Financial Results for FY2025 1Q

July 31, 2024

Hokkaido Electric Power Co., Inc.

Table of Contents

Financial Results and Forecasts

- Consolidated - Business Results/Financial Status for FY2025 1Q … 3
- Consolidated - Statement of Operations for the FY2025 1Q … 4
- Outline of Consolidated Financial Results for FY2025 1Q … 5
- Consolidated Financial Results for FY2025 1Q - YoY changes in ordinary income … 6
- Forecasts of Consolidated Financial Performance for FY2025(Ending March 2025) … 7
- Outline of revision of forecasts of Consolidated Financial Performance for FY2025(Ending March 2025) … 8
- Forecasts of Consolidated Financial Performance for FY2025(Ending March 2025) - YoY changes in ordinary income … 9
- FY2025 Year-ending Dividend Forecasts … 10
- Financial Results Supplementary Materials … 11

Management Approach

- Efforts towards restarting the Tomari Nuclear Power Station … 27
- Develop AI engine for a system to optimize thermal and hydraulic power supply-demand plans … 32

Reference Materials

- HEPCO Group Management Vision 2030;Management Goals for 2030
- Progress of Management Targets for 2030
- Realize continual improvement in corporate value
- Our new business portfolio (for 2030)
- Actual Demand for the Hokkaido Area
- Demand forecast for the Hokkaido Area
- Successful Bid in Auction for Long-term Decarbonized Power Source
- Plan to Develop Key Power Sources Moving Forward (HEPCO)
- Our share in the Hokkaido region
- Provide service for the realization of carbon neutrality
- Topics for Period After FY2024 Results Announcement

Financial Results and Forecasts

Consolidated – Business Results/Financial Status for FY2025 1Q

Business results

(Billion yen)

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Operating Revenue	202.5	227.7	(25.2)	(11.1)
Operating Profit	34.6	49.4	(14.7)	(29.8)
Ordinary Profit	33.1	47.5	(14.3)	(30.2)
Profit attributable to owners of parent	31.2	34.6	(3.3)	(9.7)
Basic net income per share [Yen]	150.48	166.79	(16.31)	

Financial status

(Billion yen)

	As of June 30, 2024 (A)	As of March 31, 2024 (B)	Change (A)-(B)
Assets	2,108.7	2,141.6	(32.9)
Net Assets	362.2	333.5	28.7
Shareholders' Equity Ratio	16.5%	14.9%	1.6%

Consolidated – Statement of Operations for FY2025 1Q

（Billion yen）

		FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Ordinary Revenue	Operating Revenues	202.5	227.7	(25.2)	(11.1)
	Electricity utility operating revenue	192.7	218.2	(25.4)	(11.7)
	Other business operating revenue	9.8	9.5	0.2	2.4
	Non-operating Income	1.7	1.1	0.6	51.4
	Subtotal	204.3	228.9	(24.6)	(10.8)
Ordinary Revenue	Operating Expenses	167.8	178.3	(10.4)	(5.9)
	Electricity utility operating expenses	159.7	170.1	(10.3)	(6.1)
	Other business operating expenses	8.1	8.2	(0.0)	(1.1)
	Non-operating Expenses	3.2	3.0	0.2	7.6
	Subtotal	171.1	181.4	(10.2)	(5.6)
[Operating Profit] Ordinary Profit		[34.6] 33.1	[49.4] 47.5	[(14.7)] (14.3)	[(29.8)] (30.2)
Provision or reversal of reserve for fluctuation in water levels		(0.4)	0.0	(0.4)	-
Extraordinary income		9.6	-	9.6	-
Profit before income taxes		43.2	47.5	(4.2)	(9.0)
Income taxes		11.9	12.9	(1.0)	(8.1)
Profit		31.3	34.5	(3.2)	(9.3)
Profit (loss) attributable to non-controlling interests		0.0	(0.0)	0.1	-
Profit attributable to owners of parent		31.2	34.6	(3.3)	(9.7)

(Appendix)					
	Comprehensive Income	32.6	35.5	(2.9)	(8.3)

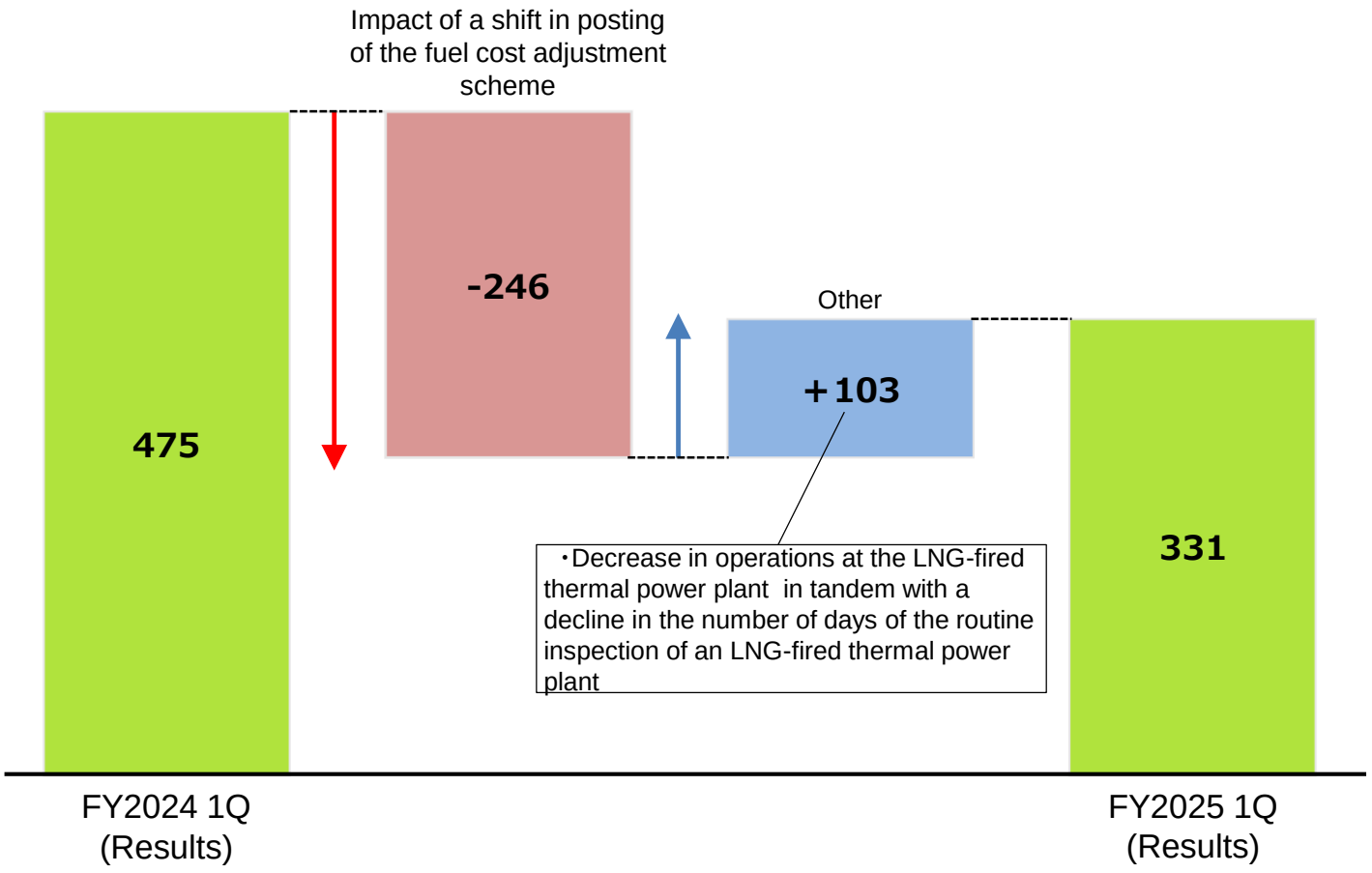
Outline of Consolidated Financial Results for FY2025 1Q

Operating Revenue [Income decrease]	Totaled 202.5 billion yen, a decrease of 25.2 billion yen year-on-year primarily due to a decline in fuel costs adjustments in tandem with a drop in fuel prices.
Ordinary Profit [Decrease in profit]	Amounted to 33.1 billion yen, a deterioration of 14.3 billion yen year-on-year, mainly reflecting a contraction in the difference in impact from a shift in posting for the fuel cost adjustment scheme.
Profit attributable to owners of parent [Decrease in profit]	Came to 31.2 billion yen, a fall of 3.3 billion yen year-on-year. Although ordinary income decreased versus the year earlier, extraordinary income was posted reflecting gain on the sale of nuclear fuel.

