

■ Financial Results for FY2024 2Q

November 9, 2023

Hokkaido Electric Power Co., Inc.

■ Financial Results and Forecasts

· Consolidated – Business Results/Financial Status for FY 2024 2Q	...	2
· Consolidated – Statement of Operations for the FY2024 2Q	...	3
· Outline of Consolidated Financial Results for FY2024 2Q	...	4
· Consolidated Financial Results for FY2024 2Q – Year-on-year changes in ordinary income/loss	...	5
· Forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024)	...	6
· Outline of revision of forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024)	...	7
· Forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024) – Year-on-year changes in ordinary income/loss	...	8
· FY2024 Interim Dividend / Year-ending Dividend Forecasts	...	9
· Financial Results Supplementary Materials	...	10

■ Management Approach

· Efforts to Accelerate the Restart of Tomari Nuclear Power	...	28
· Efforts toward realization of carbon neutrality of thermal power generation	...	33
· Start of expansion work for the facilities of the New Hokkaido-Honshu HVDC Link	...	36
· Application for approval of change in revenue forecast for wheeling service, etc.	...	37
· Actions to achieve management conscious of cost of capital and stock price	...	39
· First Quarter Financial Results Announcement (July 28) Subsequent Topics	...	42

■ Financial Results and Forecasts

Business results

(Billion yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Operating Revenue	458.5	386.8	71.7	18.5
Operating Profit (loss)	74.9	(0.9)	75.9	-
Ordinary Profit (loss)	70.3	(1.0)	71.3	-
Profit (loss) attributable to owners of parent	51.0	(1.6)	52.6	-
Basic net income (loss) per share [Yen]	245.01	(11.29)	256.30	

Financial status

(Billion yen)

	As of Sep 30, 2023 (A)	As of March 31, 2023 (B)	Change (A)-(B)
Assets	2,129.9	2,093.3	36.6
Net Assets	312.2	258.1	54.1
Shareholders' Equity Ratio	14.0%	11.7%	2.3%

Consolidated – Statement of Operations for the FY2024 2Q

(Billion yen)

		FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Ordinary Revenue	Operating Revenues	458.5	386.8	71.7	18.5
	Electricity utility operating revenue	439.8	362.7	77.1	21.3
	Other business operating revenue	18.7	24.1	(5.3)	(22.3)
	Non-operating Income	1.5	5.2	(3.6)	(69.9)
Subtotal		460.1	392.1	68.0	17.4
Ordinary Revenue	Operating Expenses	383.6	387.8	(4.2)	(1.1)
	Electricity utility operating expenses	367.7	366.3	1.3	0.4
	Other business operating expenses	15.8	21.4	(5.6)	(26.1)
	Non-operating Expenses	6.2	5.3	0.8	16.6
Subtotal		389.8	393.1	(3.3)	(0.8)
[Operating Profit (loss)]		[74.9]	[(0.9)]	[75.9]	[-]
Ordinary Profit (loss)		70.3	(1.0)	71.3	-
Provision or reversal of reserve for fluctuation in water levels		(0.2)	0.3	(0.5)	-
Profit (loss) before income taxes		70.5	(1.3)	71.9	-
Income taxes		19.5	0.2	19.3	-
Profit (loss)		50.9	(1.5)	52.5	-
Profit (loss) attributable to non-controlling interests		(0.0)	0.0	(0.1)	-
Profit (loss) attributable to owners of parent		51.0	(1.6)	52.6	-

(Appendix)

Comprehensive Income	54.2	(1.4)	55.7	-
----------------------	------	-------	------	---

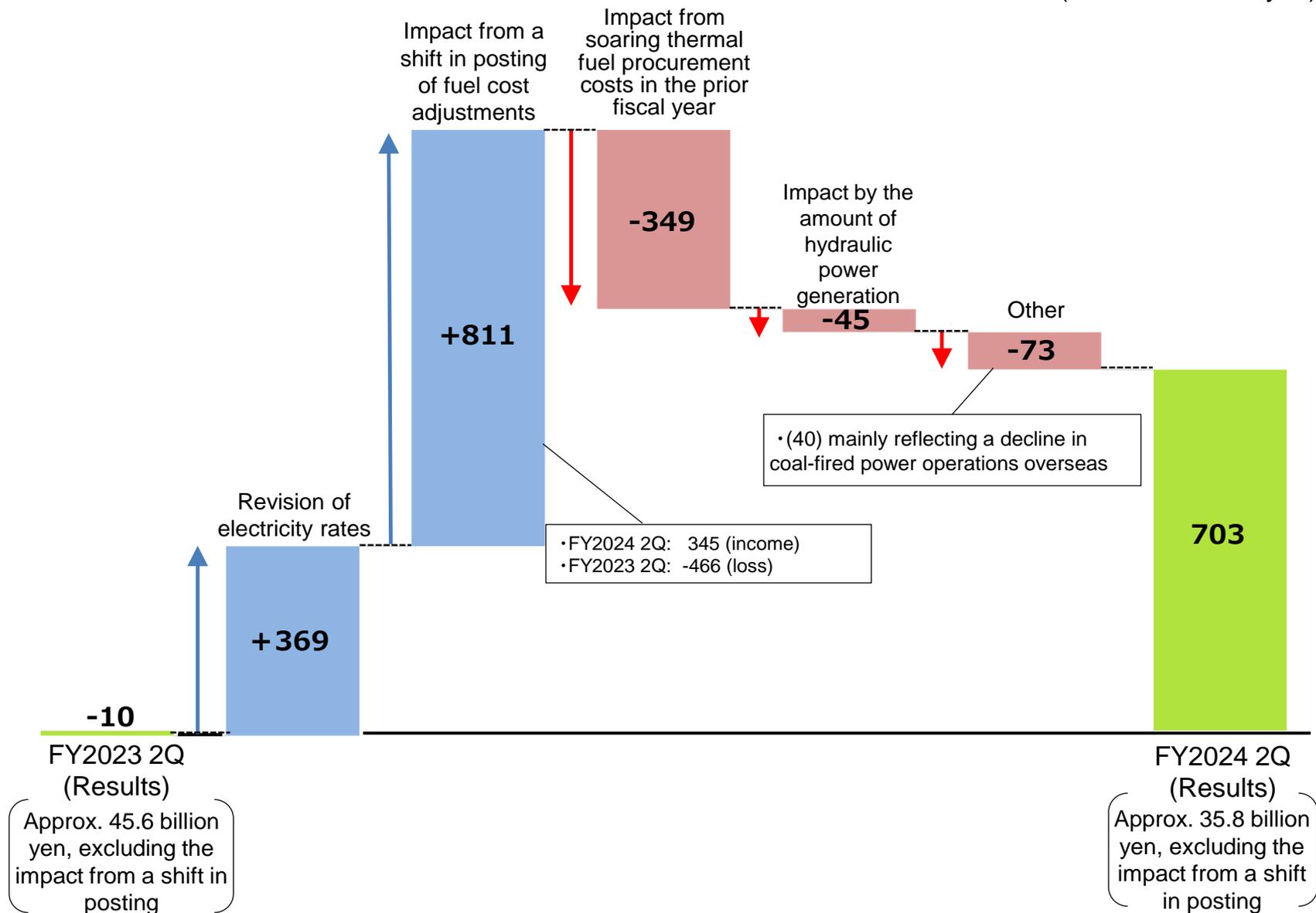
■ Outline of Consolidated Financial Results for FY2024 2Q

Operating Revenue (Increased)	Net sales totaled 458.5 billion yen, a rise of 71.7 billion yen year-on-year. This reflects an increase in the fuel cost adjustment amount in tandem with fluctuations in fuel and wholesale electricity market prices, in addition to a review of electricity rates.
Ordinary Profit (loss) (Returning to profit)	Ordinary profit came to 70.3 billion yen, an increase of 71.3 billion yen from a loss in the same period a year earlier. This is attributable to a considerable contribution to a positive turnaround in income and expenditures owing to positive impact from a shift in posting for the fuel cost adjustment scheme, in addition a review of electricity rates.
Profit (loss) attributable to owners of parent (Returning to profit)	Profit attributable to owners of parent amounted to 51.0 billion yen, an expansion of 52.6 billion yen from a loss in the same period a year earlier. This reflects the increase in ordinary profit.

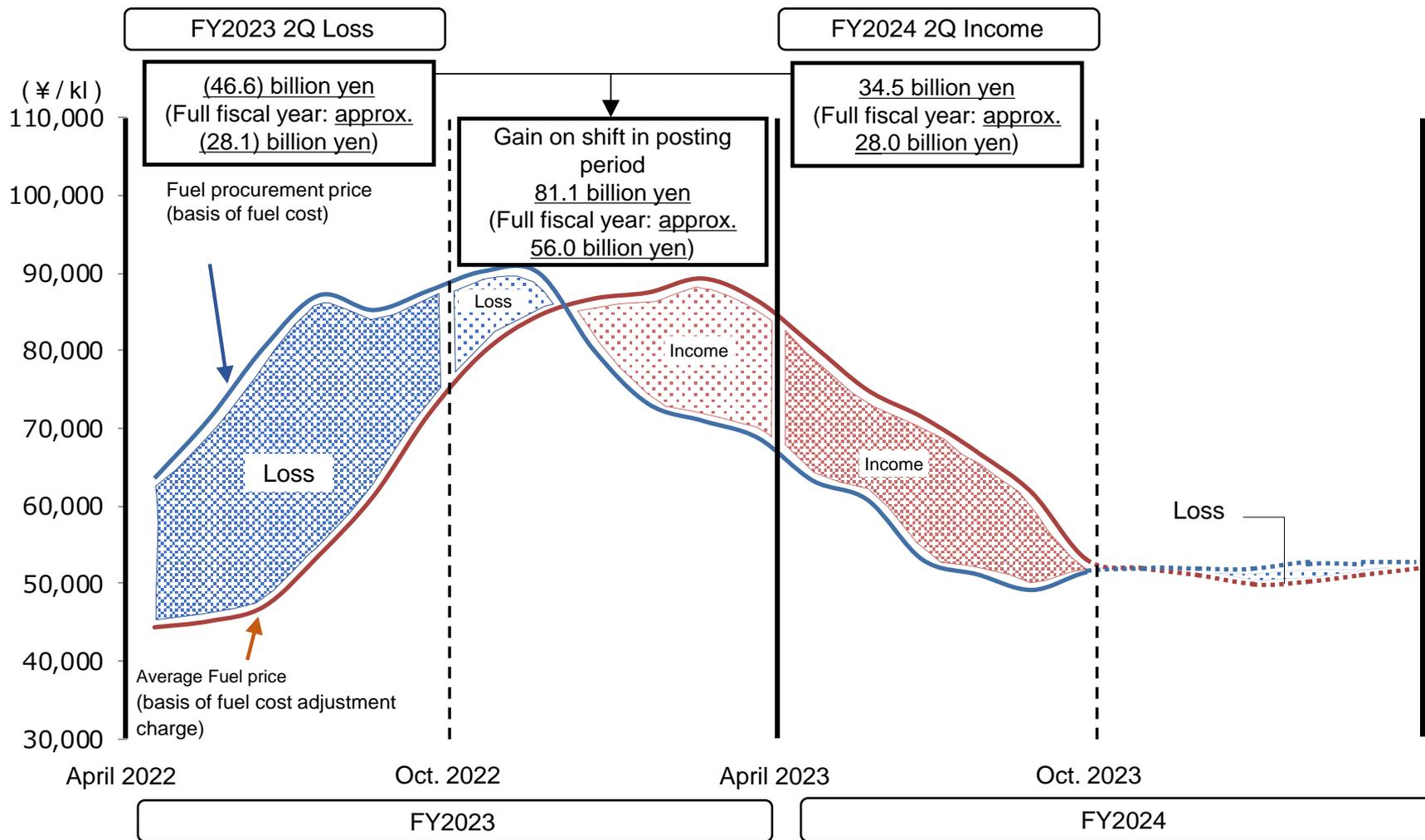
Consolidated Financial Results for FY2024 2Q

– Year-on-year changes in ordinary income/loss

(Unit: 100 million yen)



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



■ Forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024)

Factoring in recent trends, we revised the FY2024 consolidated earnings forecast released on July 28, 2023.

