Financial Results for FY2026

May 12 , 2026

Hokkaido Electric Power Co., Inc.

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Business results

（Billion yen）

	FY2026 (A)	FY2025 (B)	Change (A)-(B)	Comparison (A)/(B) %
Operating Revenue	855.9	902.0	(46.0)	(5.1)
Operating Profit	73.2	75.8	(2.5)	(3.4)
Ordinary Profit	61.3	64.0	(2.7)	(4.2)
Profit attributable to owners of parent	43.9	64.2	(20.2)	(31.5)
Basic net income per share [Yen]	207.40	305.90	(98.50)	

Financial status

（Billion yen）

	As of March 31, 2026 (A)	As of March 31, 2025 (B)	Change (A)-(B)
Assets	2,471.0	2,244.0	227.0
Net Assets	473.6	407.3	66.3
Shareholders' Equity Ratio	18.5%	17.5%	1.0%

Consolidated－Statement of Operations

Hokkaido Electric Power Co., Inc.

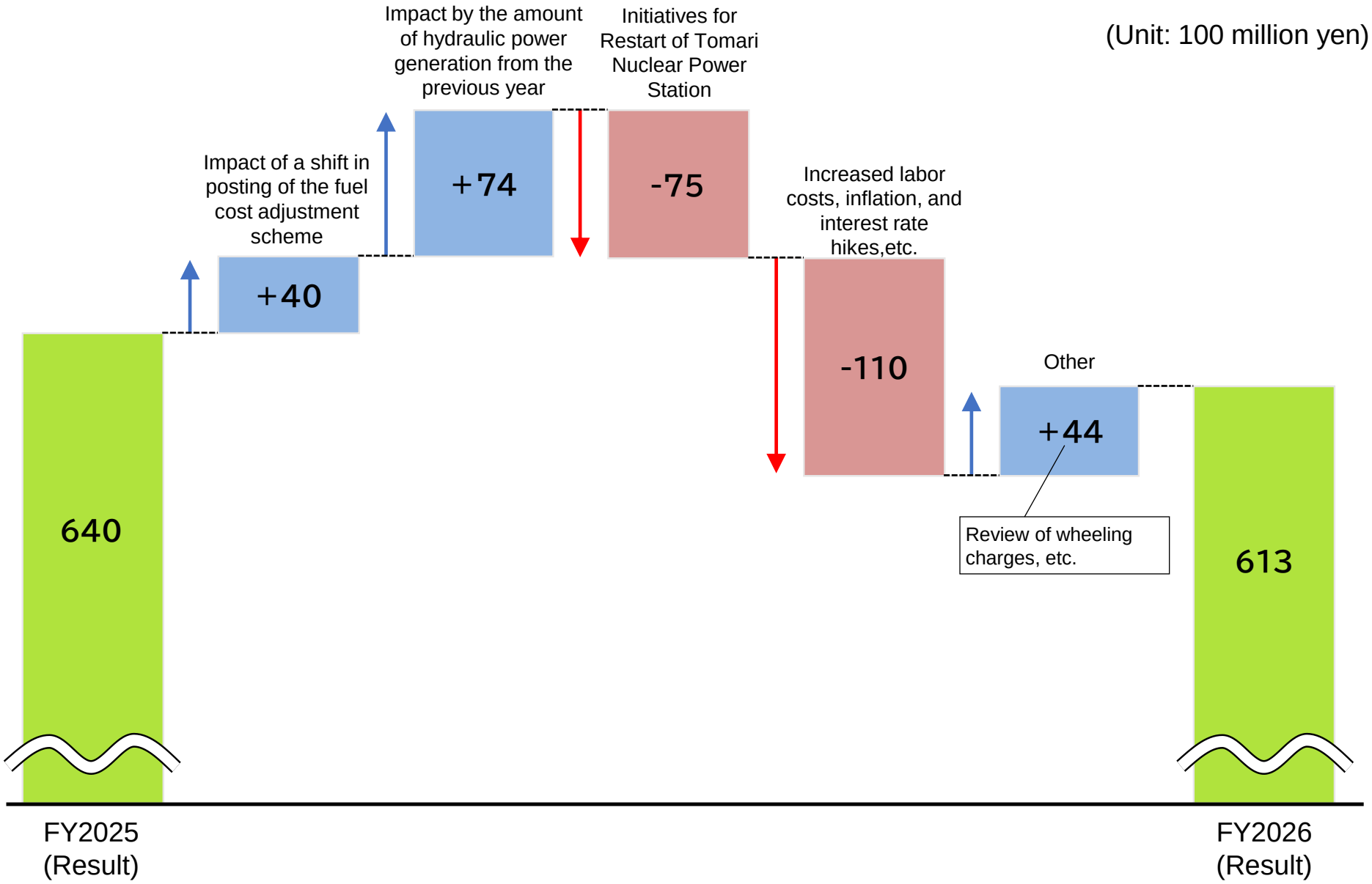
（Billion yen）

		FY2026 (A)	FY2025 (B)	Change (A)-(B)	Comparison (A)/(B) %
Ordinary Revenue	Operating Revenues	855.9	902.0	(46.0)	(5.1)
	Electricity utility operating revenue	811.6	855.1	(43.5)	(5.1)
	Other business operating revenue	44.3	46.9	(2.5)	(5.4)
	Non-operating Income	7.4	3.5	3.8	107.5
	Subtotal	863.3	905.6	(42.2)	(4.7)
Ordinary Expenses	Operating Expenses	782.7	826.2	(43.4)	(5.3)
	Electricity utility operating expenses	746.0	786.7	(40.7)	(5.2)
	Other business operating expenses	36.7	39.4	(2.6)	(6.8)
	Non-operating Expenses	19.3	15.3	3.9	25.7
	Subtotal	802.0	841.5	(39.5)	(4.7)
[Operating Profit] Ordinary Profit		[73.2] 61.3	[75.8] 64.0	[(2.5)] (2.7)	[(3.4)] (4.2)
Provision or reversal of reserve for fluctuation in water levels		0.6	(0.7)	1.4	－
Extraordinary income		1.2	19.5	(18.3)	(93.8)
Profit before income taxes		61.8	84.3	(22.4)	(26.6)
Income taxes		16.5	19.1	(2.6)	(13.9)
Profit		45.3	65.1	(19.8)	(30.4)
Profit attributable to non-controlling interests		1.3	0.9	0.4	42.1
Profit attributable to owners of parent		43.9	64.2	(20.2)	(31.5)
(Appendix) Comprehensive Income		73.0	80.5	(7.5)	(9.3)

Operating revenue (Decrease)	Due to a decrease in the fuel cost adjustments associated with the decline in fuel prices and other factors, operating revenue decreased by 46.0 billion yen year-on-year to 855.9 billion yen.
Ordinary income (Decreased)	Ordinary income decreased by 2.7 billion yen year-on-year, reaching a total of 61.3 billion yen. This decrease was attributable to expenses related to the restart of Tomari Nuclear Power Station, and increases in labor costs, commodity prices and interest rates, despite higher time difference gains under the fuel cost adjustment system—which resulted mainly from a decline in fuel prices—as well as lower fuel costs due to an increase in hydroelectric power generation.
Profit attributable to owners of parent (Decrease)	In addition to the decline in ordinary income, net income fell by 20.2 billion yen year-on-year to 43.9 billion yen due to a decrease in gains on the sale of nuclear fuel, which had been recorded as extraordinary income.

Consolidated Financial Results for FY2026 – YoY changes in ordinary income

(Unit: 100 million yen)



(REF) Outline of Consolidated Financial Results for FY2026
(Comparison with January Forecasts)

Consolidated ordinary income for FY2026 was up by 18.0 billion yen compared to the earnings forecast announced in January. This was due to a reduction in oil-fired thermal power generation, efforts to increase profits while reducing costs, and lower expenses due to delays in the timing of certain expenditures.

(Unit: Billion yen, billion kWh)

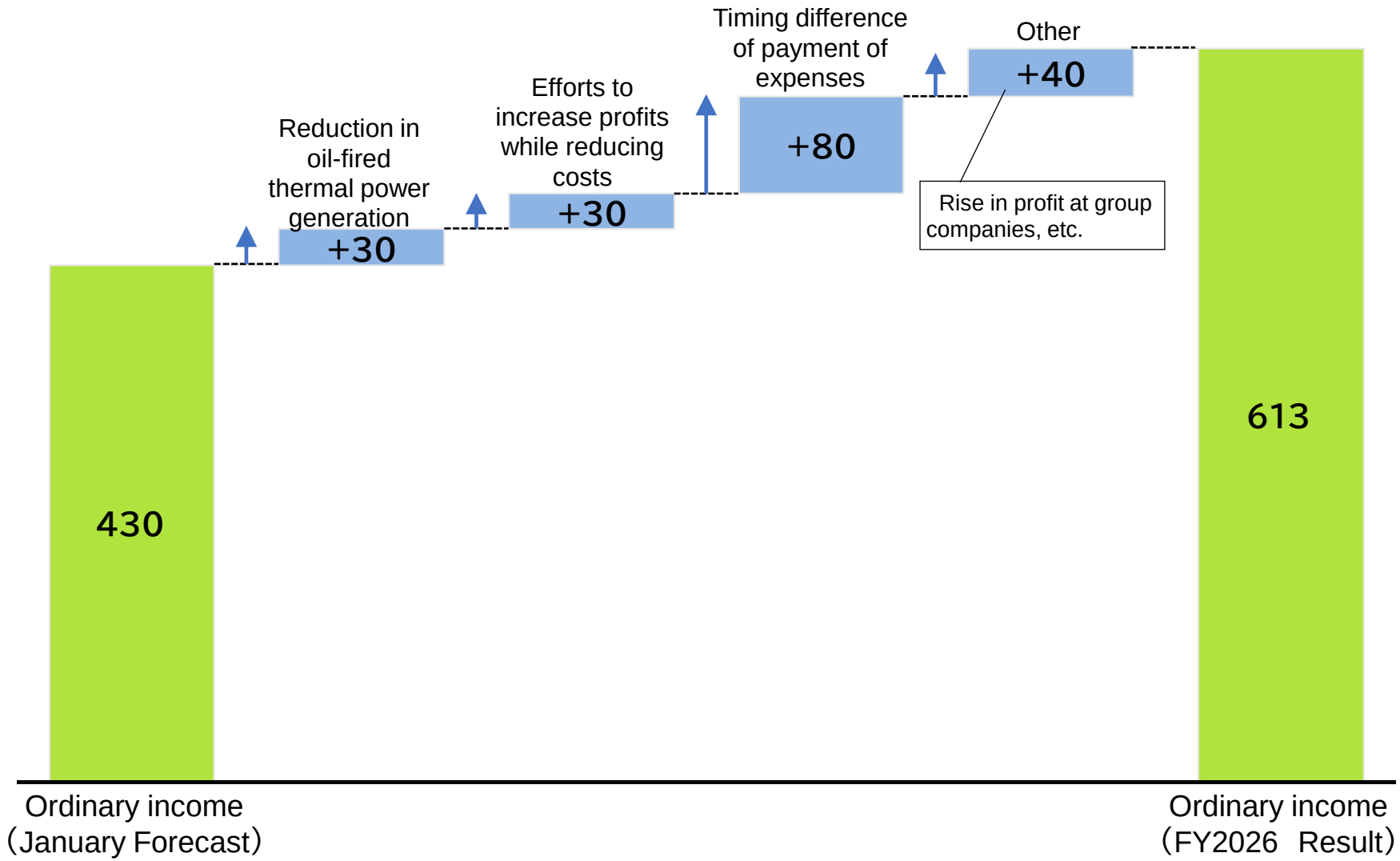
	FY2026		
	Results (A)	January forecasts (B)	Change (A)−(B)
Operating Revenue	855.9	Approximately 867.0	Approximately (11.0)
Operating profit	73.2	Approximately 59.0	Approximately 14.0
Ordinary profit	61.3	Approximately 43.0	Approximately 18.0
Profit attributable to owners of parent	43.9	Approximately 28.0	Approximately 16.0
Year-on-year change/ Retail electricity sales and electricity sales to other utilities*	*1.6%* 34.1	*Approximately 3.1%* Approximately 34.6	Approximately (0.5)
Year-on-year change Retail electricity sales*	*(3.0%)* 22.1	*Approximately (0.4%)* Approximately 22.7	Approximately (0.6)

* Retail electricity sales and electricity sales to other utilities comprise of the combined sales of HEPCO and Hokkaido Electric Power Network.

(REF) Consolidated Financial Results for FY2026
(Comparison with January Forecasts)

Hokkaido Electric Power Co., Inc.

(Unit: 100 million yen, approx. 100 million yen)



Forecasts of Consolidated Financial Performance for FY2027 (Ending March 2027)

The forecast for our consolidated financial performance for FY2027 is shown as below, reflecting increases in fuel prices and wholesale electricity market prices given the current situation in the Middle East.

(Unit: Billion yen, billion kWh)

	FY2027 Forecasts (A)	FY2026 Results (B)	Change (A)−(B)
Operating Revenue	Approximately 970.0	855.9	Approximately 114.0
Operating profit	Approximately 48.0	73.2	Approximately (25.0)
Ordinary profit	Approximately 30.0	61.3	Approximately (31.0)
Profit attributable to owners of parent	Approximately 22.0	43.9	Approximately (22.0)
Year-on-year change/ Retail electricity sales and electricity sales to other utilities*	*Approximately 5.0％* Approximately 35.8	*1.6％* 34.1	Approximately 1.7
Year-on-year change Retail electricity sales*	*Approximately (1.0%)* Approximately 21.9	*(3.0％)* 22.1	Approximately（0.2）

* Retail electricity sales and electricity sales to other utilities comprise of the combined sales of HEPCO and Hokkaido Electric Power Network.

Key Factors

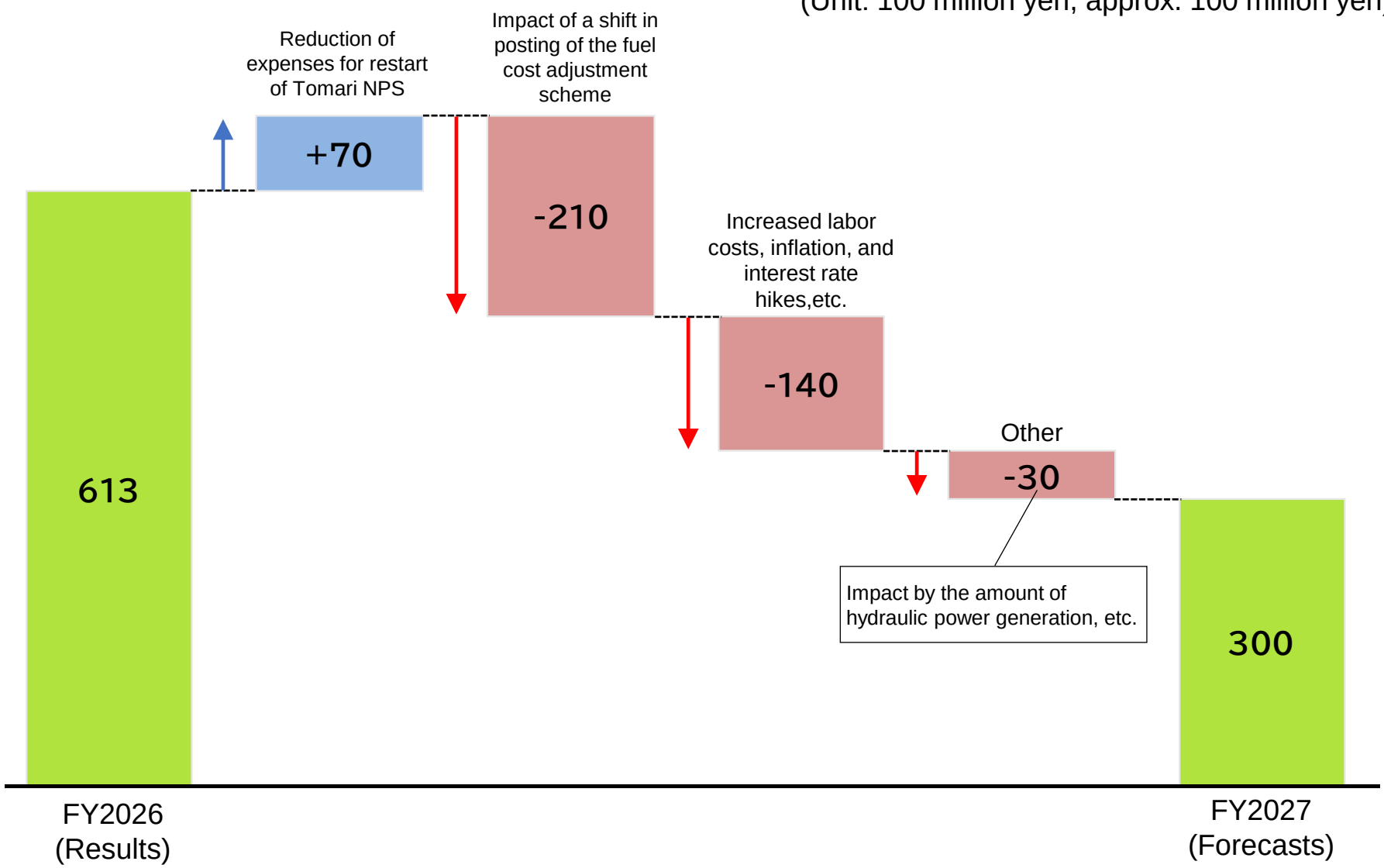
Foreign exchange rate (JPY per USD)	Approximately 158	151	Approximately 7
CIF crude oil price (USD per barrel)	Approximately 95.0	71.4	Approximately 24.0

Summary of Forecasts of Consolidated Financial Performance in FY2027

Electricity Sales	Despite an increase in demand due to a growing number of companies setting up in Hokkaido, retail electricity sales are expected to decrease due to the ongoing challenging competitive environment. Electricity sales to other utilities are expected to increase, driven by an expected rise in direct wholesales. As a result, the total of retail electricity sales and electricity sales to other utilities is projected to increase by 1.7 billion kWh year-on-year to approximately 35.8 billion kWh.
Operating revenue （Increase）	We forecast an operating revenue of approximately 970 billion yen, a year-on-year increase of 114 billion yen, chiefly due to an increase in fuel cost adjustments in tandem with a rise in fuel prices.
Ordinary income (Decreased)	Despite a decrease in the expenses related to the restart of Tomari NPS, we forecast ordinary income to decrease by 31 billion yen year-on-year to around 30 billion yen. This is due to rises in labor costs, commodity prices, and interest rates, coupled with worsened performance as the impact of time difference under the fuel cost adjustment system changed from gain to loss.
Profit attributable to owners of parent （Decreased）	We forecast profit attributable to owners of parent of around 22 billion yen, a decrease of 22 billion yen year-on-year, due to a decline in ordinary income.

Forecasts of Consolidated Financial Performance for FY2027 (Ending March 2027) －YoY changes in ordinary income

(Unit: 100 million yen, approx. 100 million yen)



Our basic dividend policy is to maintain stable returns with a target DOE of 2%. Until the restart of the Tomari NPS Unit 3, we will continue to aim for a DOE of 2% while making holistic decisions with due consideration to the recovery of our financial base.

Consequently, at the Board of Directors meeting held on May 12, 2026, we approved the submission of this matter as detailed below to the 102nd General Meeting of Shareholders scheduled to be held on June 25, 2026.