Consolidated Financial Results for FY2025 1Q

– Year-on-year changes in ordinary income

(Unit: 100 million yen)



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

Factoring in recent trends, we revised the FY2025 consolidated earnings forecast released on April 26,2024.

(Unit: Billion yen, billion kWh)

	FY2025 earnings forecast			YoY change for new forecast
	New forecast (A)	April forecast (B)	Change (A)−(B)	
Operating Revenue	Approximately 906.0	Approximately 876.0	Approximately 30.0	Approximately(48.0)
Operating profit	Approximately 50.0	Approximately 50.0	Approximately the same	Approximately(51.0)
Ordinary profit	Approximately 37.0	Approximately 37.0	Approximately the same	Approximately(50.0)
Profit attributable to owners of parent	Approximately 43.0	Approximately 43.0	Approximately the same	Approximately(23.0)
Year-on-year change/ Retail electricity sales and electricity sales to other utilities*	*Approximately(2.3%)* Approximately 33.2	*Approximately(2.7%)* Approximately 33.0	Approximately 0.2	Approximately(0.7)
Year-on-year change Retail electricity sales*	*Approximately(2.8%)* Approximately 23.1	*Approximately(2.8%)* Approximately 23.1	Approximately the same	Approximately(0.7)

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

*2 The year-on-year changes factor in 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 153	Approximately 145	Approximately 8	Approximately 8
CIF crude oil price (USD per barrel)	Approximately 86.0	Approximately 85.0	Approximately 1.0	Approximately the same

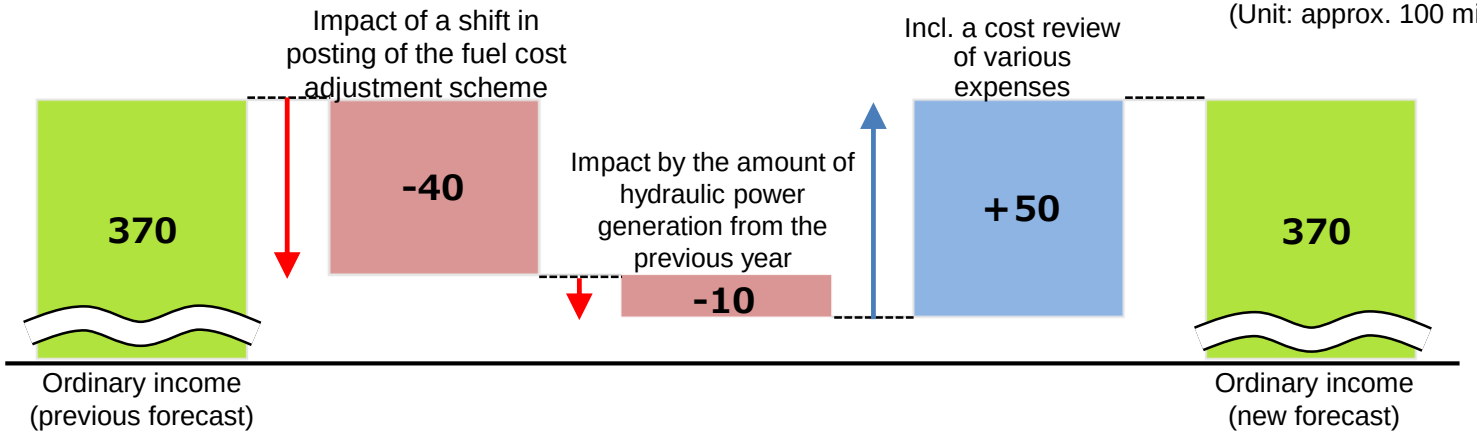
Note: We assume a foreign exchange rate of about 152 yen per dollar and the CIF crude oil price of about 85 dollar per barrel for July 2024 and thereafter.

Outline of revision of forecasts of Consolidated Financial Performance for FY2025 (Ending March 2025)

Electricity Sales (retail and to other utilities)	Retail electricity sales are roughly trending in line with estimates disclosed in April. However, electricity sales to other utilities are expected to increase, mainly reflecting a rise in wholesale electricity sales. In light of this, we forecast total electricity sales of approximately 33.2 billion kWh, a rise of 200 million kWh versus the estimate disclosed in April.
Operating Revenue	We forecast operating revenue of around 906.0 billion yen, an increase of 30.0 billion yen versus the estimate disclosed in April. This primarily reflects anticipation of a climb in fuel cost adjustments in tandem with an upturn in fuel prices and wholesale market prices, and an increase in electricity sales to other utilities.
Ordinary Income	The balance between income and expenditures is likely to deteriorate reflecting a conversion from a gain to a loss on differences due to the negative impact from a shift in the posting period for fuel cost adjustments. However, in light of a decrease in expenses, mainly a cost review of various expenses, we forecast ordinary income of approximately 37.0 billion yen, which is on a par with the estimate disclosed in April.
Profit attributable to owners of parent	We forecast profit attributable to owners of parent of around 43.0 billion yen, which is on a par with the estimate disclosed in April, as we expect the posted of extraordinary income reflecting ordinary income as well as gain on the sale of nuclear fuel.

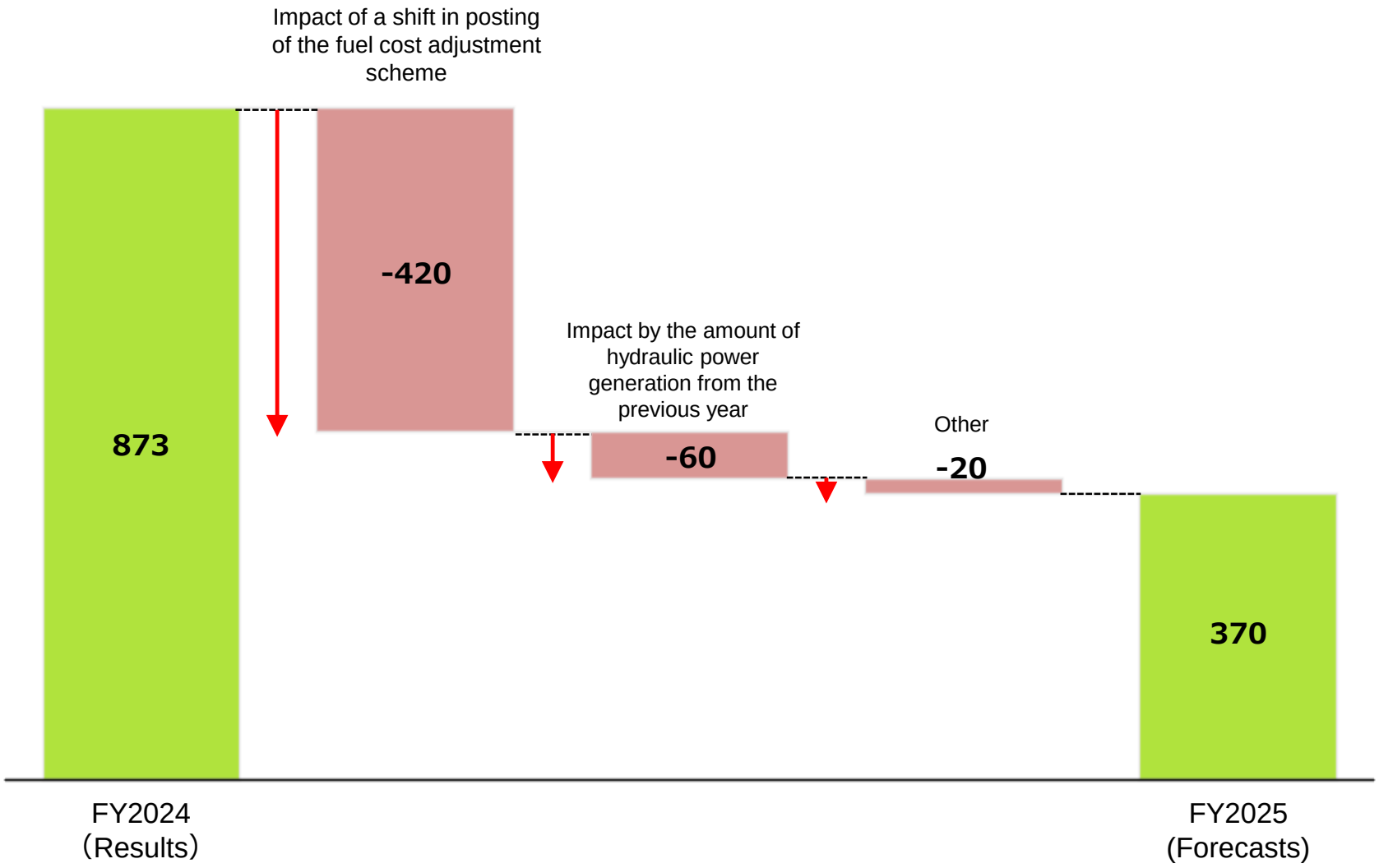
＜Factors Involved in Change to Ordinary Profit (Comparison with April announcement)＞

(Unit: approx. 100 million yen)



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

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



FY2025 Year-ending Dividend Forecasts

We reiterate our FY2025 for Interim and year-end dividend forecast from the outlook we announced on April 26, 2024.