(Unit: Billion yen, billion kWh)

	FY2024 earnings forecast			YoY change for new forecast
	New forecast (A)	July forecast (B)	Change (A) – (B)	
Operating Revenue	Approximately 960.0	Approximately 977.0	Approximately(17.0)	Approximately 71.0
Operating profit	Approximately 49.0	Approximately 45.0	Approximately 4.0	Approximately 71.0
Ordinary profit	Approximately 36.0	Approximately 32.0	Approximately 4.0	Approximately 65.0
Profit attributable to owners of parent	Approximately 31.0	Approximately 27.0	Approximately 4.0	Approximately 53.0
Year-on-year change/ Retail electricity sales and electricity sales to other utilities*	Approximately 8.3% Approximately 33.6	Approximately 10.0% Approximately 34.2	Approximately (0.6)	Approximately 2.5
Year-on-year change Retail electricity sales*	Approximately(1.4)% Approximately 23.6	Approximately(1.8)% Approximately 23.5	Approximately 0.1	Approximately(0.3)

*Combined sales of HEPCO, Hokkaido Electric Power Network and Hokkaido Electric Power Co-Creation

Key Factors

Foreign exchange rate (JPY per USD)	Approximately 146	Approximately 139	Approximately 7	Approximately 11
CIF crude oil price (USD per barrel)	Approximately 87.0	Approximately 80.0	Approximately 7	Approximately(15.7)

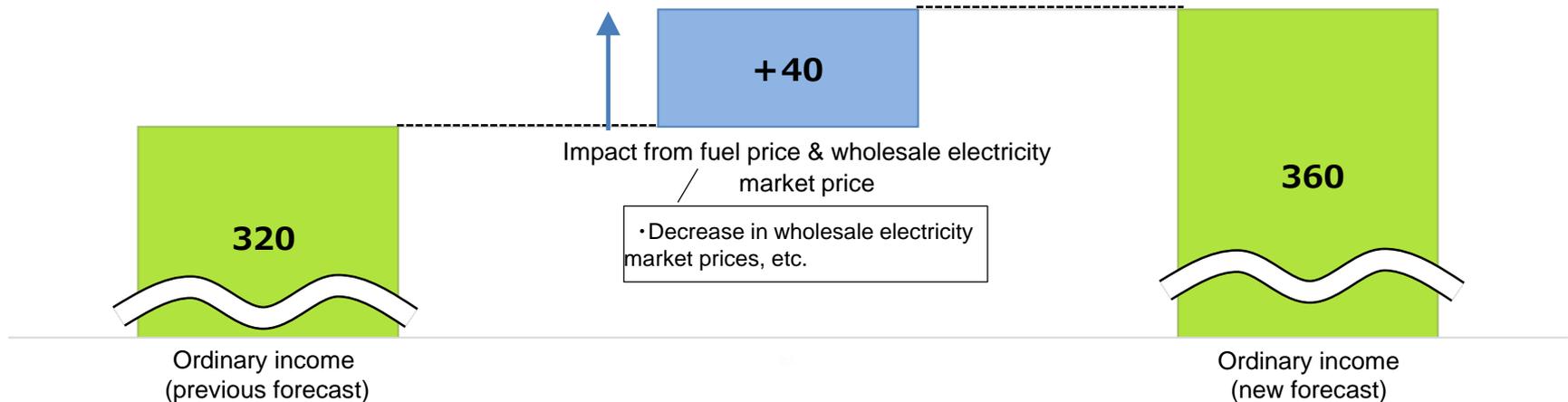
Note: We assume a foreign exchange rate of about 150 yen per dollar and the CIF crude oil price of about 90 dollar per barrel for October 2023 and thereafter.

■ Outline of revision of forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024)

<p>Electricity Sales</p>	<p>We forecast a rise in retail electricity sales owing primarily to an increase in air conditioning demand due to the high temperatures during the summer season. However, given we estimate a decline in electricity sales to other utilities, we anticipate retail and wholesale electricity sales of around 33.6 billion kWh, a decrease of 600 million kWh in contrast with the forecast we disclosed in July.</p>
<p>Operating Revenue</p>	<p>The amount of fuel cost adjustments and retail electricity sales are on a rise in tandem with fluctuations in fuel and wholesale electricity costs. However, given our forecast of a decrease in electricity sales to other utilities, we anticipate net sales of approximately 960.0 billion yen, a decline of 17.0 billion yen.</p>
<p>Ordinary Income</p>	<p>We forecast ordinary profit of around 36.0 billion yen, an increase of 4.0 billion yen versus the estimate we released in July 2023, mainly reflecting a positive turnaround in income and expenditures in tandem with fluctuations in fuel and wholesale electricity costs.</p>
<p>Profit attributable to owners of parent</p>	<p>We estimate profit attributable to owners of parent of about 31.0 billion yen, 4.0 billion yen higher than the outlook we released in July 2023. This reflects the increase in ordinary profit.</p>

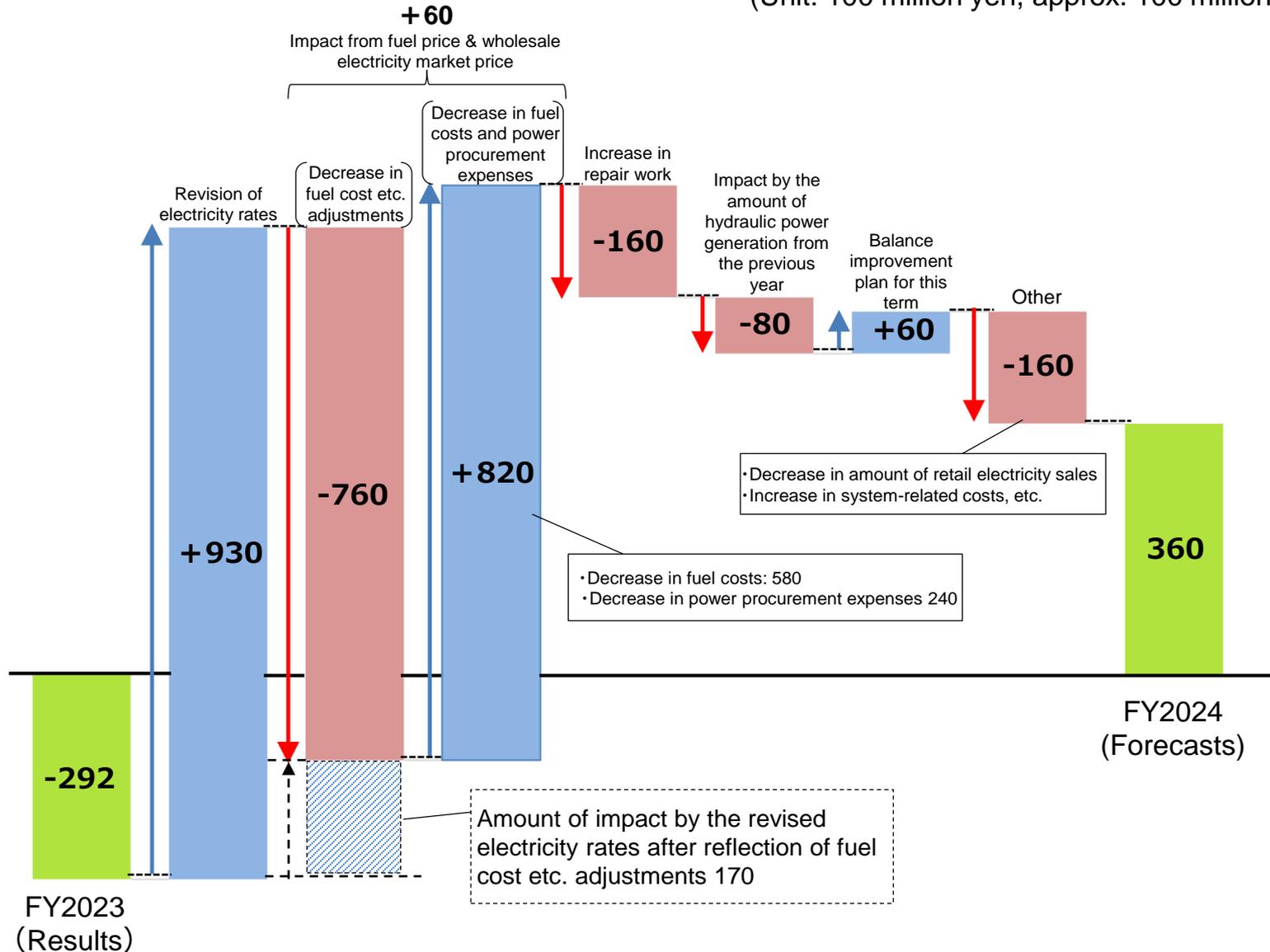
<Factors Involved in Change to Ordinary Profit (Comparison with July announcement)>

(Unit: approx. 100 million yen)



Forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024) – Year-on-year changes in ordinary income/loss

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



FY2024 Interim Dividend / Year-ending Dividend Forecasts

- The Board of Directors, at a meeting held today, declared an interim (2nd quarter-end) dividend per common share of 5 yen, and in accordance with the Articles of Incorporation, 4,560,164 yen per Class-B preferred share.
- We reiterate our dividend payout declaration for the end of FY2024.

【 Cash Dividend per Share 】

	Common stock			Class-B preferred Stock		
	Interim	Year-ended	Annual total	Interim	Year-ended	Annual total
FY2023 (actual)	¥0	¥0	¥0	¥0	¥0	¥0
FY2024 (forecast)	¥5	(¥5)	(¥10)	¥4,560,164	(¥1,500,000)	(¥6,060,164)

*Forecasts for FY2024 are in parentheses.

*The interim dividend for Class-B preferred shares included the accrued dividend for FY2023 of 3,060,164 yen. We plan to pay this at the time of the FY2024 interim dividend payout.

■ Financial Results Supplementary Materials

- Consolidated; Electricity Sales
- Monthly Retail Electricity Sales Trends at HEPCO
- Consolidated; Statement of Operations (Revenue)
- Consolidated; Power Supply
- Consolidated; Statement of Operations (Expenses and Ordinary Profit/loss)
- Consolidated; Segment Information
- Consolidated; Statements of Cash Flow
- Expense breakdown (Two Companies Total)
 - ・Personnel
 - ・Fuel and Purchased Power
 - ・Maintenance、 Depreciation
 - ・Interest Expenses、 Other Expenses
- Key Factors / Sensitivity Factors
- Consolidated; Statements of Balance Sheets
- Consolidated; Statements of Comprehensive Income

Consolidated; Electricity Sales

- Retail electricity sales totaled 10,907 million kWh, a growth rate of 2.1% year-on-year. This mainly reflects an increase in the number of customers that have contracts with HEPCO and an increase air conditioning demand due to high temperatures during the summer season.
- Electricity sales to other utilities totaled 4,698 million kWh, a growth rate of 28.2% year-on-year. This was primarily attributable to an increase in sales in tandem with impact from the Feed-in Tariffs (FIT) for renewable energy sources.

(GWh)

		FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Comparison (A)/(B) %	
Retail electricity sales	Low-voltage customers	Residential	3,588	3,590	(2)	(0.1)
		Commercial and Industrial	609	626	(17)	(2.7)
		subtotal	4,197	4,216	(19)	(0.5)
	High-voltage and Extra high-voltage customers		6,495	6,333	162	2.6
	Subtotal (*1)		10,692	10,549	143	1.4
	Other (*2)		215	130	85	64.9
	Total		10,907	10,679	228	2.1
Electricity sales to other utility		4,698	3,665	1,033	28.2	
Total		15,605	14,344	1,261	8.8	

*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 and Hokkaido Electric Power Co-creation.

Monthly Retail Electricity Sales Trends at HEPCO

(GWh, %)

		FY2024						
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Total
Low-voltage customers	Residential	697	637	495	538	611	610	3,588
	Commercial and industrial	145	102	76	87	101	98	609
	Subtotal	842	739	571	625	712	708	4,197
High-voltage and Extra High-voltage customers		1,021	1,012	1,017	1,141	1,200	1,104	6,495
(%YoY) Total		[(3.1)]	[0.9]	[0.7]	[(1.1)]	[5.9]	[5.2]	[1.4]
		1,863	1,751	1,588	1,766	1,912	1,812	10,692

(GWh, %)

		FY2023												
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Total	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Low-voltage customers	Residential	756	650	510	551	575	548	3,590	556	641	729	991	824	726
	Commercial and industrial	183	104	74	85	94	86	626	86	106	183	351	318	235
	Subtotal	939	754	584	636	669	634	4,216	642	747	912	1,342	1,142	961
High-voltage and Extra High-voltage customers		984	982	992	1,149	1,137	1,089	6,333	1,100	1,121	1,270	1,296	1,168	1,125
(%YoY) Total		[3.6]	[1.6]	[9.3]	[8.1]	[5.8]	[13.4]	[6.7]	[10.8]	[7.2]	[8.6]	[3.1]	[5.2]	[(1.4)]
		1,923	1,736	1,576	1,785	1,806	1,723	10,549	1,742	1,868	2,182	2,638	2,310	2,086

【北海道の平均気温】

(°C)

		Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Average temperature (2023~2024)	actual	4.1	8.5	13.0	18.4	22.9	25.4	20.9						
	YoY	2.1	0.3	(0.6)	2.2	0.7	3.6	1.9						
	deviation	3.6	2.0	1.1	2.3	2.9	4.0	3.0						

Consolidated; Statement of Operations (Revenue)

(Unit: billion yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Operating Revenue	458.5	386.8	71.7	18.5	
Electric utility operating revenue	439.8	362.7	77.1	21.3	
Two companies total* Commercial and Industrial	287.1	259.1	28.0	10.8	【Cause of increase】 ・Revision of electricity rates [36.9] ・Fuel price rises [8.7] ・Increased in amount of retail electricity sales 【Cause of decrease】 ・Amount discounted through the national project to mitigate a sharp increase in electricity and gas rates: [(43.7)]
Others	153.4	104.4	49.0	46.9	・Increase in the subsidy from the national project to mitigate a sharp increase in electricity and gas rates: [43.7]
Sold power to other utilities & Sold power to other suppliers (Repost)	83.6	75.4	8.1	10.8	
Transmission revenue (Repost)	20.0	23.7	(3.7)	(15.8)	
Subsidiary / consolidation revision	(0.7)	(0.8)	0.0	(3.7)	
Other business operating revenue	18.7	24.1	(5.3)	(22.3)	
Non-operating Income	1.5	5.2	(3.6)	(69.9)	
Ordinary Revenue	460.1	392.1	68.0	17.4	

*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

- In addition to the shutdown of operations at all reactors at the Tomari Nuclear Power Station, the water supply rate was 94.0%, underperforming the level in an average year. Nonetheless, we secured stable supply owing mainly to the suitable operation of supply facilities and the use of wholesale electricity market transactions.

(GWh)

		FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Generated Power	[Water flow rate %] Hydroelectric	[94.0%] 2,062	[106.0%] 2,370	[(12.0)%] (308)	(13.0)
	Fossil Fuel	6,213	6,642	(429)	(6.5)
	[Nuclear capacity ratio %] Nuclear	[-] -	[-] -	[-] -	-
	Renewable, etc.	34	49	(15)	(30.4)
	Subtotal	8,309	9,061	(752)	(8.3)
Power received by other companies*		8,526	6,580	1,946	29.6
Power used for pumped storage, etc.		(206)	(286)	80	(27.9)
Total		16,629	15,355	1,274	8.3

*Power received by other companies include the amount of power received from consolidated subsidiaries Hokkaido Power Engineering Co., Inc. and HOKUDEN ECO-ENERGY Co., Inc..

