

We will work to increase profits by maximizing and utilizing the value of our own power sources, including kWh, kW, ΔkW, and non-fossil value, and by further expanding our trading areas and actively and flexibly building up trading of various products related to electricity and fuel over a more medium- to long-term time horizon under appropriate market risk management by improving our organizational structure and utilizing specialized human resources.

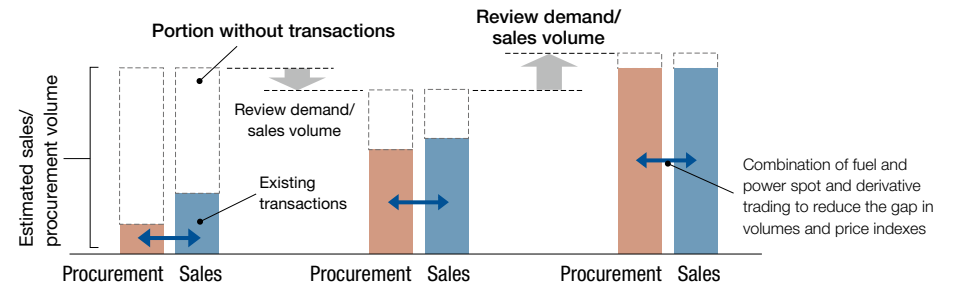


## Initiatives for market trading and risk management

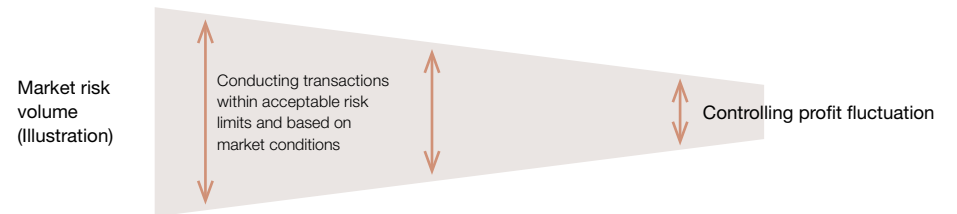
We will control market price fluctuations for fuel and electricity by gradually accumulating procurement and sales transactions based on the market outlook in the portfolio structure for both power generation and retail sales over a multi-year period derived from actual demand. Furthermore, we will control the fluctuation of income and expenditures within our management capacity by mitigating the effects of fluctuations in fuel and power market prices through the time dispersion effect.

In this process, we will frequently review electricity demand and sales volume based on the prevailing economic and energy outlooks, and work to realize and maintain energy security for electricity as well as to achieve our goal of stable business profits.

As a guideline indicator for this purpose, we will monitor the amount of market risk as a notional value in the risk case of a large downturn in profits, and manage risk so that even in such a case, it will remain within the Company's management capacity.



About 3 years before actual demand (Timeline) → Actual demand



# Power Transmission and Distribution Business

While fulfilling our mission to deliver electricity in a stable manner at low cost, we will promote the formation of rational electricity network facilities with a view to becoming carbon neutral by 2050.



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

Chugoku Electric Power Transmission & Distribution Company, Inc., which is responsible for the power transmission and distribution business, is working to steadily implement the business plan set forth in the new wheeling charge system (revenue cap system) introduced in April 2023, with the aim of realizing the targets of the long-term vision targeting FY 3/2031.

Although the cost of materials, equipment, and labor has been rising most recently due to soaring prices, we have steadily implemented measures for aging facilities and worked to reduce costs by reviewing the volume of power to be solicited—taking into account the utilization of excess regulation capacity—and to improve management efficiency by upgrading inspection work for distribution facilities using

digital technology, etc.

Going forward, we will continue to efficiently and systematically implement measures related to ensuring energy security and expanding the introduction of renewable energy for decarbonization.