【 Cash Dividend per Share 】

	Common stock			Class-B preferred Stock		
	Interim	Year-ended	Annual total	Interim	Year-ended	Annual total
FY2024 (actual)	¥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）

〇Consolidated; Segment Information

〇Reference: Impact of a shift in posting of the fuel cost adjustment scheme (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 totaled 5,144 million kWh, a decrease in growth of 3.5% year-on-year due to a contraction in industrial demand.

・Electricity sales to other utilities came to 2,421 million kWh, a boost in growth of 7.2% year-on-year. This primarily reflects an increase in sales volume in tandem with a rise in acquisitions of renewable energy.

(GWh)

			FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Retail electricity sales	Low-voltage customers	Residential	1,825	1,829	(4)	(0.2)
		Commercial and Industrial	340	323	17	5.5
		subtotal	2,165	2,152	13	0.7
	High-voltage and Extra high-voltage customers		2,957	3,050	(93)	(3.1)
	Subtotal (*1)		5,122	5,202	(80)	(1.5)
	Other (*2)		22	131	(109)	(83.3)
	Total		5,144	5,333	(189)	(3.5)
Electricity sales to other utility			2,421	2,257	164	7.2
Total			7,565	7,590	(25)	(0.3)

*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 Hokkaido Electric Power Network. As for the previous consolidated cumulative period, which includes 1Q in the previous year, Hokkaido Electric Power Co-Creation, which was absorbed and merged into HEPCO on October 1, 2023.

Monthly Retail Electricity Sales Trends at HEPCO

(GWh, %)

		FY 2025												
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	**Total**
Low-voltage customers	Residential	703	634	488										**1,825**
	Commercial and industrial	169	98	73										**340**
	Subtotal	872	732	561										**2,165**
High-voltage and Extra High-voltage customers		982	973	1,002										**2,957**
[%YoY]		[(0.5%)]	[(2.6%)]	[(1.5%)]										**[(1.5%)]**
Total		1,854	1,705	1,563										**5,122**

		FY 2024												
		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	987	788	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	1,314	1,070	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]		[(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%]**
Total		1,863	1,751	1,588	1,766	1,912	1,812	1,680	1,805	2,159	2,593	2,282	2,260	**23,471**

【Average temperature in Hokkaido】

(℃)

		Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Average temperature (2024～2025)	actual	0.8	10.4	14.2	19.0									
	YoY	(4.1)	1.2	0.4	(0.3)									
	deviation	(0.3)	3.1	1.2	2.0									

Consolidated; Statement of Operations (Revenue)

(Unit: billion yen)

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Operating Revenue	202.5	227.7	(25.2)	(11.1)	
Electric utility operating revenue	192.7	218.2	(25.4)	(11.7)	
Two companies total* Commercial and Industrial	135.5	145.5	(9.9)	(6.8)	【Cause of increase】 ・Decrease in the discounted from the national project to mitigate a sharp increase in electricity and gas rates [12.4] 【Cause of decrease】 ・Decrease in fuel price [(28.1)]
Two companies total* Others	57.7	73.2	(15.4)	(21.1)	・Decrease in the subsidy from the national project to mitigate a sharp increase in electricity and gas rates [(12.4)]
Two companies total* Sold power to other utilities & Sold power to other suppliers (Repost)	37.0	39.0	(1.9)	(5.0)	
Two companies total* Transmission revenue (Repost)	9.2	9.5	(0.2)	(3.0)	
Subsidiary / consolidation revision	(0.6)	(0.5)	(0.0)	7.9	
Other business operating revenue	9.8	9.5	0.2	2.4	
Non-operating Income	1.7	1.1	0.6	51.4	
Ordinary Revenue	204.3	228.9	(24.6)	(10.8)	

*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.

Consolidated; Power Supply

・Given the shutdown of operations at all reactors at the Tomari Nuclear Power Station, the water flow rate was 89.5%, below normal value. However, we were able to secure stable supply owing to proper operation and management of supply facilities.

(GWh)

		FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Generated Power	[Water flow rate %] Hydroelectric	[89.5%] 1,027	[100.2%] 1,206	[(10.7%)] (179)	(14.8)
	Fossil Fuel	2,926	2,576	350	13.6
	[Nuclear capacity ratio %] Nuclear	[–] –	[–] –	[–] –	–
	Renewable, etc.	36	28	8	25.4
	Subtotal	3,989	3,810	179	4.7
Power received by other companies*		4,109	4,333	(224)	(5.2)
Power used for pumped storage, etc.		(200)	(131)	(69)	51.4
Total		7,898	8,102	(114)	(1.4)

*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)

(Unit: billion yen)

		FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Electric utility operating expenses		159.7	170.1	(10.3)	(6.1)	
Two companies total*	Personnel	14.0	14.0	0.0	0.2	
	Fuel	34.0	44.1	(10.0)	(22.7)	・Decrease in fuel prices[(7.0)] ・Decrease in operations at the LNG-fired thermal power plant in tandem with a decline in the number of days of the routine inspection of an LNG-fired thermal power plant
	Purchased Power	54.4	56.2	(1.7)	(3.1)	
	Maintenance	10.2	8.7	1.4	16.4	
	Depreciation	16.8	16.4	0.4	2.6	
	Other Expenses	30.4	31.5	(1.0)	(3.5)	
Subsidiary / consolidation revision		(0.3)	(0.9)	0.5	(63.1)	
Other business operating expenses		8.1	8.2	(0.0)	(1.1)	
Non-operating Expenses		3.2	3.0	0.2	7.6	
Interest Expenses(Repost)		2.5	2.5	(0.0)	(0.2)	
Ordinary Expenses		171.1	181.4	(10.2)	(5.6)	
Ordinary profit		331.1	47.5	(14.3)	(30.2)	

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

Consolidated; Segment Information

・Sales in the HEPCO segment was 180.9 billion yen, a decrease of 26.4 billion yen versus the same quarter, a year earlier. This is primarily attributable to a decline in fuel cost adjustments accompanying a drop in fuel prices.

Segment ordinary profit (loss) came to 30.8 billion yen, a fall of 9.8 billion yen in comparison with the same quarter, previous year. This was chiefly attributable to a contraction in the gain on the difference from a shift in the posting period for the fuel cost adjustment scheme.

・Sales in the Hokkaido Electric Power Network segment totaled 73.8 billion yen, a decline of 400 million yen in contrast with the same quarter, a year earlier. Although there was an increase in wholesale sales revenues in tandem with a rise in renewable energy sales, there was a decrease in purchase power due to “last resort” supply.

Segment ordinary profit (loss) amounted to 2.8 billion yen, a deterioration of 4.8 billion yen versus the same quarter, a year earlier. This was mainly attributable to an increase in expenses for regulating power in the supply and demand adjustment market.

・Other sales amounted to 26.4 billion yen, a decline of 1.5 billion yen versus the same quarter, a year earlier. Segment ordinary profit (loss) was 1.2 billion yen, a decline of 300 million yen in comparison with the same quarter, previous year. This was mainly due to a decline in sales in the construction industry.