Consolidated; Statement of Operations (Expenses and Ordinary Profit /loss)

(Unit: billion yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease	
Electric utility operating expenses	367.7	366.3	1.3	0.4		
Two companies total*	Personnel	28.0	28.0	0.0	0.1	
	Fuel	99.3	96.5	2.8	2.9	【Cause of increase】 ・Increase in retail and other companies' electricity sales ・Decrease hydro power generation[4.5]
	Purchased Power	120.7	119.5	1.2	1.0	【Cause of decrease】 ・Decrease in fuel prices[(8.3)] ・Decrease electricity procurement costs due to lower market prices [(19.2)]
	Maintenance	25.1	26.2	(1.0)	(4.1)	
	Depreciation	32.8	35.8	(2.9)	(8.4)	
	Other Expenses	63.8	62.2	1.6	2.6	
	Subsidiary / consolidation revision	(2.4)	(2.2)	(0.2)	9.4	
Other business operating expenses	15.8	21.4	(5.6)	(26.1)		
Non-operating Expenses	6.2	5.3	0.8	16.6		
Interest Expenses(Repost)	5.2	4.6	0.5	11.6		
Ordinary Expenses	389.8	393.1	(3.3)	(0.8)		
Ordinary profit	70.3	(1.0)	71.3	—		

*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 415.3 billion yen, an increase of 76.0 billion yen year-on-year. This reflects an increase mainly in the amount of fuel cost adjustments in tandem with fluctuations in fuel costs and wholesale electricity market costs, in addition to a review of electricity rates.

Segment profit (loss) (ordinary profit) was 59.4 billion yen, an increase of 61.1 billion yen from a loss in the same period a year earlier, chiefly attributable to a considerable contribution to income and expenditures from the impact of a shift in the posting period for the fuel cost adjustment scheme, as well as revisions to electricity rates.

- Sales in the Hokkaido Electric Power Network segment totaled 149.6 billion yen, a contraction of 19.5 billion yen year-on-year. Although revenue grew owing to a revision to the transmission wheeling rate system in tandem with the introduction of a revenue gap system and an increase in electricity rates due to the provision of last resort services, electricity sales to other utilities decreased in tandem with a decline in wholesale electricity market prices.

Segment profit (loss) (ordinary profit) was 9.3 billion yen, a rise of 11.3 billion yen, a turnaround from a loss in the same period, a year earlier, owing mainly to impact from a revision to transmission wheeling rate system and a decline in demand and supply adjustment costs in tandem with a decrease in wholesale electricity market costs.

- Other sales amounted to 57.7 billion yen, a decrease of 8.9 billion yen year-on-year. Segment profit (loss) (ordinary profit) was 4.6 billion yen, an increase of 500 million yen year-on-year, mainly reflecting an improvement in profit margins on construction in the construction industry.

(Unit: billion yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)
Operating Revenue	458.5	386.8	71.7
Hokkaido Electric Power Company	415.3	339.3	76.0
Hokkaido Electric Power Network	149.6	169.2	(19.5)
Other *1	57.7	66.6	(8.9)
Adjustments *2	(164.1)	(188.3)	24.1
Segment Income (Ordinary Income)	70.3	(1.0)	71.3
Hokkaido Electric Power Company	59.4	(1.6)	61.1
Hokkaido Electric Power Network	9.3	(1.9)	11.3
Other *1	4.6	4.0	0.5
Adjustments *2	(3.0)	(1.4)	(1.6)

*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

- Net cash provided by (used in) operating activities was 71.2 billion yen, an increase of 103.1 billion yen year-on-year. This was primarily attributable to a turnaround in the quarterly profit before income taxes from loss to profit.
- Net cash provided by (used in) investing activities was 34.0 billion yen, a decline of 11.9 billion yen year-on-year, primarily attributable to the purchase of non-current assets.
- Net cash provided by (used in) financing activities was 5.9 billion yen, a decrease of 89.1 billion yen, primarily attributable to a contraction in interest-bearing debt.
- Extrapolating from the above, cash and cash equivalents totaled 121.2 billion yen, a increase of 31.3 billion yen versus the start of the fiscal year.

(billion yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)
I . Cash flows from operating activities	71.2	(31.8)	103.1
II . Cash flows from investing activities	(34.0)	(45.9)	11.9
Deductible cash flow [I + II]	37.2	(77.8)	115.1
III . Cash flows from financing activities	(5.9)	83.2	(89.1)
IV . Net increase (decrease) in cash and cash equivalents [I + II + III]	31.3	5.3	25.9
V . Net increase (decrease) in Cash & Cash Equivalents	121.2	94.2	26.9

Expense breakdown (Two Companies Total*)

◆Personnel

(Billion yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Major cause of increase/decrease
Personnel	28.0	28.0	0.0	

【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.

*A half of the annual depreciation expense was posted in the current 2Q.

(Billion yen)

	Amount accrued	Amortization of the previous year	FY2024		
			Amortization	Unamortized Balance	Ending FY [remaining year]
FY2018	(0.6)	(0.1)	—	—	—
FY2019	1.4	0.3	0.3	—	—
FY2020	3.7	0.7	0.7	0.7	2025 (1 years)
FY2021	(4.6)	(0.9)	(0.9)	(1.8)	2026 (2 years)
FY2022	5.3	1.0	1.0	3.2	2027 (3 years)
FY2023	2.9	—	0.6	2.3	2028 (4 years)
Total		1.0	1.7	4.4	

*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.

Expense breakdown (Two Companies Total*)

◆Fuel and Purchased Power

(Billion yen)

		FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Major cause of increase/decrease
Fuel and Purchased Power		220.1	216.1	4.0	【Cause of increase】 ・Increase in retail and other companies' electricity sales ・Decrease hydro power generation[4.5] 【Cause of decrease】 ・Decrease in fuel prices[(8.3)] ・Decrease electricity procurement costs due to lower market prices [(19.2)]
Break down	Fuel	99.3	96.5	2.8	
	Purchased Power	120.7	119.5	1.2	

*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.

Expense breakdown (Two Companies Total*)

◆Maintenance

(Billion yen)

		FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Major cause of increase/decrease
Maintenance		25.1	26.2	(1.0)	
Break Down	Generation	11.4	13.4	(1.9)	
	Others	13.6	12.8	0.8	

*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)

		FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Major cause of increase/decrease
Depreciation		32.8	35.8	(2.9)	
Break Down	Generation	16.8	20.3	(3.5)	
	Others	16.0	15.5	0.5	

*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.

Expense breakdown (Two Companies Total*)

◆Interest Expenses

(Billion yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Major cause of increase/decrease
[Interest(on average)%] Interest Expenses	[0.70] 5.1	[0.65] 4.6	[0.05] 0.5	

*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)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)	Major cause of increase/decrease
Other Expenses	63.8	62.2	1.6	

*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 / Sensitivity Factors

Key Factors

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)
Foreign Exchange Rate (Yen/\$)	141	134	7
CIF Crude Oil Price (\$/barrel)	83.5	111.9	(28.4)
Foreign coal CIF (\$/t)	221.4	345.0	(123.6)
LNG CIF (\$/t)	636.8	925.8	(289.0)
Water Flow Rate (%)	94.0	106.0	(12.0)

Sensitivity

(Billion yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)
Foreign Exchange Rate (1Yen/\$)	0.6	0.7	(0.1)
CIF Crude Oil Price (1\$/barrel)	0.3	0.2	0.1
Foreign coal CIF (1\$/t)	0.2	0.18	0.02
LNG CIF (1\$/t)	0.01	0.02	(0.01)
Water Flow Rate (1%)	0.3	0.4	(0.1)

Consolidated; Statements of Balance Sheets

(Unit: billion yen)

	As of Sep 30, 2023 (A)	As of March 31, 2023 (B)	Change (A)-(B)	Major factors for increase/decrease
Assets	2,129.9	2,093.3	36.6	<ul style="list-style-type: none"> • Decrease in non-current assets in the electric power business [(16.0)] • Increase in cash and deposits [31.3] • Increase in construction in progress [16.0]
Liabilities	1,817.7	1,835.2	(17.5)	<ul style="list-style-type: none"> • Decrease in outstanding debt owing to fuel payments [(16.6)]
Net Assets	312.2	258.1	54.1	<ul style="list-style-type: none"> • Posting of quarterly profit attributable to owners of parent [51.0]

(Billion yen, %)

	As of Sep 30, 2023 (A)	As of March 31, 2023 (B)	Change (A)-(B)
Interest-bearing Debt Outstanding	1,470.6	1,475.9	(5.3)
Shareholders' Equity Ratio	14.0	11.7	2.3

Consolidated; Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income

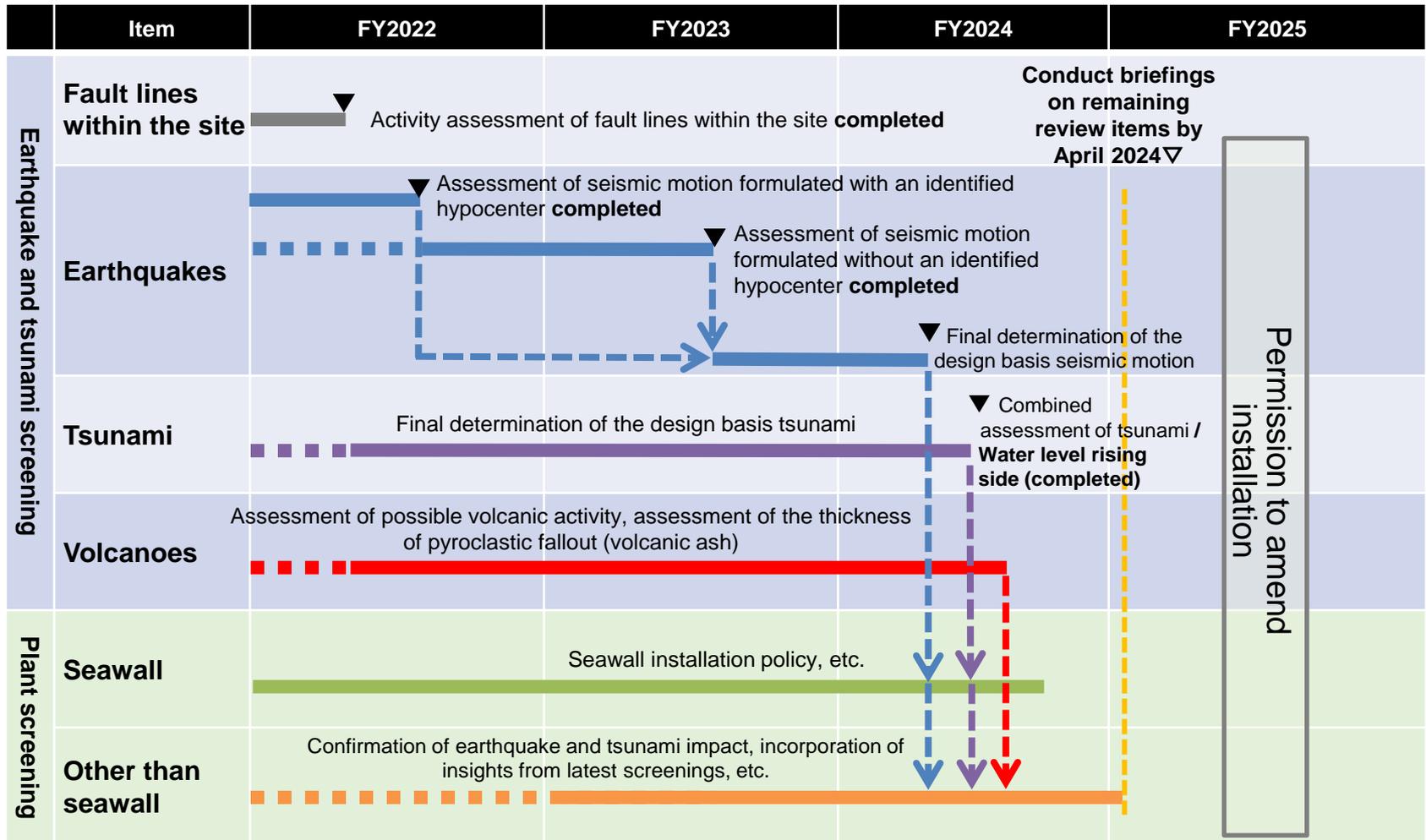
(Billion yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Change (A)-(B)
Profit (loss)	50.9	(1.5)	52.5
Other Comprehensive Income	3.3	0.1	3.1
Valuation difference on available-for-sale securities [included in "Other Comprehensive Income"]	2.7	(0.4)	3.2
Deferred gains or losses on hedge [included in "Other Comprehensive Income"]	(0.0)	0.2	(0.3)
Remeasurements of defined benefit plans [included in "Other Comprehensive Income"]	0.6	0.3	0.2
Share of other comprehensive income of entities accounted for using equity method	(0.0)	—	(0.0)
Comprehensive Income	54.2	(1.4)	55.7
Comprehensive income attributable to owners of parent [included in "Comprehensive Income"]	54.2	(1.4)	55.7
Comprehensive income attributable to non-controlling interests [included in "Comprehensive Income"]	(0.0)	0.0	(0.0)

■ Management Approach

Efforts to Accelerate the Restart of Tomari Nuclear Power 1

- By explaining all of the screening items related to the permission to amend installation by April 2024, under the fundamental premise that safety is assured, we will make every effort towards the early restart of Tomari Nuclear Power Station.



