Financial Results for FY2024

May 8, 2024

Hokkaido Electric Power Co., Inc.

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Business results

(Billion yen)

	FY2024 (A)	FY2023 (B)	Change (A)-(B)	Comparison (A)/(B) %
Operating Revenue	953.7	888.8	64.9	7.3
Operating Profit (loss)	101.1	(22.5)	123.6	-
Ordinary Profit (loss)	87.3	(29.2)	116.5	-
Profit (loss) attributable to owners of parent	66.2	(22.1)	88.3	-
Basic net income (loss) per share [Yen]	315.44	(114.96)	430.40	

Financial status

(Billion yen)

	As of March 31, 2024 (A)	As of March 31, 2023 (B)	Change (A)-(B)
Assets	2,141.6	2,093.3	48.3
Net Assets	333.5	258.1	75.4
Shareholders' Equity Ratio	14.9%	11.7%	3.2%

Consolidated – Statement of Operations

（Billion yen）

		FY2024 (A)	FY2023 (B)	Change (A)-(B)	Comparison (A)/(B) %
Ordinary Revenue	Operating Revenues	953.7	888.8	64.9	7.3
	Electricity utility operating revenue	912.0	835.9	76.0	9.1
	Other business operating revenue	41.7	52.8	(11.1)	(21.1)
	Non-operating Income	3.0	4.5	(1.5)	(34.2)
	Subtotal	956.7	893.4	63.3	7.1
Ordinary Revenue	Operating Expenses	852.6	911.4	(58.7)	(6.4)
	Electricity utility operating expenses	817.3	864.3	(47.0)	(5.4)
	Other business operating expenses	35.2	47.0	(11.7)	(25.0)
	Non-operating Expenses	16.8	11.3	5.5	49.1
	Subtotal	869.4	922.7	(53.2)	(5.8)
[Operating Profit (loss)] Ordinary Profit (loss)		[101.1] 87.3	[(22.5)] (29.2)	[123.6] 116.5	[-] -
Provision or reversal of reserve for fluctuation in water levels		0.4	0.5	(0.1)	(26.4)
Extraordinary income		10.0	5.7	4.3	75.6
Extraordinary loss		8.3	2.5	5.8	232.9
Profit (loss) before income taxes		88.5	(26.5)	115.1	-
Income taxes		21.6	(4.7)	26.4	-
Profit (loss)		66.9	(21.8)	88.7	-
Profit attributable to non-controlling interests		0.7	0.3	0.3	89.2
Profit (loss) attributable to owners of parent		66.2	(22.1)	88.3	-
(Appendix)	Comprehensive Income	78.8	(24.6)	103.5	-

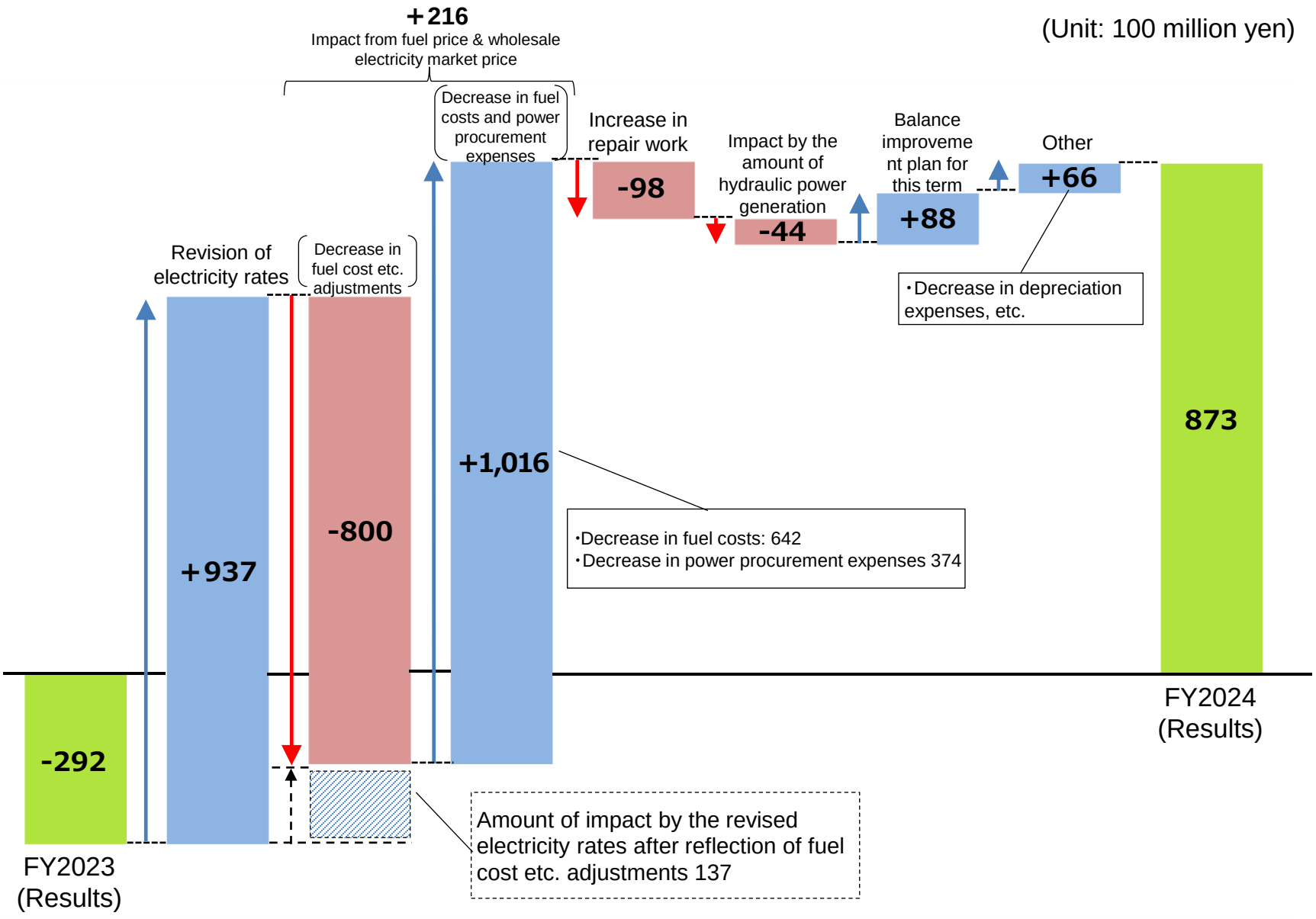
Outline of Consolidated Financial Results

Operating Revenue [Increased]	・Although there was a decrease in fuel cost adjustments in tandem with a drop in fuel and wholesale electricity market prices, on top of an electricity rate review, there was also a rise in electricity sales to other utilities accompanying a climb in the volume of wholesale electricity sales. Reflecting this, operating revenue totaled 953.7 billion yen, an increase of 64.9 billion yen year-on-year.
Ordinary Profit (loss) [Increase in profit]	Ordinary profit came to 87.3 billion yen, a growth of 116.5 billion yen versus a loss in the same period a year earlier. This is attributable to substantial contribution from a positive turnaround in income owing to positive impact from a shift in posting of the fuel cost adjustment scheme, in addition to a review of electricity rates. Furthermore, this also reflects the undertaking of kaizen (improvement) activities and DX promotion, and an improvement in income and expenditures during the period under review.
Profit (loss) attributable to owners of parent [Increase in profit]	Profit attributable to owners of parent amounted to 66.2 billion yen, an improvement of 88.3 billion yen from a loss in the same period a year earlier. This primarily reflects the posting of extraordinary income underpinned by the gain on sale of nuclear fuel and compensation income, plus an rise in ordinary profit, although extraordinary loss was posted as extraordinary loss.

Consolidated Financial Results for FY2024

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

(Unit: 100 million yen)



Forecasts of Consolidated Financial Performance for FY2025 (Ending March 2025)

The forecast for our consolidated financial performance for FY2025 is shown as follows.

(Unit: Billion yen, billion kWh)

	FY2025 Forecast（A）	FY2024 Results（B）	Change (A)−(B)
Operating Revenue	Approximately 876.0	953.7	Approximately(78.0)
Operating profit	Approximately 50.0	101.1	Approximately(51.0)
Ordinary profit	Approximately 37.0	87.3	Approximately(50.0)
Profit attributable to owners of parent	Approximately 43.0	66.2	Approximately(23.0)
Year-on-year change/ Retail electricity sales and electricity sales to other utilities*	*Approximately(2.7)*% Approximately 33.0	*9.2*% 33.9	Approximately(0.9)
Year-on-year change Retail electricity sales*	Approximately(2.8)% Approximately 23.1	*(0.6)*% 23.8	Approximately(0.7)

*Retail electricity sales and electricity sales to other utilities comprise of the combined sales of HEPCO and Hokkaido Electric Power Network.
The figures for FY2023 include sales from Hokkaido Electric Power Co-Creation, which was absorbed and merged into HEPCO on October 1, 2023.

Key Factors

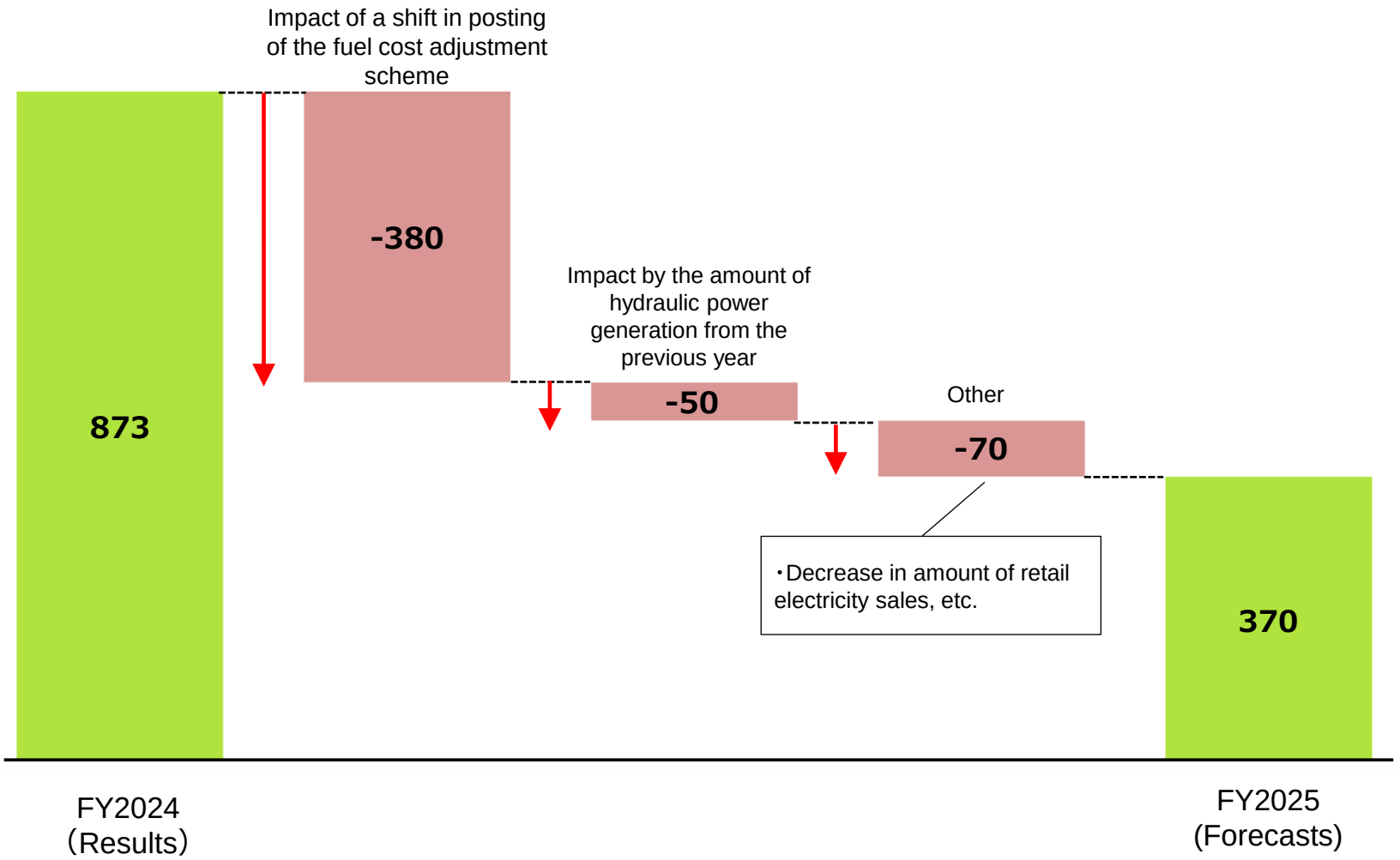
Foreign exchange rate (JPY per USD)	Approximately 145	145	Approximately the same
CIF crude oil price (USD per barrel)	Approximately 85.0	86.0	Approximately(1.0)

Summary of Forecasts of Consolidated Financial Performance in FY2025

Electricity Sales (retail and to other utilities)	Retail electricity sales are expected to decline, mainly due to impact from a rise in air conditioning demand reflecting high temperatures during the summer of the previous fiscal year. On top of this, we anticipate a drop in electricity sales to other utilities due mainly to decrease in the volume of wholesale electricity sales. Accordingly, we forecast a total for electricity sales of approximately 33.0 billion kWh, a decline of 900 million kWh year-on-year.
Operating Revenue (Decrease)	We forecast operating revenue of approximately 876.0 billion yen, a fall of 78.0 billion yen in contrast with the previous fiscal year chiefly due to decline in fuel cost adjustments in tandem with a drop in fuel prices and a reduction in retail electricity sales.
Ordinary Income (Loss)	We estimate ordinary income of approximately 37.0 billion yen, a decrease of 50.0 billion yen year-on-year, primarily reflecting an increase in fuel expense due to a decrease in hydro power generation, as well as a deterioration in income and expenditures due to impact from a shift in posting for the fuel cost adjustment scheme.
Profit attributable to owners of parent (Loss)	We look for profit attributable to owners of parent of approximately 43.0 billion, on expectations of ordinary income and also the posting of extraordinary income on the gain of the sale of nuclear fuel.

Forecasts of Consolidated Financial Performance for FY2025 (Ending March 2025) －YoY changes in ordinary income

(Unit: 100 million yen)



FY2024 Year-ending Dividend

We basically plan to retain our stable fiscal year-end dividend payout. On top of this we comprehensively factored in our financial performance in FY2024, and the medium- to long-term management environment and income and expenditure trends. Consequently, at the Board of Directors meeting held on May 8, 2024, we approved the submission of this matter as detailed below to the 100th General Meeting of Shareholders scheduled to be held on June 26, 2024.

・Common shares of the Company	→	15 yen per share	(total 3,084 million yen)
・Class B preferred shares of the Company	→	1,500,000 yen per share	(total 705 million yen)

FY2025 Year-ending Dividend Forecasts

The following shows the forecasts for interim and year-end dividends to be paid in FY2025, which we have made by comprehensively factoring in our forecast for financial performance in FY2025, the medium- to long-term management environment and the income and expenditure trends, reflecting our basic policy to maintain stable dividends.

