



Chubu Electric Power Group's Key Pillars of the New Medium-Term Management Plan

April 28, 2026

Chubu Electric Power Company, Incorporated

Status of Responses to Inappropriate Matters, etc.

- Regarding the inappropriate matters related to the formulation of standard seismic motion in the conformity review for compliance with the new regulatory requirements at the Hamaoka Nuclear Power Station, the investigation by the investigation committee composed solely of independent external experts is still ongoing. However, in order to be reborn as a company that can once again earn the trust of all stakeholders, we are steadily advancing initiatives based on the three pillars that should be addressed as priorities: **“Transforming Mindset and Behavior,” “Transforming the Organization and Organizational Culture,”** and **“Strengthening Rules and Mechanisms.”**
- Going forward, taking into account the findings of the investigation committee, **we will consider and formulate further improvement and response measures**, including governance reform, and **will work on them across the entire company to ensure that such inappropriate matters never occur again.**

Transforming Mindset and Behavior

- In accordance with the **Core Values** established in April 2026, **management will lead by example and practical education and awareness-building initiatives** for employees at all levels will be carried out on an ongoing basis.
- At the Nuclear Power Division, education and training programs using specific case studies are being actively and steadily implemented to ensure that all officers and employees place the highest priority on compliance and consistently exercise sound judgment and take appropriate actions.

Transforming the Organization and Organizational Culture

- In the Nuclear Power Division, a Deputy General Manager from outside the division will **lead and promote cultural reform** aimed at enhancing organizational transparency.
- **Human resource systems** designed to enhance organizational transparency and psychological safety will be **introduced and their operation strengthened**, including accelerated personnel rotation and further use of multi-rater feedback.
- Specific measures will be developed based on studies and proposals by younger employees concerning the future of the Chubu Electric Power Group

Strengthening Rules and Mechanisms

- In the Nuclear Power Division, **a comprehensive inspection and review of business processes, rules, and mechanisms such as check functions** will be carried out, proactively incorporating external perspectives.
- In internal audits, the accuracy of risk assessments will be improved, and the validity and rationality of rules will also be evaluated.

Review of the Previous Medium-term Management Plan (FY2022–FY2025)

- Despite significant changes in the business environment, we achieved the FY2025 management targets, etc. (consolidated ordinary profit, ROIC and ROE)
- On the other hand, as our performance includes temporary factors that have boosted profits, and as profit contributions from strategic investments are still in a growth phase, we recognize the improvement of ROE as one of our most important management issues going forward.

Consolidated ordinary profit

Target
200.0 billion yen or more → Results
284.0 billion yen

ROIC

Target
3.2% or more → Results
4.4%

ROE

Indicative target
Approx. 7% → Results
7.5%

Note: Consolidated ordinary profit, ROIC, and ROE exclude time-lag impacts.