Application for permission to amend installation submitted on July 8, 2013

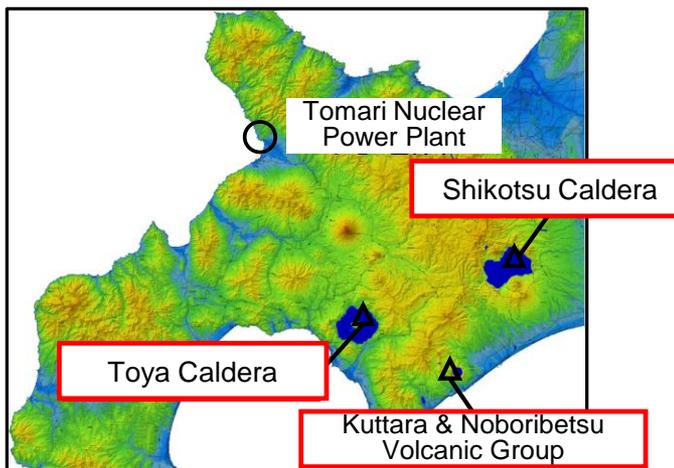
Completed: Received "in general, adequate" evaluation from the Nuclear Regulatory Authority

Establishing a standard tsunami wave height

- Currently, we are in the process of explaining the “combined assessment of tsunamis caused by earthquakes and tsunamis caused by factors other than earthquakes,” which remains as a major issue for the reference tsunami.
- At the review meeting on October 20, 2023, the wave source selection results on the water level rising side and evaluation policy on the water level falling side in the combined assessment of tsunami were explained based on the comments made at the review meeting on March 24.
- The Nuclear Regulation Authority assessed the wave source selection results on the water level rising side as “generally appropriate.”
- We will continue to study the assessment of the water level falling side in the combined assessment and explain it at future review meetings.

Evaluation on impact of volcanoes

- There are roughly three major issues: site assessment (whether the possibility that a volcanic event that cannot be addressed by design will have an impact during operation is sufficiently small), impact assessment (whether the design and operation is appropriate for a potentially impactful volcanic event), and monitoring (identifying volcanoes to monitor, establishing a monitoring implementation policy, etc.). We are currently in the process of explaining more about the site assessment.
- At the review meeting on October 6, 2023, the results of the site assessment were explained, including responses to comments made at the review meeting on July 7. The Nuclear Regulation Authority's comments include: "Clearly organize and explain the logic behind the determination that a giant eruption is not imminent based on the activity history in the assessment of the possibility of a giant eruption."
- In addition, the Authority conducted an on-site survey on October 30 and 31 regarding our explanation at the previous review meetings, and commented that additional analysis of some sediments and enhancement of the descriptions in the review documents are necessary.
- We will respond to the comments received as soon as possible at the review meetings.



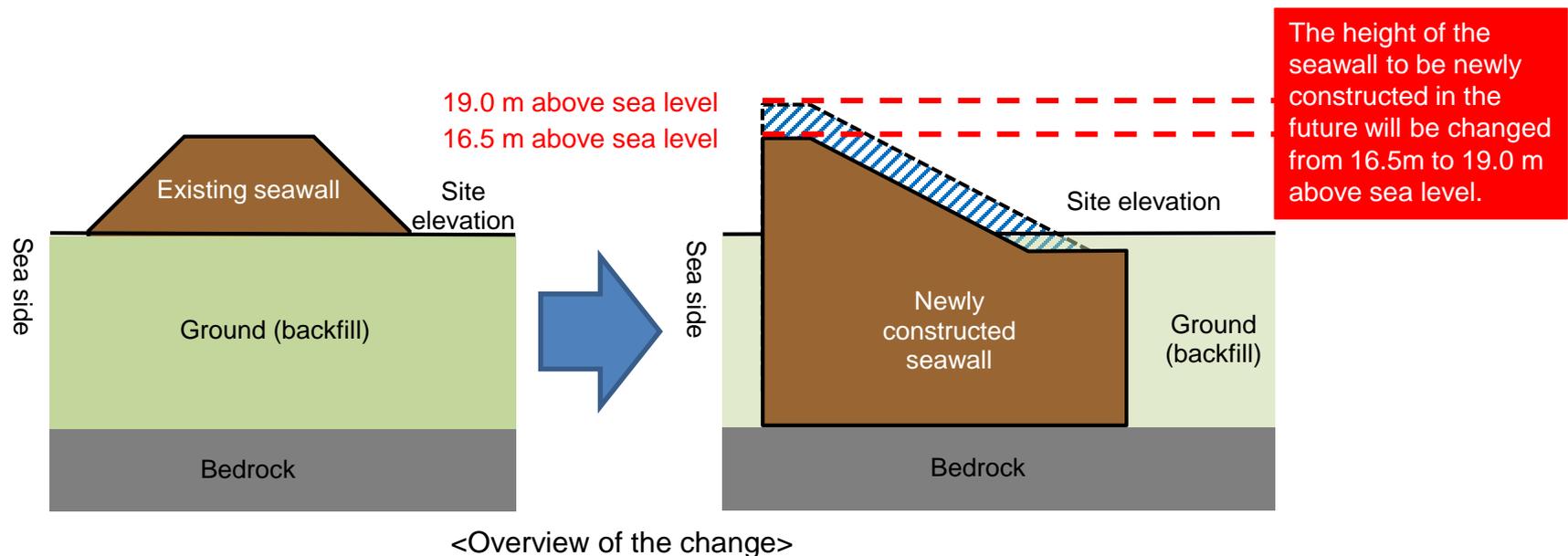
Volcanoes targeted for evaluation as having the possibility of undergoing a massive eruption



<On-site survey by the Nuclear Regulation Authority>

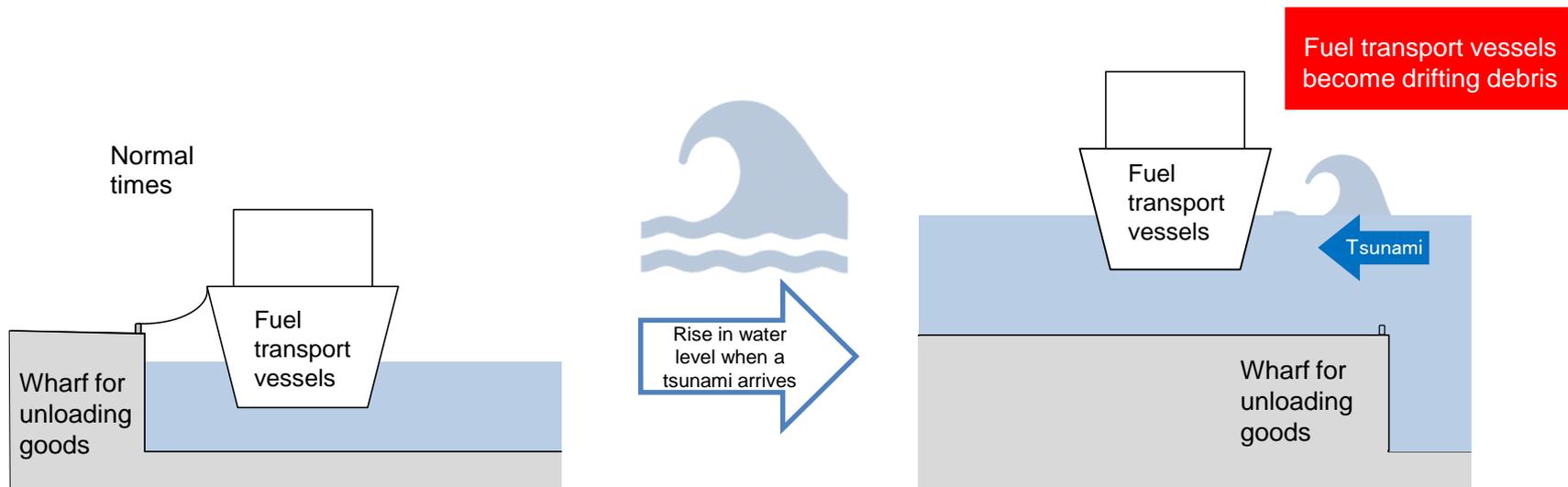
Impact assessment of earthquake and tsunami on plant facilities ①

- From the viewpoint of further enhancing safety, the seawall will be replaced with one with a rock-supported structure (built on solid bedrock).
- At the review meeting on October 5, 2023, we explained the change in the seawall height from 16.5 m above sea level to 19.0 m above sea level, based on the expected tsunami height in front of the site.
- Based on the results of the review meeting on October 20, 2023 regarding the reference tsunami, we will explain the appropriateness of the seawall height after the change and other issues at the review meeting and other meetings.



Impact assessment of earthquake and tsunami on plant facilities ②

- At the review meetings on August 3 and October 5, 2023, the status of the study on prevention of drifting of fuel transport vessels was explained.
- We explained our policy to evacuate fuel transport vessels (sailing away from the area) in the event of a reference tsunami. In response we have received the following comment: “Explain that evacuation can be done before the tsunami arrives, taking into account the uncertainty of the evacuation process, and that even if emergency evacuation is not possible, other measures will prevent the fuel vessels from becoming drifting debris.”
- We are currently considering whether we can evacuate the transport vessels before the tsunami arrives based on the comments. In addition, assuming the case in which evacuation is not possible, we are considering measures for mooring transport vessels to prevent them from becoming drifting debris. We will continue to study the issue and explain it at the review meetings.

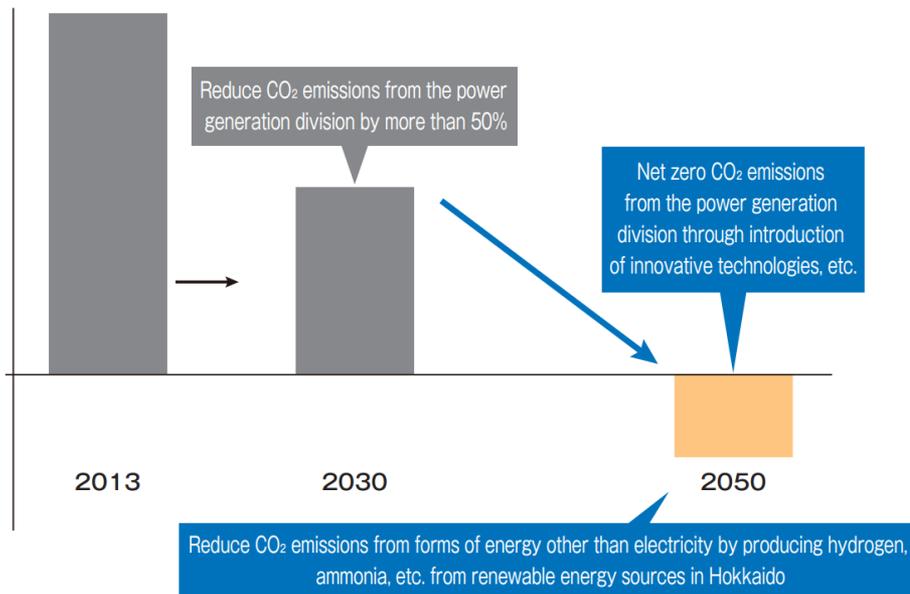


Efforts toward realization of carbon neutrality of thermal power generation

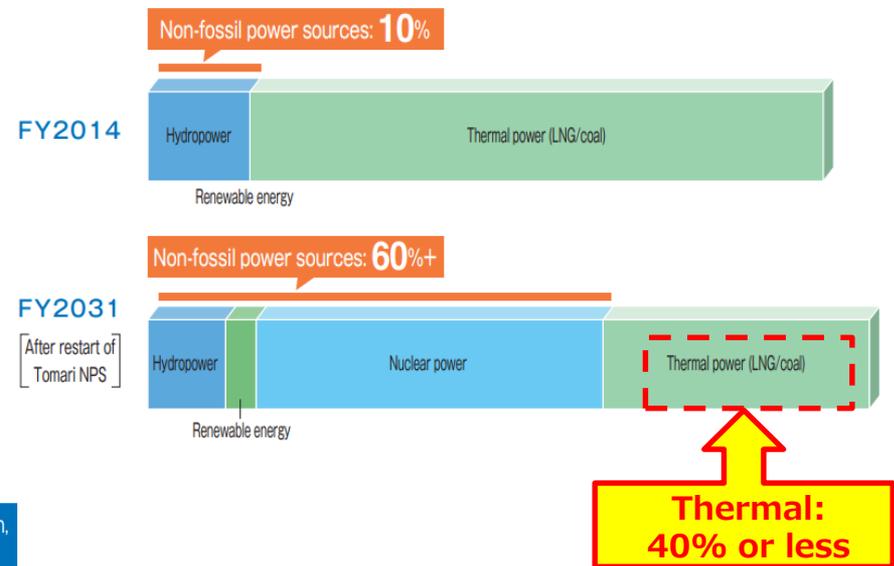
- HEPCO Group's Generation Division aims to achieve a 50% or more reduction in CO₂ emissions from the FY2013 level by 2030, and to achieve zero CO₂ emissions in the long term.
- Even as renewable energy sources will increase in the future, the need for thermal power generation as a regulator will not change in order to ensure a stable supply of electricity. Aiming to realize both carbon neutrality and stable supply, we will promote decarbonization of thermal power generation by introducing innovative technologies such as CCUS* and introducing and expanding power generation methods that utilize hydrogen and ammonia.

*CCUS (Carbon dioxide Capture, Utilization and Storage): Capture, effective utilization and storage of CO₂

Illustration of future CO₂ emission reductions



Power source mix envisioned by HEPCO Group Power Generation Division



■ Efforts toward realization of carbon neutrality of thermal power generation

- At our coal-fired power plant (Tomatoh-Atsuma Thermal Power Station), we are promoting decarbonization by combining CO2 capture and storage (CCS), ammonia co-firing, and biomass fuel co-firing.
- In the Tomakomai area, where the power plant is located, CO2 emission sources, reservoirs, and utilization sites are located in close proximity. Taking advantage of this feature, we are studying and considering the establishment of a hub and cluster-type CCUS project* that will connect multiple sites in the area by FY2030.