【 Cash Dividend per Share 】

	Common stock			Class-B preferred Stock		
	Interim	Year-ended	Annual total	Interim	Year-ended	Annual total
FY2024	¥5	¥15	¥20	¥4,560,164	¥1,500,000	¥6,060,164
FY2025 (forecast)	¥10	¥10	¥20	¥1,500,000	¥1,500,000	¥3,000,000

*The interim dividend for Class-B preferred shares included the accrued dividend for FY2023 of 3,060,164 yen.

Financial Results Supplementary Materials

〇Consolidated; Electricity Sales

〇Monthly Retail Electricity Sales Trends at HEPCO

〇Consolidated; Statement of Operations（Revenue）

〇Consolidated; Power Supply

〇Consolidated; Statement of Operations（Expenses and Ordinary Profit/loss）

〇Consolidated; Segment Information

〇Consolidated; Statements of Cash Flow

〇(Reference) Impact of a shift in posting of the fuel cost adjustment scheme in FY2024 (image)

〇(Reference) Impact of a shift in posting of the fuel cost adjustment scheme in FY2025 (image)

〇Expense breakdown （Two Companies Total）

- ・Personnel
- ・Fuel and Purchased Power
- ・Maintenance、Depreciation
- ・Interest Expenses、Other Expenses

〇Key Factors / Sensitivity Factors

〇Consolidated; Statements of Balance Sheets

〇Consolidated; Statements of Comprehensive Income

Consolidated; Electricity Sales

・Retail electricity sales were 23,786 million kWh, a year-on-year decrease of 0.6%. Although there was an increase in the number of customers that have contracts with HEPCO and a rise in air conditioning demand due to high temperatures during the summer months, there was also negative impacts from energy saving initiatives made taken by customers.

・Electricity sales to other utilities totaled 10,138 million kWh, an increase of 41.8% year-on-year, primarily reflecting a rise in sales volume owing to wholesaling and positive impact from Feed-in-Tariffs (FIT) for renewable energy.

（GWh）

			FY2024 (A)	FY2023 (B)	Change (A)-(B)	Comparison (A)/(B) %
Retail electricity sales	Low-voltage customers	Residential	8,024	8,057	(33)	(0.4)
		Commercial and Industrial	1,827	1,905	(78)	(4.1)
		subtotal	9,851	9,962	(111)	(1.1)
	High-voltage and Extra high-voltage customers		13,620	13,413	207	1.5
	Subtotal (*1)		23,471	23,375	96	0.4
	Other (*2)		315	557	(242)	(43.2)
	Total		23,786	23,932	(146)	(0.6)
Electricity sales to other utility			10,138	7,148	2,990	41.8
Total			33,924	31,080	2,844	9.2

*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.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total
Low-voltage customers	Residential	697	637	495	538	611	610	545	616	719	986	789	781	8,024
	Commercial and industrial	145	102	76	87	101	98	86	95	172	327	282	256	1,827
	Subtotal	842	739	571	625	712	708	631	711	891	1,313	1,071	1,037	9,851
High-voltage and Extra High-voltage customers		1,021	1,012	1,017	1,141	1,200	1,104	1,049	1,094	1,268	1,279	1,212	1,223	13,620
(%YoY) Total		[(3.1)]	[0.9]	[0.7]	[(1.1)]	[5.9]	[5.2]	[(3.5)]	[(3.4)]	[(1.1)]	[(1.7)]	[(1.2)]	[8.3]	[0.4]
		1,863	1,751	1,588	1,766	1,912	1,812	1,680	1,805	2,159	2,592	2,283	2,260	23,471

(GWh, %)

		FY2023												
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total
Low-voltage customers	Residential	756	650	510	551	575	548	556	641	729	991	824	726	8,057
	Commercial and industrial	183	104	74	85	94	86	86	106	183	351	318	235	1,905
	Subtotal	939	754	584	636	669	634	642	747	912	1,342	1,142	961	9,962
High-voltage and Extra High-voltage customers		984	982	992	1,149	1,137	1,089	1,100	1,121	1,270	1,296	1,168	1,125	13,413
(%YoY) Total		[3.6]	[1.6]	[9.3]	[8.1]	[5.8]	[13.4]	[10.8]	[7.2]	[8.6]	[3.1]	[5.2]	[(1.4)]	[5.9]
		1,923	1,736	1,576	1,785	1,806	1,723	1,742	1,868	2,182	2,638	2,310	2,086	23,375

【Average temperature in Hokkaido】

(℃)

		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	12.8	6.5	(1.4)	(2.5)	(2.6)	0.2
	YoY	2.1	0.3	(0.6)	2.2	0.7	3.6	1.9	0.7	(0.2)	0.2	2.7	0.9	(3.9)
	deviation	3.6	2.0	1.1	2.3	2.9	4.0	3.0	1.2	1.7	0.0	1.4	0.7	(0.4)

Consolidated; Statement of Operations (Revenue)

(Unit: billion yen)

	FY2024 (A)	FY2023 (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Operating Revenue	953.7	888.8	64.9	7.3	
Electric utility operating revenue	912.0	835.9	76.0	9.1	
Two companies total* – Commercial and Industrial	612.4	617.1	(4.7)	(0.8)	【Cause of increase】 ・Revision of electricity rates [93.7] 【Cause of decrease】 ・Decrease in fuel price [(80.0)] ・Amount discounted through the national project to mitigate a sharp increase in electricity and gas rates: [(51.3)]
Two companies total* – Others	300.9	220.1	80.8	36.7	・Increase in the subsidy from the national project to mitigate a sharp increase in electricity and gas rates: [51.3] ・Increase in power prices between zones/for sales to other companies[30.3]
Two companies total* – Others – Sold power to other utilities & Sold power to other suppliers (Repost)	174.1	143.7	30.3	21.1	
Two companies total* – Others – Transmission revenue (Repost)	42.1	45.4	(3.2)	(7.2)	
Subsidiary / consolidation revision	(1.3)	(1.2)	(0.0)	2.0	
Other business operating revenue	41.7	52.8	(11.1)	(21.1)	
Non-operating Income	3.0	4.5	(1.5)	(34.2)	
Ordinary Revenue	956.7	893.4	63.3	7.1	

*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 stable supply owing to the suitable operation of supply facilities and the use of wholesale electricity market transactions, in addition to a water supply rate of 103.6%, which surmounted levels in an average year, given the shutdown of operations at all reactors at the Tomari Nuclear Power Station.

(GWh)

		FY2024 (A)	FY2023 (B)	Change (A)-(B)	Comparison (A)/(B) %
Generated Power	[Water flow rate %] Hydroelectric	[103.6%] 3,597	[107.3%] 3,832	[(3.7)%] (235)	(6.1)
	Fossil Fuel	15,382	16,487	(1,105)	(6.7)
	[Nuclear capacity ratio %] Nuclear	[–] –	[–] –	[–] –	–
	Renewable, etc.	104	111	(7)	(6.6)
	Subtotal	19,083	20,430	(1,347)	(6.6)
Power received by other companies*		17,854	13,732	4,122	30.0
Power used for pumped storage, etc.		(321)	(375)	54	(14.5)
Total		36,616	33,787	2,829	8.4

*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 /loss)

(Unit: billion yen)

		FY2024 (A)	FY2023 (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Electric utility operating expenses		817.3	864.3	(47.0)	(5.4)	
Two companies total*	Personnel	56.3	55.8	0.4	0.9	
	Fuel	214.1	277.5	(63.3)	(22.8)	【Cause of increase】 ・Decrease hydro power generation[4.4] 【Cause of decrease】 ・Decrease in fuel prices[(64.2)] ・Decrease electricity procurement costs due to lower market prices [(37.4)]
	Purchased Power	258.8	255.9	2.9	1.2	
	Maintenance	76.9	67.0	9.8	14.6	Increase in repair expenses for power generation facilities [5.5]
	Depreciation	66.4	73.1	(6.6)	(9.1)	Impact from the completion of depreciation for existing power generation facilities [(8.5)]
	Other Expenses	150.3	139.1	11.1	8.0	Increase in system-related costs [3.9]
Subsidiary / consolidation revision		(5.7)	(4.3)	(1.3)	30.7	
Other business operating expenses		35.2	47.0	(11.7)	(25.0)	
Non-operating Expenses		16.8	11.3	5.5	49.1	
Interest Expenses(Repost)		12.1	9.5	2.6	28.1	
Ordinary Expenses		869.4	922.7	(53.2)	(5.8)	
Ordinary profit/loss		87.3	(29.2)	116.5	-	

*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.

Consolidated; Segment Information

・Sales in the HEPCO segment totaled 861.6 billion yen, an increase of 81.9 billion yen year-on-year. Although there was a decrease in fuel cost adjustments in tandem with a drop in fuel and wholesale electricity market prices, in addition to a review of electricity rates, there was also an increase in electricity sales to other utilities in tandem with a climb in the volume of wholesale electricity sales. Ordinary profit came to 68.9 billion yen, an improvement of 103.4 billion yen versus a loss in the same period a year earlier. In addition to a review of electricity rates, this also reflects a substantial contribution from a positive turnaround in income owing to positive impact from a shift in posting of the fuel cost adjustment scheme. Furthermore, this also reflects the undertaking of kaizen (improvement) activities and DX promotion, and an improvement in income and expenditures during the period under review.

・Sales in the Hokkaido Electric Power Network segment totaled 313.7 billion yen, a decrease of 34.1 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 cap system, electricity sales to other utilities declined in tandem with a drop in wholesale electricity market prices.

Segment profit (loss) (ordinary profit/loss) was 10.6 billion yen, a climb of 14.0 billion yen from a loss in the previous year. This primarily reflects an enhancement in efficiency in management across-the-board owing to impact from a revision to transmission wheeling rate system, a decline in supply and demand adjustment costs in tandem with a decline in wholesale electricity market costs, and the promotion of kaizen (improvement) activities.

・Other sales amounted to 154.9 billion yen, a decrease of 100 million yen in comparison with the previous fiscal year. Meanwhile, segment profit (loss) (ordinary profit/loss) amounted to 11.5 billion yen, an increase of 2.2 billion yen versus a year earlier mainly reflecting ongoing measures to reduce cost in the construction industry.

(Unit: billion yen)

	FY2024 (A)	FY2023 (B)	Change (A)-(B)
Operating Revenue	953.7	888.8	64.9
Hokkaido Electric Power Company	861.6	779.6	81.9
Hokkaido Electric Power Network	313.7	347.9	(34.1)
Other *1	154.9	155.1	(0.1)
Adjustments *2	(376.6)	(393.8)	17.2
Segment Income/loss (Ordinary Income/loss)	87.3	(29.2)	116.5
Hokkaido Electric Power Company	68.9	(34.4)	103.4
Hokkaido Electric Power Network	10.6	(3.3)	14.0
Other *1	11.5	9.3	2.2
Adjustments *2	(3.9)	(0.7)	(3.1)

*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 a 176.1 billion yen inflow, an increase of 176.7 billion yen from a year earlier. This was mainly attributable to a turnaround from net loss to net profit before taxes and other adjustments.

・Cash flow used in investing activities was an 80.8 billion yen outflow, down 4.4 billion yen from a year earlier. Although there was an increase in expenditures due to the acquisition of fixed assets, there was an increase in income owing mainly to the receipt of contribution for construction.

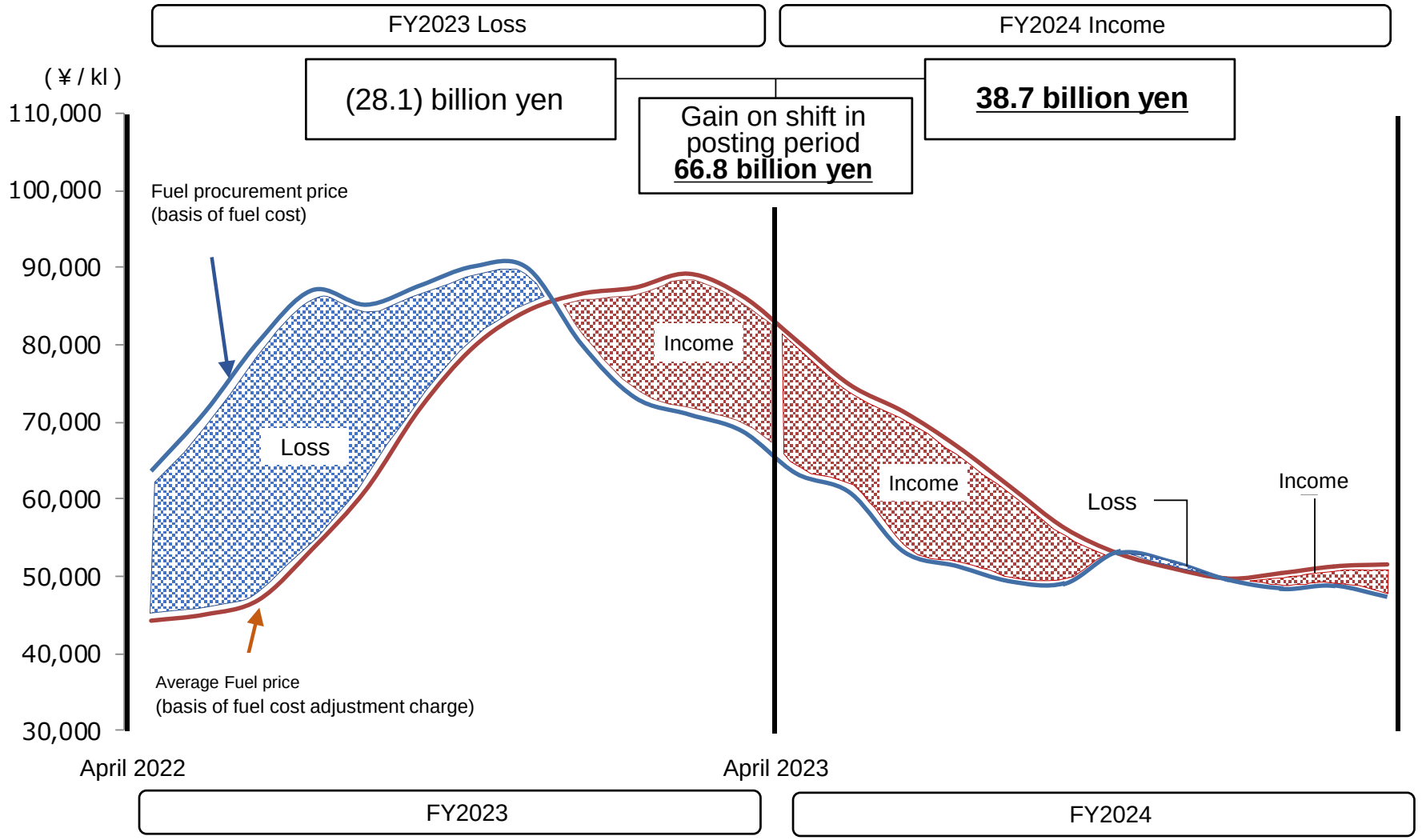
・Cash flows from financing activities decreased by 161.4 billion yen to 74.6 billion yen year on year, chiefly attributable to a decrease in interest-bearing debt.