**WEB** Revenue cap system overview  
<https://www.energia.co.jp/nw/company/activity/rc/gaiyou.html>

**WEB** FY 3/2024–FY 3/2028 business plan  
[https://www.energia.co.jp/nw/company/activity/rc/doc/jigyoukeikaku\\_202309.pdf](https://www.energia.co.jp/nw/company/activity/rc/doc/jigyoukeikaku_202309.pdf)

## Environmental Awareness

### Opportunities In business operations

- Increase in opportunities for greater efficiency through innovative DX technologies including AI and IoT
- Increase in introduction of renewable energy to achieve carbon neutrality
- Acquisition of opportunities for systematic capital investment in line with the introduction of the new wheeling charge system
- Increase in demand for data centers and other large-scale facilities due to the progress of digitalization

### Risks In business operations

- Increase in materials, equipment, and labor costs due to soaring prices
- Impacts on stable supplies caused by increasingly frequent and severe natural disasters
- Aging of electric power equipment
- Decrease in grid demand due to population decline and expansion of distributed power sources and storage batteries

## Desired outcomes, major issues, and objectives

In addition to tackling the three main areas of our long-term vision—strengthening the transmission and distribution business, developing new businesses, and contributing to regional revitalization—we will strive to develop alongside our regional community while uniting the strengths of our five networks.

## Main initiatives and measures to resolve issues

- Addressing the expansion of renewable energy introduction for decarbonization
- Creating new value through business process transformation and DX using digital technologies
- Strengthening resilience against more frequent and severe natural disasters
- Establishing a sustainable supply chain for stable procurement of materials, equipment, and construction work
- Reviewing business implementation systems for greater efficiency, e.g., by broadening offices' area of responsibility
- Creating area demand through new ideas and ingenuity

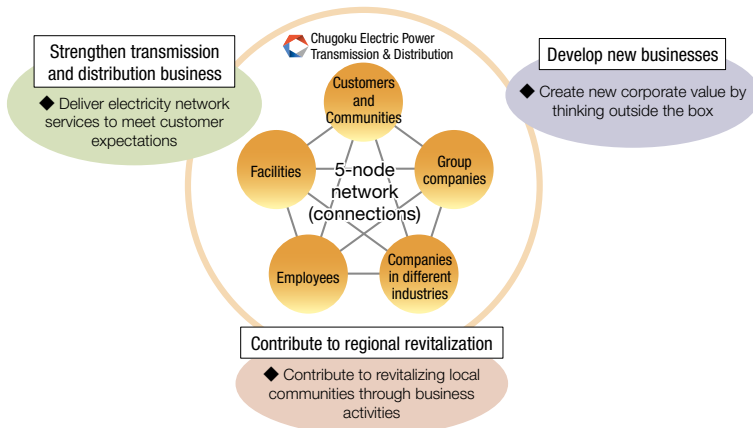
## Major issues

- Ensure energy security and form rational electricity network facilities  
We will implement measures related to ensuring energy security, such as countermeasures for aging facilities, speeding up disaster recovery, and strengthening cyber security, as well as form rational electricity network facilities with an eye toward carbon neutrality by 2050.
- Strengthening our management foundation  
As the number of company employees decreases, we will work to both increase labor productivity and maintain and improve operational quality by simplifying processes and utilizing digital technology and data.
- Reform of our profit structure  
We will continue to work on developing measures to expand wheeling demand with the aim of improving utilization of electricity network facilities. In addition, we will expand earnings by developing new businesses through new services utilizing our assets and alliances with other companies.

## Objectives

- Achieve ordinary income of 14 billion yen by FY 3/2031
- Maintain world-class power quality and minimize the social impact of power outages

Aims for FY 3/2031  
**Corporate Vision of Chugoku Electric Power Transmission & Distribution**  
A company which develops together with the regional community by uniting the strengths of its "5-node network"



## Power Transmission and Distribution Business

### Response to increasing introduction of renewable energy to achieve decarbonization

To ensure power producer predictability in the face of an increasing number of connection applications for renewable energy, the website of Chugoku Electric Power Transmission & Distribution discloses the volume of renewable energy, such as solar power, for which applications are received and information on available grid capacity, and measures are being taken to enable the grid to handle increased introduction.

**WEB** Renewable energy applications  
<https://www.energia.co.jp/nw/energy/kaitori/status/>

### Reforming work processes using digital technologies and creating new value with DX

Using digital technologies, we aim to enhance productivity, while also taking a new look at how we think and act so as to make fundamental improvements to our work processes. Moreover, we will utilize our assets and data to create new value, by means of enhancing the value of existing services and offering new ones.

### Stronger resilience in preparation for increasingly frequent and severe natural disasters

To strengthen resilience (toughness and ability to recover in a disaster), we are taking measures to prevent accidents and speed up recovery when accidents occur. Moreover, during power outages, we communicate easy-to-understand information on the impacted areas and recovery schedules via power outage information apps, our website, and other channels.