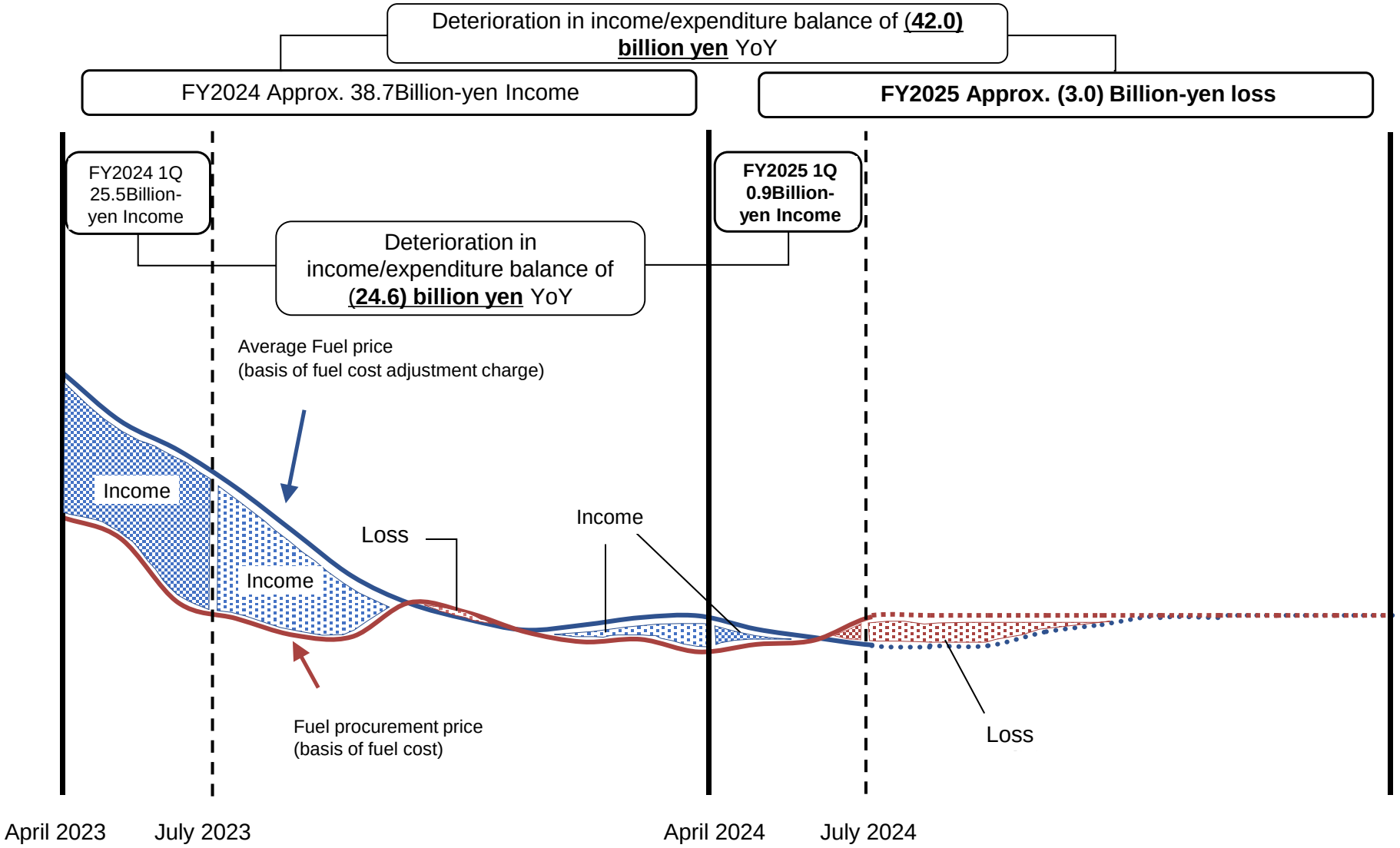
(Unit: billion yen)

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)
Operating Revenue	202.5	227.7	(25.2)
Hokkaido Electric Power Company	180.9	207.3	(26.4)
Hokkaido Electric Power Network	73.8	74.3	(0.4)
Other *1	26.4	28.0	(1.5)
Adjustments *2	(78.6)	(81.9)	3.2
Segment Income/loss (Ordinary Income/loss)	33.1	47.5	(14.3)
Hokkaido Electric Power Company	30.8	40.7	(9.8)
Hokkaido Electric Power Network	2.8	7.7	(4.8)
Other *1	1.2	1.5	(0.3)
Adjustments *2	(1.7)	(2.4)	0.7

*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.

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



Expense breakdown （Two Companies Total*）

◆Personnel

（Billion yen）

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Major cause of increase/decrease
Personnel	14.0	14.0	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 quarter of the annual depreciation expense was posted in the current 1Q.

（Billion yen）

	Amount accrued	Amortization of the previous year	FY2025		
			Amortization	Unamortized Balance	Ending FY [remaining year]
FY2019	1.4	0.3	-	-	-
FY2020	3.7	0.7	0.7	-	-
FY2021	(4.6)	(0.9)	(0.9)	(0.9)	2026（1 years）
FY2022	5.3	1.0	1.0	2.1	2027（2 years）
FY2023	2.9	0.6	0.6	1.7	2028（3 years）
FY2024	(5.6)	-	(1.1)	(4.4)	2029（4 years）
Total		1.7	0.3	(1.5)	

*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*）

◆Fuel and Purchased Power

（Billion yen）

		FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Major cause of increase/decrease
Fuel and Purchased Power		88.5	100.3	(11.7)	【Cause of decrease】 ・Decrease in fuel prices[(7.0)] ・Decrease in operations at the LNG-fired thermal power plant in tandem with a decline in the number of days of the routine inspection of an LNG-fired thermal power plant
Break down	Fuel	34.0	44.1	(10.0)	
	Purchased Power	54.4	56.2	(1.7)	

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

Expense breakdown （Two Companies Total*）

◆Maintenance

（Billion yen）

		FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Major cause of increase/decrease
Maintenance		10.2	8.7	1.4	
Break Down	Generation	3.9	3.0	0.9	
	Others	6.2	5.7	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.

◆Depreciation

（Billion yen）

		FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Major cause of increase/decrease
Depreciation		16.8	16.4	0.4	
Break Down	Generation	8.2	8.4	(0.1)	
	Others	8.6	8.0	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）

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Major cause of increase/decrease
[Interest(on average)%]	[0.73]	[0.69]	[0.04]	
Interest Expenses	2.5	2.5	(0.0)	

*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）

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)	Major cause of increase/decrease
Other Expenses	30.4	31.5	(1.0)	

*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

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)
Foreign Exchange Rate (Yen/$)	156	137	19
CIF Crude Oil Price ($/barrel)	87.4	84.1	3.3
Foreign coal CIF ($/t)	156.8	254.7	(97.9)
LNG CIF ($/t)	590.6	659.3	(68.7)
Water Flow Rate (%)	89.5	100.2	(10.7)

Sensitivity Factors

(Billion yen)

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)
Foreign Exchange Rate (1Yen/$)	0.2	0.3	(0.1)
CIF Crude Oil Price (1$/barrel)	0.1	0.2	(0.1)
Foreign coal CIF (1$/t)	0.1	0.1	0.0
LNG CIF (1$/t)	0.02	0.00	0.02
Water Flow Rate (1%)	0.1	0.1	0.0

Consolidated; Statements of Balance Sheets

(Unit: billion yen)

	As of June 30, 2024 (A)	As of March 31, 2024 (B)	Change (A)-(B)	Major factors for increase/decrease
Assets	2,108.7	2,141.6	(32.9)	・Increase in Construction in progress [11.4] ・Draw down of assets equivalent to asset retirement obligations [(21.7)] ・Decrease in non-current assets in the electric power business [(32.4)]
Liabilities	1,746.5	1,808.1	(61.6)	・Posting of unpaid portion of contribution for reactor decommissioning in tandem with transition to the decommissioned reactor contribution system [92.4] ・Draw down of asset retirement obligations in tandem with transition to the decommissioned reactor contribution system [(117.3)]
Net Assets	362.2	333.5	28.7	・Posting of quarterly profit attributable to owners of parent [31.2] ・Dividends paid [(3.8)]

（Billion yen、%）

	As of June 30, 2024 (A)	As of March 31, 2024 (B)	Change (A)-(B)
Interest-bearing Debt Outstanding	1,400.7	1,405.9	(5.2)
Shareholders' Equity Ratio	16.5	14.9	1.6

Consolidated; Statements of Comprehensive Income

（Billion yen）

	FY2025 1Q (A)	FY2024 1Q (B)	Change (A)-(B)
Profit	31.3	34.5	(3.2)
Other Comprehensive Income	1.3	1.0	0.2
Valuation difference on available-for-sale securities [included in “Other Comprehensive Income”]	2.0	0.8	1.2
Deferred gains or losses on hedge [included in “Other Comprehensive Income”]	(0.7)	(0.1)	(0.6)
Remeasurements of defined benefit plans [included in “Other Comprehensive Income”]	(0.0)	0.3	(0.3)
Share of other comprehensive income of entities accounted for using equity method	0.0	-	0.0
Comprehensive Income	32.6	35.5	(2.9)
Comprehensive income attributable to owners of parent [included in “Comprehensive Income”]	32.5	35.5	(2.9)
Comprehensive income attributable to non-controlling interests [included in “Comprehensive Income”]	0.0	0.0	0.0

Management Approach

Efforts towards restarting the Tomari NPS (Summary)

Screening schedule

- The completion of explanations for the remaining screening items was switched from early October 2024 to late December 2024. At the screening meeting on July 19, 2024, an explanation was provided to Nuclear Regulatory Commission. This was to reflect new knowledge regarding the ocean fault near the Shakotan Peninsula in the results for further safety improvement at the Tomari NPS.