*Hub and cluster-type CCUS project: CCUS projects that not only capture and store CO2 from a single emission source, but also cover many emission sources in a region and make effective use of that CO2, thereby reducing emissions in society to a greater extent.

Image of the application of decarbonization technologies

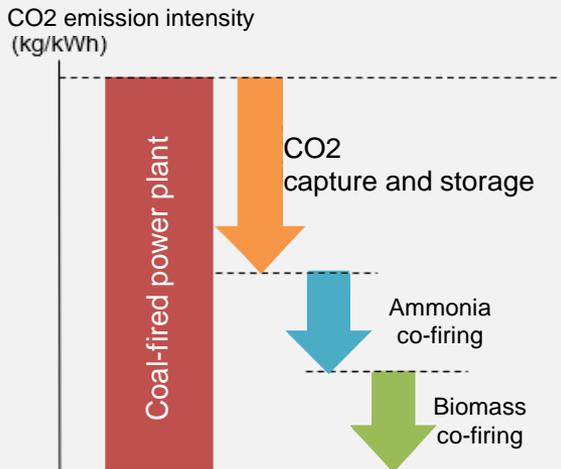
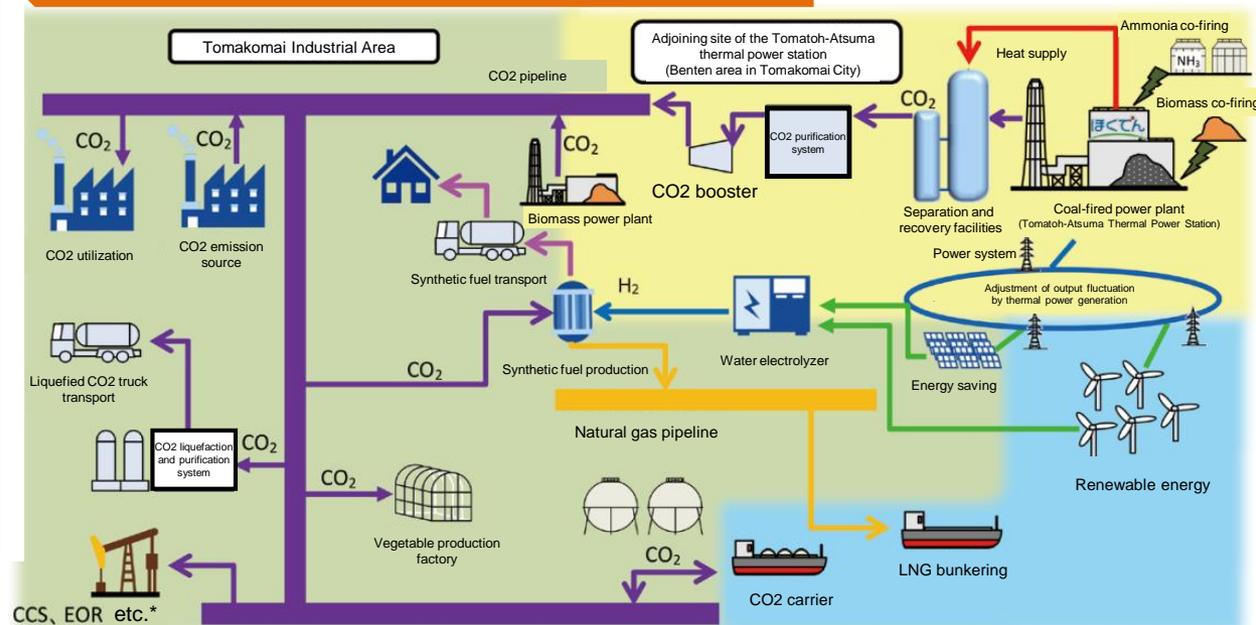


Image of CCUS implementation in Tomakomai area



*Enhanced Oil Recovery (enhanced oil recovery technology): Technology to enhance the recovery rate of crude oil by injecting CO2 into oil fields

Development of services toward the realization of carbon neutrality

- To realize carbon neutrality, we offer on-site and off-site PPA services that allow customers to use renewable energy without the burden of initial investment, in addition to CO2-free menus and services for customers who install solar power generation systems at home.
- As customers' lifestyles change and their needs for energy conservation and decarbonization diversify, we will provide a variety of services tailored to their needs by leveraging our customer contact points and proposal capabilities.

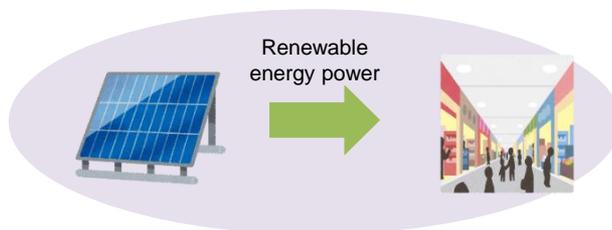


Solar power generation systems installation service



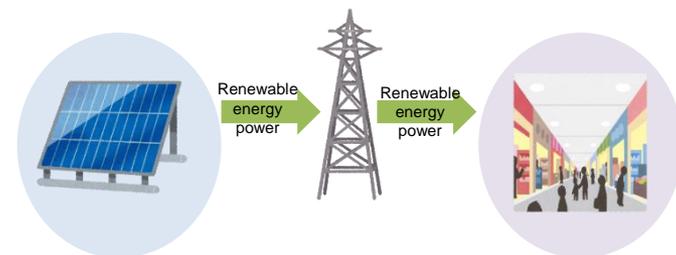
PPA Service

On-site PPA
-Power generation on site-



On customer's site

Off-site PPA
-Power generation off site-



Off customer's site

On customer's site

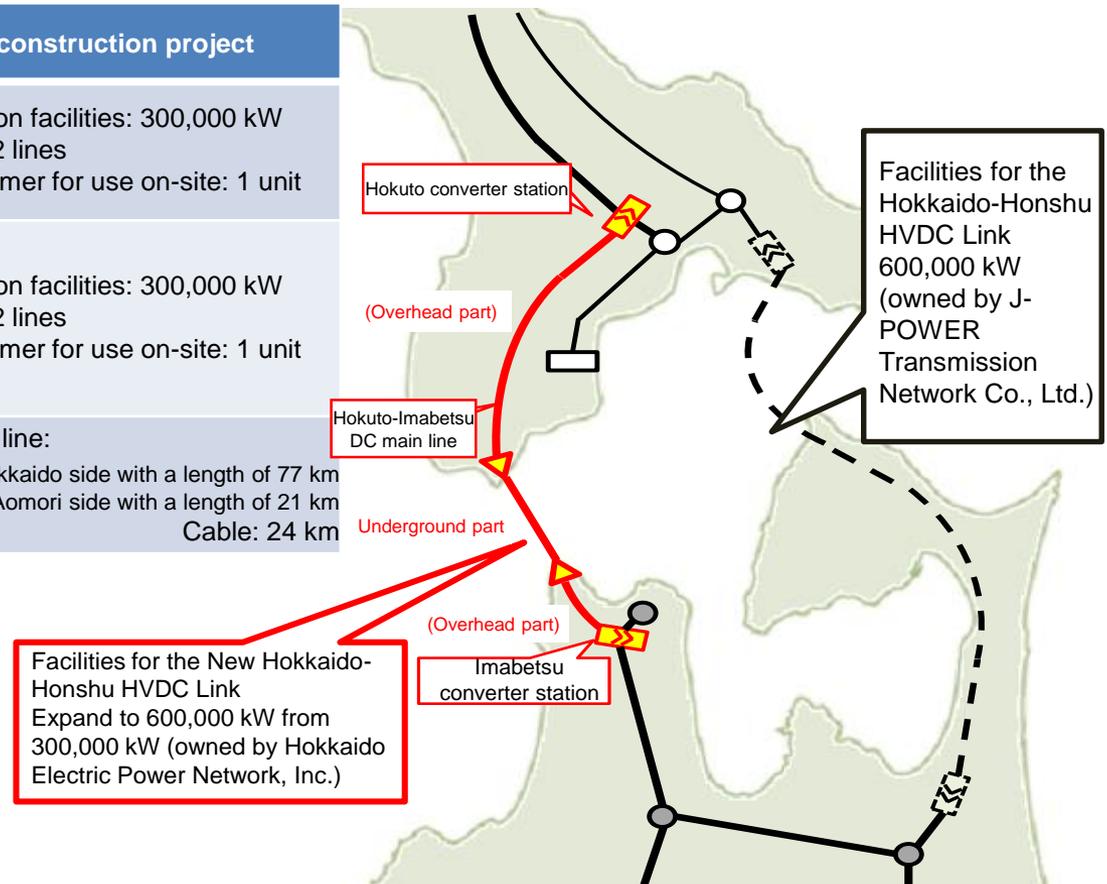
■ Start of expansion work for the facilities of the New Hokkaido-Honshu HVDC Link

- Hokkaido Electric Power Network, Inc. started expansion work for the facilities of the New Hokkaido-Honshu HVDC Link in September 2023.
- The expansion work aims to enhance the capacity by 300,000 kW on the same route as the existing New Hokkaido-Honshu HVDC Link facilities in order to activate wide-area power trading, strengthen resilience, and further expand the introduction of renewable energy. The start of operation is planned for March 2028.

1. Outline of the construction

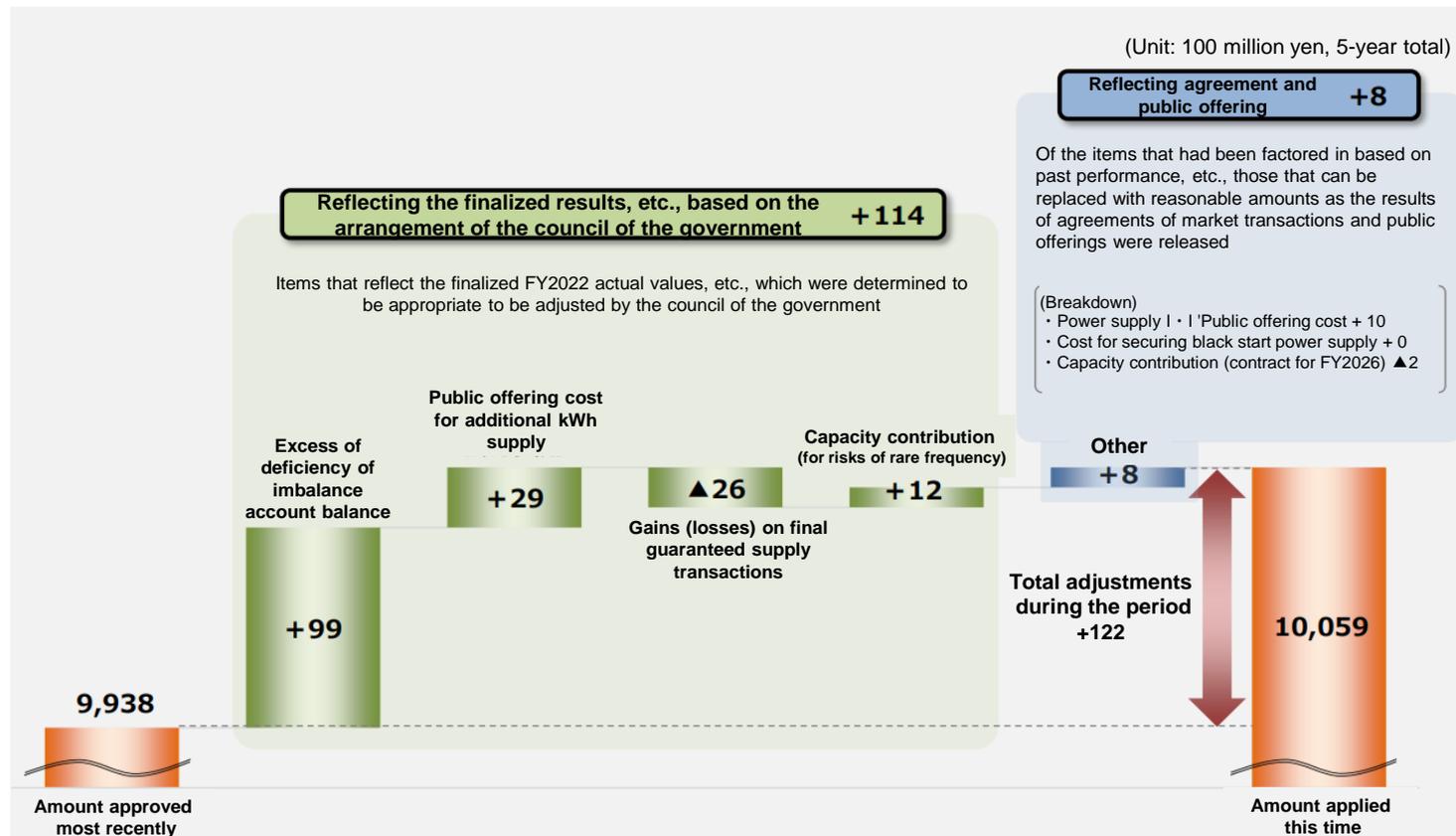
Name of the construction project	Details of the construction project
Hokuto converter station AC/DC conversion facilities and other expansion work (location: Hokuto City, Hokkaido)	<ul style="list-style-type: none"> • Add AC/DC conversion facilities: 300,000 kW • Add AC switchgear: 2 lines • Add a 275kV transformer for use on-site: 1 unit
Imabetsu converter station AC/DC conversion facilities and other expansion work (location: Imabetsu-cho, Higashitsugaru-gun, Aomori Prefecture)	<ul style="list-style-type: none"> • Add AC/DC conversion facilities: 300,000 kW • Add AC switchgear: 2 lines • Add a 275kV transformer for use on-site: 1 unit
Expansion work of the 250kV Hokuto-Imabetsu DC main line	<ul style="list-style-type: none"> • Expand the DC main line: <ul style="list-style-type: none"> Overhead line on the Hokkaido side with a length of 77 km Overhead line on the Aomori side with a length of 21 km Cable: 24 km