#### Partnerships with relevant institutions during disasters

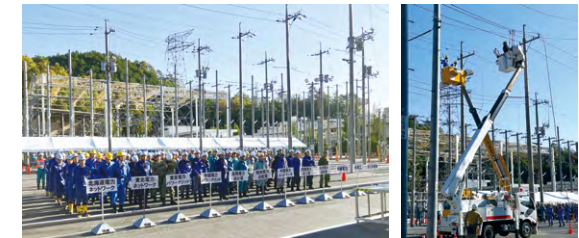
- Partnerships with the Japan Coast Guard Headquarters and other relevant institutions based on agreements for cooperation during times of disaster, etc.



Drill practicing the transport of recovery personnel and materials to an isolated location by a helicopter (a UH-1) belonging to the JGSDF's 13th Aviation Squadron (January 2025)

#### Joint drills with power transmission and distribution companies

- With the aim of offering each other mutual support and to strengthen cooperation with relevant organizations in the event of a disaster, we held joint drills with ten power transmission and distribution companies, focused on restoring transmission and distribution equipment.



Joint drill with power transmission and distribution businesses (November 2024)

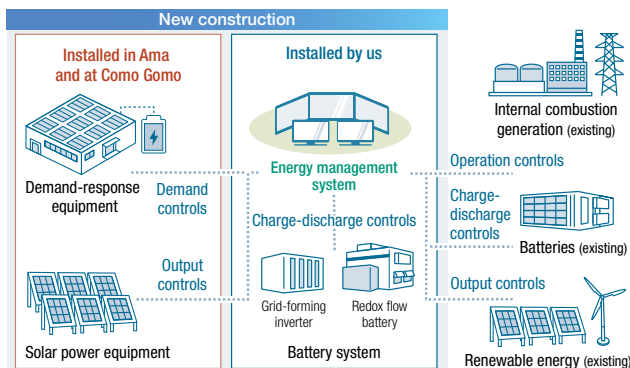
#### Communication of information on power outages and recovery forecasts

- Active communication of information through website and social media, etc.
- Push notifications and maps of power outage locations through power outage information apps

### TOPICS Signing of a Cooperative Agreement on Carbon Neutrality

On September 6, 2024, Chugoku Electric Power Transmission & Distribution signed a cooperative agreement on carbon neutrality with the Ama Town (in Shimane Prefecture's Oki District) and Como-gomo.companny to promote carbon neutrality efforts and resilience improvements in Ama.

This agreement has established a public-private partnership, and the three signatories combine their resources to further accelerate activities to bring about a decarbonized society. Also, by enabling independent power supply operations during emergencies, and other measures, we are constructing a next-generation power network that can respond to disasters.



#### Initiative overview

An energy management system\*1 is able to forecast renewable energy outputs and demand for electricity, while also controlling battery charging and transmission, output for generation powered by internal combustion, and how much power that equipment requiring it receives depending on the generation/demand situation. By doing so, it can maintain a balance between supply and demand and ensure a stable supply of power while also making maximal use of renewable energy.

Introducing a grid-forming inverter,\*2 meanwhile, supplements the system's inertial force and secure power grid stability to make it easier to introduce and expand renewable energy use.

For Ama, which did not possess a stable energy source like a generator powered by internal combustion, we are introducing the technologies needed for an independently operated power grid (a microgrid) and aiming to improve the resilience of its power supplies during disasters.

#### Future activities

Utilizing the knowledge we have gained through this initiative, we will aim for regional microgrids that can be used on remote islands or in mountainous areas and roll these out via designated area supply systems, etc.

**WEB** Signing of a Cooperative Agreement on Carbon Neutrality with Ama and Como Gomo

<https://www.energia.co.jp/nw/press/assets/press/2024/p20240906.pdf>

\*1 A system that can show energy usage and control equipment operations to optimize energy operations.

\*2 These inverters, which are also called "virtual-inertia power conditioners," use new functions that replicate inertia to provide an alternative for the role usually performed by internal combustion generation, etc. A next-generation technology, they aim to stabilize power grids and further expand the introduction of renewable energy.

# Information and Telecommunications Business

Under the new corporate vision, “from Enecom,” we will work to ensure profits and acquire new sales.