・As a result of the above, cash and cash equivalents totaled 110.7 billion yen, an increase of 20.8 billion yen year-on-year.

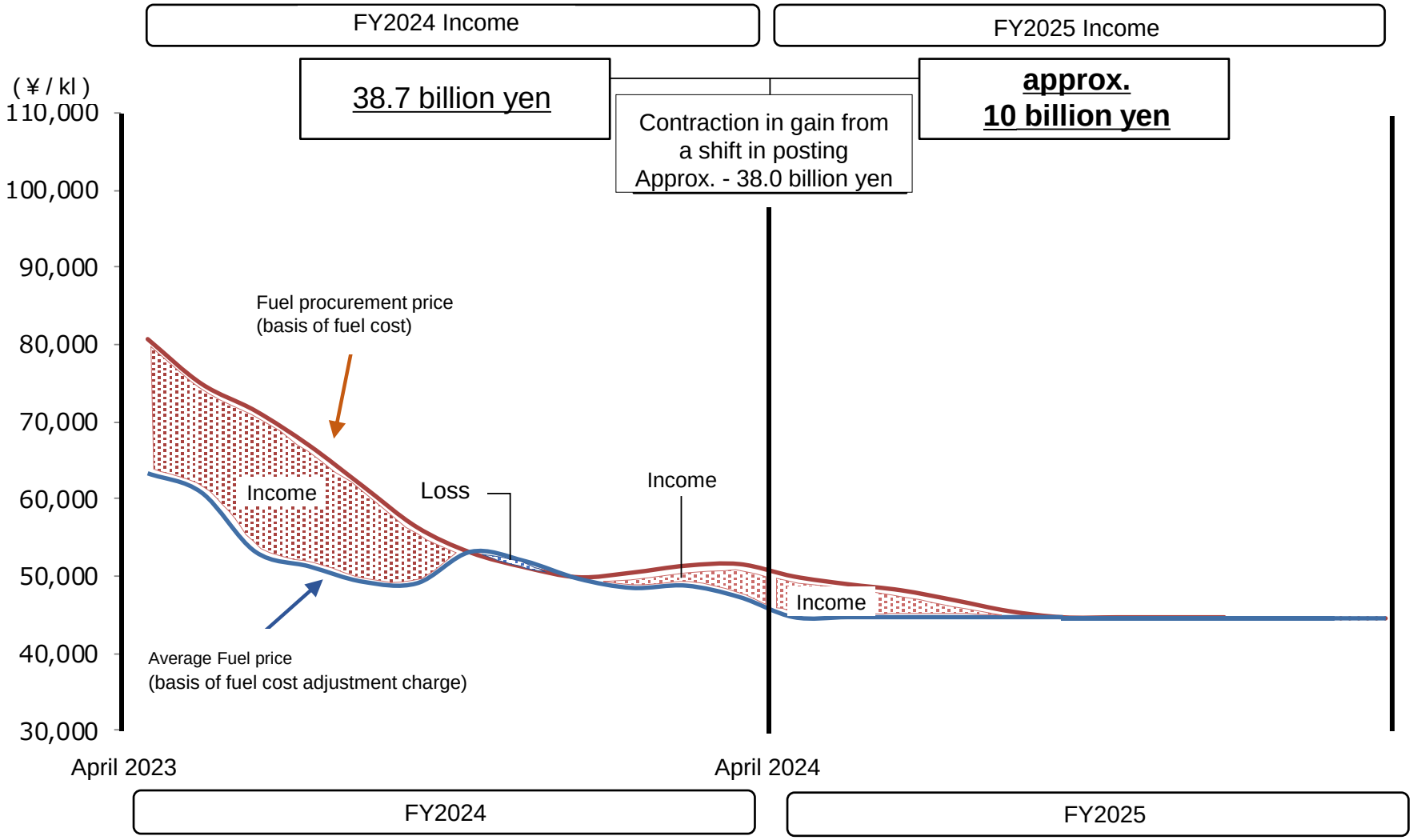
(billion yen)

	FY2024 (A)	FY2023 (B)	Change (A)-(B)
Ⅰ. Cash flows from operating activities	176.1	(0.5)	176.7
Ⅱ. Cash flows from investing activities	(80.8)	(85.2)	4.4
Deductible cash flow [Ⅰ + Ⅱ]	95.2	(85.8)	181.1
Ⅲ. Cash flows from financing activities	(74.6)	86.7	(161.4)
Ⅳ. Net increase (decrease) in cash and cash equivalents [Ⅰ + Ⅱ + Ⅲ]	20.6	0.9	19.6
Ⅴ. Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	0.2	-	0.2
Ⅵ. Cash and cash equivalents at end of period	110.7	89.8	20.8

(Reference)Impact of a shift in posting of the fuel cost adjustment scheme in FY2024 (image)



(Reference)Impact of a shift in posting of the fuel cost adjustment scheme in FY2025 (image)



Expense breakdown （Two Companies Total*）

◆Personnel

（Billion yen）

	FY2024 (A)	FY2023 (B)	Change (A)-(B)	Major cause of increase/decrease
Personnel	56.3	55.8	0.4	

【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	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）
FY2024	(5.6)	-	-	(5.6)	2029（5 years）
Total		1.0	1.7	(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*）

◆Fuel and Purchased Power

（Billion yen）

		FY2024 (A)	FY2023 (B)	Change (A)-(B)	Major cause of increase/decrease
Fuel and Purchased Power		473.0	533.5	(60.4)	【Cause of increase】 ・Decrease hydro power generation[4.4] 【Cause of decrease】 ・Decrease in fuel prices[(64.2)] ・Decrease electricity procurement costs due to lower market prices [(37.4)]
Break down	Fuel	214.1	277.5	(63.3)	
	Purchased Power	258.8	255.9	2.9	

*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.

Expense breakdown （Two Companies Total*）

◆Maintenance

（Billion yen）

		FY2024 (A)	FY2023 (B)	Change (A)-(B)	Major cause of increase/decrease
Maintenance		76.9	67.0	9.8	Increase in repair expenses for power generation facilities [5.5]
Break Down	Generation	40.6	35.1	5.5	
	Others	36.2	31.9	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.

◆Depreciation

（Billion yen）

		FY2024 (A)	FY2023 (B)	Change (A)-(B)	Major cause of increase/decrease
Depreciation		66.4	73.1	(6.6)	Impact from the completion of depreciation for existing power generation facilities [(8.5)]
Break Down	Generation	33.5	41.6	(8.1)	
	Others	32.9	31.4	1.4	

*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*）

◆Interest Expenses

（Billion yen）

	FY2024 (A)	FY2023 (B)	Change (A)-(B)	Major cause of increase/decrease
[Interest(on average)%]	[0.71]	[0.65]	[0.06]	
Interest Expenses	12.1	9.4	2.6	

*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.

◆Other Expenses

（Billion yen）

	FY2024 (A)	FY2023 (B)	Change (A)-(B)	Major cause of increase/decrease
Other Expenses	150.3	139.1	11.1	Increase in system-related costs [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 / Sensitivity Factors

Key Factors

	FY2024 (A)	FY2023 (B)	Change (A)-(B)
Foreign Exchange Rate (Yen/$)	145	135	10
CIF Crude Oil Price ($/barrel)	86.0	102.7	(16.7)
Foreign coal CIF ($/t)	195.5	358.0	(162.5)
LNG CIF ($/t)	647.6	929.6	(282.0)
Water Flow Rate (%)	103.6	107.3	(3.7)

Sensitivity

（Billion yen）

	FY2024 (A)	FY2023 (B)	Change (A)-(B)
Foreign Exchange Rate (1Yen/$)	1.2	2.1	(0.9)
CIF Crude Oil Price (1$/barrel)	0.6	0.9	(0.3)
Foreign coal CIF (1$/t)	0.52	0.46	0.06
LNG CIF (1$/t)	0.05	0.1	(0.05)
Water Flow Rate (1%)	0.5	0.8	(0.3)

Consolidated; Statements of Balance Sheets

(Unit: billion yen)

	As of March 31, 2024 (A)	As of March 31, 2023 (B)	Change (A)-(B)	Major factors for increase/decrease
Assets	2,141.6	2,093.3	48.3	・Increase in Construction in progress [37.0] ・Increase in cash and deposits [20.8] ・Decrease in non-current assets in the electric power business [(8.5)]
Liabilities	1,808.1	1,835.2	(27.0)	・Decrease in outstanding debt owing to fuel payments [(70.0)]
Net Assets	333.5	258.1	75.4	・Posting of quarterly profit attributable to owners of parent [66.2]

（Billion yen、%）

	As of March 31, 2024 (A)	As of March 31, 2023 (B)	Change (A)-(B)
Interest-bearing Debt Outstanding	1,405.9	1,475.9	(70.0)
Shareholders' Equity Ratio	14.9	11.7	3.2

Consolidated; Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income

(Billion yen)

	FY2024 (A)	FY2023 (B)	Change (A)-(B)
Profit (loss)	66.9	(21.8)	88.7
Other Comprehensive Income	11.9	(2.8)	14.7
Valuation difference on available-for-sale securities [included in “Other Comprehensive Income”]	5.0	0.7	4.2
Deferred gains or losses on hedge [included in “Other Comprehensive Income”]	0.3	(1.8)	2.1
Remeasurements of defined benefit plans [included in “Other Comprehensive Income”]	6.5	(1.8)	8.3
Share of other comprehensive income of entities accounted for using equity method	0.0	-	0.0
Comprehensive Income	78.8	(24.6)	103.5
Comprehensive income attributable to owners of parent [included in “Comprehensive Income”]	77.8	(25.0)	102.9
Comprehensive income attributable to non-controlling interests [included in “Comprehensive Income”]	0.9	0.3	0.6

Management Approach

Excerpt from the “Overview of the FY2025 HEPCO Group Management Plan” (Released on March 22, 2024)

Changes in our business environment

- Our business environment is changing rapidly as described below:

Geopolitics/ International situation

・The protracted Russian invasion of Ukraine and the conflict in Palestine have **destabilized the international situation**.

→ Importance of "energy security" reaffirmed

Trend towards decarbonization

・At COP28, targets such as reduction of greenhouse gas emissions by 60% by 2035 compared to 2019 and acceleration of the transition away from fossil fuels within this decade were confirmed.

→ Increasing demand for decarbonization

Domestic political initiatives

・The governmental GX promotion strategy confirms more application of renewable energy as main power sources and more utilization of nuclear power. And, it mentions initiatives for **phased promotion of investments in decarbonized power sources and establishment of hydrogen and ammonia production and supply networks**.

・Public and private investments in GX of over 150 trillion yen are aimed to be achieved in the next 10 years under the concept of growth-oriented carbon pricing.

→ Policies to achieve both stable energy supply and decarbonization

Positive and negative factors in Hokkaido

・**Because of Hokkaido's rich nature and potential as a suitable region for renewable energy power generation**, digital industries such as next-generation semiconductor factories and large data centers are planning to establish their facilities in Hokkaido. And, their related companies will likely come along with them.

→ Possible economic development, attraction of enterprises, and job creation in Hokkaido

・Hokkaido continues to experience an aging and declining population at a faster pace than the nation as a whole. Thus, there is a concern about a possible shortage of workers to support industries and infrastructure services in the region.

→ Serious concern in the region

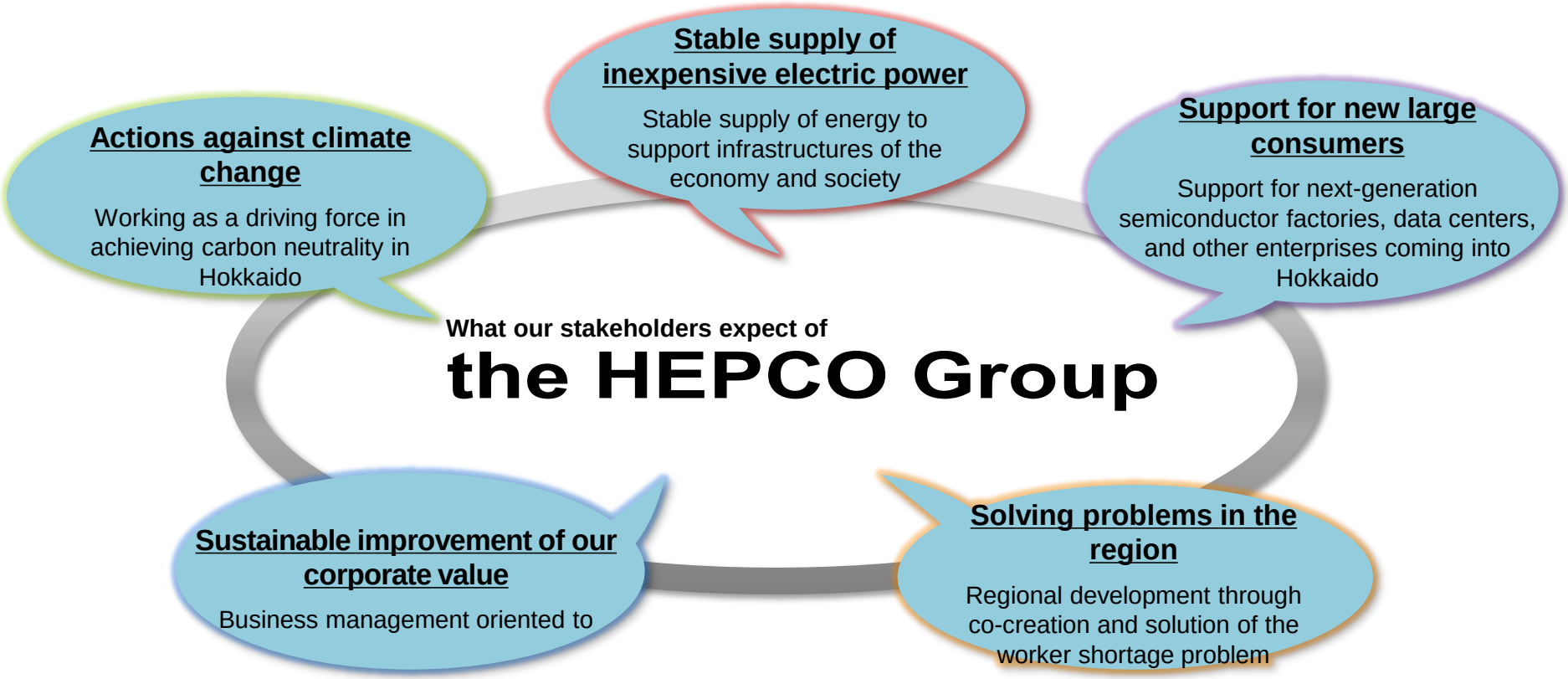
Capital market

・The Tokyo Stock Exchange has **requested all listed companies to conduct business management that is conscious of the cost of capital and stock price**.