Volcanic impact assessment

- At the July 19, 2024 screening meeting, an explanation was conducted on remaining matters pointed out at screening meetings or on-site inspections carried out thus far. The Nuclear Regulatory Commission praised us for “giving suitable consideration in general during the site evaluation and impact assessment.”

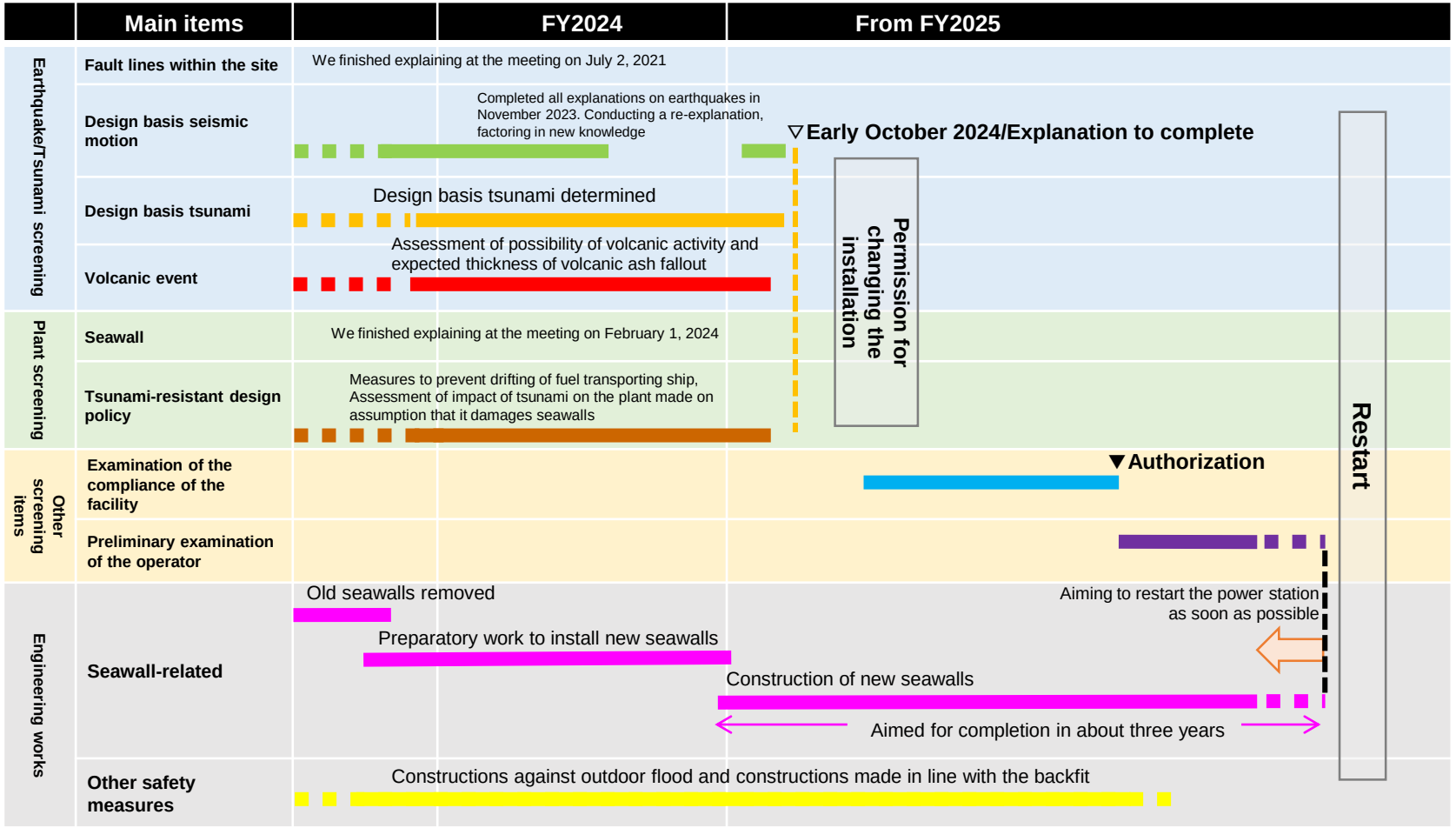
Status of installation & construction of new seawall

- For the installation and construction of a new seawall, at present we are doing installation work for the earth retainer. Progress is going smoothly.
- Regarding the overall construction schedule, we are continuing to consider shortening the schedule, with the goal of completion in around three years from the start of construction.

Efforts towards restarting the Tomari NPS 1

Screening schedule

Major items and status of response



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

Efforts towards restarting the Tomari NPS 2

Factoring in knowledge related to earthquakes, etc.

- At the screening meeting on June 11, 2024, regarding the safety, etc. of earthquakes, tsunamis and ground slopes, we explained that we will proceed with our assessment based on the assumption that the faults are interlocking with the F_B-2 fault and as shown by the new information displayed (Okamura (2023)*).
- At the screening meeting on July 19, 2024, we explained our assessment of the geology and geological structure on the sea area around the site, policy for quake motion assessments to be conducted going forward, and the details of tsunami evaluations. We also shifted the timing of completion of explanations for the remaining screening items from early October 2024 to late December 2024.

*"Geological Map of the Vicinity of Shakotan Peninsula" and explanatory documents, issued in September 2023 by the Geological Survey of Japan, AIST. Commonly referred to as "Okamura (2023)" at screening meetings.

Positional relation between the F_B-2 fault and Eastern Shiribeshi fault

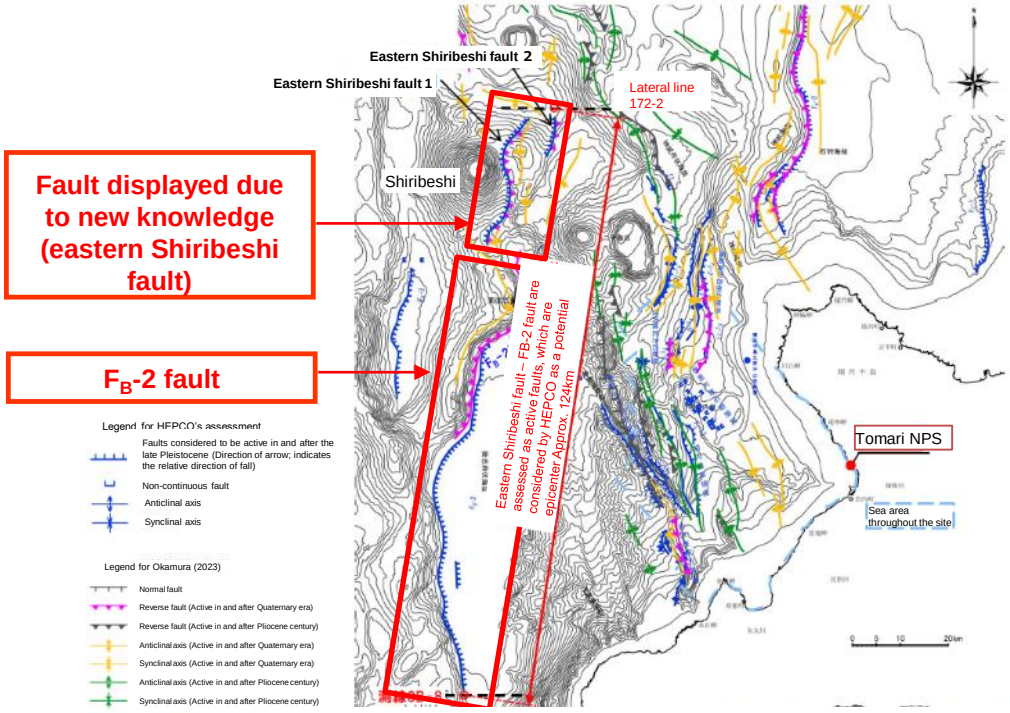
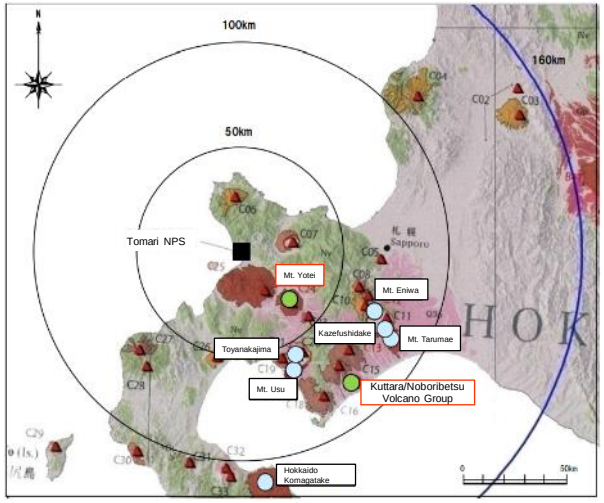


Diagram of faults, etc. exhibited by Okamura (2023) and faults HEPCO considers to been active in and after the late Pleistocene

Efforts towards restarting the Tomari NPS 3

Volcanic impact assessment

- The issues were largely broken down into three groups: 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.). Based on the results of the site assessment, we will consider implementing an impact assessment and monitoring.
- At the July 19, 2024 screening meeting, as a part of the site assessment, we disclosed results of considerations for improving accountability regarding the assessment of volcanic events which cannot be addressed by design, as a part of impact assessment, we explained the results of a simulation of pyroclastic fallout (volcanic ash layer thickness evaluation). Consequently, the Nuclear Regulatory Commission praised us for “giving suitable consideration in general during the site evaluation and impact assessment.”
- Going forward, we plan to provide an explanation of results of our examination of monitoring at a screening meeting scheduled for late September.