- Common shares of the Company → 17 yen per share (total 3,497 million yen)
- Class B preferred shares of the Company → 1,500,000 yen per share (total 705 million yen)

Our basic dividend policy is to maintain stable returns with a target DOE of 2%. Until the restart of the Tomari NPS Unit 3, we will continue to aim for a DOE of 2% while making holistic decisions with due consideration to the recovery of our financial base.

Based on the above, the dividend forecast for FY2027 is 33 yen per share (16.5 yen per share at both the interim and year-end) for common stock based on the DOE of 1.8%, which remained unchanged from the previous year.

【 Cash Dividend per Share 】

	Common stock			Class-B preferred Stock		
	Interim	Year-ended	Annual total	Interim	Year-ended	Annual total
FY2026 Actual	¥15	¥17	¥32	¥1,500,000	¥1,500,000	¥3,000,000
FY2027 (forecasts)	¥16.5	¥16.5	¥33	¥1,500,000	¥1,500,000	¥3,000,000

Consolidated; Electricity Sales

・Retail electricity sales volume totaled 22,118 million kWh, a decrease of 3.0% year on year, primarily due to low wholesale electricity market prices and fuel prices as well as a highly competitive business environment.
・Electricity sales to other utilities totaled 11,981 million kWh, an increase of 11.2% year-over-year, mainly due to a rise in sales volume owing to an increase in the purchase of renewable energy.

(GWh)

			FY2026 (A)	FY2025 (B)	Change (A)-(B)	Comparison (A)/(B) %
Retail electricity sales	Low-voltage customers	Residential	7,719	7,805	(86)	(1.1)
		Commercial and Industrial	1,711	1,764	(53)	(3.0)
		subtotal	9,430	9,569	(139)	(1.5)
	High-voltage and Extra high-voltage customers		12,628	13,160	(532)	(4.0)
	Subtotal (*1)		22,058	22,729	(671)	(3.0)
	Other (*2)		60	71	(11)	(15.4)
	Total		22,118	22,800	(682)	(3.0)
Electricity sales to other utility			11,981	10,770	1,211	11.2
Total			34,099	33,570	529	1.6

*1 The figure in the subtotal column indicates the electricity sales volume for HEPCO.
*2 The figure in the other column indicates the electricity sales volume for both Hokkaido Electric Power Network.

Monthly Retail Electricity Sales Trends at HEPCO

(GWh, %)

		FY2026												
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	**Total**
Low-voltage customers	Residential	690	635	449	536	647	530	508	633	695	934	779	683	7,719
	Commercial and industrial	167	99	66	81	94	79	73	104	164	307	278	199	1,711
	Subtotal	857	734	515	617	741	609	581	737	859	1,241	1,057	882	9,430
High-voltage and Extra High-voltage customers		962	931	966	1,125	1,064	998	1,000	1,019	1,166	1,219	1,077	1,101	12,628
[%YoY]		[(1.9%)]	[(2.3%)]	[(5.3%)]	[0.7%]	[(2.6%)]	[(5.1%)]	[(1.9%)]	[(3.1%)]	[(4.3%)]	[(2.1%)]	[0.0%]	[(7.4%)]	[(3.0%)]
Total		1,819	1,665	1,481	1,742	1,805	1,607	1,581	1,756	2,025	2,460	2,134	1,983	22,058

		FY 2025												
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	**Total**
Low-voltage customers	Residential	703	634	488	512	612	569	499	637	681	967	761	742	7,805
	Commercial and industrial	169	98	73	82	99	90	77	101	164	325	253	233	1,764
	Subtotal	872	732	561	594	711	659	576	738	845	1,292	1,014	975	9,569
High-voltage and Extra High-voltage customers		982	973	1,002	1,137	1,142	1,034	1,036	1,074	1,270	1,222	1,121	1,167	13,160
[%YoY]		[(0.5%)]	[(2.6%)]	[(1.5%)]	[(2.0%)]	[(3.1%)]	[(6.6%)]	[(4.1%)]	[0.4%]	[(2.0%)]	[(3.0%)]	[(6.5%)]	[(5.2%)]	[(3.2%)]
Total		1,854	1,705	1,563	1,731	1,853	1,693	1,612	1,812	2,115	2,514	2,135	2,142	22,729

Average temperature in Hokkaido(Sapporo)

(℃)

		Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Average temperature (2024～2025)	actual	2.0	8.5	14.9	20.6	25.8	24.7	20.7	11.9	5.4	(0.1)	(4.0)	(0.5)	3.6
	YoY	1.2	(1.9)	0.7	1.6	2.5	0.1	0.8	(1.9)	(0.6)	1.8	(2.8)	0.4	1.6
	deviation	0.9	1.2	1.9	3.6	4.7	2.4	2.1	(0.2)	0.2	0.8	(0.8)	2.2	2.5

Consolidated; Statement of Operations (Revenue)

(Unit: billion yen)

	FY2026 (A)	FY2025 (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Operating Revenue	855.9	902.0	(46.0)	(5.1)	
Electric utility operating revenue	811.6	855.1	(43.5)	(5.1)	
Two companies total* Commercial and Industrial	564.5	599.2	(34.6)	(5.8)	【Cause of increase】 • Decrease in the discounted from the national project to mitigate a sharp increase in electricity and gas rates 7.0 【Cause of decrease】 • Decrease in fuel price (24.9) • Decrease in retail electricity sales
Two companies total* Others	248.7	257.4	(8.7)	(3.4)	【Cause of decrease】 • Decrease in the subsidy from the national project to mitigate a sharp increase in electricity and gas rates (7.0)
Sold power to other utilities & Sold power to other suppliers (Repost)	163.6	176.9	(13.3)	(7.5)	
Transmission revenue (Repost)	52.3	43.2	9.0	20.9	
Subsidiary / consolidation revision	(1.6)	(1.5)	(0.0)	4.5	
Other business operating revenue	44.3	46.9	(2.5)	(5.4)	
Non-operating Income	7.4	3.5	3.8	107.5	
Ordinary Revenue	863.3	905.6	(42.2)	(4.7)	

*The total amount of the two companies represents the sum of the results of Hokkaido Electric Power Co., Inc. and Hokkaido Electric Power Network Co., Inc. after elimination of internal transactions.

Consolidated; Power Supply

・We secured a stable supply with the appropriate operation of supply facilities, in addition to a water supply rate of 103.6%, which surmounted levels in an average year, despite the shutdown of operations at all reactors at the Tomari Nuclear Power Station.

(GWh)

		FY2026 (A)	FY2025 (B)	Change (A)-(B)	Comparison (A)/(B) %
Generated Power	[Water flow rate %] Hydroelectric	[103.6%] 3,646	[89.8%] 2,992	[13.8%] 654	21.9
	Fossil Fuel	15,186	16,167	(981)	(6.1)
	[Nuclear capacity ratio %] Nuclear	[–] –	[–] –	[–] –	–
	Renewable, etc.	59	117	(58)	(49.9)
	Subtotal	18,891	19,276	(385)	(2.0)
Power received by other companies*		18,123	17,427	696	4.0
Power used for pumped storage, etc.		(386)	(451)	65	(14.5)
Total		36,628	36,252	376	1.0

*The amount of electricity received from other companies includes the amount of electricity received from consolidated subsidiaries and equity method affiliates.

Consolidated; Statement of Operations (Expenses and Ordinary Profit)

(Unit: billion yen)

		FY2026 (A)	FY2025 (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Electric utility operating expenses		746.0	786.7	(40.7)	(5.2)	
Two companies total*	Personnel	55.8	57.2	(1.4)	(2.5)	
	Fuel	138.6	174.1	(35.5)	(20.4)	• Decrease in fuel prices (25.6) • Impact by the amount of hydraulic power generation (7.4) • Decrease in retail electricity sales
	Purchased Power	246.9	262.9	(15.9)	(6.1)	
	Maintenance	84.8	79.7	5.0	6.3	• Increased labor costs and price increases 3.4
	Depreciation	65.1	66.5	(1.4)	(2.1)	
	Other Expenses	163.6	151.3	12.2	8.1	• Initiatives for Restart of Tomari Nuclear Power Station 4.3 • Increased labor costs and price increases 3.9
	Subsidiary / consolidation revision	(9.0)	(5.2)	(3.7)	70.4	
Other business operating expenses		36.7	39.4	(2.6)	(6.8)	
Non-operating Expenses		19.3	15.3	3.9	25.7	
	Interest Expenses(Repost)	14.7	10.9	3.7	34.5	• Impact of interest rates
Ordinary Expenses		802.0	841.5	(39.5)	(4.7)	
Ordinary profit		61.3	64.0	(2.7)	(4.2)	

*The total amount of the two companies represents the sum of the results of Hokkaido Electric Power Co., Inc. and Hokkaido Electric Power Network Co., Inc. after elimination of internal transactions.

Consolidated; Segment Information

・Sales in the HEPCO segment totaled 735.8 billion yen, a decrease of 52.2 billion yen year-on-year, chiefly due to a decline in fuel cost adjustments in tandem with a drop in fuel prices and other factors.

Ordinary income for the segment decreased by 9.0 billion yen year-on-year to 44.6 billion yen. This was attributable to expenses related to the restart of Tomari NPS, as well as increases in labor costs, commodity prices and interest rates, despite higher time difference gains under the fuel cost adjustment system—which resulted mainly from a decline in fuel prices—as well as lower fuel costs due to an increase in hydroelectric power generation.

・Sales in the Hokkaido Electric Power Network segment totaled 322.9 billion yen, an increase of 1.7 billion yen year-on-year mainly due to higher wheeling service tariff revenue as a result of the revision of the wheeling service fees and the increased area demand during the hot summer.

Ordinary income for the segment totaled 2.5 billion yen, an increase of 1.4 billion yen year-on-year, chiefly due to increased sales and overall improvements in management efficiency, while there were increases in labor costs, commodity prices, and interest rates.

・Other sales amounted to 175.7 billion yen, an increase of 21.7 billion yen year-on-year. Meanwhile, segment ordinary income amounted to 19.0 billion yen, an increase of 6.8 billion yen year-on-year, mainly reflecting increased sales in the construction business and continued cost reductions.

(Unit: billion yen)

	FY2026 (A)	FY2025 (B)	Change (A)-(B)
Operating Revenue	855.9	902.0	(46.0)
Hokkaido Electric Power Company	735.8	788.0	(52.2)
Hokkaido Electric Power Network	322.9	321.1	1.7
Other *1	175.7	153.9	21.7
Adjustments *2	(378.4)	(361.1)	(17.3)
Segment Income/loss (Ordinary Income/loss)	61.3	64.0	(2.7)
Hokkaido Electric Power Company	44.6	53.6	(9.0)
Hokkaido Electric Power Network	2.5	1.1	1.4
Other *1	19.0	12.1	6.8
Adjustments *2	(4.8)	(2.9)	(1.9)

*1 “Other” refers to the results of consolidated subsidiaries other than Hokkaido Electric Power Company and Hokkaido Electric Power Network segments.

*2 “Adjustments” refer to the amount of elimination of inter-segment transactions in the consolidated financial results.

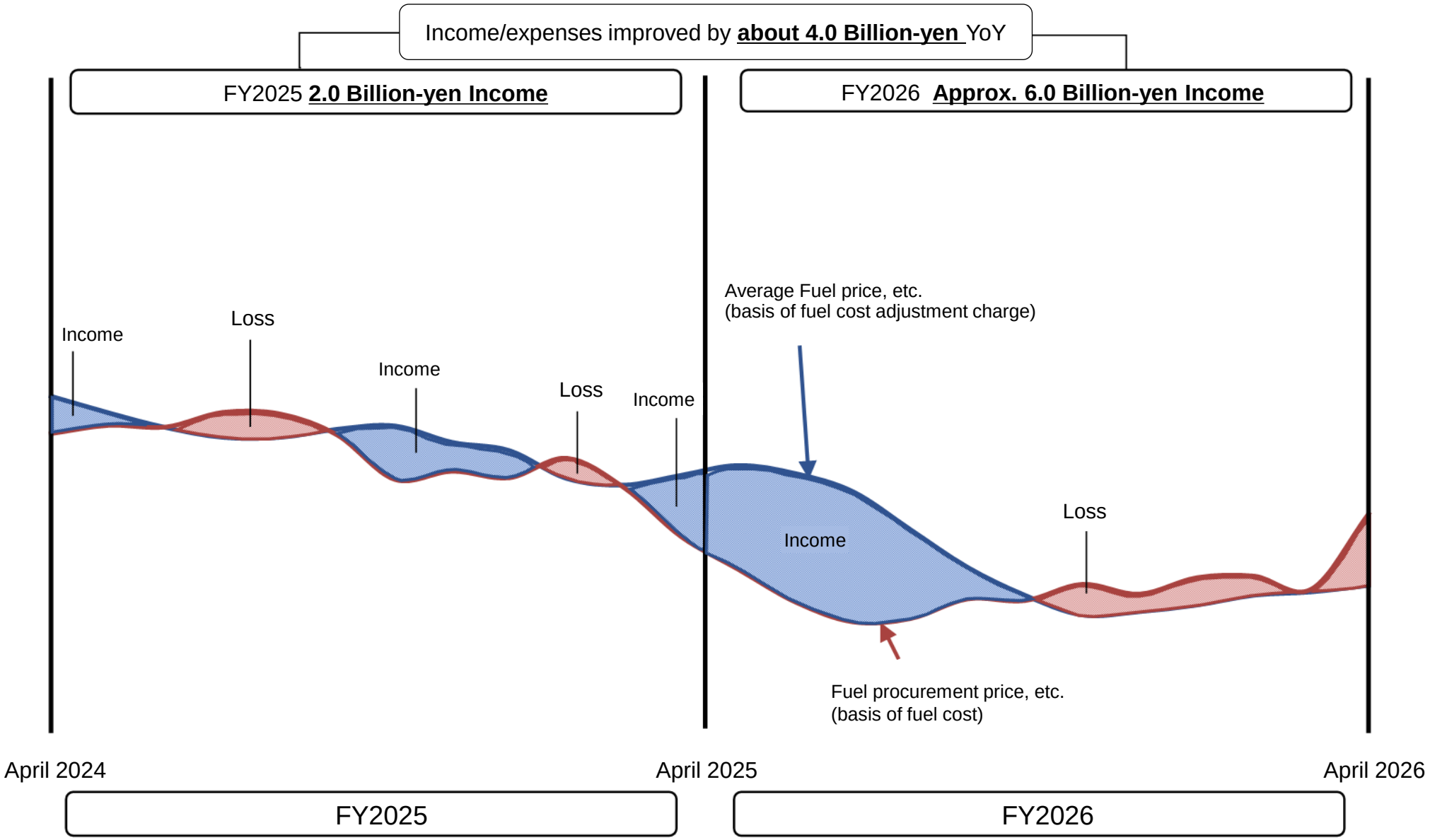
Consolidated; Statements of Cash Flow

- Cash flow from operating activities was 114.5 billion yen, down 11.0 billion yen year-on-year. This was mainly due to decreases in profit before income taxes.
- Cash used in investing activities was 213.0 billion yen, up 122.3 billion yen from a year earlier. This increase was mainly due to an increase in expenditures resulting from the acquisition of fixed assets and a decrease in revenue from nuclear fuel sales.
- Cash flow from financing activities was 126.8 billion yen, up 116.0 billion yen year-on-year. This was mainly due to an increase in interest-bearing debt.
- As a result of the above, cash and cash equivalents at the end of the period totaled 184.6 billion yen, up 28.2 billion yen year-on-year.

(billion yen)

	FY2026 (A)	FY2025 (B)	Change (A)-(B)
Ⅰ. Cash flows from operating activities	114.5	125.5	(11.0)
Ⅱ. Cash flows from investing activities	(213.0)	(90.7)	(122.3)
Deductible cash flow [Ⅰ + Ⅱ]	(98.5)	34.8	(133.4)
Ⅲ. Cash flows from financing activities	126.8	10.7	116.0
Ⅳ. Net increase (decrease) in cash and cash equivalents [Ⅰ + Ⅱ + Ⅲ]	28.2	45.6	(17.3)
Ⅴ. Cash and cash equivalents at end of period	184.6	156.3	28.2

Reference; Impact of a shift in posting of the fuel cost adjustment scheme in FY2026 (image)



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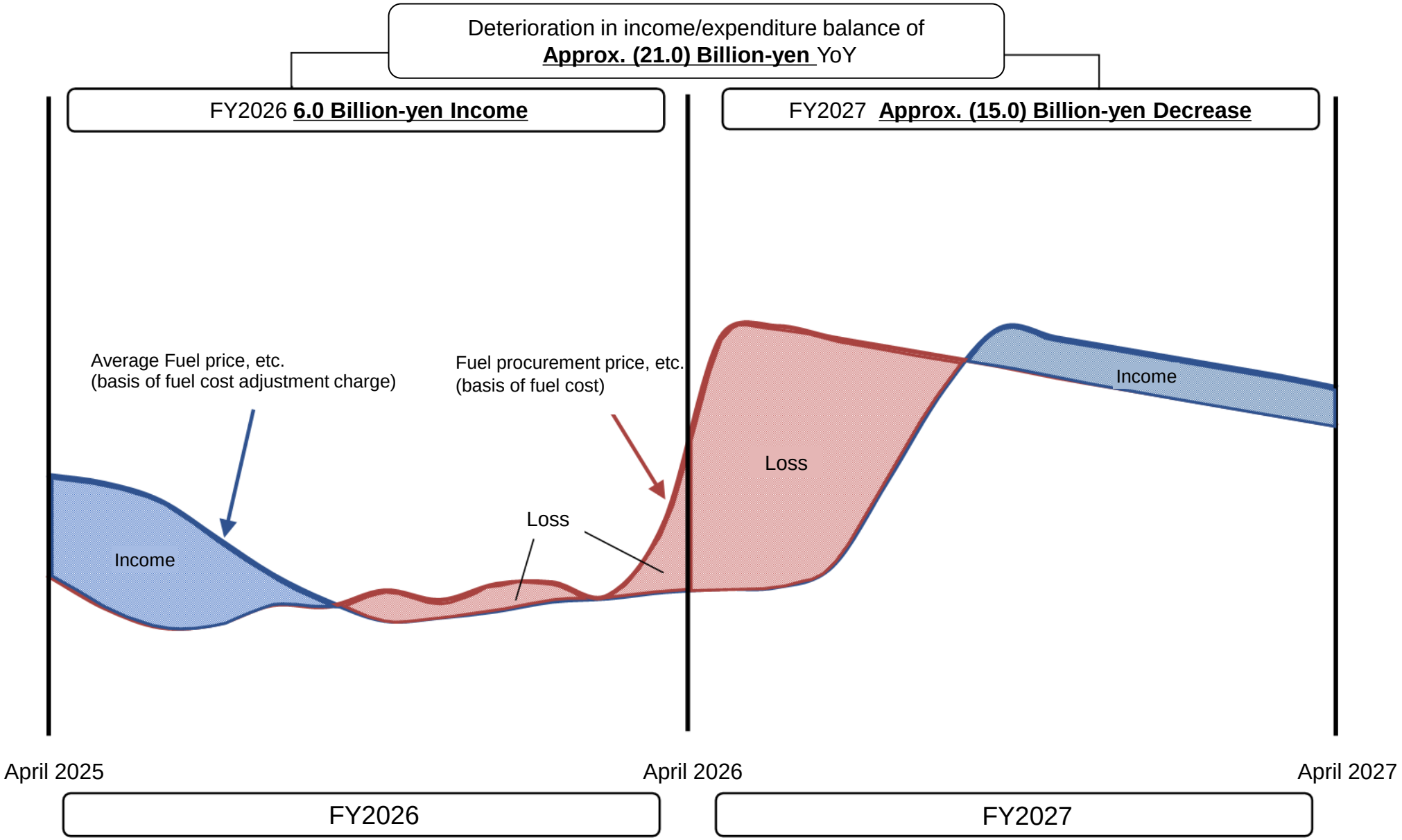


Expense breakdown（Two Companies Total*）①

Personnel

（Billion yen）

	FY2026 (A)	FY2025 (B)	Change (A)-(B)	Major cause of increase/decrease
Personnel	55.8	57.2	(1.4)	

【Amortization of actuarial gains and losses】

*Actuarial gains and losses are being amortized in the following 5 years in which the gains or losses are recognized by the straight-line method.

