

## Highlights of Electric Power Companies' Financial Results for Fiscal Year Ended March 2026

The following are Japan Credit Rating Agency, Ltd. (JCR)'s perception of the current status and highlights for rating concerning the financial results for the fiscal year ended March 2026 (FY2025) and earnings forecasts for FY2026 of Japan's ten electric power companies (former general electricity utilities; collectively, the "Companies"): Tokyo Electric Power Company Holdings, Incorporated ("TEPCO"), Chubu Electric Power Company, Incorporated ("Chubu Electric Power"), The Kansai Electric Power Company, Incorporated ("KEPCO"), The Chugoku Electric Power Company, Incorporated ("Chugoku Electric Power"), Hokuriku Electric Power Company ("Hokuriku Electric Power"), Tohoku Electric Power Company, Incorporated ("Tohoku Electric Power"), Shikoku Electric Power Company, Incorporated ("Shikoku Electric Power"), Kyushu Electric Power Company, Incorporated ("Kyushu Electric Power"), Hokkaido Electric Power Company, Incorporated ("Hokkaido Electric Power") and The Okinawa Electric Power Company, Incorporated ("Okinawa Electric Power").

### 1. Industry Trend

Volatility in fuel prices and supply-demand balance is increasing. Crude oil prices have surged on the back of escalating tensions in the Middle East, which has spilled over into the LNG and coal markets. As it stands, Japan has been able to secure the fuel necessary for stable power supply, but the outlook for fuel supply and demand is highly uncertain because of the unpredictability of when the challenging situations will end; for instance, when navigation through the Strait of Hormuz will be normalized. Close attention needs to be paid to surging fuel prices, procurement shortages, etc. for the time being.

Power demand is stable. According to the data on actual demand published by the Organization for Cross-regional Coordination of Transmission Operators, Japan, nationwide demand remained almost flat from the previous year in FY2025 (April 2025 through March 2026) with a 0.2% decline. While the intense heat of the summer boosted demand, annual demand growth was sluggish due to ongoing power- and energy-saving efforts, as well as a mild winter. Power demand is expected to remain at the current level for a while longer but will likely increase in the long run, driven by new and expanded data centers and semiconductor plants, etc.

The competitive environment is expected to reach a lull. Power producer and suppliers ("PPSs") and others have previously intensified a low-price offensive by leveraging market-linked rate menus, backed by low wholesale electricity market prices in recent years. In August 2025, the sales share (total) of PPSs rose to as high as 23.1%, versus the peak of 22.6% in August 2021, with particularly sharp growth in the high-voltage sector. However, faced with surging fuel prices, some retailers began suspending the acceptance of new contracts for extra high-voltage and high-voltage services. Looking ahead, wholesale electricity market prices are most likely to rise further, which is expected to inhibit price-driven sales strategies as was the case during the COVID crisis.

Policies and systems are currently being revised. On the financial front, the GX Acceleration Agency ("GXA") has provided financial support for decarbonization investments by Chugoku Electric Power and Hokkaido Electric Power. Additionally, it is expected that cost increases resulting from rising prices will be reflected in wheeling charges in the power transmission and distribution business and that the deadline for installing specialized safety facilities will be revised in the nuclear power business. These measures are believed to contribute to improving the earnings and cash flows of the Companies.

While nuclear power plants have been restarted, instances of impropriety are being reported. As regards the efforts aimed at the restart, approval for modification to the establishment of a reactor was granted in July 2025 for the Tomari Nuclear Power Station Unit 3, and the Kashiwazaki-Kariwa Nuclear Power Station Unit 6 resumed commercial operation in April 2026. Meanwhile, the review by the Nuclear Regulation Authority ("NRA") for the restart of the Hamaoka Nuclear Power Station has been halted since inappropriate matters regarding the ground motion evaluation for were uncovered. Even though the Seventh Strategic Energy Plan outlines a policy to maximize the use of nuclear power, restarting operations strictly requires cooperation with NRA, as well as the understanding of local communities and assurance of safety. Although there are diverse risks associated with nuclear power, close attention will

be paid, for now, to the measures taken by nuclear power operators to achieve safe and stable operations, prevent the recurrence of inappropriate incidents and restore trust.