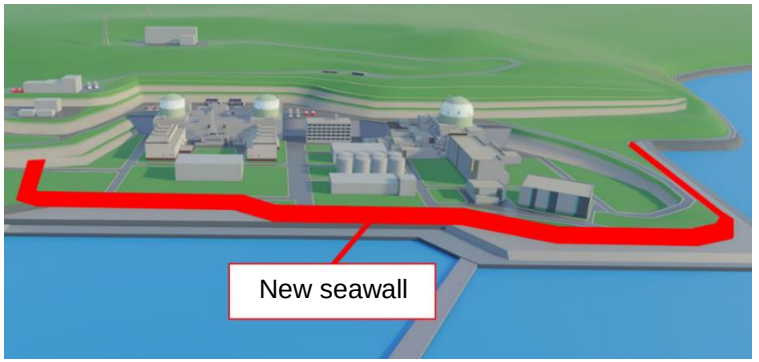
<Applicable volcanoes for implementing a simulation of falling pyroclastic materials (volcanic ash)*>
※ *Mt. Yotei and the Kuttara/Noboribetsu Volcano Group as indicated by ●

Efforts towards restarting the Tomari NPS 4

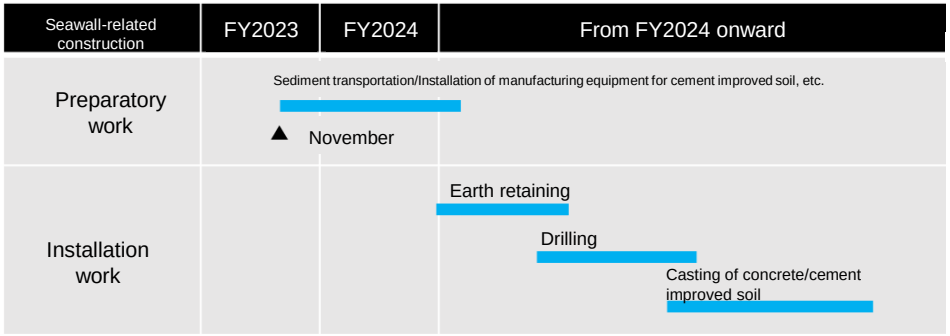
Commence installation work on the new seawall

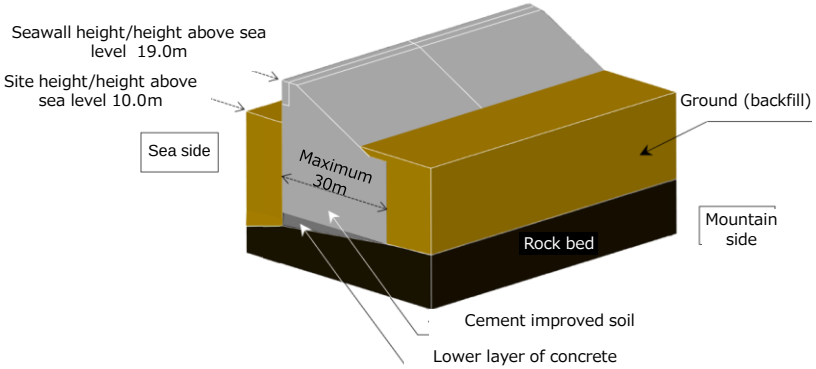
Structure	Structure directly mounted onto hard bedrock, using concrete and cement improved soil
Construction cost	Approx. 180.0 billion yen (Preparatory work: approx. 70.0 billion yen; Installation work: approx. 110.0 billion yen)
Timing of completion	Pending (Aimed for completion in around 3 years from 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



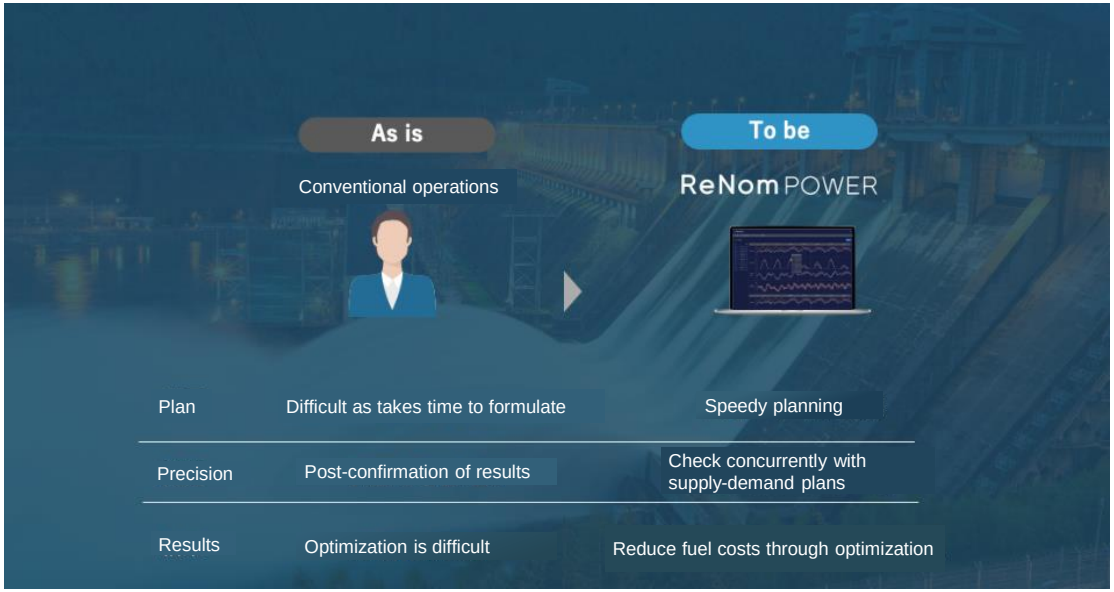


*The retaining (earth) wall is being installed in the foundation on the “sea side” and “mountain side” to build a seawall. At present, earth retaining work on the “sea side” is completed overall.

Develop AI engine for a system to optimize thermal and hydraulic power supply-demand plans

- In June 2024, HEPCO and GRID co. jointly completed development of the ReNom Power, an AI engine*, for a system to optimize thermal and hydroelectric power supply-demand plans.
- When formulating supply and demand plans, it is necessary to take into account the start-up and shut-down of a huge number of power stations and operational constraints. This requires complex and precise considerations.
  In particular, regarding hydroelectrical power stations, advanced knowledge and skills are essential to formulate plans that factor in calculations of water flow for the entire water system and water usage constraints, not just power generation.
- Furthermore, HEPCO possesses a large number of hydroelectric power plants, serving 14 water systems and 53 sites. In light of this, a large amount of time is required daily to formulate supply-demand plans. An urgent issue is to improve operations efficiency.
- Owing to the completion of this AI engine this time around, it is possible to optimize supply-demand plans for both thermal and hydroelectric power plants. We anticipate further fuel consumption reduction and benefits from an improvement in operational efficiency.

URL：https://www.hepco.co.jp/info/2024/1252543_2023.html



*: Software component with AI functions. This makes it possible to draft power generation plans to reduce fuel consumption volume as AI engine takes into account all constraints and as optimal power generation plans are fully explored.