（Billion yen）

	Amount accrued	Amortization of the previous year	FY2026		
			Amortization	Unamortized Balance	Ending FY [remaining year]
FY2020	3.7	0.7	-	-	-
FY2021	(4.6)	(0.9)	(0.9)	-	-
FY2022	5.3	1.0	1.0	1.0	2027（1 years）
FY2023	2.9	0.6	0.6	1.2	2028（2 years）
FY2024	(5.6)	(1.1)	(1.1)	(3.4)	2029（3 years）
FY2025	(12.9)	-	(2.6)	(10.3)	2030（4 years）
FY2026	(17.4)	-	-	(17.4)	2031（5 years）
Total		0.3	(3.0)	(28.9)	

*The total amount of the two companies represents the sum of the results of Hokkaido Electric Power Co., Inc. and Hokkaido Electric Power Network Co., Inc. after elimination of internal transactions.

Fuel and Purchased Power

（Billion yen）

		FY2026 (A)	FY2025 (B)	Change (A)-(B)	Major cause of increase/decrease
Fuel and Purchased Power		385.6	437.1	(51.5)	• Decrease in fuel prices (25.6) • Impact by the amount of hydraulic power generation (7.4) • Decrease in retail electricity sales
Break down	Fuel	138.6	174.1	(35.5)	
	Purchased Power	246.9	262.9	(15.9)	

*The total amount of the two companies represents the sum of the results of Hokkaido Electric Power Co., Inc. and Hokkaido Electric Power Network Co., Inc. after elimination of internal transactions.

Maintenance

（Billion yen）

		FY2026 (A)	FY2025 (B)	Change (A)-(B)	Major cause of increase/decrease
Maintenance		84.8	79.7	5.0	• Increased labor costs and price increases 3.4 † Including the currently closed Date Plant and other plants
Break Down	Generation†	45.3	41.0	4.2	
	Others	39.4	38.6	0.7	

*The total amount of the two companies represents the sum of the results of Hokkaido Electric Power Co., Inc. and Hokkaido Electric Power Network Co., Inc. after elimination of internal transactions.

Depreciation

（Billion yen）

		FY2026 (A)	FY2025 (B)	Change (A)-(B)	Major cause of increase/decrease
Depreciation		65.1	66.5	(1.4)	
Break Down	Generation	32.2	32.9	(0.6)	
	Others	32.8	33.5	(0.7)	

*The total amount of the two companies represents the sum of the results of Hokkaido Electric Power Co., Inc. and Hokkaido Electric Power Network Co., Inc. after elimination of internal transactions.

Interest Expenses

（Billion yen）

	FY2026 (A)	FY2025 (B)	Change (A)-(B)	Major cause of increase/decrease
[Interest(on average)%]	[0.99]	[0.78]	[0.21]	Impact of interest rates
Interest Expenses	14.7	10.9	3.7	

*The total amount of the two companies represents the sum of the results of Hokkaido Electric Power Co., Inc. and Hokkaido Electric Power Network Co., Inc. after elimination of internal transactions.

Other Expenses

（Billion yen）

	FY2026 (A)	FY2025 (B)	Change (A)-(B)	Major cause of increase/decrease
Other Expenses	163.6	151.3	12.2	• Initiatives for Restart of Tomari Nuclear Power Station 4.3 • Increased labor costs and price increases 3.9

*The total amount of the two companies represents the sum of the results of Hokkaido Electric Power Co., Inc. and Hokkaido Electric Power Network Co., Inc. after elimination of internal transactions.

Key Factors

	FY2026 (A)	FY2025 (B)	Change (A)-(B)
Foreign Exchange Rate (Yen/$)	151	153	(2)
CIF Crude Oil Price ($/barrel)	71.4	82.4	(11.0)
Foreign coal CIF ($/t)	121.0	151.2	(30.2)
LNG CIF ($/t)	567.1	614.2	(17.2)
Water Flow Rate (%)	103.6	89.8	13.8

Sensitivity Factors

（Billion yen）

	FY2026 (A)	FY2025 (B)	Change (A)-(B)
Foreign Exchange Rate (1Yen/$)	0.8	1.1	(0.3)
CIF Crude Oil Price (1$/barrel)	0.4	0.4	0.0
Foreign coal CIF (1$/t)	0.6	0.6	0.0
LNG CIF (1$/t)	0.04	0.07	(0.03)
Water Flow Rate (1%)	0.5	0.5	0.0

Consolidated; Statements of Balance Sheets

(Unit: billion yen)

	As of March 31, 2026 (A)	As of March 31, 2025 (B)	Change (A)-(B)	Major factors for increase/decrease
Assets	2,471.0	2,244.0	227.0	• Increase in fixed assets due to investments to respond to rising electricity demand and achieve carbon neutrality 244.0 • Progress of depreciation (72.0)
Liabilities	1,997.4	1,836.6	160.7	• Increase in interest-bearing debt 135.2
Net Assets	473.6	407.3	66.3	• Posting of quarterly profit attributable to owners of parent 43.9 • Dividends paid (6.5)

（Billion yen、%）

	As of March 31, 2026 (A)	As of March 31, 2025 (B)	Change (A)-(B)
Interest-bearing Debt . Outstanding	1,560.0	1,424.8	135.2
Shareholders' Equity Ratio	18.5	17.5	1.0

Consolidated; Statements of Comprehensive Income

(Billion yen)

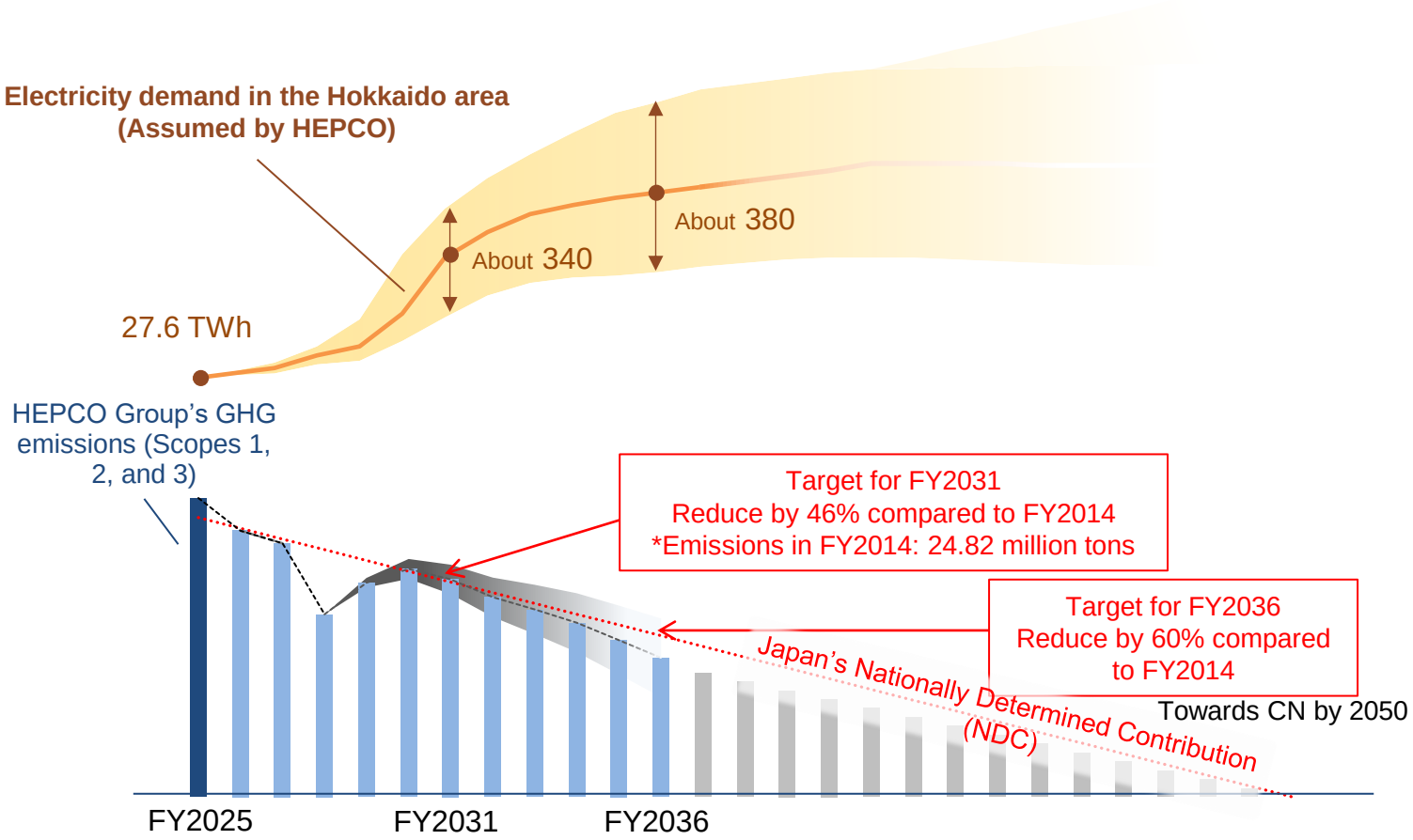
	FY2026 (A)	FY2025 (B)	Change (A)-(B)
Profit	45.3	65.1	(19.8)
Other Comprehensive Income	27.7	15.4	12.3
Valuation difference on available-for-sale securities [included in “Other Comprehensive Income”]	11.9	2.8	9.0
Deferred gains or losses on hedge [included in “Other Comprehensive Income”]	0.3	1.1	(0.8)
Remeasurements of defined benefit plans [included in “Other Comprehensive Income”]	15.1	11.2	3.8
Share of other comprehensive income of entities accounted for using equity method	0.2	0.0	0.2
Comprehensive Income	73.0	80.5	(7.5)
Comprehensive income attributable to owners of parent [included in “Comprehensive Income”]	71.5	79.0	(7.5)
Comprehensive income attributable to non-controlling interests [included in “Comprehensive Income”]	1.5	1.5	0.0

Management Approach

Overview of the FY2027 HEPCO Group Management Plan
Excerpts from released April 28, 2026

Initiatives in Anticipation of Medium- to Long-term Growth in Electricity Demand

- In the Hokkaido region, medium- to long-term growth in electricity demand is anticipated as GX projects advance, including the next-generation semiconductor plant by Rapidus Corporation and the large-scale data center by SoftBank Corp.
- As a provider of energy, the HEPCO Group is committed to fulfilling its responsibility to ensure a stable supply of electricity. At the same time, by accurately addressing our customers' needs, we will secure business opportunities and drive revenue growth.



*Excerpt from the Management Vision (with some modifications)

Initiatives to Ensure Supply Capacity

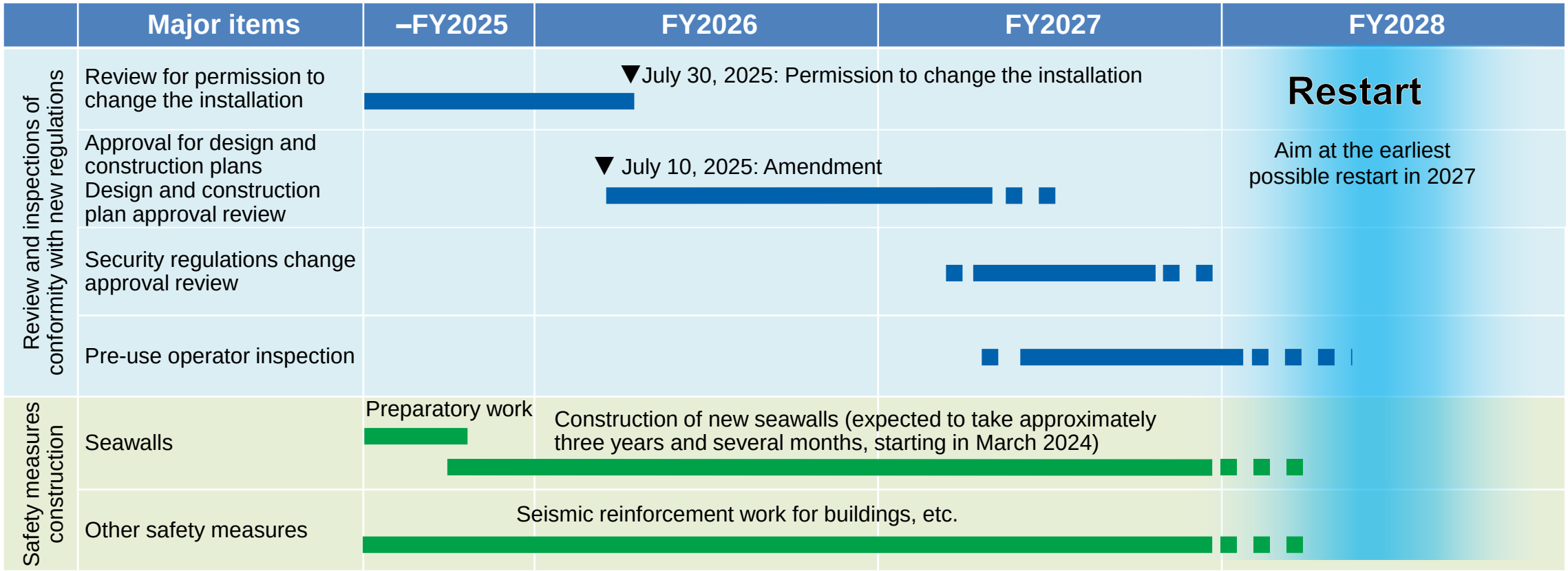
- To ensure a stable supply of electricity and achieve carbon neutrality (CN) by 2050 even as thermal power stations age, we will press ahead with efforts for the early restart of the Tomari NPS and the greater integration of renewable energies.
  (For more information about initiatives for restart of Tomari Nuclear Power Station, see p. 33.)
  (For more information about initiatives for the greater integration of renewable energy sources, see p. 35.)
- In addition, we are steadily working to start operation of Units 2 and 3 of the Ishikariwan Shinko Power Station (planned output: 580,000 kW per unit; scheduled operation start dates: FY2031 for Unit 2, FY2034 for Unit 3), which are under construction. We are also examining the potential for future fuel conversion to hydrogen.
  (For more information about thermal power decarbonization initiatives, see p. 36.)

Proposal and Sales Activities to Meet Customers' Needs

- By supporting GX industry's site development, contributing to our customers' carbon neutrality goals, and addressing various other needs, we will work to capture the growing demand for electricity.

Initiative for Restart of Tomari Nuclear Power Station

- Nuclear power plays a vital role in supporting both a stable supply of electricity and the achievement of CN, thanks to its characteristics such as stable fuel supply, long-term price stability, and zero CO_2 emissions during operation.
- Tomari Nuclear Power Station Unit 3 obtained permission for a change in reactor installation license on July 30, 2025. We are making utmost efforts to proceed with the design and construction plan approval, security regulations change approval review, pre-use operator inspection, and the construction of seawalls and other safety measures, in preparation for the earliest possible restart of Tomari NPS Unit 3 in 2027.
- Following the restart, we will lower electricity rates by taking full account of cost reductions resulting from the restart, as well as further cost savings achieved through enhanced operational efficiency, including continuous improvement initiatives and the promotion of digital transformation.



Initiatives to Further Improve Safety at the Tomari Nuclear Power Station

- With a strong determination to never allow any critical accident like the one at the Fukushima Daiichi Nuclear Power Station to occur, we are working to further reduce the risk of serious accidents, going beyond implementing existing safety measures.
- We will continue to maintain and enhance our technical capabilities with the goal of achieving the highest global standards of safety. At the same time, we will use a range of engagement activities to actively communicate our safety improvement efforts in an easy-to-understand manner, striving to earn the trust of all stakeholders.

Promoting a Shared Commitment to the Safety First Value

- The upper management visits power stations in person to convey their commitment to enhancing safety and exchange views in order to instill the value of "safety first" throughout the workforce.

Dialogue between the President and power station staff

Efforts to Maintain and Enhance Technical Capabilities

- Based on the belief that "safety relies on people," we are committed to maintaining and enhancing our staff's technical skills even while operations remain suspended. We are pursuing this through simulator training, knowledge transfer from experienced staff, and practical experience in equipment inspections as well as safety measure works aimed at resuming operations.
- We continue to conduct practical training and education aimed at improving our emergency response capabilities.

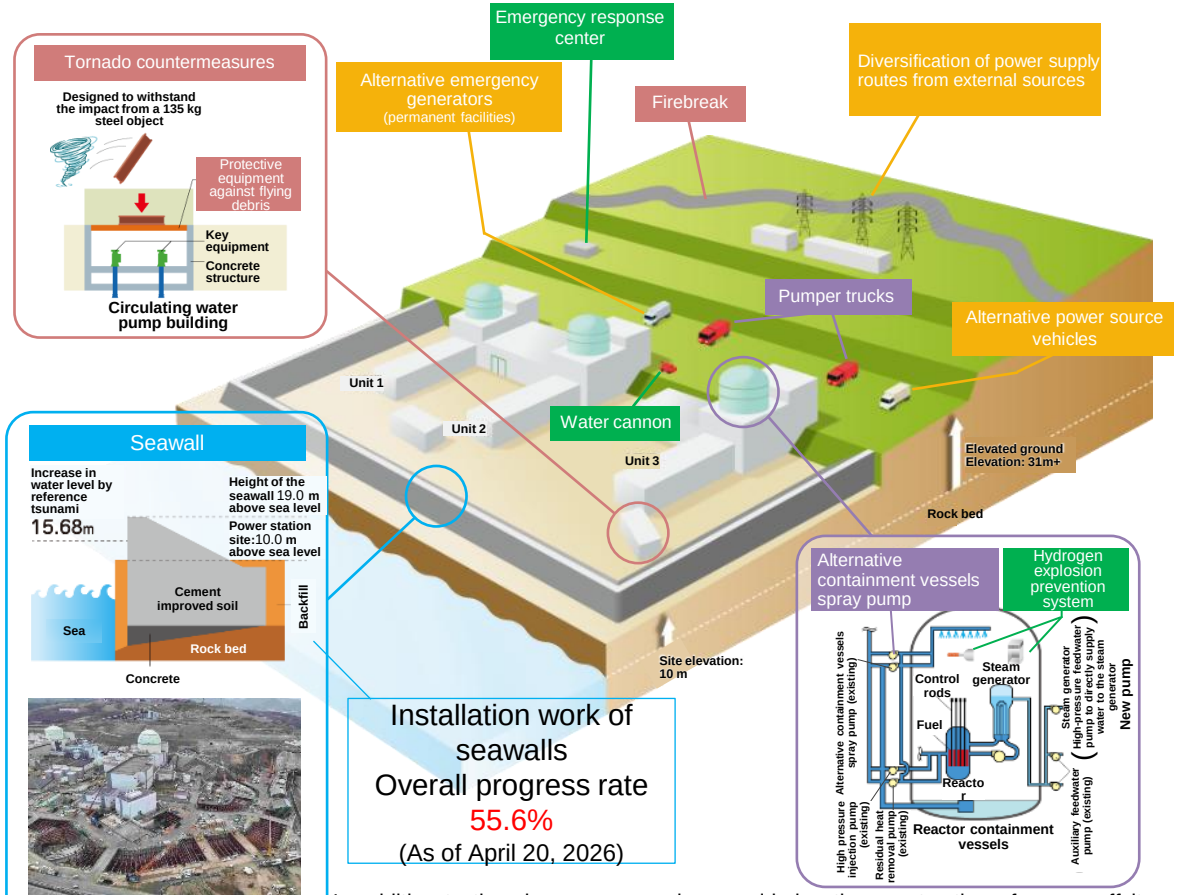
Training

Promotion of Communication Activities

- In FY2026, HEPCO held public information sessions on safety measures related to the Tomari Nuclear Power Station in 29 municipalities across Hokkaido.
- We will continue to take various opportunities to actively provide information to people in the region on how we are improving the safety of the Tomari Nuclear Power Station.