**Okabe Keiji**  
Director and President  
Enecom, Inc.

Our efforts under the previous management vision from FY 3/2020 to FY 3/2025 generally achieved their targets. Each business steadily implemented measures to address issues and worked to increase sales and profits, resulting in record-high net sales in FY 3/2025.

In the information and telecommunications industry, the market size of cloud computing and data centers is expanding amid the rapid spread of generative AI. Going forward technological innovation is expected to further advance in the telecommunications infrastructure market toward the realization of Society 5.0 as advocated by the Japanese government and the underlying infrastructure of Beyond 5G. However, the fiber to the home (FTTH) market is reaching maturity, and competition among carriers to acquire customers is expected to intensify further. In this environment, Enecom has adopted a new corporate vision targeting FY

3/2036, “from Enecom,” under which each and every employee will continue to take “+Action.”

Enecom, which is responsible for Chugoku Electric Power Group’s information and telecommunications business, will continue its efforts to secure profits and generate new sales by providing value through customer-oriented services and other means. Through DX and other means, we will also take on the challenge of creating new value by supporting the transformation of our customers’ businesses and lifestyles and working to solve environmental and social issues.



“from Enecom,” Enecom’s new corporate vision

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

**Opportunities**  
In business operations

- Changes to lifestyles and business environments
- Acceleration of corporate DX activities
- Advances in AI and telecommunications technology

**Risks**  
In business operations

- More intense competition in the information and telecommunications business
- Damage to company facilities or information leakage due to natural disasters
- Cyberattacks or similar interrupting services or causing information leaks
- Increase in procurement costs due to soaring prices

## Environmental Awareness

### Desired outcomes

By achieving our three core visions, we aim to make Enecom a company that is consistently preferred by all who work with us.

#### Gathering human resources who turn stakeholders' ideals into reality

##### Constant ambition and exploration driven by stakeholder perspectives

Always creating new and greater value as seen by stakeholders

##### Employees as value creation drivers

Each and every employee leverages their expertise to create value

##### Forums for all employees to thrive

Creating a place where diverse human resources can maximize their abilities

#### Pursuing sustainability

##### Embracing DX for a GX society

Adapting to the GX society while pursuing DX, and driving transformation in business, industrial structures, and lifestyles

##### Creating value as a sustainable enterprise

Addressing societal challenges through R&D and new ventures, continuously generating new value

##### Realizing well-being

Creating an environment where every employee feels joy

#### Growing with and supporting the community

##### Supporting regional social infrastructure through information and telecommunications

Contributing to the region’s development through the information and telecommunications business

##### Supporting the development of the region’s next generation of human resources

As a collaborative partner of the community, taking on the challenge of fostering the next generation of human resources and growing together with the community

##### Helping to cherish our community

As a local company, supporting activities to cherish our community, such as through culture and sports

### Evaluation indicators

Quantitative assessment will focus on two perspectives: individual initiatives (three core visions) and the overall picture (financial).

#### 1. Individual initiatives

FY 3/2036 2. Overall picture FY 3/2036

|  |   |                  |                  |                        |
|--|---|------------------|------------------|------------------------|
| Gathering human resources who turn stakeholders' ideals into reality | Customer satisfaction (Expectations of the company) | 80% or more      | Net sales        | 70 billion yen or more |
| Pursuing sustainability  | Carbon neutrality (Scope 1 and 2)                   | 100%             | Operating income | 7 billion yen or more  |
|  | Employee engagement                                 | 75 point or more |                  |                        |
| Growing with and supporting the community                            | Community recognition of the company                | 80%              | ROA              | 7% or more             |

## Information and Telecommunications Business

### Efforts to Strengthen and Expand Our Information and Telecommunications Business

#### Corporate customers

From communications networks and data centers to cloud, security, and DX solutions, we offer a rich range of services to cater to customers' diverse needs.

#### EneWings solution service for corporate customers



Hiroshima Data Center

For corporate customers, Enecom offers construction and maintenance services for communications network services, data centers, cloud services, security services, network devices and servers.

The Enewings Direct Exchange Service, launched in April 2023, is located in Hiroshima and enables customers' sites to connect directly to the mega cloud services of five major US-based IT companies. The service can be used as a secure, stable business platform that connects Enecom's Ethernet network, V-LAN, and the EneWings Hiroshima Data Center with the mega cloud services without using the internet.