Reference Materials

Reference : HEPCO Group Management Vision 2030;Management Goals for 2030 [Disclosed April 2020]

Financial target

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

Cash flow

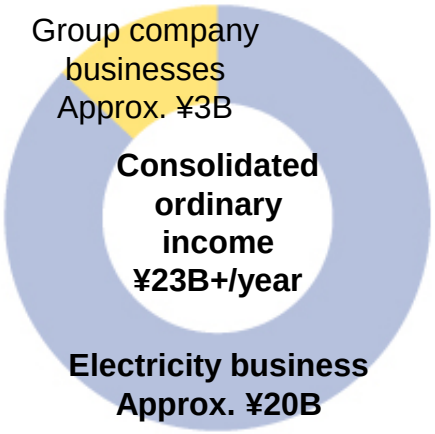
- **Investment of ¥50B+ on new priority businesses**
- **Investment for renewing existing equipment**
- **Enhancement of price competitiveness**
- **Reinforcement of financial base**
- **Return to shareholders**

  →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+**

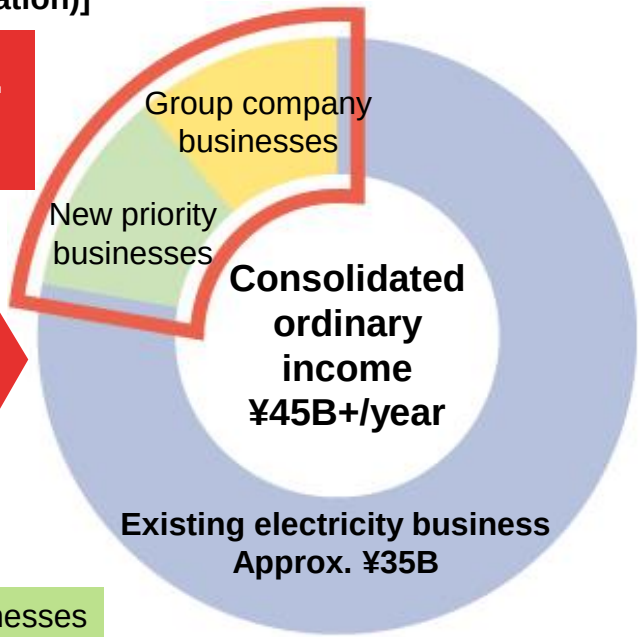
[Phase I (before the restart of Tomari NPS)]



[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 : Progress of Management Targets 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]**		

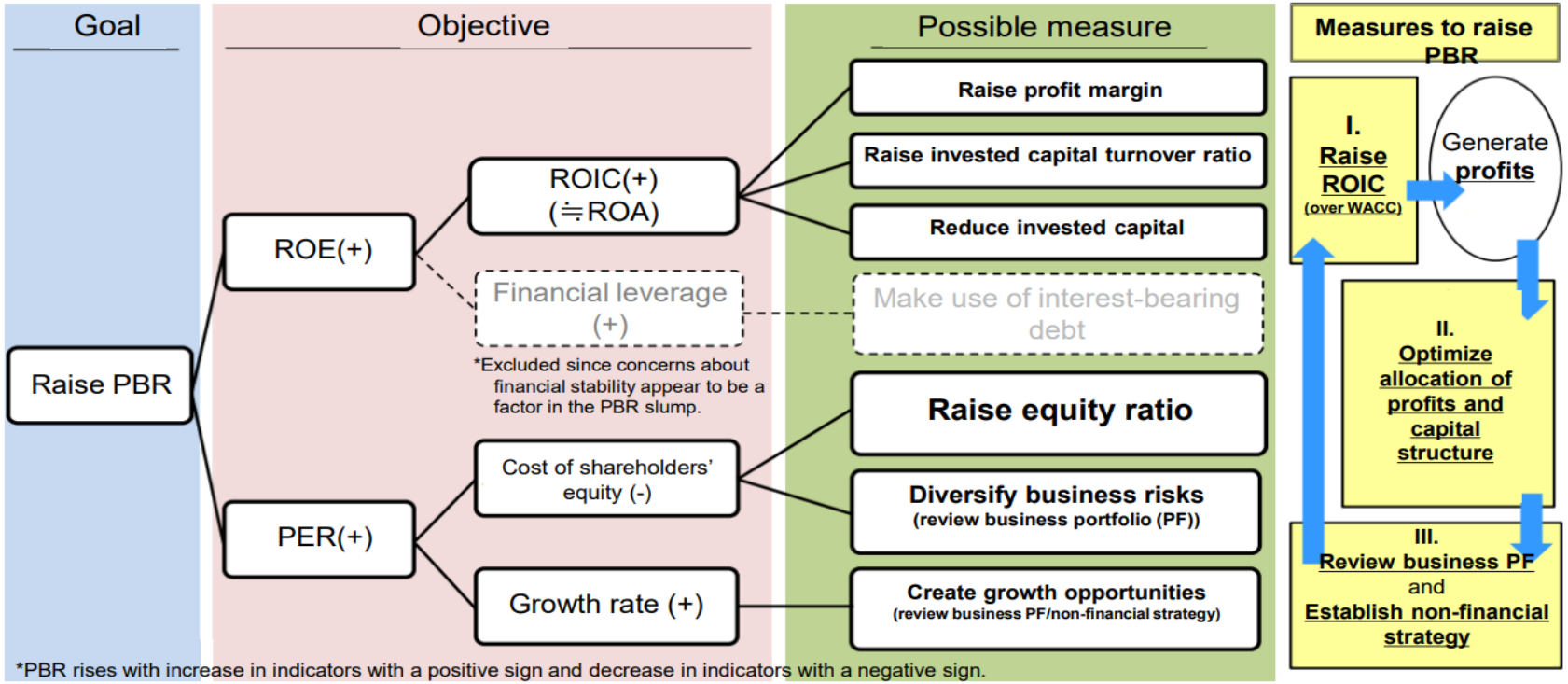
Revised due to numerical error
Correct: 11,540,000t; Error: 11,600,000t)

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

PBR improvement measures

- Measures (1) through (3) to improve PBR are shown in the figure below and on the next slide.
- The Company will continue to work on each measure to achieve sustainable improvement of corporate value and will consider more specific targets and plans to achieve them.
- In addition, in order to earn the trust of and meet the expectations of the capital market, we will further enhance these efforts by actively engaging in dialogue with the capital market through investor relations and other means.

Measures to raise the PBR



Reference : Realize continual improvement in corporate value (2)

[Disclosed January 2024]

■ PBR improvement measures —Summary of each measure—

① Improve ROIC

- Introduce ROIC as a new management indicator. Aim to achieve ROIC that outperforms cost of capital (WACC).
- Specifically, undertake re-start of Sogi at Tomari NPS and also improve ROIC by tackling the following initiatives in anticipation of a substantial increase in electricity demand in Hokkaido.
  - ✓ Expansion in profit margin on sales: Deploy sales strategies factoring in invitation of companies, expansion of electrification and business environment, promote efficiency through DX and kaizen activities
  - ✓ Improve ROIC: Boost capacity utilization rate and enhance labor productivity
  - ✓ Curb invested capital: Curtail investments to the maximum possible extent and carefully select investments while pushing ahead with growth investments to expand demand and for new businesses
- Implement ROIC as a management indicator in each business. Aim for autonomous improvement mainly by utilizing a ROIC tree at business departments. Also, boost the potential for achieving ROIC that outperforms the cost of capital (WACC) through monitoring at Board of Directors meetings.

② Optimal allocation of profit and optimization of capital structure

- By achieving ROIC that outperforms the cost of capital (WACC), create profit stable and continuously, allocate capital to growth investments to boost retained earnings, expand demand and for new businesses, and properly allocate to shareholder returns.
- Continue to aim to achieve an “equity ratio of 15%-plus” and “invest more than 50.0 billion yen in total in new priority business,” which are goals being promoted in the HEPCO Group Management Vision 2030.

③ Review business portfolio and formulate non-financial strategy

- While factoring into the changes in business environment surrounding the electricity business, the increase in electricity demand in Hokkaido, and anticipating an expansion in renewable energy, intensely inject management resources into businesses to contribute to the continual growth of HEPCO while constantly reviewing the business portfolio and diversifying business risk.
- Also, formulate and execute a strategy with respect to initiatives for enhancing human capital and initiatives to realize carbon neutrality in Hokkaido, and promote continual growth of HEPCO also from a non-financial perspective.

Reference : Our new business portfolio (for 2030)
[Disclosed March 2024]

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.