## 2. Financial Results

FY2025 results were favorable, by and large, for the industry as a whole. For the Companies combined, a simple addition of net sales fell 6.5% over the year to 22,617.7 billion yen due to such factors as a decline in the fuel cost adjustment amount and sales volume, with all of the Companies reporting lower sales. Ordinary income dropped 1.7% to 1,863.0 billion yen. Even though it fell for two years in a row from FY2024's favorable result, it still remained at a high level compared to past years' performance following the Great East Japan Earthquake. While high prices and high interest rates had negative impacts across the board, trends in profits varied among the Companies, depending on water run-off ratio, sales volume and developments in the nuclear power and power transmission/distribution businesses. Also, while Chugoku Electric Power and Tohoku Electric Power saw relatively sharp declines in profits, KEPCO and Kyushu Electric Power, which operate a large number of nuclear power plants, and Hokkaido Electric Power, which is focusing on improving operational efficiency, attained high profit levels. On a separate note, TEPCO and Chubu Electric Power achieved year-on-year profit growth thanks to an increase in contribution from JERA Co., Inc.

Financial structure is improving with profit accumulation. TEPCO posted net loss as it recognized extraordinary loss on disaster exceeding 900 billion yen, becoming the only company in the industry to see a decline in equity ratio; however, even with this taken into account, equity ratio for the industry as a whole (average of the Companies; before the assessment of equity content of hybrid securities for all of the Companies) came to 26.0% as of March 31, 2026, as opposed to 25.4% a year before. Free cash flow on the other hand was negative for seven of the Companies. Trends in cash flow still vary because of differences in progress in nuclear power plant restarts.

JCR considers that, compared with the rating review in FY2025, quantitative trends in profits and financial indicators are within JCR's assumptions for all of the Companies. The Companies continue to have numerous investment projects waiting ahead, including those related to nuclear power plants and carbon neutrality and those dealing with the aging of facilities in the power transmission and distribution business, and, given the outlook for investment expenditures and price increases, JCR assumes that differences in financial capacity among the Companies are not likely to shrink.

## 3. Highlights for Rating

First is trends in fuel prices and exchange rates. Attention should also be paid to how deteriorating business sentiment attributable to geopolitical risks will affect production activities and then industrial power demand. On a separate note, the impact of up-front costs associated with high prices on the earnings and cash flow has become larger in the power transmission and distribution business, but the likelihood of progress in cost recovery going forward is increasing thanks to the improved revenue cap system.

Next is trends in ordinary income excluding time-lag effects from the fuel cost adjustment system. As regards the FY2026 forecasts, four of the Companies have decided not to disclose them because of uncertainty surrounding future fuel prices. The remaining six, which made the announcement, all expect a drop in income due to a significant deterioration of time-lag effects from the fuel cost adjustment system as high prices keep adding to costs.

In the financial aspect, JCR looks at the degree of recovery in equity ratio. The pace of recovery will likely slow down in FY2026 due to such factors as an increase in total assets because of growth in investment and deceleration in profit accumulation. Many of the Companies aim at improving equity ratio as a management target in light of the deterioration of the financial base around 2023 and future investment expenditures. JCR assumes that the industry-wide trend toward strengthening the financial base will continue. That said, interest-bearing debt is projected to increase because of numerous investment projects. JCR will keep an eye on the financial structure by focusing on the levels of free cash flow and interest-bearing debt, D/E ratio, interest coverage ratio, etc. As mentioned earlier, there are differences in financial capacity among the Companies. Yet, considering the enhancement of institutional measures, including the recovery of fixed costs after the restart through the use of the long-term decarbonized power supply auction and public credit enhancement by GXA, the impact of these differences in financial capacity on credit ratings is diminishing.