In August 2023, we started a new backup service equipped with ransomware\* countermeasures. The following August, we launched EneWings Security Management, a service that monitors and analyses security device logs to detect signs or traces of cyberattacks. In response to the threat of cyberattacks, which grow more advanced with each passing day, Enecom security technicians carry out impact surveys and give explanations of real threats based on the actual environment and shut down communications if needed in an emergency.

Furthermore, as a new service, we offer the EneLearn Drone Meister e-learning service, which includes teaching materials for those wishing to acquire national drone certifications and those wanting to gain basic knowledge, which combine Enecom's own on-site expertise with rules specified by the Ministry of Land, Infrastructure, Transport and Tourism. Another new service that we have developed is the Metaverse Exhibition Maker, a platform that makes it easy for users to hold virtual events. We trialed an e-sports event business model with the Hiroshima e-Sports Company Tournament in November 2024 using this service, and we are working to expand it further.

We will work to strengthen the competitiveness of our existing services by leveraging our network services to reflect customer needs and industry trends, while also promoting value creation through customer-driven, comprehensive solution proposals.

\*Ransomware is a form of malware that encrypts files and renders them unusable, which is followed by a demand for a ransom to return them to their original state

### Support for promotion of digital transformation of companies through consulting

For corporations interested in DX across Japan, Enecom offers consulting services that cover various cutting-edge digital services and technologies such as generative AI, RPA, IoT, machine learning, and public cloud networks.

In the field of generative AI, which we began offering consulting services for in 2023, we are working with customers on initiatives to utilize the many functions that generative AI can offer, such as complementing and strengthening management resources and capabilities, and improving productivity. The enhanced digital technology application capabilities gained by backing the development of digital personnel (human resources skilled in digital technologies) helps to change corporate cultures and achieve a shift to more productive, more creative high-added-value work. We work to apply advanced digital technologies, and one example is using machine learning to predict supply and demand levels.

This effort will enable us to respond flexibly to customers' diversifying needs (for DX, CX, EX, ecosystem construction support, etc.) with combinations of optimal digital technologies and services.

In the future, we will make proposals that combine the latest digital technologies and services and support companies' efforts to raise productivity and develop their own digital personnel, in order to contribute to digital advances for the region and wider society.

#### Individual customers

In addition to ensuring secure internet connections through optical fiber, we will also support customers' lifestyles through convenient, enjoyable services.

### Internet connection service MEGA EGG

Enecom offers MEGA EGG as an internet connection service for personal use.

The MEGA EGG Optic Basic service is offered over Enecom's own fiber optic lines in five prefectures in the Chugoku region and includes a provider fee for fare plans up to 1 gigabyte. It also includes security services, to protect users' computers from viruses or similar, as standard.

Our MEGA EGG Optic 10 Giga ultrafast internet service, which we have offered in some areas since April 2024, is optimized for use cases like multiple simultaneous internet users; stable video playback, remote working, or online learning; superior online gaming; and high-resolution videos.

We also expanded the area where we offer 10-gigabyte services in October 2024 and again in April 2025, and we plan to gradually expand the service area in the future.

In July 2025, meanwhile, we started offering a rental service for Wi-Fi 7 routers, a new standard of tri-band router that is also compatible with the 6 GHz band.

**MEGA EGG**  
by **エネコム**

# International Business

## Initiatives in the International Business

To strengthen our management foundation, we are taking actions in our international business by utilizing the technology and expertise we have cultivated in our domestic electricity business.

In terms of investments in overseas electricity projects, we have participated in a total of 10 power generation and integrated energy projects in eight countries around the world, including in Asia, North America, and Fiji.

In our overseas consulting business, we have been commissioned by governments and private companies to conduct feasibility studies and supervise construction in a wide range of technical fields, including electricity projects, and have participated in a total of 143 projects in 35 countries around the world.

Through FY 3/2031, we will carefully select new investments, adding value to existing projects and building an optimal portfolio by selling and replacing assets. Through these efforts, we will cultivate diverse personnel that will lead the future of the Group.

Toward FY 3/2041, we will accelerate our efforts in new projects based on the advanced expertise, human networks, and cultivated human resources accumulated through our international business, while expanding international business earnings and contributing to decarbonization in Japan and overseas, thereby enhancing corporate value.