An information session

Main safety measures



Construction of seawalls

Installation work of seawalls
Overall progress rate
55.6%
(As of April 20, 2026)

In addition to the above, we are also considering the construction of a new offsite unloading area for fuels and a specified severe accident response facility.

Initiatives to Promote Greater Integration of Renewable Energies

- Regarding renewable energy sources, we have set a target of achieving an increase of over 3,000 MW in renewable energy sources by FY2036 (gross).
- To achieve the target, we are developing new sites, making investment in renewable energy projects, and retrofitting hydroelectric power stations.

Renewable-Energy Power Generation

- The Group is working together on the greater integration of renewable energy sources. It is currently proceeding with environmental impact assessment procedures for the offshore wind power generation project off the coast of Hiyama and the onshore wind power generation projects in Date City, Kaminokuni Town, Shimamaki Village, and Sobetsu Town.
- We will continue to contribute to the realization of a carbon-neutral Hokkaido through the development of renewable energy sources such as wind, solar, geothermal, and hydroelectric power.

Key projects thus far (examples)

Offshore wind farm in Ishikariwan Shinko (put in service from January 2024)

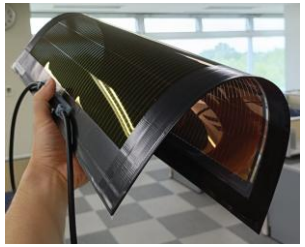

Solar power facility in Eniwa City (put in service starting in August 2025)


Biomass power generation station in Tomakomai City (put in service starting in February 2026)

R&D Related to Renewable Energy

- In collaboration with Mitsubishi HC Capital Inc. and EneCoat Technologies Co., Ltd., we are conducting verification tests on the power generation characteristics and other aspects of perovskite solar cells* in low-temperature environments.

*These solar cells are thin, lightweight, and flexible, making them suitable for installation in locations where conventional panels were difficult to install, such as building walls and windows.


Perovskite solar cells

Initiatives for Making Full Use of Hydroelectric Power Generation

- To make the most of our precious water resources, we are retrofitting, in stages, the aged hydroelectric power stations operated by our company and **Hokuden Eco-Energy, Co., Ltd.**


Renewal work

Hydroelectric power stations under renewal work

Name of power plant	Location	Maximum output		Scheduled start of operation
		Current	After renewal	
Kamikawa Power Station	Kamikawa Town	12,000 kW (no change)		March 2027
Moiwa Power Station	Sapporo City	12,600 kW	13,400 kW	March 2029
Konbu Power Station	Rankoshi Town	9,000 kW (no change)		September 2026
Shibinai Power Station	Higashikagura Town	1,600 kW	1,700 kW	January 2028

Renewable Energy Development-Related Business (O&M)

- HEPCO Group companies provide the following services for equipment operated with renewable energy.

HOKKAIDENKO CORPORATION	Design, construction, equipment maintenance, and more
Hokuden Integrated Consulting Service, Co., Inc.	Environment survey, design, diagnosis, supervision of works, and more
Hokkaido Power Engineering Co., Inc.	Maintenance of power generation equipment and more

Initiatives for Decarbonization of Thermal Power Generation

- We are promoting the large-scale integration of renewable energy. However, due to the potential for sudden output fluctuations caused by changes in the weather, maintaining a stable power supply will continue to require the flexibility of thermal power generation.
- With the aim of decarbonizing thermal power generation in the future, we will move forward with initiatives such as switching to decarbonized fuels like ammonia and hydrogen.

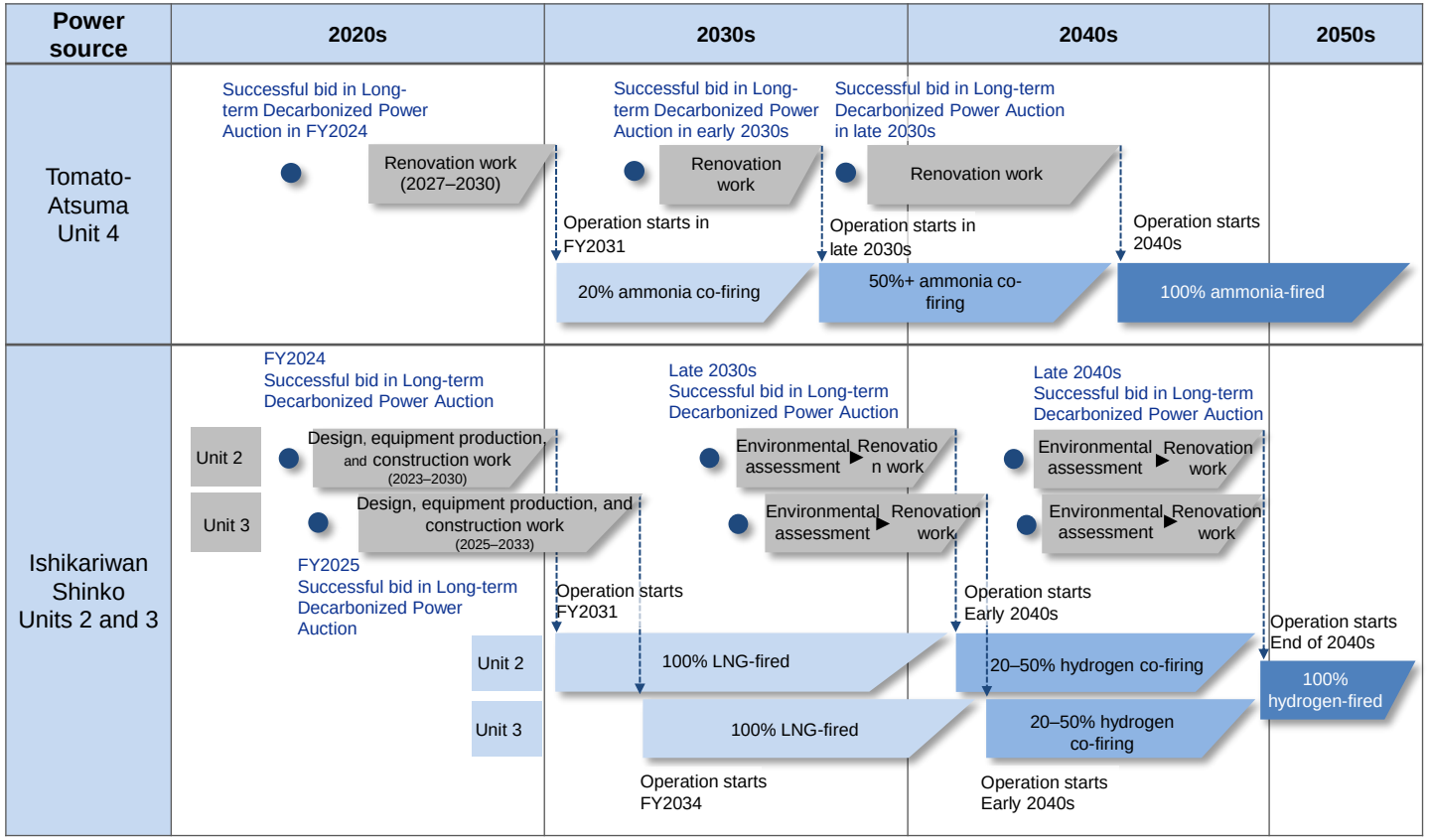
Initiatives at Tomato-Atsuma Power Station and Ishikariwan Shinko Power Station

- Unit 4 of the Tomato-Atsuma Power Station runs on coal. We are working toward its decarbonization through measures such as fuel conversion to ammonia and utilizing CCUS* technology.
  Regarding the fuel conversion, we plan to convert 20% of our fuel (by calorific value) to ammonia by FY2031, and then gradually expand this ratio thereafter.

  *Carbon dioxide Capture, Utilization and Storage

- The Ishikariwan Shinko Power Station, which runs on LNG, aims to achieve decarbonization by switching its fuel to hydrogen.

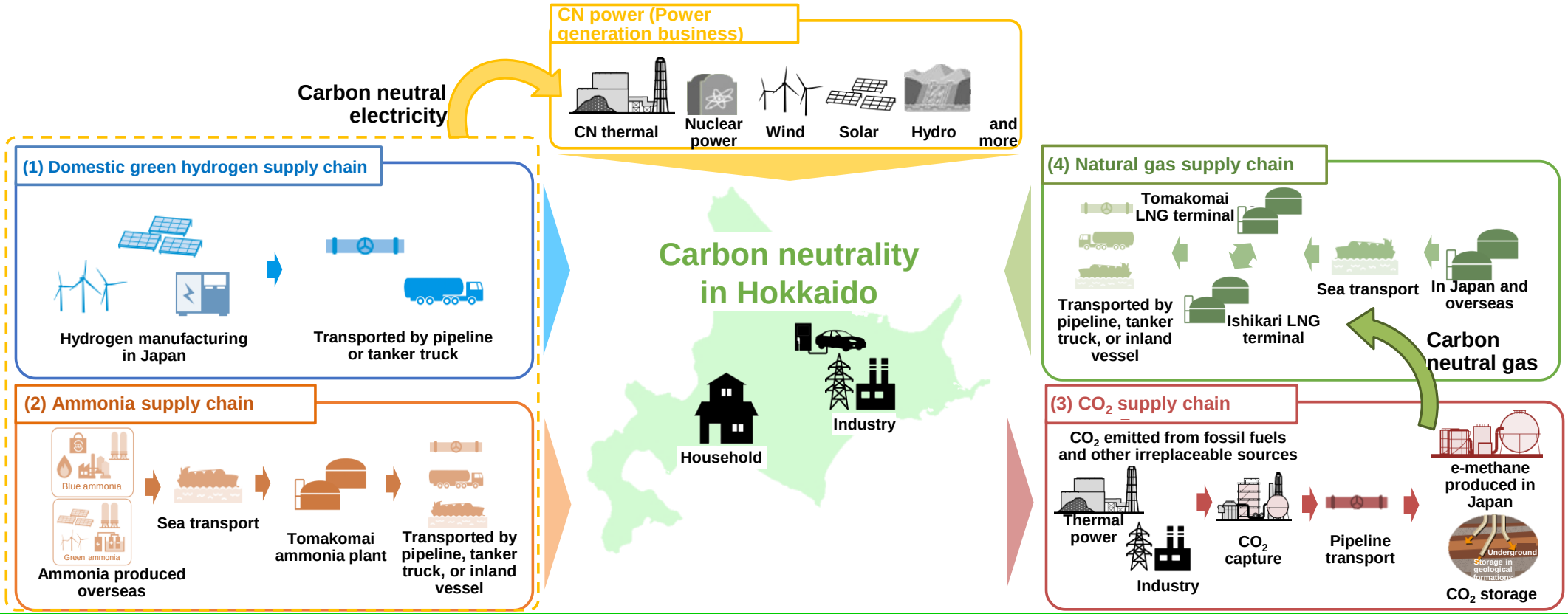
Roadmap to Decarbonization



Initiative to Build a New Energy Supply Chain (1)

- In Hokkaido, oil and coal account for a high proportion of final energy consumption. Therefore, to achieve a carbon-neutral society, it is necessary to promote low-carbonization and decarbonization through the transition to electricity and gas. In addition, Hokkaido is projected to see a significant increase in future energy demand.
- In addition to restarting the Tomari NPS, working on the greater integration of renewable energy, and promoting electrification, we are moving forward with plans to fully enter the gas business, develop next-generation LNG power sources and LNG terminals, and explore the social implementation of next-generation energy technologies. By establishing a new energy supply chain centered on the Tomakomai and Atsuma region and providing a diverse range of decarbonization solutions, we will contribute to achieving a carbon-neutral Hokkaido by 2050.

Concept for achieving carbon neutrality in Hokkaido

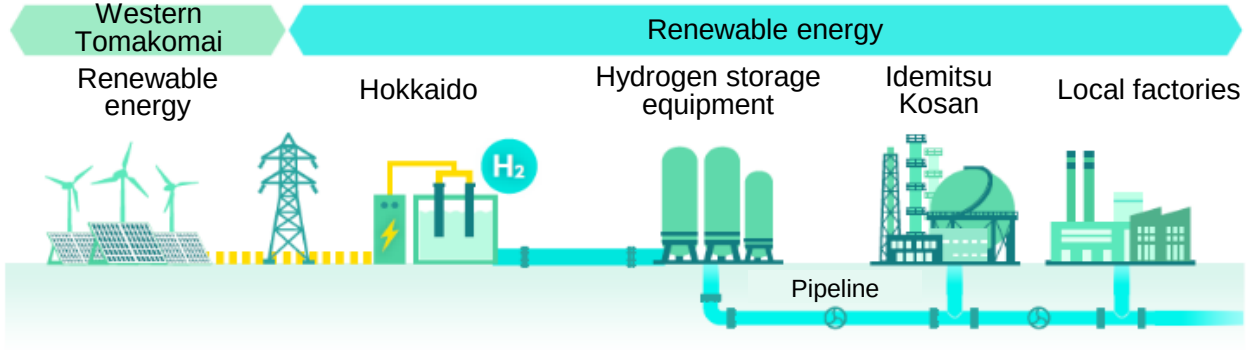


Initiative to Build a New Energy Supply Chain (2)

Study into the Development of Domestic Green Hydrogen Supply Chain

- We are currently conducting joint studies with the aim of establishing a hydrogen supply chain by FY2031. This involves constructing one of the country's largest hydrogen production plants equipped with a water electrolyzer that will supply renewable hydrogen via pipelines and tanker trucks.

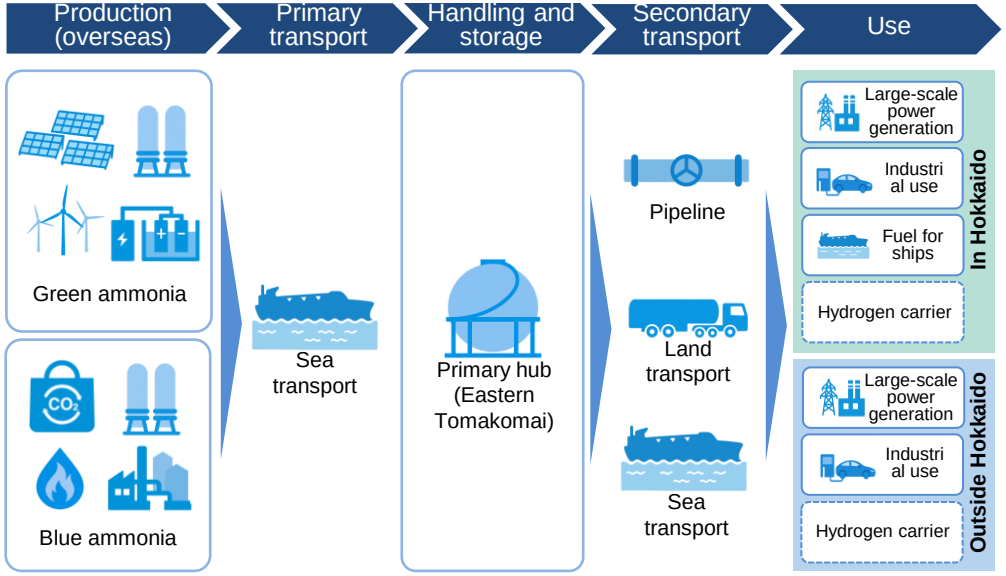
Conceptual model of a domestic green hydrogen supply chain in Tomakomai,



Study into the Development of an Ammonia Supply Chain

- We are conducting joint studies with the aim of establishing an ammonia hub by FY2031, converting the fuel for Unit 4 of the Tomato-Atsuma Power Station to ammonia, and building a supply chain to deliver ammonia throughout Hokkaido and across Japan.
- This project has been certified under the national government's Support Focusing on the Price Gap (December 2025) and Hub Development Support Program (March 2026) subsidy programs.

Conceptual model of an ammonia supply chain



Study into the Commercialization of CCUS

- By FY2031, we aim to establish a supply chain for the separation, capture, utilization, and storage of CO_2 by installing separation and capture facilities for CO_2 from Unit 4 of the Tomato-Atsuma Power Station, as well as transportation facilities and other related infrastructure.
- We are also looking into the possibility of expanding the hub and cluster type of CCUS business* as well as accepting CO_2 emitted by other industries.

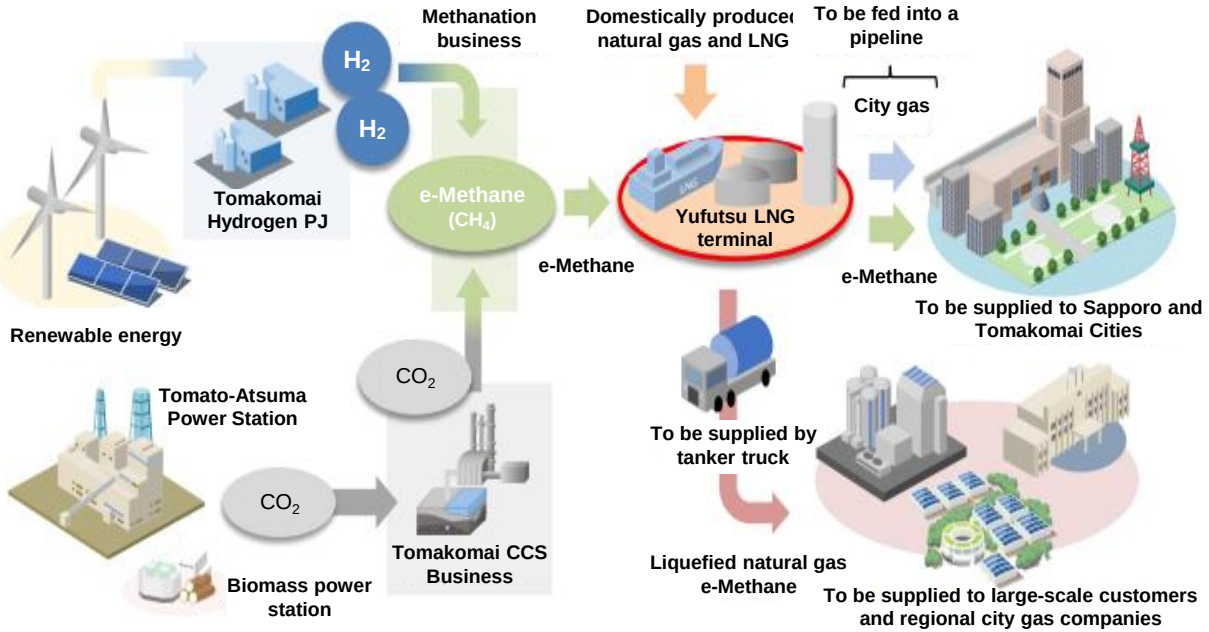
* Hub and cluster CCUS business:
In addition to the CCS business, which captures and stores CO_2 from a single source of emission, the CCUS business encompasses many sources of emissions in the region and uses these emissions effectively to reduce overall emissions as a society.