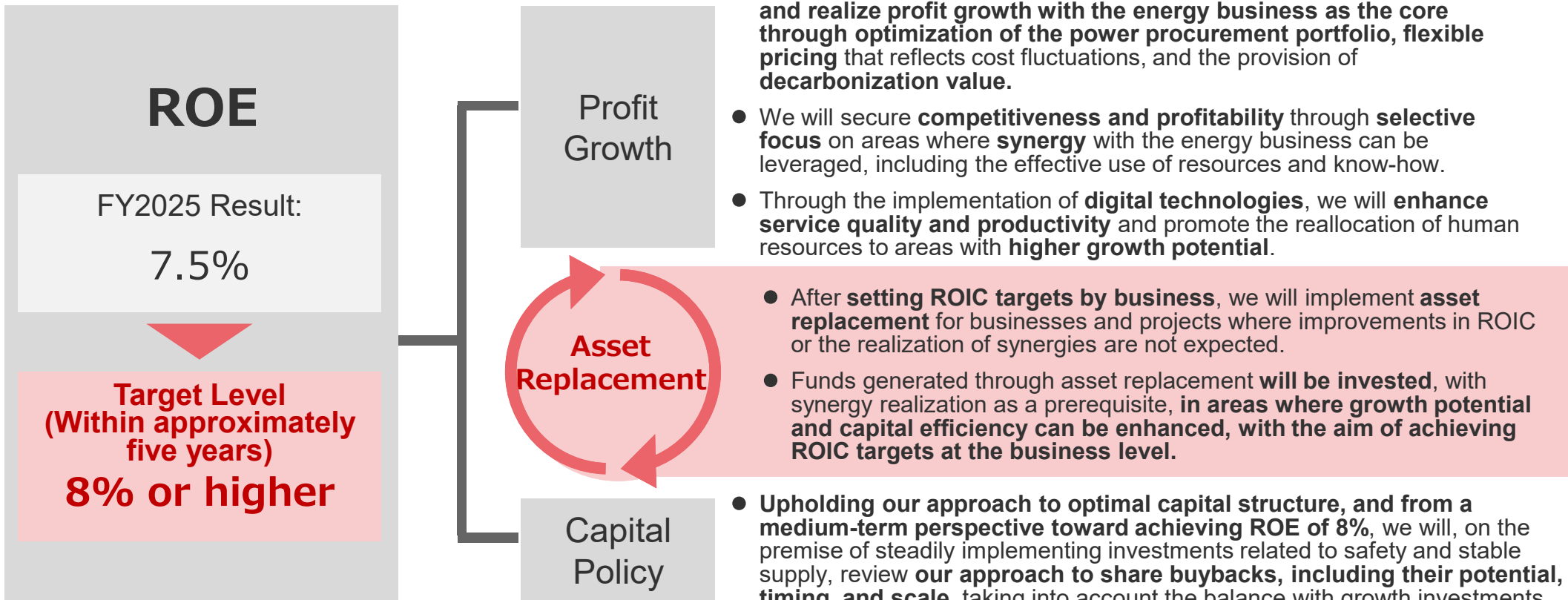
Achievements and Issues

- We achieved the management targets of the previous Medium-term Management Plan (consolidated ordinary profit and ROIC).
- We expanded our business domains through strategic investments. While certain companies such as ES-CON JAPAN, Eneco, and Toshiba have contributed to business growth and/or corporate value enhancement, profit contributions from other areas remain limited, resulting in challenges in capital efficiency, particularly ROIC.
- In new growth areas, businesses such as telemetering generated synergies with the energy domain, but there are also many areas where synergies have remained limited.
- We exercised governance over JERA through measures such as the dispatch of directors and management-level dialogue. Although JERA's FY2025 profit target of 200.0 billion yen was missed slightly, we assess that JERA has developed a commensurate level of earnings capacity. Going forward, we will work to strengthen capital efficiency and other aspects.

- At the time of formulating the previous Medium-term Management Plan, we assumed a contraction of the domestic energy business due to factors such as the progress of energy conservation. However, against the backdrop of GX and DX, **medium- to long-term electricity demand is now expected to trend upward, and we anticipate expanding growth opportunities for the energy business.**
- Given our limited management resources, **we will accelerate asset replacement and other measures through a policy of selection and concentration** in order to enhance capital efficiency.

Basic Approach to Improving Capital Efficiency

- To improve ROE, we aim to **build a business portfolio that achieves profit growth with the energy business as its core**. To this end, we will advance the **consideration of asset replacement based on indicators such as ROIC, growth investments to realize the targeted business portfolio, and capital policies**.
- **More specific measures will be presented in the new Medium-term Management Plan**, taking into account the findings of the investigation conducted by the Investigation Committee.



Long-term Strategic Direction*

Toward addressing **S+3E challenges**, we aim to become a company that **innovates infrastructure** for the future by centering on the energy business, **through the implementation of advanced technologies such as AI**, as well as cross-industry collaboration and **the combination with synergy businesses**.

*With regard to Management Vision 2.0, we are considering a review in light of changes in the business environment surrounding the Group.

What We Aim to Achieve under the New Medium-term Management Plan and the Direction of Our Growth Strategy

- By combining the Group's strengths with the energy domain at the core and working to strengthen the energy value chain, we will achieve sustainable growth together with all stakeholders.

Responding to customer needs and social issues

Strengthening the value chain by positioning the energy business as the core, integrating synergy businesses, and leveraging people, functions, and data across the Group.

Deepening Group management

Pillars of the growth strategy

Creating demand and ensuring stable supply

- **Electrification** of industrial processes, **provision of solutions** to support the **digital transformation** of regional industries, and guiding large-scale demand to suitable locations.
- **Develop and renew power sources and enhance the resilience of the fuel portfolio** in response to the aging of existing thermal power facilities and electricity demand.

Providing low- and decarbonization value

- **Promote the use of gas-fired thermal power** as a core power source and advance the shift to **LCF (low-carbon fuel) thermal power**, including hydrogen and ammonia
- **Secure renewable energy power sources** in light of the **investment environment** and contribute to decarbonization not only in the domestic energy domain but also in other areas.
- **Promote reductions in emissions** from society and customers.