→ Necessity to achieve better cost of capital and return on capital

What our stakeholders expect of the HEPCO Group

- Accurately grasping changes in the business environment, we are listening to the voices of our stakeholders, including customers, local communities, business communities, shareholders and investors, to meet their expectations of the HEPCO Group.



Strengths of the HEPCO Group

- The HEPCO Group is strong in our comprehensive power, which consists of our sense of responsibility and mission for stable power supply we have cultivated as an electric power professional enterprise and our accumulated technology and expertise, synergy as a group, and relationships of trust we have built with our customers and local communities.
- Taking full advantage of our strengths, we are actively pursuing new businesses.

HEPCO Group strengths

Electricity professional

- Human resources and a sense of mission that underpin the stable supply of electricity
- Technology and expertise we have accumulated through the operation and maintenance of the power plants, grids, and other large facilities we own
- Electrification expertise optimized for cold regions with heavy snowfall
- Expertise in demand-supply operation and power transactions
- Pioneering achievements in the energy solution business

Comprehensive capabilities of the HEPCO Group

- Technical expertise and track record in the maintenance and operation of information and communication infrastructure
- System development technology
- Expertise in real estate management
- Expertise in construction design and consulting
- Business transformation through the promotion of Kaizen and DX

Trusting relationships with customers and communities

- Customer base in all Hokkaido regions
- Connections with Hokkaido local governments and economic organizations
- Community charity activities in all regions
- Business operations centered on sustainability, including ESG

Our new business portfolio (for 2030)

Business domains the HEPCO Group aims at by 2030

[In our conventional business fields]

- As a responsible energy provider, we are providing a stable supply of electricity to generate profits and accumulating business resources through *selection and concentration* in our business fields to reallocate to new business fields.

[In new business fields]

- On the energy supply side, we promote "decarbonization" in our conventional business fields, develop renewable energy sources, and implement practical application of hydrogen and ammonia in thermal power plants.
- On the energy demand side, we work on energy management and interaction services* to provide packaged service solutions.

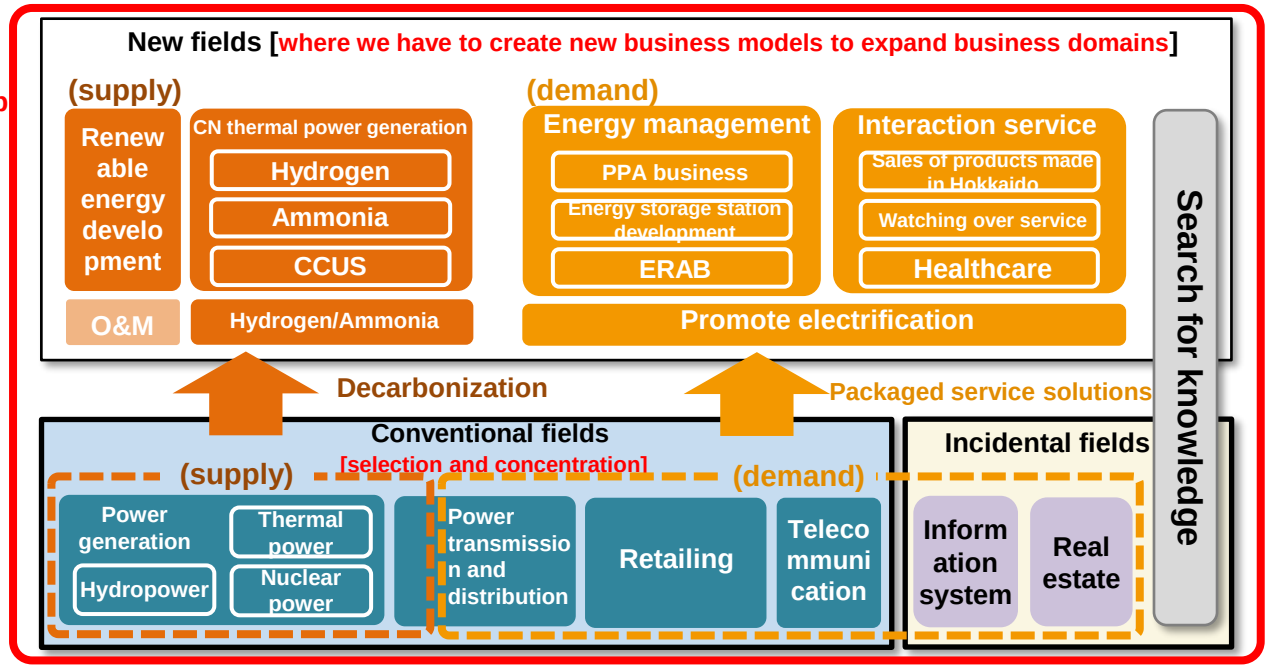
*Services to create new value through communication with customers, businesses, and/or local governments.

- Through the business activities mentioned above, we are steadily creating new business models to expand our business domains.

The HEPCO Group companies are working together to realize comfortable and healthy living (well-being) in a sustainable society with the advantage of regional characteristics.

Business domains the HEPCO Group aims at by 2030

Synergies of various types of business



Co-creation

Customers/ Communities

Collaboration

Partners (companies, local governments, ..)

Legend

- Conventional fields
- New fields (supply side)
- New fields (demand side)
- Incidental fields
- Fields to explore

Toward our sustainable growth

- Aiming to enter a new growth stage in FY2025, we are steadily promoting *initiatives to create value* in our business domains in accordance with our new business portfolio. Together with it, we are working on *initiatives to help our sustainable growth* such as by protecting the environment and improving our human capital.

Initiatives to create value in accordance with new business portfolio

In our existing power generation business, we are **shifting our resources to new business fields through selection and concentration,** Thus, **we are changing our business models and expanding our business domains to create new value**.

Investment of value created in initiatives to help our sustainable growth

Base of our sustainable growth

Initiatives to help our sustainable growth

To grow and increase corporate value even in a highly uncertain business environment, we are **promoting initiatives that will help our sustainable growth**, such as for better environmental conservation, co-creation, human capital, and governance.

Initiatives to capture new large-scale demand

- **Because of Hokkaido's rich nature and potential as a suitable region for renewable power generation**, Rapidus, SoftBank, and other enterprises are planning to establish facilities in Hokkaido. In the medium to long term, we expect that the demand for electricity in Hokkaido will increase significantly. Thus, the HEPCO Group is making all possible efforts to capture new large-scale demand.
- As a responsible energy provider, the HEPCO Group is striving to ensure a stable supply of electric power and respond accurately to customer needs to earn higher profits and move toward a new stage of growth.

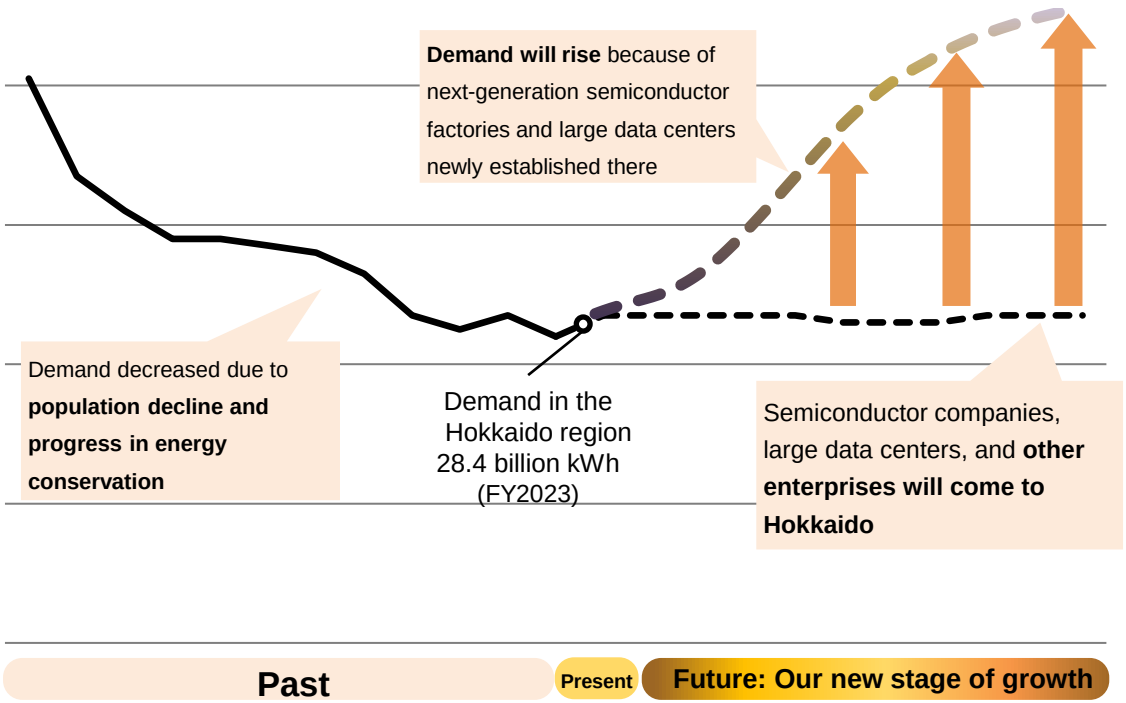
Stable supply of electric power

- In anticipation of the possible increase in electricity demand in the medium to long term, we are securing the expected supply capacity, and maintaining and reinforcing the power grid facilities needed for our stable supply of electric power.

Responding to customer needs

- The HEPCO Group leverages its collective strengths to win contracts by responding to various sorts of customer needs with, for example, services that help customers achieve carbon neutrality.

Expected increase in electricity demand in Hokkaido (example)

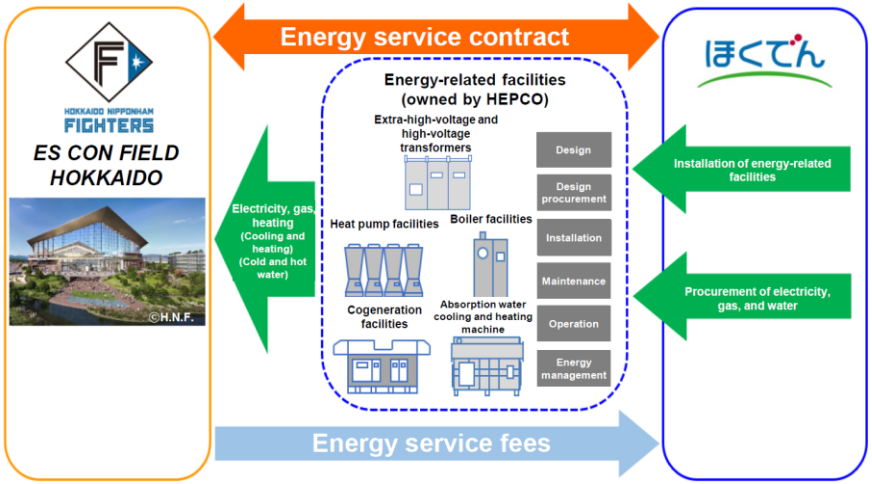


Better services to meet customer needs

- Taking advantage of the rich nature of Hokkaido and its potential as a suitable location for renewable power generation, we are providing services that meet customer needs such as carbon neutrality and lower rates and improving their quality to win more contracts with customers.

ESP (Energy Service Provider) business

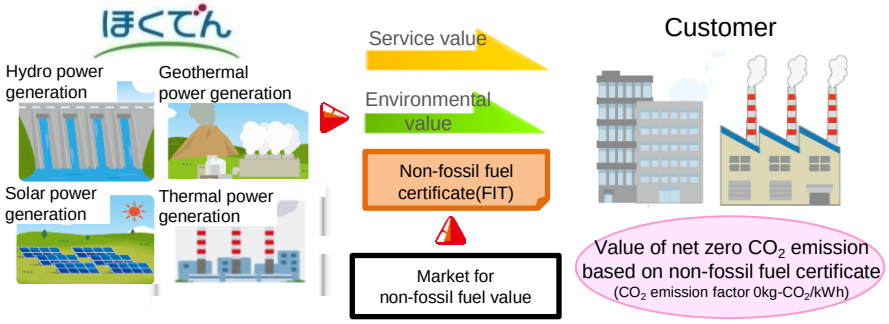
- The HEPCO Group brings its expertise and skills together to provide comprehensive ESP services that cover everything from installation of energy-saving and high-efficiency equipment to energy procurement, efficient operation of equipment, and optimal maintenance. Our ESP business allows customers to use their funds more effectively and streamline their energy-related business operations.
- The HEPCO Group has been chosen as the energy operator of the ES CONFIELD HOKKAIDO, which opened in March 2023. The HEPCO Group provides energy services for the stadium as ESP to enable the smooth operation of the stadium.



Services to help customers achieve carbon neutrality

- We provide services to help our customers achieve carbon neutrality, e.g., the Carbon F Advanced plan designed for compliance to RE100* and supply of renewable energy power through PPA .

*RE100 stands for Renewable Energy 100%, which is an international framework in which companies aiming at 100% renewable electricity consumption participate.