Initiative to Build a New Energy Supply Chain (3)

Full-Scale Entry into Gas Business

- We are expanding our business scope beyond our existing gas retail operations and will be making a full-scale entry into the gas business.
- We will acquire the gas production, sales, and pipeline operations currently managed by Japan Petroleum Exploration Co., Ltd.[1] in Hokkaido (scheduled for FY2027) and establish an integrated gas supply chain from production to sales.
- In addition, by combining with related businesses and projects, and utilizing e-methane produced from green hydrogen and CO_2, we aim to offer carbon-neutral gas.

Conceptual model of the gas supply chain utilizing the transferred business



Development Plan for Future LNG Power Stations and LNG Terminals

- We are currently exploring the possibility of constructing a new LNG-fired power station.
- We are also studying the establishment of a terminal for handling LNG and other fuels, with a focus on supplying fuel for future power generation as well as utilizing it for our gas business.

Development Plan for Future LNG Power Stations and LNG Terminals

Next-generation LNG power generation	
Start of operation	By FY2036
Construction site	Tomato site
Power output	Under investigation
Power generation method	Gas turbine combined cycle, etc.
Type of fuel	100% LNG-fired
LNG terminal	
Start of operation	By FY2036
Construction site	Tomato site
Main facilities	Facilities for receiving ocean-going vessels, large-scale LNG tanks (above-ground), liquefaction facilities, shipping facilities, etc.

*Aiming to transition to decarbonized fuels (such as hydrogen) approximately 10 years after operations begin

Initiatives for Greater Integration of Renewable Energy

- **Hokkaido Electric Power Network** is determined to increase connections with power generated from renewable energy resources while ensuring stable power supply using new technologies so that the rich renewable natural resources in Hokkaido are fully used.

*To increase neutrality, power transmission and distribution has been carried out by our wholly owned subsidiary, Hokkaido Electric Power Network, since April 2020.

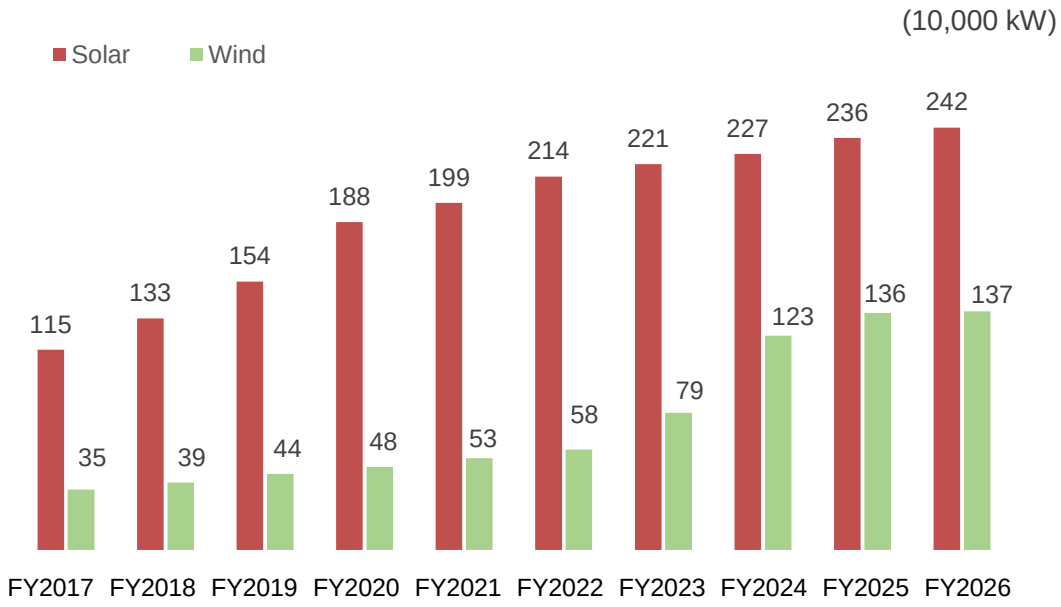
Renewable Energy Production in Hokkaido

- As of the end of February 2026, the installed capacity of renewable energy in Hokkaido was 5,960 MW,*1 exceeding the peak power demand*2 for the Hokkaido region.

*1. Solar power: 2.42 million kW; wind power: 1.37 million kW; biomass: 540,000 kW; hydropower (excluding pumped-storage): 1.6 million kW; geothermal: 30,000 kW

*2. Actual peak power demand for the winter of FY2026 (as of 11:00 a.m. on January 26, 2026): 5.07 million kW

- As solar and wind power output fluctuates significantly depending on weather conditions, we will work to further expand their use while conducting technical evaluations to ensure that they do not adversely affect the quality of the electricity supply.

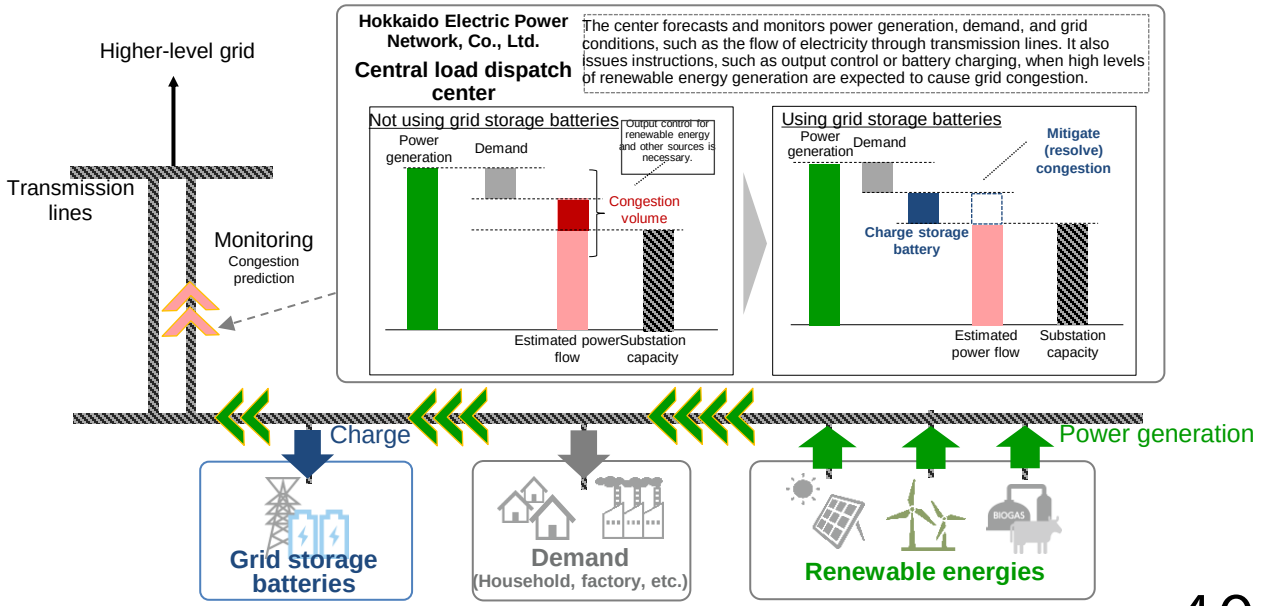


Initiatives for the Effective Use of Renewable Energy

- We are promoting the integration of renewable energy by making the most of the existing infrastructure through measures such as introducing non-firm connections,*1 implementing redispatching*2 during grid congestion, and utilizing dynamic line rating.*3
- In collaboration with Mitsubishi Research Institute, Inc., we are conducting a pilot program into the development of technology to mitigate grid congestion using charge control of grid storage batteries.

*1. A connection subject to capacity constraints of transmission lines at peak times where grid reinforcement is not conducted
*2: A method for prioritizing renewable energy power generation that curtails thermal power output first
*3: Technology that can increase the carrying capacity of transmission lines based on weather conditions and other factors

Conceptual model of grid congestion mitigation using grid storage batteries



Grid Enhancement in Anticipation of Growing Power Demand and Greater Integration of Renewable Energy

- **Hokkaido Electric Power Network** is developing a next-generation power network with a medium- to long-term perspective. We aim to achieve decarbonization through greater integration of renewable energy, strengthen resilience to prevent large-scale and prolonged blackouts, and appropriately respond to future developments such as the large-scale expansion of energy demand.

Publication of the Welcome Zone Map for Demand

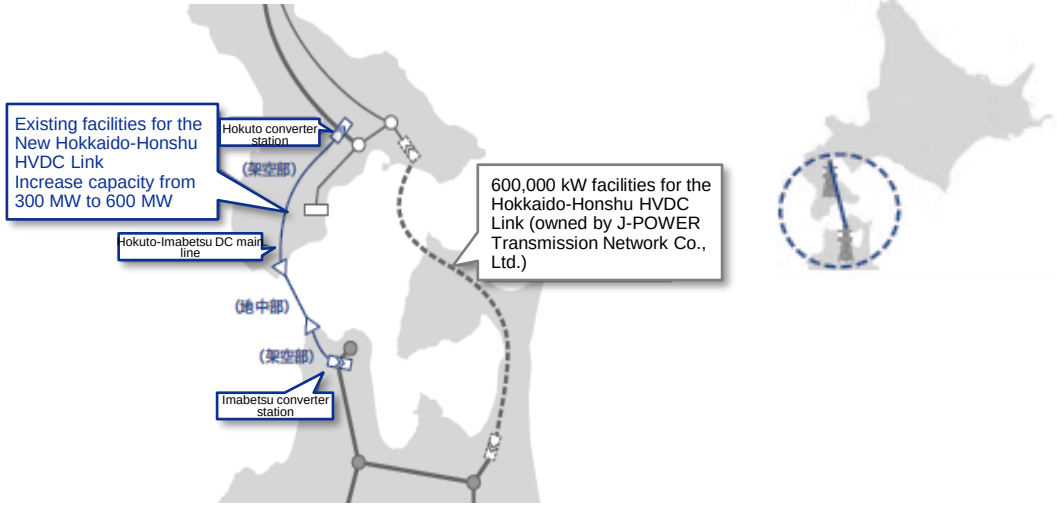
- We publish a Welcome Zone Map on "Hello New Hokkaido," a platform for regional co-creation and decarbonization. The Map provides information on grid locations, available capacity on the demand side, and land areas.
  We will continue to enhance the content to support companies exploring the feasibility of expansion into Hokkaido.

  Click here to read it.

* Available supply capacity is an estimate at the time of publication. For more information, please inquire with Hokkaido Electric Power Network, and refer to the preliminary supply-side interconnection assessment.

Development and Reinforcement of New Interconnection Lines

- We are adding 300,000 kW of capacity to interconnection lines along the same route as the current New Hokkaido-Honshu HVDC Link, and aiming to start operations in March 2028. Following the start of operations, the lines are expected to facilitate further integration of renewable energy, enhance grid resilience, and activate wide-area electricity trading.



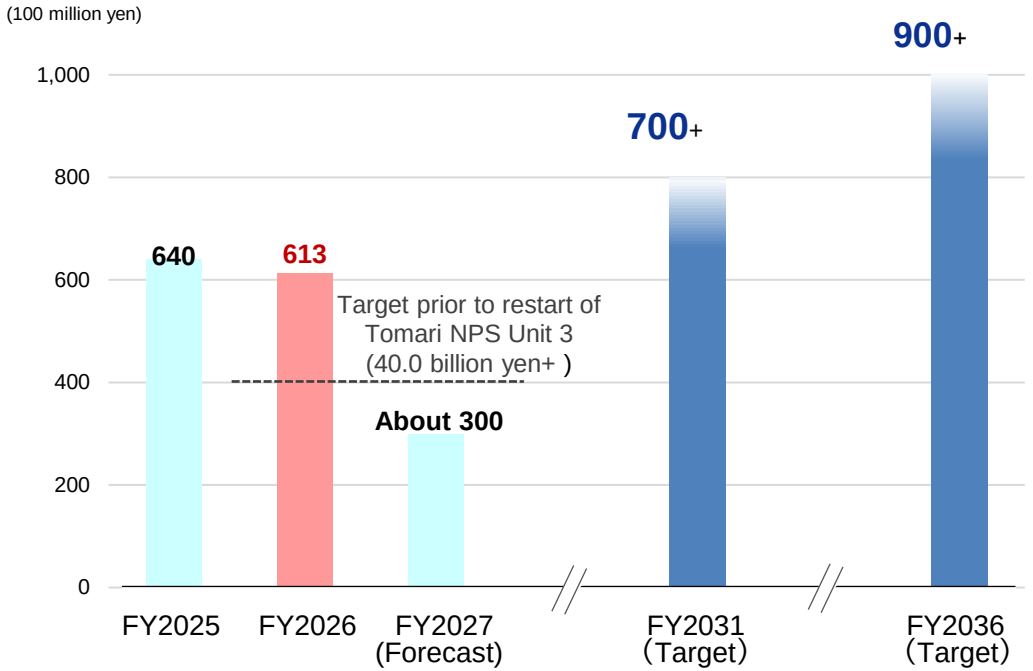
- Also, we are jointly considering proposals with other operators to enhance interconnecting facilities between Hokkaido and Honshu (via the Sea of Japan route) based on the Master Plan.*

* Long-term vision outlining the specific future configuration of the cross-regional grid network, formulated by the Organization for Cross-regional Coordination of Transmission Operators, with a focus on achieving carbon neutrality by 2050, along with initiatives to implement this vision

Progress in Management Targets (1): Financial Indicators

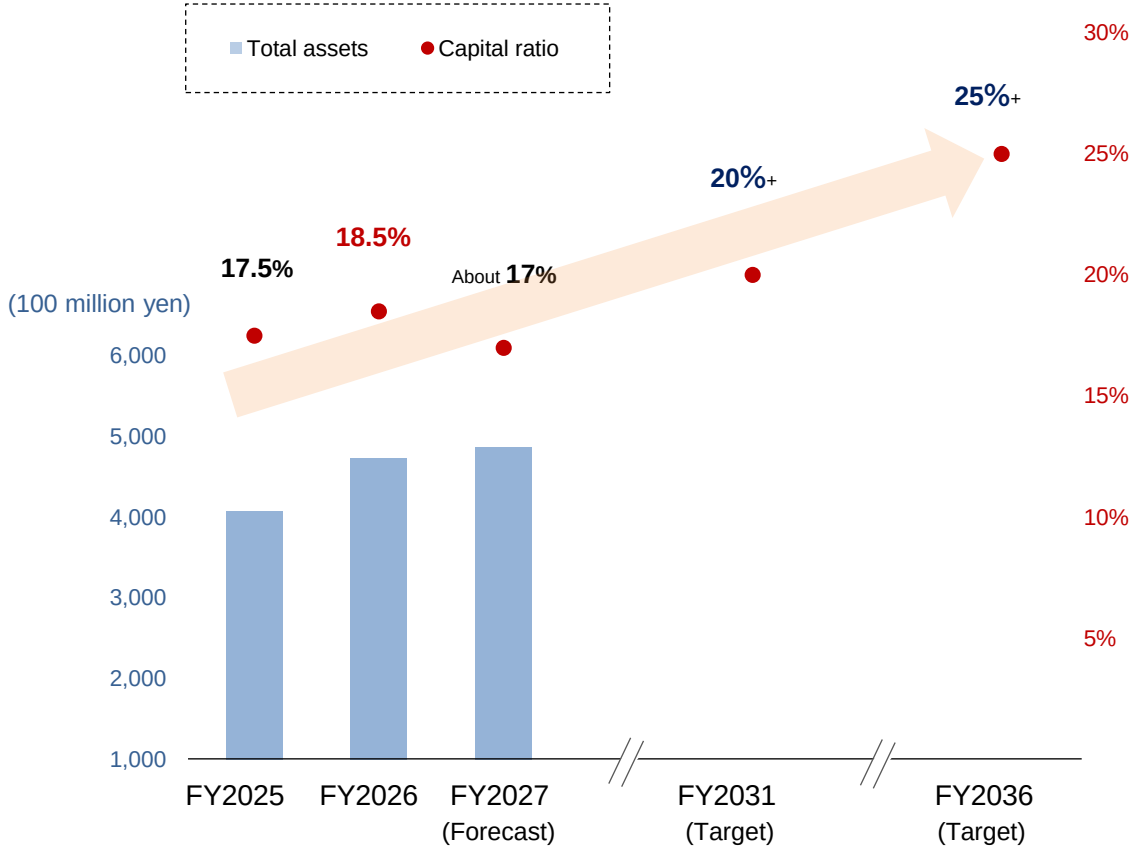
- The HEPCO Group Management Vision 2035 (the “Management Vision”) sets forth a target of “consolidated ordinary income of 40 billion yen or more” before the restart of Unit 3 of the Tomari Nuclear Power Station. In contrast, consolidated ordinary income for FY2026 amounted to 61.3 billion yen.
- In addition, the consolidated capital ratio at the end of FY2026 stood at 18.5%.

Changes in consolidated ordinary income, ROIC and ROE



	FY2025	FY2026	FY2027 (Forecast)	FY2031 (Target)	FY2036 (Target)
ROIC	2.8%	About 1.6%	3.0%+	3.5%+	
ROE	10.4%	About 4.8%	8.0%+	8.0%+	

Changes in consolidated capital ratio



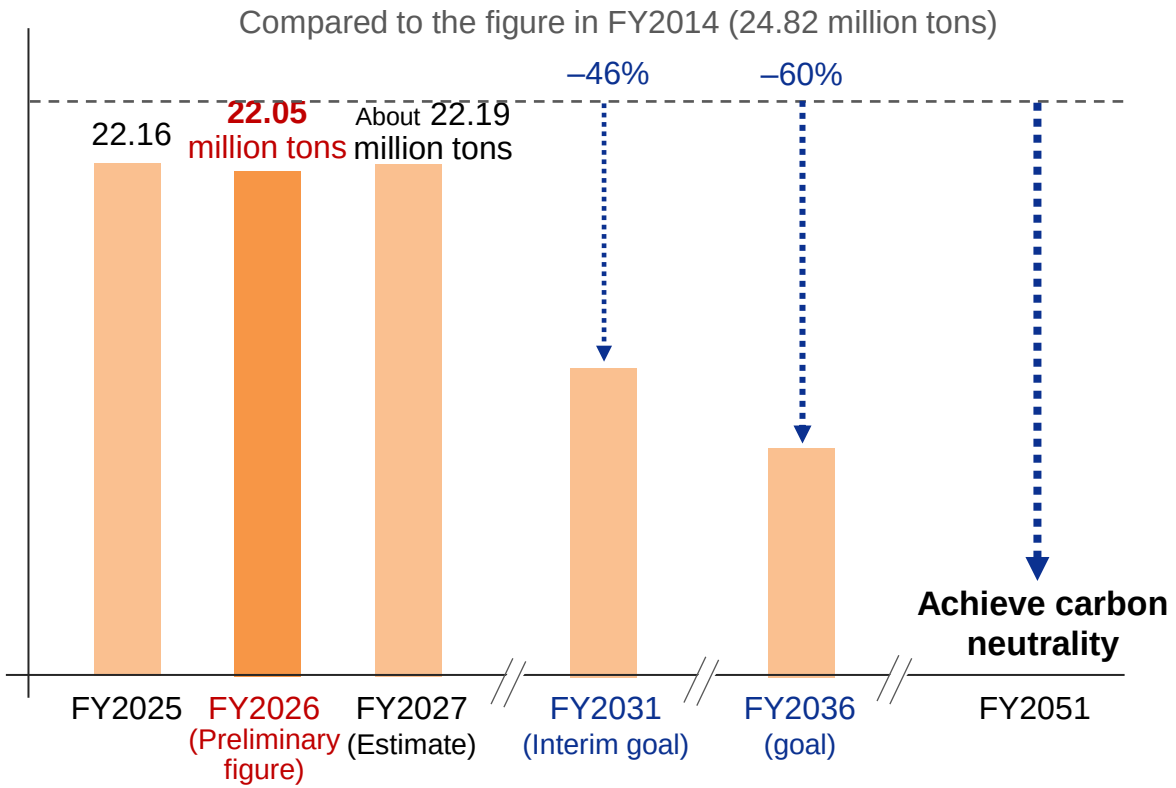
Progress in Management Targets (2): Key Non-Financial Indicators

- In the Management Vision, we have set targets for reducing the HEPCO Group's supply chain emissions (Scopes 1, 2, and 3[*1]) and for the contribution to reducing greenhouse gas (GHG) emissions[*2] through renewable energy development projects and the promotion of electrification via heat pump equipment and other means.
- We aim to achieve our targets by steadily advancing the decarbonization of our power sources, through measures such as the restart of the Tomari NPS, the greater integration of renewable energy, and the fuel conversion of thermal power stations, as well as by promoting electrification.