2. Schematic diagram (route for expansion)



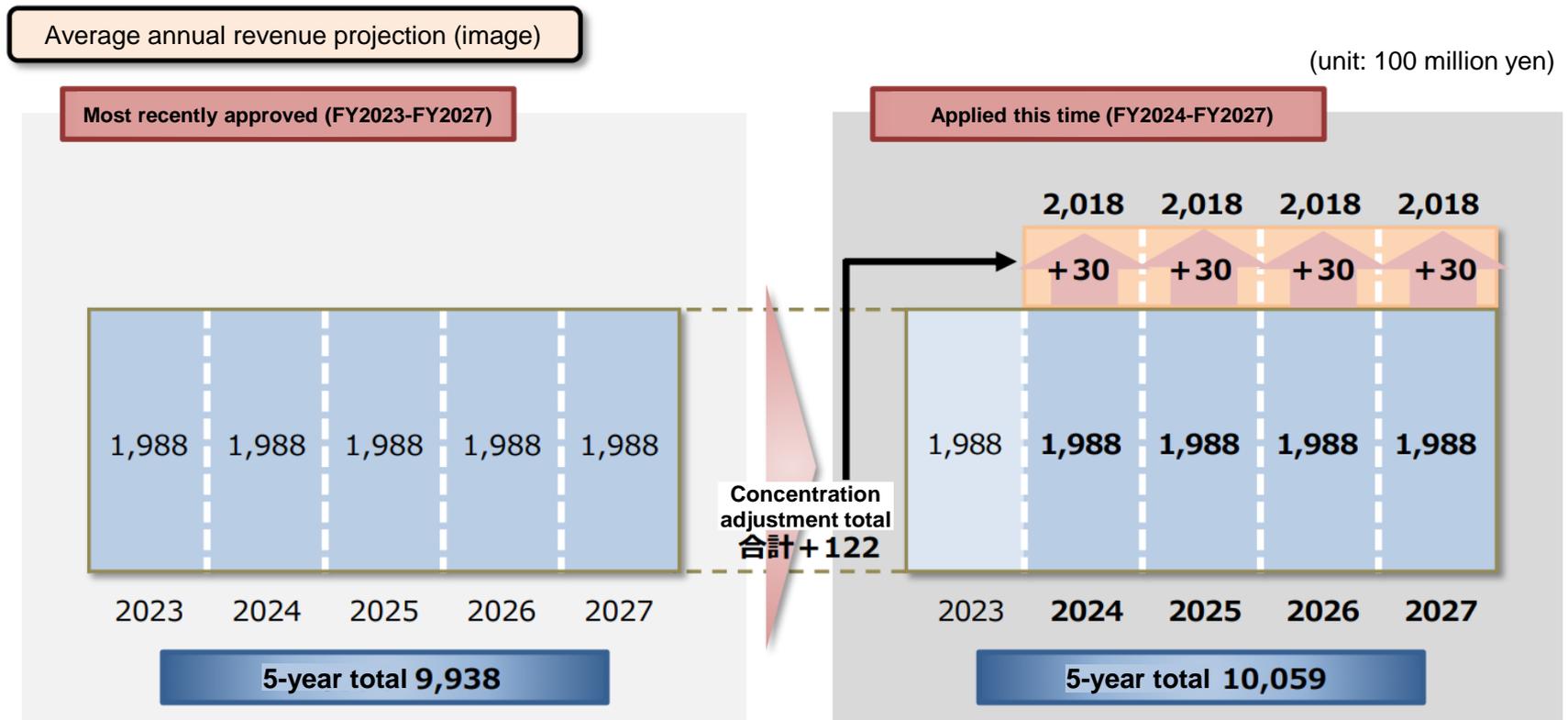
Application for approval of change in revenue forecast for wheeling service, etc. 1

- On September 29 Hokkaido Electric Power Network filed with the Minister of Economy, Trade and Industry an application for approval of changes to the revenue forecast.
- This application reflects the finalized portion of the FY2022 actual results, which could not be incorporated into the wheeling service tariff effective from April 2023, for a total increase of 12.2 billion yen over the five-year period (2023-2027).
- After approval by the government after review, it is expected to be reflected in the wheeling service tariff from April 2024 onward as an adjustment during the period to coincide with the introduction of the system to charging on the power generation side from April 2024.



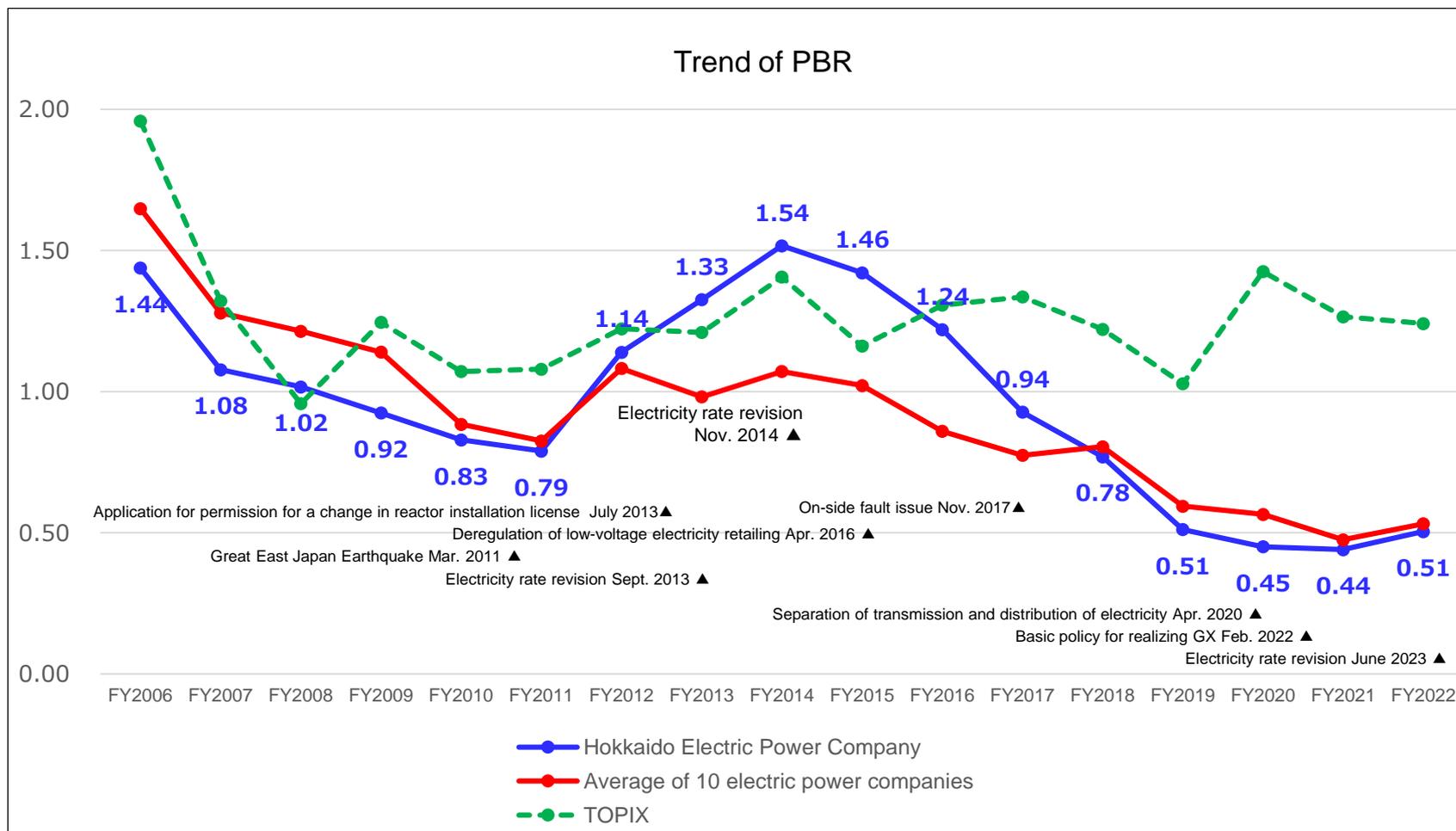
Application for approval of change in revenue forecast for wheeling service, etc. 2

- The total of 12.2 billion yen (5-year total) of this adjustment during the period is expected to be additionally reflected in the wheeling service tariff for the next four years (2024-2027) (approximately 3 billion yen/year).



Trends of PBR

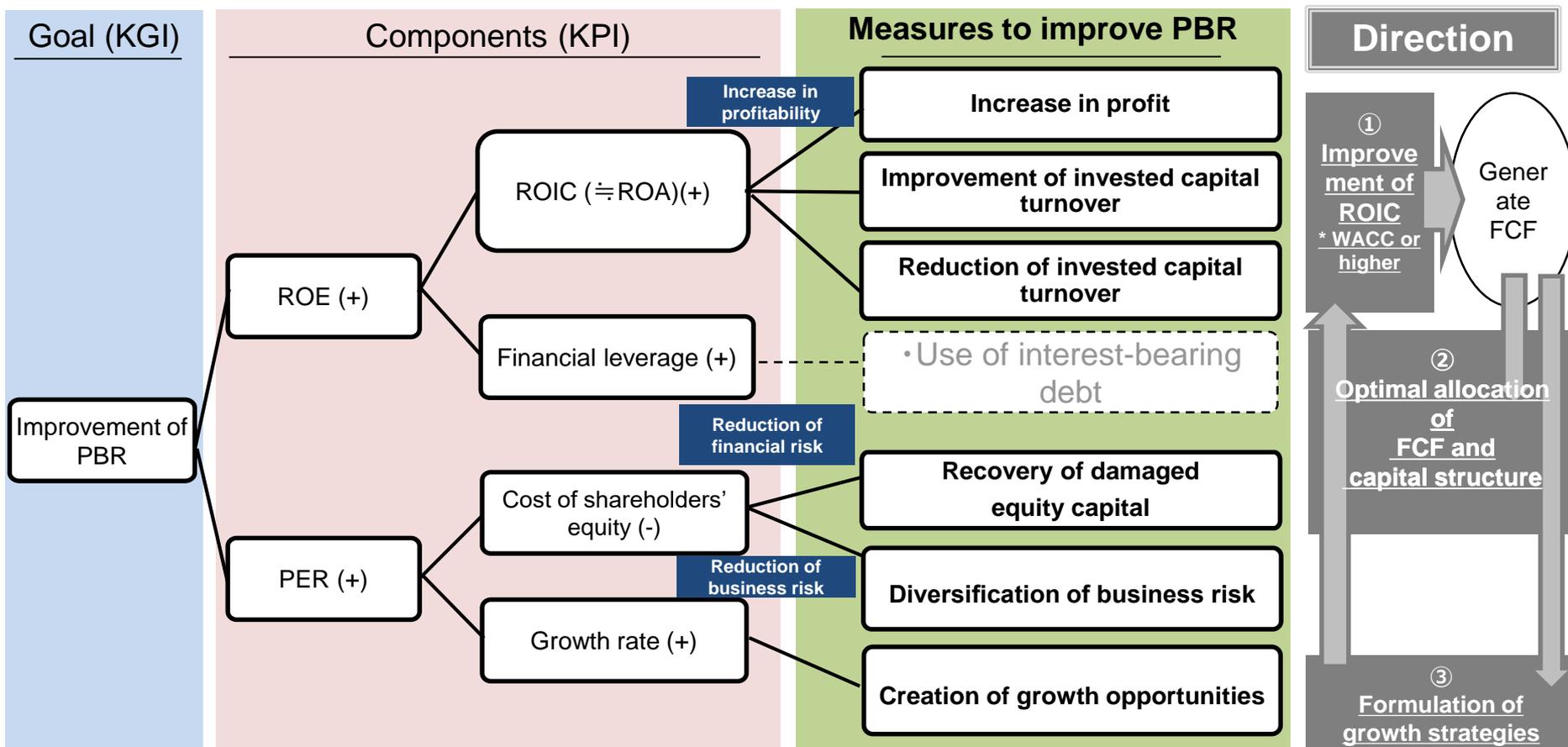
- The average of the 10 electric power companies generally remained low compared to TOPIX. The gap has been widening in recent years.
- Our PBR has declined every year since FY2014. It has been around 0.5 times for the last four years.



※ Our PBR is calculated based on the value at the end of the fiscal year. PBR for the average of 10 electric power companies and TOPIX are based on Bloomberg data.

Analysis of the situation and direction of countermeasures

- Break down PBR as follows and consider measures to improve PBR and the direction of actions.
- We will present the status of the consideration appropriately, after deeper consideration into the specifics of each measure.
- When the plan formulation is completed, we will again present specific initiatives along with numerical targets.



- Reference Materials

■ Frist Quarter Financial Results Announcement (July 28) Subsequent Topics

Date	Description of effort	Overview of business plans related slides
Aug. 4,2023	Largest off-site PPA in Hokkaido Introduction of green power to 10 Aeon stores in Hokkaido [HD]	P 35
Aug. 24,2023	Conclusion of agreement on PPA services in Hokuhoku Solar Park Hokkaido Shiranukacho [HD]	P 35
Sep. 1,2023	About the start of expansion work for the facilities of the New Hokkaido-Honshu HVDC Link [NW]	P 36
Sep. 12,2023	Continuation of discounts on electricity and city gas rates under the government's project for measures to mitigate drastic changes in electricity and gas prices [HD]	P 47
Sep. 22,2023	Revision of dividend forecast [HD]	—
Sep.29,2023	Collaboration of Sapporo Toyota, HEPCO and ARC Co., Ltd. to promote decarbonization Contract for off-site PPA with solar power generation to reduce CO2 emissions by approximately 300 tons per year [HD]	P 35
Sep.29,2023	About application for approval of change in revenue forecast for wheeling service, etc. [NW]	P 37 P 38 P 49

Reference :

HEPCO Group Management Vision 2030; Management Goals for 2030

Financial target

- Consolidated capital ratio: **15%+** We will continue our efforts to further improve the figure.