International electricity business investment (as of June 30, 2025)

10 projects in 8 countries, with holdings equivalent to output of 1,257 MW

Overseas consulting business (as of June 30, 2025) 143 projects in 35 countries

### Example of investment in the international business

**TOPICS**

#### Cambodia: 10 MW Solar Power and 3 MWh Storage Battery Project in Pursat Province

In March 2025, Chugoku Electric and SchneiTec Co., Ltd., a renewable energy power generation company in Cambodia, jointly established a local operating company to construct and operate a solar power plant with storage batteries and an output of 10 MW in the Krakor district of Pursat Province.

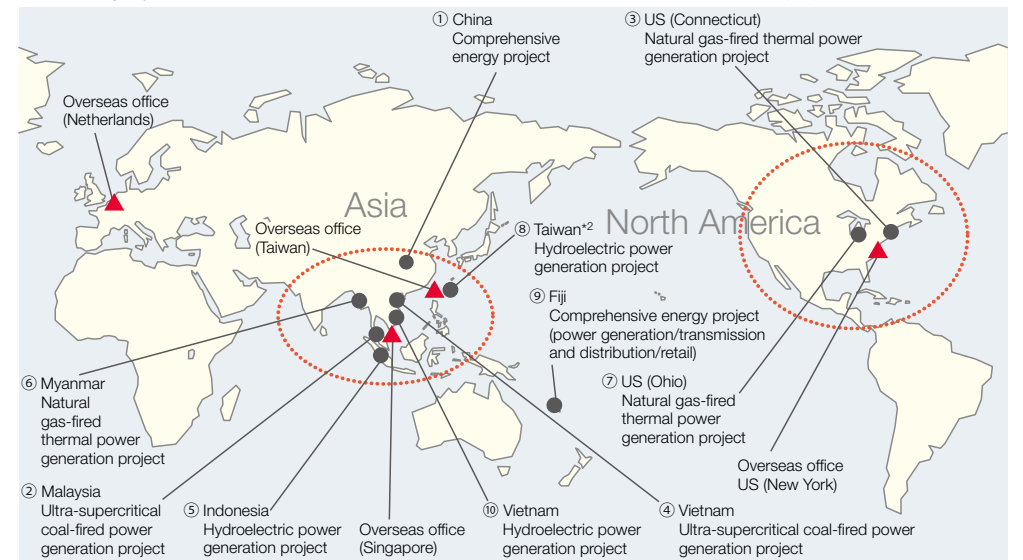
Chugoku Electric acquired a 10% interest in the project and plans to sell the electricity generated to Electricite du Cambodge (EDC), the national power authority, for 20 years. This investment marks our first initiative in Cambodia.

This project has been selected by the Ministry of the Environment under the Facility Subsidy Project of the Joint Crediting Mechanism\*1 investment support program, for which the Global Environment Centre Foundation publicly solicited, as the 10 MW Solar Power and 3 MWh Storage Battery Project in Pursat Province. In this project, we will measure, report, and verify the greenhouse gas emission reduction effects for 17 years after the start of operation.



Power station exterior (drone aerial photo)

Overseas projects ● and manned overseas offices ▲ \*2 Joint investment between Chugoku Electric Power Company and CHUDENKO



### Example of overseas consulting project

**TOPICS**

#### Micronesia: Research Project for the Formulation of a Master Plan for Electricity Mainly from Renewable Energies

In February 2025, we were commissioned by the Ministry of Economy, Trade and Industry (METI) to conduct a research project on the formulation of a master plan for electric power generation mainly from renewable energy sources in Pacific island countries, jointly with CHUDEN ENGINEERING CONSULTANTS CO., LTD.

In Micronesia, the government has set a goal of 70% renewable energy generation by 2030. In addition, in 2018, the country formulated an energy sector master plan to install renewable energy facilities; however, it faces challenges such as stabilizing the power grid.

This project will study the feasibility of introducing a Japanese company's virtual synchronous generator technology to Pohnpei Island in Pohnpei and Weno Island in Chuuk State, and formulate a master plan to ensure a stable power supply even if the ratio of renewable energy sources such as hydroelectric and solar power increases in the future. This will contribute to achieving the country's renewable energy generation ratio target.

\*1 A system whereby partner countries work together to reduce greenhouse gas emissions, and both countries share in the results of the reductions