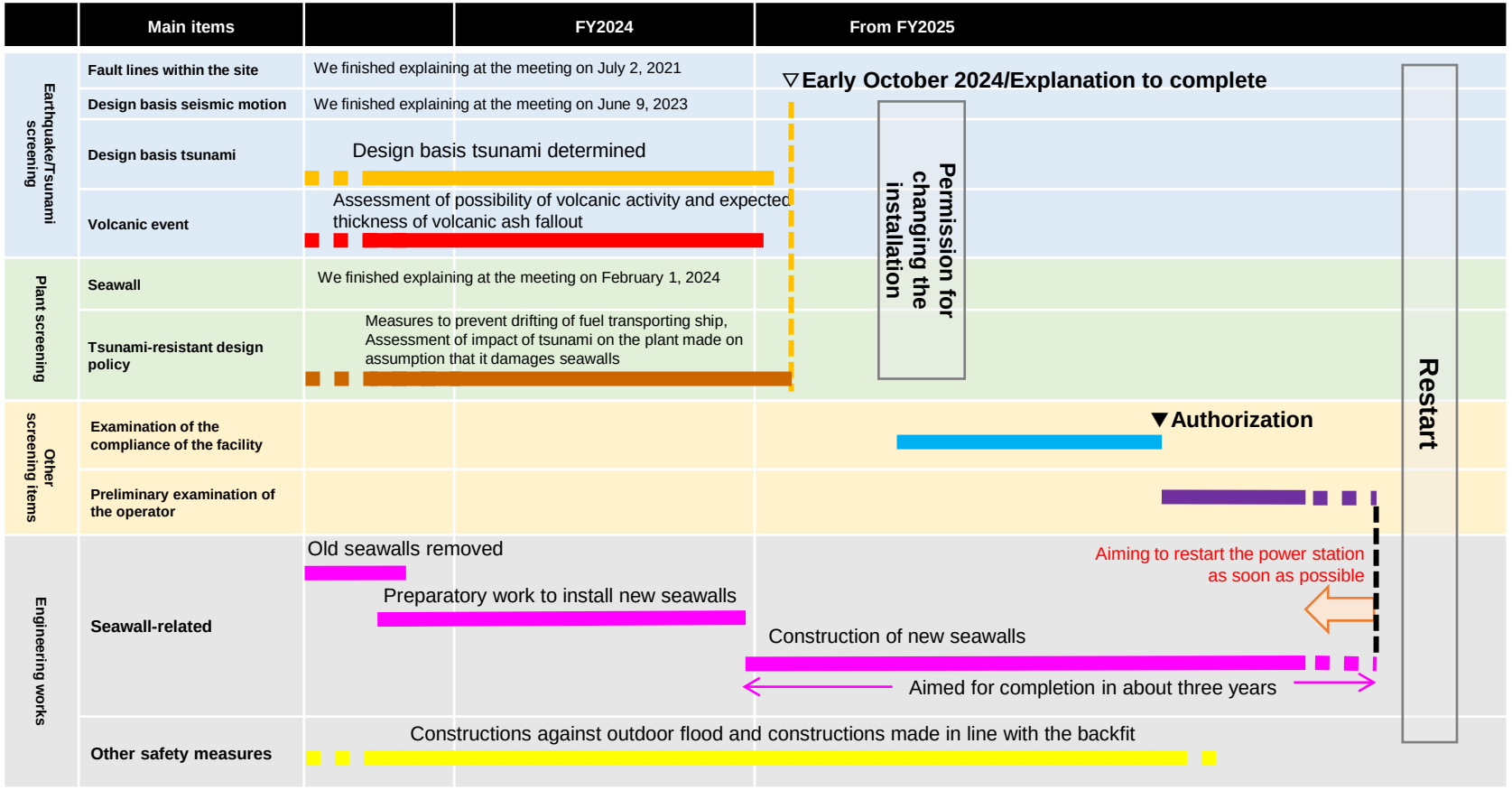
- **HOKUDEN SOGO SEKKEI Corporation** helps customers to achieve carbon neutrality with consultation services on J-Credit* and proposals for environmental value, energy saving, and renewable energy.

*J-Credit: The J-Credit Scheme is designed to officially certify the amount of greenhouse gas emissions reduced and removed by sinks through efforts to introduce energy-saving devices within Japan.

J-クレジット制度

Efforts towards restarting the Tomari Nuclear Power Station - Compliance with new regulatory standards

- Nuclear power generation has stable fuel supply, long-term price stability, no CO_2 emissions during power generation, and other features. It is an important type of power source that supports stable energy supply and decarbonization of electric power generation.
- In the medium to long term, the electricity demand in Hokkaido is expected to increase significantly. In order to ensure stable energy supply and achieve carbon neutrality in Hokkaido, we are making all-out efforts to put the Tomari Nuclear Power Station in service again with the priority on safety.



Permission for changing the installation submitted in July 8, 2013; Amendment to the permission submitted in December 22, 2023

Promote renewable energy sources

- Regarding our power generation with renewable energy sources, we aim to first achieve the goal set in our management vision, or increase it by 300,000 kW or more by FY2031 (including powers sources outside Hokkaido), and go beyond it.

Power generation with renewable energy sources

- With the aim of increasing power generation using renewable energy sources by more than 300,000 kW, the HEPCO Group is working to develop new sites and carry out investment projects.

Binary Geothermal Power Station in Mori Town
(put in service from November 2023)

Survey of geothermal development in northern Kyogoku

Offshore wind farm in Ishikari Bay
(put in service from January 2024)

Survey of wind conditions at Date Otaki

Tomakomai Biomass Power Station
(illustration, scheduled to be put in service in April 2025)

Making full use of hydroelectric power generation

- We are retrofitting a hydroelectric power plant operated by HEPCO and **Hokuden Eco-Energy Co., Inc.** to make more effective use of valuable water resources.
- From July 2023, we started to retrofit the Kamikawa Power Station. The plant will be put in service again in March 2027.

Photo of the Kamikawa Power Station renewal work

Renewable energy development-related business (O&M)

- HEPCO Group companies provide services for equipment operated with renewable energy:
  - **Hokkai Electrical Construction Co., Inc.:** Design, installation, and maintenance of electric facilities, etc.
  - **HOKUDEN SOGO SEKKEI Corporation**: Environment surveys, design, etc.
  - **Hokkaido Power Engineering Co., Inc.**: Maintenance of power facilities, etc.

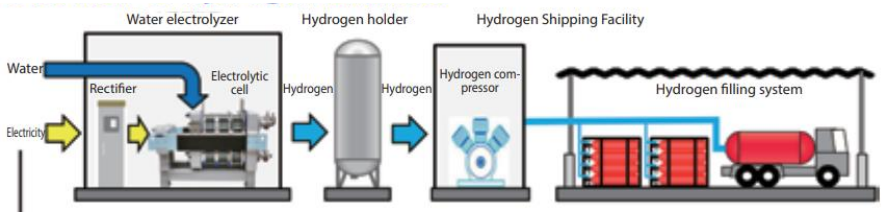
Utilization of hydrogen and ammonia

- Hydrogen and ammonia, which do not emit CO_2 when burned, are energy sources that help us achieve carbon neutrality. We are making plans to use hydrogen and ammonia more in collaboration with the national government, local governments, and other companies. Together with this, we are decarbonizing our thermal power plants by making use of hydrogen, ammonia, and CCUS, and establishing ammonia supply stations.

Our hydrogen production equipment put in service

- In May 2023, we began operating a 1-MW class water electrolysis facility and hydrogen shipping equipment. We are working to establish the know-how and expertise to manufacture hydrogen stably and efficiently in cold regions.

[Illustration of hydrogen production process]



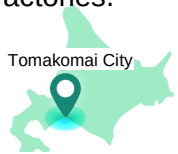
Participation in Team Sapporo-Hokkaido

- We are participating in *Team Sapporo-Hokkaido*, which is a GX/financial consortium established to support GX*-oriented companies through financing to help them make full use of the potential of renewable energy resources in Hokkaido.
- The HEPCO Group is actively working on hydrogen-related projects and other GX projects as a member of Team Sapporo-Hokkaido.

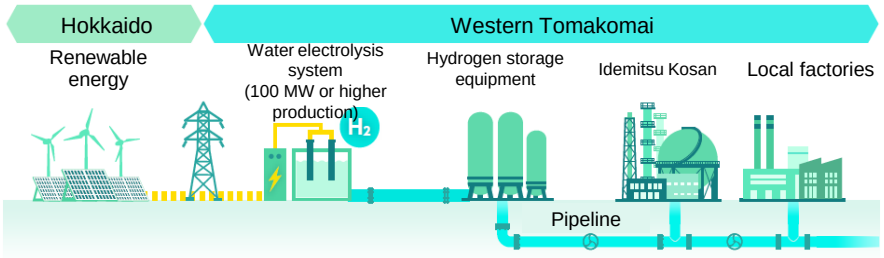
*Green transformation. Green transformation is a term commonly used to refer to efforts aimed at making more use of clean energy.

Domestic green hydrogen supply chain project

- Idemitsu Kosan Co., Ltd., ENEOS Corporation, and our company are conducting a project together to build a supply chain of domestically produced green hydrogen in the western Tomakomai area of Hokkaido.
- By around 2030, the three companies will build a water electrolysis plant (more than 100 MW) capable of producing more than 10,000 tons of green hydrogen per year, which will be the largest in Japan, and establish a supply chain to pipe the green hydrogen produced with Hokkaido's abundant renewable energy sources to Idemitsu Kosan and local factories.



Domestic green hydrogen supply chain in Tomakomai, Hokkaido - Illustration



Our energy management business

- In collaboration with the national government, local governments, and other companies, we are creating new business models by combining our solution services including renewable energy aggregation, storage station control, and renewable power supply through PPA, based on the value of abundant renewable energy resources in Hokkaido.

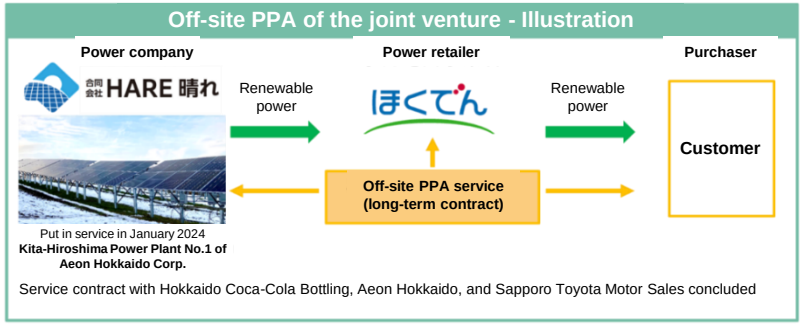
Aggregator for a renewable energy project

- We have been selected as the project coordinator (aggregator) for a *renewable electricity dissemination project in collaboration with local governments in Hokkaido* implemented by Sapporo City.
- In February 2024, we concluded an agreement for regional partnership with Sapporo City and Wakkanai City. We will be promoting local production and local consumption of renewable energy in the cities and enabling more efficient use of surplus renewable power in Sapporo City.

Photo of the ceremony for the agreement

Off-site PPA service

- Last year, we established a joint venture company *HARE Bare* with ARC Co., Ltd. in July.
- By the end of FY2025, the joint venture company will construct 10 solar power plants with a total capacity of approximately 16,000 kW, and provide off-site PPA services to deliver the renewable energy to customers.

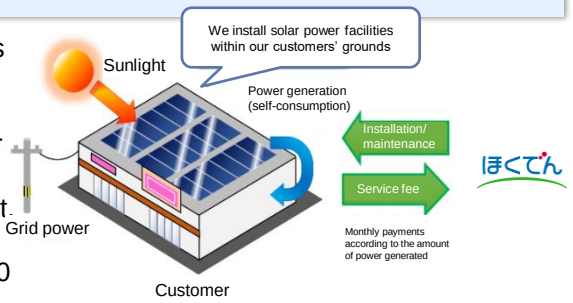


Grid energy storage stations

- When renewable energy is used more, grid energy storage stations are expected to be used as kernels for decarbonized regulation and energy control.
- In October 2023, we established a new section engaged in development of power storage stations. The section is developing grid energy storage stations applicable for commercial use.

On-site PPA services

- We are developing services so customers can use renewable energy generated from solar power facilities without having to pay for the initial investment. To date, five projects totaling approximately 1,800 kW have been provided.



Priority subjects for our sustainability (materiality)

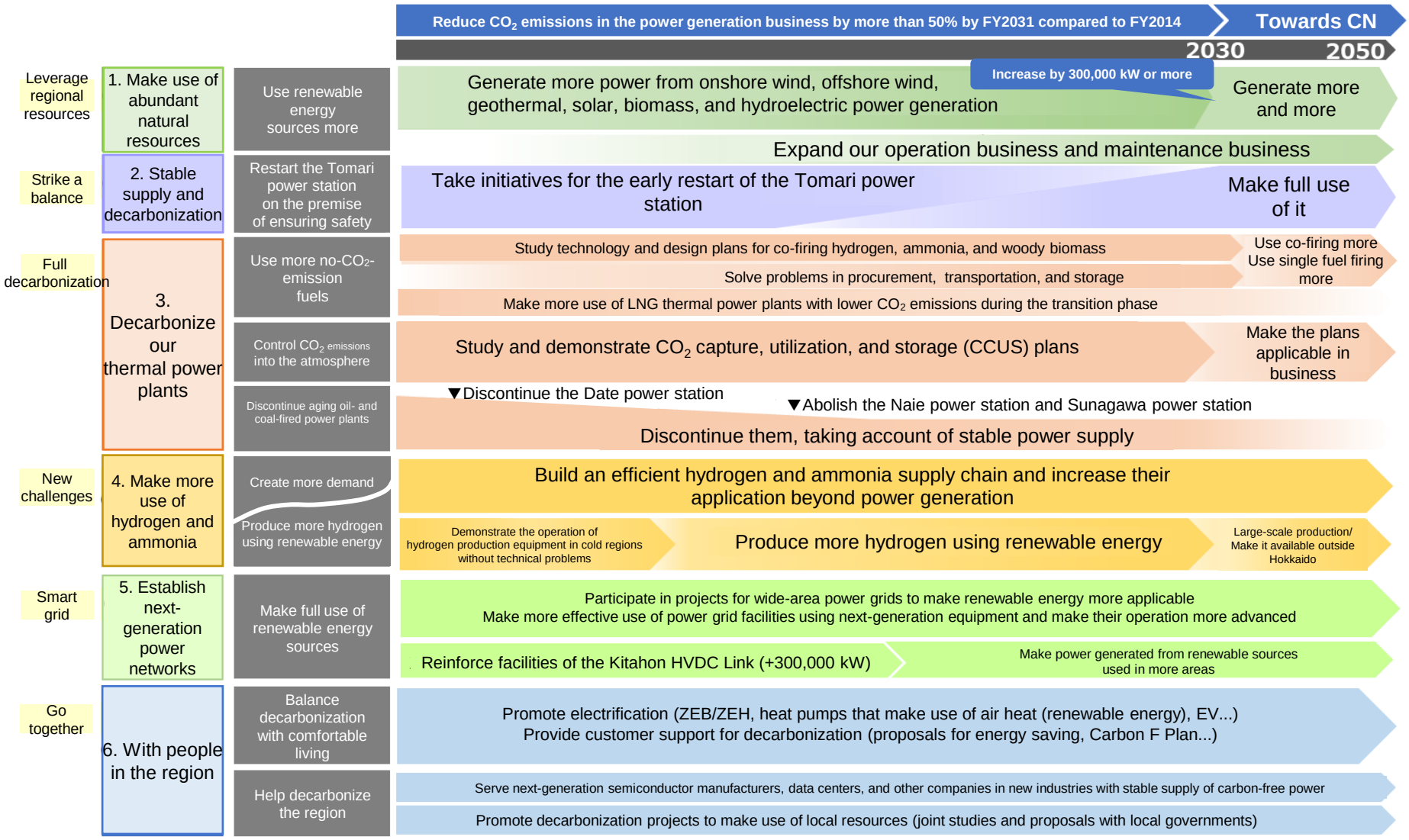
- For the following priority items regarding our sustainability (materiality), the HEPCO Group is conducting practical initiatives addressing social issues listed in the SDGs.