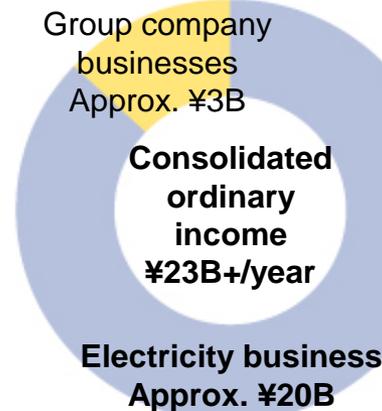
Cash flow

- Investment of **¥50B+** on new priority businesses
- Investment for renewing existing equipment
- Enhancement of price competitiveness
- Reinforcement of financial base
- Return to shareholders
→We aim to return more profits to shareholders to meet their expectations while endeavoring to restore equity capital.

Growth indicators

- Electricity retail and wholesale: **30TWh+/year**
- Gas supply: **100,000t+/year**
- Renewable energy generation (incl. generation outside Hokkaido): **up by 300MW+**

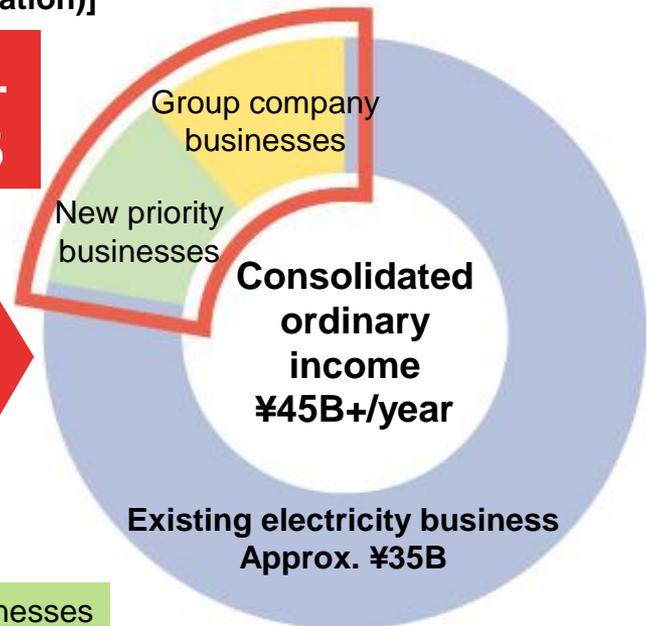
[Phase I (before the restart of Tomari NPS)]



[Phase II (after all units of Tomari NPS are back in operation)]

Approx.
¥10B

Consolidated ordinary income
Almost double



New priority businesses

Renewable power generation, overseas electricity business, and other energy-related businesses

Cost reduction

- Ceaseless efforts for efficiency improvement and cost reduction

Environmental target

- CO₂ emissions: **Reduction by 50%+ (or 10Mt+/year)** from 2013 levels through the restart of Tomari NPS and the use of LNG thermal generation

■ Reference :

HEPCO Group Management Vision 2030; Management Goals for 2030



2030 Vision Targets		FY2021 Actual	FY2022 Actual	FY2023 Actual
Target profit (Consolidated ordinary income)	<ul style="list-style-type: none"> ▶ Phase I: min. 23.0B yen/year ▶ Phase II: min. 45.0B yen/year 	41.1B yen	13.8B yen	(29.2)B yen
Financial target (Consolidated capital ratio)	▶ 15%+	13.8%	13.7%	11.7%
Invest in new priority businesses*	▶ Total 50.0B yen of investment [cumulative total]	3.2B yen [cumulative total 3.2B yen]	6.6B yen [cumulative total 9.8B yen]	4.0B yen [cumulative total 13.8B yen]
Indicators toward growth	▶ Power retail/wholesale: min. 30.0B kWh/year [inc. outside Hokkaido; ex. NW wholesale]	24.3B kWh	26.1B kWh	26.0B kWh
	▶ Gas supply business: min. 100 kt/year	3 kt	8 kt	10 kt
	▶ Renewable power generation: up min. 0.3M kW [inc. outside Hokkaido]	Cumulative total 39K kW	Cumulative total 41K kW	Cumulative total 52 K kW
Environmental target (CO2 emissions reduction/year)	<ul style="list-style-type: none"> ▶ Cut min. 50% from FY2014 levels (min. -10M t/year) <p>[Actual CO2 emissions]</p>	28% reduced (-5.35M t/year) [13.57M t]	24% reduced (-4.51M t/year) [14.41M t]	36% reduced (-6.73M t/year) [12.19M t]

*Renewable power generation, overseas electricity business, and other energy-related businesses

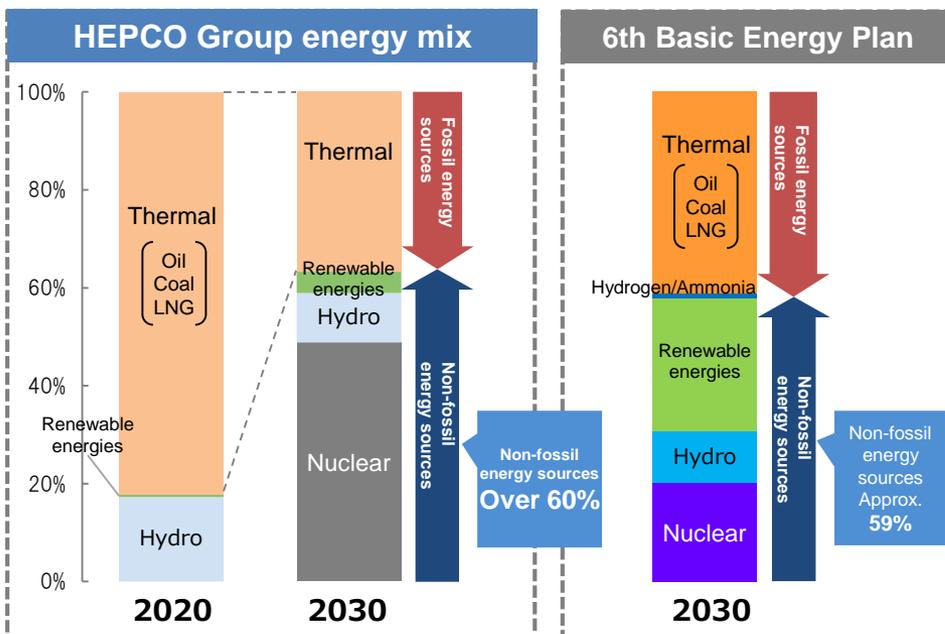
Reference : Energy Mix

- From the perspective of S+3E, we are working towards creating a balanced and competitive energy mix while also proceeding with investigations into a long-term energy mix focused on carbon neutrality.



Future vision for energy mix at the HEPCO Group (2030)

- In the Japanese Government's 6th Basic Energy Plan, non-fossil energy sources will expand to account for 59% of energy in 2030 through policies to make renewable energy a main source of power.
- At the HEPCO Group, we aim to achieve 60% or more non-fossil energy sources by restarting Tomari Nuclear Power Station and adopting renewable energy.



◆FY2024 Power Source Development Plan

	Power station	Output (10,000 kW)	Construction start date*	Date of operation start/ acquisition or transfer/ suspension or discontinuance
Under construction	Kyogoku Unit 3 (Pumped storage hydropower)	20	Sep/2001	After FY2034†
Preparation for construction	Ishikariwan Shinko Unit 2 (LNG-fired)	56.94	Mar/2031	Dec/2034†
	Ishikariwan Shinko Unit 3 (LNG-fired)	56.94	Mar/2034	Dec/2037†
Transfer ‡	Ainumanai (Hydropower)	(0.2)	-	May/2023
	Ono (Hydropower)	(0.15)	-	Jul/2023
	Isoyagawa No.1 (Hydropower)	(0.24)	-	May/2024
	Isoyagawa No.2 (Hydropower)	(0.125)	-	Aug/2024
	Nanae (Hydropower)	(1)	-	Dec/2024
Suspension Decommission	Date Unit 1 (Oil-fired thermal)	(35)	-	Nov/2023 Suspension
	Date Unit 2 (Oil-fired thermal)	(35)	-	Mar/2024 Suspension
	Naie Units 1&2 (Coal-fired)	(35) (17.5×2)	-	Mar/2027 Decommission
	Sunagawa Units 3&4 (Coal-fired)	(25) (12.5×2)	-	Mar/2027 Decommission
	Onbetsu Units 1&2 (Oil-fired thermal)	(14.8) (7.4×2)	-	TBD Decommission

*Construction start date is the notification date per Article 48 of the Electric Utilities Industry Law

†Operation start date postponed from the date listed on the FY2023 Energy Supply Plan

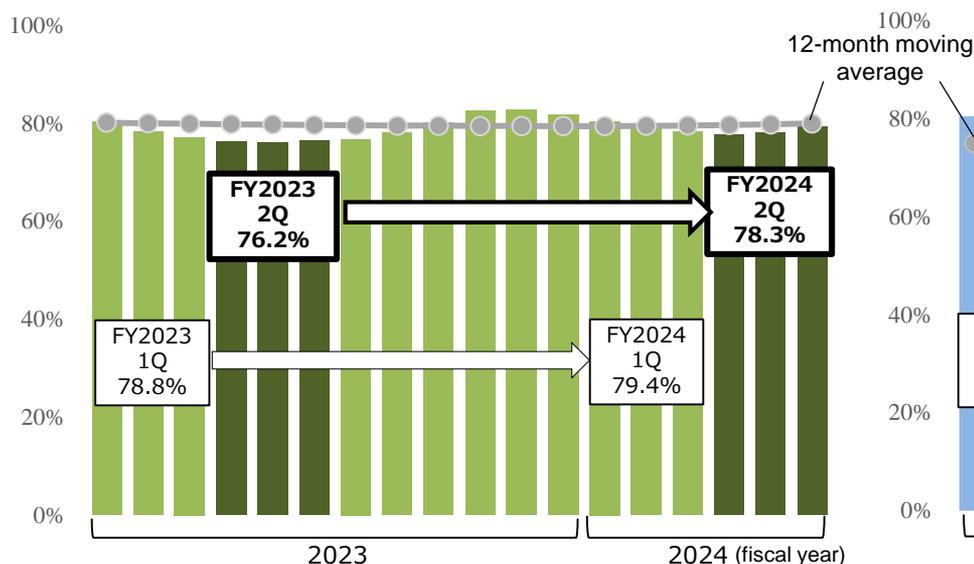
‡The transfer and acquisition of hydroelectric power businesses due to the implementation of Hydroelectric Power Station Alliance Business in Southern Hokkaido (Press release October 28, 2021)

Reference : Electricity Retail

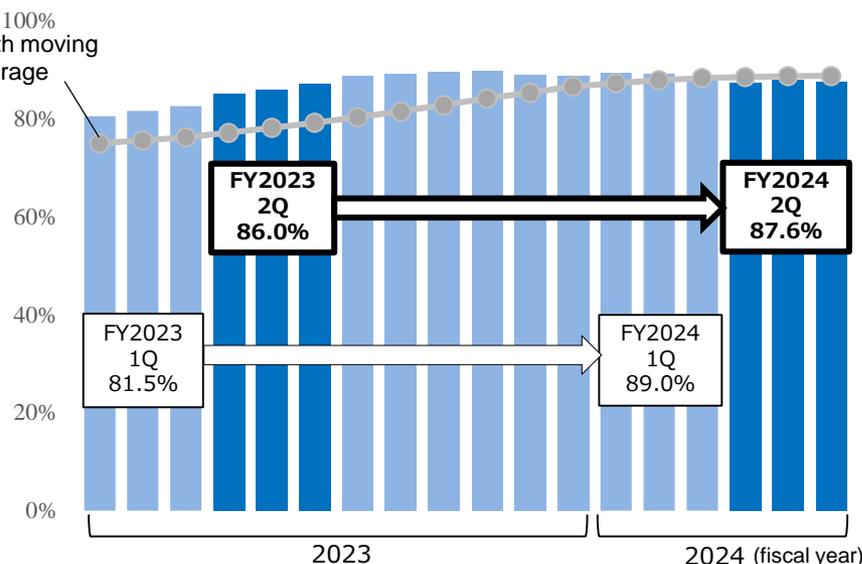
- In the low voltage field, our share turned to 78.3% in 2Q FY2024, up 2.1% from the previous year (76.2%).
- In the high voltage/extra high voltage field, our market share turned to 87.6% in 2Q FY2024, up 1.6% from the previous year (86.0%).