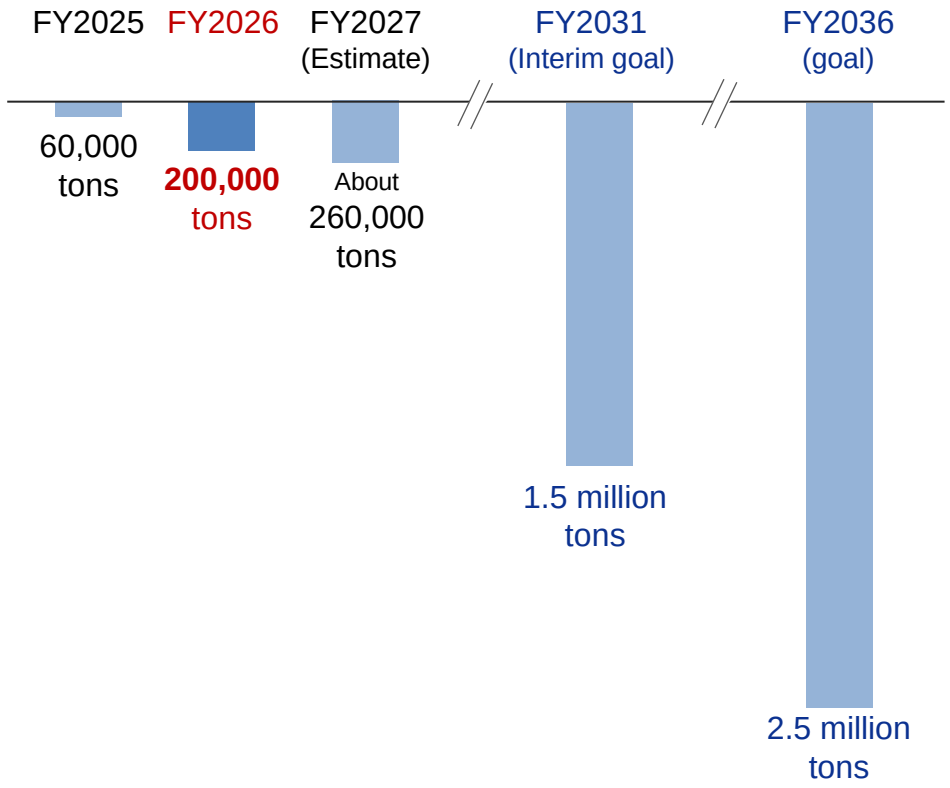
*1. Scope 1: Direct emissions from HEPCO Group business sites (mainly thermal power plants). Scope 2: Indirect emissions associated with the use of electricity, heat, etc., that HEPCO Group receives as a user. Scope 3: Other indirect emissions (mainly indirect emissions associated with electricity purchased from other companies).

*2. This represents the difference in GHG emissions between the existing products and services (baseline) and the new products and services, and quantifies the contribution these products and services make to mitigating climate change across society as a whole (impact).

Reduction in GHG emissions



Contribution to GHG reduction



Progress in Management Targets (3): Summary

- The actual results for FY2026 and the forecast for FY2027 with regard to the respective management targets are shown in the table below.
- We will continue striving to achieve the targets at each milestone: Before the restart of Tomari NPS Unit 3, in FY2031, and in FY2036.

	FY2026 (Results)	FY2027 (Forecast)	Before restart of Tomari NPS Unit 3	FY2031	FY2036
Electricity sales (retail)	22.1 TWh	About 21.8 TWh	29 TWh+		33 TWh+
Reduction in GHG emissions	–11%*1	About –11%	Compared to FY2014: –46%		Compared to FY2014: –60%
Contribution to GHG reduction	0.2 million tons	About 0.26 million tons	1.5 million tons		2.5 million tons
CN-related investment	22.3 billion yen	About 28.3 billion yen	About 400 billion yen (cumulative from FY2026 to FY2036)		
Renewable energy target (gross)	209 MW	—*2	1,000MW + *300 MW+ net		3,000 MW+ *1,000 MW+ net
Ordinary income	61.3 billion yen	About 30.0 billion yen	40 billion yen+	70 billion yen+*3	90 billion yen+*3
ROIC (WACC)	2.8%	About 1.6%	3.0%+ (about 2.2%)		3.5%+ (about 2.4%)
ROE	10.4%	About 4.8%	8%+		
Capital ratio	18.5%	About 17%	20%+		25%+ (Future target: 30%)
Debt-to-EBITDA ratio	10.3×	About 13.8x	About 11x		8x or lower
Dividends (annual) Dividend on Equity (DOE)	32 yen/share (1.8%)	33 yen/share (About 1.8%)	Stable dividend using a guideline of 2% DOE (Until Tomari NPS Unit 3 is restarted, we will aim for a 2% DOE and make a comprehensive determination while being mindful of rebuilding our financial foundation.)		
Next-generation energy investment	1.2 billion yen	—*2	About 250 billion yen (cumulative from FY2026 to FY2036)		
Human capital investment (added value/personnel expenditures)	1.1×	About 1.0×	—		Compared to FY2025: about 1.5 times
DX investment	2.0 billion yen	About 3.6 billion yen	About 30 billion yen (cumulative from FY2026 to FY2036)		

*1. Preliminary figure. *2. The FY2027 forecasts for “Renewable energy target (gross)” and “Next-generation energy investment” are not disclosed for business strategy reasons. *3. Reflects the rate reduction resulting from the restart of the Tomari NPS.

Reference Materials

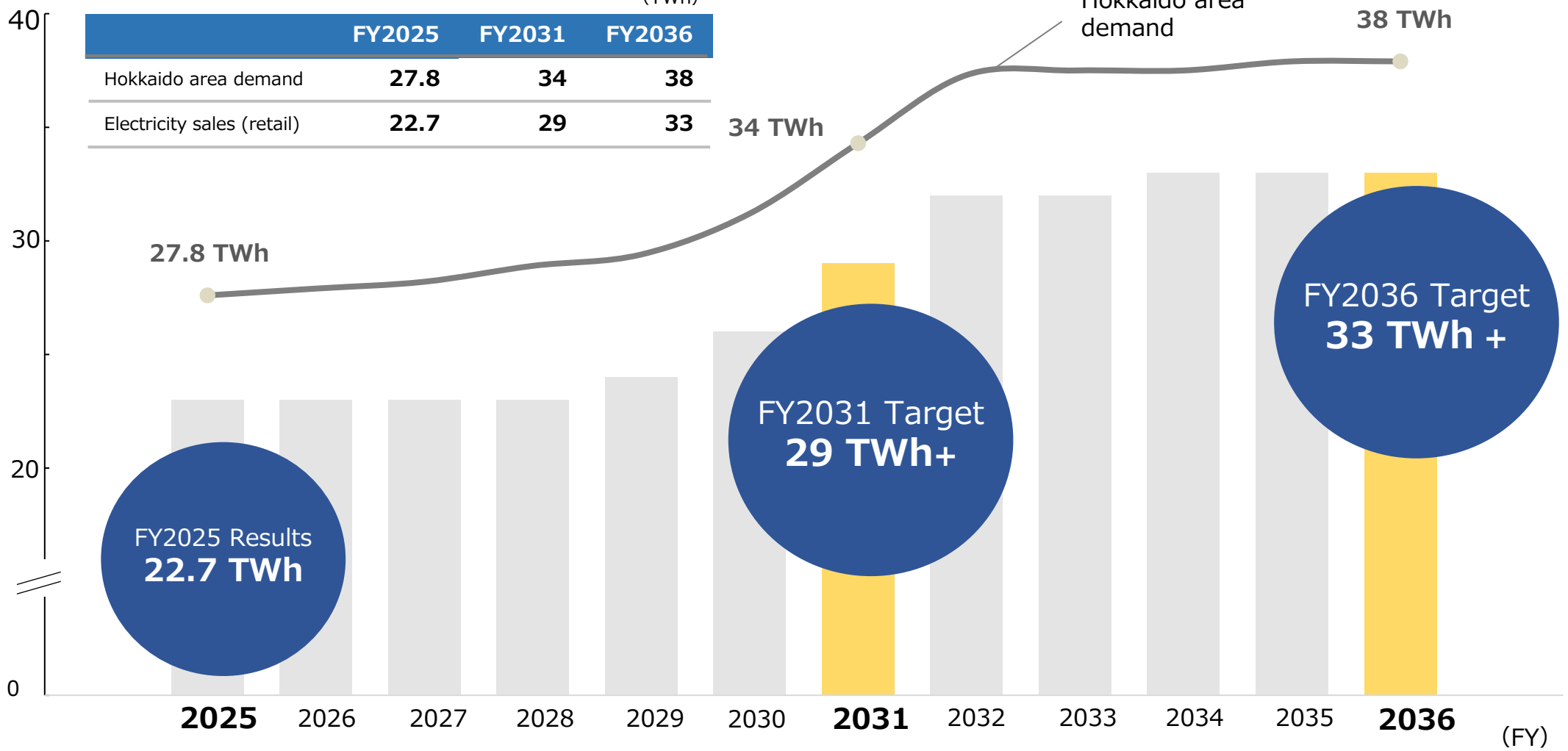
HEPCO Group Electricity Sales (Retail)

HEPCO Group aims to increase retail electricity sales by making sure that we take advantage of business opportunities presented as next-generation semiconductor plants and large data centers establish operations in Hokkaido.

(TWh)

(TWh)

	FY2025	FY2031	FY2036
Hokkaido area demand	**27.8**	**34**	**38**
Electricity sales (retail)	**22.7**	**29**	**33**



※The above figures are current estimates provided by HEPCO

HEPCO Group Environmental Targets

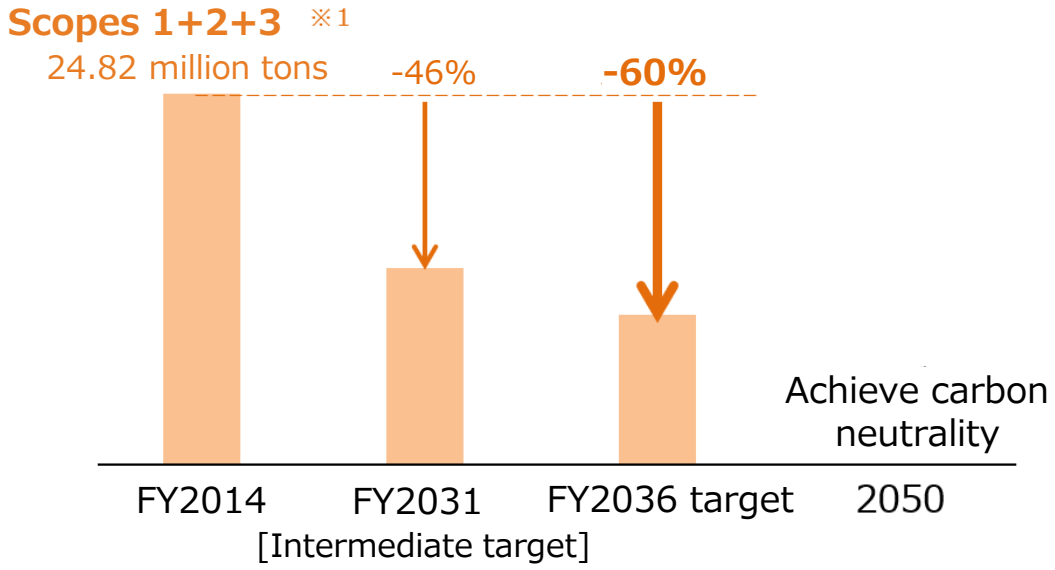
HEPCO Group will do our utmost as we take on the challenge of achieving carbon neutrality across all energies in Hokkaido by the year 2050.

Environmental Targets

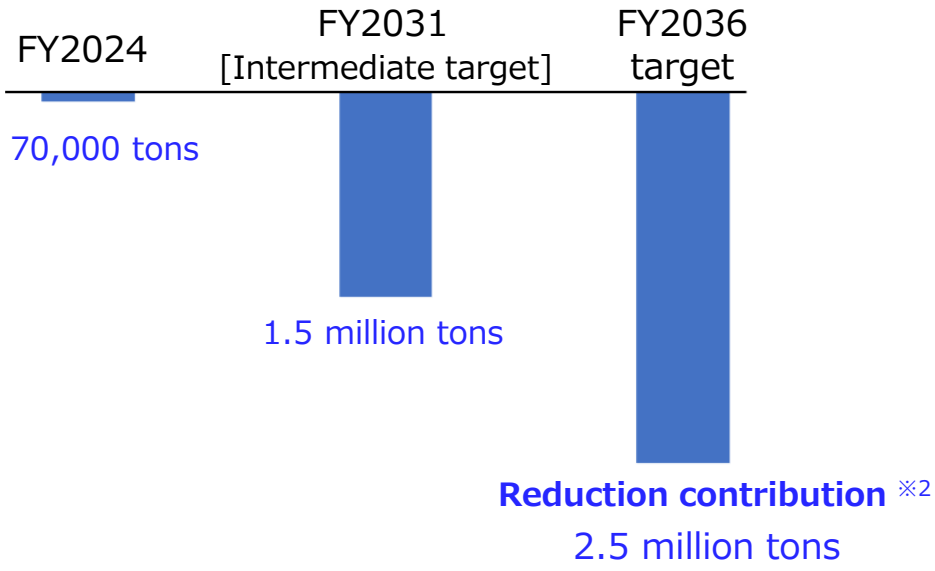
We will rise to the challenge of achieving a 46% reduction compared to FY2014 levels in supply chain emissions (Scopes 1+2+3) throughout the HEPCO Group by FY2031 and 60% by FY2036.

We will contribute to a 1.5 million-ton reduction in emissions by FY2031 and 2.5 million-ton reduction by FY2036 by promoting electrification with heat pumps utilizing air heat, which is a renewable energy source, energy-saving proposals, customer support for decarbonization, and our renewable energy development business.

Reduction in greenhouse gas emissions



Contribution to achieving carbon neutrality



※1:
Scope 1: Direct emissions from HEPCO Group business sites (mainly thermal power plants).
Scope 2: Indirect emissions associated with use of electricity, heat, etc. that HEPCO Group receives as a user.
Scope 3: Other indirect emissions (mainly indirect emissions associated with electricity purchased from other companies)

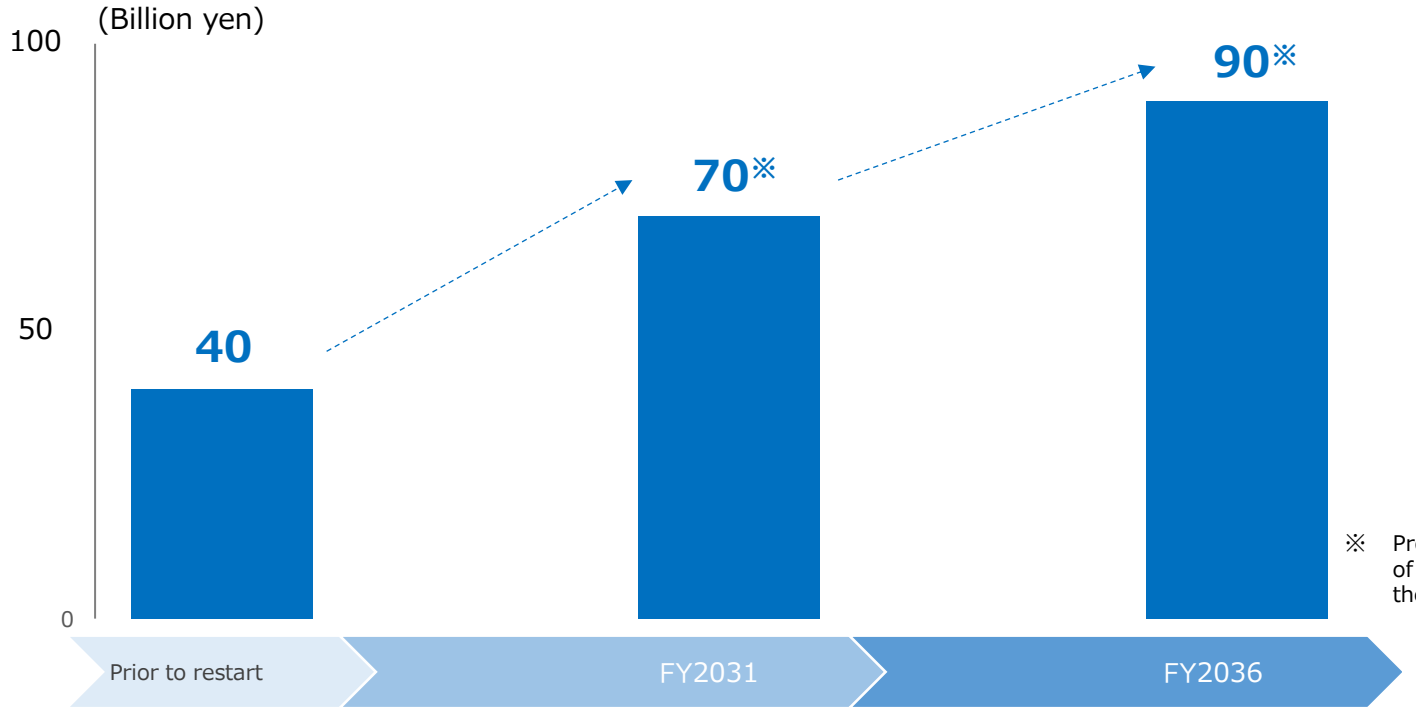
※2: The difference in greenhouse gas emissions between conventional products and services (baseline) and new products and services, quantifying the contribution to mitigating climate change (impact) across society with products and services.

Ordinary Income, ROIC & ROE

In addition to improving revenue following the restart of all Tomari Nuclear Power Station units, HEPCO Group will steady increase profits as business opportunities expand thanks to the establishment of hubs supplying carbon-free energy, our products and services expanding, and retail electricity sales increasing as we make sure to build on environmental changes such as carbon neutrality advances and the increase in demand for electric power in the Hokkaido area.

We will manage our business portfolio to bolster investment in high-profit businesses, and improve ROIC to 3.5% or higher by further increasing the profitability of our businesses. This will enable us to continue assuring appropriate equity capital and maintain an ROE of 8% or higher.