Expanding synergy businesses

- Expand into areas where **synergies** with the energy business can be expected.
- As an infrastructure operator, promote initiatives such as **community development**.
e.g., Multi-utility / Real Estate

Further refining our strengths by strengthening our business foundation

Strengths

- A customer base, brand strength, and area-wide business locations cultivated through our deep roots in the Chubu region
- Human resources with expertise in customer proposals for electrification and energy conservation (solutions), the pursuit of flexibility and economic efficiency through fuel trading, infrastructure operation know-how, and knowledge and experience in decarbonization and stable energy supply.
- A pioneering spirit that continues to take on challenges, including the separation of power generation and retail sales and the creation of synergies.

With the energy business as our core, we will promote operational transformation (productivity improvement) and the advancement of businesses and services through the implementation of advanced technologies such as AI.

Direction of Selection and Concentration

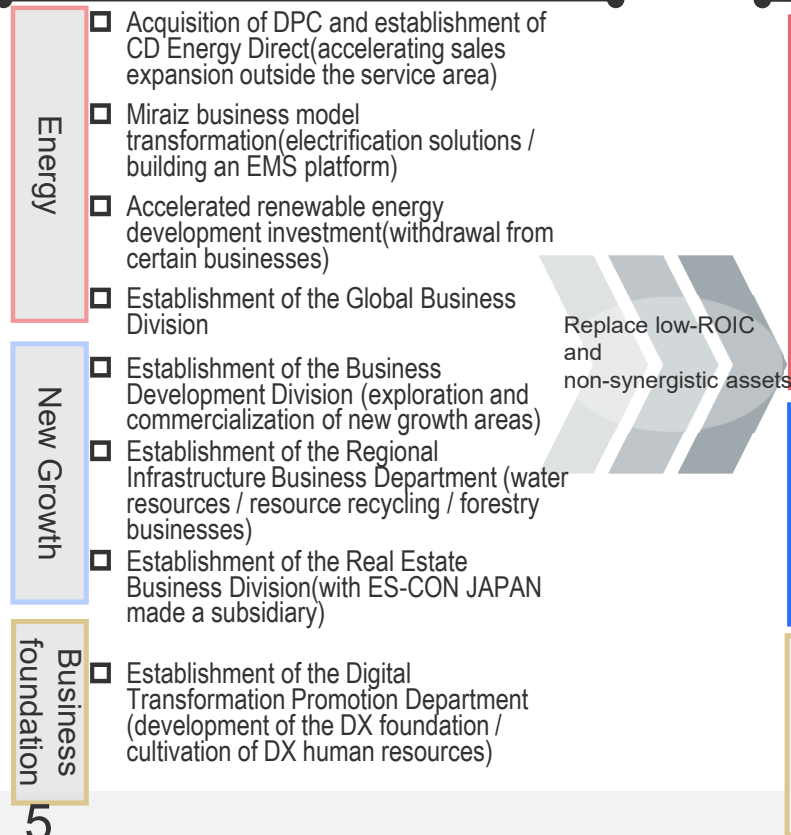
- To achieve sustainable growth, we will optimally allocate management resources to our energy businesses (core businesses) and synergy businesses.
- By setting targets for and monitoring ROIC by business, we will implement asset replacement toward the realization of our growth strategy.