Materiality	Major initiatives	Related SDGs
Steady progress of initiatives toward the realization of carbon neutrality in 2050	- Initiatives for carbon-neutral energy sources - R&D that contributes to the realization of carbon neutrality - Promotion of electrification with a focus on carbon neutrality - Initiatives to create a next-generation electricity network that balances stable energy supply and further adoption of renewable energy	
Stable supply of energy	-Strengthen our resilience -Have the capability to quickly recover in the event of a disaster -Secure stable supply of fuel, materials, equipment, and construction capabilities	
Co-creation with communities	-Create new businesses that meet needs of society and local communities -Promote alliances with other businesses and collaboration with local governments -Attract companies from outside Hokkaido	
Maximizing employee potential	-Develop human resources who can anticipate possible changes in the business environment and take on challenges autonomously -Promote health-oriented business management to ensure the physical and mental health of employees -Improve employee satisfaction and engagement -Promote diversity and inclusion -Eliminate occupational accidents	
Thorough compliance and risk management	-Ensure full compliance and secure neutrality as a power distribution company -Take sufficient information security measures -Fully secure the human rights of internal and external stakeholders	
Enhancement of corporate governance	-Improve the administration of our governance system and make it more strategy-oriented -Have active communication with stakeholders based on the Corporate Governance Code and other regulations	

Sustainable Development Goals: SDGs
A declaration of 17 goals adopted at the UN Summit in September 2015 to be achieved by 2030 regarding poverty, hunger, energy, climate change, and other matters

Roadmap

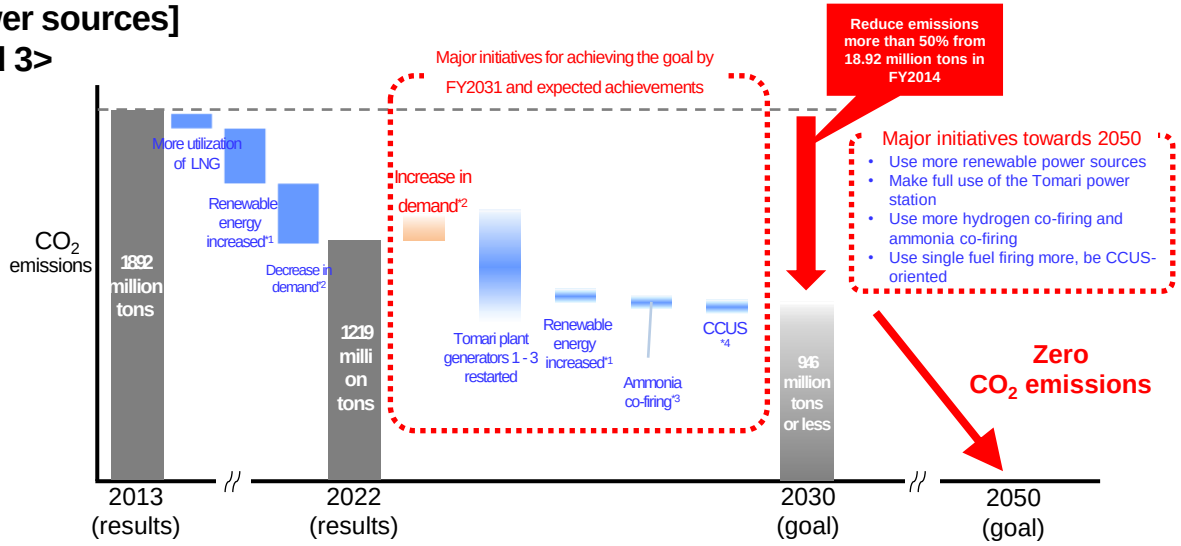
- The HEPCO Group is determined to take all possible measures to achieve carbon neutrality.



Expected achievements of initiatives in roadmaps

[To decarbonize power sources] <Roadmaps 1, 2, and 3>

- The HEPCO Group is aiming to *reduce its CO2 emissions in the power generation business by 50% or more compared to FY2014 by FY2031* and to achieve zero CO2 emissions in the long term.



*1 The results are for renewable energy sources in Hokkaido, and the FY2031 goal is for our renewable energy sources.

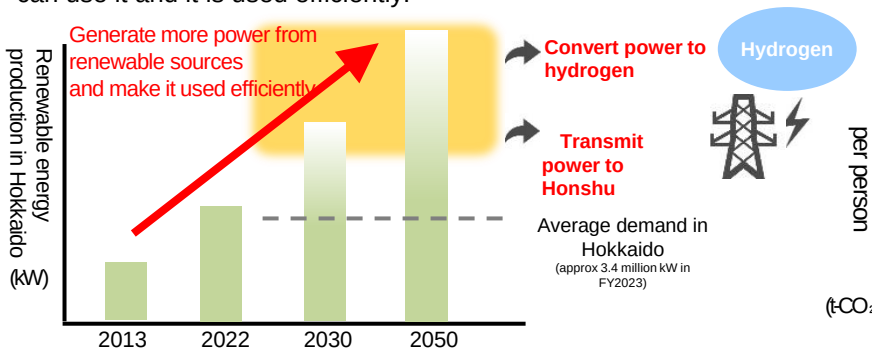
*2 Increase/decrease in our sales to other companies such as electricity retail companies in terms of power generation business.

*3 Technique to reduce CO_2 emissions by co-firing coal with ammonia, which does not emit CO_2 when burned, in coal-fired power generation.

*4 New technology to capture CO_2 emissions from power plants and store the CO_2 deep underground or use it.

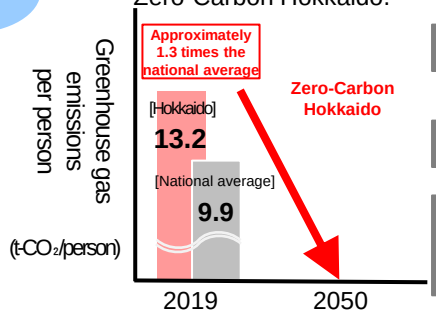
[To make full use of renewable energy potential] <Roadmaps 4 and 5>

- We are planning to convert power generated from renewable energy resources into hydrogen so that it is easily applicable to various sorts of utilization,
  and transmit the power to Honshu through a grid so that more people can use it and it is used efficiently.



[To support the decarbonization of the whole of Hokkaido] <Roadmap 6>

- Because Hokkaido is snowy, cold, and the population widely dispersed, consumption of fossil fuels such as kerosene for heating and gasoline for cars is high, and the greenhouse gas emissions per person are approximately 1.3 times the national average.
- We are planning to promote the decarbonization of power sources and energy conservation to achieve Zero-Carbon Hokkaido.



ZEB/ZEH
Proposals for energy savings of 50% or more with better insulation of buildings and better operation of equipment

Heat pump
Use more high-efficiency equipment to half the power for air conditioning with air heat (renewable energy)

Projects to help decarbonization in the region
Support local initiatives for virtually zero CO_2 emissions from household-use electricity

*Source: Zero Carbon Hokkaido Promotion Plan (Hokkaido)

Our human resources strategy to allow our employees to perform to their full potential

- For our employees, who are the driving force of our management strategies, the HEPCO Group has formulated our HEPCO Group human capital strategy to develop human resources and improve working conditions, aiming to allow our employees to perform to their full potential and maximize their abilities.

HEPCO Group Human Capital Strategy

- Established by the HEPCO Group in March 2024.
  Click here to read it.
- By having each employee demonstrate their abilities to the fullest and play an active role, we aim to foster a corporate culture that enables them to improve the value we offer* and create new value.
  *Tasks and services our employees are engaged in, and rules, techniques, and expertise related to them.
- In line with the strategy, we are developing human resources who are able to acquire skills and take on challenges on their own, and arranging working conditions where diverse human resources can respect each other and work well with satisfaction and growth.

Basic concept of our human capital strategy

Human resource development	Human resources who are able to acquire skills and take on challenges on their own
Working conditions arrangement	Working conditions where diverse human resources can respect each other and work well with satisfaction and growth

Goal of the strategy

Foster a corporate culture that enables them to improve the value we offer and create new value.

Diversity and inclusion

- We are promoting diversity and inclusion, considering that diverse perspectives and values can help us expand our business fields and achieve sustainable growth.
- We have set the following goals, and we are taking initiatives to increase the number of women in management positions.

Main goals based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children
(FY2024 - FY2026)

Item	Goal (at the end of FY2026)
Recruitment - Female ratio	13% or higher
Managerial positions - Number of women	More than 1.5 times compared to the beginning of FY2023 (21 people)
Percentage of men taking childcare leave	30% or higher

Promotion of health management

- We believe that the mental and physical health of our employees is of the highest importance, and we are actively improving our workplaces so that they can work healthily and comfortably.

2024 健康経営優良法人 Health and productivity ホワイト500

HEPCO recognized as *Certified Health & Productivity Management Outstanding Organization (White 500)* for five consecutive years

Reinforce our corporate governance

- We are enhancing our corporate governance to achieve a sustainable increase in our corporate value.

Towards a sustainable increase in our corporate value

- To achieve a sustainable increase in our corporate value, we published our study toward business management conscious of cost of capital and stock price in January 2024.

  See our press release for more information.

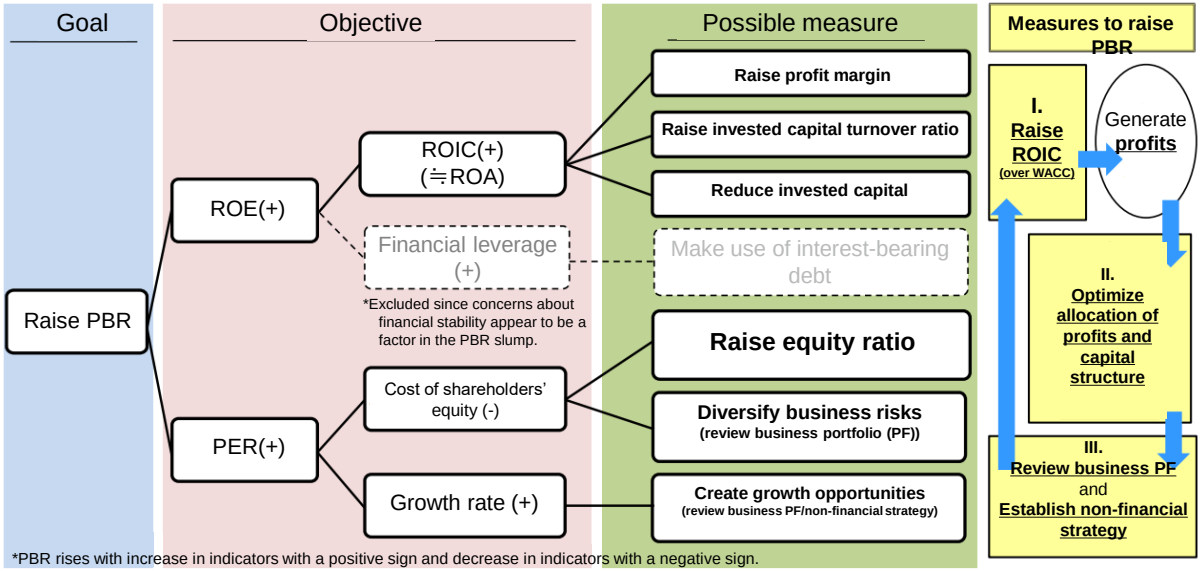
- To raise the PBR, we are taking measures to raise ROIC and optimally distribute profits in accordance with our new business portfolio we have recently published. We are currently examining specific numerical targets. We are planning to publish the targets sometime in FY2025.

ESG disclosure

- We are disclosing information about our efforts for ESG in accordance with an international disclosure framework through evaluation of environmental changes due to climate change from the aspects of risks and opportunities.

  Click here to read it.

Measures to raise the PBR



PBR: Price-to-book ratio (market capitalization ÷ equity) ROIC: Return on invested capital (profit ÷ total assets)
ROE: Return on equity (profit ÷ equity) PER: Price-to-earnings ratio (market capitalization ÷ profit) WACC: Weighted average cost of capital

TCFD : The Task Force on Climate-Related Financial Disclosures
SASB : Sustainability Accounting Standards Board
C D P : Environmental NGO headquartered in the UK

Reference Materials

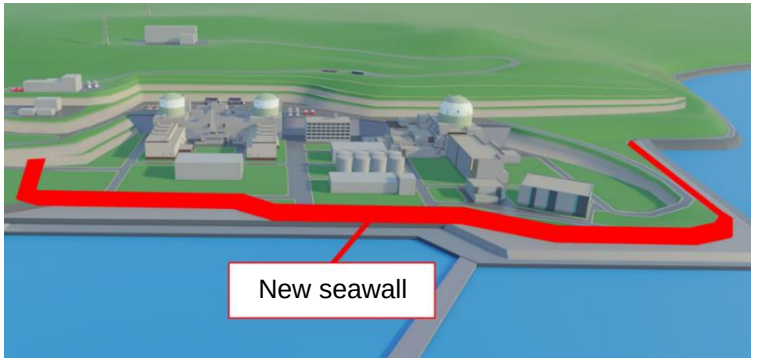
Efforts to Accelerate the Restart of Tomari Nuclear Power 1

Commence installation work on the new seawall

- Launched installation work on new seawall from March 28, 2024 as a tsunami containment measure at the Tomari Nuclear Power Plant.

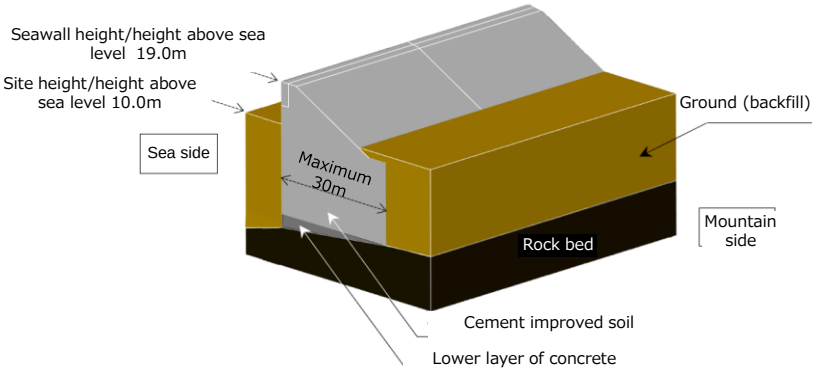
Structure	Structure directly mounted onto hard bedrock, using concrete and cement improved soil
Construction cost	Approx. 180.0 billion yen (Preparatory work: approx. 70.0 billion yen; Installation work: approx. 110.0 billion yen)
Timing of completion	Pending (Aimed for completion in around 3 years from the commencement of construction work. We will proceed with the goal of completing the seawall as soon as possible.)