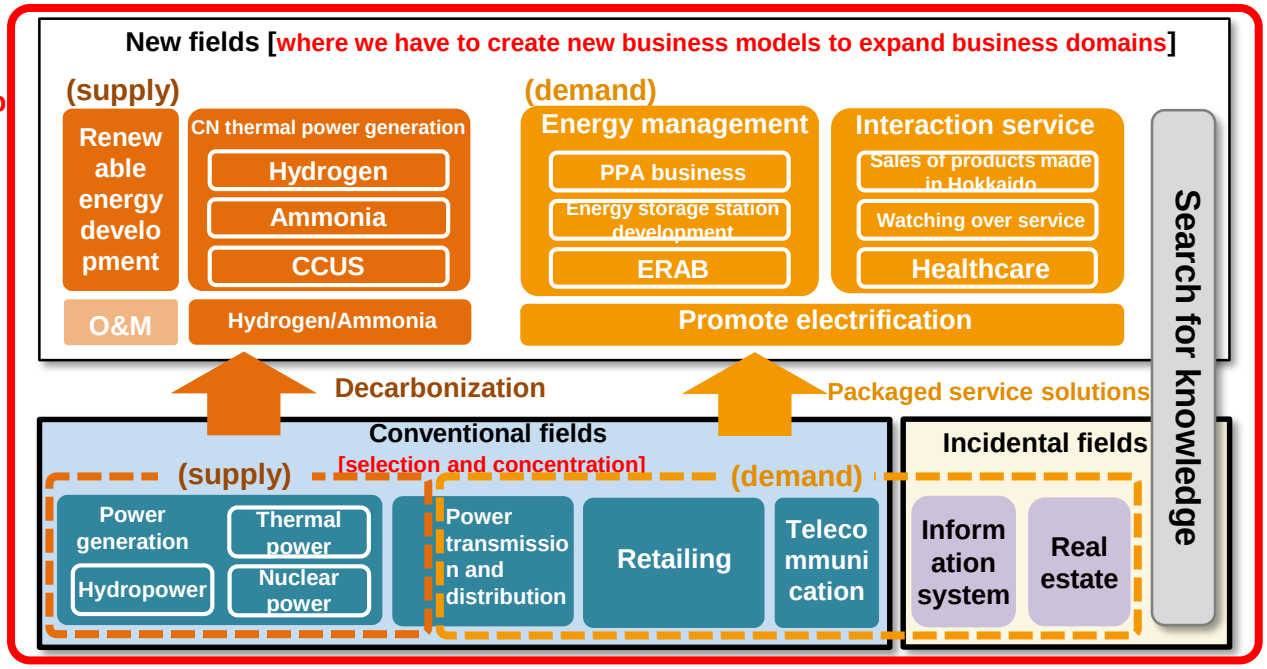
[In new business fields]
- On the energy supply side, we promote "decarbonization" in our conventional business fields, develop renewable energy sources, and implement practical application of hydrogen and ammonia in thermal power plants.
- On the energy demand side, we work on energy management and 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

Reference : Actual Demand for the Hokkaido Area

◆Actual demand

(Million kWh)

	FY2024					FY2025				
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Low voltage	2,719	2,657	2,811	4,149	12,336	2,739				
High-voltage and extra high-voltage	3,531	3,990	3,968	4,332	15,822	3,498				
Total	6,250	6,648	6,779	8,481	28,158	6,237				

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

Reference: Last 10 years

(Million kWh)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Low voltage	13,665	13,444	13,618	13,474	12,984	12,886	13,065	12,928	12,567	12,336
High-voltage and extra high-voltage	16,407	16,102	16,174	16,118	16,057	16,433	15,496	15,721	15,898	15,822
Total	30,072	29,546	29,792	29,592	29,041	29,319	28,561	28,649	28,465	28,158

Reference : Demand forecast for the Hokkaido Area

Prepared by HEPCO based on materials disclosed by Organization for Cross-regional Coordination of Transmission Operators on January 24, 2024

		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
		Est. Results	Forecast									
[Maximum electricity demand] (10,000 kW)		[498]	[501]	[503]	[508]	[515]	[519]	[526]	[529]	[529]	[529]	[528]
Area electricity demand (100 million kWh)		**277**	**277**	**279**	**283**	**288**	**292**	**299**	**302**	**303**	**302**	**302**
Reprint	Household, etc.	123	122	121	121	121	120	120	119	119	118	118
	Business	77	77	78	78	79	79	79	79	80	80	80
	Industrial	77	78	80	84	88	93	100	104	104	104	104

*1: 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
*2: Estimate and actual demand in FY2024: April-November is actual; December-March is an estimate
*3: Maximum electric power and power demand are the figures after correction for temperature

Reference : Successful Bid in Auction for Long-term Decarbonized Power Source [Disclosed April 2024]

- 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)

	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 (Transferred)
	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 : Our share in the Hokkaido region

【Quarter Results】

	FY2024					FY2025				
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Low voltage	79.4%	77.1%	79.3%	82.6%	80.0%	79.0%	–	–	–	–
High-voltage and extra high-voltage	89.0%	87.3%	87.0%	86.6%	87.4%	85.3%	–	–	–	–
Total	84.7%	83.1%	83.8%	84.6%	84.1%	82.5%	–	–	–	–

【Fiscal Year Results】

	FY2021	FY2022	FY2023	FY2024
Low voltage	83.1%	80.3%	79.4%	80.0%
High-voltage and extra high-voltage	76.8%	74.6%	86.6%	87.4%
Total	79.7%	77.2%	83.3%	84.1%

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

Reference : Provide service for the realization of carbon neutrality

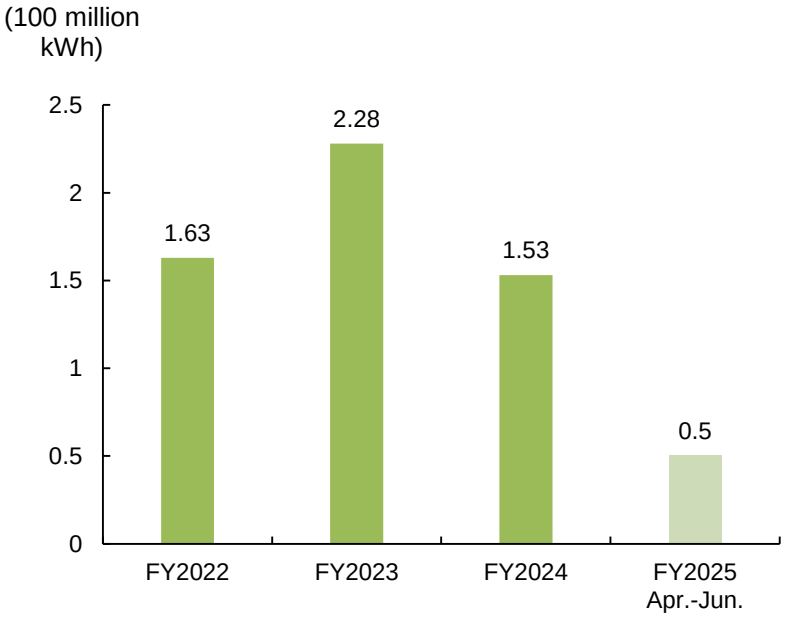
Electricity rate plan that provides environmental value

- 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 June 30, 2024）

Category		Facility capacity panel kW
On-site	Supply already started	3,059kW
	under preparation	6,367kW
	Total	**9,426kW**
Off-site	Supply already started	6,997kW
	under preparation	7,398kW
	Total	**14,395kW**

Reference : Topics for Period After FY2024 Results Announcement

Date	Topic	Related slide
May 16, 2024	HEPCO No. 391 bond for subscription 【HD】 HEPCO No. 392 bond for subscription 【HD】	–
June 3, 2024	HEPCO and GRID co. developed “ReNom Power,” an AI engine for a system to optimize thermal and hydroelectric power supply-demand plans 【HD】	P 8
June 11, 2024	Implemented a feasibility study for a large-scale ammonia supply site in Tomakomai, Hokkaido as part of the 2024 subsidy program for “measures to promote the introduction of non-fossil energy” (hydrogen supply infrastructure development)【HD】	–
June 12, 2024	HEPCO No. 393 bond for subscription 【HD】	–
June 17, 2024	Joint consideration for a clean hydrogen supply in the Chitose area of Hokkaido 【HD】	–
July 5, 2024	HEPCO No. 394 bond for subscription 【HD】	–
July 12, 2024	Launched Hokuden Hikari, a fiber optic Internet service 【HD】	–
July 18, 2024	Markdown of electricity and city gas rates owing to electricity and gas rate assistance by the Japanese government 【HD】	–
July 18, 2024	Application for special approval of “last resort” electricity supply service and “isolated island” services (Markdown of electricity fares owing to electricity and gas rate assistance by the Japanese government)【NW】	–
July 29, 2024	Authorization of “supply conditions other than specified retail supply services” related to electricity and gas rate assistance by the Japanese government 【HD】	–
July 29, 2024	Special approval for “last resort” electricity supply service and “isolated island” services (Markdown of electricity rates owing to electricity and gas rate assistance by the Japanese government 【NW】	–

This material is compiled based on data available as of July 31, 2024. 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/