Change in Ordinary Income



※ Profit targets reflect the impact of planned rate cut following the restart of Tomari NPS

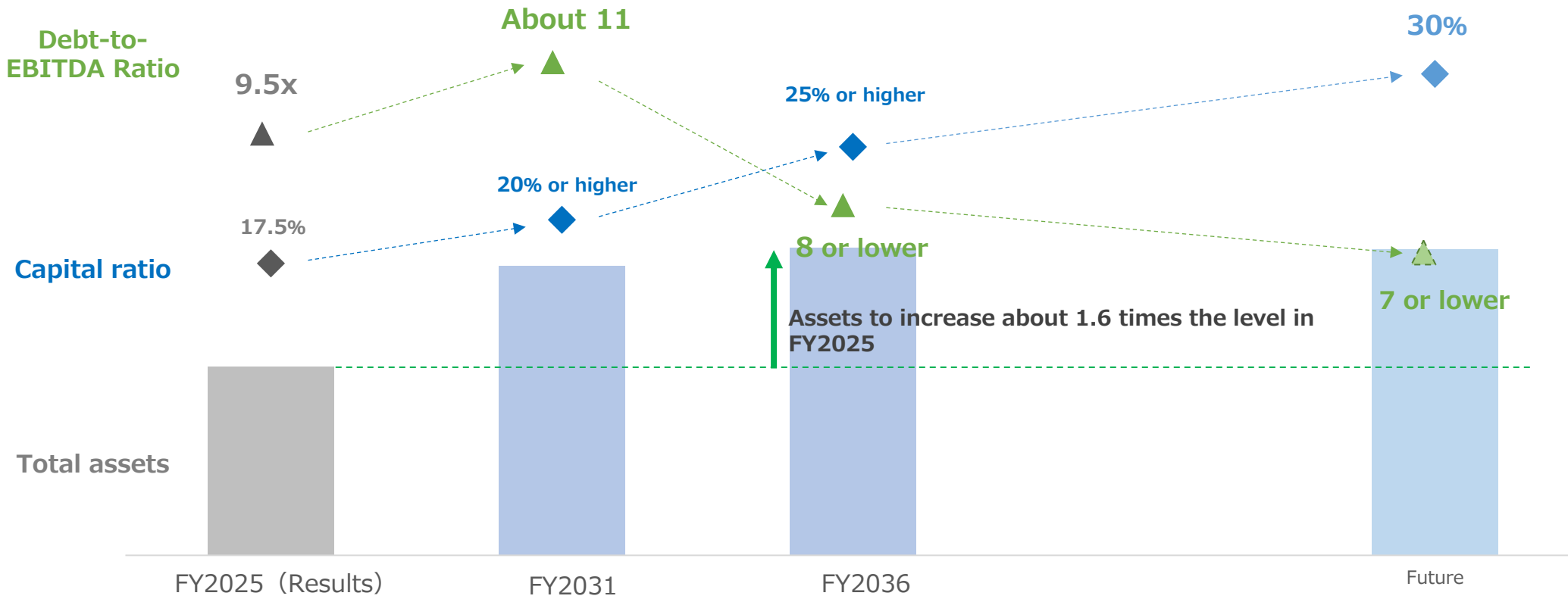
Capital Ratio & Debt-to-EBITDA Ratio

As our investments and assets grow, we will strive to rebuild equity capital and improve our financial standing by achieving the profit targets listed earlier.

Our goal is to increase capital ratio to 25% or more by the end of FY2036 and, in the future, aim to reach 30% from the standpoint of achieving greater financial soundness and utilizing financial leverage.

Initially, as our investments expand, interest-bearing debt will increase, but we will aim to keep the debt-to-EBITDA ratio to 8 or lower by improving profits at a rate greater than the increase in interest-bearing debt.

Change in Capital Ratio and Debt-to-EBITDA Ratio



Shareholder Return Policy

Previously, HEPCO Group determined how profits were distributed by comprehensively considering our medium- to long-term business environment, financial circumstances, and other factors, and basing such decisions on maintaining a stable dividend.

Going forward, we will continue to maintain a policy of stable dividends and introduce the Dividend on Equity Ratio (DOE) to enhance shareholder return predictability.

Previous Shareholder Return Policy

Stable Dividend

- In our previous vision, we stated: "We aim to return more profits to shareholders to meet their expectations while endeavoring to restore equity capital."

New Shareholder Return Policy

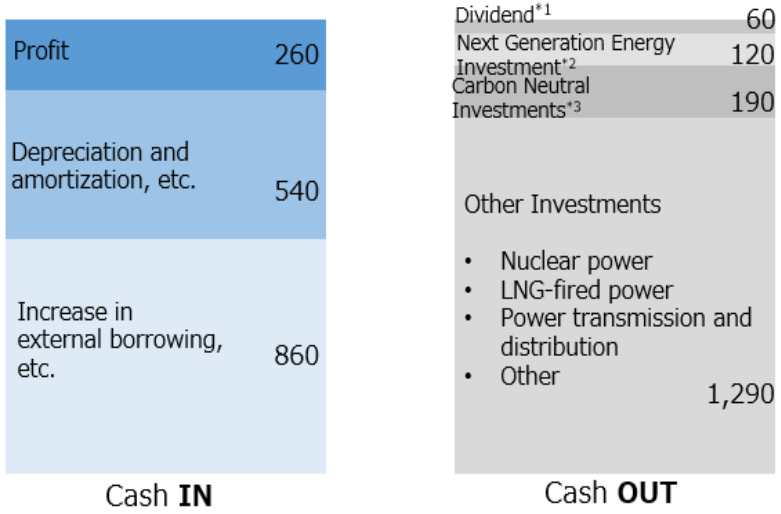
Stable Dividend with 2% DOE Guideline

- We will introduce DOE to enhance shareholder return predictability.
- Until Tomari NPS Unit 3 is restarted, we will aim for 2% DOE and make a comprehensive determination while being mindful to rebuild our financial foundation.

(REF) Capital Allocation

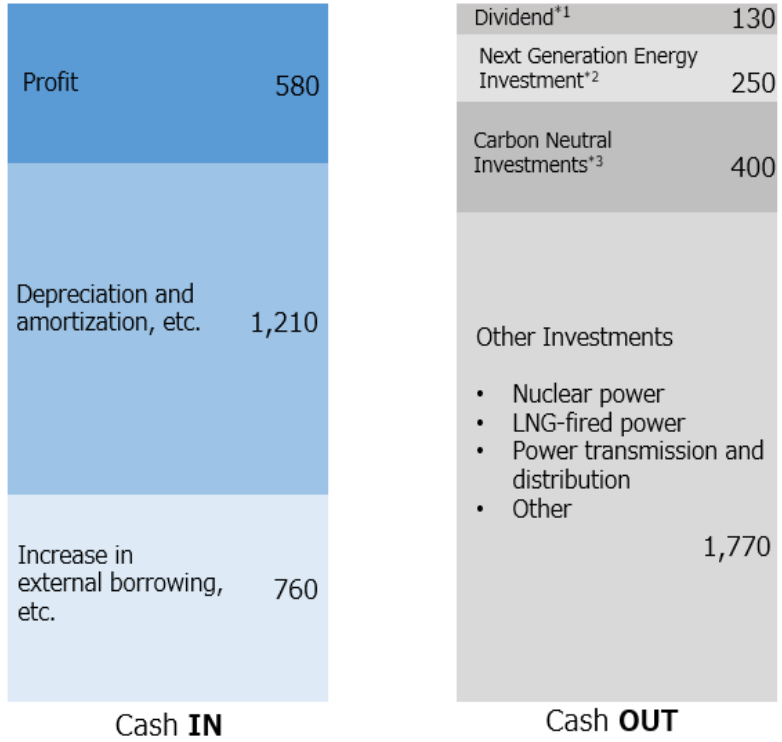
2025-30 Cumulative total (6 years)

1,660 Billion yen



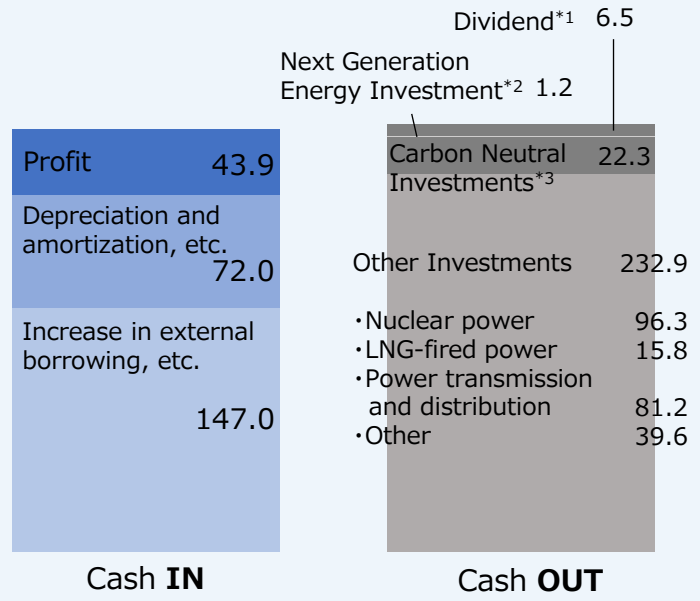
2025-35 Cumulative total (11 years)

2,550 Billion yen



Reference: FY2026 Results

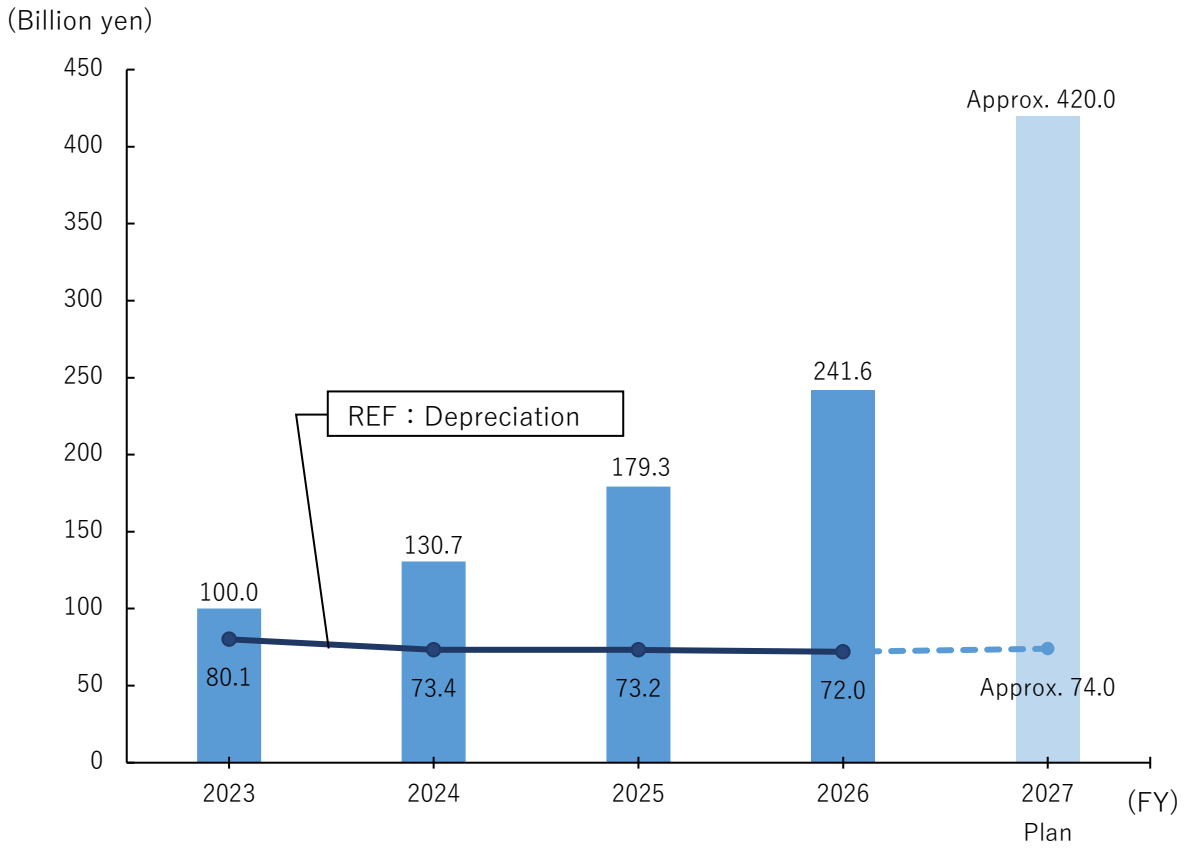
262.9 Billion yen



*1 Dividends: For common stock, calculated based on 2% DOE. Preferred shares are calculated based on the current Articles of Incorporation.
*2 Investment in next-generation energy: Investment in hydrogen, ammonia, CCUS, e-methane, etc.
*3 CN-related investments: Hydroelectric power generation (including pumped storage), CN thermal power generation, renewable energy development, power storage development, and power transmission and distribution related to decarbonization

Capital Investment and Cash Flow

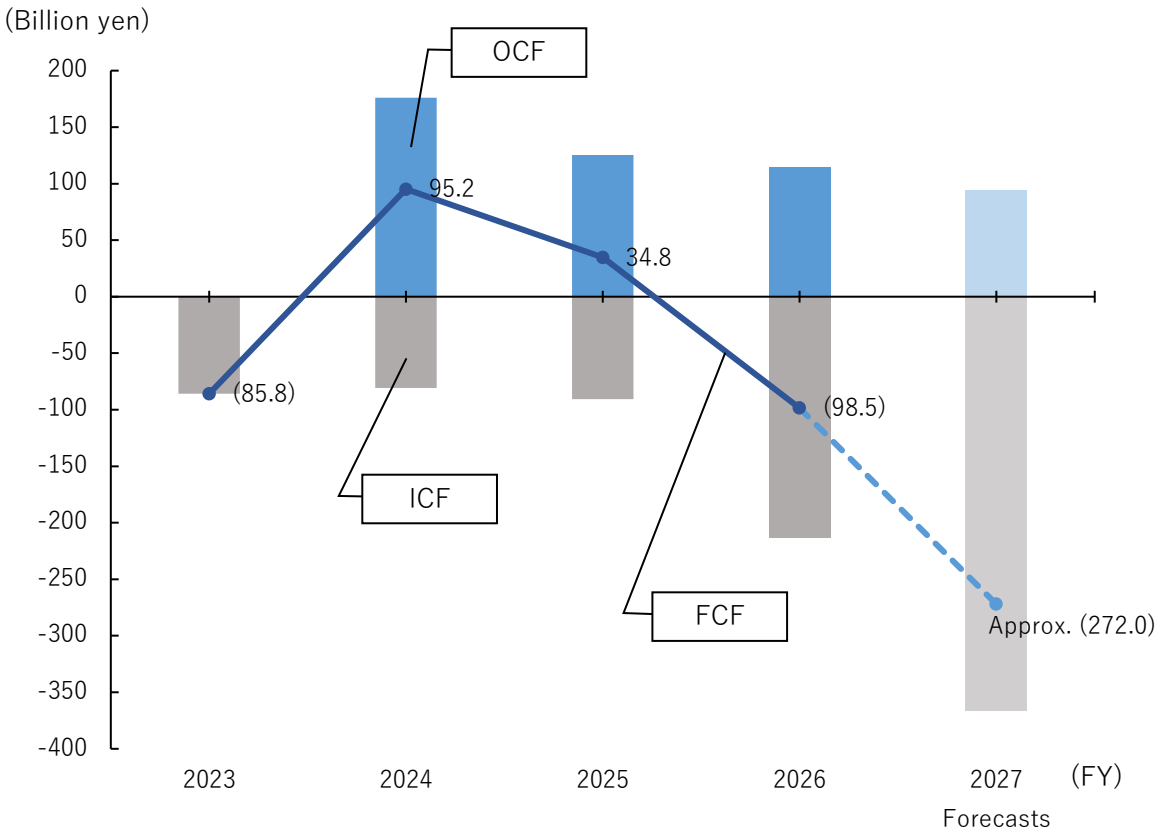
Capital Investment



(Unit: Billion yen)

		FY2023	FY2024	FY2025	FY2026	FY2027 Forecasts
Capital investment amount	HD	50.7	70.7	101.2	151.0	Approx. 300.0
	NW	40.9	46.2	66.8	82.2	Approx.100.0
	Other	8.3	13.7	11.2	8.3	Approx. 20.0
	Total	100.0	130.7	179.3	241.6	Approx. 420.0

Consolidated Cash Flow



(Unit: Billion yen)

	FY2023	FY2024	FY2025	FY2026	FY2027 Forecasts
OCF	(0.5)	176.1	125.5	114.5	Approx. 94.0
ICF	(85.2)	(80.8)	(90.7)	(213.0)	Approx.(366.0)
FCF	(85.8)	95.2	34.8	(98.5)	Approx.(272.0)

Actual Demand for the Hokkaido Area

(GWh)

	FY2025				FY2026				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Low voltage	2,739	2,580	2,768	4,066	12,153	2,734	2,683	2,853	4,014	12,284
High-voltage and extra high-voltage	3,498	3,952	4,028	4,217	15,695	3,582	4,015	4,033	4,319	15,949
Total	6,237	6,532	6,796	8,283	27,848	6,316	6,698	6,886	8,333	28,233

*Totals do not add up exactly as figures have been rounded

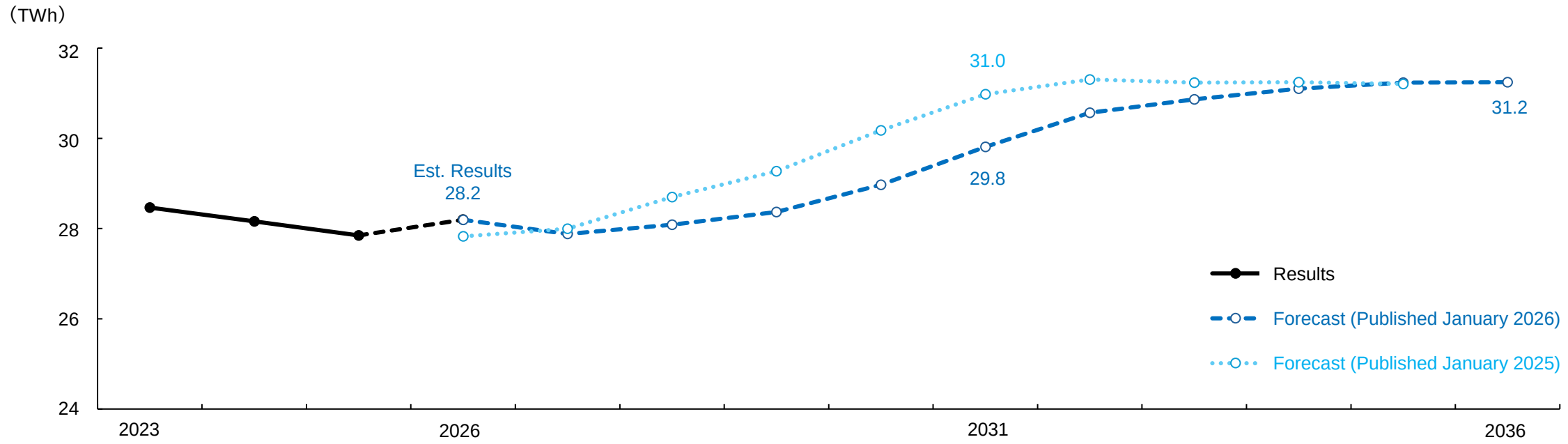
Reference: Last 10 years

(GWh)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Low voltage	13,618	13,474	12,984	12,886	13,065	12,928	12,567	12,336	12,153	12,284
High-voltage and extra high-voltage	16,174	16,118	16,057	16,433	15,496	15,721	15,898	15,822	15,695	15,949
Total	29,792	29,592	29,041	29,319	28,561	28,649	28,465	28,158	27,848	28,233

Demand in the Hokkaido area (based on the forecast by the OCCTO)

The demand forecast for the Hokkaido area included in the HEPCO Group Management Vision 2035 (pp34 and 40) is based on information collected by HEPCO as a retail electricity supplier.
The forecast published by the Organization for Cross-regional Coordination of Transmission Operators（OCCTO) on January 21, 2026 is as follows:



		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036
		Est. Results	Forecast									
Maximum electricity demand 1MW		5,060 [40]	5,060 [30]	5,090 [(40)]	5,170 [0]	5,240 [(50)]	5,390 [0]	5,440 [40]	5,430 [40]	5,420 [30]	5,390 [10]	5,370
Area electricity demand 1TWh		**28.2** [0.4]	**27.9** [(0.1)]	**28.1** [(0.6)]	**28.4** [(0.9)]	**29.0** [(1.2)]	**29.8** [(1.2)]	**30.6** [(0.7)]	**30.9** [(0.4)]	**31.1** [(0.1)]	**31.2** [0.0]	**31.2**
Reprint	Household, etc.	12.3	12.0	11.9	11.8	11.7	11.6	11.5	11.3	11.2	11.1	11.0
	Business	8.1	8.0	8.0	8.0	8.0	8.0	8.1	8.0	8.0	8.0	8.1
	Industrial	7.8	8.0	8.2	8.6	9.3	10.2	11.0	11.5	11.8	12.1	12.1

*1 Figures in parentheses are changes from last year's published figures (January 22, 2025).