Shigenobu Tonomura, Tadashi Ono

## (Chart) Consolidated Financial Results

(JPY 100 mn, %)

	FY	Net Sales	YoY Change	Ordinary Income	YoY Change	Net Income	Equity Ratio*
TEPCO (9501)	FY2024	68,103	-1.6	2,544	-40.2	1,612	25.1
	FY2025	63,285	-7.1	4,173	64.0	-4,542	21.8
	FY2026F	-	-	-	-	-	-
Chubu Electric Power (9502)	FY2024	36,692	1.6	2,764	-45.7	2,020	39.1
	FY2025	35,460	-3.4	2,910	5.3	2,277	41.0
	FY2026F	-	-	-	-	-	-
KEPCO (9503)	FY2024	43,371	6.8	5,316	-30.6	4,203	31.8
	FY2025	40,566	-6.5	5,185	-2.5	3,800	35.1
	FY2026F	45,000	10.9	2,900	-44.1	3,100	-
Chugoku Electric Power (9504)	FY2024	15,292	-6.1	1,285	-33.8	984	16.2
	FY2025	14,423	-5.7	802	-37.6	685	16.8
	FY2026F	14,900	3.3	400	-50.1	310	-
Hokuriku Electric Power (9505)	FY2024	8,582	6.2	913	-15.4	651	20.5
	FY2025	7,865	-8.4	850	-6.9	544	24.4
	FY2026F	7,600	-3.4	350	-58.8	250	-
Tohoku Electric Power (9506)	FY2024	26,449	-6.1	2,567	-12.1	1,828	18.3
	FY2025	23,724	-10.3	1,264	-50.8	849	19.4
	FY2026F	-	-	-	-	-	-
Shikoku Electric Power (9507)	FY2024	8,513	8.1	916	14.4	683	26.0
	FY2025	7,618	-10.5	678	-25.9	508	27.4
	FY2026F	9,250	21.4	400	-41.1	300	-
Kyushu Electric Power (9508)	FY2024	23,568	10.2	1,946	-18.3	1,287	17.3
	FY2025	22,472	-4.7	2,070	6.4	1,545	19.9
	FY2026F	23,000	2.3	1,800	-13.1	1,300	-
Hokkaido Electric Power (9509)	FY2024	9,020	-5.4	640	-26.6	642	17.5
	FY2025	8,559	-5.1	613	-4.2	439	18.5
	FY2026F	9,700	13.3	300	-51.1	220	-
Okinawa Electric Power (9511)	FY2024	2,365	0.1	56	120.6	43	24.3
	FY2025	2,201	-6.9	81	44.2	62	25.0
	FY2026F	-	-	-	-	-	-
Total	FY2024	241,959	1.0	18,951	-29.9	13,957	25.4
	FY2025	226,177	-6.5	18,630	-1.7	6,171	26.0
	FY2026F	-	-	-	-	-	-

\* Equity content of hybrid securities is not considered.

Note: FY2026F is the forecast of individual companies.

Source: Prepared by JCR based on financial materials of above companies (as of May 7, 2026)

<Reference>

Issuer: Tokyo Electric Power Company Holdings, Incorporated

Long-term Issuer Rating: A Outlook: Stable

Issuer: Chubu Electric Power Company, Incorporated

Long-term Issuer Rating: AA+ Outlook: Stable

Issuer: The Kansai Electric Power Company, Incorporated

Long-term Issuer Rating: AA+ Outlook: Stable

Issuer: The Chugoku Electric Power Company, Incorporated

Long-term Issuer Rating: AA Outlook: Stable

Issuer: Hokuriku Electric Power Company

Long-term Issuer Rating: AAp Outlook: Stable

Issuer: Tohoku Electric Power Company, Incorporated

Long-term Issuer Rating: AA Outlook: Stable

Issuer: Shikoku Electric Power Company, Incorporated

Long-term Issuer Rating: AAp Outlook: Stable

Issuer: Kyushu Electric Power Company, Incorporated

Long-term Issuer Rating: AA Outlook: Stable

Issuer: Hokkaido Electric Power Company, Incorporated

Long-term Issuer Rating: AA- Outlook: Stable

Other Reports relating to Issuer and Issuer Reports are available exclusively to RatingEye members.  
For information about RatingEye and membership registration, please refer to the link below.

<https://www.jcr.co.jp/en/service/provision/#RatingEye>

**Japan Credit Rating Agency, Ltd.**

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)