Image and structure of the installation of a new seawall



Summary of seawall-related schedule

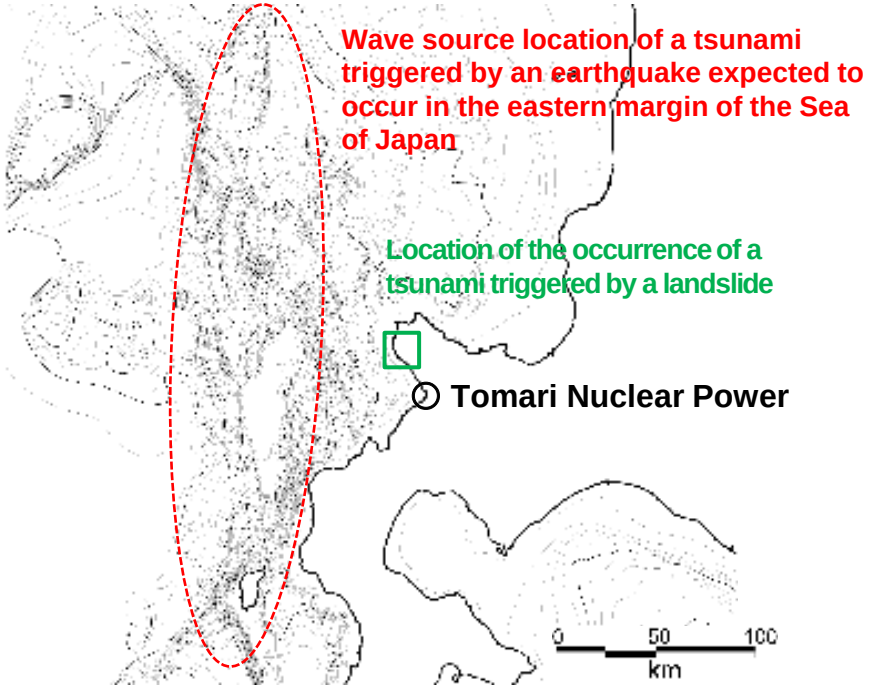
Seawall-related construction	FY2023	FY2024	From FY2024 onward
Preparatory work	Sediment transportation/Installation of manufacturing equipment for cement improved soil, etc. ▲ November		
Installation work		Earth retaining, Drilling	Casting of concrete/cement improved soil



Efforts to Accelerate the Restart of Tomari Nuclear Power 2

Establishing a standard tsunami wave height

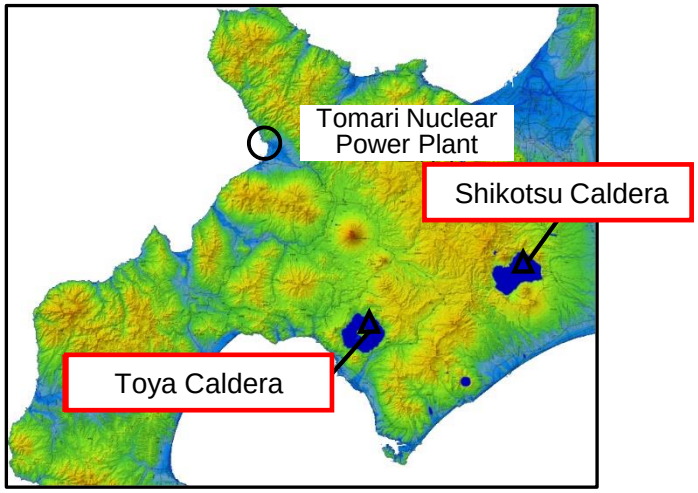
- At the March 22, 2024 review meeting, to formulate a basis tsunami, an explanation of evaluation results was given on the combination of a tsunami triggered by an earthquake forecast to occur on the eastern margin of the Sea of Japan and a tsunami triggered by onshore landslides. The Nuclear Regulatory Authority appreciated the evaluation regarding the assessment of a disaster caused by the combination of tsunami accompanying an earthquake and a tsunami triggered by non-quake factors, saying that “appropriate consideration is believed to have been taken.”



Efforts to Accelerate the Restart of Tomari Nuclear Power 3

Evaluation on impact of volcanoes

- We roughly divided these major issues into 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 will examine the implementation of impact assessment and monitoring based on the site assessment results.
- At the February 16, 2024 review meeting, an explanation was given regarding the site assessment which concluded the possibility of a huge eruption during the operation period related to the Shikotsu caldera and the Toya caldera as being sufficient minimal. The Nuclear Regulatory Authority evaluated this, saying that “appropriate consideration is believed to have been taken.”
- At the April 26, 2024 review meeting, regarding the impact assessment, an explanation was given primarily on the evaluation of layer thickness of falling pyroclastic materials (volcanic ash). With respect to parameter settings in the simulation of falling pyroclastic materials, the Nuclear Regulatory Authority commented that, from the standpoint of improving accountability, we should aim to enhance the content of our materials and notes.
- The results of considerations on comments we received would be explained as soon as possible at review meetings.

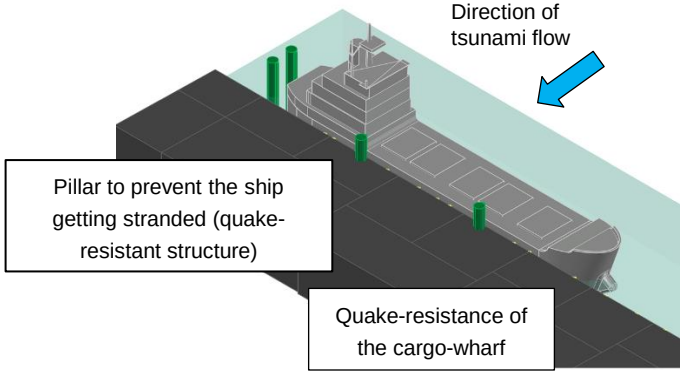


Volcanoes targeted for evaluation as having the possibility of undergoing a massive eruption

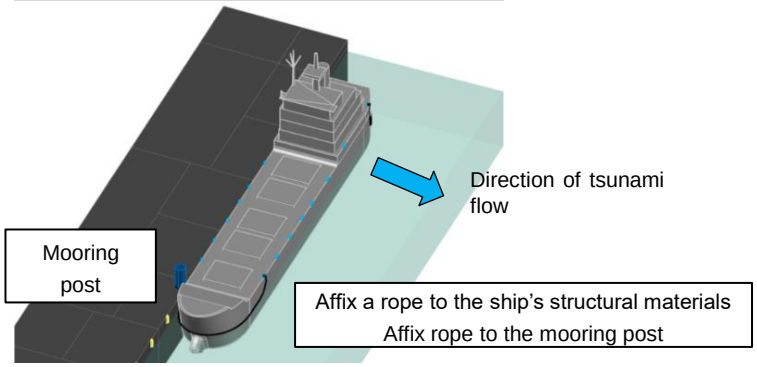
Efforts to Accelerate the Restart of Tomari Nuclear Power 4

Impact assessment of earthquake and tsunami on plant facilities

- At the February 1, 2024 review meeting, as a measure to prevent transport ships, including those storing fuel, and which are anchored at the Tomari Nuclear Power Plant port, from becoming driftage due to the onslaught of a tsunami, an explanation was given regarding an optimal measure to anchor ships by affixing them using rope from the sea area. The Nuclear Regulatory Authority commented that consideration should be given to the “uncertainty (response of hull rotation due to external force, etc.) of the undeniable nature of this measure to anchor a fuel transport vessel from the sea area, and an explanation should be provided for measures in the event the rope to which the vessel is anchored breaks.”
- In light of this, at the April 18, 2024 review meeting, in an interim report, an explanation was provided in which consideration was being given to diversely designed measures that prevent the loss of functionality due to common factors and measures that do not utilize ropes.



<Measures that do not utilize rope>



<Example of mooring measures that utilize rope>

■ 【Reference】

Successful Bid in Auction for Long-term Decarbonized Power Source

- As shown in the figure below, HEPCO placed a bid and won an auction for a long-term decarbonized power source, which was held in FY2024.
- Factoring in the forecast for an increase in demand in the Hokkaido area going forward, we plan to carry forward the start of operations of Unit 2 at Shinko, Ishikari-wan and make progress in the conversion from fossil fuels to decarbonized fuel, including hydrogen and ammonia, for the decarbonization of thermal power plants.

Long-term decarbonized power source auction (Year in which bids were place: FY2024) Bidding results

Details	Name of power plant	Output (10,000 kW)	Type of fuel	Successful bid capacity*3	Start time for operations
Newly established	Shinko, Ishikari-wan Unit 2	Planned output 56.94*1	LNG*2	551,217kW	Scheduled for FY2031*4
Repair existing thermal facilities	Tomato-Atsuma Power Station Unit 4	Rated output 70.00	Ammonia 20% [Heat ratio of 20% converted from coal]	132,200kW	Scheduled for FY2031

*1: Determine rated output after detailed facility designing.
*2: At the start of operations, single combustion of LNG will be implemented but further out measures will be carried out for the decarbonization, including the use of hydrogen combustion.
*3: 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.

*4: In the FY2023 power source development plan (disclosed on February 24, 2023), the start was scheduled for December 2034 but this has since been changed to FY2031. The detailed timing will be finalized after taking matters into consideration going forward.

【Reference】
Plan to Develop Key Power Sources Moving Forward (HEPCO)

- Changes the start date for operations of Ishikari-wan Shinko Power Plant Unit 2 to FY2031, from its previous date in December 2034, as a successful bid was placed at the first long-term decarbonized power source auction.

	Power plant	Output (10,000kW)	Date for start of construction*1	Launch operations/transfer (to/from)/termination date
Under construction	Kyogoku Unit No. 3 (hydraulic pump)	20	September 2001	FY2035 and thereafter
Under preparation to start construction	Shinko, Ishikari-wan, Unit 2 (LNG thermal)	56.94	May 2027	Scheduled of FY2031
	Shinko, Ishikari-wan, Unit 3 (LNG thermal)	56.94	March 2034	December 2037
Transfer*2	Isoyagawa Unit 1 (hydropower)	-0.24	-	May 2024
	Isoyagawa Unit 2 (hydropower)	-0.125	-	August 2024
	Nanae (hydropower)	-1	-	December 2024
Terminate	Naie Units 1 and 2 (coal-fired power)	-35 (17.5 × 2 units)	-	March 2027
	Sunagawa Units 3 and 4 (coal-fired power)	-25 (12.5 × 2 units)	-	March 2027
	Onbetsu Units 1 and 2 (oil-fired power)	-14.8 (-7.4 × 2 units)	-	Pending

*1: The date for the start of construction is the date of notification in accordance with Article 48 of the Electricity Business Act
*2: In the southern region of Hokkaido, transferred the hydroelectric power generation business in tandem with the implementation of the “hydroelectric power alliance” (October 2021 press release)

【Reference】
Information Disclosure in accordance with TCFD Suggestions

- HEPCO is disclosing information related to climate change in accordance with the framework set forth by the Task Force on Climate-Related Financial Disclosures (TCFD).
- In the risks and opportunities in accompany climate change, which were updated in March 2024, in addition to the financial impact assessment in the original range of amounts (large, medium, small), we newly disclosed the amount of impact should CO_2 emissions reduction not proceed as planned and benefits from CO_2 emission reductions owing to the resumption of operations at the Tomari Nuclear Power Plant.

URL：https://www.hepco.co.jp/corporate/environment/tcfd_sasb/index.html

北海道電力株式会社

気候変動に伴うリスクと機会について

【気候変動に伴うリスク】

区分	リスクの内容	発現時期	影響度	主な対応策
政策・法規制	CO_2排出に対する政策・法規制の強化に伴う費用の増加	短～長期	大	・再生可能エネルギー開発推進 ・泊発電所の早期再稼働 ・火力発電の脱炭素化推進（水素・アンモニア利活用、CCUS活用など）
技術	脱炭素化対応の遅れによる既設火力の稼働率低下に伴う収益の減少	中・長期	中	・火力発電の脱炭素化推進（水素・アンモニア利活用、CCUS活用など）
	新技術に係る投資回収の遅延	中・長期	中	・事業リスク洗い出し、経済性評価
市場	脱炭素化対応の遅れによる企業進出の鈍化、お客さまの脱炭素意識の高まりに伴う化石燃料由来の電力販売不振による収益の減少	短期	中	・再生可能エネルギー開発推進 ・泊発電所の早期再稼働 ・火力発電の脱炭素化推進（水素・アンモニア利活用、CCUS活用など）
	再生可能エネルギーの大量導入による競争環境の変化に伴う収益の減少	中・長期	中	・事業領域拡大 ・電化推進策の展開、道外企業の誘致
評判	脱炭素化対応の遅れによる資金調達困難化	中・長期	中	・再生可能エネルギー開発推進 ・泊発電所の早期再稼働 ・火力発電の脱炭素化推進（水素・アンモニア利活用、CCUS活用など）
急性	台風・暴風雪などの自然災害の激化・頻発による対応費用の増加	短～長期	中	・過去事例や新たな知見を踏まえた設備対策 ・迅速な復旧（訓練など）
慢性	気象パターンの変化に伴う収支不安定化			

＜発現時期＞　長期：10年超、中期：1
＜影響度＞　大：100億円超/年、中：

【気候変動に伴う機会】

区分	機会の内容	実現時期	貢献度	主な対応策
資源の効率/製品・サービス	石油系エネルギーへの依存度が高い暖房需要・運輸などの電化、再生可能エネルギーなどポテンシャルを活かした半導体関連産業やデータセンターの進出などによる電力需要の増加	短・中期	大	・電化推進策の展開、道外企業の誘致 ・再生可能エネルギー電力供給などお客さまニーズへの対応
	お客さまの脱炭素意識の高まりを踏まえた、ソリューションサービスによる収益の増加	短～長期	中	・エネルギー・マネジメント事業推進
				・水素・アンモニア事業推進
				・再生可能エネルギー開発推進 ・泊発電所の早期再稼働
				・火力発電の脱炭素化推進（水素・アンモニア利活用、CCUS活用など）
市場	グリーンボンド発行などによる資金調達の多様化・安定化	短期	中	・グリーン／トランジションファイナンス活用などによる資金調達の多様化・安定化
レジリエンス	早期復旧を通じた信頼性向上による、電気の優位性確保・需要の増加	短・中期	中	・過去事例や新たな知見を踏まえた設備対策 ・迅速な復旧（訓練など） ・自治体などとの協力体制構築、情報発信

＜　＞　長期：10年超、中期：10年程度、短期：5年程度
　　大：100億円超/年、中：10億～数十億円/年程度、小：数億円/年程度

※気候変動に伴うリスク・機会の影響評価は、ほくでんグループ全体で実施しています。

Added main measures to address risks and opportunities associated with climate change

Added concrete impact (estimate)

○気候変動に伴うリスク・機会の財務影響（試算）

CO_2排出を現状から削減しなかった場合の費用増	台風・暴風雪などの自然災害対応費用	泊発電所の再稼働によるCO_2削減効果	小売販売電力量が1%増加した場合の収入増
450億円/年 程度（2030年）	20億円 程度	1,200億円/年 程度	60億円/年 程度
2023年度実績をもとに試算。 炭素価格：140ドル/t-CO_2（IEA「World Energy Outlook 2023」を参照）	特別損失を計上した2016年8月台風と同等の被害の場合。	泊発電所の全基再稼働など、一定の条件のもとに試算。 炭素価格：140ドル/t-CO_2（IEA「World Energy Outlook 2023」を参照）	2023年度実績から試算。