*2 Totals do not add up exactly as figures have been rounded

Quarter Results

					FY2025					FY2026
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Low voltage	79.6%	76.3%	77.9%	80.9%	79.0%	77.3%	74.6%	76.2%	79.1%	76.8%
High-voltage and extra high-voltage	84.8%	83.5%	84.0%	83.7%	84.0%	80.4%	80.4%	79.3%	79.6%	79.6%
Total	82.5%	80.6%	81.5%	82.3%	81.8%	79.0%	78.1%	78.0%	79.3%	78.4%

Fiscal Year Results

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Low voltage	83.1%	80.3%	79.4%	80.0%	79.0%	76.8%
High-voltage and extra high-voltage	76.8%	74.6%	86.6%	87.4%	84.0%	79.6%
Total	79.7%	77.2%	83.3%	84.1%	81.8%	78.4%

* Calculated based on electricity trading reports published by the Electricity and Gas Market Surveillance Commission.

Plan to Develop Key Power Sources Moving Forward (HEPCO)

Texts in blue indicate changes after the previous announcement (3Q results as of January 30)

	Power plant	Output (MW)	Date for start of construction	Launch operations/termination date
Under construction	Kyogoku Unit No. 3 (hydraulic pump)	200	September 2001	FY2037 and thereafter
Under preparation to start construction	Shinko, Ishikari-wan, Unit 2 (LNG thermal)	580※1	August 2026※2	March 2031
	Shinko, Ishikari-wan, Unit 3 (LNG thermal)	580※1	May 2030	March 2034
Terminate	Naie Units 1 and 2 (coal-fired power)	-350 (175 × 2 units)	-	March 2027
	Sunagawa Units 3 and 4 (coal-fired power)	-250 (125 × 2 units)	-	March 2027
	Onbetsu Units 1 and 2 (oil-fired power)	-148 (-74 × 2 units)	-	Pending

*1. Following a review of the plant specifications, we have revised the originally planned output from 569,400 kW to 580,000 kW.

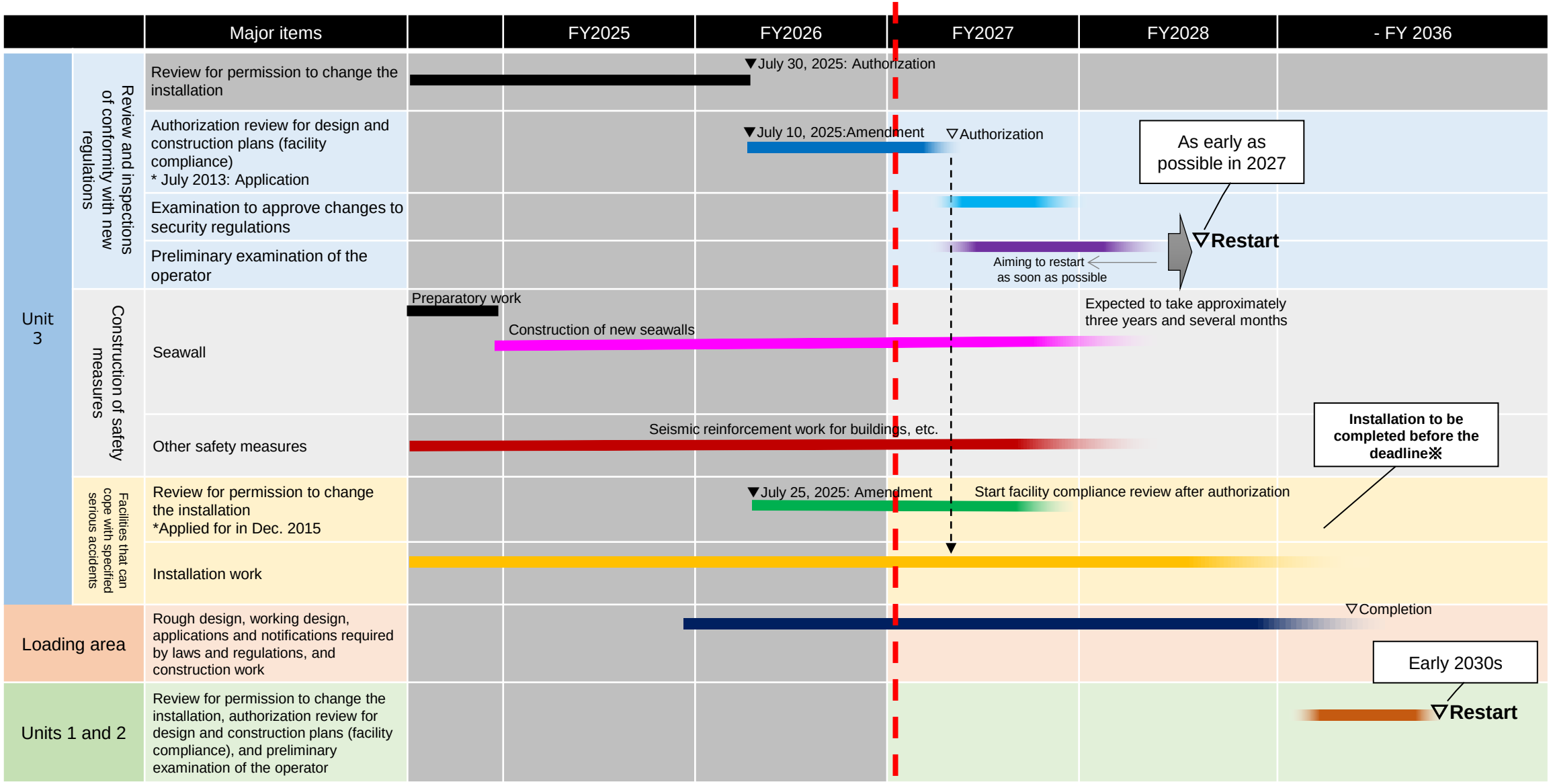
*2. Based on a detailed process review and the expectation that preparations will be completed ahead of schedule, we have moved up the start of construction for Unit 2 from May 2027 to August 2026.

Successful Bid in Auction for Long-term Decarbonized Power Source

	Power Plant Name	Description	Successful bid capacity*	Start time for operations
Fiscal 2024 Bids (Announced in April 2024)	Shinko, Ishikari-wan Unit 2 (LNG)	LNG only (Promote decarbonization through hydrogen combustion and other measures in the future)	551,217kW	Scheduled for FY2031
	Tomato-Atsuma Unit 4 (Coal-fired)	Ammonia 20% [Heat ratio of 20% converted from coal]	132,200kW	Scheduled for FY2031
Fiscal 2025 Bids (Announced in April 2025)	Tomari Unit 3 (Nuclear)	Investment in safety measures for existing nuclear power plants	902,107kW	As early as possible in 2027
	Shinko, Ishikari-wan Unit 3 (LNG)	LNG only (Promote decarbonization through hydrogen combustion and other measures in the future)	551,217kW	Scheduled for FY2034

*: The capacity of the successful bid is the annual average capacity excluding the portion of decline in facility efficiency in tandem with the monthly change in atmospheric temperature and the amount of power consumed within a power plant from a power plant's output.

Schedule for the Restart of All Units at the Tomari NPS



*1 On April 1, 2026, the Nuclear Regulation Authority (NRA) approved a proposal to revise the deadline for installing specified severe accident response facilities. The deadline was changed from five years after the approval of a design and construction plan for a reactor to five years after the pre-operation inspection. The Secretariat of the NRA is scheduled to draft a revision to the NRA rules, which is scheduled to be submitted to the NRA for review by the end of May.

Estimated reduction in electricity rates following the restart of Unit 3 at the Tomari NPS (1)

Materials publicly released as of October 31, 2025

Estimated reduction in electricity rates following the restart of Unit 3 at the Tomari Nuclear Power Plant

Reference: Estimated electricity rate reduction levels (image)

Regulated rate

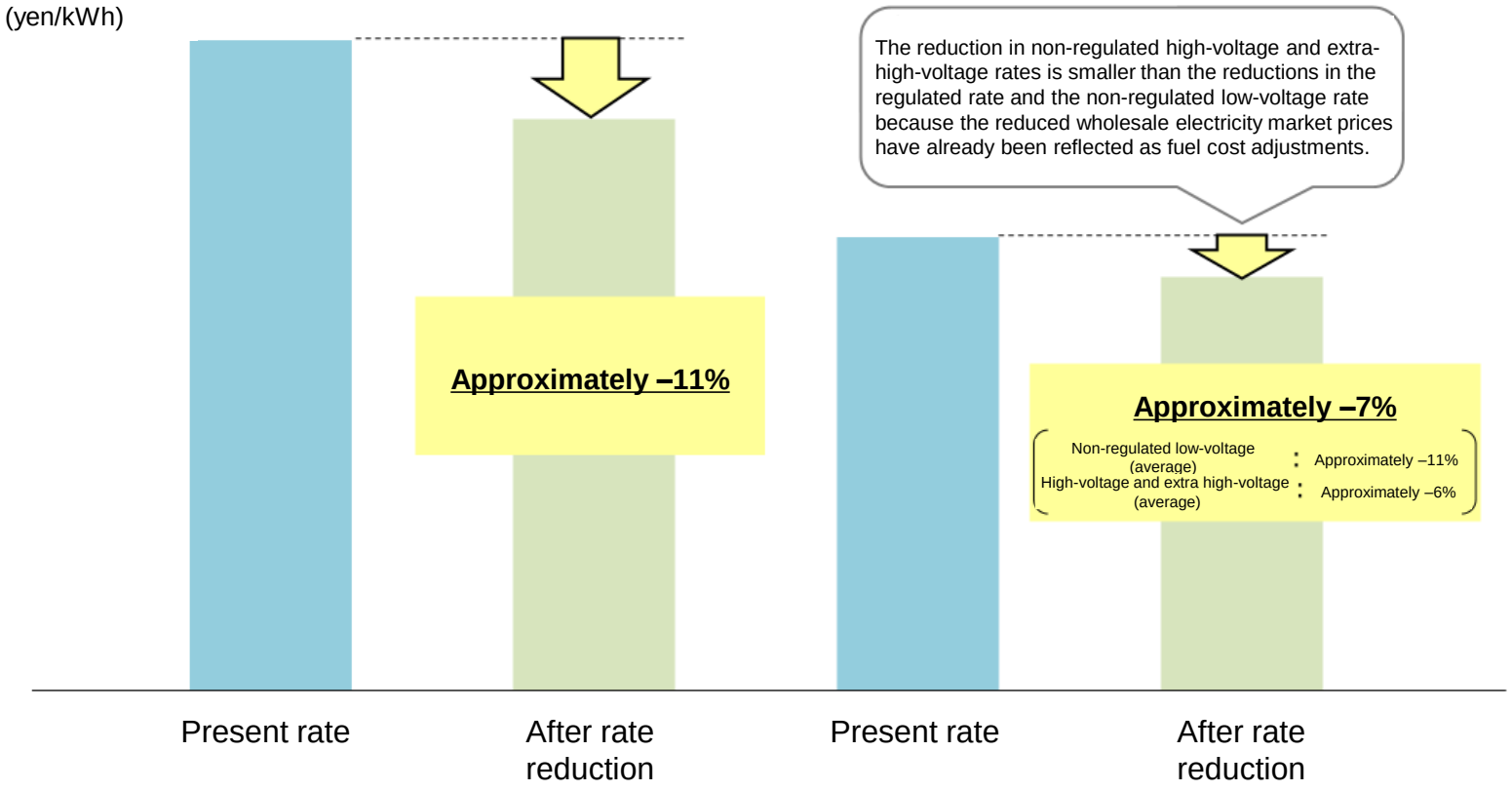
(Electricity rates for households*)

*Estimated based on the Metered Lighting Model B

Non-regulated rate (average)

(Low-voltage non-regulated rate*/
High- and extra high-voltage rates)

*Ene-toku Point Plan, Smart Electrification Plan, etc.



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Estimated reduction in electricity rates following the restart of Unit 3 at the Tomari NPS (2)

Materials publicly released as of October 31, 2025

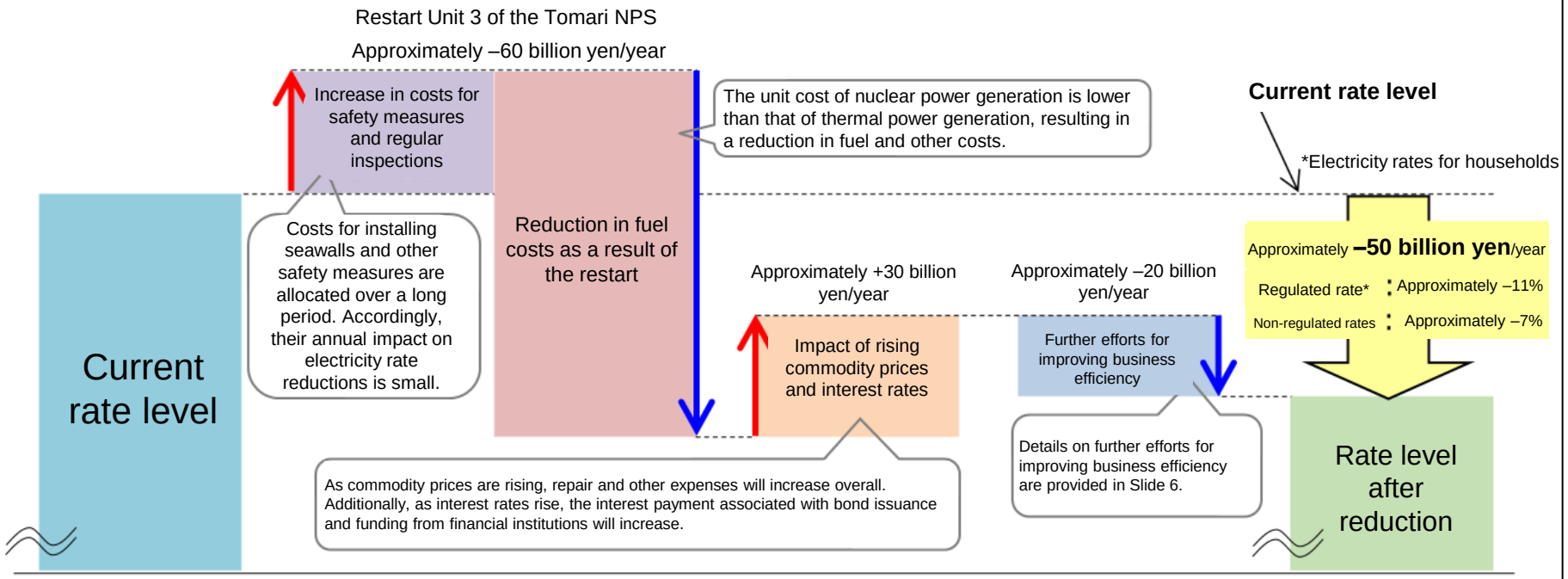
Estimated reduction in electricity rates following the restart of Unit 3 at the Tomari Nuclear Power Plant

Overview of Estimated Electricity Rate Reduction

- While **restarting Unit 3 at the Tomari Nuclear Power Plant** will increase costs for safety measures, such as the installation of seawalls and periodic inspections, the reduction in fuel costs and other expenses for the restarted plant will exceed these increases, **resulting in an annual cost reduction of approximately 60 billion yen.**

- Additionally, while **rising prices and interest rates are expected to increase costs by approximately 30 billion yen annually**, we will **mitigate this impact by further improving management efficiency through kaizen activities, digital transformation (DX), and other efforts to achieve annual cost savings of approximately 20 billion yen.**

- As a result, **the rate reduction reflects approximately 50 billion yen per year.**



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Estimated reduction in electricity rates following the restart of Unit 3 at the Tomari NPS (3)

Materials publicly released as of October 31, 2025

Estimated reduction in electricity rates following the restart of Unit 3 at the Tomari Nuclear Power Plant

Reference: Major assumptions

- The major assumptions used in the estimation of the electricity rate reduction are as follows:
- If any of these assumptions change due to future circumstances, the extent of the electricity rate reduction will also fluctuate.

Items	Assumptions	Fluctuations in the extent of electricity rate reduction when assumptions change	
		The assumption fluctuates upwards	The assumption fluctuates downwards
Retail sales volume	27 TWh/year (Fiscal 2024: 22.7 billion kWh)	The rate reduction becomes larger	The rate reduction becomes smaller
Fuel prices	Exchange rate: around 145 yen/1 dollar Crude oil price: around 70 dollars/bl	The rate reduction becomes larger (The rate level becomes higher)*	The rate reduction becomes smaller (The rate level becomes lower)*
Commodity prices and interest rates	Commodity prices: up 2.0%/year Long-term interest rate: 2.0%	The rate reduction becomes smaller	The rate reduction becomes larger

*If fuel prices fluctuate, the rate level before the reduction will change due to the fuel cost adjustment system.
Therefore, if fuel prices rise, the rate reduction will become larger. However, because the impact of the rise in the rate level before the reduction is significant, the rate level after the reduction will increase.
If fuel prices decline, the rate reduction will become smaller. However, because the impact of the decline in the rate level before the reduction is significant, the rate level after the reduction will decrease.

Date	Topic	Related slide
February 12, 2026	Issuance of Euro-Yen convertible bonds with stock acquisition rights (5-year bonds) [HD]	–
February 13, 2026	Start of commercial operations at Tomato Biomass Power Station (HD)	–
February 27, 2026	Revisions to the planned output for Units 2 and 3 of the Ishikariwan Shinko Power Station (HD)	p. 56
February 27, 2026	Investment in Rapidus Co., Ltd. (HD)	–
March 27, 2026	Certified under the “Base Development Support Program” for an ammonia supply hub centered on the Tomakomai area of Hokkaido [HD]	P 38
March 30, 2026	Notification of FY2027 supply plan [NW]	–
March 31, 2026	Conclusion of an agreement on a transition loan for which GX Acceleration Agency has provided debt guarantee [HD]	–

For further information

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