Change in our share (kWh) in the Hokkaido region*

low-voltage



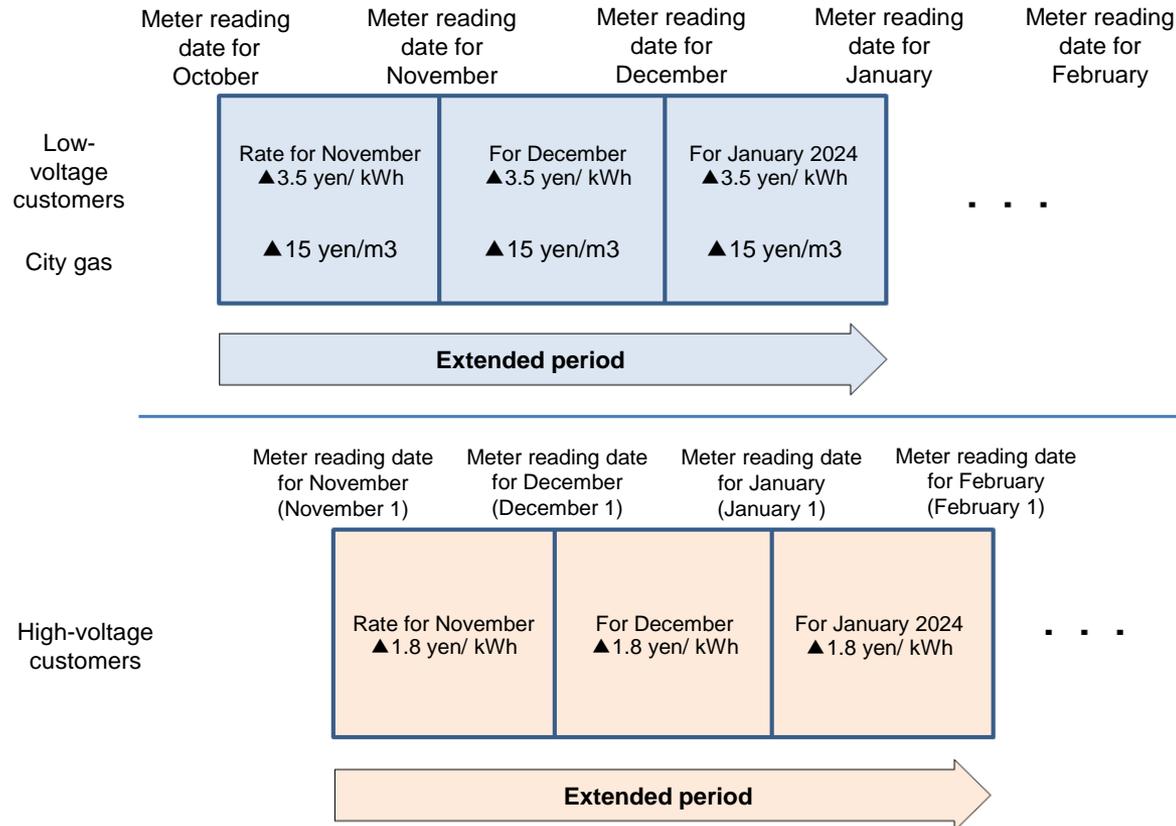
high to extra-high voltage



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

- Based on the government's project for measures to mitigate drastic changes in electricity and gas prices, we offered discounts on electricity and city gas rates from February 2023 (for use in January) to October 2023 (for use in September).
 - In September 2023, based on the decision to continue this project, discounts will continue on electricity and city gas rates for November 2023 (for use in October*) and thereafter.
- *For customers with a high-voltage contract, use in November 2023.

Image of extended period

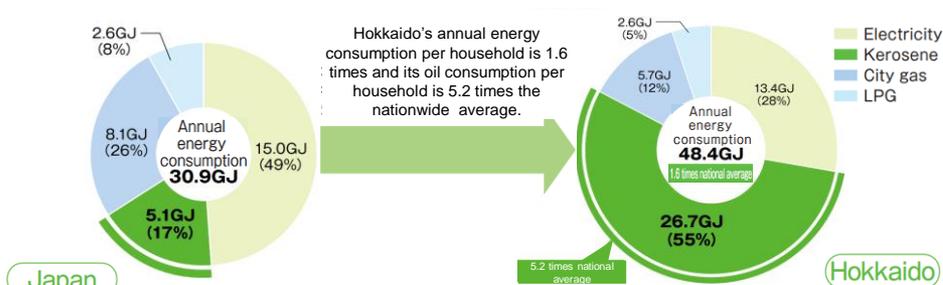


Reference : Promotion of electrification ・ Provision of PPA services

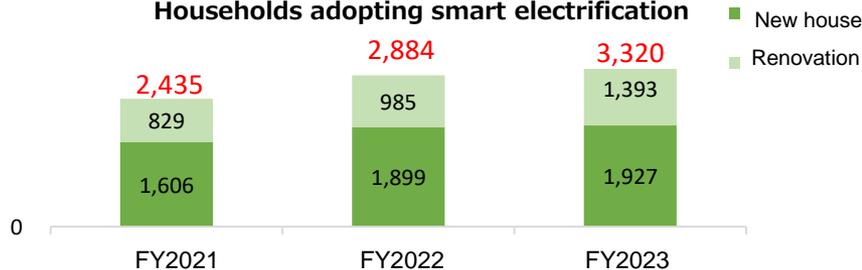
Promotion of electrification

- Hokkaido's energy consumption for home heating is higher than other prefectures. Its proportion of petroleum-based energy consumption is also high. Thus, electrification has very high potential in Hokkaido.
- We plan to promote electrification by promoting smart housing and use of air conditioning.

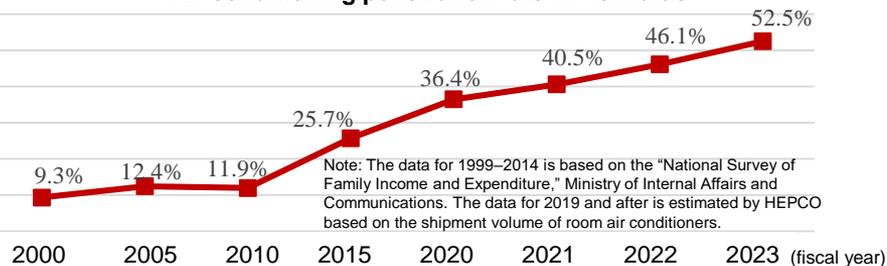
Annual energy consumption by type in the household sector (FYE2022 actual)



Households adopting smart electrification



Air conditioning penetration rate in Hokkaido



Contracts signed for solar PPA project

- This service allows customers to use renewable energy power from solar power generation facilities without the initial investment. We are receiving many inquiries from environmentally conscious customers.
- We are promoting proposals while asking about customer needs, facilities, building conditions, etc. individually.

Contracts signed

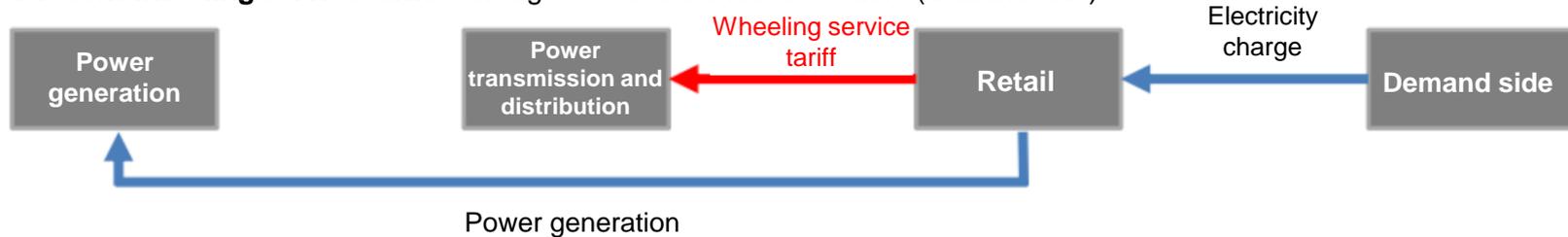
	Category	Supply Start date	Facility capacity panel kW *Fractions are rounded off
On-site	Supply already started	2022 March	313kW
		2022 December	347kW
	under preparation	2023 December	218kW
		2023 December	380kW
	Total		
Off-site	under preparation	October 2023	1,000 kW
		January 2024	12,000kW
		Around spring of 2024	1,500kW
		FY2024 (timing not yet determined)	400kW
Total			14,900kW

Reference : Overview of the introduction of charging system on the power generation side

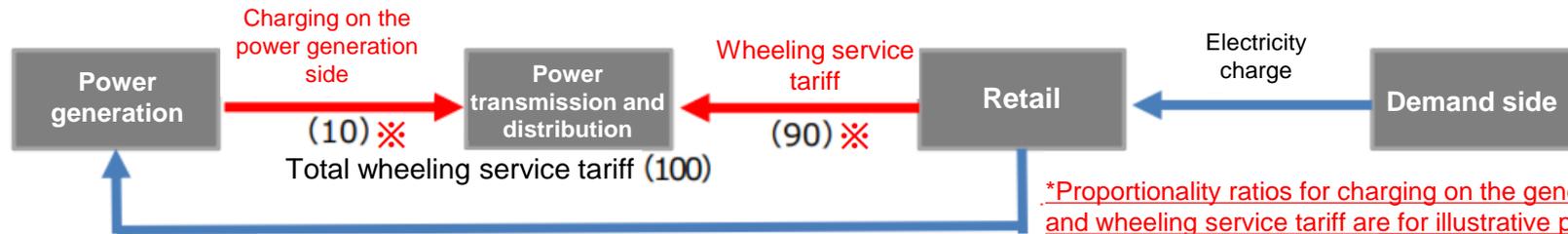


- A new system of charging on the generation side will be introduced in the wheeling service tariff from April 2024.
- NW cost, which has been borne entirely by retailers as a wheeling service fee (charging on the demand side), will be partially borne by power generators, who are grid users as well as retailers, as a charging system on the generation side, so that both the generation side and the demand side will share the burden.

<Present wheeling service tariff> Charge 100% of the fee to retailers (demand side)



<After introduction of the charging system on the power generation side (image)>



**Proportionality ratios for charging on the generation side and wheeling service tariff are for illustrative purposes.*

Power generation costs (reviewed in light of the introduction of charging system on the generation side)

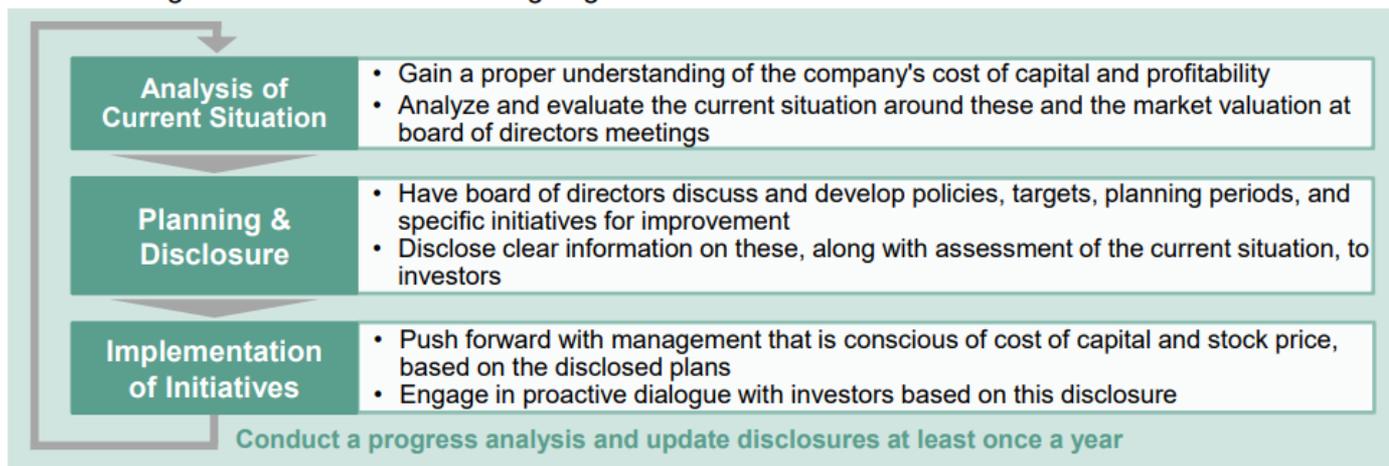
Figure taken from the April 2023 Expert Meeting on System Design, Introduction of Charging System on Generation Side, Interim Summary, excerpted and processed in part.

■ Reference : Updates to the Corporate Governance Report

Requirements for Prime & Standard listed companies by the Tokyo Stock Exchange

Requested Action

- In order to implement management that is conscious of cost of capital and stock price, please implement the following series of actions on an ongoing basis.



Excerpt from Action to Implement Management that is Conscious of Cost of Capital and Stock Price (March 31, 2023 Tokyo Stock Exchange, Inc. document 1)

Our company's Corporate Governance Report (revised on June 29, 2023; excerpt of related content)

Responses toward realizing management based on having awareness of capital costs and share prices:

- The business portfolio that our group seeks to achieve is defined in the HEPCO Group Management Vision 2030, and key initiatives are established in the management policy that is defined every fiscal year at the board meeting.
- Specific initiatives based on the management policy are announced on our company's website under the heading of "Management Policy and Plan."
- With regard to the allocation of our management resources, we place importance on capital profitability in order to realize sustainable growth and to enhance our corporate value over the medium- to long-term. However, in the future, we will organize and announce our set goals toward implementing business management in a manner that places even more awareness on capital costs and capital profitability.

This material is compiled based on data available as of November 8, 2023. The company makes no guarantee as to the reliability and integrity of such information, as this is not intended to serve as disclosure material as stipulated by the Financial Instruments and Exchange Law of Japan. Projections concerning future performance in this material make no guarantee as to the future performance and contain risk and uncertainty. Please note that future performance can change according to the change of preconditions concerning the management environment. The information herein is for the purpose of disclosure of operating information. None of the information is intended to solicit or induce investors to invest in our securities. Those wishing to use this material should do so at their own judgment and be sure to verify the information obtained from other sources. Our company assumes no responsibility for any damages resulting from the use of this material.

For further information

IR Group
Corporate Planning Department
Hokkaido Electric Power Co., Inc.
2, Higashi-1, Odori, Chuo-ku, Sapporo, Hokkaido 060-8677, JAPAN
URL: <http://www.hepco.co.jp/english/>