2024年4月

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.**

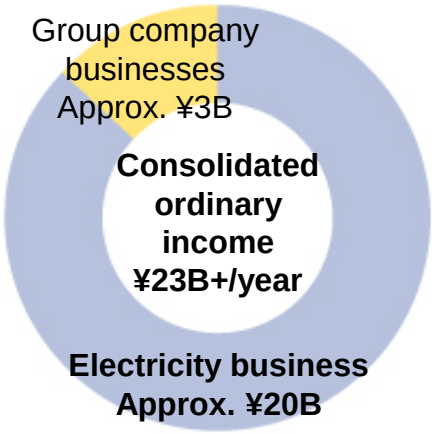
Cash flow

- **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

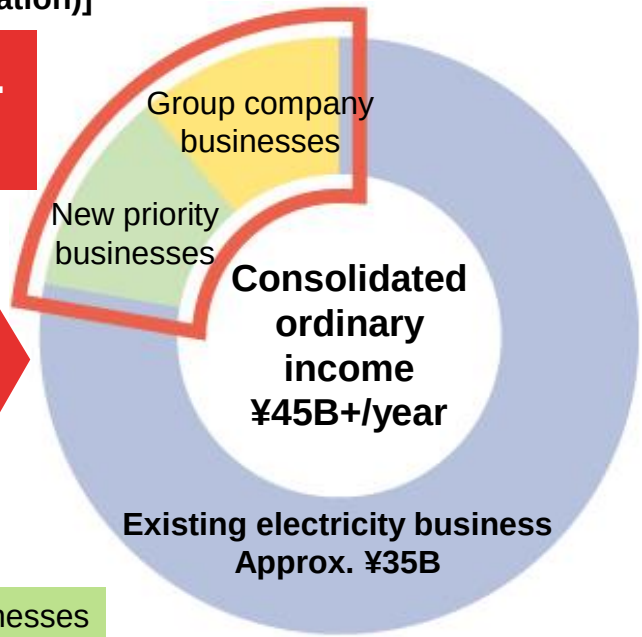
- **Electricity retail and wholesale: 30TWh+/year**
- **Gas supply: 100,000t+/year**
- **Renewable energy generation (incl. generation outside Hokkaido): up by 300MW+**

[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

- **CO_2 emissions: Reduction by 50%+ (or 10M t+/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

	2020	2021	2022	2023	…	2030 Vision Targets
Target profit (Consolidated ordinary income)	41.1B yen	13.8B yen	(29.2)B yen	**87.3B yen**		**Phase I: min. 23.0B yen/year** **Phase II: min. 45.0B yen/year**
Financial target (Consolidated capital ratio)	13.8%	13.7%	11.7%	**14.9%**		**15%+**
Invest in new priority businesses*	cumulative total 3.2B yen	cumulative total 9.8B yen	cumulative total 13.8B yen	**cumulative total 15.0B yen**		**Total 50.0B yen of investment**
Power retail/wholesale [inc. outside Hokkaido; ex. NW wholesale]	24.3B kWh	26.1B kWh	26.0B kWh	**27.0B kWh**		**Min. 30.0B kWh/year**
Gas supply business	3 kt	8 kt	10 kt	**31 kt**		**Min. 100 kt/year**
Renewable power generation [inc. outside Hokkaido]	cumulative total 39K kW	cumulative total 41 K kW	cumulative total 52 K kW	**cumulative total 61 K kW**		**Up min. 0.3M kW** [inc. outside Hokkaido]
Environmental target (CO^2 emissions reduction/year)	28% reduced	24% reduced	36% reduced	**39% reduced**		**Cut min. 50%** from FY2014 levels
[Actual CO^2 emissions]	[13.57M t]	[14.41M t]	[12.19M t]	**[11.54M t]**		

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

【Reference】
Actual and Forecast Demand for the Hokkaido Area

ほくでんネットワーク

◆Actual demand

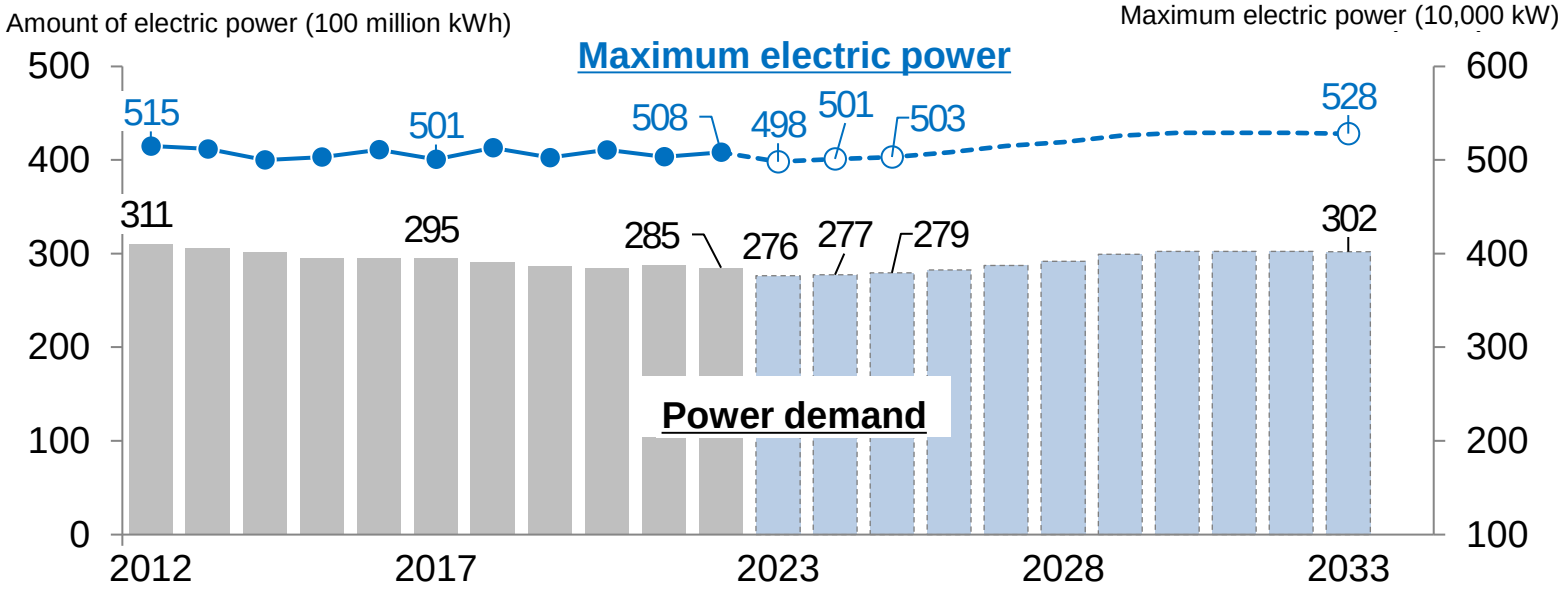
(Million kWh)

	FY2023					FY2024				
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Low voltage	2,896	2,545	2,932	4,194	12,567	2,719	2,657	2,811	4,149	12,336
High-voltage and extra high-voltage	3,637	3,962	4,074	4,226	15,899	3,531	3,990	3,968	4,332	15,822
Total	6,533	6,508	7,005	8,420	28,465	6,250	6,648	6,779	8,481	28,158

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

◆Demand forecast

"Notification regarding supply plans for FY2025" (March 29, 2024 press release)



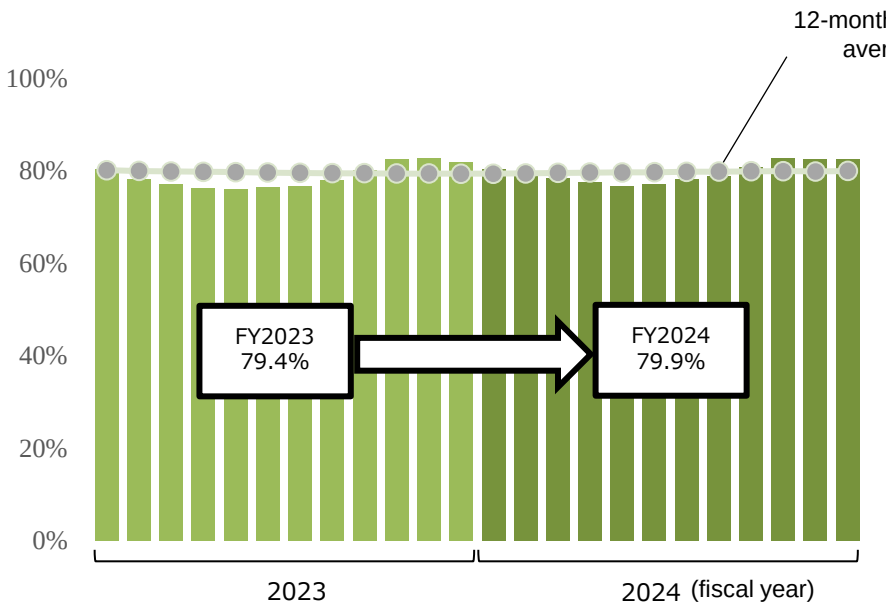
*1: Forecast factoring in the economic outlook released by the Organization for Cross-regional Coordination of Transmission Operators (OCCTO)
*2: Maximum electric power is the average maximum electric power for a three-day period for end-power transmission in January, the amount of electric power is the annual amount of electricity at the used end
*3: Estimate and actual demand in FY2024: April-November is actual; December-March is an estimate
*4: Maximum electric power and power demand are the figures after correction for temperature

Reference : Electricity Retail

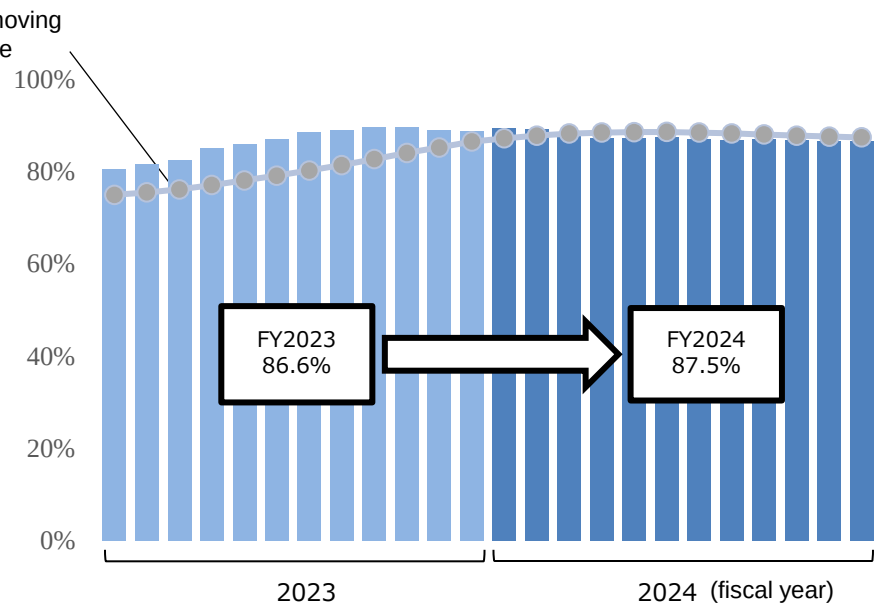
- In the low voltage field, our share turned to 79.9% in FY2024, up 0.5% from the previous year (79.4%).
- In the high voltage/extra high voltage field, our market share turned to 87.5% in FY2024, up 0.9% from the previous year (86.6%).

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.

Reference :Provide service for the realization of carbon neutrality

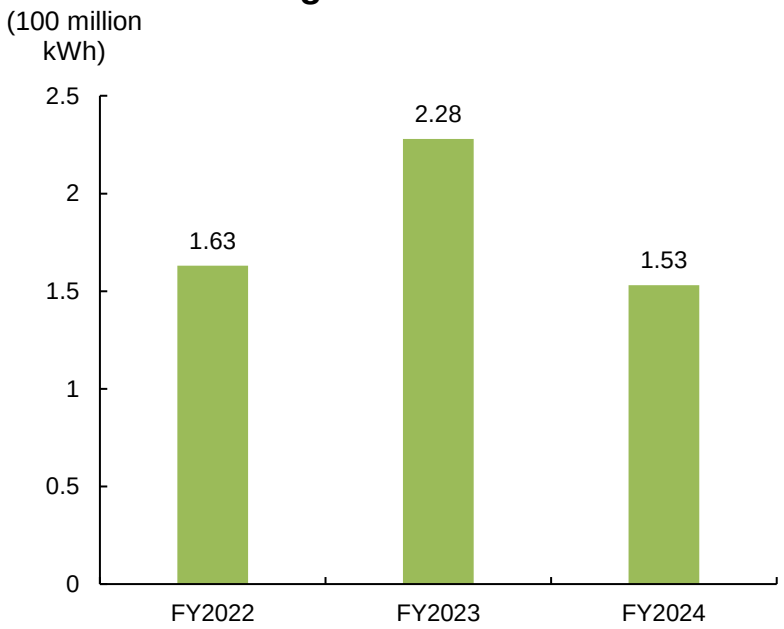
Electricity rate plan that provides environmental value

- Provide an electricity rate menu that will substantially offset CO_2 emissions from the use of electricity, as a start to the Carbon F Plan, to assist with the undertaking of environmental management for customers from the electricity supply side.

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.

Results for electricity sales, including the Carbon F Plan



Contracts signed（As of March 31, 2024）

Category		Facility capacity panel kW
On-site	Supply already started	1,925kW
	under preparation	1,991kW
	Total	**3,916kW**
Off-site	Supply already started	4,998kW
	under preparation	9,397kW
	Total	**14,395kW**

3Q Financial Results Announcement (January 31) Subsequent Topics

Date	Description of effort	Overview of business plans related slides
Feb.5 2024	Revision of electricity charges in tandem with a review of the wheeling service tariff【HD】	–
Feb.20 2024	Start considerations for building Japan's largest green hydrogen supply chain in terms of scale in Hokkaido【HD】	P 39
Mar.11 2024	Recognized as "2024 Certified Health & Productivity Management	P 44
Mar.22 2024	Overview of the FY2024 HEPCO Group Management Plan【HD】	P 30～ 45
Mar.22 2024	Start installation work of new seawall at the Tomari Nuclear Power Plant【HD】	P 47
Mar.22 2024	Formulate the Human Capital Strategy 2024【HD】	P 44
Mar.22 2024	Revisions to the FY2023 consolidated financial performance forecast and fiscal year-end dividend forecast【HD】	–
Mar.26 2024	Issuance of the No. 3 HEPCO green bond【HD】	–
Mar.29 2024	Implementation of the transition-linked loan【HD】	–
Mar.29 2024	Transfer fixed assets (Sale of nuclear fuel assets)【HD】	–
Mar.29 2024	Notification of FY2024 supply plan【NW】	P 56
Apr.1 2024	Suspend operations at the Date Power Plant Unit 2【HD】	–
Apr.5 2024	HEPCO No. 390 bond Subscription of the (No. 3 HEPCO green bond)【HD】	–
Apr.26 2024	Successful bidding at auction of a long-term decarbonized power source【HD】	P 51

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