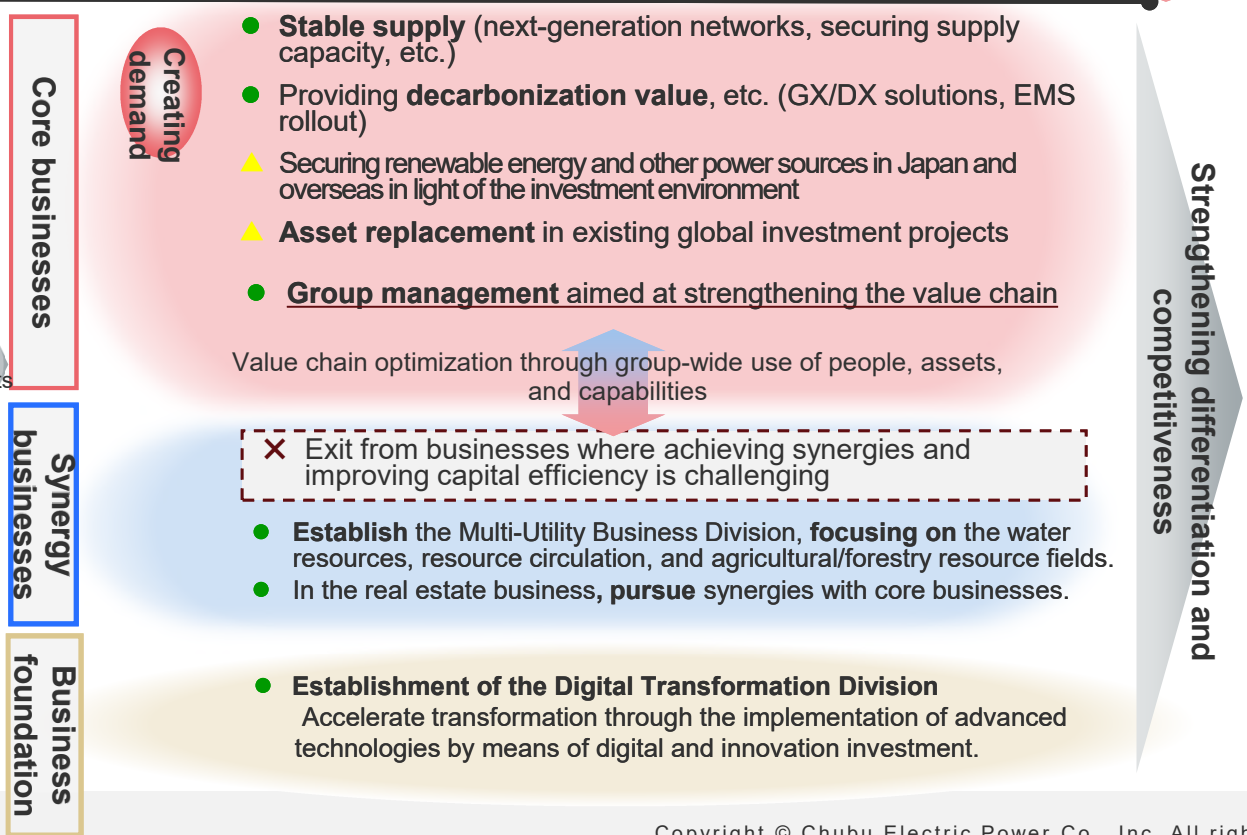
- ❑ Accelerated expansion of services outside the service area
- ❑ Recovery in the energy domain from the Ukraine crisis
- ❑ Accelerated initiatives in new growth fields

- By advancing selection and concentration, we will shift away from diversification and achieve growth with energy at the core.
- We will focus on areas where synergies can be created with energy .

Main results of initiatives to date



Direction of Selection and Concentration



A company that will innovate infrastructure for the future through the fusion of energy businesses and synergy businesses, together with Group companies

Direction of the New Shareholder Return Policy

- **We will maintain our approach to the optimal capital structure, with a shareholders' equity ratio in the mid-30% to upper-30% range as a guide, and will consider and implement capital policy with a view to achieving an ROE of 8% in the medium term..**
- **As it is necessary to carefully assess the impact of the situation in the Middle East and the inappropriate matters, and also taking into account the findings of the investigation committee, we will present our new shareholder return policy in the new Medium-term Management Plan.**

Past (2025)

Dividends

- While maintaining stable dividends as the basic policy, we will strive to provide returns reflecting profit growth and **aim for a consolidated payout ratio of 30% or more**

Optimal capital structure, etc.

- Taking into account the capital required to prepare for business risks such as investments in decarbonization and new growth areas, as well as the need to reduce WACC and maintain credit ratings necessary for financing, we use a **shareholders' equity ratio in the mid-30% to upper-30% range as a guide.**

New Medium-term Management Plan (Within approximately five years)

- **With the current dividend level of ¥70 as the floor, we are establishing a policy of delivering gradual dividend increases in line with profit growth, independent of short-term performance.**
- **From the perspective of management with an awareness of the cost of capital and stock price, and based on dialogue with capital markets, we will examine the level of dividends to be achieved in the medium term and present it in the new Medium-term Management Plan.**
- **We will maintain our conventional approach to the optimal capital structure.** On the premise that investments related to safety and stable supply are given priority, and **with a view to achieving an ROE of 8% in the medium term, we will examine the feasibility, timing, and scale of potential share buybacks**, while balancing them with growth investments, and present our approach in the new Medium-term Management Plan.

